



1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows: Subdivisions \_\_\_\_\_, Sect \_\_\_\_\_, Twp \_\_\_\_\_, Rng \_\_\_\_\_, NMPM, \_\_\_\_\_ County NM containing \_\_\_\_\_ acres, more or less, and so hereby declare that it is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of helium and carbon dioxide from the said formation in and under said land is necessary and advisable in order to properly develop and produce the helium and carbon dioxide gas in the said formation beneath said land in accordance with the spacing rules of the Oil Conservation Division of the New Mexico Energy and Minerals Department, State of New Mexico, and in order to promote the conservation of the helium and carbon dioxide gas in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize, for proration or spacing purposes only the leases described in Exhibit "A" hereto insofar as they cover helium and carbon dioxide gas within and that may be produced from the said formation (hereinafter referred to as "Communitized Substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the helium and carbon dioxide gas in said formation beneath said lands.

Attached hereto and made a part of the Agreement for all purposes, is Exhibit "A" showing the acreage, and ownership (Lessees of Record) of all lands within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances insofar as they include helium and carbon dioxide gases produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

5. There shall be no obligation upon the parties hereto to offset any well or wells drilled for the purpose of recovering helium and carbon dioxide gases situated on the tracts of land comprising the communitized area, nor shall the undersigned be required to measure separately the

communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

6. The Commencement, Completion, and Continued operation of production of a well or wells for communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws or statutes. This Agreement shall be subject to all applicable Federal and State Laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

8. \_\_\_\_\_ shall be the Operator of said communitized area, and all matters of operation shall be determined and performed by \_\_\_\_\_.

9. This Agreement shall be effective as of the date herein-above written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in commercial quantities; provided, however, that prior to production in commercial quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy and Minerals Department, and the Commissioner of Public Lands, of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico

12. If any order of the Oil Conservation Division of the New Mexico Energy and Minerals Department, upon which this agreement is predicated or based is in anyway changed or modified, then and in such event said agreement is likewise modified to conform thereto.

13. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

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

OPERATOR: \_\_\_\_\_ by \_\_\_\_\_  
Name of representative

Title of rep. \_\_\_\_\_ Signature: \_\_\_\_\_

LESSEES OF RECORD: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_)  
County of \_\_\_\_\_) <sup>SS)</sup>

This instrument was acknowledged before me on \_\_\_\_\_  
DATE

By \_\_\_\_\_  
Name(s) of Person(s)

(Notary Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commissioner expires \_\_\_\_\_

**Acknowledgment in a Representative Capacity**

STATE OF \_\_\_\_\_ )  
 )ss  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_, as Attorney in Fact on behalf of  
\_\_\_\_\_ Company

Notary Seal

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 )ss  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_, as Attorney in Fact on behalf of  
\_\_\_\_\_ Company

Notary Seal

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 )ss  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By \_\_\_\_\_, as Attorney in Fact on behalf of  
\_\_\_\_\_ Company

Notary Seal

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires \_\_\_\_\_

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated \_\_\_\_\_ by  
and between \_\_\_\_\_,  
\_\_\_\_\_,  
covering Subdivisions \_\_\_\_\_  
Sect \_\_\_\_\_, Twp \_\_\_\_\_, Rng \_\_\_\_\_, NMPM, \_\_\_\_\_ County, NM

**Operator of Communitized Area:** \_\_\_\_\_

**Description of Leases Committed:**

**TRACT No. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: \_\_\_\_\_

Serial No. of Lease: \_\_\_\_\_ Date of Lease: \_\_\_\_\_

Description of  
Lands Committed: Subdivisions \_\_\_\_\_

Sect \_\_\_\_\_ Twn \_\_\_\_\_ Rng \_\_\_\_\_ NMPM \_\_\_\_\_ County NM

No. of Acres: \_\_\_\_\_

**TRACT No. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: \_\_\_\_\_

Serial No. of Lease: \_\_\_\_\_ Date of Lease: \_\_\_\_\_

Description of  
Lands Committed: Subdivisions \_\_\_\_\_

Sect \_\_\_\_\_ Twp \_\_\_\_\_ Rng \_\_\_\_\_ NMPM \_\_\_\_\_ County NM

No. of Acres: \_\_\_\_\_

**TRACT No. 3**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: \_\_\_\_\_

Serial No. of Lease: \_\_\_\_\_ Date of Lease: \_\_\_\_\_

Description of  
Lands Committed: Subdivisions \_\_\_\_\_

Sect \_\_\_\_\_ Twp \_\_\_\_\_ Rng \_\_\_\_\_ NMPM \_\_\_\_\_ County NM

No. of Acres: \_\_\_\_\_

**TRACT No. 4**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: \_\_\_\_\_

Serial No. of Lease: \_\_\_\_\_ Date of Lease: \_\_\_\_\_

Description of  
Lands Committed: Subdivisions \_\_\_\_\_

Sect \_\_\_\_\_ Twp \_\_\_\_\_ Rng \_\_\_\_\_ NMPM \_\_\_\_\_ County NM

No. of Acres: \_\_\_\_\_

**RECAPITULATION**

Tract number:	Number of acres committed	Percentage of interest in communitized area
No. 1	_____	_____
No. 2	_____	_____
No. 3	_____	_____
No. 4	_____	_____