

GAS POOLING AGREEMENT

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THIS AGREEMENT made and entered into the 19th day of October, 1955 by and between GULF OIL CORPORATION, hereinafter called "Gulf", and THE ATLANTIC REFINING COMPANY, hereinafter called "Atlantic",

WITNESSETH, that

WHEREAS, Gulf is the owner and holder of State of New Mexico Oil and Gas Lease No. B-244 dated September 10, 1931, from the State of New Mexico as Lessor, to Gypsy Oil Company, covering, among other lands, the S. SE of Section 36, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, Atlantic is the owner and holder of State of New Mexico Oil and Gas Lease No. B-1674 dated January 30, 1933 from the State of New Mexico as Lessor, to Atlantic Oil Producing Company, covering the N. SE of Section 36, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, it is the desire of Gulf and Atlantic that this agreement cover the S. SE of Section 36, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico as to dry gas and associated liquid hydrocarbons produced from a gas well, as defined by the New Mexico Oil Conservation Commission, within the vertical limits of the Eumont Gas Pool, as defined in said Commission's Order No. B-520, said area hereinafter being referred to as the "Pooled Proration Unit", and

WHEREAS, in order to comply with existing rules and regulations governing gas well spacing and gas proration units, and to acquire a gas allowable for the above described pooled proration unit, it is the desire of the parties hereto to pool all leasehold and royalty interests in order to form one tract or unit, and

WHEREAS, Gulf desires to operate the pooled proration unit as an entirety for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and provisions of this agreement.

NOW, THEREFORE, in consideration of the premises and the mutual advantages offered by this agreement, it is mutually covenanted and agreed by and between the parties hereto that the pooled proration unit shall be developed and operated by Gulf, its successors or assigns, for the production therefrom of dry gas and associated liquid hydrocarbons as an entirety, with the understanding and agreement that the dry gas and associated liquid hydrocarbons from the pooled proration unit shall be allocated among the present or future owners of leasehold or royalty interests in the proportion that the acreage interest of each bears to the entire acreage interest committed hereto. There shall be no obligation on Gulf, or its successors or assigns, to offset any gas well or wells on separate component tracts into which such pooled proration unit is now or may hereafter be divided; nor shall Gulf, its successors or assigns be required to separately measure said dry gas or associated liquid hydrocarbons by reason of the diverse ownership of such production in and under said tract, but the lessee shall not be released from the obligation to protect said pooled proration unit from drainage by any gas well or wells which may be drilled offsetting the said tract. Payment of rentals under the terms of the leases hereinabove