

## **COMMUNITIZATION AGREEMENT**

To be used for the pooling of Federal Minerals and Fee Minerals where oil and gas leases include both. The form must be complete as to the following:

- A. SUIT/BLM Communitization Agreement Number
- B. Effective date of the Agreement
- C. Shut in language and duration matches original lease
- D. Legal description, total acreage and formation specifically listed
- E. Operator signature and Acknowledgement
- F. Exhibit "A" clearly depicts Tribal oil and gas lease number, Tribal Tracts and Non-Tribal Tracts, and well location
- G. Exhibit "B" clearly describes all Tribal and Non-Tribal oil and gas leases within the communitized area with royalty rates, lessor, lessee, and legal descriptions
- H. Recapitulation clearly describes Tribal Tracts and acreage total with percentage of Tribal land included in the communitized area and Non-Tribal Tracts and acreage total with percentage of Non-Tribal land included in the communitized area.

The operator's Nationwide Oil and Gas Lease Bond, Articles of Incorporation, State Certificate to do Business in Colorado, Spacing Order, and a copy of the \$50 administrative fee payable to our lockbox must be included in the packet submitted.

The documents will be reviewed by the Southern Ute Indian Tribe Department of Energy Land team for accuracy prior to Tribal Council/Chairmen approval or disapproval. The documents will then be transmitted to the BIA for action to be taken, fees are not refundable.

**COMMUNITIZATION AGREEMENT**

Contract No. \_\_\_\_\_

**WELL NAME**

**THIS AGREEMENT** entered into effective as of the \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as “parties hereto.”

W I T N E S S E T H:

**WHEREAS**, the Act of May 11, 1938, 52 Stat. 348, 25 U.S.C.A. Secs. 396a-d, provides that all operations under any oil and gas lease on Tribal and/or Allotted Indian lands shall be subject to the rules and regulations of the Secretary of the Interior, and regulations issued pursuant to said statute provide that in the exercise of his judgment the Secretary may take into consideration, among other things, the Federal laws, State laws or regulations by competent Federal or State authorities or lawful agreements among operators regulating either drilling or production or both (25 C.F.R. Sec. 211.28); and

**WHEREAS**, the parties hereto own working or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement; and

**WHEREAS**, the parties hereto desire to communitize and pool their respective mineral interests in the lands subject to this agreement for the purpose of developing and producing communitized substances 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 North, Range West, N.M.P.M.

Section :

La Plata County, Colorado

Containing \_\_\_\_\_ acres, more or less, and this agreement shall include only the \_\_\_\_\_ formation(s) underlying said lands and the natural gas and associated liquid hydrocarbons produced therefrom, hereinafter referred to as “communitized substances”.

- 2. Attached hereto, and made a part of this agreement for all purposes are: Exhibit “A”, depicting the acreage of the lands within the communitized area with tract identifying numbers and the name and location of any existing well; Exhibit “B1,” providing legal descriptions for said tracts, designating the

operator of the communitized area and providing the name of any existing well; Exhibit "B-2," identifying the Tribal lease(s) and/or minerals agreement(s) committed to the communitized area and noting for informational purposes any force pooling actions on behalf of the Colorado Oil and Gas Conservation Commission. Also part of Exhibit "B-2" is a recapitulation of the tracts and corresponding acres within, and percentages of, the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and such successor operator will be subject to approval by the Southern Ute Indian Tribe, thereafter six (6) executed copies of a designation of successor operator shall be filed with the "Authorized Officer," and with the Southern Ute Indian Tribe.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Southern Ute Indian Tribe, with a log and history of any well drilled on the communitized area (said log and history to include any and all test data from each well), monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the Indian owners, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, and as previously segregated by approved assignment, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. Tribally leased acreage within the spaced area subject to this agreement shall be considered as producing only as to the horizons or formations actually producing in paying

quantities. All other formations or horizons shall not be subject to this agreement.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The operator shall:
  - A. Drill and produce all wells necessary to offset or protect the communitized area from drainage, or in lieu thereof, to compensate the interest owners in full each month for the estimated loss of royalty through drainage. The necessity for offset wells shall be determined by the Secretary of the Interior or his Authorized Officer. Payment in lieu of drilling and production shall be with the consent of, and in the amount determined by, the Authorized Officer; and
  - B. Drill and produce other wells, at the election of the Operator subject to any system of well spacing or production allotments authorized and approved under applicable law or regulations, approved by the Authorized Officer and affecting the field or area in which the leased lands are situated.

The Authorized Officer may, in addition, either require the drilling and production of such wells to the number necessary, in his opinion, to insure reasonable diligence in the development and operation of the communitized area or in lieu thereof, require the payment of an amount as determined by the Authorized Officer to compensate the interest owners in full each month for the estimated loss of royalty.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations 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 applicable laws, orders, rules or regulations.
10. This agreement is effective as to the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly Authorized Officer, and shall remain in force and effect for a period of two (2) years and for so long as communitized substances are produced from the communitized area in paying

quantities; provided that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly Authorized Officer, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter reworking or drilling operations on the communitized area are commenced and thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in and of itself serve to extend the term of any Indian Lease which would otherwise expire during said period.

11. If for any reason the drilling density of the communitized area shall be increased by any authority having jurisdiction, then this agreement shall nevertheless remain in full force and effect for the purpose of protecting the property rights of the parties which have become vested by this instrument, and that, in lieu of altering said unit, the drilling density within the unit shall be altered if applicable and required.
12. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Indian Land shall be subject to approval by the Secretary of the Interior.
13. It is agreed between the parties hereto that the Secretary of the Interior, or his duly Authorized Officer, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas lease(s) under which the Southern Ute Indian Tribe is lessor and in the applicable oil and gas regulations of the Department of the Interior.
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.
15. 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 instrument, 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.
16. Nothing herein contained is intended by the Southern Ute Indian Tribe as a waiver of any interest the Tribe may have in the coal and associated rights located within the communitized area.

17. Nothing in this agreement contained shall be construed as an admission by the Southern Ute Indian Tribe or by the Southern Ute Indian Tribal Council that the Oil and Gas Conservation Commission for the State of Colorado has had, has now, or in the future will have the final authority to issue any order or orders relating to the density of drilling, production allocation or any other matters relating or pertaining to Southern Ute Tribal and Allotted lands.
18. Consistent with and notwithstanding Bureau of Indian Affairs National Policy Memorandum NPM-TRUS-34, effective August 27, 2015, and Bureau of Land Management Instruction Memorandum No. 2015-124 (July 17, 2015), which streamline the process of review and approval of communitization agreements affecting Federal and Indian leased lands, the Tribe has specifically requested the inclusion of Exhibit C – Fee Title Information for informational purposes only and to aid future title examiners in reviewing the detailed title information associated with the leasehold interests comprising the entire communitized area. The Parties expressly acknowledge that approval of this agreement by the Tribe and by the Bureau of Indian Affairs does not constitute an adjudication of the interests of any state government, local state governmental subdivision, or private owner, and does not constitute a warranty or certification that the information supplied by the Party or Parties submitting this agreement regarding the interests of a state government, local state governmental subdivision or private owner is accurate.

**IN WITNESS WHEREOF**, the Parties Hereto have executed this agreement as of the day and year first above written and have set by their respective names the date of execution.

OPERATOR AND WORKING INTEREST OR  
OPERATING RIGHTS OWNER FOR TRACTS NOS. \_\_\_\_\_

I, the undersigned, hereby certify on behalf of \_\_\_\_\_, the Operator of the proposed Communitization Agreement, that all working interests owners (i.e., lessees of record and operating rights owners) as shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the working interest owners of the Indian leases subject to the Communitization Agreement, and that the written consents of all the named owners have been obtained and, if not shown herein, will be made available to the BLM or BIA immediately upon request. I also certify that the signatures of all working interest owners of the fee or non-federal, non-tribal leases have been obtained. Finally, I also certify that all owners of fee minerals which are not subject to lease(s), if any, have been force pooled by Order of the Colorado Oil and Gas Conservation Commission.

ATTEST:

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF Colorado

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_ a \_\_\_\_\_ corporation, on behalf of the corporation.

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

\_\_\_\_\_  
Notary Signature

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set by their respective names the date of execution.

WORKING INTEREST OWNER

ATTEST:

COMPANY NAME

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ corporation, on behalf of the corporation.

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

\_\_\_\_\_  
Notary Signature



IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set by their respective names the date of execution.

RECORD INTEREST OWNER

ATTEST:

COMPANY NAME

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ corporation, on behalf of the corporation.

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

\_\_\_\_\_  
Notary Signature

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set by their respective names the date of execution.

APPROVALS

SOUTHERN UTE INDIAN TRIBE

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Chairman

UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF INDIAN AFFAIRS

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF Colorado

COUNTY OF La Plata

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, Chairman of The Southern Ute Indian Tribal Council, Southern Ute Indian Tribe of the Southern Ute Indian Reservation, on behalf of said Southern Ute Indian Tribe by authority of its Tribal Council, and said Chairman acknowledged said instrument to be the free act and deed of said Southern Ute Indian Tribe.

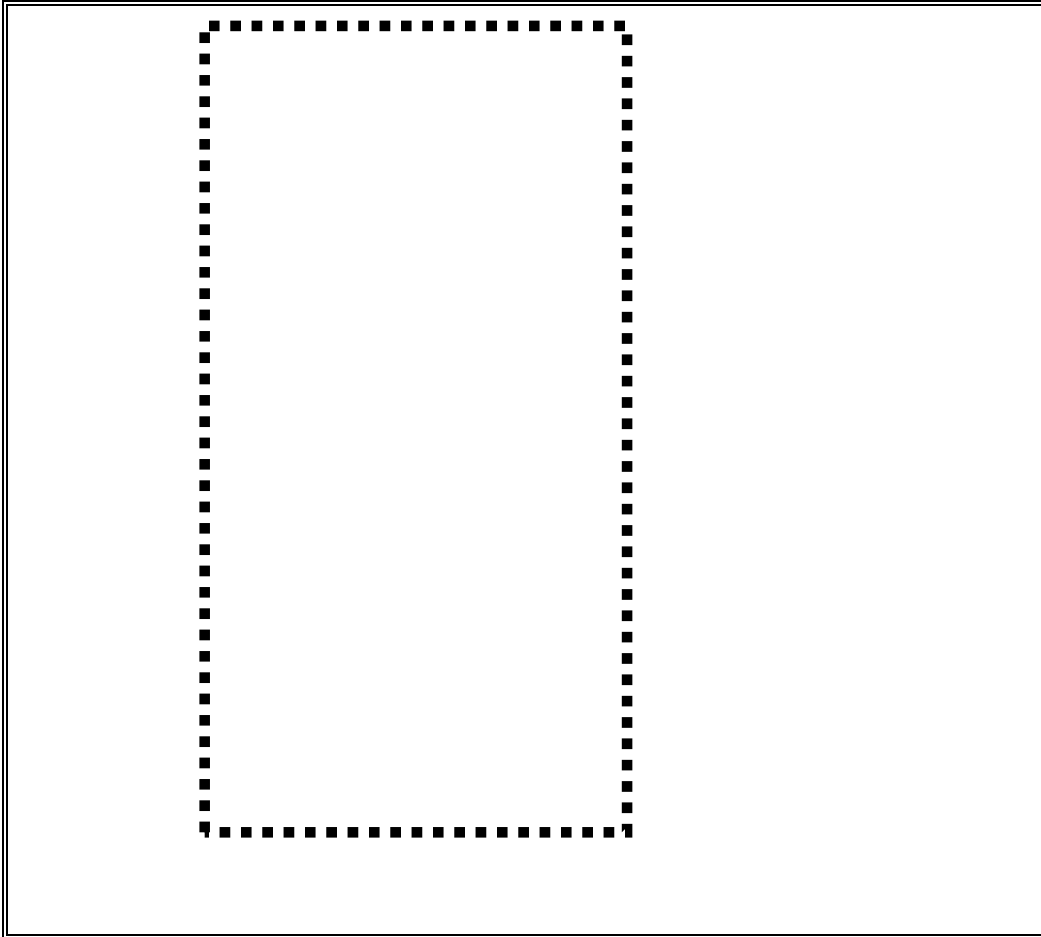
My commission expires:  
\_\_\_\_\_

\_\_\_\_\_  
Notary Signature

**Exhibit "A"**

attached to and made a part of that certain Communitization Agreement dated \_\_\_\_\_

**Well**



**Name:**

**Location (Surface Location and Bottom Hole Location):**

**Exhibit "B-1"**

to that Communitization Agreement dated \_\_\_\_\_

Covering the \_\_\_<sup>1</sup>/<sub>2</sub> of Section  
Township North, Range West, N.M.P.M.  
La Plata County, Colorado

**TRACT ONE (1):**            Township North, Range West, N.M.P.M.  
                                  Section    :  
                                  Containing        gross acres, more or less

**TRACT TWO (2):**            Township North, Range West, N.M.P.M.  
                                  Section    :  
                                  Containing        gross acres, more or less

**Operator of  
Communitized Area:**

**Existing well names and locations**

**Well Name:  
Location:**

**Well Name:  
Location:**

**Well Name:  
Location:**

**Exhibit “B-2”**

to that Communitization Agreement dated \_\_\_\_\_  
(Federal, Tribal, and Allotted Leases)

Description of Leases Committed

**Federal/Tribal Tracts:**

Tract No.:

Lease Serial No.:

Lease Committed By:

Lessor:

Original Lessee:

Lease Approval Date:

Recording Data:

Description of Lands Committed:

Number of Acres:

Royalty:

Name and Percent  
Royalty Owners:

Name and Percent  
ORRI Owners:

Lessee of Record:

Name and Percent  
WI Owners or Operating Rights Owners:

Provision Authorizing Pooling:

**Non-Federal/Indian Tracts**

Tract No.:

Description of Land Committed:

Number of Acres:

**RECAPITULATION**

<b>TRACT NOS.</b>	<b>NO. OF ACRES COMMITTED</b>	<b>PERCENTAGE OF INTEREST IN COMMUNITIZED AREA</b>
1 (Fee)		
2 (SUIT)		
<b>TOTALS</b>		

**Exhibit “C”**  
to that Communitization Agreement dated \_\_\_\_\_

Fee Title Information

**Non-Federal/Indian Tracts**

Tract No.:

Lease Serial No.:

Lease Committed By:

Lessor:

Original Lessee:

Lease Date:

Recording Information:

Description of Lands Committed:

Number of Acres:

Royalty:

Name and Percent  
Royalty Owners:

Name and Percent  
ORRI Owners:

Lessee of Record:

Name and Percent  
WI Owners or Operating Rights Owners:

Provision Authorizing Pooling: