

Rule 10 NMAC 15.N.1101.A requires that “before commencing drilling...the operator must **file** a permit to do so.” (emphasis added) (This is a Form C-101 and it must be accompanied by a Form C-102 - Well Location and Acreage Dedication Plat). Form C-102 filed by TMBR/Sharp designated the West half of Section 24, Township 16S, Range 35E, being 320 acres, as the acreage dedicated to the Well. *See Exhibit “F”*. The acreage included 40 acres under the Original Stokes Leases. Division Rule 19 NMAC 15.N.1102.A states: “Form C-102 is a dual purpose form used to show the exact location of the well and **the acreage dedicated thereto...**”. Rule 19 NMAC 15.N.1102.B says all information required on Form C-102 shall be filled out and certified by the operator of the well except for the well location on this plat which is certified by a professional surveyor or engineer. Thus, Form C-102 is a public filing describing the acreage dedicated to the Well. *See Exhibit “F”*.

Under the definition of pooling adopted by the New Mexico Supreme Court in *Udden*, a written dedication of acreage filed with the OCD was an act of pooling or combining leases with other lands to form a unit which satisfied the OCD and the Original Stokes Leases’ requirement to pool into a unit that was within the standard unit size authorized by the OCD. So long as drilling commenced on that dedicated pooled acreage prior to the expiration of the primary term and continued across it, TMBR/Sharp has satisfied the terms of the Original Stokes Leases’ terms thus, perpetuating the Leases. The only other requirement which is also satisfied by Form C-102, is a “filing” of the unit designation.