



Southern

Rockies

Business

Unit

San Juan Operations Center
March 17, 1993

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

AMOCO
PRITCHARD #1
C-34-31N-9W

Attention: David Catanach

File: BDS-14-986

Pritchard Injection Well - Permit No. SWD-405

Attached is an agreement between Amoco and Koch Exploration Company for using our well for injection of coal seam water from six of their producing wells. Amoco does have some working interest in these wells. Please review this arrangement and advise if we need to modify our permit or provide you with additional information.

BDS Shaw

B. D. Shaw
Environmental Coordinator

BDS:en

Attachment

RECEIVED
OCT 8 1993
OIL CON. DIV.
DIST. 2

46938

Water Disposal Agreement^e

Dated 1-28-93
between

Amoco Production Company
and
Koch Exploration Co.

Water Gathering and Disposal Agreement

RECEIVED
OCT 8 1993
OIL CON. DIV
DIST. 3

This agreement is made and entered into this 28th day of September, 1993, by and between Amoco Production Company ("Amoco") and Koch Exploration Co. ("Koch").

Recitals:

A. Amoco is the sole owner and operator of a produced water disposal well known as the Pritchard SWD #1 located in the NE/4 Section 34, T31N R9W, of San Juan County, New Mexico. Associated with this well are related measurement, injection, filtration, and water storage facilities owned and operated by Amoco.

B. Koch desires that Produced Water from the Fruitland wells it operates as defined on Exhibit "A" be trucked by Koch directly to the Pritchard SWD #1 well for disposal.

C. Amoco agrees to dispose of such Fruitland Water in accordance with the terms hereof. Now, therefore, in consideration of the premises, and mutual covenants and agreements herein, the parties hereto agree as follows:

Article I - Definitions

For all purposes of this Agreement the words and phrases quoted hereinafter in this Article I, unless their use in context is specifically to the contrary, shall have meanings as follows:

BBL shall mean a volume of forty-two (42) US gallons measured at prevailing conditions of pressure and temperature at the Pritchard SWD #1. BBL/D shall mean a flowrate in BBLs per day.

Bacteria Concentration shall mean the total cell count as enumerated by visual or automated means of the viable and nonviable cells as reported in colonies/ml.

Conventional Well shall mean any well or completion interval which is not completed in the Fruitland coal formation. Conventional Water is any water produced from a Conventional Well.

Dissolved Oxygen (DO) shall mean the concentration in parts per million by volume (ppmv) of oxygen dissolved in the Water as measured by colormetric or DO electronic probe methods.

Facilities or Disposal Facilities shall mean those facilities owned, installed, or operated by either party necessary to transport, measure, and dispose of Produced Water as contemplated by this Agreement.

Fruitland shall mean the Fruitland coal geological formation of the San Juan Basin, New Mexico.

Disposal or Disposal Services shall mean the measurement of Produced Water at Amoco's Pritchard SWD #1 disposal well and the final injection of that Water into the Morisson, Bluffs, or Entrada geological formations.

Hazardous or Toxic Substances shall mean all substances classified, defined, or regulated by any local, State, or Federal government as being a hazardous substance or waste, presently, retroactively, or any time in the future.

Interruptible Service shall mean disposal of Water which is provided by Amoco on a capacity available basis with no commitment to have capacity on Amoco's part and no obligation to utilize such capacity on Koch's part.

Oil and Grease (O&G) shall mean the amount of non-dissolved oils and greases as reported in parts per million by volume (ppmv) in the Water as measured by Freon or Soxhlet extraction and nonvolatile at seventy (70) degrees centigrade.

Operated Wells or Wells shall mean those Fruitland coal completions operated by Koch in which Koch owns a fee or leasehold interest, either legally or contractually.

pH shall mean the negative base ten (10) logarithm of the hydronium ion concentration in the Water as measured by colormetric or electronic probe methods.

Primary Measurement shall mean the Water measurement turbine meter(s) installed, owned, and operated by Amoco at the Pritchard SWD #1 disposal well.

PSIG shall mean the pressure in pounds per square inch guage.

Source Point shall mean a Well or completion interval completed in the Fruitland coal formation as shown on Exhibit "A" and specifically identified as a point of origin for Water tendered for Disposal by Koch.

Sulfide content shall mean the total concentration of all sulfide ions in the Water as reported in parts per million by volume (ppmv) and as measured by idometric titration or colormetric methods.

Tender or Tendering shall mean the placement of Water in Pritchard SWD #1 tankage facilities installed, owned, and operated by Amoco by Koch operated Water trucking operations.

Third Party shall mean a party or parties owning a fee or leasehold interest, either legally or contractually, in a Fruitland or Conventional well which is not made part of this Agreement as defined by the list of Wells on Exhibit "A".

Total Dissolved Solids (TDS) shall mean the total amount of solid matter dissolved in a given volume of Water as reported in parts per million by volume (ppmv). TDS shall be calculated as the sum of the concentrations of all anions and cations shown on a standard oilfield water analysis report.

Total Suspended Solids (TSS) shall mean the total amount of solid matter not dissolved but held in suspension in a given volume of water as reported in parts per million by volume (ppmv). TSS shall be calculated by measuring the amount of solids filtered from a given volume of water by a .45 micron pre-weighed filter membrane as commonly referred to as a "millipore test" and as standardized in NACE TM-01-73.

Water or Produced Water shall mean a mixture of water, dissolved minerals, and suspended minerals produced from wells or completion intervals operated by Koch which are completed in the Fruitland coal geological formation.

Article II - Description of Services

2.1 - Service Amoco shall receive at the Pritchard SWD #1, measure, and dispose via injection the Water volumes tendered by Koch for Disposal. All Disposal Services shall be provided by Amoco on an Interruptible basis.

2.2 - Source Points and Serviced Wells Koch shall tender to Amoco for Disposal only Water volumes from the Wells as listed on Exhibit "A" attached and made a part hereto.

2.3 - Service Interruptions Both parties have entered into this Agreement with the understanding that Disposal Services are provided on an Interruptible basis only with neither party having the obligation to the other party to provide a specific volume of Water or level of services. Amoco shall use reasonable efforts to provide services on a twenty-four (24) hour year round basis for Koch. Amoco shall notify Koch by telephone or telefax of expected shutin of services of over twelve (12) hour duration in a timely manner.

Article III - Transport and Disposal Rates, Charges, Billing, and Payment

3.1 - Service Fee In consideration of the services provided by Amoco hereunder for receipt of Water at the Pritchard SWD #1; Koch shall pay Amoco a Disposal Service fee equal to \$1.00/BBL of Water.

3.2 - Statement by Amoco On or before the fifteenth (15th) day of each calendar month, Amoco shall mail to Koch and report or cause to be reported to Koch by telefax, a statement setting forth the charges due and payable by Koch for Disposal Services rendered during the preceeding month.

3.3 - Payment by Koch Koch shall make payments to Amoco hereunder by wire transfer of immediately available funds within twenty (20) calendar days of receipt of Amoco's invoice. Such funds shall be wire transferred to the Chase Manhattan Bank of New York for Amoco Account No. 910-2-575058 or they may be sent to Amoco's lockbox address as referenced in Article 14.3. If the payment date falls on a day that the designated depository is not open in the normal course of business to receive Koch's payment, then Koch's payment shall be made on or before the first business day following the payment due date that such depository is available. 

3.4 - Failure to Pay Bills Should Koch fail to pay all of the amount of any bill, when the same becomes due, Amoco shall have the right to charge Koch interest on the unpaid balance, which shall accrue on each calendar day from the due date at the prime rate published by Chase Manhattan Bank in New York. If any payment or portion of payment due Amoco by Koch remains unpaid over thirty (30) days from due date Amoco shall have the right to terminate services as provided hereunder with twelve (12) hours notice provided to Koch.

3.5 - Disputed Statements In the event that Koch in good faith disputes any billing or statement in writing with a letter which explains the nature of the dispute and furnishes supporting documentation for the claim in terms of volume or rate differences, then Koch shall pay Amoco for the ~~full~~ amount ~~of such disputed billings or statements~~. Amoco and Koch shall then negotiate in good faith to resolve the dispute. 

Koch does not dispute.

3.6 - Records Retention Amoco and Koch shall retain all records pertaining to Water volumes billing and payment for at least three (3) years or such periods as shall be required under law or regulation.

3.7 - Access to Records for Audit Purposes Koch, upon notice in writing to Amoco, shall have the right to audit Amoco's account for any calendar year; provided however, the making of an audit shall not extend the time for the taking of written exception to and the adjustment of accounts. Amoco shall bear no portion of the audit cost incurred under this Article 3.7. Audits shall not be conducted more than once per calendar year. Amoco shall reply in writing to an audit report within 90 days after receipt of such report.

Article IV - Term

4.1 - Primary Term This Agreement shall become effective as of the execution date hereof and shall continue in full force for a period of one (1) year thereafter. This Agreement shall continue after the one year primary term on a month to month basis unless canceled by either party with thirty (30) days notice.

4.2 - Initiation of Services Within fifteen (15) days of the execution date hereof Amoco shall exercise reasonable efforts to make Disposal Services available to Koch for trucked-in Koch Water.

Article VI - Measurement

5.1 - Metering Except as otherwise provided for herein, Water received by Amoco at the Pritchard SWD #1 well shall be measured and recorded by measurement equipment installed, operated, and maintained by Amoco. Measurement shall be made by turbine meter installed, operated, and maintained in accordance with good industry practice as prevailing during each calendar year. Calculation of Water volume measured shall be made by taking the total number of pulses from each receipt point meter each calendar day and dividing by that meter's manufacturer determined "K" factor (as stamped on that meter's name plate) in pulses per barrel (BBL) to yield BBL/D of Water volumes received for Disposal. All Water measurement shall be at prevailing conditions of temperature and pressure with no adjustments for such.

5.2 - Metering Records and Accessibility Amoco may utilize electronic flow measurement equipment including telemetered flow measurement data to a remote host computer. All measurement records whether retained in hard copy or electronic format shall be retained for a period of three (3) years by Amoco. At all reasonable times, all measurement equipment shall be accesible to Koch for inspection and examination. Koch shall request and acknowledge such inspection in writing to Amoco. Calibration and adjustment of meters and changing of any charts or retrieval of electronically stored data shall be performed only by the party operating the measurement facilities.

5.3 - Water Volume Allocation Amoco shall only be responsible for allocation of Water volumes Tendered by Koch for Disposal Services to the receipt point at the Pritchard SWD #1.

Article VI - Custody Control

6.1 - Water Source Koch shall at all times during the the term of this Agreement hereof maintain sufficient operational controls to assure that only Water from the Source Points listed on Exhibit "A" is Tendered to Amoco for Disposal. At all times during the term of

this Agreement hereof Amoco shall have the right upon twenty-four hour (24) notice to Koch to audit Koch's procedures for assuring Source Point integrity and control. Koch shall not allow any solids, fluids or Water to be trucked or transported by any means from any other source or well and delivered to any point on the wellsite of a Source Point as listed on Exhibit "A" from where that fluid may possibly be delivered to the Pritchard SWD #1.

6.2 - Procedures for Trucked Water Water which will be trucked from Source Points to the Pritchard SWD #1 for Disposal shall at all times during the term of this Agreement be subject to the following procedures:

(a) Koch shall deliver all Water into storage tanks owned and operated by Koch which are to be established on the Pritchard SWD #1 wellsite. These storage tanks shall include the necessary facilities to allow for water sampling from each individual tank as well as pumping facilities to transfer Water to Amoco's Pritchard SWD #1 storage tanks.

(b) Amoco shall test for quality, measure, and transfer the Water twice daily to the Pritchard SWD #1 storage facilities operated by Amoco for eventual Disposal.

(c) Koch shall manifest each loading operation at each Source Point with the following data and deposit each manifest ticket at the Pritchard SWD #1 wellsite:

- (i) Time, date, and name of Source Point
- (ii) Volume of Water loaded at that Source Point
- (iii) Name of Koch employee ordering that loading operation
- (iv) Signature and name of loading personnel and name of trucking company

(d) The Pritchard SWD #1 facility and Koch's water storage facilities shall remain locked at all times. Koch shall maintain security of both the Pritchard SWD #1 facility and Koch's water storage facilities at the times when Koch is actively utilizing the facilities such that no unauthorized entrance to or unloading of water at the Pritchard SWD #1 can occur.

6.3 - Records Retention Records pertaining to trucked Water manifests and daily records of Source Point Water production and delivery shall be retained by Koch in perpetuity. Records pertaining to trucked water manifests and daily records of water deliveries from Koch shall be retained by Amoco in perpetuity.

6.4 - Non-Acceptable Materials Non-acceptable materials for Disposal by Amoco includes but is not limited to Water which does not meet the quality specifications of Article VII hereunder; waters from formations other than the Fruitland; waters from wells not listed on Exhibit "A"; water from wells which at any time are not operated by Koch irregardless of their presence on Exhibit "A"; drilling, workover, or completion fluids; dehydration fluids or

glycols; heat transfer fluids; treating chemicals or mixtures; lubricants; fuels; blowdown pit fluids, gas well condensate or produced hydrocarbons; excavation de-watering fluids; hydrostatic testing fluids; storm/snowmelt runoff; process fluids; or fluids from reverse osmosis or other de-salinization equipment.

Article VII - Quality Specifications

7.1 - Water Quality Water tendered by Koch for Services hereunder shall at all times conform to the following quality specifications:

- (a) Total Dissolved Solids (TDS): less than 32,000 ppm
- (b) Total Suspended Solids (TSS): less than 5,000 ppm
- (c) pH: Between 5.0 and 9.0
- (d) Dissolved Oxygen: less than .1 ppm
- (e) Oil and Grease: less than 50 ppm
- (f) Sulfide Content: less than 1 ppm
- (g) Bacteria Concentration: less than 100,000 colonies/ml
- (h) Not contain substances in concentrations which render the Water hazardous or toxic as listed now or hereafter by the United States Environmental Protection Agency (US EPA), the State of New Mexico, or any other Federal, State, or local agency.

7.2 - Quality Assurance Koch shall assure the quality of delivered fluids at all times and shall install procedures to determine Water quality on a regular basis. Amoco shall have the right to access Koch's Source Points upon twenty-four (24) hour notice for the purposes of sampling Water for quality determination, at Amoco's cost.

7.3 - Nonconforming Water Amoco shall not be obligated to accept Water into its Disposal System that does not conform to the quality specifications in Article 7.1 above. Amoco retains the right to cease acceptance of Water it deems to be nonconforming on an immediate basis at Amoco's sole discretion including the non-acceptance of partial trucked water loads. Once Water Tendered by Koch for Disposal Services is rejected as nonconforming Water by Amoco that water already in inventory in Koch facilities on the Pritchard SWD #1 site either shall be disposed of by Amoco or shall be removed from Koch's water storage facilities within twenty-four (24) hours, or other mutually agreeable time period, at Amoco's discretion. Amoco shall provide immediate telephone notice of Water not accepted to Koch as well as confirming written notice

within twenty-four (24) hours as to the quality specification(s) that Water was deemed to be regarded as nonconforming under.

Article VIII - Liability and Warranties

8.1 - Koch's Indemnification of Amoco Koch agrees to indemnify and hold Amoco, its agents, officers, directors, and employees harmless from and against all damages, claims, losses, expenses, and liabilities, including attorney's fees, and including, but not limited to, claims or penalties for environmental damage, pollution, or contamination arising out of Koch's ownership and/or operation of the facilities delivering Water to the Pritchard SWD #1 and the performance of (or failure to perform) its obligations under this Agreement.

8.2 - Amoco's Indemnification of Koch Amoco agrees to indemnify and hold Koch, its agents, officers, directors, and employees harmless from and against all damages, claims, losses, expenses, and liabilities, including attorney's fees, and including, but not limited to, claims or penalties for environmental damage, pollution, or contamination arising out of Amoco's ownership and/or operation of the Disposal System and the performance of (or failure to perform) its obligations under this Agreement. Amoco shall specifically have no liability for damages, lost or deferred production, or costs associated with the non-acceptance of or shutin of Water being Tendered by Koch for Disposal Services either because of that Water's nonconformance to quality specifications, the lack of capacity to handle that Water on Amoco's part, emergency situations requiring Amoco to shutin Koch's Water deliveries to Amoco, or force majeure.

8.3 - Koch's Liability for Possession and Control of Water Notwithstanding any other provision in this Article as between Koch and Amoco hereto, Koch will be in control and possession of the Water deliverable hereunder until such Water is delivered at the Pritchard SWD #1, and will be fully responsible and liable for any and all damages, claims, or actions, including injury to and death of persons and property damage caused or resulting from the operation of Koch's handling of said Water while in its control and possession, and Koch agrees to indemnify and hold Amoco harmless with respect thereto.

8.4 - Amoco's Liability for Possession and Control of Water As between Amoco and Koch hereto, Amoco will be in control and possession of the Water deliverable hereunder after such Water is received at the Pritchard SWD #1, and will be fully responsible and liable for any and all damages, claims, or actions, including injury to and death of persons and property damage caused or resulting from the operation of Amoco's handling of said Water while in its control and possession, and Amoco agrees to indemnify and hold Koch harmless with respect thereto.

8.5 - Warranty of Title Koch warrants that it or its operating partners will at the time of delivery of Water to Amoco for Disposal Services, have good title to all Water so delivered to Amoco, free and clear of all liens, encumbrances, and claims whatsoever, and that it will at such time of delivery have the right to deliver such Water. Subject to the foregoing, Amoco warrants that it will at the time of disposal of the Water in the Pritchard SWD #1 have the right to dispose Koch's Water free and clear of all liens, encumbrances, and claims whatsoever.

8.6 - Transfer of Title: Amoco and Koch agree that nothing in this agreement will be construed to represent that title and/or ownership of Water Tendered by Koch for Disposal Services has been transferred to Amoco or any other party. Koch shall at all times now and in perpetuity retain title and ownership of its Water volumes disposed of in the Pritchard SWD #1.

Article IX - Laws and Regulations

9.1 - Applicable Laws This agreement is subject to all present and future valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction or control over the parties, services, and obligations contemplated herein. This agreement shall be interpreted, construed, and governed by the laws of the State of Colorado. Form and venue shall be in Denver, Colorado.

9.2 - Regulatory Obligations Amoco shall be responsible and liable for all regulatory filing and permitting requirements, payments, penalties, and fines for failure to satisfy all regulatory obligations associated with providing the Services contemplated by this Agreement. However, Amoco shall not be responsible for fines or penalties that are incurred as the direct result of the failure of Koch to provide required information that Koch has or can reasonably acquire at Amoco's request or for the direct actions of Koch. Such regulatory agencies shall include, but are not limited to, the Bureau of Land Management (BLM), New Mexico Oil Conservation Division (NMOCD), US Environmental Protection Agency (US EPA), New Mexico Environment Department (NMED), and all other Federal, State, and local agencies which have jurisdiction.

9.3 - Invalidation If any portion or portions of this Agreement shall be deemed invalid as a matter of law, then only such portion(s) shall be invalid and such invalidation shall not invalidate the remainder of the Agreement.

Article X - Force Majeure

10.1 - Force Majeure Neither Koch nor Amoco shall be liable for any failure to perform the terms of this Agreement when such failure to perform is due to "force majeure" as hereinafter defined. The term "force majeure" as employed in this Agreement

shall mean Acts of God, blockades, insurrections, riots, epidemics, flood, washouts, landslides, mudslides, earthquakes, extreme cold or freezing weather, lightning, restraint of rulers and peoples, civil disturbances, explosions, breakage or freezing of or accident to machinery or line of pipe, the order of any court or governmental authority having jurisdiction, and any other cause whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome and which physically prevents or interferes with the receipt, gathering, or disposal of Water. Failure to prevent or settle any strike or strikes shall not be considered a matter within the control of the party claiming suspension.

Such causes or contingencies affecting the performance under the executed Agreement by either Amoco or Koch, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments of amounts then due in respect of Water theretofore delivered nor to render performance where it is able.

Article XI - Confidentiality

11.1 - Confidentiality Koch, its respective employees, agents, officers, directors, and attorneys, shall keep the terms of this Agreement confidential. However, Koch may disclose the terms of this Agreement, without prior permission of Amoco, to the following persons in the following circumstances:

- (a) To financial institutions requiring such disclosure as a condition precedent to making or renewing a loan.
- (b) To regulatory bodies including taxing or authorities with jurisdiction over part or all of the subject matter of the agreement and to the other persons to whom disclosure is required by such regulatory bodies.
- (c) To courts or other persons to whom disclosure is required by such courts or tribunals.
- (d) To independent certified public accountants for purposes of obtaining a financial audit.
- (e) As required by subpoena or other legal discovery process.
- (f) Parties with whom Koch has a business relationship or partnership or potential business relationship involving properties affected by the Agreement and whom have a reasonable business necessity to be appraised of the terms hereof.

Under no circumstances shall any documents memorializing the substance of the Agreement be disclosed or released to any other third parties, including any newspaper, magazine, or other publication, absent the mutual agreement of Koch and Amoco.

Article XII - Assignment

12.1 - Assignment This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assignees. Either party may assign or otherwise convey any of its right, title, or interest under this Agreement after obtaining the prior written approval of the other party (which consent shall not be unreasonably withheld).

Article XIII - Taxes

13.1 - Tax Responsibility Koch shall pay or cause to be paid all taxes and assessments imposed on Koch with respect to Water gathered and/or trucked hereunder prior to its receipt by Amoco at the Pritchard SWD #1. Amoco shall pay all forms of taxes assessed against all of Amoco's pipelines, facilities, and Disposal Services.

13.2 - Limitation of Tax Responsibility Neither party shall be responsible or liable for any taxes or other statutory charges levied or assessed against any of the facilities of the other party used for the purpose of carrying out the provisions of this Agreement.

Article XIV - Notices

14.1 - Notices Notices or other correspondence (except invoices, payments, and emergency communications, as specified below) pertaining to the Agreement shall be deemed to be delivered when deposited on the US mail, postage prepaid, and addressed as follows:

Amoco: Amoco Production Company
PO Box 800
Denver, Colorado 80201
Attn: Southern Rockies Business Unit
New Business Group

Koch: Koch Exploration Co.
PO Box 489
Aztec, New Mexico 87410
Attn: Don Johnson

14.2 - Billings Billings to Koch shall be sent to:

Koch Exploration Co.
PO Box 489
Aztec, New Mexico 87410
Attn: Don Johnson
FAX: 505-334-1688

14.3 - Payments Payments to Amoco shall be sent via wire transfer to:

Chase Manhattan Bank, New York
New York, New York
Account of Amoco Production Inc.
Account Number: 910-2-575058

or via mail/courier to Amoco's lockbox:

Amoco Production Company
PO Box 65111
Charlotte, North Carolina 28265-0111

14.4 - Emergency Communications: Emergency communications and notices of shutin or nonconformance of Water shall be made to:

Koch Exploration:
Don Johnson (office) 505-334-9111
(mobile) 505-320-0819
(home) 505-334-3252
(FAX) 505-334-1688
Dave Morely (mobile) 505-320-0893
(home) 505-334-1175
Eldon Christmann (mobile) 505-320-1018
(home) 505-334-1174

Operational and emergency communications to Amoco shall be made to:
Amoco Production San Juan Operations Center
200 Amoco Court
Farmington, New Mexico 87411

Emergency phone: 505-326-9200
505-325-1151 (after hours)

Article XV - Miscellaneous

15.1 - Waiver A waiver by either party of any one or more defaults by the other party hereunder shall not operate or be construed as a waiver of any other existing or future default or defaults,

whether of a like kind or of a different character.

15.2 - Agreement of the Parties This Agreement contains the entire agreement between the said parties concerning the subject matter herein and shall be amended only by an instrument in writing executed by the parties hereto.

15.3 - Descriptive Headings The descriptive headings of the provisions of the Agreement and of those contained in the Exhibits are formulated and used for convenience only and shall not be deemed to affect the meaning or construction of any such provision.

15.4 - Exhibits Exhibit "A" attached to this Agreement are hereby incorporated by reference in the Agreement.

15.5 - Rights-of-Way Assignment Upon request by Amoco and to the extent that Koch has the right, Koch will grant and assign to Amoco requested easements and rights-of-way over, across, and under land that has the right to perform thereon any acts necessary or convenient in carrying out the terms of this Agreement and Amoco's obligations hereunder.

IN WITNESS WHEREOF, the parties have hereto executed two (2) duplicate original copies of this Agreement as of the date and year first written above.

Amoco Production Company

By: [Signature] DB
Name: G. P. MIHAICHUK
Title: ATTORNEY-IN-FACT

Koch Exploration Co.

By: [Signature]
Name: H. J. Whisnand
Title: Senior Vice President

WJ
JK

Exhibit "A"
to the
Water Disposal Agreement

Dated 1-28-93
between

Amoco Production Company
and
Koch Exploration

Wells/Water Source Points, San Juan County, New Mexico

<u>Wellname</u>	<u>Formation</u>	<u>Location (San Juan Cnty, NM)</u>
Blancett Com 1-C	Fruitland Coal	NE/4, Sec 27, T32N R9W
Gardner 1-C	Fruitland Coal	SW/4, Sec 35, T32N R9W
Gardner 2-C	Fruitland Coal	NE/4, Sec 31, T32N R8W
Gardner 3-C	Fruitland Coal	SW/4, Sec 31, T32N R8W
Gardner 4-C	Fruitland Coal	SW/4, Sec 25, T32N R9W
Gardner 5-C	Fruitland Coal	SW/4, Sec 26, T32N R9W
Gardner 6-C	Fruitland Coal	NE/4, Sec 25, T32N R9W
Gardner 7-C	Fruitland Coal	NE/4, Sec 26, T32N R9W