

15. The Original Stokes Leases also provide:

If at the expiration of the primary term...lessee has commenced operations for drilling...thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 180 consecutive days....and, if they result in production of oil or gas so long thereafter as oil or gas is produced from said land.

16. Further, the Original Stokes Leases state:

“Notwithstanding anything contained hereinabove to the contrary, it is understood and agreed that at the expiration of the primary term, this lease shall terminate as to all lands covered hereby...unless lessee is producing oil, gas, or other hydrocarbons from any well on the leased premises, or lands pooled therewith, or is drilling upon said lands across the expiration of the primary term as provided for in the body of the lease, and does not allow more than 180 days to elapse between the completion...of one well on such land and the commencement of another well thereon”

See Exhibits “A” and “B” at paragraph 12.

17. A portion of the lands covered by each of the Original Stokes Leases, namely the NW/4 SW/4 of Section 24, was included in the unit designation filed in Lea County, New Mexico with the OCD during the primary term of such leases and a corresponding unit designation was filed in the Records of Lea County, New Mexico after the well was completed.

See Exhibits “E” and “G”.

18. Therefore, during the primary term, there was a well being drilled on a pooled unit which included Original Stokes Lease acreage. Those activities were sufficient to preserve