

HEAD OFFICE 000

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COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT entered into as of the 1st day of January, 1956, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

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 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 South-half (S/2) and Northwest Quarter (NW/4) of Section 34, Township 20-South, Range 37-East, NMPM, Lea County, New Mexico,

within the vertical limits of the Eumont Gas Pool, Lea County, New Mexico, as defined by the New Mexico Oil Conservation Commission in its Order No. R-520, containing 480-acres, more or less, and

THIS AGREEMENT shall extend to and include only those depths and formations underlying said land within the vertical limits of the Eumont Gas Pool as defined in Order No. R-520 of the New Mexico Oil Conservation Commission, and the dry gas and associated liquid hydrocarbons, hereinafter referred to as "communitized substances", producible from such depths and formations.