

24458

## OIL AND GAS LEASE

AGREEMENT, Made and entered into this 1st day of May, 19 53  
by, and between ALMA M. GOODWIN, widow; AULENA M. JENNINGS, widow; NELL M. DeFOREST and ROY DeFOREST, her husband,

of VIRGIL LINAM hereinafter called lessor (whether one or more), and

hereinafter called lessee. WITNESSETH, That the said lessor, for and in consideration of Ten and no/100 - - - - - (\$10.00) - - - - - DOLLARS cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessee, for the sole purpose of mining and operating for oil, and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Lea, State of New Mexico, described as follows, to-wit:

S $\frac{1}{2}$  NE $\frac{1}{4}$  and the N $\frac{1}{2}$  SE $\frac{1}{4}$  of Section 23,  
Township 18 South, Range 36 East,

of Section - - - Township - - - Range - - -, N. M. P. Meridian, and containing 160 acres, more or less.

It is agreed that this lease shall remain in force for a term of ten years from this date, and as long thereafter as oil and gas, or either of them, is produced from said land by lessee.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal one-eighth part of all oil produced and saved from the leased premises.

2nd. To pay lessor one-eighth ( $\frac{1}{8}$ ) of the net proceeds derived from the sale of the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline or any other product, a royalty of one-eighth ( $\frac{1}{8}$ ), payable monthly at the prevailing market price for the gas so used; and lessor to have gas free from cost from any such wells for all stoves and inside lights in the principal dwelling house on said land during the same time by making his own connection with the well at his own risk and expense.

3rd. To pay lessor one-eighth ( $\frac{1}{8}$ ) of the net proceeds derived from the sale of gas produced from any oil well and used off the premises, and if used in the manufacture of gasoline or any other product, a royalty of one-eighth ( $\frac{1}{8}$ ), payable monthly at the prevailing market price for the gas so used for the time during which such gas shall be used.

If no well be commenced on said land on or before the 1st day of May, 19 54, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor, or to the lessor's credit in The Lea County State Bank at Hobbs, New Mexico, or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of One Hundred Sixty and no/100 - - - - - (\$160.00) - - - - - DOLLARS,

which shall operate as a rental and cover the privileges of deferring the commencement of a well for 12 months from said date. In like manner and upon like payment or tenders the commencement of a well may be further deferred for like periods of the same number of months successively. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said first rentals is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as heretofore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportions which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells of the lessor.

When requested by lessor, lessee shall bury its pipe line below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for damages caused by his operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned—and the privilege of assigning in whole or in part is expressly allowed—the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until the lessee has been furnished with a written transfer or assignment or a true copy thereof; and it is hereby agreed that in the event this lease shall be assigned as to a part or to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payment of said rental.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and that the lessee shall have the right at any time to redeem for lessor, by payment, any mortgages, taxes, or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

Whereof witness our hands the day and year first above written:

ROY DEFOREST

Alma M. Goodwin  
Aulena M. Jennings

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 2623

