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INDEMNIFICATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS: That,

WHEREAS, Champlin Petroleum Company (hereinafter referred to as "Champlin"), whose address for the purposes hereof is P. O. Box 1797, Midland, Texas 79701, is the owner (in whole or in part) of a certain well, known as the Champlin No. 1 Robert B. Holt well, located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  Section 22, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico (hereinafter referred to as "said well"); and,

WHEREAS, simultaneously with the execution of this instrument, Champlin is transferring said well to LeRoy Sumruld (hereinafter referred to as "Sumruld") for the purpose of permitting Sumruld to produce fresh water therefrom, and as a part of the consideration for such transfer, Sumruld has agreed to indemnify and hold harmless Champlin from all liability with respect to his use of said well;

NOW, THEREFORE, in consideration of the foregoing and in the further consideration of the sum of Ten and other cash Dollars paid by Champlin to Sumruld, the receipt and sufficiency of which are hereby confessed and acknowledged, Sumruld hereby covenants, contracts and agrees:

1. That all operations conducted by Sumruld, his agents, employees, heirs and assigns, in, on or about said well will be conducted in a lawful manner, in conformity with prudent practices and in accordance with applicable law and regulation.
2. Sumruld, for himself, his heirs, personal representatives and assigns, does hereby indemnify Champlin from all liability of whatsoever kind and nature, and from all causes of action (including costs of any administrative or judicial proceeding, together with attorney fees) incident to or arising from Sumruld's operations in, on or about said well, and all other operations conducted by Sumruld on the above described lands and relating to said well.
3. Sumruld shall promptly furnish Champlin with copies of all notices, claims and demands from third parties (including administrative and governmental agencies) which are received by Sumruld and which in any way relate to said well or the operations of Sumruld with respect thereto, or both.
4. That upon completion of his use of said well for the above purposes, or at such earlier time as may be required by applicable law or regulation, Sumruld, his heirs, personal representatives and assigns, will promptly plug said well in accordance with then applicable law and regulation, and will forthwith notify Champlin in writing of such plugging and abandoning operations giving all details with respect thereto.



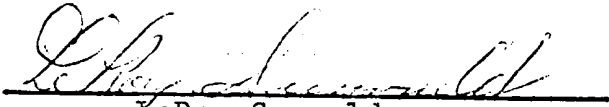
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Nothing herein contained shall operate as a covenant, guaranty or warranty of Champlin as to the amount or term of its ownership of said well nor of the condition, depth or size of said well.

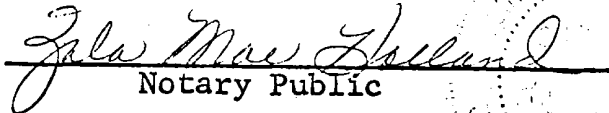
This indemnity shall be in full force and effect until Sumruld shall plug and abandon said well, as aforesaid, and so long thereafter as may be necessary to finally and fully settle and dispose of all claims and demands against Champlin covered and included in this Indemnification Agreement.

DATED this 14 day of June, 1968.

  
LeRoy Sumruld

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

The foregoing instrument was acknowledged before me this 14 day of June, 1968 by LeRoy Sumruld.

  
Notary Public

My Commission Expires:  
MY COMMISSION EXPIRES 10-14-69