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STATE OF NEW MEXICO |

KNOW ALL MEN BY THESE PRESENTS.

COUNTY OF LEA |

WHEREAS, The Superior Oil Company, a corporation, and United States Smelting Refining and Mining Company, a corporation, hereinafter referred to as Grantors, are the owners of that certain oil and gas lease bearing number E9673, dated December 20, 1955, between the State of New Mexico as Lessor and The Superior Oil Company as Lessee, insofar as said lease covers the SE/4 of the NE/4 of Section 31, T-13-S, R-32-E, N.M.P.M.; and

WHEREAS, the Grantors have drilled a well for oil and/or gas on said land, and said well has been completed as a dry hole, said well being located at a point 1,980 feet from the north line and 660 feet from the east line of said Section 31, T-13-S, R-32-E; and

WHEREAS, said well, although completed as a dry hole for oil and gas purposes, may be capable of producing water, and Great Western Drilling Company of Midland, Texas, hereinafter called Grantee, is the owner of a commercial water lease dated September 26, 1957 granted by the State of New Mexico, and bearing Lease No. W-115; and

WHEREAS, it is the desire of the Grantee, Great Western Drilling Company, to purchase from the Grantors the right to use the above described well for the purposes of extracting water therefrom;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars cash in hand paid to Grantors by Grantee, the Grantors do hereby sell, assign and convey to the Grantee said dry hole and the acreage situated therein, together with the exclusive right to use said

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dry hole for the purpose of extracting water therefrom the same as if said well had been drilled by the Grantee itself under the terms and conditions of the commercial water lease above described.

It is understood and agreed that the well, above described will not be plugged by the Grantors in accordance with the rules and regulations of the Conservation Commission of the State of New Mexico, but will be turned over to the Grantee as an open hole, and the Grantee hereby assumes some liability from and after the date of delivery of possession of said well, and further agrees to hold Grantors harmless from any and all claims arising from Grantee's use of said well as a water well. The Grantee further agrees that it will comply with all rules and regulations of the Conservation Commission of the State of New Mexico and any other regulatory body having jurisdiction thereof, and in the event said well should ever be abandoned, the Grantee will at its sole cost, risk and expense, plug same in accordance with the rules and regulations of the Conservation Commission of the State of New Mexico.

The Grantee herein recognizes that the Grantors are the owners only of an oil and gas lease and do not own the fee simple title to either the surface or the minerals in said land. The Grantee further recognizes that this conveyance covers only the right to extract water from said well, and grants no rights to any minerals which may be located in, on or under the premises described above.

Notwithstanding anything herein to the contrary, if at anytime during the term of the hereinbefore described oil and gas lease there is an indication that said well is or has become capable of producing oil and/or gas in commercial quantities, then and thereupon this assignment shall terminate if Grantors so elect, and, upon demand by Grantors, Grantee shall forthwith reassign the said well, together with all casing used in connection therewith irrespective as to the party or parties placing said casing in said well, and Grantors shall reimburse Grantee the same amount of monetary consideration that Grantee had paid Grantors, and Grantors shall further pay to Grantee the full purchase price for any casing Grantee had placed in said well together with the cost for running same.

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This instrument is given and accepted without warranty of title, either
express or implied.

IN WITNESS WHEREOF, this instrument is executed this the _____ day of
January 1923.

UNITED STATES STEELING STEELING AND
MINING COMPANY

By _____
J. V. Homan, Jr., Vice President
and General Manager, Oil Refining

THE OILFIELD OIL COMPANY

By _____

My Comm. [unclear] herein to show its acceptance of all the terms and
conditions of this instrument.

UNITED STATES STEELING STEELING AND
MINING COMPANY

By _____

Witness my hand and seal this _____ day of
January 1923.

The foregoing instrument was acknowledged before me this
January 1923 by J. V. Homan, Jr., as Vice President and General Manager of
UNITED STATES STEELING STEELING AND MINING COMPANY, a corporation organized under the laws of the State of Texas.

Notary Public in and for
County, Texas

My Comm. Expires _____

Witness my hand and seal this _____ day of _____

The foregoing instrument was acknowledged before me this _____ day of _____

Notary Public in and for _____

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THE STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of
January 1938 by _____ as
of GREAT WESTERN DRILLING COMPANY, a corporation.

Notary Public in and for _____
County _____

My commission expires: _____

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