

BEFORE EXAMINER UTZ
 OIL CONSERVATION COMMISSION
Rice EXHIBIT NO. F
 CASE NO. 1530

A G R E E M E N T

AGREEMENT made this 12th day of September, A. D., 1958 between CITIES SERVICE OIL COMPANY, A Corporation, of the one part, hereinafter referred to as CITIES SERVICE, and RICE ENGINEERING & OPERATING, INC., A Corporation, of the other part, hereinafter referred to as RICE.

W I T N E S S E T H:

WHEREAS, CITIES SERVICE is a party to an agreement commonly known as the EUNICE-MONUMENT-EUMONT SALT WATER DISPOSAL SYSTEM, and RICE, in such agreement, is the Operator, and to the end of establishing such salt water disposal system, CITIES SERVICE agrees to drill, or cause to be drilled, a salt water disposal well on land leased to CITIES SERVICE as lessee by the Land Commissioner of the State of New Mexico, which lease is known as CITIES SERVICE STATE "D" lease, and embraces the North Half of Section 32, Township 21 South, of Range 36 East, N.M.P.M., Lea County, New Mexico, and

NOW, THEREFORE, IT IS MUTUALLY AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. CITIES SERVICE agrees to drill, or cause to be drilled, a salt water disposal well at 1320 feet from the North line, and 1320 feet from the East line of said Section, and upon completion thereof, transfer title and ownership of same to RICE, who is to acquire title to and own same as TRUSTEE for the parties to such Agreement as specifically set forth in such EUNICE-MONUMENT-EUMONT SALT WATER DISPOSAL SYSTEM, which Articles of Agreement are hereby adopted as a part of this Agreement by reference for the purpose of determining the legal title, rights, liabilities, and obligations relating to the parties hereto,

and hereinafter, when pertinent, shall be designated as the Articles of Agreement.

2. CITIES SERVICE agrees to obtain at least three (3) bona fide bids from drilling contractors for the drilling of such well, and submit copies of each bid to RICE for approval before executing the contract for drilling of such well.

3. The well is to be drilled under the control and supervision of CITIES SERVICE, and charges for such supervisory services and the materials furnished are hereby established as those charges provided for in Exhibit C of the aforesaid adopted Articles of Agreement.

4. CITIES SERVICE will furnish to RICE detailed statements of all expenditures, charges, costs, and credits, upon completion of the well, and at such time as RICE has effected collection from all parties to the said Articles of Agreement, it will pay same to CITIES SERVICE, and simultaneously therewith CITIES SERVICE is to execute and deliver a conveyance to RICE as TRUSTEE for the said parties to the Articles of Agreement.

5. CITIES SERVICE is to drill, or have the said well drilled, in accordance with the attached procedure made a part hereof, as "Exhibit A", and is to furnish RICE with daily drilling and operation reports.

"EXHIBIT A"

PROCEDURE TO DRILL AND COMPLETE
EUNICE-MONUMENT-EUMONT SALT WATER
DISPOSAL WELL A-32 ON CITIES SERVICE
STATE "D" LEASE IN SECTION 32 - TWP 21 S, R 36 E

1. Location staked 1320 feet from the North Line and 1320 feet from the East line of Section 32 - TWP 21S - R 36 E by John West, Registered Land Surveyor on September 11, 1958.

2. The following procedure will be followed as near as practical:

- (a) Level location and dig pits.
- (b) Dig cellar deep enough to have tubing tee 3 feet below grade level.
- (c) Drill 12 3/4" hole to 1500' or top of anhydrite.
- (d) Run caliper survey.
- (e) Run 9 5/8" O.D. 36# H-40 SS casing to approximately 1500' and circulate cement. Cement to consist of approximately 300 sacks of neat cement on bottom and the remainder to be 50-50 Pozmix with 4% Gel added.
- (f) Drill 8 3/4" hole through porosity zone in San Andres (Est. Top @ 4200') to Total Depth of approximately 4600'.
- (g) Run Gamma Ray-Neutron Logs.
- (h) Run and set 7" O.D. 20#J-55 SS casing at approximately 4250' and cement with 300 sacks of neat cement on bottom and 400 sacks 50-50 Pozmix on top. Use Halliburton packer shoe.
- (i) Run temperature survey.
- (j) Drill out cement and take injection test.
- (k) Acidize if required.
- (l) Take injection test.