

GAS POOLING AGREEMENT

THIS AGREEMENT made and entered into the 21st day of February, 1936 by and between GULF OIL CORPORATION, hereinafter called "Gulf", and CITIES SERVICE OIL COMPANY, hereinafter called "Cities Service",

WITNESSETH, that

WHEREAS, Gulf is the owner and holder of State of New Mexico Oil and Gas Lease No. B-229 dated September 10, 1931, from the State of New Mexico as Lessor, to Gypsy Oil Company as Lessee, covering, among other lands, Lots 13 and 14 and the $\frac{1}{4}$ of Section 2, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, Cities Service is the owner and holder of State of New Mexico Oil and Gas Lease No. B-1481 dated December 19, 1932, from the State of New Mexico as Lessor, to Empire Gas and Fuel Company as Lessee, covering, among other lands, the $\frac{1}{4}$ of Section 2, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, it is the desire of Gulf and Cities Service that this agreement cover Lots 13 and 14 and the $\frac{1}{4}$ of Section 2, Township 21 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 Production Unit", and

WHEREAS, in order to comply with existing rules and regulations governing gas well spacing and gas production units, and to acquire a gas allowable for the above described pooled production 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 production 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 production 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 production 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 effect any gas well or wells on separate component tracts into which such pooled production 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 production unit from drainage by any gas well or wells which may be drilled effecting the said tract. Payment of rentals under the terms of the leases hereinabove

CERTIFICATE OF APPROVAL

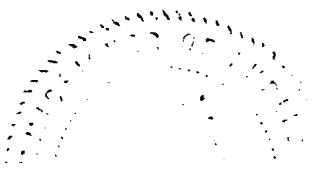
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated February 21, 1956, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the proposed area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me by Chap. 88 of the Laws of the State of New Mexico, 1943, as amended by Chap. 162 of the laws of New Mexico, 1951, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid Chap. 88 of the Laws of the State of New Mexico, 1943, as amended by Chap. 162 of the Laws of the State of New Mexico, 1951.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 15th day of June, 19 56.


C. Seva? ke
Commissioner of Public Lands
of the State of New Mexico

mentioned and described shall not be affected by this agreement except as may be herein otherwise provided.

It is further agreed that the commencement, completion, continued operation or production of a well or wells for dry gas and associated liquid hydrocarbons on the pooled proration unit shall be construed and considered as the commencement, completion, continued operation or production from each and all of the tracts within and comprising said pooled proration unit.

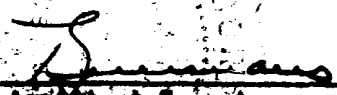
It is the intention of the parties hereto that this agreement shall include and affect only dry gas and associated liquid hydrocarbons produced through a gas well or gas wells as defined by the New Mexico Oil Conservation Commission located on the pooled proration unit and shall not include or affect in any manner whatsoever any of the production of hydrocarbons from any oil well located on the pooled tracts or any of the production of hydrocarbons from other than the Eumont Gas Pool as above defined.

It is further agreed that all production of dry gas and associated liquid hydrocarbons and disposal thereof shall be in conformity with allocations made or fixed by any duly authorized person or regulatory body under applicable Federal or State statute. The provisions of this agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations which affect the performance of any of the provisions of this agreement, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from compliance with any such law, order, rule or regulation.

This agreement shall be effective as of the date upon which an allowable production allocated to the entire pooled proration unit is first produced, and shall remain in force and effect for a period of one year and so long thereafter as dry gas (with or without associated liquid hydrocarbons) is produced from any part of said pooled proration unit in paying quantities.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year herein first above written.

ATTEST:


Assistant Secretary
T. Q. WILLIAMS

GULF OIL CORPORATION

By: 

Vice-President

CITIES SERVICE OIL COMPANY

By: 

Attorney-in-Fact

ATTEST:

STATE OF _____)
COUNTY OF _____) SS

The foregoing instrument was acknowledged before me this 21
day of February, 1956 by H. M. Bayer
Vice-President of GULF OIL CORPORATION, a Pennsylvania
corporation, on behalf of said corporation.

Eva Marie Cooper
Notary Public

My Commission expires:

June 1, 1957

STATE OF Oklahoma)
COUNTY OF Washington) SS

The foregoing instrument was acknowledged before me this 27th
day of March, 1956 by ATTORNEY-IN-FACT
of CITIES SERVICE OIL COMPANY, a Delaware
corporation, on behalf of said corporation.

Lucy Tallaway
Notary Public

My Commission expires:
