

SALT WATER DISPOSAL LEASE

THIS AGREEMENT, made and entered into this 12th day
of May 1959, between _____

B. C. Jones and Ada Jones, his wife

hereinafter called Lessor (whether one or more), and _____

RICE ENGINEERING & OPERATING, INC. hereinafter
called Lessee,

WITNESSETH:

That Lessor, for and in consideration of Two Hundred and No/100 (\$200.00) Dollars, the receipt of which is hereby acknowledged, does hereby demise, lease and let unto Lessee, its successors or assigns, the following described tract of land located in Lea County, New Mexico:

Two acres in the form of a square around the No. 2 Oberholtzer Well (a well depleted of oil or gas) located in the SW/4 NE/4 of Section 8, Township 12 South, Range 38 East,

together with the right of ingress and egress to and from the leased premises, for the uses and term hereinafter set forth:

1. Lessee shall have the exclusive right to use the leased premises and the No. 2 Oberholtzer Well located thereon, in connection with the injection and disposal of oil field brine and other waste water and their injection into the substrata of land; and for the digging of pits; for the erection of tanks and receptacles necessary in receiving, treating and disposing of said brine and waste water, and for the erection of structures, appliances, engines and machinery necessary in connection with the operation of the No. 2 Oberholtzer Well as a salt water disposal input well. Lessor grants Lessee the right to lay such pipelines as may be necessary to accomplish the purpose for which this lease is executed. Lessee may drill, deepen, or plug back the above described well in order to make it suitable for use as a disposal well.

2. This lease shall terminate on the 12th day of May 1960, unless on or before said date Lessee pays or tenders to Lessor or deposits to Lessor's credit in the Tatum Branch Lexington National Bank at Tatum, New Mexico the sum of Two Hundred and No/100 (\$200.00) Dollars which shall be considered as a rental, continuing the lease in effect for one year thereafter. Upon like annual payments or tenders, Lessee may continue the lease in effect from year to year for a period of twenty (20) years from the lease date and so long there after as the tract is used for salt water disposal. All payments and tenders may be made by draft or check of Lessee deposited in any post office in an envelope with sufficient postage, addressed to Lessor or the bank named above. No change in the ownership of the above described land shall be binding on Lessee until and unless it shall have first been furnished a certified or photostatic copy of the recorded conveyance effecting such transfer of title.

3. Lessee shall have the right to use the leased premises and the No. 2 Oberholtzer Well for the injection of oil field brine and waste water into the substrata of said lands, whether produced on lands operated for oil and gas by Lessee or those so operated by others.

4. Lessee agrees to pay Lessor for damages to growing crops arising out of or incident to the exercise of the rights granted by this lease. Lessee shall bury its pipelines below plow depth.

5. Lessee shall have the right, during the term of this lease or within 90 days thereafter, to remove from the leased premises all materials, equipment and other personal property placed thereon by Lessee.

6. Lessee, in operating the disposal well, shall not inject the brine or other waste water into fresh water bearing sands or oil and gas bearing strata.

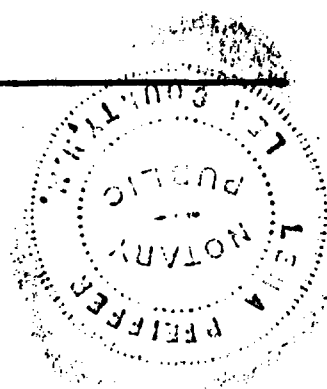
7. Lessee agrees to conduct its operations in accordance with rules and regulations of the Conservation Commission, or other proper authority.

8. The terms of this lease shall extend to and be binding on the parties hereto, their heirs, successors or assigns.

EXECUTED this 12th day of May, 1959.

B. C. Jones

ADA Jones



STATE OF NEW MEXICO }
COUNTY OF LEA }

Before me, the undersigned, a Notary Public in and for said County and State, on this 12th day of May, 1959, personally appeared B. C. Jones and ADA Jones to me known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth, and in the capacity therein stated.

Given under my hand and seal the day and year last above written.

My Commission expires:

3-3-63

Lena Pfeffer
Notary Public



State of New Mexico }
County of Lea }
FILED FOR RECORD

MAY 27 1959

at 3:45 o'clock
and Recorded in Book 147
Page 207
VIRGIL LOVE, County Cl.
By B. C. Jones Deputy

5891

Rice Engineering
8 Apr 1960
Box 1142

BEFORE EXAMINER AFTER	
APPL	FE
CASE NO.	1846