

COMMERCIAL WATER LEASE

THIS INDENTURE, made and entered into this **31st** day of **October**, 19 **57**

by and between the STATE OF NEW MEXICO, acting by and through its Commissioner of Public Lands, party of the first part, hereinafter called the Lessor, and **Cities Service Oil Company**, herein after called the Lessee

~~Box 969, Roswell, New Mexico~~
Bartlesville, Oklahoma

WITNESSETH

The Lessor in consideration of the covenants and agreements of the Lessee hereinafter set forth, has this day leased to the Lessee the hereinafter described tract of land for the sole and only purpose of the commercial development, storage, transportation and sale of water, nothing herein contained, however, shall be construed as depriving the lawful holder, for the time being, of any grazing, oil and/or gas, or other mineral or business lease on the tract hereinafter described, when any such leases exist on the tract embraced in the present commercial water lease, of the right to develop and use water thereon for any purpose which such lease holders may have as incidental to purposes of such lease or leases. It is understood that no other commercial water lease is to be issued upon this tract so long as the present lease remains in effect.

Right of ingress and egress and rights of way for wells, reservoirs, pipe lines and telephone lines as incidental and necessary for the purposes of this lease are hereby granted.

The tract of land in this lease is as follows:

SUBDIVISION	SEC.	TWP.	RGE.	ACRES	FUND
All	24	14 S	31 E	640.00	C. S.

RECORD THE
 THIS LEASE WITH THE COMMISSIONER
 OF PUBLIC LANDS, NEW MEXICO
Case No. 50
 DATE *125/6*

TO HAVE AND TO HOLD the same for a term of five (5) years, beginning at the date of this lease and ending on **October 31st, 1962**, for which lessee agrees to pay rental as follows

For the first year of the lease the lessee agrees to pay the sum of \$ **100.00**. The rental for each of the following years will be based on the amount of water produced, and in no event shall the annual rental be at an unreasonable rate, nor shall it be less than the rental for the first year of the lease.

IT IS HEREBY COVENANTED AND AGREED That any water well, together with all casing thereon which the Lessor may own or cause to be developed for the purposes herein on the tract embraced in the lease shall, upon the cancellation of this lease by default, become the property of the State, but the Lessee at all times shall have the right to remove all other property placed thereon by said Lessee.

IT IS HEREBY FURTHER COVENANTED AND AGREED That the Lessee shall under the terms and agreements of this lease be required to submit annually a complete report of water produced under this lease and the price per unit of the disposal thereof.

IT IS HEREBY FURTHER COVENANTED AND AGREED That the Lessee shall have preference right for the renewal of this lease for another five (5) year period, provided said Lessee complies with all terms of this lease, the laws of New Mexico and the rules and regulations of the State Land Office, if application for such renewal is made prior to the expiration of this lease.

IT IS HEREBY FURTHER COVENANTED AND AGREED That before renewal thereof the Commissioner of Public Lands shall review the annual report hereinabove provided of the water produced or produced and sold, and based upon such report, have the right to adjust upward or downward the rentals of any such renewal lease.

IT IS HEREBY FURTHER COVENANTED AND AGREED That this lease is made for the sole purpose and benefit named hereinabove; that no sublease or underlease (either written or verbal) shall be made by the Lessee without the written consent of the Commissioner of Public Lands; any violation of this agreement and understanding will subject this lease to cancellation.

IT IS HEREBY FURTHER COVENANTED AND AGREED That this lease shall terminate upon default of any payments due upon thirty (30) days' notice by registered mail to Lessee, evidenced by return receipt, unless such default be cured within such thirty (30) day period.

IT IS HEREBY FURTHER COVENANTED AND AGREED That the Lessee may at any time surrender and be relieved of any obligations under this lease by the payment of Ten Dollars (\$10.00) to the Lessor, provided however, that all rentals then due have been fully paid and the terms of this lease have been fully complied with. However, upon such surrender, no portion of the rentals paid by the Lessee shall be refunded.

All the terms of this agreement shall extend to and bind the successors and assigns of the parties hereto

WITNESS the hands and the seals of the parties aforesaid, the day and year first above written.

THE STATE OF NEW MEXICO

CITIES SERVICE OIL COMPANY

By: *[Signature]*
 Its Commissioner of Public Lands

By: *[Signature]*
 Lessee **Ernest Williams, District Landman**

EXHIBIT 5A