

AGREEMENT

AGREEMENT made this 30 day of September, A. D. 1958, between RICE ENGINEERING & OPERATING, INC., a corporation, as Operator under Articles of Agreement for the Eunice-Monument-Summit Salt Water Disposal System, as one party, hereinafter called RICE, and AMERADA PETROLEUM CORPORATION, a corporation, as the other party, hereinafter called AMERADA,

WITNESSETH:

WHEREAS, Amerada is the owner of a well located 330 feet from the West line and 990 feet from the South line of Section Five (5), Township 20 South, of Range 37 East, N.M.P.M., Lea County, New Mexico, known as Amerada Adkins No. 2, and Rice desires to acquire same, if satisfactory for its purposes as Operator of the Eunice-Monument-Summit Salt Water Disposal System.

NOW, THEREFORE, it is mutually agreed between the parties hereto as follows:

1. Rice is to enter into possession of such well, and perforate the casing at the San Andres formation, and thereupon test same for the purpose of utilizing such well as a salt water disposal well, and if it is thereupon determined by Rice to be an efficient well for such purposes, then Amerada shall bill Rice for the sum of \$30,000.00, and Rice agrees to pay such sum to Amerada, and Amerada will thereupon and simultaneously therewith, execute the necessary instruments of conveyance to Rice as Trustee for the parties to the Articles of Agreement.

2. In the event that, after testing such well, Rice determines that it will not efficiently serve the purposes for which the well is to be acquired, Rice will:

- (a) Abandon the well, and Amerada will bill Rice for the sum of \$5,000.00, and Rice shall thereupon pay same to Amerada, or
- (b) Squeeze cement the casing perforations in accordance with standard cementing procedures as prescribed by Amerada, and thereupon this Agreement shall be terminated, and the parties hereto released and discharged from the mutual covenants and obligations herein contained.

BEFORE EXAMINER UTZ
 U.S. CONSERVATION COMMISSION
 EXHIBIT NO. 1
 CASE NO. 1531

