

Indian Communitization Agreement

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof 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, federal law requires that all operations under oil and gas leases on tribal and/or allotted Indian lands shall be subject to the rules and regulations of the Secretary of the Interior, and the regulations issued pursuant to said statutes provide that in exercise of his judgment, the Secretary of the Interior may take into consideration among other things, the Federal laws, State laws, regulations by competent Federal or State authorities, or lawful agreements among operators regulating either drilling or production or both; and

WHEREAS, the Secretary's authority to approve leases and agreements and to require compliance with regulations is set out in one or more of the following authorities:

25 U.S.C. §396, 25 U.S.C. §396a-g, Act of May 27, 1908,(35 Stat. 312, Act of May 16, 1930, (46 Stat. 385), the Act of March 3, 1909, (35 Stat. 783) as amended by the Act of August 9, 1955, (69 Stat. 540), the Act of May 11, 1938, (52 Stat. 347) 25 C.F.R. Part 211, 25 C.F.R. Part 212, 25 C.F.R. Part 213; and

WHEREAS, it is deemed necessary in the interest of conservation of natural resources and in the interest of tribal and/or allotted lessors to communitize or pool lands covered by an Indian oil and gas lease, or any portion thereof, with other lands, whether or not included in another Indian lease, when separate tracts under such Indian lease cannot be independently developed and operated in conformity with an established well-spacing program or pattern for the field or area; 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 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:

**XX¼, XX¼ of Section XX, T. XX N., R. XX W., X.M., XXXXXXX County,
State, (All)**

Containing **XXX.XX** acres and this Agreement will include only the **XXXXXXXXX Formation(s)** underlying said lands as to (**choose one: natural gas and associated liquid hydrocarbons or crude oil and associated natural gas**), hereinafter, referred to as “communitized substances.”

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit “A” a plat showing the communitized area Exhibit “B,” designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **operator name, address, city, state & zip**. 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 four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, 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 United States or the payee(s) on restricted or trust Indian lands, as specified in the applicable oil and gas regulations and leases.
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.

All proceeds, **8/8ths**, attributed to unleased Indian or Federal land included within the CA area are to be placed in an appropriate trust account or unleased lands account by the designated operator until the land is leased.

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 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, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and

issued.

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, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, 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 (increased density) which may be drilled offsetting said area unless the Authorized Officer (AO) approves a written request based on geology and reservoir information that recommends rescinding this obligation.
8. 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, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
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 laws, orders rules or regulations.
10. This Agreement shall be effective as of _____, 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 representative, and shall remain in force and effect for a period of one (1) year and so long thereafter 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 representatives, with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by mutual agreement of the parties hereto.
11. 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 in interests 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 restricted or trust Indian land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, 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 leases in which owners of restricted or trust Indian lands are the lessor and in the applicable oil and gas regulations of the Department of the Interior.

- 13. 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.
- 14. 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.
- 15. Insofar as concerns the undersigned parties who hold interests in the restricted or trust Indian land which is described as Tract____in Exhibit "B" hereto, this Agreement shall be subject to the approval of the Secretary of the Interior or his duly authorized representative.
- 16. In the performance of work under this Agreement, the operator and working interest owners hereunder agree to comply with the nondiscrimination provisions of Executive Order 11246 (30 F.R. 12319), as amended, except as this Agreement may be exempt from the provision of Executive Order 11246 by-law or by reason of the provision of any lease committed hereto, granting preference rights of employment to Indians.

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

DATE: _____

BY: _____
Operator/Attorney-in-Fact

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this ___ day of _____, 20___, before me, a Notary Public for the State of _____, personally appeared _____, known to me to be the _____ of _____

EXHIBIT "A" (Example Only)

Plat of communitized area covering _____ acres in S. XX, T. XX, R. XX, PM. _____
 County, State

Well Name/No.

Tract 2 INDIAN LEASE # 80.00 Ac		Tract 3 INDIAN LEASE # 40.00 Ac	Lot 1 40.84 ac Tract 4 INDIAN LEASE # 40.84 Ac
Lot 2 41.40 ac * #1E	Tract 1 Fee 40.00 Ac	Tract 6 Fee 40.00 Ac	Tract 5 Fee 40.00 Ac

NOTE: Show well location and tract numbers, show lots with acreage.

EXHIBIT "B"

To Communitization Agreement Dated _____ embracing the following described land
in _____ County, State.

Operator of Communitized Area: Operator

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: FEE

Lease Date:

Lease Term:

Lessor:

Present Lessee:

Description of Land Committed: T. XX N., R. XX E or W, S., Lots or Aliq Parts, PM

Number of Acres:

Pooling Clause: Lease contains a provision authorizing pooling in
accordance with the acreage
requirement of the agreement.

Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent of
Working Interest Owners:

Tract No. 2

Lease Serial Number: INDIAN LEASE #

Lease Date:

Lease Term:

Lessor:

Present Lessee:

Description of Land Committed: T. XX N., R. XX E or W, S., Lots or Aliq Parts, PM

Number of Acres:

Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent of
Working Interest Owners:

Tract No. 3

Lease Serial Number: INDIAN LEASE #

Lease Date:

Lease Term:

Lessor:

Present Lessee:

Description of Land Committed: T. XX N., R. XX E or W, S., Lots or Aliq Parts, PM

Number of Acres:

Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent of
Working Interest Owners:

Tract No. 4

Lease Serial Number: INDIAN LEASE #

Lease Date:

Lease Term:

Lessor:

Present Lessee:

Description of Land Committed: T. XX N., R. XX E or W, S., Lots or Aliq Parts, PM

Number of Acres:

Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent of
Working Interest Owners:

Tract No. 5

Lease Serial Number: FEE

Lease Date:

Lease Term:

Lessor:

Present Lessee:

Description of Land Committed: T. XX N., R. XX E or W, S., Lots or Aliq Parts, PM

Number of Acres:

Pooling Clause: Lease contains a provision authorizing pooling in accordance with the acreage requirement of the agreement.

Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent of Working Interest Owners:

Tract No. 6

Lease Serial Number: FEE

Lease Date:

Lease Term:

Lessor:

Present Lessee:

Description of Land Committed: T. XX N., R. XX E or W, S., Lots or Aliq Parts, PM

Number of Acres:

Pooling Clause: Lease contains a provision authorizing pooling in accordance with the acreage requirement of the agreement.

Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent of Working Interest Owners:

RECAPITULATION (Example Only)

<u>Tract No.</u>	<u>No. of Acres Committed in Communitized Area</u>	<u>Percentage of Interest</u>
1	81.40	25.2607%
2	80.00	XX.0000%
3	40.00	XX.0000%
4	40.84	XX.0000%
5	40.00	XX.0000%
6	<u>40.00</u>	<u>XX.0000%</u>
Total	322.24	100.0000% (4 places or less)