

**NORTH DAKOTA
FEDERAL AND 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."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, 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 Act of March 3, 1909, (35 Stat. 783), as amended by the Act of August 9, 1955, (69 Stat. 540) and the Act of May 11, 1938, (52 Stat. 347 as amended, 25 USC 396a-g), Indian Mineral Development Act of 1982, (25 USC 2101-2108), require 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 (25 CFR Secs. 211.28, 212.28); 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:

T. N.,R W., 5th P.M.

Containing _____ acres, and this agreement shall include the _____ Field - _____ Pool, underlying said lands and the crude oil and associated natural gas, hereinafter, referred to as "communitized substances," producible from such formation (s).

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit A displaying the communitized area and 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. 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, as specified in the applicable oil and gas 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.

All proceeds, 8/8ths, attributed to unleased Indian, Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

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.

It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

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 which may be drilled offsetting said area.
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 2 years 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 representative, 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 and the leases committed to operations are commenced on the communitized area within sixty (60) days of a cessation of production and are thereafter conducted with reasonable diligence during the period of nonproduction.

The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

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 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 gasleases in which owners of restricted Indian lands are the lessor and in the applicable oiland gas regulations of the Department of the Interior.
13. This agreement shall be binding upon the parties hereto and shall extend to and bebinding 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 Indian land which is described as Tract(s) _____ 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.

*NAME OF _____ :

DATE

SIGNATURE

TITLE

Note: CA may require multiple signature pages. A separate signature page is required for each choice that is applicable.

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 _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

Signature

Printed Name

My Commission Expires: _____