

Example of a Community Disposal Well Working Agreement

September 21, 2015

*John Doe Production Company (D123)
P.O. Box 123
Oilopolis, LA 12345-6789*

Attn: *Bill James*

Re: *John Doe's lease
Section 001, Township 01N, Range 01E,
Rapides Parish, LA*

Dear Mr. *James*:

Any saltwater produced from the above-mentioned lease can be disposed of, without charge, into the *Elk E&P Company's J P Baffin SWD Well No. 001 (SN 000000)*, located in Section 001, Township 01N, Range 01E; provided it does not interfere with or effect in any way the operations of *Elk E&P Company* leases, and the disposal of saltwater from their leases.

Both parties hereby agree that this arrangement is understood to be non-profit and non-commercial. *John Doe Production Company (John Doe)* will pay only their pro rata share of any inspection fees, regulatory fees, or similar charges. Should the disposal well need cleaning out, re-working, new tubing or packer, well head or other equipment of any nature, *John Doe* will pay only their pro rata share.

John Doe's pro rata share will be calculated and billed on a monthly basis and shall be equivalent to the product of the total monthly maintenance expenses for the *J P Baffin SWD Well No. 001* (community saltwater disposal well) and the ratio of *John Doe Production Company's* monthly injected saltwater to the total volume of saltwater injected, i.e. [pro rata share] = [total monthly maintenance expenses] x [(bbls disposed of by *John Doe Production Company* each month) / (TOTAL bbls of saltwater disposed of in that month)].

If it is *John Doe's* agrees and accepts the aforementioned as a working agreement between *John Doe and Elk E&P Company*, please sign both copies; keep one on file and return the other to *Elk E&P Company*.

Sincerely,

Agreed and Accepted:

*Jane Elk
Elk E&P Company (E321)*

*Bill James
John Doe Production Company (D123)*