

every kind or nature arising out of their respective agreements for the assignment of the leases in Valencia County, and the drilling of the well thereon, including the right of the Defendants to use the drilling rig and surface pipe in said Dalies Well.

5. The Plaintiff, SUNOL OIL COMPANY, agrees to execute a good and sufficient Bill of Sale on behalf of said corporation to the Defendants, covering 6,200 feet of new J-55, 20#, 7" casing, formerly located at the drill site in Valencia County.

6. Defendants agree to pay all water bills due the Atchison, Topeka and Santa Fe Railway for water used on the premises, to and including May 18, 1952.

It is understood between the parties hereto that each has filed with the New Mexico Oil Conservation Commission in Santa Fe, New Mexico a \$10,000.00 Oilwell Bond, Form No. 39EL. It is further understood between the parties hereto that the Defendants herein have caused said well to be cemented, and officially abandoned, in accordance with the rules and regulations of said Commission, and that each and all of the parties hereto will cooperate with each other to the end that each bond may be released as expeditiously as possible. In the event, however, that Plaintiff, GLADYS E. McCORMICK or any other persons other than the Defendants take over said well, that they will comply with the rules and regulations of the New Mexico Oil Conservation Commission, and will take the necessary steps to reinstate their bond, obtain a new bond, obtain the release of the Defendants' bond and/or level the property and restore it to its former condition, including the execution of the necessary forms for Change of Name of Operator.

Upon compliance of the conditions herein set out by the Plaintiff and the Defendants, the Plaintiff will request the Court to enter an order dismissing said cause and all the issues pertaining thereto with prejudice.

The parties are familiar with the fact that the Defendants have certain tax problems concerning the release or reassignment of the leases referred to in Paragraph 1 hereof, and that it will be necessary for them to discuss these tax problems with their associate, H. A. BELL. They will use their best efforts to obtain the consent of the said H. A. BELL necessary to permit them to execute said an-