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BEFORE EXAMINER **UTZ**  
 OIL CONSERVATION COMMISSION  
 Applicant EXHIBIT NO. 1  
 CASE NO. 1945

Noel Reynolds Cuccia Acreage  
 Standard of Texas Acreage  
 San Juan County, New Mexico

Contract No.

THIS AGREEMENT entered into as of the 1st day of November, 1959, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto",

## W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

In San Juan County, New Mexico, being the East One-Half (E/2) of Section No. 5, Township 30 North, Range 13 West, N.M.P.M.,

containing 320.24 acres, more or less, and this agreement shall extend to and include only the Dakota Formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "A" designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 1945

*Case 1945*

5. In connection with the performance of work under this agreement the operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause. The operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

6. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

7. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

8. There shall be no obligation on the lessees to offset any dry gas well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

9. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

10. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

11. This agreement shall be effective as of the date hereof upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto.

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12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lesser and in the applicable oil and gas regulations of the Department of the Interior.

13. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

15. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution,

DATE: 12-28-59

Hancel M. McCord  
Hancel M. McCord

DATE: 12-28-59

Margaret C. McCord  
Margaret C. McCord

ATTEST:  
Emma Lockhart  
Assistant Secretary

SOUTHERN UNION GAS COMPANY

APPROVED	
Legal	<input checked="" type="checkbox"/>
Engr.	<input checked="" type="checkbox"/>
Explr.	<input checked="" type="checkbox"/>
Land	<input checked="" type="checkbox"/>
Geol.	<input checked="" type="checkbox"/>

DATE:

ATTEST:  
Earl B. Howard  
Secretary

WESTERN OIL TRANSPORTATION CO., INC.

W. D. Klein  
E. D. Klein, Vice President

DATE: 12-25-59

DATE: 12-7-59

Josephine Bay Paul  
Josephine Bay Paul

DATE: 12-7-59

C. H. Paul  
C. H. Paul

THE STATE OF TEXAS  
COUNTY OF DALLAS

II  
II

BE IT REMEMBERED, That on this *28th* day of December, A. D., 1959, before me, a Notary Public in and for said County and State, personally appeared HANSEL M. MCCORD and MARGARET C. MCCORD, to me known to be the identical persons described in and who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my notarial seal, the day and year first above written.

My commission expires

*June 1, 1961*

*Mrs. Jack Houston*  
Notary Public in and for Dallas County,  
Texas

THE STATE OF TEXAS  
COUNTY OF DALLAS

II  
II

BEFORE ME, the undersigned, a Notary Public, within and for said County and State, on this *22nd* day of December, A. D., 1959, personally appeared *J.C. Reid* to me known to be the identical person who subscribed the name of the maker thereof to the within and foregoing instrument as its *Vice* President and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires

*June 1, 1961*

*Danna Huse*  
Notary Public in and for Dallas County,  
Texas

THE STATE OF TEXAS  
COUNTY OF MIDLAND

II  
II

BEFORE ME, the undersigned, a Notary Public, within and for said County and State, on this *25th* day of December, A. D., 1959, personally appeared W. B. KLEINE, to me known to be the identical person who subscribed the name of the maker thereof to the within and foregoing instrument as its Vice President and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires

*1-61*

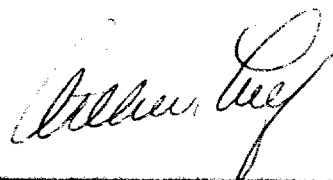
*W. B. Robinson*  
Notary Public in and for Midland County,  
Texas

THE STATE OF *New York*      **II**  
COUNTY OF *New York*      **II**

BE IT REMEMBERED, That on this *7th* day of *December*, A. D., 1959, before me, a Notary Public in and for said County and State, personally appeared C. M. PAUL and JOSEPHINE BAY PAUL, to me known to be the identical persons described in and who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my notarial seal, the day and year first above written.

My commission expires



Notary Public in and for  
County,

ARTHUR LIEF  
NOTARY PUBLIC, State of New York  
No. 41-2361125  
Qualified in Queens County  
Certs. filed in Queens County  
Commission Expires March 30, 1967

Exhibit "A" to Communitization  
Agreement  
Dated November 1, A. D., 1959, embracing East  
One-Half (E/2) of Section No. 5, Township 30  
North, Range 13 West, N. M. P. M., San Juan  
County, New Mexico

Operator of Communitized Area: Permian Oil Company, a corporation, 611 West Texas  
Street, Midland, Texas

DESCRIPTION OF LEASES COMMITTED

Tract No. 1  
Fee Land

Lessor: Clair Patterson and wife, Violet Patterson, Farmington, New Mexico

Lessee of Record: Western Oil Transportation Co., Inc. , Josephine Bay Paul, C. M. Paul

Date of Lease: April 17, 1957

Description of Lands Committed: In San Juan County, New Mexico, being all of the  
South One-Half of the Northeast Quarter, all of the  
North One-Half of the Southeast Quarter and the  
Southwest Quarter of the Southeast Quarter of  
Section No. 5, Township 30 North, Range 13 West,  
N.M.P.M.

Number of Acres: 200

Working Interest and Percentage: Western Oil Transportation Co., Inc. - - - 1/4 of 70%  
Josephine Bay Paul - - - - - 85% of 3/4  
of 70%  
C. M. Paul - - - - - 15% of 3/4 7.8%  
of 70%

Overriding Royalty Interest and Percentage: 17-1/2%

Provision of Fee Lease Authorizing Pooling: Section 14.

"Lessee is granted the right and power, exercisable from time to time and either before or after production is secured from the leased premises or other premises proposed to be pooled hereunder (but in no event after the expiration of twenty (20) years after the death of the last survivor of the individuals signing this lease in any capacity as or for a Lessor), if this lease is then in force, but not thereafter, to pool and combine this lease and Lessor's royalty hereunder, as to all or any part of the land covered hereby, or any formation thereunder or mineral therein, with any other lease or leases and the royalty thereunder, as to all or any part of the land covered thereby, or the same formation thereunder or the same minerals therein, or with other land, royalty or mineral interests in land or the same formation thereunder or the same mineral therein, situated in the same sections as the land covered hereby, regardless of the ownership thereof, provided that for gas and/or condensate no unit created shall exceed six hundred and forty-seven (647) acres, and for oil no such unit shall exceed forty-three (43) acres. The exercise of such right and power shall be evidenced by written instrument executed by Lessee describing the land so pooled and combined. The entire acreage so pooled and combined into a unit and all drilling and other operations on, and production from, such acreage shall for all purposes of this lease, except as in this paragraph otherwise provided, be treated and considered as if such acreage were covered by, and such drilling and other operations were being conducted on, or such production were had from this lease, and such operations or production, even though not on or from land covered by this lease, shall nevertheless operate to continue this lease in force as to all land, minerals and rights covered hereby with like effect as though on or from the land covered hereby. Without impairment or change of any rights of Lessee under paragraph 11 hereof, Lessor shall receive as royalty on production from the pooled acreage only such portion of the royalty stipulated in paragraph 3 hereof as the amount of Lessor's acreage placed in the unit,

Case  
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or Lessor's royalty interest therein on an acreage basis, bears to the total acreage so pooled and combined in the particular unit involved, and such royalty shall be in lieu of the royalty provided in said paragraph 3. If by reason of cessation of operations on or production from a pooled unit, or for any other reason, Lessee determines to pay rentals which Lessee is permitted to pay under this or other leases covering land in any unit, such rentals shall be payable to the respective Lessors in this and such other leases in like manner as though such unit had not been created, and pooling hereunder shall not operate to pool such rentals. Lessee shall not be obligated to drill any offset wells on land covered hereby and not pooled, to offset wells drilled on a unit which includes any part of the land covered hereby. Should the acreage content of any unit be reduced by failure of title, or other event beyond the control of Lessee, Lessee shall not be liable to Lessor by reason thereof or be obligated to make any retroactive apportionment or adjustment of royalties theretofore paid, and in any such case, in addition to all other rights under this lease, Lessee shall also have the right to terminate the unit affected thereby by filing for record written notice of termination of such unit and thereupon Lessee shall be relieved of all obligations thereafter accruing hereunder with respect to the unit so terminated."

Tract No. 2  
Fee Land

Lessor: Newton H. Knight and wife, Carrie F. Knight (address not shown)

Lessee of Record: Western Oil Transportation Co., Inc., Josephine Bay Paul, C. M. Paul

Date of Lease: April 18, 1957

Description of Lands Committed: In San Juan County, New Mexico, being all of the North One-Half of the Northeast Quarter of Section No. 5, Township 30 North, Range 13 West, N. M. P. M.

Number of Acres: 80.24

Working Interest and Percentage: Western Oil Transportation Co., Inc. — 1/4 of 70%  
Josephine Bay Paul ————— 85% of 3/4 of 70%  
C. M. Paul ————— 15% of 3/4 of 70%

Overriding Royalty Interest and Percentage: 17-1/2%

Provision of Fee Lease Authorizing Pooling: Section 14; same as quoted under Tract No. 1

Tract No. 3

Lessor: United States of America

Lessee of Record: Hancel M. McCord

Serial No. of Lease: 078212

Date of Lease: January 1, 1949

Description of Lands Committed: In San Juan County, New Mexico, being the Southeast Quarter of the Southeast Quarter of Section No. 5, Township 30 North, Range 13 West, N. M. P. M.

Number of Acres: 40

Working Interest and Percentage: Western Oil Transportation Co., Inc. 1/4 of 75.5%  
Josephine Bay Paul 85% of 3/4 of 75.5%  
C. M. Paul 15% of 3/4 of 75.5%

Overriding Royalty Interest and Percentage: 12%

# RECAPITULATION

Tract Number	Number of Acres Committed	Percentage of Interest in Communitized Area
1	200	62.5%
2	80.24	25.0%
3	40	12.5%

**RATIFICATION OF COMMUNITIZATION AGREEMENT**

WHEREAS, heretofore under date of November 1, 1959, a certain Communitization Agreement was entered into by and between HANSEL M. MCCORD and wife, MARGARET C. MCCORD, SOUTHERN UNION GAS COMPANY, WESTERN OIL TRANSPORTATION CO., INC., JOSEPHINE BAY PAUL, and C. M. PAUL, communitizing the East Half (E/2) of Section 5, Township 30 North, Range 13 West, N.M.P.M., in San Juan County, New Mexico, containing 320.24 acres, more or less, extending to and including only the Dakota Formation lying under said lands and the dry gas and associated liquid hydrocarbons producible from such formation, said Communitization Agreement here referred to and made a part hereof for all purposes; and

WHEREAS, Permian Oil Company, a corporation, is the operator of said communitized area, and it is required that said Permian Oil Company adopt, ratify and confirm said Communitization Agreement in all of its terms and provisions, just as though said Permian Oil Company had executed the Communitization Agreement in the first instance.

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties thereto and the party hereto, Permian Oil Company, a corporation, by and through its authorized officers, does hereby adopt, ratify, covenant and agree to and be bound by all the terms, provisions and conditions set out and a part of the above referred to Communitization Agreement, just as though said Permian Oil Company had been a party to and executed said original Communitization Agreement.

IN TESTIMONY WHEREOF, WITNESS the hand of said Permian Oil Company, this the 6th day of January, A.D., 1960.

ATTEST:

Odle M. Holliman  
Odle M. Holliman, Assistant Secretary

PERMIAN OIL COMPANY

By: B. J. Pevehouse  
B. J. Pevehouse, Vice President

THE STATE OF TEXAS            I

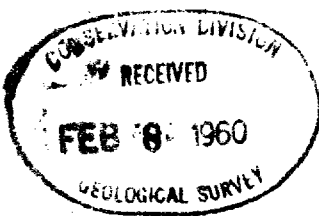
COUNTY OF MIDLAND            I

Personally appeared B. J. PEVEHOUSE, to me known to be the identical person who subscribed the name of the maker thereof to the within and foregoing instrument as its Vice President and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

BEFORE ME, the undersigned, a Notary Public, within and for said County and State, on this 6th day of January, A.D., 1960, per-

my hand and official seal the day and year first above written.

My commission expires June 1, 1961  
Allene T. Hopkins  
Notary Public in and for Midland County,  
Texas.



APPROVAL - CERTIFICATION - DETERMINATION

*File  
P. C.  
Brought*

Pursuant to the authority vested in the Secretary of the Interior under the Act approved February 25, 1920, 41 Stat. 437, 30 U.S.C. secs. 181 et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey, pursuant to Departmental Order No. 2365 of October 8, 1947, 43 CFR sec. 4.618, 12 FR 6784, I do hereby:

- A. Approve the attached communitization agreement covering the 24 Section 9, Township 22 N., Range 12 W., N.M.P.M., San Juan County County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from the Albany formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

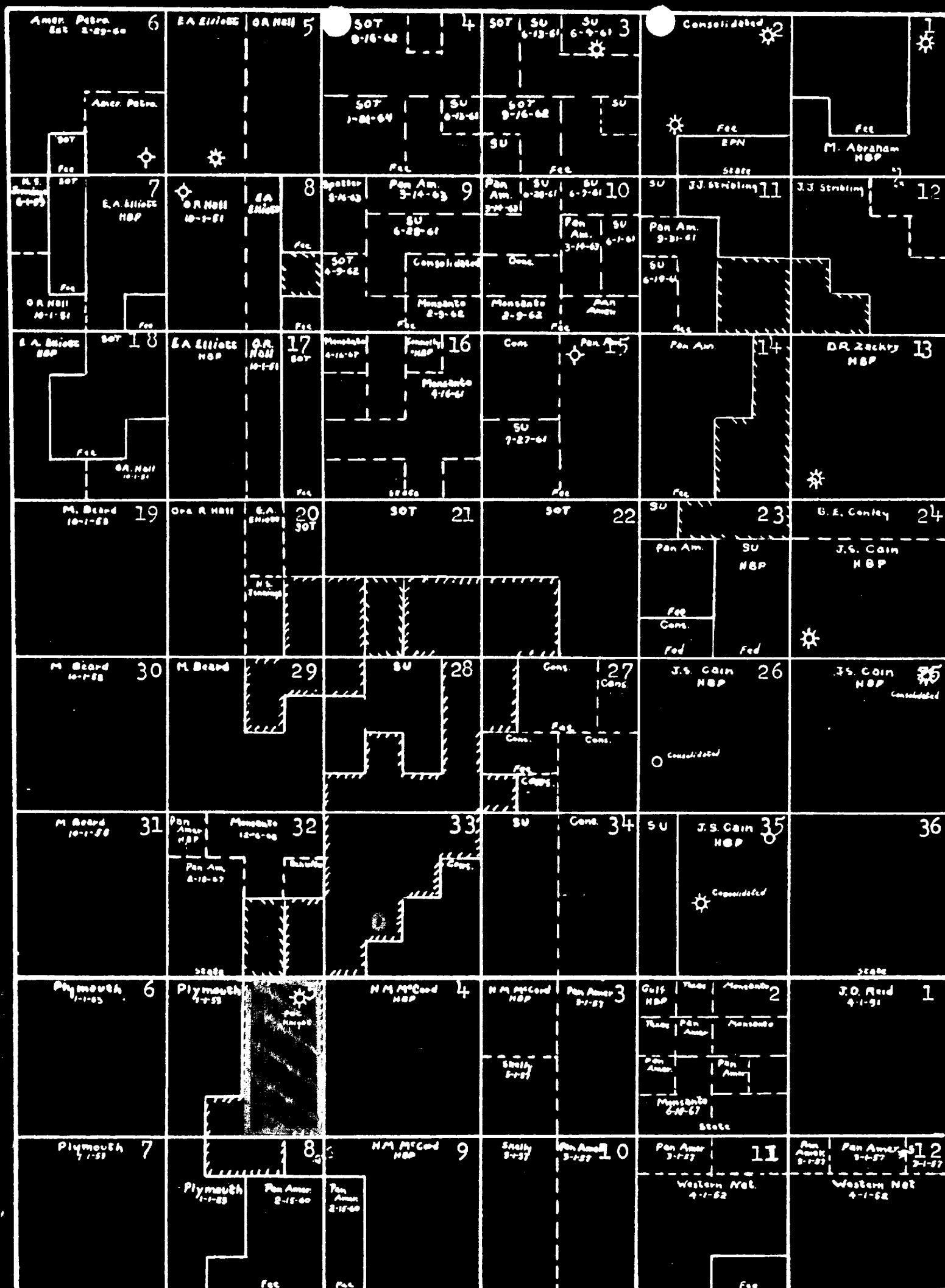
Dated FEB 15 1960

*Arthur A. Baker*

Acting Director  
United States Geological Survey

Contract No. 14-08-001-6722

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Noel Reynolds Cuccia Acreage  
Standard of Texas Acreage  
San Juan County, New Mexico