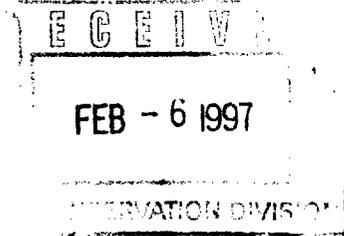


TOCO, LLC  
C W TRAINER - R KEITH MOORE  
P.O. BOX 754  
MIDLAND, TEXAS 79702

PHONE 915/687-2505 or 800/305-6755  
FAX 915/687-2625 or 800/496-1956



January 31, 1997

Oil Conservation Division  
Jerry Sexton  
1000 W Broadway  
Hobbs, NM 88240

Re: Harris Federal #1 SWD - 520 - SW $\frac{1}{4}$ SE $\frac{1}{4}$  Sec 5 22S 34E, Lea Co., NM

We respectfully request your deadline to use this well be extended to January 19, 1999 to coincide with the expiry date of our Salt Water Disposal Easement No. SWD-163.

We have been depending on being able to use this well for a long time at considerable trouble and expense. We have sold some leases which are using alternate systems but our need continues for several other properties in the area.

We own the well and some 10 miles of right of way and have proper Easement from State Land office. Our blanket plugging bonds are in effect.

We will appreciate any consideration you give this request for extension.

Sincerely,

C W Trainer

fax copy to Oil Reports and Gas Services, Inc.

# NEW MEXICO STATE LAND OFFICE

## SALT WATER DISPOSAL EASEMENT

SALT WATER DISPOSAL  
EASEMENT NO. **SWD-163**

THIS AGREEMENT, dated this 19th day of January, 1997, made and entered into between the State of New Mexico, acting by and through the undersigned, its Commissioner of Public Lands, hereinafter called the grantor, and C.W. Trainer, of P.O. Box 888, Hobbs, New Mexico 88241-0755, hereinafter called the grantee,

WITNESSETH:

That, whereas, the said grantee has filed in the Land Office an application for salt water disposal easement and has tendered the sum of \$500.00, together with the sum of \$30.00 application fee;

NOW, THEREFORE, in consideration of the foregoing tender, receipt of which is acknowledged, and the covenants herein, grantor does grant to the grantee a salt water disposal easement for the sole and only purpose of underground disposal of salt water produced in connection with oil and gas operations, together with the right to make such reasonable use of the land as may be necessary to dispose of said salt water. Said easement shall cover the following described lands:

INSTITUTION	SECTION	TOWNSHIP	RANGE	SUBDIVISION	ACRES
C.S.	5	228	34E	Portion Within SUNSEX (Surface only)	2.50

TO HAVE AND TO HOLD said lands and privileges hereunder for a term of Two years from the date first above written, subject to all terms and conditions hereinafter set forth:

1. Grantee shall pay the grantor the sum of \$500.00 annually, in advance.
2. With the consent of the grantor and payment of a fee of \$30.00, the grantee may surrender or relinquish this salt water disposal easement to the grantor; provided, however, that this surrender clause shall become absolutely inoperative immediately and concurrently with the filing of any suit in any court or law or equity by the grantor or grantee or any assignee to enforce any of the terms of this salt water disposal easement.
3. The grantee, with the prior written consent of the grantor, may assign his salt water disposal easement in whole only. Upon approval of the assignment, in writing, by the grantor, the grantee shall stand relieved from all obligations to the grantor with respect to the lands embraced in the assignment, and the grantor shall likewise be relieved from all obligations to the assignor as to such tracts, and the assignee shall succeed to all of the rights and privileges of the assignor with respect to such tracts and shall be held to have assumed all of the duties and obligations of the assignor to the grantor as to such tracts.
4. The grantor may cancel this salt water disposal easement for non-payment of annual consideration or for violation of any of the terms and covenants hereof; provided, however, that before any such cancellation shall be made, the grantor must mail to the grantee or assignee, by registered mail, addressed to the post office address of such grantee or assignee, shown by the records, a thirty-day notice of intention to cancel said salt water disposal easement, specifying the default for which the salt water disposal easement is subject to cancellation. No proof of receipt of notice shall be necessary and thirty days after such mailing, the grantor may enter cancellation unless the grantee shall have sooner remedied the default.
5. The grantee shall furnish copies of records and such reports and plate of his operations, including any and all data relating to geological formations as the grantor may reasonably deem necessary to his administration of the lands.
6. Grantee may make or place such improvements and equipment upon the land as may reasonably be necessary to dispose of salt water, and upon termination of this salt water disposal easement for any reason, grantee may remove such improvements and equipment as can be removed without material injury to the premises; provided, however, that all sums due the grantor have been paid and that such removal is accomplished within one year of the termination date or before such earlier date as the grantor may set upon thirty days written notice to the grantee. All improvements and equipment remaining upon the premises after the removal date, as set in accordance with this paragraph, shall be forfeited to the grantor without compensation. All pipelines constructed hereunder shall be buried below plow depth.
7. This salt water disposal easement is made subject to all the provisions and requirements applicable thereto which are to be found in various acts of the legislature of New Mexico and the rules of the Commissioner of Public Lands of the State of New Mexico, the same as though they were fully set forth herein, and said laws and rules, so far as applicable to this salt water disposal easement, are to be taken as a part hereof.
8. All the obligations, covenants, agreements, rights and privileges of this salt water disposal



OFFICE: 1008 W. BROADWAY

MAILING ADDRESS: P.O. Box 755  
HOBBS, NEW MEXICO 88241

*Oil Reports and Gas Services, Inc.*

THE COMPLETE OIL FIELD REPORTING SERVICE

PHONE 393-2727  
393-2017

GAYE HEARD  
MANAGER



**MEMO TO:** C.W. TRAINER

**RE:** HARRIS FED SWD - 520

THE CURRENT DEADLINE TO BEGIN WORK SET BY THE OCD  
IS APRIL 1, 1997. DO YOU HAVE A CONTRACT TO  
DISPOSE OF WATER FROM THE PENWELL - BURLINGTON  
WELL IN SECTION 24? IF SO, WE SHOULD BE ABLE TO  
GET AN EXTENSION OF TIME. SUGGEST WE TRY FOR A  
YEAR.

DONNA HOLLER

392 7733

01/31/1997 10:48

915-687-2625

TODD LLC

PAGE 04



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

February 14, 1997

Mr. C. W. Trainer  
TOCO L.L.C.  
P.O. Box 754  
Midland, Texas 79702

Re: Extension of Division Order No. SWD-520

Dear Mr. Trainer:

Reference is made to your recent request for an extension period in which to implement operations as permitted by Division Order No. SWD-520. My staff has considered your request and, as this is your fourth request for an extension, we feel that sufficient time has been previously granted in which to implement operations.

Your request for an extension to Division Order No. SWD-520 is therefore denied. If operations to convert the Harris Federal Well No. 1 have not been initiated on or before April 1, 1997, Division Order No. SWD-520 shall expire.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay  
Director

xc: OCD-Hobbs  
File-SWD-520