

6

GAS POOLING AGREEMENT  
NO. 1 UNIVERSITY 21-36 GAS UNIT

THE STATE OF TEXAS        X  
                                  X  
COUNTY OF WINKLER        X        KNOW ALL MEN BY THESE PRESENTS: THAT,

WHEREAS, Monsanto Company, Transwestern Gas Supply Company and Pacific Lighting Gas Development Company, hereinafter called "Lease Owners", are the present owners and holders of the oil and gas leases covering lands situated in Winkler County, Texas, more particularly identified in Exhibit "A" attached hereto and made a part hereof for all purposes; and

WHEREAS, the State of Texas is hereby designated and is hereby referred to as "Royalty Owner", and such Royalty Owner represents that it owns mineral, royalty, reversionary, overriding royalty interests and oil payments, or other similar rights, in some of the land affected by this agreement, and for convenience said interests in said land are hereby referred to and included in the term "Royalty Interest"; and

WHEREAS, it is the desire of Lease Owners and Royalty Owner to pool and combine said leases and lands covered thereby to the extent hereinafter specified in order to form a pooled unit for the production of gas and associated hydrocarbons and for the purpose of promoting conservation, preventing waste, facilitating orderly development and preserving correlative rights:

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained to be kept and performed by the parties hereto, the undersigned Royalty Owner agrees with Lease Owners as follows:

ARTICLE I  
DEFINITIONS

1.1 As used in this agreement, the terms herein contained shall have the following meaning:

1.1.1. Pooled Unit is and shall include all Gas and associated hydrocarbons and Gas Rights underlying all of Section 36, Block 21, University Land Survey, Winkler County, Texas, containing 640.70 acres of land and being all of the land covered by State Lease Nos. M-69449 and M-69450, as described and identified on said Exhibit "A", and described and delineated on Exhibit "B", which is attached hereto and made a part hereof for all purposes. Notwithstanding anything contained in this Section 1.1 to the contrary, the Pooled Unit is limited to all depths below the top of the Devonian formation or its stratigraphic equivalent.

1.1.2. Gas means natural gas, including all of its associated hydrocarbons which include (but not by way of limitation) gasoline, condensate, distillate, butanes, propanes and other lighter hydrocarbons produced from a well classified as a Gas Well by the Railroad Commission of the State of Texas.

1.1.3. Gas Rights means the rights to explore, develop and operate land within the Pooled Unit for the production of Gas and associated hydrocarbons or to share in the production so obtained or the proceeds thereof.

/

6

1.1.4. Gas Well means any well classified as a Gas Well by the Railroad Commission of Texas.

1.1.5. Royalty Gas means that part of the Gas produced from Pooled Unit which under the provisions of the leases is payable to Royalty Owner as royalty.

1.1.6. Well Completion Date, for the purpose of this agreement, means that a well shall be considered completed on the date an acceptable completion form (Form G-1) is filed with the Railroad Commission of the State of Texas.

1.2 For the purpose of this agreement, it is particularly understood and agreed that the entire production from all Gas Wells situated on the Pooled Unit shall be considered the production of Gas, and Royalty Interests therein are hereby pooled and shall be subject to the terms and provisions hereof. No part of the production from any well classified as an oil well by the Railroad Commission of Texas shall be pooled under the terms and provisions hereof.

ARTICLE II  
CREATION AND EFFECT OF POOLED UNIT

2.1 Subject to the provisions of this agreement, all Royalty Interests of Royalty Owner in and to the Gas Rights in the lands described above are hereby pooled so that operations may be conducted as if said lands had been included in a single lease executed by Royalty Owner, as lessor, in favor of Lease Owners, as lessee, and as if the lease had been subject to all the provisions of this agreement.

2.2 The provisions of the lease agreements described in Exhibit "A" hereof governing the above-described lands or the Gas production therefrom are amended to the extent necessary to make them conform to the provisions of this agreement but otherwise shall remain in effect.

2.3 Operations including drilling operations conducted on any part of the Pooled Unit or Gas production from any part of the Pooled Unit, except for the purpose of determining payments to Royalty Owner, shall be considered as operations upon or production from the above-described land and such operations or production shall continue in effect each lease or term royalty interest as to all lands covered thereby just as if such operations had been conducted and a well had been drilled and was producing from each tract.

2.4 Nothing herein shall be construed to result in the transfer of title to the Royalty Interest by any party hereto to any other party or to Lease Owners, this agreement being merely an expression of the intent to share the Royalty Gas produced from the Pooled Unit on an allocated basis while and so long as this agreement shall remain in effect, but not thereafter, as provided herein.

ARTICLE III  
LOSS OF TITLE

3.1 Should title to any interest in the above-described land included in the Pooled Unit created hereby fail in whole or in part, such interest shall be excluded from the Pooled Unit as of 7 a.m. on the date on which said loss of title is finally determined unless the new owner or owners thereof join in this agreement.

ARTICLE IV  
ALLOCATION OF ROYALTY GAS

4.1 For the purpose of computing the Royalty Interest to which Royalty Owner shall be entitled on production of Gas from the Pooled Unit and regardless of location of the well or wells from which said production is had from the Pooled Unit, the Royalty Gas produced shall be allocated or prorated

6

to Lease No. 1, described in Exhibit "A", in the proportion of 1/2 and to Lease No. 2, described in Exhibit "A", in the proportion of 1/2. It shall be conclusively considered for the purpose of computing the Royalty Interest to which Royalty Owner is entitled on Gas produced from the Pooled Unit that all of the Gas so allocated to each pooled lease as above provided has been produced from such pooled lease, and the Royalty Interest shall be computed on such basis in accordance with the terms and provisions of each of the oil and gas leases described in Exhibit "A" in the same manner as if the Gas so allocated had actually been produced from the pooled lease from which it is allocated, and the rights of the Royalty Owner shall be determined in accordance with the terms and provisions of each of said leases.

4.2 In lieu of the filing by the Lease Owners of separate affidavits of production as to each lease comprised of University Land, Lease Owners shall file in the manner provided in such University Oil and Gas Leases single consolidated affidavits of production (General Land Office Forms MA-1 and MA-2) covering separately all oil production and Gas production from the Pooled Unit as herein described, each of which affidavits shall show on its face or by accompanying schedule the portion of such unitized substances that is allocated hereunder to each such lease comprised of University Land, and the royalty allocated thereto.

4.3 A shut-in gas well located upon any lease included within said unit shall be considered as a shut-in gas well located upon each lease included within said unit, provided, however, that shut-in gas well royalty shall be paid to the State on each State lease within the unit according to the terms of each of such leases as though such shut-in gas well were located on each of such leases, it being agreed that shut-in royalties provided in each State lease shall not be diminished by reason of this agreement.

4.4 The State of Texas, as Royalty Owner, shall have the option to require that payment of any royalty stipulated in its leases described in Exhibit "A" be made in kind, which option shall be exercisable at the discretion of the Board for Lease of University Lands from time to time upon giving Lease Owners thirty (30) days written notice.

#### ARTICLE V NO BENEFIT TO NON-SIGNERS

5.1 Nothing herein contained shall inure to the benefit of any owner of Royalty Interest under the Pooled Unit who does not become bound by the terms and provisions hereof.

5.2 If the Railroad Commission of Texas (or any other regulatory body having jurisdiction) shall adopt field rules providing for gas units of less than 640.00 acres, then lessee agrees to either (1) reform the unit, (2) drill to the density permitted, or (3) pay compensatory royalty to the State of Texas on the basis of its tracts included in the unit.

#### ARTICLE VI CONSERVATION AND OTHER LAWS

6.1 This agreement and all of Lease Owners' obligations hereunder are hereby expressly made subject to all conservation and other laws, and to all valid rules, regulations and orders of regulatory authorities, State and Federal, having jurisdiction in the premises.

#### ARTICLE VII TRANSFER OF INTEREST

7.1 Any transfer, assignment or conveyance of any Royalty Interest owned by Royalty Owner hereto with respect to any tract or part thereof in the

3

6

Pooled Unit created hereby shall be made expressly subject to this agreement and shall not be binding on Lease Owners until thirty (30) days after receipt by Lease Owners of the original, or a certified copy, of the recorded instrument evidencing such change in ownership.

ARTICLE VIII  
EFFECTIVE DATE

8.1 This agreement shall become effective on the date Royalty Owner properly executes this agreement, or a counterpart hereof. Promptly after the effective date hereof, Lease Owners shall file this agreement, or a counterpart certified copy in the General Land Office.

ARTICLE IX  
TERM AND TERMINATION

9.1 This agreement shall remain in effect for ninety (90) days from the effective date hereof and thereafter as long as Gas is being produced from the Pooled Unit, or so long as drilling, re-working or other operations are being prosecuted thereon with no cessation of more than sixty (60) consecutive days, or so long as all the oil and gas leases described herein are maintained in force in accordance with the terms and provisions of this agreement or of said leases; provided, however, that if production of Gas from the Pooled Unit is not secured or upon the cessation of production of Gas from the Pooled Unit in paying quantities, Lease Owners may, at their option, dissolve the Pooled Unit by an instrument filed for record in the county or counties in which the Pooled Unit is located and a certified copy thereof filed in the General Land Office, and thereby be relieved of all obligations as provided in this agreement and incurred by virtue of creation of Pooled Unit. Upon the termination of the Pooled Unit (for whatever reason) each of the oil and gas leases described herein will be maintained in accordance with their respective terms and provisions as they exist on the date of such termination.

v

9.2 Notwithstanding anything to the contrary contained in 9.1, Lease Owners agree to commence or cause to be commenced on or before ninety (90) days from the effective date of this agreement the drilling of a well at a location of its selection on leases covered by this agreement and shall drill same or cause it to be drilled to a depth sufficient, in its opinion, to test the Pooled Unit. Failure on the part of Lease Owners to drill said well or any substitute well as hereinafter provided shall result only in the right of the Board for Lease of University Lands to terminate this agreement after reasonable notice, and Lease Owners shall in no way be liable for failure to drill said well or having commenced same, for failure to drill same to the depth above specified. In the event Lease Owners are unable for any reason to drill said well to the depth above specified, then they shall have the right, but not the obligation, to commence operations for drilling of a substitute well within ninety (90) days from the date of cessation of operations on the first well and drill same to the depth above specified.

ARTICLE X  
COUNTERPART

10.1 This agreement may be executed in any number of counterparts and each executed counterpart shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument, or may be ratified by a separate instrument in writing referring to this agreement. Each such ratification shall have the force and effect of an executed counterpart hereof and of adopting by reference all of the provisions hereof.

ARTICLE XI  
GENERAL

11.1 The terms, covenants and conditions of this agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns and shall be covenants running with the land and each transfer or conveyance thereof or any interest therein.

4

6

11.2 It is not the intention of the parties hereto to limit, restrict or prorate the amount of Gas to be produced from the Pooled Unit, it being recognized that such power will be exercised by governmental authority, and no language used herein is intended or shall be construed to mean that the parties hereto agree hereby to exercise such powers.

11.3 Insofar as the Royalty Interest of the University of Texas in and under any lease committed to the Pooled Unit is concerned, this agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Article 5382 (c), Vernon's Annotated Civil Statutes of Texas, authorizing the same, after the prerequisites, findings, and approval hereof, as provided in said statute, have been duly considered, made and obtained.

IN TESTIMONY WHEREOF, the parties hereto have executed this agreement on the respective dates shown opposite their names.

ATTEST:

\_\_\_\_\_  
Secretary

Date \_\_\_\_\_

THE BOARD FOR LEASE OF UNIVERSITY LANDS

By Bob Armstrong  
Bob Armstrong, Commissioner of the General Land Office of the State of Texas and Chairman of the Board for Lease of University Lands

66  
Audit  
Legal  
Geology  
Executive  
Engineering

ROYALTY OWNER

Date December 30, 1976

MONSANTO COMPANY

By Frederic J. J...  
Attorney-in-Fact

ATTEST:

F. R. Qualls  
Assistant Secretary

Date Dec 29, 1976

TRANSWESTERN GAS SUPPLY COMPANY

By A. H. Helden  
Vice President

Table with 4 rows and 1 column, containing a signature in the top row.

ATTEST:

W. Ryan  
Assistant Secretary

Date DEC 29, 1976

PACIFIC LIGHTING GAS DEVELOPMENT COMPANY

By William H. ...  
Vice President

LEASE OWNERS

65

6

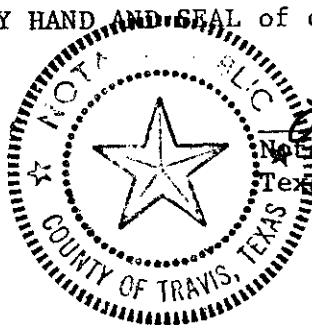
Gas Pooling Agreement  
No. 1 University 21-36 Gas Unit

STATE OF TEXAS    X  
                          X  
COUNTY OF TRAVIS   X

BEFORE ME, the undersigned authority, on this day personally appeared Bob Armstrong, Commissioner of the General Land Office of the State of Texas and Chairman of the Board for Lease of University Lands, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of said THE BOARD FOR LEASE OF UNIVERSITY LANDS and that he executed the same as the act of such Board for the purposes and consideration therein expressed, and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL of office this 28th day of February, 1977.

My commission expires:  
June 1, 1977



Linda M. Fisher  
Notary Public in and for Travis County,  
Texas

STATE OF TEXAS    X  
                          X  
COUNTY OF HARRIS   X

BEFORE ME, the undersigned authority, on this day personally appeared FREDERIC TIETZ, known to me to be the person whose name is subscribed to the foregoing instrument as Attorney-in-Fact of MONSANTO COMPANY, a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said MONSANTO COMPANY.

GIVEN UNDER MY HAND AND SEAL of office this 30th day of December, 1976.

My commission expires:  
June 1, 1977

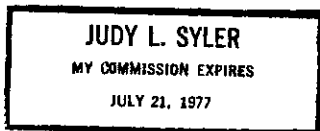
Katherine P. Webb  
Notary Public in and for Harris County,  
Texas    **KATHERINE P. WEBB**

STATE OF TEXAS    X  
                          X  
COUNTY OF HARRIS   X

BEFORE ME, the undersigned authority, on this day personally appeared R. N. Halden, known to me to be the person whose name is subscribed to the foregoing instrument as Vice President of TRANSWESTERN GAS SUPPLY COMPANY, a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said TRANSWESTERN GAS SUPPLY COMPANY.

GIVEN UNDER MY HAND AND SEAL of office this 29th day of December, 1976.

My commission expires:



Judy L. Syler  
Notary Public in and for Harris County,  
Texas

6  
[Handwritten signature]

6

STATE OF TEXAS            Y  
                                  X  
COUNTY OF HARRIS        X

BEFORE ME, the undersigned authority, on this day personally appeared William H. Owens, known to me to be the person whose name is subscribed to the foregoing instrument as Vice President of PACIFIC LIGHTING GAS DEVELOPMENT COMPANY, a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said PACIFIC LIGHTING GAS DEVELOPMENT COMPANY.

GIVEN UNDER MY HAND AND SEAL of office this 29<sup>th</sup> day of December, 1976.

My commission expires:

Judy L. Syler  
Notary Public

JUDY L. SYLER  
MY COMMISSION EXPIRES  
JULY 21, 1977

87

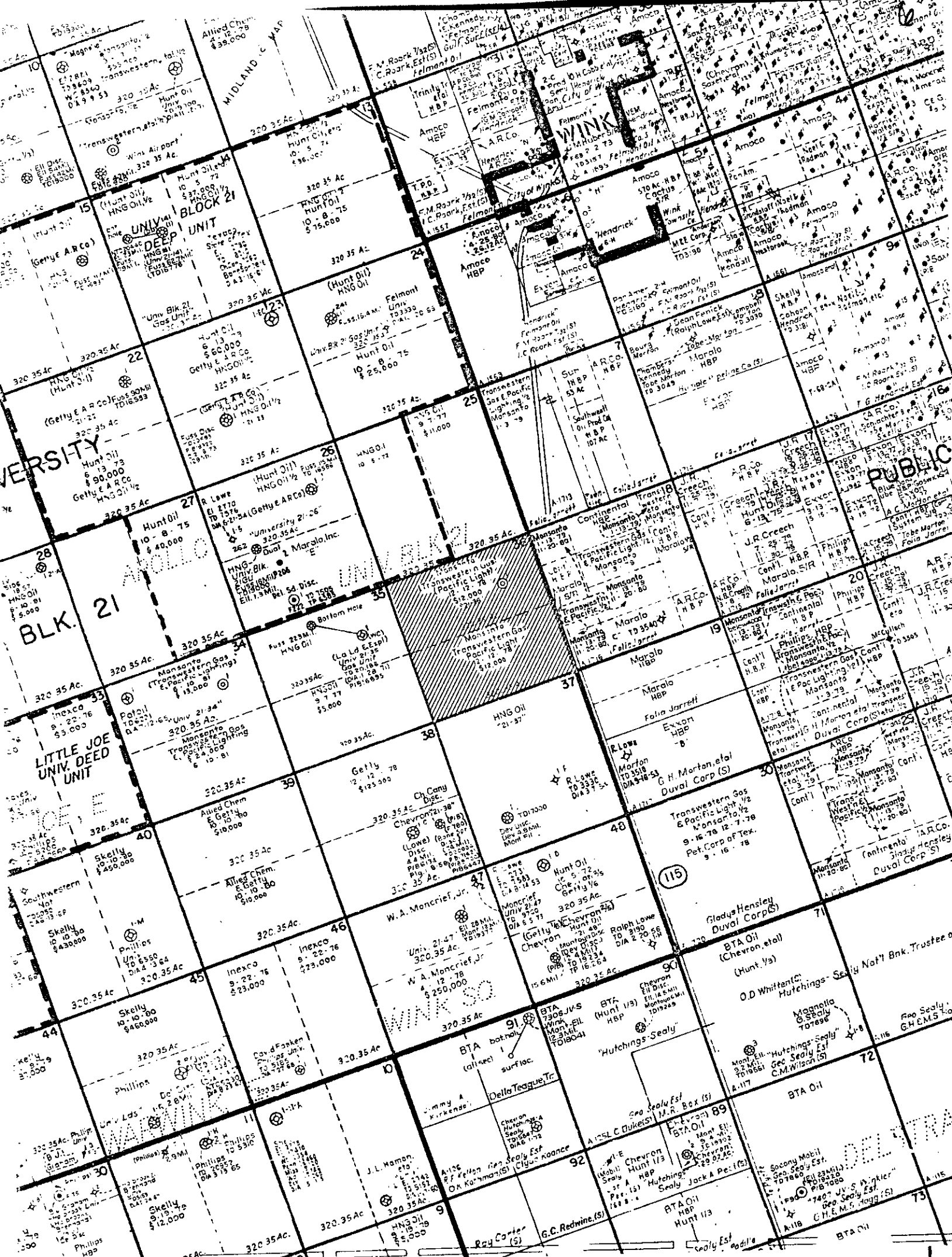
6

EXHIBIT "A"

GAS POOLING AGREEMENT  
NO. 1 UNIVERSITY 21-36 GAS UNIT

Lease (1) University of Texas Oil and Gas Lease bearing Lease No. M-69449 dated December 12, 1973, recorded in the office of the Commissioner of the General Land Office of the State of Texas and executed on behalf of the State of Texas, as Lessor, in favor of Monsanto Company, Transwestern Gas Supply Company and Pacific Lighting Gas Development Company, as Lessees, and recorded in Volume 271, Page 510 of the Deed Records of Winkler County, Texas, covering the North Half (N/2) of Section 36, Block 21, University Lands, and containing 320.35 acres, more or less, in Winkler County, Texas.

Lease (2) University of Texas Oil and Gas Lease bearing Lease No. M-69450 dated December 12, 1973, recorded in the office of the Commissioner of the General Land Office of the State of Texas and executed on behalf of the State of Texas, as Lessor, in favor of Monsanto Company, Transwestern Gas Supply Company and Pacific Lighting Gas Development Company, as Lessees, and recorded in Volume 271, Page 507 of the Deed Records of Winkler County, Texas, covering the South Half (S/2) of Section 36, Block 21, University Lands, and containing 320.35 acres, more or less, in Winkler County, Texas.



 Pooled Unit

Exhibit "B"  
 Gas Pooling Agreement  
 No.1 University 21-36 Gas Unit  
 Winkler County, Texas

89

6

CERTIFICATE

I, MAXINE R. DEAN, SECRETARY to the Board for Lease of University Lands, do hereby certify that at a meeting of the Board for Lease of University Lands duly called and held on the 21st day of January, 1977, at 11:00 A.M., in Austin, Texas, at the General Land Office the foregoing instrument being Gas Pooling Agreement - No. 1 University 21-36 Gas Unit, Section 36, Block 21, University Lands, Winkler County, Texas, Monsanto Company, Operator, was duly presented to and approved by the Board, all of which is more fully set forth in the Minutes of the Board of which I am the legal custodian.

IN TESTIMONY WHEREOF, witness my hand, this the 24th day of January, 1977.

Maxine R. Dean  
Maxine R. Dean, Secretary to the  
Board for Lease of University Lands

8 10

DO NOT DESTROY

-MEMO-

Operator Monsanto Co.  
 Unit Name University 21-36 No 2nd  
 County Winkler  
 Effective Date 2/28/77  
 Unitized for: Oil      Gas  Oil & Gas     

69449

Unit Agreement

File No. 69449

Bob Armstrong, Commissioner

1. M.F. No. 69449  
 Area N/2 Tr. 130  
 Sec. 36 Blk. 21 Survey       
 $\frac{320.35}{640.70} \times \frac{1}{6} = 8.33333$  %

2. M.F. No. 69450  
 Area S/2 Tr. 131  
 Sec. 36 Blk. 21 Survey       
 $\frac{320.35}{640.70} \times \frac{1}{6} = 8.33333$  %

3. M.F. No.       
 Area      Tr.       
 Sec.      Blk.      Survey       
     x      =      %

4. M.F. No.       
 Area      Tr.       
 Sec.      Blk.      Survey       
     x      =      %

REMARKS:

Prepared by      Entered Unit Book     

118

BOARD FOR LEASE OF UNIVERSITY LANDS

POST OFFICE BOX 7968  
AUSTIN, TEXAS-78712

January 24, 1977

Mr. H. E. White  
Director of Sales and Leasing  
General Land Office  
Austin, Tx. 78701

Re: Gas Pooling Agreement No. 1 University 21-36 Gas Unit  
Section 36, Block 21, U. L., Winkler County, Texas  
Operator: Monsanto Company (Unit Agreement No. 140)

Dear Mr. White:

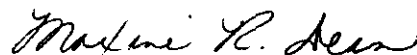
Enclosed you will find five copies of the above captioned unit agreement which was approved by the Board for Lease of University Lands at its meeting held on January 21, 1977, and which has been executed by Monsanto Company, as unit operator.

If you find these instruments in order, I would appreciate your having the Commissioner of the General Land Office execute the same, retain one copy for your files, return one copy to me and forward three executed copies to:

Monsanto Company  
Attn: Mr. Gene C. Carpenter  
1330 Midland National Bank Tower  
500 West Texas  
Midland, Tx. 79701

If you have any questions concerning this matter, please let me know.

Sincerely,



Maxine R. Dean  
Secretary to the Board

encls.

Ccs: Mr. Gene C. Carpenter  
Mr. James B. Zimmerman

8

February 28, 1977

Monsanto Company  
1330 Midland National Bank Tower  
500 West Texas  
Midland, Texas 79701

Attention: Mr. Gene C. Carpenter

Re: Gas Pooling Agreement No. 1  
University 21-36 Gas Unit  
Section 36, Block 21, U. L.  
Winkler County, Texas  
Operator: Monsanto Company  
(Unit Agreement 140)

Gentlemen:

Enclosed is the original and two copies of the captioned agreement, fully executed by the Commissioner of the General Land Office. A copy is being forwarded to Ms. Maxine Dean, Secretary to the Board for Lease of University Lands and a copy is being retained for our files.

If we may be of further service, please advise.

Sincerely,

Bob Armstrong

By

H. E. White, Manager  
Land Resources  
Phone 512 475-6491

HEW/lrr  
Enclosures

cc: Ms. Maxine Dean  
210 West Sixth  
Austin, Texas 78701

**FILE**

The University of Texas at Arlington  
The University of Texas at Austin  
The University of Texas at Dallas  
The University of Texas at El Paso  
The University of Texas of the Permian Basin  
The University of Texas at San Antonio  
The University of Texas at Tyler



The University of Texas Health Science Center at Dallas  
The University of Texas Medical Branch at Galveston  
The University of Texas Health Science Center at Houston  
The University of Texas System Cancer Center  
The University of Texas Health Science Center at San Antonio  
The University of Texas Health Center at Tyler  
The University of Texas Institute of Texan Cultures at San Antonio

20

**THE UNIVERSITY OF TEXAS SYSTEM**

P. O. BOX 579 AUSTIN, TEXAS 78767  
TELEPHONE (512) 471-4011

*University Lands Accounting Office*

August 25, 1980


Monsanto Company  
1330 Midland National Bank Tower  
500 West Texas  
Midland, Texas 79701

Re: Dissolution of Gas Pooling  
Agreement, University 21-36  
Gas Unit, Winkler County, Texas  
UT Lease No's. 69449 & 69450

Gentlemen:

We have your letter of August 21, 1980 and certified copy of recorded dissolution for the captioned unit. We have filed this dissolution in the official records of this office. All applicable files have been marked accordingly.

Sincerely yours,

  
Woodrow Schumacher,  
Mineral Contract Specialist

WS/gc

cc: Monsanto Company, 1300 Post Oak Tower, 5051 Westheimer,  
Houston, Texas 77056

*Document in Unit file.*