

AGREEMENT AFFECTING WATER WELL

STATE OF NEW MEXICO     §

COUNTY OF LEA             §

WHEREAS, Gulf Oil Corporation, P. O. Box 1938, Roswell, New Mexico, hereinafter referred to as "Gulf" by virtue of Gulf's Clara M. Roberts et al "B" Lease No. 63836, has drilled and cased a well for oil and gas purposes, said well being Gulf's Clara M. Roberts et al "B" No. 1 located 660' FSL and 1980' FWL of Section 23, Township 15 South, Range 38 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, said well has fully served its purpose for oil and gas operations under said lease and Gulf is ready to strip, salvage, plug and abandon said well; and

WHEREAS, Mr. John Waits, P. O. Box 967, Lovington, New Mexico, as the owner of land in the above described lease has expressed a desire to take over and operate said well as a water well in connection with said ownership of land and has agreed to obtain any and all water rights, permits, rights-of-way and other consents necessary to operate said water well, and has in addition agreed to assume all liability for plugging said well when the same can be or is no longer used, holding Gulf harmless from any liability or damage whatever resulting from failure to properly plug or arising in any other way from the permission to take over and use said water well given herein by Gulf to the said John Waits.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt whereof is hereby acknowledged and confessed, Gulf Oil Corporation hereby grants, sells, sets over and assigns unto John Waits insofar only as it is able to grant, sell, set over and assign, all its interest in the well situated 660' FSL and 1980' FWL of Section 23, Township 15 South, Range 38 East, N.M.P.M., Lea County, New Mexico.