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U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

COMMUNITIZATION AGREEMENT

Contract No. 14-08-001-3439

THIS AGREEMENT entered into as of the 1st day of September, 1955, 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 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:

The East Half ($E\frac{1}{2}$) of Section 25, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, within the vertical limits of the Eumont Gas Pool as defined by New Mexico Oil Conservation Commission Order No. R-520,

containing 320 acres, more or less.

and this agreement shall extend to and include only those depths and formations underlying said land within the Eumont Gas Pool and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such gas pool.

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 operations 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.