

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: EOG Resources, Inc. **OGRID Number:** 7377
Well Name: Jefe 29 Fed Com 501H & others **API:** 30-025-48836
Pool: WC-025 G-08 S253235G; Lower Bone Spring **Pool Code:** 97903

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location – Spacing Unit – Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. ☐ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☒ Notification and/or concurrent approval by SLO
 E. ☒ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

09/14/2021

Date

432-247-6331

Phone Number

lisa_trascher@eogresources.com

e-mail Address

Lisa Trascher

Print or Type Name

Lisa Trascher

Signature

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Form C-107-B
Revised August 1, 2011

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: EOG Resources, Inc.
OPERATOR ADDRESS: P.O. Box 2267 Midland, Texas 79702
APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Please see attached					

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code. [98180] WC-025 G-09 S253309A; Upper Wolfcamp
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Lisa Trascher TITLE: Regulatory Specialist DATE: 9/14/2021
TYPE OR PRINT NAME Lisa Trascher TELEPHONE NO.: 432-347-6331
E-MAIL ADDRESS: lisa_trascher@eogresources.com

Well Name	Well Number	US Well Number	Lease Number	Case Number	Operator
JEFE 29 FED COM	502H	3002548837	NMNM108971	NMNM108971	EOG
JEFE 29 FED COM	501H	3002548836	NMNM108971	NMNM108971	EOG
JEFE 29 FED COM	504H		NMNM108971	NMNM108971	EOG
JEFE 29 FED COM	507H	3002548842	NMNM108971	NMNM108971	EOG
JEFE 29 FED COM	505H		NMNM108971	NMNM128965	EOG
JEFE 29 FED COM	506H	3002548841	NMNM108971	NMNM128965	EOG

Notice of Intent

Sundry ID: 2634173

Type of Submission: Notice of Intent

Type of Action: Commingling (Surface)

Date Sundry Submitted: 09/14/2021

Time Sundry Submitted: 01:37

Date proposed operation will begin: 09/13/2021

Procedure Description: EOG Resources, Inc. ("EOG") respectfully requests approval to surface lease commingle oil & gas from the following wells in the S2 of Section 29 & Section 32 in Township 25 South, Range 32 East within the Bone Spring pool listed below, for Leases NM NM 108971, VB-777-1 and VB-787-1. This Commingle and Allocation Approval (CAA) will not negatively affect the royalty of the federal government. Any allocation meters (non-FMPs) will meet API measurement standard 14.1. All leases, unit PAs, or CAs in the proposed CAA are capable of production in paying quantities, defined as 1 bbl/day of oil or 10 MCF/day of gas. Gas analysis is not required because we are applying under 3173.14(a)(1)iii (Federal unit PA or CA where each unit PA or CA proposed for commingling has the same proportion of Federal interest, and which interest is subject to the same fixed royalty rate and revenue distribution). The location of the FMP is on the lease. There is no new surface disturbance included as part of the proposed CAA. These spacing units are initially dedicated to the following wells:

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Fed_Application_Jefe_29_Fed_Com_20210914133731.pdf

Operator Certification

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a submission of Form 3160-5 or a Sundry Notice.

Operator Electronic Signature: LISA TRASCHER

Signed on: SEP 14, 2021 01:37 PM

Name: EOG RESOURCES INCORPORATED

Title: Regulatory Specialist

Street Address: 5509 Champions Drive

City: Midland

State: TX

Phone: (432) 247-6331

Email address: lisa_trascher@eogresources.com

Field Representative

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

APPLICATION FOR SURFACE LEASE COMMINGLING

EOG Resources, Inc. ("EOG") respectfully requests approval to surface lease commingle oil & gas from the following wells in the S2 of Section 29 & Section 32 in Township 25 South, Range 32 East within the Bone Spring pool listed below, for Leases NM NM 108971, VB-777-1 and VB-787-1. This Commingle and Allocation Approval (CAA) will not negatively affect the royalty of the federal government. Any allocation meters (non-FMPs) will meet API measurement standard 14.1. All leases, unit PAs, or CAs in the proposed CAA are capable of production in paying quantities, defined as 1 bbl/day of oil or 10 MCF/day of gas. Gas analysis is not required because we are applying under 3173.14(a)(1)iii (Federal unit PA or CA where each unit PA or CA proposed for commingling has the same proportion of Federal interest, and which interest is subject to the same fixed royalty rate and revenue distribution). The location of the FMP is on the lease. There is no new surface disturbance included as part of the proposed CAA. These spacing units are initially dedicated to the following wells:

Well Name	Location	API #	Pool	Oil BPD	Gravities	MSCFPD	BTU
JEFE 29 FEDERAL COM #501H	L-29-25S-32E	30-025-48836	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*2700	*43	*4418	*1300
JEFE 29 FEDERAL COM #502H	L-29-25S-32E	30-025-48837	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*2000	*43	*3340	*1300
JEFE 29 FEDERAL COM #504H	K-29-25S-32E	30-025-48839	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*2700	*43	*4418	*1300
JEFE 29 FEDERAL COM #505H	K-29-25S-32E	30-025-48840	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*2000	*43	*3340	*1300
JEFE 29 FEDERAL COM #506H	I-29-25S-32E	30-025-48841	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*1750	*43	*2922	*1300
JEFE 29 FEDERAL COM #507H	I-29-25S-32E	30-025-48842	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*2000	*43	*3272	*1300

GENERAL INFORMATION :

- Federal lease NM NM 108971 covers 320 acres including S2 of Section 29 and in Township 25 South, Range 32 East, Lea County, New Mexico.
- State lease VB-777-1 covers 320 acres including S2 of Section 29 in Township 25 South, Range 32 East, Lea County, New Mexico.
- State lease VB-787-1 covers 320 acres including N2 of Section 29 in Township 25 South, Range 32 East, Lea County, New Mexico.
- The central tank battery to service the subject wells is located in the NWSE and SWSE of Section 29 in Township 25 South, Range 32 East, Lea County, New Mexico on Federal lease NM NM 108971.
- Notification to commingle production from the subject wells is being submitted to the SLO (7021 0350 0000 2499 9216) and has been submitted to the BLM.
- Enclosed herewith is (1) a map that displays the leases, the location of the subject wells, and the proposed CTB, (2) a process flow diagram, (3) and the C-102 plat for each of the wells.

FUTURE ADDITIONS

EOG respectfully requests authority to add additional wells contained within the spacing units identified and approved in this application by filing a Subsequent Report Sundry to the Bureau of Land Management for Federal and filing a C103Z and C102 with the NMOCD. Notice to owners shall not be required when amending the application to add wells contained within spacing units previously approved for commingling authority.

Pursuant to Statewide rule 19.15.12.10 (C)(4)(g) EOG Resources, Inc. respectfully requests the option to include additional pools or leases within the following parameters:

- EOG may add additional production from the Bone Spring Pool (WC-025 G-08 S253235G; Lower Bone Spring [97903] and any other Bone Spring pools that may be named within this area) from Lease's NM NM 108971, VB-777-1 and VB-787-1 and the Communitization Agreements listed in this application.

PROCESS FLOW AND DESCRIPTION

The production from each well will flow into a dedicated 3-phase separator. The production stream will be separated into 3 independent streams (gas, oil, and water) by the separator and each stream will be measured individually after it exists the separator.

The gas will be measured using a senior orifice meter and used to allocate total volume measured at the facility check meter, high pressure flare meter, and individual well flare meter. The gas from the heated separator also flows into this header. The gas flows through the header to a custody transfer orifice meter (*1111111) that serves as our lease production meter. If the pipeline is experiencing problems and cannot take any gas, the gas will flow through the high-pressure flare meter (*1111111) to the flare. If an individual well needed to be flared for any operational reason, it will be manually routed through the individual well flare meter (*1111111) to the flare. The overhead gas from the vapor recovery tower is compressed by a vapor recovery compressor and then measured by a custody transfer orifice meter (*1111111). The gas from the vapor recovery system combines with the gas from the lease production meter and flows into our gas gathering pipeline system.

The oil from the separators will be measured using a Coriolis meter. The oil from each separator will be combined into a common header and flow into a heated horizontal separator (HHS) to aid separation of the water entrained in the oil. The oil from the heated separator flows through a vapor recovery tower (VRT) where gas is allowed to breakout to a lower pressure, and then the oil flows into (4) 750-barrel coated steel tanks. Guided wave radar is used to measure water and oil volumes in these tanks. Oil is pumped out of the tanks through a Coriolis meter into a truck or a pipeline.

The water will be measured using a vortex meter. The water from each separator is combined in a common header and flows into (2) 750-barrel coated steel tanks. Guided wave radar is used to measure water volumes in these tanks. Water from the heated separator flows into the common water header connected to the (2) 750-barrel water tanks. The water is then pumped and/or trucked to a saltwater disposal well.

WELL NAME	GAS METER #	OIL METER #
JEFE 29 FED COM #501H	*1111111	*1111111
JEFE 29 FED COM #502H	*1111111	*1111111
JEFE 29 FED COM #504H	*1111111	*1111111
JEFE 29 FED COM #505H	*1111111	*1111111
JEFE 29 FED COM #506H	*1111111	*1111111
JEFE 29 FED COM #507H	*1111111	*1111111

Meter numbers will be provided upon installation of meters and completion of the facility.



P.O. Box 2267, Midland, Texas 79702
Phone: (432) 686-3684 Fax: (432) 686-3773

Date: September 9, 2021

To: New Mexico State Land Office
State of New Mexico Oil Conservation Division

Re: Surface Lease Commingling Application; Jefe 29 Fed Com 501H, 502H, 504H-507H

To whom it may concern

This letter serves to notice you that, as of the date below, ownership in the leases and pool referenced in this commingling application are Identical, as defined in 19.15.12.7.B. The leases and pool to be commingled through this application are initially dedicated to the following wells:

API	Well Name	Location	Pool Code/name	Status
30-025-48836	JEFE 29 FEDERAL COM #501H	L-29-25S-32E	WC-025 G-08 S253235G; Lower Bone Spring [97903]	PERMITTED
30-025-48837	JEFE 29 FEDERAL COM #502H	L-29-25S-32E	WC-025 G-08 S253235G; Lower Bone Spring [97903]	PERMITTED
30-025-48839	JEFE 29 FEDERAL COM #504H	K-29-25S-32E	WC-025 G-08 S253235G; Lower Bone Spring [97903]	PERMITTED
30-025-48840	JEFE 29 FEDERAL COM #505H	K-29-25S-32E	WC-025 G-08 S253235G; Lower Bone Spring [97903]	PERMITTED
30-025-48841	JEFE 29 FEDERAL COM #506H	I-29-25S-32E	WC-025 G-08 S253235G; Lower Bone Spring [97903]	PERMITTED
30-025-48842	JEFE 29 FEDERAL COM #507H	I-29-25S-32E	WC-025 G-08 S253235G; Lower Bone Spring [97903]	PERMITTED

As of the date below, I certify that this information is true and correct to the best of my knowledge.

Sincerely,

EOG Resources, Inc.

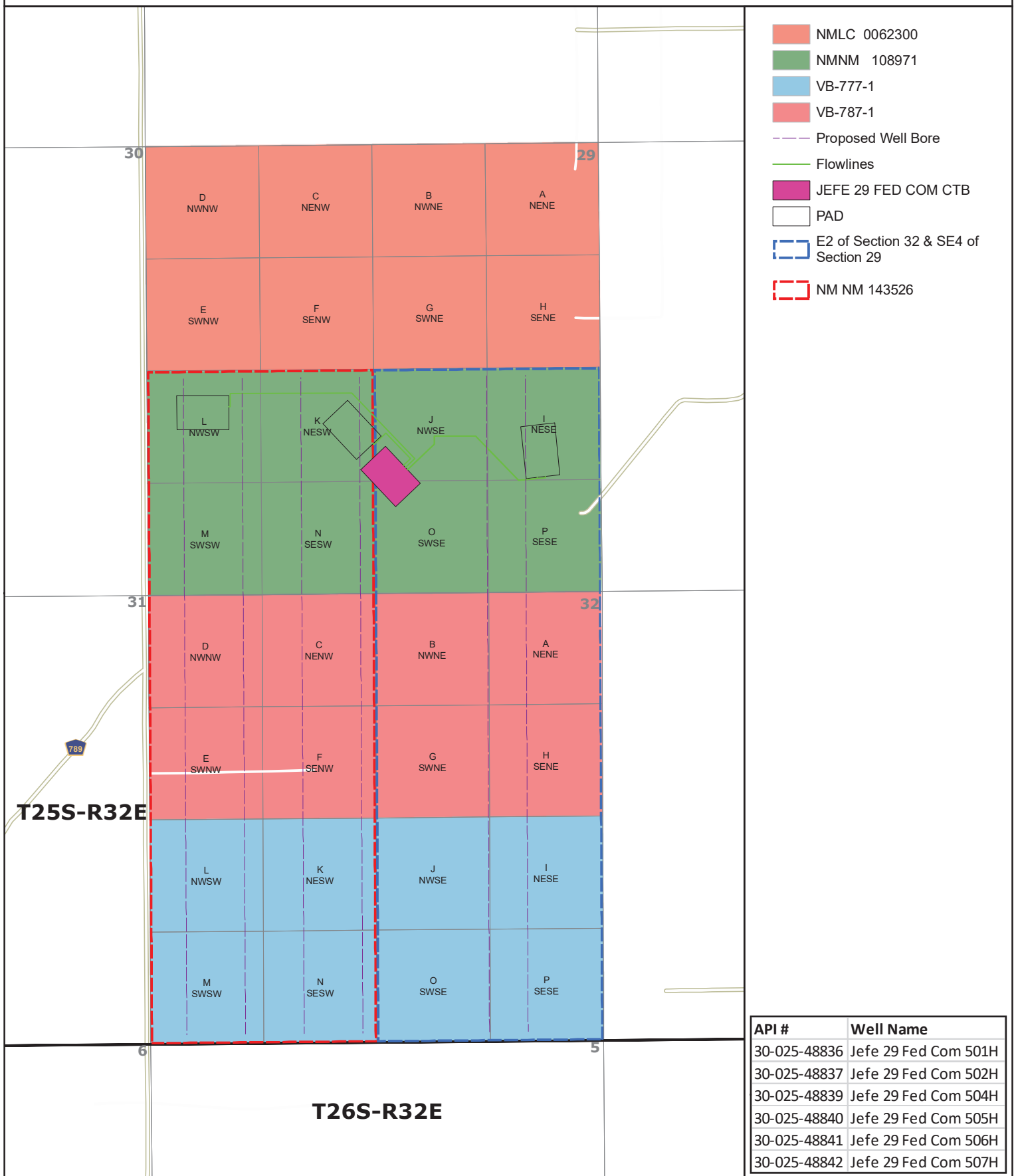
By: _____

Chris Leyendecker
Landman I

9/9/2021

Date

JEFE 29 FED COM SURFACE COMMINGLING PLAT



1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140
 TELEPHONE: (817) 744-7512 • FAX (817) 744-7548
 TEXAS FIRM REGISTRATION NO. 10042504
 WWW.TOPOGRAPHIC.COM



DATE: 9/10/2021

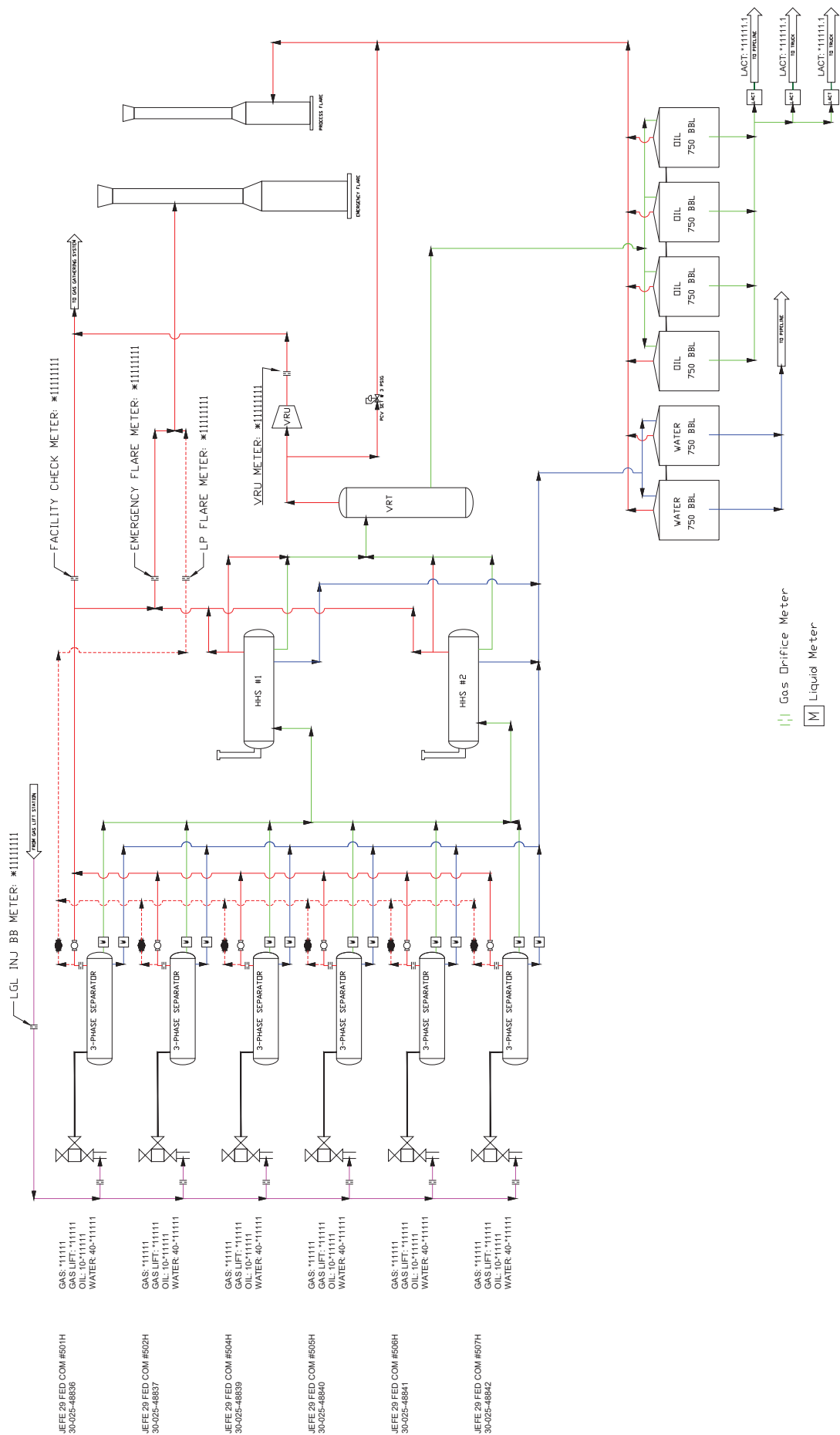
DRAWN BY: J.T.S.

CHECKED BY: J.T.S.

SITE NAME:
JEFE 29 FED COM

Location:
Section 29, T25S-R32E, Lea County, NM





Gas lift will come from the Snake Localized Gas Lift Station offsite.
*11111111 Meter Numbers will be provided after the facility has been built.

JEFE 9 FED COM CTB	
PROCESS FLOW	
J-29-2SS-32E	
EDG RESOURCES	BY: DKT
MIDLAND DIVISION	rev. 00
	09/01/2021

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY
 Proposal for **JEFE 29 FED COM CTB**:
 EOG Resources, Inc. is requesting approval to commingle the following wells in a common central tank battery:

Federal Lease NM NM 108971

Well Name	Location	API #	Pool	Oil BPD	Gravities	MSCFPD	BTU
JEFE 29 FEDERAL COM #501H	L-29-25S-32E	30-025-48836	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*2700	*43	*4418	*1300
JEFE 29 FEDERAL COM #502H	L-29-25S-32E	30-025-48837	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*2000	*43	*3340	*1300
JEFE 29 FEDERAL COM #504H	K-29-25S-32E	30-025-48839	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*2700	*43	*4418	*1300
JEFE 29 FEDERAL COM #505H	K-29-25S-32E	30-025-48840	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*2000	*43	*3340	*1300
JEFE 29 FEDERAL COM #506H	I-29-25S-32E	30-025-48841	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*1750	*43	*2922	*1300
JEFE 29 FEDERAL COM #507H	I-29-25S-32E	30-025-48842	WC-025 G-08 S253235G; Lower Bone Spring [97903]	*2000	*43	*3272	*1300

*Estimated numbers for these wells; will provide actual numbers once these wells are producing.

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Date/Time: 9/9/2021 7:11 AM

Page 1 Of 1

01 02-25-1920;041STAT0437;30USC181

Total Acres:
480.000Serial Number
NMNM 143526

Case Type 318310: O&G COMMUNITIZATION AGRMT

Commodity 459: OIL & GAS

Case Disposition: PENDING

Case File Juris:

Serial Number: NMNM-- - 143526

Name & Address

Int Rel

% Interest

BLM NMSO	301 DINOSAUR TRL	SANTA FE	NM	875081560	OFFICE OF RECORD	0.000000000
EOG RESOURCES INC	5509 CHAMPIONS DR	MIDLAND	TX	797062843	OPERATOR	100.000000000

Serial Number: NMNM-- - 143526

Mer	Twp	Rng	Sec	S	Type	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
23	0250S	0320E	029	ALIQ				SW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0320E	032	ALIQ				W2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Relinquished/Withdrawn Lands

Serial Number: NMNM-- - 143526

Act Date	Act Code	Action Txt	Action Remarks	Pending Off
04/01/2021	387	CASE ESTABLISHED		
04/01/2021	516	FORMATION	/B/	
07/21/2021	580	PROPOSAL RECEIVED	CA RECD;	

Line Number	Remark Text
0001	/B/ CA FORMATION BONE SPRING

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Date/Time: 9/9/2021 7:19 AM

Page 1 Of 2

01 12-22-1987;101STAT1330;30USC181 ET SEQ

Total Acres:
320.000Serial Number
NMNM 108971

Case Type 312021: O&G LSE COMP PD -1987

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Case File Juris:

Serial Number: NMNM-- 108971

Name & Address	Int Rel	% Interest
EOG RESOURCES INC 333 CLAY ST STE 4200 HOUSTON TX 770024006	LESSEE	100.000000000

Mer	Twp	Rng	Sec	S	Type	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
23	0250S	0320E	029		ALIQ			S2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- 108971

Relinquished/Withdrawn Lands

Serial Number: NMNM-- 108971

Act Date	Act Code	Action Txt	Action Remarks	Pending Off
07/16/2002	387	CASE ESTABLISHED	200207155	
07/17/2002	191	SALE HELD		
07/17/2002	267	BID RECEIVED	\$17920.00;	
07/17/2002	392	MONIES RECEIVED	\$17920.00;	
08/14/2002	237	LEASE ISSUED		
08/14/2002	974	AUTOMATED RECORD VERIF	GSB	
09/01/2002	496	FUND CODE	05;145003	
09/01/2002	530	RLTY RATE - 12 1/2%		
09/01/2002	868	EFFECTIVE DATE		
05/12/2011	940	NAME CHANGE RECOGNIZED	YATES DRL CO/OXY Y-1	
08/01/2012	677	SUS OPS OR PROD/PMT REQD	/A/	
08/15/2012	673	SUS OPS/PROD APLN FILED		
08/28/2012	974	AUTOMATED RECORD VERIF	BCO	
08/31/2012	246	LEASE COMMITTED TO CA	NMNM128965;	
09/01/2012	235	EXTENDED	THRU 10/02/12;	
09/01/2012	678	SUSP LIFTED		
01/05/2013	650	HELD BY PROD - ACTUAL	/1/	
01/05/2013	658	MEMO OF 1ST PROD-ACTUAL	/1/#1;NMNM128965	
01/06/2013	643	PRODUCTION DETERMINATION	/1/	
07/29/2013	974	AUTOMATED RECORD VERIF	JA;	
12/01/2016	940	NAME CHANGE RECOGNIZED	ABO PETRO/EOG A RESOU	

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Date/Time: 9/9/2021 7:19 AM

Page 2 Of 2

Serial Number: NMNM-- 108971

Act Date	Act Code	Action Txt	Action Remarks	Pending Off
12/01/2016	940	NAME CHANGE RECOGNIZED	MYCO INDUST/EOG M RES	
01/01/2019	817	MERGER RECOGNIZED	EOG A/EOG RESOURCE IN	
01/01/2019	817	MERGER RECOGNIZED	EOG M/EOG RESOURCE IN	
10/24/2019	140	ASGN FILED	OXY Y-1 C/CHEVRON U;1	
04/02/2020	139	ASGN APPROVED	EFF 11/01/19;1	
04/02/2020	974	AUTOMATED RECORD VERIF	AMV	
10/13/2020	140	ASGN FILED	CHEVRON U/EOG RESOU;1	
08/11/2021	139	ASGN APPROVED	EFF 11/01/20;	
08/11/2021	974	AUTOMATED RECORD VERIF	DME	

Line Number	Remark Text	Serial Number: NMNM-- 108971
0001	-	
0002	STIPS APPLIED TO LEASE:	
0003	SENM-S-22 (PRAIRIE CHICKENS)	
0004	/A/ 8/28/2012 SUSPENSION GRANTED EFF 8/1/12	
0005	DUE TO RIG AVAILABILITY - 31 DAYS REMAINING	
0006	IN ITS PRIMARY TERM.	
0007	04/02/2020 - YATES DRILLING CO NMB000387 S/W NM;	
0008	08/11/2021 EOG RES INC BONDED NM2308 NW	

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025- 48836	² Pool Code 97903	³ Pool Name WC-025 G-08 S253235G; LOWER BONE SPRING
⁴ Property Code 330803	⁵ Property Name JEFE 29 FED COM	⁶ Well Number 501H
⁷ OGRID No. 7377	⁸ Operator Name EOG RESOURCES, INC.	⁹ Elevation 3360'

¹⁰Surface Location

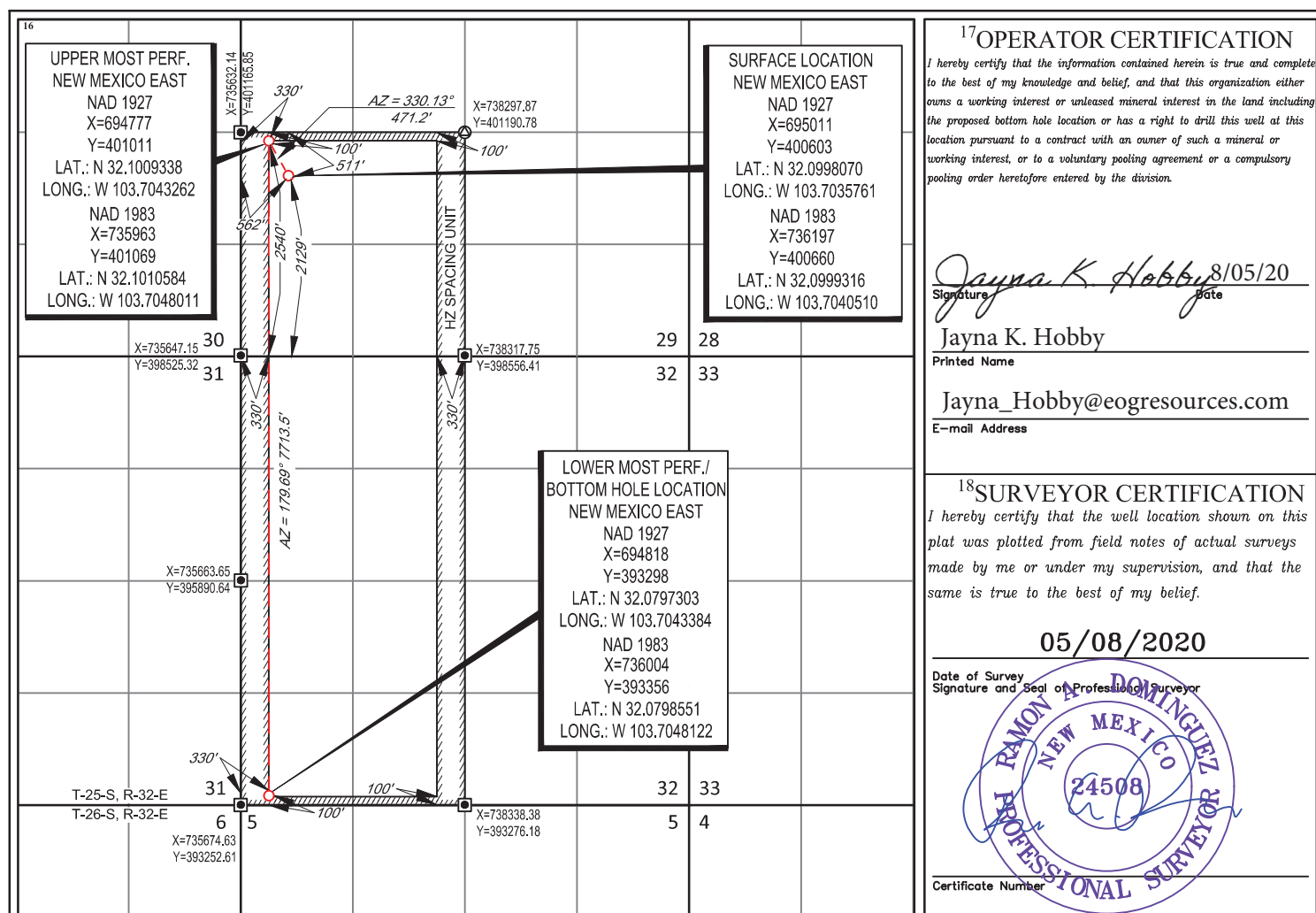
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	29	25-S	32-E	-	2129'	SOUTH	562'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	32	25-S	32-E	-	100'	SOUTH	330'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025- 48837	² Pool Code 97903	³ Pool Name WC-025 G-08 S253235G; LOWER BONE SPRING
⁴ Property Code 330803	⁵ Property Name JEFE 29 FED COM	⁶ Well Number 502H
⁷ OGRID No. 7377	⁸ Operator Name EOG RESOURCES, INC.	⁹ Elevation 3360'

¹⁰Surface Location

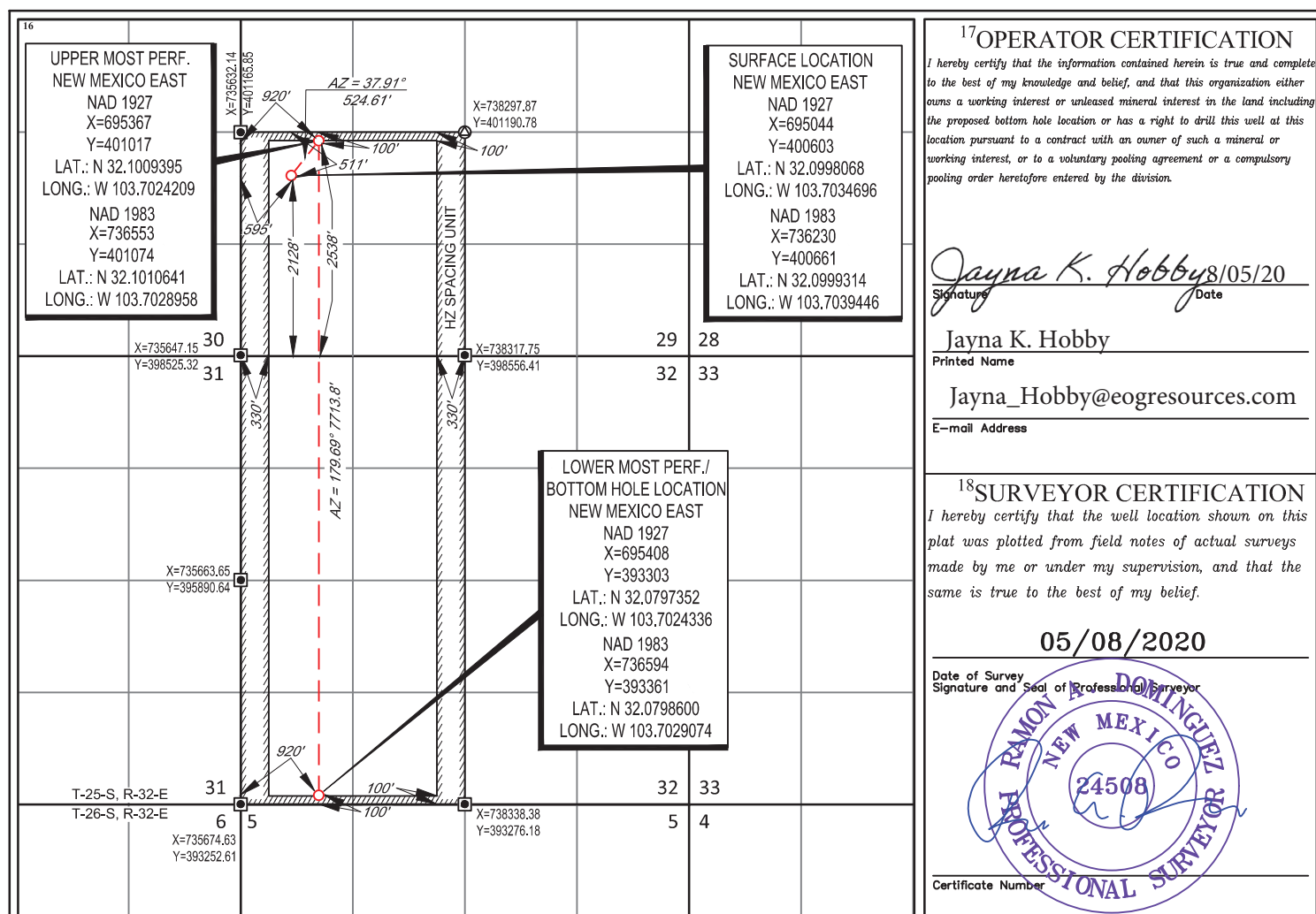
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	29	25-S	32-E	-	2128'	SOUTH	595'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	32	25-S	32-E	-	100'	SOUTH	920'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

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District Office

☐ **AMENDED REPORT**

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025- 48839	² Pool Code 97903	³ Pool Name WC-025 G-08 S253235G;LOWER BONE SPRING
⁴ Property Code 330803	⁵ Property Name JEFE 29 FED COM	
	⁶ Well Number 504H	
⁷ OGRID No. 7377	⁸ Operator Name EOG RESOURCES, INC.	
	⁹ Elevation 3355'	

¹⁰Surface Location

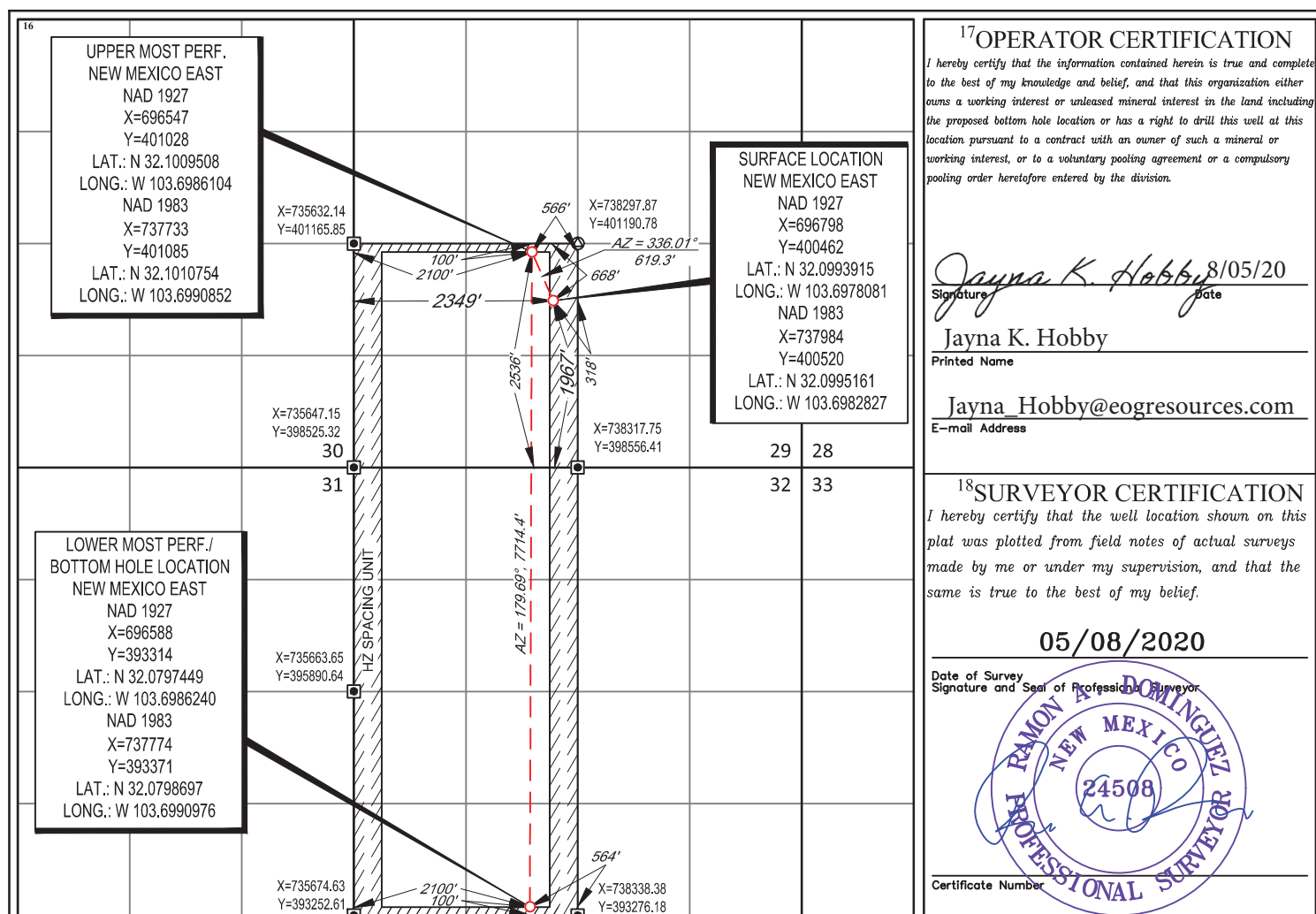
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	29	25-S	32-E	—	1967'	SOUTH	2349'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	32	25-S	32-E	—	100'	SOUTH	2100'	WEST	LEA

¹² Dedicated Acres 480.00	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

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State of New Mexico
Energy, Minerals & Natural Resources
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1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

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District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-48840	² Pool Code 97903	³ Pool Name WC-025 G-08 S253235G; Lwr Bone Spring
⁴ Property Code 330803	⁵ Property Name JEFE 29 FED COM	
⁷ OGRID No. 7377	⁸ Operator Name EOG RESOURCES, INC.	⁶ Well Number 505H
⁹ Elevation 3355'		

¹⁰Surface Location

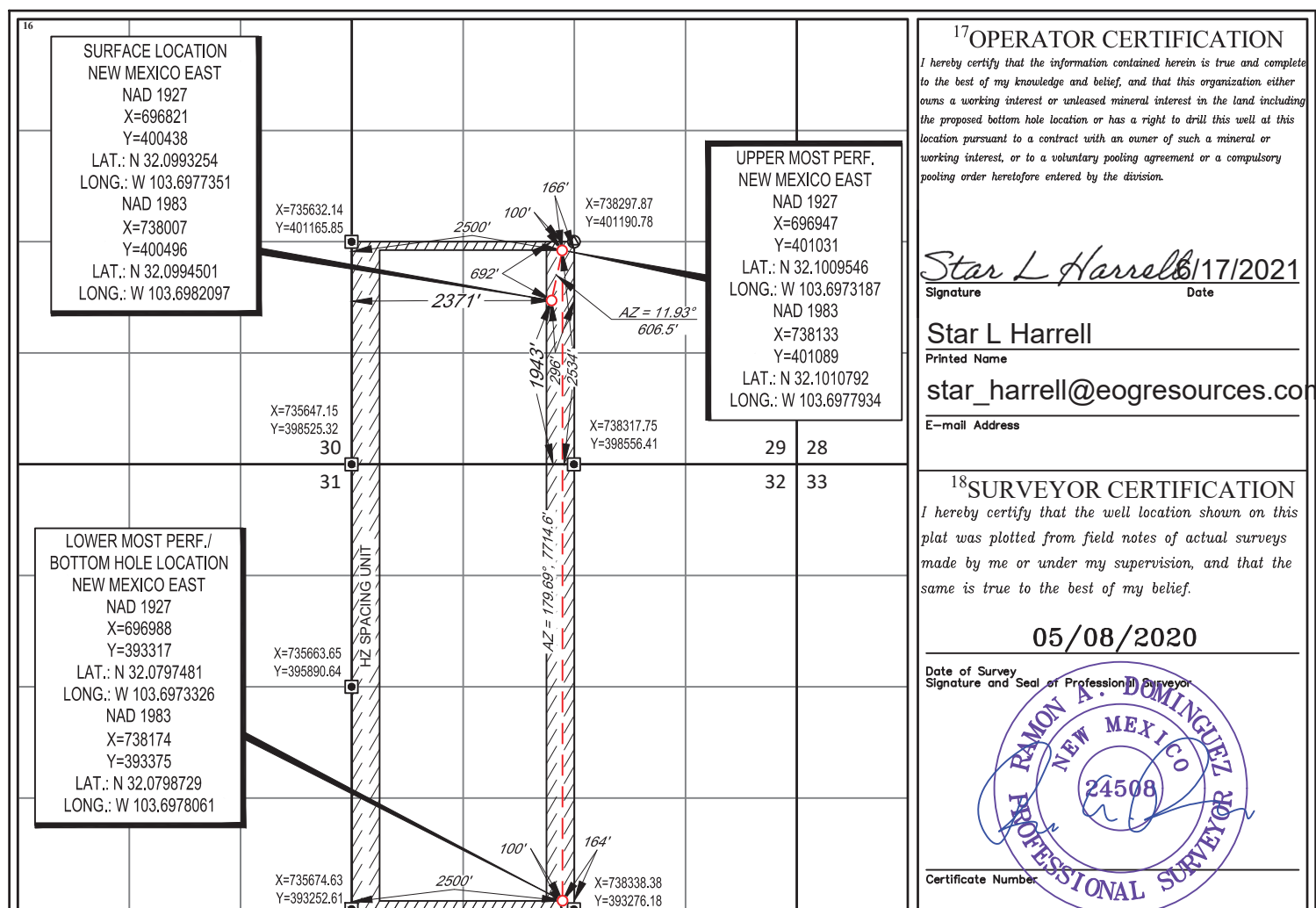
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	29	25-S	32-E	-	1943'	SOUTH	2371'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	32	25-S	32-E	-	100'	SOUTH	2500'	WEST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
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FORM C-102

Revised August 1, 2011

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District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-48841		² Pool Code 97903	³ Pool Name WC-025 G-08 S253235G; LOWER BONE SPRING
⁴ Property Code 330803	⁵ Property Name JEFE 29 FED COM		⁶ Well Number 506H
⁷ OGRID No. 7377	⁸ Operator Name EOG RESOURCES, INC.		⁹ Elevation 3347'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	29	25-S	32-E	-	1554'	SOUTH	695'	EAST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	32	25-S	32-E	-	100'	SOUTH	1440'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Jayna K. Hobby</u> Date: <u>8/05/20</u> Printed Name: <u>Jayna K. Hobby</u> E-mail Address: <u>Jayna_Hobby@eogresources.com</u>
¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief. Date of Survey: <u>05/12/2020</u> Signature and Seal of Professional Surveyor: Certificate Number: _____		

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State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025- 48842		² Pool Code 97903	³ Pool Name WC-025 G-08 S253235G; LOWER BONE SPRING
⁴ Property Code 330803	⁵ Property Name JEFE 29 FED COM		⁶ Well Number 507H
⁷ OGRID No. 7377	⁸ Operator Name EOG RESOURCES, INC.		⁹ Elevation 3348'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	29	25-S	32-E	-	1587'	SOUTH	698'	EAST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	32	25-S	32-E	-	100'	SOUTH	885'	EAST	LEA

¹² Dedicated Acres 480	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Jayna K. Hobby</u> Date: <u>8/05/20</u> Printed Name: <u>Jayna K. Hobby</u> E-mail Address: <u>Jayna_Hobby@eogresources.com</u>
¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief. Date of Survey: <u>05/12/2020</u> Signature and Seal of Professional Surveyor: Certificate Number: _____		

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 1st day of April, 2021, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

SE/4 of Section 29, Township 25 South, Range 32 East, and the E/2 of Section 32, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico,

Containing **480.00** acres, and this agreement shall include only the Bone Spring Formations underlying said lands and the oil, natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formations.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas

interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be **EOG Resources, Inc., 5509 Champions Drive, Midland, TX 79706**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to

measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.


8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **April 1st, 2021**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Operator, Record Title & Working Interest

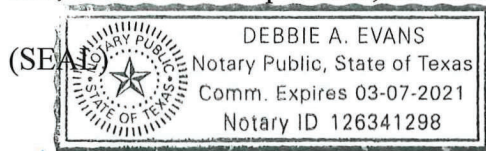
EOG RESOURCES, INC.

 By: Matthew W. Smith
Its: Agent and Attorney in Fact
Date: December 15, 2020

ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

On this 15 day of December, 2020, before me, a Notary Public for the State of Texas, personally appeared Matthew W. Smith, known to me to be the Agent & Attorney-In-Fact of EOG Resources, Inc., a Delaware corporation, on behalf of said corporation.



3/7/2021
My Commission Expires

Notary Public

LESSEES OF RECORD:

Sharbro Energy, LLC
(Working Interest Owner)

By: _____
Its: _____
Date: _____

STATE OF _____ §
 §
COUNTY OF _____ §

 This instrument was acknowledged before me on this _____ day of
_____, 2020, by _____, as
_____ of Sharbro Energy, LLC., a _____ corporation, on
behalf of said corporation.

(SEAL)

My Commission Expires

Notary Public

SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING INTEREST

COMMUNITIZATION AGREEMENT: _____

I, the undersigned, hereby certify, on behalf of EOG Resources, Inc., the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

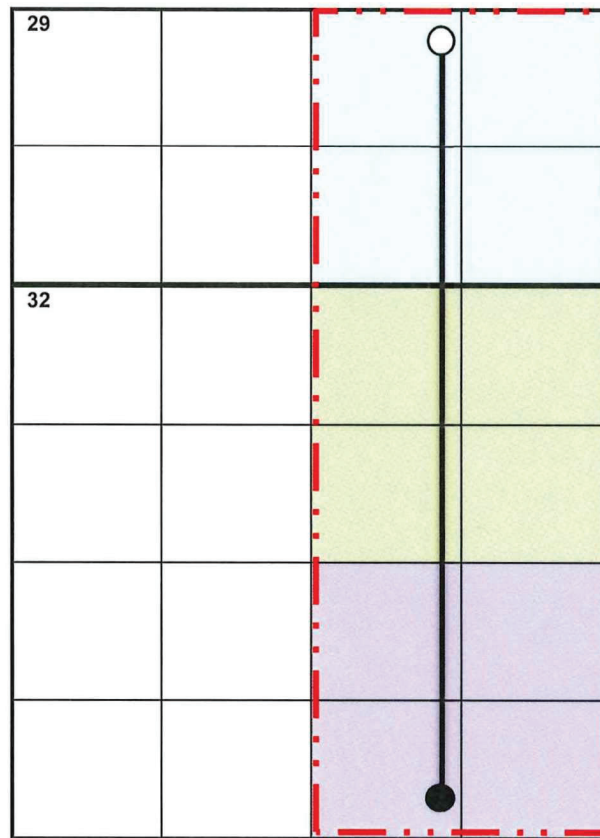
NAME: _____  (signature of officer)Printed: Matthew W. SmithTITLE: Agent & Attorney-In-Fact

Phone number: (432) 686-3600

EXHIBIT "A"

Plat of communitized area covering 480.00 acres in SE/4 of Section 29, Township 25 South, Range 32 East and E/2 of Section 32, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, EOG Resources, Inc. Operator

Jefe 29 Fed Com #506H



Proposed communitized area



Surface hole location - #506H - 1554' FSL & 695' FEL Section 29, T25S, R32E



Bottom hole location #506H - 100' FSL & 1440' FEL, Section 32, T25S, R32E



Tract 1: USA NM - 108971



Tract 2: ST NM VB - 787



Tract 3: ST NM VB - 777

EXHIBIT "B"

To Communitization Agreement Dated April 1, 2021 embracing the following described land in SE/4 of Section 29, Township 25 South, Range 32 East and E/2 of Section 32, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico

Operator of Communitized Area: EOG Resources, Inc.

DESCRIPTION OF LEASES COMMITTEDTract No. 1

Lease Serial Number:	USA NM - 108971	
Lessor:	The United States of America	
Record Title Owner – Lessee:	EOG Resources, Inc.	100.000000%
Date of Lease:	February 1, 2002	
Description of Land Committed:	SE/4, Section 29, Township 25S, Range 32E, NMPM, Lea County, NM	
Number of Acres:	160 acres	
Royalty Rate:	12.5%	
Name of Working Interest Owners:	EOG Resources, Inc.	0.96105220%
	Sharbro Energy, LLC	0.03894780%
Name and Percent ORRI Owners:	N/A	

Tract No. 2

Lease Serial Number:	ST NM VB 787	
Lessor:	State of New Mexico	
Record Title Owner:	EOG Resources, Inc.	1.00000000%
Date of Lease:	October 1, 2005	
Description of Land Committed:	NE/4, Section 32, and Township 25S, Range 32E, NMPM, Lea County, NM	
Number of Gross Acres:	160 Acres	
Royalty Rate:	3/16	
Name of Working Interest Owners:	EOG Resources, Inc.	0.96105220%
	Sharbro Energy, LLC	0.03894780%
Name and Percent ORRI Owners:	N/A	

Tract No. 3

Lease Serial Number:	ST NM VB 777	
Lessor:	State of New Mexico	
Record Title Owner:	EOG Resources, Inc.	1.00000000%
Date of Lease:	October 1, 2005	
Description of Land Committed:	SE/4, Section 32, Township 25S, Range 32E, NMPM, Lea County, NM	
Number of Gross Acres:	160 Acres	
Royalty Rate:	3/16	
Name of Working Interest Owners:	EOG Resources, Inc.	0.96105220%
	Sharbro Energy, LLC	0.03894780%
Name and Percent ORRI Owners:	N/A	

The parties except and exclude from this Communitization Agreement all production of oil, gas and associated hydrocarbons, including production from the Bone Spring Formation, from the Jefe "BSJ" Federal Com #1 with a surface hole located in the SW/4SE/4 of Section 32 which is located 330' FSL and 1980' FEL. The term "communitized substances" as defined the Communitization Agreement specifically does not include oil, gas and associate hydrocarbons produced from the Jefe BSF Federal Com #1H Well. Production from the Jefe BSF Federal Com #1H Well shall continue to be allocated on the same basis that it has been allocated since its completion and this Communitization Agreement shall in no way alter, affect, or cover the operations production and allocation of proceeds of production attributable to such wellbore.

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	160.00	33.3333%
2	160.00	33.3333%
3	160.00	33.3334%
Total	480.00	100.0000%

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**
Revised Feb. 2013

**ONLINE Version
COMMUNITIZATION AGREEMENT**

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"
W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 25 South, Range 32 East, Lea County New Mexico, N.M.P.M

Section 29: SE/4

Township 25 South, Range 32 East, Lea County New Mexico, N.M.P.M

Section 32: E/2

Containing **480.00** acres, more or less, and this agreement shall include only the **Bone Spring** Formation underlying said lands and the hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **April 1, 2021**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator & Lessee of Record:

EOG Resources, Inc.

By

Matthew W. Smith
Agent & Attorney-in-Fact



CL

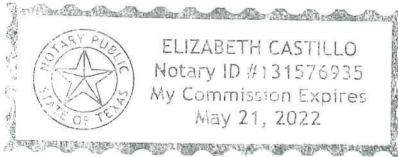
Acknowledgment in a Representative Capacity

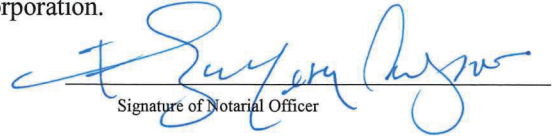
State of Texas)
 ss)

County of Midland)

This instrument was acknowledged before me on this 15th day of December 2020 by Matthew W. Smith, Attorney-in-Fact of EOG Resources, Inc., a Delaware Corporation, on behalf of said corporation.

(Seal)





Signature of Notarial Officer

My commission expires: 5/21/2022

Lessee of Record:

Sharbro Energy, LLC

Elizabeth Baker

By: _____ Elizabeth Baker

Its: Attorney-in-Fact

Acknowledgment in a Representative Capacity

State of New Mexico)

ss)

County of Eddy)

2021

This instrument was acknowledged before me on this 16th day of June, ~~2020~~ by Elizabeth Baker, as
Attorney-in-Fact of Sharbro Energy, LLC, a limited liability corporation, on behalf of said
 corporation.



(Seal)

OFFICIAL SEAL
 BAUBACK ANVARY
 NOTARY PUBLIC, STATE OF NEW MEXICO

MY COMMISSION EXPIRES Sept 17, 2024

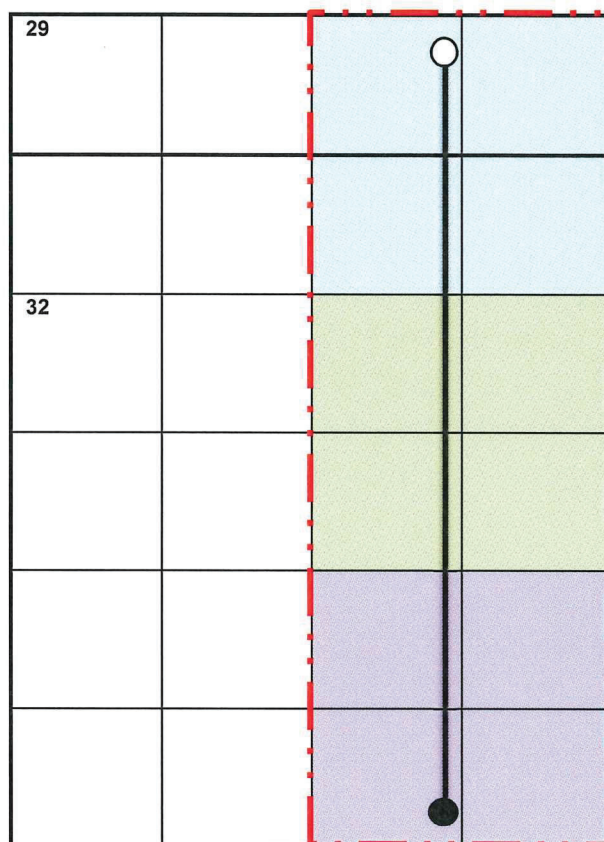
Bauback Anvary
 Signature of Notarial Officer


My commission expires: September 17, 2024

EXHIBIT A

To Communitization Agreement dated April 1, 2021

Plat of communitized area covering the: SE/4 of Section 29, Township 25 South, Range 32 East and E/2 of Section 32, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.



 Proposed communitized area

 Tract 1: USA NM - 108971

 Tract 2: ST NM VB - 787

 Tract 3: ST NM VB - 777

EXHIBIT B

To Communitization Agreement dated April 1, 2021 embracing the SE/4 of Section 29, Township 25 South, Range 32 East and E/2 of Section 32, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.

Operator of Communitized Area: EOG Resources, Inc.

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: USA NM - 108971
 Lease Date: February 1, 2002
 Lease Term: 5 years
 Lessor: The United States of America
 Original Lessee: Yates Drilling Co, ABO Petroleum Corp, and MYCO Industries Inc.
 Present Lessee: EOG Resources, Inc
 Description of Land Committed: Subdivisions SE/4, Sect 29, Twp 25 S, Rng 32E, NMPM, Lea County, NM
 Number of Acres: 160.00 acres
 Royalty Rate: 12.5%
 Name and Percent ORRI Owners: n/a

Name and Percent WIOwners:	EOG Resources, Inc.	0.96105220
	Sharbro Energy, LLC	0.03894780

TRACT NO. 2

Lease Serial No.: ST NM VB 787
 Lease Date: October 1, 2005
 Lease Term: 5 years
 Lessor: State of New Mexico
 Original Lessee: Yates Petroleum Corporation
 Present Lessee: EOG Resources, Inc.
 Description of Land Committed: Subdivisions NE/4 of Sect 32, Twp 25 S, Rng 32E, NMPM, Lea County, NM
 Number of Acres: 160
 Royalty Rate: 3/16
 Name and Percent ORRI Owners: N/A

Name and Percent WIOwners:	EOG Resources, Inc.	0.96105220
	Sharbro Energy, LLC	0.03894780

TRACT NO. 3

Lease Serial No.: ST NM VB 777
 Lease Date: October 1, 2005
 Lease Term: 5 years
 Lessor: State of New Mexico
 Original Lessee: Yates Petroleum Corporation
 Present Lessee: EOG Resources, Inc.
 Description of Land Committed: Subdivisions SE/4 of Sect 32, Twp 25 S, Rng 32E, NMPM, Lea County, NM
 Number of Acres: 160
 Royalty Rate: 3/16
 Name and Percent ORRI Owners: N/A

Name and Percent WIOwners:	EOG Resources, Inc.	0.96105220
	Sharbro Energy, LLC	0.03894780

The parties except and exclude from this Communitization Agreement all production of oil, gas and associated hydrocarbons, including production from the Bone Spring Formation, from the Jefe "BSJ" Federal Com #1 with a surface hole located in the SW/4SE/4 of Section 32 which is located 330' FSL and 1980' FEL. The term "communitized substances" as defined the Communitization Agreement specifically does not include oil, gas and associate hydrocarbons produced from the Jefe BSF Federal Com #1H Well. Production from the Jefe BSF Federal Com #1H Well shall continue to be allocated on the same basis that it has been allocated since its completion and this Communitization Agreement shall in no way alter, affect, or cover the operations production and allocation of proceeds of production attributable to such wellbore.

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	160.00	33.3333%
Tract No.2	160.00	33.3333%
Tract No. 3	<u>160.00</u>	33.3334%
Total	480.00	100.0000%

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**
Revised Feb. 2013

**ONLINE Version
COMMUNITIZATION AGREEMENT**

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"
W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 25 South, Range 32 East, Lea County New Mexico, N.M.P.M

Section 29: SW/4

Township 25 South, Range 32 East, Lea County New Mexico, N.M.P.M

Section 32: W/2

Containing **480.00** acres, more or less, and this agreement shall include only the **Bone Spring** Formation underlying said lands and the hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **April 1, 2021**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator & Lessee of Record:

EOG Resources, Inc.

By _____
Matthew W. Smith
Agent & Attorney-in-Fact



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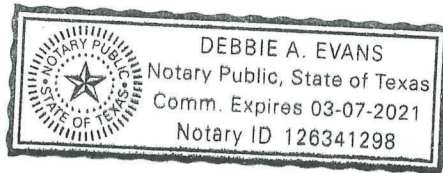
Acknowledgment in a Representative Capacity

State of Texas)
 ss)

County of Midland)

This instrument was acknowledged before me on this 15 day of December, 2020 by Matthew W. Smith, Attorney-in-Fact of EOG Resources, Inc., a Delaware Corporation, on behalf of said corporation.

(Seal)



Debbie AE

Signature of Notarial Officer

My commission expires: 3/7/2021

Lessee of Record:

Sharbro Energy, LLC

Elizabeth Baker

By: _____ Elizabeth Baker

Its: Attorney-in-Fact

Acknowledgment in a Representative Capacity

State of New Mexico)

ss)

County of Eddy)

This instrument was acknowledged before me on this 16th day of June, 2021 by Elizabeth Baker, as
Attorney-in-Fact of Sharbro Energy, LLC, a limited liability corporation, on behalf of said
 corporation.

Bauback Anvary
 Signature of Notarial Officer

(Seal)

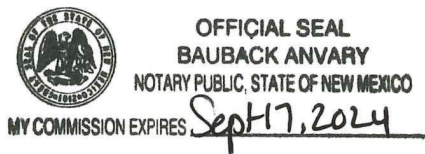
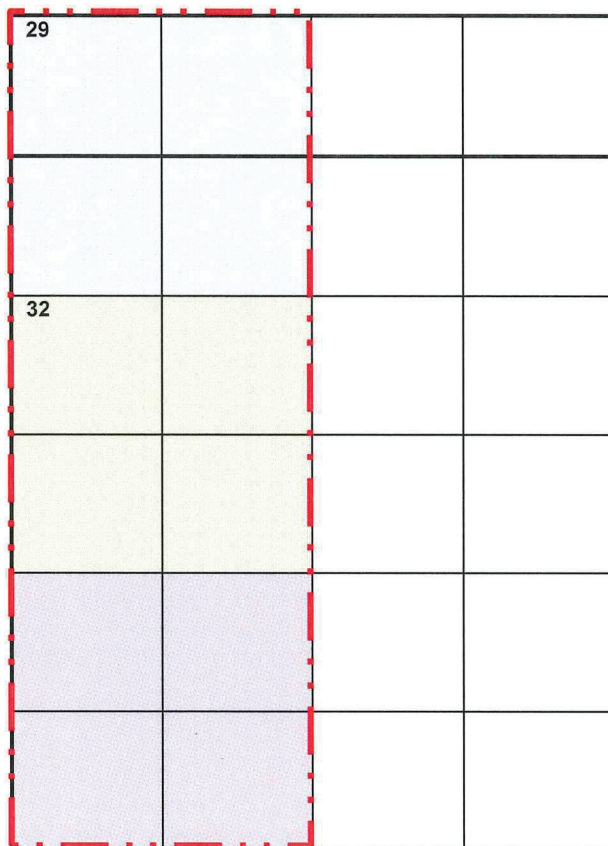
My commission expires: September 17, 2024

EXHIBIT A

To Communitization Agreement dated April 1, 2021

Plat of communitized area covering the: SW/4 of Section 29, Township 25 South, Range 32 East and W/2 of Section 5, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.



 Proposed communitized area

 Tract 1: USA NM - 108971

 Tract 2: ST NM VB - 787

 Tract 3: ST NM VB - 777

EXHIBIT B

To Communitization Agreement dated April 1, 2021 embracing the SW/4 of Section 29, Township 25 South, Range 32 East and W/2 of Section 32, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.

Operator of Communitized Area: EOG Resources, Inc.

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: USA NM - 108971
 Lease Date: February 1, 2002
 Lease Term: 5 years
 Lessor: The United States of America
 Original Lessee: Yates Drilling Co, ABO Petroleum Corp, and MYCO Industries Inc.
 Present Lessee: EOG Resources, Inc
 Description of Land Committed: Subdivisions SW/4, Sect 29, Twp 25 S, Rng 32E, NMPM, Lea County, NM
 Number of Acres: 160.00 acres
 Royalty Rate: 12.5%
 Name and Percent ORRI Owners: n/a

Name and Percent WIOwners:	EOG Resources, Inc.	0.96105220
	Sharbro Energy, LLC	0.03894780

TRACT NO. 2

Lease Serial No.: ST NM VB 787
 Lease Date: October 1, 2005
 Lease Term: 5 years
 Lessor: State of New Mexico
 Original Lessee: Yates Petroleum Corporation
 Present Lessee: EOG Resources, Inc.
 Description of Land Committed: Subdivisions NW/4 of Sect 32, Twp 25 S, Rng 32E, NMPM, Lea County, NM
 Number of Acres: 160
 Royalty Rate: 3/16
 Name and Percent ORRI Owners: N/A

Name and Percent WIOwners:	EOG Resources, Inc.	0.96105220
	Sharbro Energy, LLC	0.03894780

TRACT NO. 3

Lease Serial No.: ST NM VB 777
 Lease Date: October 1, 2005
 Lease Term: 5 years
 Lessor: State of New Mexico
 Original Lessee: Yates Petroleum Corporation
 Present Lessee: EOG Resources, Inc.
 Description of Land Committed: Subdivisions SW/4 of Sect 32, Twp 25 S, Rng 32E, NMPM, Lea County, NM
 Number of Acres: 160
 Royalty Rate: 3/16
 Name and Percent ORRI Owners: N/A

Name and Percent WIOwners:	EOG Resources, Inc.	0.96105220
	Sharbro Energy, LLC	0.03894780

The parties except and exclude from this Communitization Agreement all production of oil, gas and associated hydrocarbons, including production from the Bone Spring Formation, from the Presidente BPD St Com #1 with a surface hole located in the NW/4NW/4 of Section 32 which is located 330' FNL and 660' FWL. The term "communitized substances" as defined the Communitization Agreement specifically does not include oil, gas and associate hydrocarbons produced from the Presidente BPD St Com #1 Well. Production from the Presidente BPD St Com #1 Well shall continue to be allocated on the same basis that it has been allocated since its completion and this Communitization Agreement shall in no way alter, affect, or cover the operations production and allocation of proceeds of production attributable to such wellbore.

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	160.00	33.3333%
Tract No.2	160.00	33.3333%
Tract No. 3	<u>160.00</u>	33.3334%
Total	480.00	100.0000%

From: [Engineer, OCD, EMNRD](#)
To: [Lisa Trascher](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](#); [Glover, James](#); [Paradis, Kyle Q](#); [Walls, Christopher](#); [Dawson, Scott](#)
Subject: Approved Administrative Order CTB-1023
Date: Monday, March 7, 2022 4:44:46 PM
Attachments: [CTB1023 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1023 which authorizes EOG Resources, Inc. (7377) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-48836	Jefe 29 Federal Com #501H	SW/4	29-25S-32E	97903
		W/2	32-25S-32E	
30-025-48837	Jefe 29 Federal Com #502H	SW/4	29-25S-32E	97903
		W/2	32-25S-32E	
30-025-48839	Jefe 29 Federal Com #504H	SW/4	29-25S-32E	97903
		W/2	32-25S-32E	
30-025-48840	Jefe 29 Federal Com #505H	SW/4	29-25S-32E	97903
		W/2	32-25S-32E	
30-025-48841	Jefe 29 Federal Com #506H	SE/4	29-25S-32E	97903
		E/2	32-25S-32E	
30-025-48842	Jefe 29 Federal Com #507H	SE/4	29-25S-32E	97903
		E/2	32-25S-32E	

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY EOG RESOURCES, INC.**

ORDER NO. CTB-1023

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. EOG Resources, Inc. (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
7. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.
8. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

CONCLUSIONS OF LAW

9. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
13. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
14. Applicant did not give adequate notice that it sought authorization to add pools, leases, or wells as required by 19.15.12.10.C.(4)(g) NMAC.
15. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery described in Exhibit A.

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or

NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
4. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
5. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
6. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
7. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
8. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.

9. Applicant's request for authorization to add pools, leases, and wells prospectively pursuant to 19.15.12.10.C.(4)(g) NMAC is denied.
10. If a well is not included in Exhibit A but produces from a pool or lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well and proposed method to determine the allocation of oil and gas production to it.
11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
12. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
13. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 3/07/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **CTB-1023**

Operator: **EOG Resources, Inc. (7377)**

Central Tank Battery: **Jefe 29 Federal Com Central Tank Battery**

Central Tank Battery Location: **Units J O, Section 29, Township 25 South, Range 32 East**

Gas Title Transfer Meter Location:

Pools

Pool Name	Pool Code
WC-025 G-08 S253235G; LWR BONE SPRIN	97903

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 108971	S/2	29-25S-32E
VB 07870001	N/2	32-25S-32E
VB 07770001	S/2	32-25S-32E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-48836	Jefe 29 Federal Com #501H	SW/4	29-25S-32E	97903
		W/2	32-25S-32E	
30-025-48837	Jefe 29 Federal Com #502H	SW/4	29-25S-32E	97903
		W/2	32-25S-32E	
30-025-48839	Jefe 29 Federal Com #504H	SW/4	29-25S-32E	97903
		W/2	32-25S-32E	
30-025-48840	Jefe 29 Federal Com #505H	SW/4	29-25S-32E	97903
		W/2	32-25S-32E	
30-025-48841	Jefe 29 Federal Com #506H	SE/4	29-25S-32E	97903
		E/2	32-25S-32E	
30-025-48842	Jefe 29 Federal Com #507H	SE/4	29-25S-32E	97903
		E/2	32-25S-32E	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **CTB-1023**
Operator: **EOG Resources, Inc. (7377)**

Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Bone Spring NMNM 143526	SW/4 W/2	29-25S-32E 32-25S-32E	480	A
CA Bone Spring NMNM 143525	SE/4 E/2	29-25S-32E 32-25S-32E	480	B

Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
NMNM 108971	SW/4	29-25S-32E	160	A
VB 07870001	NW/4	32-25S-32E	160	A
VB 07770001	SW/4	32-25S-32E	160	A
NMNM 108971	SE/4	29-25S-32E	160	B
VB 07870001	NE/4	32-25S-32E	160	B
VB 07770001	SE/4	32-25S-32E	160	B

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 48730

CONDITIONS

Operator: EOG RESOURCES INC P.O. Box 2267 Midland, TX 79702	OGRID: 7377
	Action Number: 48730
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	3/7/2022