## COMMERCIAL WATER LEASE

1-7-58

THIS INDENTURE, made and entered into this

31st

day of October

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by and between the STATE OF NEW MEXICO, acting by and through its Commissioner of Public Lands, party of the first part, hereinafter called the Lessor, and Cities Service Oil Company herein after called the Lessoe

Rexists commissioner of Public Lands, party of the first part, hereinafter called the Lessoe

Bartlesville, Oklahoma

WITNESSETH

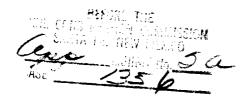
The Lesser in consideration of the covenants and agreements of the Lessee hereinafter set forth, has this day leased to the Lessee the hereinafter described tract of land for the sole and only purpose of the commercial development, storage, transportation and sale of water, nothing herein contained, however, shall be construed as depriving the lawful holder, for the time being, of any grazing, of and/or gas, or other mineral or business lease on the tract hereinbelow described, when any such leases exist on the tract embraced in the present commercial water lease of the right to develop and use water thereon for any purpose which such lease holders may have as incidental to purposes of such lease or leases. It is understood that no other commercial water lease is to be issued upon this tract—so long as the present lease remains in effect.

Right of ingress and egress and rights of way for wells, reservoirs, pipe lines and telephone lines as incidental and necessary for the purposes of this lease are hereby granted.

The tract of land in this lease is as follows:

SUBDIVISION SEC. TWP. RGE. ACRES FUND

All 24 14 S 31 E 640.00 C. S.



For the first year of the lease the lessee agree to voy the sum of \$ 100.00. The rental for each of the following years will be based on the amount of water processed, one of no event shall the annual rental to at an untranscease rate for shall it be less than the rental to the less year of the lease.

IT IS HEREBY COVENANTED AND AGREED That are notice with together with all casing therein which the Lasses may own or cause to be developed for the purposes have non-tile tract emblaced in the lease shall apon the cancellation of this lease by default, become the property of the State, but the Lessee at all times shall have the right to remove all other property placed thereon to said finises.

IT IS HEREBY FURTHER COVENANTED AND ALTERATION, the Lessee shall under the terms and agreement, of this lease be required to submit annually a correction change report of water produced under the lease and the price per unit of the disposal thereof.

In is HEREBY FURTHER COVENANTED AND Action That the Lessee shall have preference right for the renewal of this lease for another five (5) year period, provided said Lessee complies with all terms of this lease, the laws of New Mexico and the rules and regulations of the State Land Office, if application for such renewal is made prior to the expiration of this lease.

IT IS HEREBY FURTHER COVENANTED AND ACCESS That before renewal thereof the Commissioner of Public Lands shall review the annual report hereinabove provided of the water produced or produced and sold, and based upon such report, have the right to adjust apward or downward the rentals of any such renewal lease

IT IS HEREBY FURTHER COVENANTED AND ACREST. That this lease is made for the sole purpose and benefit named hereinabove; that no sublease or underlease (either written or verbal) shall be made by the Lessee without the written consent of the Commissioner of Public Lands; any violation of this agreement and understanding will subject this lease to cancellation.

IT IS HEREBY FURTHER COVENANTED AND AGREED That this lease shall terminate upon default of any payments due upon thirty (30) days' notice by registered mail to Lessee, evidenced by return receipt, unless such default be cured within such thirty (30) day period.

IT IS HEREBY FURTHER COVENANTED AND AGREED That the Lessee may at any time surrender and be relieved of any obligations under this lease by the payment of Ten Dollars (\$10.00) to the Lessor, provided however, that all rentals then due have been fully paid and the terms of this lease have been fully complied with. However, upon such surrender, no portion of the rentals paid by the Lessee shall be refunded

All the terms of this agreement shall extend to and bind the successors and assigns of the parties hereto

WITNESS the hands and the seals of the parties aforeseld, the day and year first above written

EXHIBIT

THE STATE OF NEW MEXICO

Its Commissioner of Public Lands

CITIES SERVICE OIL COMPANY

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