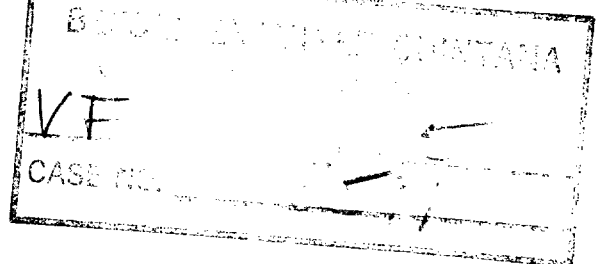


## A G R E E M E N T

This Agreement is made and entered into between V-F Petroleum, Inc. of Midland, Texas (hereinafter called "V-F") and John James Motsch and Lawrence Wayne Motsch (hereinafter called "MOTSCH") and provides as follows:

1. MOTSCH owns and operates a farm in Lea County, New Mexico located on the S/2 of Section 9, Township 15 South, Range 36 East, and V-F has the oil and gas rights leased thereunder.
2. In payment of consideration of \$11,500, receipt of which is hereby acknowledged, V-F is given the right of ingress and egress to enter onto the property and construct a drilling site, drill, complete and operate an oil or gas well together with all other appurtenances necessary thereto and purchase water from MOTSCH for a total consideration of \$11,500. Said sum represents consideration for the site, water and damage to growing crops.
3. It is specifically understood that the well location will be 100 feet East of that designated presently.
4. The contents of this Agreement are confidential and private and shall not be disclosed by either party to any third party.
5. V-F will purchase caliche from MOTSCH if there is an adequate amount of acceptable caliche located thereon but V-F is under no obligation to make said purchase if said caliche is unacceptable.
6. Nothing in this Agreement shall be construed to limit the liability of V-F for damages caused by V-F's operations except as specifically covered herein. It is understood that damages caused to the irrigation system, house, barn or other appurtenances which are caused from the negligence of V-F will be their sole responsibility.
7. In the event the well commenced hereunder is a dry hole, then and in that event the site shall be restored by the moving of mud, pads, caliche and causing the ground level to be the same as prior to the time of construction of the drilling site. In the event MOTSCH desires to



replant alfalfa, then V-F will furnish said alfalfa seed for replanting.

8. In the event a pumping well results, then said well shall be powered by electricity and the surface of the drilling location, except for that portion within the deadmen (with adequate room for trucks to service said facility), shall be restored by removing the caliche to the ground level that existed prior to construction of the site. If MOTSCH decides to replant alfalfa in the space where the caliche has been removed, then, upon request, V-F shall furnish alfalfa seed for replanting.

9. It is understood that surface restoration, depending on weather conditions, under this Agreement shall be commenced within a reasonable time after the determination of whether or not the well is dry or pumping ~~or otherwise~~.

10. It is the intent of the parties that the site shall be utilized in such a way as to minimize damage and interference to the farming operations being conducted provided, ~~however~~, this clause shall not be construed to interfere with drilling or production operations.

11. V-F shall install an adequate cattleguard which will have provision for the movement of agricultural equipment as well as oilfield equipment. This paragraph may be satisfied by having a cattleguard with gates on the side and provision for the ends of the cattleguard to be lowered for the movement of agricultural equipment.

12. The battery and related storage equipment, if any, shall be located East of the well and shall be situated in such a way as to minimize interference with existing buildings, roads, etc.

13. During drilling operations the road shall be watered on a regular basis. Adequate fencing shall be utilized at all times and upon completion of drilling operations, the fencing will be installed in the area around the drilling pad and road access. It is agreed the parties will mutually cooperate as to the location of the fencing.

14. The entire location shall, at all times, be maintained in an orderly fashion and weeds, etc. controlled chemically or by other means so that a good appearance is maintained.

15. V-F's operations shall be conducted in such a way as the spills, chemicals or petroleum products will not get on the surrounding property of MOTSCH.

16. V-F shall comply with all applicable laws and statutes including specifically any environmental or Oil Conservation Division regulations.

17. This Agreement provides, in part, for the purchase of water to be pumped to V-F through existing wells owned by MOTSCH. V-F shall assume the cost of the gas necessary to produce said water, provided, however, that the gas meter shall be read by MOTSCH prior to furnishing any water and maintain adequate records to show the amount of gas consumed for the purpose of furnishing water to V-F.

18. All roads constructed on this property shall be constructed in such a manner as to be smooth and level. It is the intent of MOTSCH to utilize said roads for agricultural purposes and all approaches and departures from any facility must be gradual to accomodate agricultural equipment.

19. All construction on this property shall be in such a way as to prevent flooding.

20. In the event any gas is flared on this lease, then said flare will be located and operated in such a manner as to minimize any interference of useage of the house or other facilities.

21. MOTSCH will be furnished the name and telephone number of the pumper servicing the well.

EXECUTED this 30<sup>th</sup> day of Sept., 1981

V-F PETROLEUM, INC.

BY: V. F. Varich

LAWRENCE WAYNE MOTSCH and  
JOHN JAMES MOTSCH

BY: John James Motsch