

GAS POOLING AGREEMENT

THIS AGREEMENT made and entered into this 27<sup>th</sup> day of January, 1956, by and between GULF OIL CORPORATION, hereinafter called "Gulf", SHELL OIL COMPANY, hereinafter called "Shell", and HERMAN R. CRILE and LUCILLE W. CRILE, his wife, J. B. HEADLEY and JOHANNA HEADLEY, his wife, MRS. FRANK FOSTER, a widow, and PETER HURD, Executor of the Estate of Lucy C. K. Hurd, deceased, hereinafter called "Herman R. Crile, et al",

WITNESSETH, that

WHEREAS, Gulf is the owner and holder of State of New Mexico oil and gas lease No. B-246 dated September 10, 1931 from the State of New Mexico as Lessor, to F. Wm. Kutter, as Lessee, covering, among other lands, the W $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 20, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, Shell is the owner and holder of State of New Mexico oil and gas lease No. B-1167 dated September 6, 1932 from the State of New Mexico as Lessor, to Shell Petroleum Corporation, as Lessee, covering, among other lands, the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 20, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, Herman R. Crile, et al, are the owners and holders of State of New Mexico oil and gas lease No. B-2268 dated December 4, 1933 from the State of New Mexico as Lessor, to P. C. Klingsmith, as Lessee, covering, among other lands, the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 20, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, it is the desire of all of the parties hereto that this agreement cover the SE $\frac{1}{4}$  of Section 20, Township 19 South, Range 37 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 Sumont 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