

WORK AGREEMENT CONTRACT

FEB - 6 1997

This agreement entered into on this 4 day of February,
1997 is between K&M Oil, Roswell, N. M., and New Mexico Oil
Conservation Division, Artesia District, Mr. Ray Smith, Director.

The work described below is to be performed by K&M Oil and
New Mexico Oil Conservation Division, Artesia District, Mr.
Ray Smith, Director agrees to pay K&M Oil
as follows;

\$ - 0 - due and payable upon rigging up at said loca-
tion. \$ 3118.62 due upon completion of job and receipt
of bill. All checks made payable to K&M Oil.

*PAYMENT TO BE MADE AFTER STATE
PROCESSING
TID.*

Wilson #1 T 10 S R 24 E S 13 Unit E. Plug with cement
from surface to 200 ft. T.D. or less. Place dry hole marker.
Cut off anchors. Cover pit and remove trash from well location.

This bid includes tax and is valid until March 1, 1997.

Signed *Jim W. Gurn*
O.C.D. Representative

Date 3/18/97

Signed *David S. Staley*
K&M Oil

Date 2-4-97

-It is understood that this price reflects only the work listed. In the event that additional work is required to perform the job due to unknown or undisclosed problems with the well, (tubing stuck, TD different than reported, cement lost to formation, casing different than reported, or other unknowns) K&M will charge \$70.00 per hour to rectify the problem upon consent.

-In the event work is delayed more than 10 days while waiting to receive a decision on the problem; K&M may chose to assess a daily fee of \$150.00 until work can be continued.

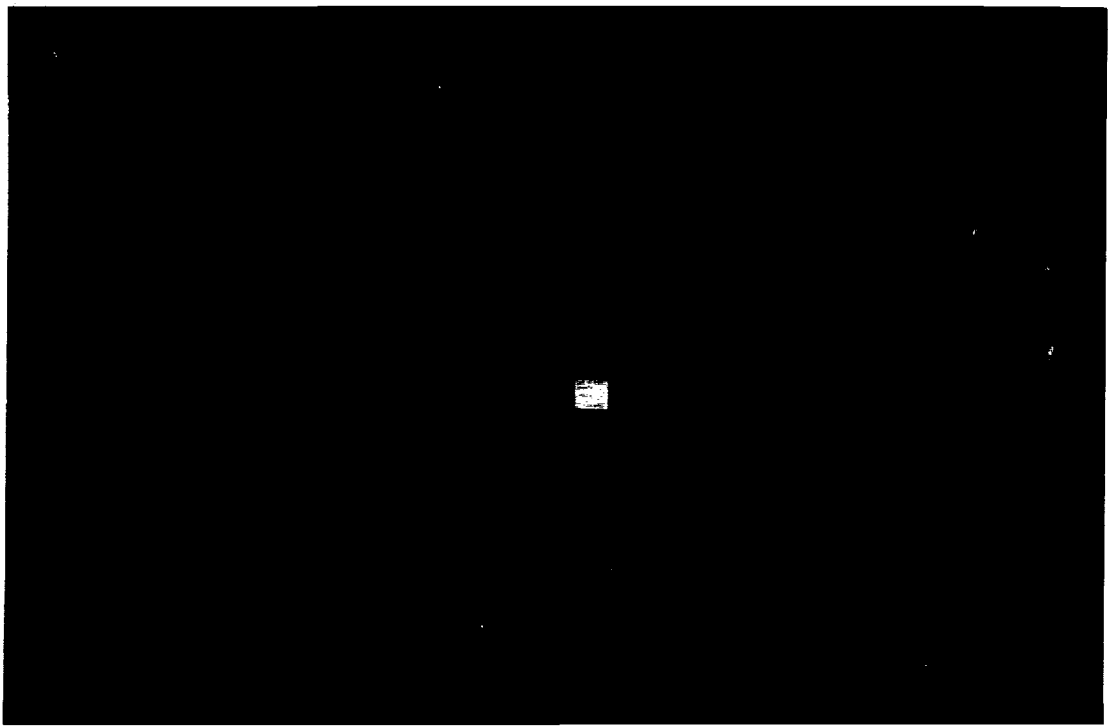
-Any outstanding debt balance will accrue interest at the rate of 2% monthly from its due date.

-On all plugging jobs K&M agrees to plug the well to specifications of the governing body or otherwise relieve company/companies stated herein of their responsibilities of said well for the above stated fee.

-Acceptance of payment for completion of job; or otherwise, relieves K&M from all responsibilities of this well and/or location.

-Clean and level location refers only to covering pit, smoothing broughams covering well cellar, removing trash and salvage within 100 ft. of well radius. Does not include any type or form of soil remediation or oil/salt water or other contaminate clean-up. Any other dirt work or re-seeding is done only if specifically listed in this work contract and no stand or cover is guaranteed.

-This document when signed represents a legal and binding contract and supersedes any other inlied. verbal. or written contract.



Fluid level 30'
- D. 42'

160' holding

Lease
not drilled

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY


March 18 ,1997

Subject : P & A of Wilson No. 1 , Chaves Co., NM
(E-13-10s- 24E)

Gentlemen:

This is to advise that K & M Oil submitted the low bid of \$3118.62. Bids were sent to four different companies and there were zero no bids.

Tim W. Gum


District II Supervisor