

Contract No. _____

COMMUNITIZATION AGREEMENT

Wells B-4 #1 Well

THIS AGREEMENT entered into as of the 1st day of February, 1957, by and between the parties subscribing, ratifying or consenting hereto, such parties being herein-after 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 own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; 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:

Township 25 South, Range 37 East, N.M.P.M.
Section 4: Lots 3, 4, S/2 NW/4
Lea County, New Mexico
containing 160.45 acres,

more or less, and this agreement shall extend to and include only the formations lying between the top of the Tansell formation down to a point 100 feet above the base of the Seven Rivers formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from/such formations. Wells B-4 #1 well from