

## Bureau of Land Management

Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972

### Conditions of Approval Off-Lease Storage and Lease/CA/PA Commingling of Measurement and Sales of Oil and Gas Production

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
  - a. All well tests for allocation shall be performed per NMOCD requirements.
2. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the public's interest (surface and/or subsurface).
3. Submittal of a new surface commingling sundry is required if:
  - a. There are any changes to the allocation methodology
  - b. Proposed Communitization Agreements (CA) are not approved or are approved with changes to the original proposal
4. If new surface disturbance on BLM managed land is proposed, the operator shall submit appropriate surface use plan of operations and right-of-way grant applications to the Carlsbad Field Office for approval prior to any construction.
5. Off-lease measurement, storage, and sales from sources in this package are approved.
6. Allocation meters will meet the standards the operator proposed in the sundry.
7. Within 30 days of implementing the allocation methodology in this application, the operator shall submit a new site facility diagram via Sundry Notice which meets the requirements of **43 CFR 3173.11**. Include the effective date for the allocation methodology with the sundry notice.
  - a. In lieu of FMP numbers on the site facility diagram, include all meter serial numbers or assign unique meter ID numbers that are reflected and identifiable in the field. This is to include allocation meters.
8. This approval does not allow for a variance from 43 CFR 3170.4. This approval does not authorize bypasses around any approved measurement point, nor does it approve the use of headers capable of acting as a bypass.
9. This approval does not authorize royalty-free fuel usage at the compressor station downstream of the CTB's FMPs; it must be an additional request separate from this application:
  - a. Submit an additional Sundry Notice containing the information required under **43 CFR 3178.9**. Note: A variance to 43 CFR 3178.7(b)(2) may be granted as long as the fuel gas is being metered and is allocable back to the participating wells.

Well Name	Well Number	US Well Number	Lease Number	Case Number	Operator
VALIANT 24 FED	702H	300254656900S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	605H	300254622700S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	709H	300254623200S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	706H	300254622900S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	602H	300254656700S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	701H	300254656800S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	705H	300254657200S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	708H	300254623100S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	743H	300254682600S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	506H	300254717500X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	511H	300254798900X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	704H	300254657100S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	508H	300254797000X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	703H	300254657000S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	722H	300254657400S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	505H	300254716000X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	721H	300254657300S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	509H	300254797100X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	503H	300254656600X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	504H	300254691800X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	723H	300254623300S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	724H	300254623400S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	507H	300254796900X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	710H	300254629600S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	604H	300254622800S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	741H	300254690600S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	707H	300254623000X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	502H	300254656400X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	510H	300254797200X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	501H	300254656500X1	NMNM15317	NMNM15317	EOG

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VALIANT 24 FED	602H	300254656700S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	701H	300254656800S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	705H	300254657200S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	708H	300254623100S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	743H	300254682600S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	506H	300254717500X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	511H	300254798900X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	704H	300254657100S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	508H	300254797000X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	703H	300254657000S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	722H	300254657400S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	505H	300254716000X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	721H	300254657300S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	509H	300254797100X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	503H	300254656600X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	504H	300254691800X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	723H	300254623300S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	724H	300254623400S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	507H	300254796900X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	710H	300254629600S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	604H	300254622800S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	741H	300254690600S1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	707H	300254623000X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	502H	300254656400X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	510H	300254797200X1	NMNM15317	NMNM15317	EOG
VALIANT 24 FED	501H	300254656500X1	NMNM15317	NMNM15317	EOG

## APPLICATION FOR SURFACE POOL/LEASE COMMINGLING

EOG Resources, Inc. (“EOG”) respectfully requests approval to surface pool/lease commingle oil & gas from all existing and future wells in S/2 of Section 24 and all of Section 25 for Leases NM NM 15317 and NM NM 110836. 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
VALIANT 24 FED COM #706H	J-24-25S-32E	30-025-46229	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #709H	J-24-25S-32E	30-025-46232	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #710H	I-24-25S-32E	30-025-46296	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #714H	K-24-25S-32E	30-025-46228	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #723H	K-24-25S-32E	30-025-46233	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #725H	J-24-25S-32E	30-025-46227	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #728H	I-24-25S-32E	30-025-46231	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #744H	K-24-25S-32E	30-025-46234	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #701H	L-24-25S-32E	30-025-46568	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #704H	K-24-25S-32E	30-025-46571	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #705H	K-24-25S-32E	30-025-46572	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #711H	I-24-25S-32E	30-025-46573	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #712H	K-24-25S-32E	30-025-46569	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #713H	L-24-25S-32E	30-025-46570	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #722H	J-24-25S-32E	30-025-46574	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #741H	J-24-25S-32E	30-025-46906	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #742H	L-24-25S-32E	30-025-46567	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #743H	K-24-25S-32E	30-025-46826	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]
VALIANT 24 FED COM #501H	L-24-25S-32E	30-025-46565	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #502H	L-24-25S-32E	30-025-46564	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #503H	K-24-25S-32E	30-025-46566	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #504H	J-24-25S-32E	30-025-46918	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #505H	J-24-25S-32E	30-025-46230	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #506H	I-24-25S-32E	30-025-47175	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #507H	L-24-25S-32E	30-025-47969	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #508H	K-24-25S-32E	30-025-47970	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #509H	J-24-25S-32E	30-025-47971	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #510H	J-24-25S-32E	30-025-47972	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #511H	I-24-25S-32E	30-025-47989	WC-025 G-08 S253235G; Lwr Bone Spring [97903]
VALIANT 24 FED COM #707H	J-24-25S-32E	30-025-46230	WC-025 G-09 S2533309P; Upper Wolfcamp [98180]

\*projected, pending completion

**GENERAL INFORMATION :**

- Federal lease NM NM 015317 covers 1160.84 acres including the N/2 of the S/2 of Section 24 in Township 25 South, Range 32 East, Lea County, New Mexico.
- Federal lease NM NM 110836 covers 1160 acres including the S/2 of the S/2 of Section 24 and all of Section 25 in Township 25 South, Range 32 East, Lea County, New Mexico.
- The central tank battery to service the subject wells is located in the N/2 of the S/2 of Section 24 in Township 25 South, Range 32 East, Lea County, New Mexico on Federal lease NM NM 15317.
- Notification to commingle production from the subject wells is being submitted to the NMOCD.
- Enclosed herewith is a map that displays the leases, communitization agreements, the location of the subject wells, location of existing or planned facilities, piping included in the CAA and the location of existing or proposed FMP.

<b>Lease(s)</b>	<b>Production (oil, gas, or both)</b>	<b>Royalty Rate</b>
NM NM 015317	Both	12.5%
NM NM 110836	Both	12.5%

<b>Communitization Agreements (CA)</b>	<b>Leases in CA</b>	<b>Ownership %</b>	<b>Status</b>	<b>Production (oil, gas, or both)</b>	<b>Royalty Rate</b>
W2 Bone Spring	NM NM 015317 & NM NM 110836	100% Federal Interest	Drafted	Both	12.5%
E2 Bone Spring	NM NM 118726 & V0-4422-2	100% Federal Interest	Drafted	Both	12.5%
W2 Wolfcamp	NM NM 118726 & V0-4422-2	100% Federal Interest	Drafted	Both	12.5%
E2 Wolfcamp	NM NM 118726 & V0-4422-2	100% Federal Interest	Drafted	Both	12.5%

**FUTURE ADDITIONS**

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 and Wolfcamp Pools (WC-025 G-09 S253309P; Upper Wolfcamp [98180] and WC-025 G-08 S253235G; Lwr Bone Spring [97903]) from Lease’s NM NM 015317 and NM NM 110836 and Communitization agreements listed above.

Because Statewide rule 19.15.12.10 is silent on the addition of wells to a commingling application, EOG respectfully requests authority to add additional wells wholly contained within the leases and pools identified and approved in this application by filing a Subsequent Report Sundry to the Engineering Bureau in Santa Fe and filing an Amendment with the NMOCD. Notice to owners shall not be required when amending the application to add wells wholly contained within leases and pools previously approved for commingling authority.

# PRORATED ALLOCATION

## GAS ALLOCATION

Each well has a Wellhead (WH) meter and a Gas Lift (GL) meter. The CTB has a FC Meter that measures the volume of gas that leaves the CTB, this FC meter is considered an FMP. The INJ BB meter that measures off-lease gas coming on lease used for gas lift from the gathering line is considered an FMP.

1. Buyback FM is the volume of off-lease gas used for gas lift and to run the compressor, it is calculated by Buyback – Comp Fuel,
2. Allocated Gas Lift is the Buyback FM volume allocated to the wells based on measured gas lift volume. The booster is downstream of the Gas Lift (GL) meter, booster fuel subtracted from allocated gas lift volume.
3. Net Well Production is base amount of production not used for gas lift or booster fuel and is calculated by subtracting Allocated Gas Lift (GL) volume from the wellhead (WH) meter reading. If there is a volume on the LP Flare (PFL) it is also deducted to determine Net Well Production for allocation purposes.
4. Theoretical % used for the allocation of production/sales is calculated by dividing the Net Well Production volume for each well into the sum of the Net Well Production.
5. CTB FC-INJ BB (Net CTB Gas) is volume of gas for royalty purposes, off lease gas is netted out of FMP meter volume. FC Meter – (INJ BB Meter – GL Compressor & Booster fuel). This gives you the volume of gas for royalty purposes that was produced/sold from the CTB.
6. Theoretical % for each well is multiplied by the Net CTB Gas.
7. HP Flare is volume of gas flared from the CTB, allocated to wells by Theoretical % for each well \* HP FL volume.
8. LP Flare measures gas from an individual well that is flared. Volume is copied from the LP flare meter to a well pseudo flare meter. The volume on the pseudo flare meter is allocated to the appropriate well that flared.
9. Lease use is the volume of gas used by the equipment on the CTB allocated to the wells by Lease Use volume/total hours produced by all wells on CTB \* each wells Hours On.
10. VRU measures the gas from the oil tanks, is allocated based on allocated oil production for each well. VRU is an FMP. VRU measured volume \* theoretical % of oil produced. Each well's oil measured volume/by sum of all oil measured volumes on CTB = theoretical oil volume.
11. Total Net FMP Volumes is total sold from the CTB to the gathering line and is calculated by Net CTB Gas + VRU.
12. Allocated Production is all gas produced by CTB and is calculated by adding Total Net FMP Volumes+ HP Flare + LP Flare (Pseudo) + Lease Use.
13. Total Net FMP Volumes is total sold from the CTB to the gathering line and is calculated by Net CTB

## OIL ALLOCATION

Each well has an oil meter measuring the volume of oil produced by the well. This volume is used as the basis to prorate CTB Allocated Production and Ending Tank Inventory to each well.

1. Theoretical % of Production is the % of production that will be allocated to each well. It is calculated by dividing each oil meter volume by the sum of the oil meters.

2. CTB Allocated Production is theoretical production for the CTB. It is calculated by Sales + Ending Inventory – Beginning Inventory
3. Allocated Well Production is the share of the CTB Allocated Production for each well and is calculated by multiplying the theoretical % of production by the CTB Allocated Production
4. CTB Available for Sale is the calculated total for sale on the CTB, it is calculated by adding Allocated Production + Beginning Inventory
5. Available for Sale is the volume available for sale for each well and is calculated by adding Allocated Well Production to Beginning Inventory.
6. Theoretical % Available for Sale is the % of available sales for each well, calculated by dividing Available Sale by CTB Available for Sale for each well
7. Allocated Sales is the Pipeline LACT (FMP) allocated to each well based on theoretical % of available for sale. It is calculated by multiplying theoretical % Available for Sale by the Pipeline LACT (FMP) volume.
8. Beginning Inventory comes from previous accounting period's Ending Inventory for each well.
9. Ending Inventory for each well is calculated by multiplying the Theoretical % of production by the combined volume from the oil tanks at the CTB to each well.

## **WATER ALLOCATION**

Each well has a water meter measuring the volume of water produced by the well. This volume is used as the basis to prorate CTB Allocated Production and Ending Tank Inventory to each well.

1. Theoretical % of Production is the % of production that will be allocated to each well. It is calculated by dividing each water meter volume by the sum of the water meters.
2. CTB Allocated Production is theoretical production for the CTB. It is calculated by Transferred + Ending Inventory – Beginning Inventory
3. Allocated Well Production is the share of the CTB Allocated Production for each well and is calculated by multiplying the theoretical % of production by the CTB Allocated Production
4. CTB Available for Transfer is the calculated total for transfer on the CTB, it is calculated by adding Allocated Production + Beginning Inventory
5. Available for Transfer is the volume available for transfer for each well and is calculated by adding Allocated Well Production to Beginning Inventory.
6. Theoretical % Available for Transfer is the % of available transfer for each well, calculated by dividing Available Transfer by CTB Available for Transfer for each well
7. Allocated Transfer is the Water Transfer Meter volume allocated to each well based on theoretical % of available for transfer. It is calculated by multiplying theoretical % Available for Transfer by the Water Transfer Meter volume.
8. Beginning Inventory comes from previous accounting period's Ending Inventory for each well.
9. Ending Inventory for each well is calculated by multiplying the Theoretical % of production by the combined volume from the water tanks at the CTB to each well.

Manually Entered Metered Volumes from meter statement

ALLOCATION METHODOLOGY USED TO DETERMINE TOTAL NET CTB GAS VOLUME FOR CTB FOR ROYALTY PURPOSES

Allocated volumes for reporting on OGOR

ID	IDENTIFICATION NUMBER	Unique number assigned to each meter used in measurement of gas for CTB
WH MTR	WELLHEAD	Measures the gas from the separator on each individual well
GL METER	GAS LIFT	Measures the volume of gas that was injected into the well for gas lift
METER READING		Volume from the orifice meter measuring gas produced from the wells/CTB
HOURS ON		Number of hours well is producing, used in the allocation of Lease Use volume
NET WELL PRODUCTION		Formula to calculate the volume of native gas the well produced (WH - GL), PFL volume is subtracted out of native production, flaring impacted that well only
THEORETICAL %		Allocation % calculated by Net Well Production for each well/total Net Well Production for CTB
CTB FC-INJ FM (NET CTB GAS)		Formula to calculate the volume of gas for royalty purposes, off lease gas is netted out of FMP meter volume (FC Meter - LGL INJ BB meter-booster fuel)
ALLOCATED GAS LIFT		LGL INJ BB gas allocated to the well based on gas lift meter readings minus booster fuel, (boosters are downstream of GL meter)
FC METER (FMP)	FACILITY CHECK	Facility Check meter, term used for meter that measures the volume of gas that leaves the CTB, considered the FMP of the CTB.
LGL INJ BB METER (FMP)	INJECTION BUYBACK	Measures off lease gas from the Localized Gas Lift Station coming on lease used for gas lift, considered an FMP due to this meter being used in the determination of the volume of royalty bearing gas
HP FL METER	HIGH PRESSURE	Measures the high pressure flare volumes from CTB
LP FL METER	LOW PRESSURE	Measures the low pressure flare volumes from a well, CTB designed to send one well to flare when needed, volume copied to pseudo flare meter for well that flared
PFL	PSUEDO FLARE	Pseudo meter set up to allocate the LP flare volume to the well that flared it
VRU	VAPOR RECOVERY UNIT	Measures the gas from the oil tanks, allocation based on allocated oil production for each well, VRU meter is an FMP, volume is part of royalty
CTB	CENTRAL TANK BATTERY	A group of wells producing into same FMP
ALLOCATED PRODUCTION		Total production from CTB calculated by Net CTB gas + HP Flare + LP Flare + Lease Use + VRU
TOTAL NET FMP VOLUMES		Total volume sold by CTB calculated by Net CTB Gas + VRU
FMP	FACILITY MEASUREMENT POINT	BLM approved point of royalty measurement
OGOR	OIL & GAS OPERATOR REPORT	Production report reported to the Office of Natural Resources Revenue (ONRR)
LEASE USE EQUIPMENT		Equipment on lease that uses gas produced by the CTB to operate (heater, pilot) - allocated by hours well produced.
BOOSTER FUEL		High pressure compressor used to boost pressure for gas lift, compressor uses gas to operate and is located downstream of gas lift meter, manufacture usage rate is used

WELLNAME	NMNM015317	NMNM110836	WH MTR ID	WH METER READINGS	GL MTR ID	GL METER READINGS	ALLOCATED GL	BOOSTER FUEL	ALLOCATED GL-BOOSTER FUEL	HOURS ON	LP FLARE/PSUEDO	NET WELL PRODUCTION	THEORETICAL %	CTB FC-INJ BB NET CTB GAS (ROYALTY FMP)	HP FLARE	LEASE USE	VRU	ALLOCATED PRODUCTION	TOTAL NET FMP VOLUMES
VALIANT 24 FC 501H	X	X	XXXXXXXX	985	XXXXXXXX	625.2	628.29		628.29	15	-	356.71	0.02	346.34	-	1.48	2.11	350	348
VALIANT 24 FC 502H	X	X	XXXXXXXX	1685.43	XXXXXXXX	626.2	629.29		629.29	24	-	1,056.14	0.06	1,025.42	-	2.37	21.15	1,049	1,047
VALIANT 24 FC 503H	X	X	XXXXXXXX	1226.23	XXXXXXXX	627.2	630.30		630.30	24	-	595.93	0.03	578.60	-	2.37	29.50	610	608
VALIANT 24 FC 504H	X	X	XXXXXXXX	1800.2	XXXXXXXX	628.2	631.30		631.30	24	-	1,168.90	0.06	1,134.90	-	2.37	30.79	1,168	1,166
VALIANT 24 FC 505H	X	X	XXXXXXXX	1683.45	XXXXXXXX	629.2	632.31		632.31	22	-	1,051.14	0.06	1,020.57	-	2.17	40.45	1,063	1,061
VALIANT 24 FC 506H	X	X	XXXXXXXX	1675.3	XXXXXXXX	630.2	633.31		633.31	24	-	1,041.99	0.06	1,011.68	-	2.37	37.57	1,052	1,049
VALIANT 24 FC 507H	X	X	XXXXXXXX	1261.2	XXXXXXXX	631.2	634.32		634.32	24	-	626.88	0.03	608.65	-	2.37	34.99	646	644
VALIANT 24 FC 508H	X	X	XXXXXXXX	882.6	XXXXXXXX	632.2	635.32		635.32	24	-	247.28	0.01	240.08	-	2.37	20.21	263	260
VALIANT 24 FC 509H	X	X	XXXXXXXX	968.5	XXXXXXXX	633.2	636.33		636.33	24	40.00	332.17	0.02	322.51	-	2.37	19.00	384	342
VALIANT 24 FC 510H	X	X	XXXXXXXX	1965.25	XXXXXXXX	634.2	637.33		637.33	24	-	1,327.92	0.07	1,289.30	-	2.37	19.27	1,311	1,309
VALIANT 24 FC 511H	X	X	XXXXXXXX	1856.52	XXXXXXXX	635.2	638.34		638.34	24	-	1,218.18	0.07	1,182.75	-	2.37	19.50	1,205	1,202
VALIANT 24 FC 701H	X	X	67646409	1795.42	67646429	1219.97	1226.00		1226.00	24	-	569.42	0.03	552.86	-	2.37	14.71	570	568
VALIANT 24 FC 704H	X	X	67646410	1826.23	67646430	1162.32	1168.06		1168.06	23	-	658.17	0.04	639.03	-	2.27	16.84	658	656
VALIANT 24 FC 705H	X	X	67646411	1975.94	67646431	1457.88	1465.08	8.00	1457.08	23	-	510.86	0.03	496.00	-	2.27	19.00	517	515
VALIANT 24 FC 706H	X	X	67646401	1641.05	67646421	1250.22	1256.40		1256.40	24	-	384.65	0.02	373.47	-	2.37	16.26	392	390
VALIANT 24 FC 707H	X	X	XXXXXXXX	1444.2	XXXXXXXX	1205	1210.95		1210.95	24	25.00	233.25	0.01	226.46	-	2.37	15.40	269	242
VALIANT 24 FC 709H	X	X	67646402	2523.9	67646422	2099.8	2110.17		2110.17	16	-	413.73	0.02	401.69	-	1.58	14.92	418	417
VALIANT 24 FC 710H	X	X	67646403	1745.73	67646423	1254.33	1260.53		1260.53	24	-	485.20	0.03	471.09	-	2.37	31.65	505	503
VALIANT 24 FC 711H	X	X	67646412	1783.44	67646432	1220.79	1226.82	8.00	1218.82	24	-	556.62	0.03	540.43	-	2.37	16.05	559	556
VALIANT 24 FC 712H	X	X	67646413	1574.37	67646413	1211.28	1217.26		1217.26	24	-	357.11	0.02	346.72	-	2.37	25.82	375	373
VALIANT 24 FC 713H	X	X	67646414	1258.6	67646434	985.5	990.37		990.37	24	-	268.23	0.01	260.43	-	2.37	28.95	292	289
VALIANT 24 FC 714H	X	X	67646404	987.6	67646424	788	791.89		791.89	24	-	195.71	0.01	190.01	-	2.37	35.08	227	225
VALIANT 24 FC 722H	X	X	67646415	1824.1	67646435	1542	1549.62		1549.62	24	-	274.48	0.02	266.50	-	2.37	18.11	287	285
VALIANT 24 FC 723H	X	X	67646405	1342.8	67646425	928.7	933.29		933.29	24	-	409.51	0.02	397.60	-	2.37	18.81	419	416
VALIANT 24 FC 725H	X	X	67646406	1895.22	67646426	1359.11	1365.83		1365.83	24	-	529.39	0.03	514.00	-	2.37	29.10	545	543
VALIANT 24 FC 728H	X	X	67646407	2325.99	67646427	1492.66	1500.04	8.00	1492.04	24	-	825.95	0.05	801.93	-	2.37	32.61	837	835
VALIANT 24 FC 741H	X	X	67646416	1870.1	67646436	1207.9	1213.87		1213.87	24	-	656.23	0.04	637.15	-	2.37	32.50	672	670
VALIANT 24 FC 742H	X	X	67646417	2598.78	67646437	1703.41	1711.83		1711.83	24	-	886.95	0.05	861.16	-	2.37	17.74	881	879
VALIANT 24 FC 743H	X	X	67646418	2496.78	67646438	1988.77	1998.60		1998.60	24	-	498.18	0.03	483.69	-	2.37	1.92	488	486
TOTALS				1461.06		901.49	905.94		905.94	24	-	555.12	0.03	538.97	-	2.37	-	541	539

CTB Meter Name	CTB Meter ID	Meter Readings
FC METER (FMP)	67646451	49,853
LGL INJ BB METER (FMP)	67646483	32,069
HP FL METER	67646456	0
LP FL METER	67646457	65
PFL 707H		25
PFL 509H		40
VRU	67646486	660
LEASE USE EQUIPMENT		69
BOOSTER FUEL 705H		8
BOOSTER FUEL 711H		8
BOOSTER FUEL 728H		8
ALLOCATED PRODUCTION		18,554
CTB FC-INJ FM (NET CTB GAS)		17,760
TOTAL NET FMP VOLUMES		18,420



**Manually Entered Metered Volumes from meter statement and tank inventories from gauged tanks**

**ALLOCATION METHONOLGY USED TO DETERMINE ALLOCATED WATER PRODUCTION AND WATER TRANSFERRED OFF THE CTB TO EACH WELL**

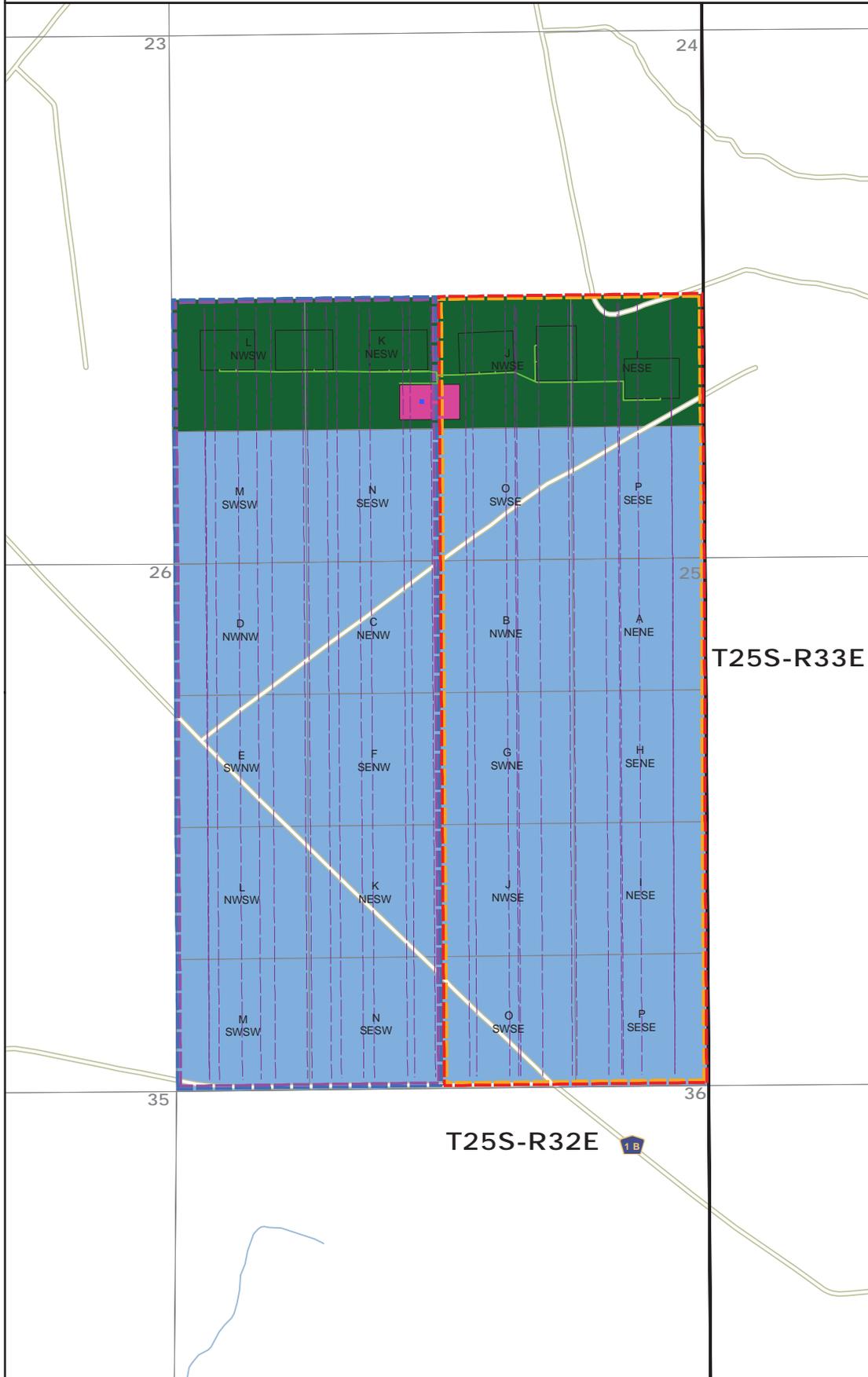
**Allocated volumes for reporting on OGOR**

WATER METER	Measures volume of water from the separator on each individual well used as basis for prorating CTB Allocated Production and Ending Tank Inventory to each well	
THEORETICAL % PRODUCTION	Theoretical % is calculated by dividing Water Meter volume for each well into sum of water meters from the CTB	
CTB ALLOCATED PRODUCTION	CTB Allocated Production is the theoretical production for the CTB, (Water Transfer + ending inventory-beginning inventory)	
ALLOCATED WELL PRODUCTION	Volume of CTB Allocated Production to each well, Theoretical % * CTB Allocated Production	
CTB AVAILABLE FOR TRANSFER	Formula to calculate total for transfer on the CTB (CTB Allocated Production + Beginning Inventory)	
AVAILABLE FOR TRANSFER	Volume of CTB Available for Transfer, water allocated to each well, (CTB Allocated Production + Beginning Tank Inventory)	
THEORETICAL % AVAILABLE FOR TRANSFER	Allocation % of available transfer for each well, Available for Transfer/CTB Available for Transfer	
ALLOCATED WTR TRANSFERRED	Water Transfer Meter allocated to each well based on theoretical % of available for transfer	
WATER TRANSFER METER	Measures volume of water transferred off the CTB to disposal	
BEGINNING TANK INVENTORY	2 - 750 BBL TANKS	Inventory from previous accounting period's calculate ending inventories. In the case of new CTBs during any accounting period, open inventory equals zero
ENDING TANK INVENTORY	2 - 750 BBL TANKS	Theoretical % of production multiplied by combined volume from the water tanks at CTB for each well

WELLNAME	WATER METER	THEORETICAL % OF PRODUCTION	ALLOCATED WELL PRODUCTION	AVAILABLE TO TRANSFER	Theoretical % AVAILABLE FOR SALE	ALLOCATED WATER TRANSFERRED	BEG INV	END INV
VALIANT 24 FC 501H	22	0.008562477	20.11	45.77	0.0125785	31	25.660	9.76
VALIANT 24 FC 502H	100.4	0.039076031	91.79	128.44	0.0352953	88	36.650	44.55
VALIANT 24 FC 503H	123.51	0.048070524	112.92	155.42	0.0427089	107	42.500	54.80
VALIANT 24 FC 504H	125.71	0.048926771	114.93	177.12	0.0486724	122	62.190	55.78
VALIANT 24 FC 505H	188.15	0.073228638	172.01	231.34	0.0635735	159	59.330	83.48
VALIANT 24 FC 506H	176.2	0.068577656	161.09	218.59	0.0600684	150	57.500	78.18
VALIANT 24 FC 507H	152.6	0.059392453	139.51	185.95	0.0511000	128	46.440	67.71
VALIANT 24 FC 508H	95.5	0.037168934	87.31	124.75	0.0342813	86	37.440	42.37
VALIANT 24 FC 509H	53.5	0.020822387	48.91	97.35	0.0267523	67	48.440	23.74
VALIANT 24 FC 510H	120.2	0.04678226	109.89	169.33	0.0465324	116	59.440	53.33
VALIANT 24 FC 511H	142	0.055266896	129.82	180.26	0.0495361	124	50.440	63.00
VALIANT 24 FC 701H	123.12	0.047918734	112.56	155.00	0.0425944	106	42.440	54.63
VALIANT 24 FC 704H	34.56	0.013450873	31.60	100.20	0.0275340	69	68.600	15.33
VALIANT 24 FC 705H	48.21	0.0187635	44.08	100.48	0.0276107	69	56.400	21.39
VALIANT 24 FC 706H	51.91	0.020203553	47.46	104.26	0.0286502	72	56.800	23.03
VALIANT 24 FC 707H	70.25	0.027341546	64.23	129.66	0.0356294	89	65.430	31.17
VALIANT 24 FC 709H	69.67	0.027115807	63.70	94.20	0.0258849	65	30.500	30.91
VALIANT 24 FC 710H	72.6	0.028256174	66.37	133.81	0.0367721	92	67.440	32.21
VALIANT 24 FC 711H	10	0.003892035	9.14	52.64	0.0144662	36	43.500	4.44
VALIANT 24 FC 712H	55.08	0.021437329	50.36	99.86	0.0274406	69	49.500	24.44
VALIANT 24 FC 713H	32.59	0.012684142	29.80	80.10	0.0220102	55	50.300	14.46
VALIANT 24 FC 714H	67.55	0.026290696	61.76	111.46	0.0306284	77	49.700	29.97
VALIANT 24 FC 722H	76.14	0.029633954	69.61	108.24	0.0297445	74	38.630	33.78
VALIANT 24 FC 723H	35.8	0.013933485	32.73	61.72	0.0169606	42	28.990	15.88
VALIANT 24 FC 725H	110.9	0.043162668	101.39	133.79	0.0367653	92	32.400	49.21
VALIANT 24 FC 728H	95.5	0.037168934	87.31	109.81	0.0301758	75	22.500	42.37
VALIANT 24 FC 741H	53.5	0.020822387	48.91	61.11	0.0167936	42	12.200	23.74
VALIANT 24 FC 742H	120.2	0.04678226	109.89	143.31	0.0393821	98	33.420	53.33
VALIANT 24 FC 743H	142	0.055266896	129.82	145.02	0.0398521	100	15.200	63.00
<b>FACILITY TOTALS</b>	2,569		2349	3639		2499	1290	1140

CTB ALLOCATED PRODUCTION	2,349
CTB AVAILABLE FOR TRANSFER	3,639
WATER TRANSFER METER	2,499
BEGINNING TANK INVENTORY	1,290
ENDING TANK INVENTORY	1,140

# VALIANT 24 FED COM SURFACE COMMINGLING PLAT



- Proposed Well Bore
- Flowlines
- NMNM 015317
- NMNM 110836
- VALIANT 24 FED COM CTB
- PAD
- E2 Communitized Area - Wolfcamp
- W2 Communitized Area - Wolfcamp
- E2 Communitized Area - Bone Spring
- W2 Communitized Area - Bone Spring
- FMP Location

**T25S-R33E**

**T25S-R32E**

API #	Well Name
30-025-46565	VALIANT 24 FED COM #501H
30-025-46564	VALIANT 24 FED COM #502H
30-025-46566	VALIANT 24 FED COM #503H
30-025-46918	VALIANT 24 FED COM #504H
30-025-47160	VALIANT 24 FED COM #505H
30-025-47175	VALIANT 24 FED COM #506H
30-025-47969	VALIANT 24 FED COM #507H
30-025-47970	VALIANT 24 FED COM #508H
30-025-47971	VALIANT 24 FED COM #509H
30-025-47972	VALIANT 24 FED COM #510H
30-025-47989	VALIANT 24 FED COM #511H
30-025-46568	VALIANT 24 FED COM #701H
30-025-46571	VALIANT 24 FED COM #704H
30-025-46572	VALIANT 24 FED COM #705H
30-025-46229	VALIANT 24 FED COM #706H
30-025-46230	VALIANT 24 FED COM #707H
30-025-46232	VALIANT 24 FED COM #709H
30-025-46296	VALIANT 24 FED COM #710H
30-025-46573	VALIANT 24 FED COM #711H
30-025-46569	VALIANT 24 FED COM #712H
30-025-46570	VALIANT 24 FED COM #713H
30-025-46228	VALIANT 24 FED COM #714H
30-025-46574	VALIANT 24 FED COM #722H
30-025-46233	VALIANT 24 FED COM #723H
30-025-46227	VALIANT 24 FED COM #725H
30-025-46231	VALIANT 24 FED COM #728H
30-025-46906	VALIANT 24 FED COM #741H
30-025-46567	VALIANT 24 FED COM #742H
30-025-46826	VALIANT 24 FED COM #743H
30-025-46234	VALIANT 24 FED COM #744H

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: 1/14/2021

DRAWN BY: J.T.S.

CHECKED BY: J.T.S.

SITE NAME:  
VALIANT 24 FED COM

Location:  
Section 24 & 25, T25S-R32E, Lea County, NM



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

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**01 02-25-1920;041STAT0437;30USC181ETSEQ**  
**Case Type 311211: O&G LSE SIMO PUBLIC LAND**  
**Commodity 459: OIL & GAS**  
**Case Disposition: AUTHORIZED**

**Total Acres:**  
**1,160.840**

**Serial Number**  
**NMNM 015317**

**Case File Juris:**

						<b>Serial Number: NMNM-- - 015317</b>	
<b>Name &amp; Address</b>						<b>Int Rel</b>	<b>% Interest</b>
EOG RESOURCES INC	PO BOX 4362	HOUSTON	TX	772104362	LESSEE	100.000000000	
DEVON ENERGYCO LP	333 W SHERIDAN AVE	OKLAHOMA CITY	OK	731025010	OPERATING RIGHTS	0.000000000	
VANGUARD OPERATING LLC	5847 SAN FELIPE ST STE 3000	HOUSTON	TX	770573399	OPERATING RIGHTS	0.000000000	
K & C PRODUCTION CO	118 W 1ST ST	ROSWELL	NM	88201	OPERATING RIGHTS	0.000000000	

								<b>Serial Number: NMNM-- - 015317</b>			
<b>Mer</b>	<b>Twp</b>	<b>Rng</b>	<b>Sec</b>	<b>S</b>	<b>SType</b>	<b>Nr</b>	<b>Suff</b>	<b>Subdivision</b>	<b>District/ Field Office</b>	<b>County</b>	<b>Mgmt Agency</b>
23	0250S	0320E	001		LOTS			1-4;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0320E	001		ALIQ			S2N2,S2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0320E	011		ALIQ			E2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0320E	023		ALIQ			NESE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0320E	024		ALIQ			N2S2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

**Relinquished/Withdrawn Lands**

**Serial Number: NMNM-- - 015317**

					<b>Serial Number: NMNM-- - 015317</b>	
<b>Act Date</b>	<b>Act Code</b>	<b>Action Txt</b>	<b>Action Remarks</b>		<b>Pending Off</b>	
12/27/1971	387	CASE ESTABLISHED	SPAR57;			
12/28/1971	888	DRAWING HELD				
01/20/1972	299	PROTEST FILED				
02/11/1972	298	PROTEST DISMISSED				
04/17/1972	120	APPEAL FILED				
07/27/1972	119	APPEAL DISMISSED				
12/19/1972	237	LEASE ISSUED				
01/01/1973	496	FUND CODE	05;145003			
01/01/1973	530	RLTY RATE - 12 1/2%				
01/01/1973	868	EFFECTIVE DATE				
03/28/1973	139	ASGN APPROVED	(1)EFF 04/01/73;			
03/28/1973	139	ASGN APPROVED	(2)EFF 04/01/73;			
07/06/1982	111	RENTAL RECEIVED	\$0;83-83			

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(MASS) Serial Register Page**

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**Serial Number: NMNM-- - 015317**

Act Date	Act Code	Action Txt	Action Remarks	Pending Off
03/01/1983	235	EXTENDED	THRU 12/31/84;	
05/28/1983	232	LEASE COMMITTED TO UNIT	NMNM 71066X;PADUCA	
10/19/1983	111	RENTAL RECEIVED	\$0;84-84	
11/08/1984	111	RENTAL RECEIVED	\$0;85-85	
09/21/1987	974	AUTOMATED RECORD VERIF	DGT/KG	
10/19/1988	963	CASE MICROFILMED/SCANNED	CNUM 564,945	
09/01/1989	246	LEASE COMMITTED TO CA	NMNM85330;	
09/10/1989	650	HELD BY PROD - ACTUAL	PADUCA UNIT NO 3	
03/26/1990	658	MEMO OF 1ST PROD-ACTUAL		
02/21/1992	336	UNIT AGRMT TERMINATED	NMNM 71066X;PADUCA	
01/21/1993	235	EXTENDED	THRU 02/21/94;	
01/21/1993	974	AUTOMATED RECORD VERIF	ST/JS	
01/04/1994	932	TRF OPER RGTS FILED	MCMILLAN/K&C PROD	
03/04/1994	933	TRF OPER RGTS APPROVED	EFF 02/01/94;	
05/13/1994	626	RLTY REDUCTION DENIED	/A/NMNM85330	
06/30/1994	974	AUTOMATED RECORD VERIF	JLV	
08/28/1995	084	RENTAL RECEIVED BY ONRR	\$580.50;24/MULTIPLE	
08/28/1995	084	RENTAL RECEIVED BY ONRR	\$580.50;11/MULTIPLE	
12/31/2004	522	CA TERMINATED	CA NMNM85330	
01/03/2008	932	TRF OPER RGTS FILED	YATES PET/LIME ROCK;1	
02/12/2008	933	TRF OPER RGTS APPROVED	EFF 02/01/08;	
02/12/2008	974	AUTOMATED RECORD VERIF	ANN	
10/27/2010	932	TRF OPER RGTS FILED	LIME ROCK/DEVON ENE;1	
01/25/2011	933	TRF OPER RGTS APPROVED	EFF 11/01/10;	
01/25/2011	974	AUTOMATED RECORD VERIF	RAYO/RAYO	
03/08/2016	817	MERGER RECOGNIZED	LRE OPER/VANGUARD OPE	
10/24/2016	899	TRF OF ORR FILED	1	
12/01/2016	940	NAME CHANGE RECOGNIZED	YATES PETRO/EOG Y RES	
01/01/2019	817	MERGER RECOGNIZED	EOG Y/EOG RESOURCE IN	
02/04/2021	932	TRF OPER RGTS FILED	DEVON ENE/EOG RESOU;1	FLUIDS TEAM

Line Number	Remark Text	Serial Number: NMNM-- - 015317
0002	/A/ DOES NOT QUALIFY AS A STRIPPER PROPERTY -	
0003	PRODUCES CONDENSATE AND NOT OIL.	
0004	01/25/2011 BONDED LESSEE -	
0005	YATES PETRO CORP NMB000434 N/W;	
0006	01/25/2011 - BONDED TRANSFEREE -	
0007	DEVON ENERGY PRODCO L P - C01104 N/W	

**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  
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BUREAU OF LAND MANAGEMENT  
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01 12-22-1987;101STAT1330;30USC181 ET SEQ

Total Acres:  
1,160.000

Serial Number  
NMNM 110836

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

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Case File Juris:

						Serial Number: NMNM-- - 110836	
Name & Address						Int Rel	% Interest
EOG RESOURCES INC	PO BOX 4362	HOUSTON	TX	772104362	LESSEE	66.660000000	
OXY Y-1 COMPANY	PO BOX 27570	HOUSTON	TX	772277570	LESSEE	33.340000000	
OXY Y-1 COMPANY	PO BOX 27570	HOUSTON	TX	772277570	OPERATING RIGHTS	0.000000000	
EOG RESOURCES INC	PO BOX 4362	HOUSTON	TX	772104362	OPERATING RIGHTS	0.000000000	

								Serial Number: NMNM-- - 110836			
Mer	Twp	Rng	Sec	S	Type	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
23	0250S	0320E	023	ALIQ				NW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0320E	024	ALIQ				SENW,S2S2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0320E	025	ALL				ENTIRE SECTION	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0250S	0320E	026	ALIQ				NE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

**Relinquished/Withdrawn Lands**

Serial Number: NMNM-- - 110836

				Serial Number: NMNM-- - 110836	
Act Date	Act Code	Action Txt	Action Remarks	Pending Off	
07/15/2003	387	CASE ESTABLISHED	200307095		
07/16/2003	191	SALE HELD			
07/16/2003	267	BID RECEIVED	\$98600.00;		
08/15/2003	237	LEASE ISSUED			
08/15/2003	974	AUTOMATED RECORD VERIF	BTM		
09/01/2003	496	FUND CODE	05;145003		
09/01/2003	530	RLTY RATE - 12 1/2%			
09/01/2003	868	EFFECTIVE DATE			
10/08/2003	963	CASE MICROFILMED/SCANNED			
05/12/2011	940	NAME CHANGE RECOGNIZED	YATES DRL CO/OXY Y-1		
06/01/2013	677	SUS OPS OR PROD/PMT REQD	APD APPROVAL DELAY;		
06/20/2013	673	SUS OPS/PROD APLN FILED			
06/26/2013	974	AUTOMATED RECORD VERIF	JA		
03/20/2015	246	LEASE COMMITTED TO CA	NMNM135336;		

DEPARTMENT OF THE INTERIOR  
 BUREAU OF LAND MANAGEMENT  
 CASE RECORDATION  
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Serial Number: NMNM-- - 110836

Act Date	Act Code	Action Txt	Action Remarks	Pending Off
05/01/2015	235	EXTENDED	THRU 07/31/17;	
05/01/2015	678	SUSP LIFTED		
11/30/2015	974	AUTOMATED RECORD VERIF	JA	
12/01/2016	940	NAME CHANGE RECOGNIZED	MYCO INDUST/EOG M RES	
12/01/2016	940	NAME CHANGE RECOGNIZED	ABO PETRO/EOG A RESOU	
04/27/2017	650	HELD BY PROD - ACTUAL	/1/2H FEARLESS BSF;	
04/27/2017	658	MEMO OF 1ST PROD-ACTUAL	/1/#2H;NMNM135336	
05/16/2017	643	PRODUCTION DETERMINATION	/1/	
05/07/2018	932	TRF OPER RGTS FILED	OXY Y-1 C/EOG RESOU;1	
06/01/2018	933	TRF OPER RGTS APPROVED	EFF 06/01/18;	
06/01/2018	974	AUTOMATED RECORD VERIF	RCC	
01/01/2019	817	MERGER RECOGNIZED	EOG M/EOG RESOURCE IN	

Line Number	Remark Text	Serial Number: NMNM-- - 110836
0002	STIPULATIONS ATTACHED TO LEASE:	
0003	SENM-S-22(PRAIRIE CHICKENS)	

## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 1<sup>st</sup> day of March, 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:

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

Section 24: SE/4

Section 25: E/2

- Containing **480.00 acres**, and this agreement shall include only the **Bone Spring** Formation underlying said lands and the oil, natural gas, and associated liquid 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 "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 **March 1<sup>st</sup>, 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: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND   §

On this \_\_\_\_ day of \_\_\_\_\_, 2021, 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.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Oxy Y-1 Company**  
**(Record Title)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS       §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Oxy Y-1 Company, a New Mexico corporation, on behalf of said corporation.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public







**LESSEES OF RECORD:**

**The Toles Corporation, LLC**  
**(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of The Toles Corporation, LLC, a New Mexico limited liability company, on behalf of said company.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Carlisle Exploration, Inc.**  
**(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Carlisle Exploration, Inc., a \_\_\_\_\_ corporation, on behalf of said corporation.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Mark & Kristy Kundysek Family  
Investments, L.P.  
(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Mark & Kristy Kundysek Family Investments, L.P., a \_\_\_\_\_ limited partnership, on behalf of said limited partnership.

(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)

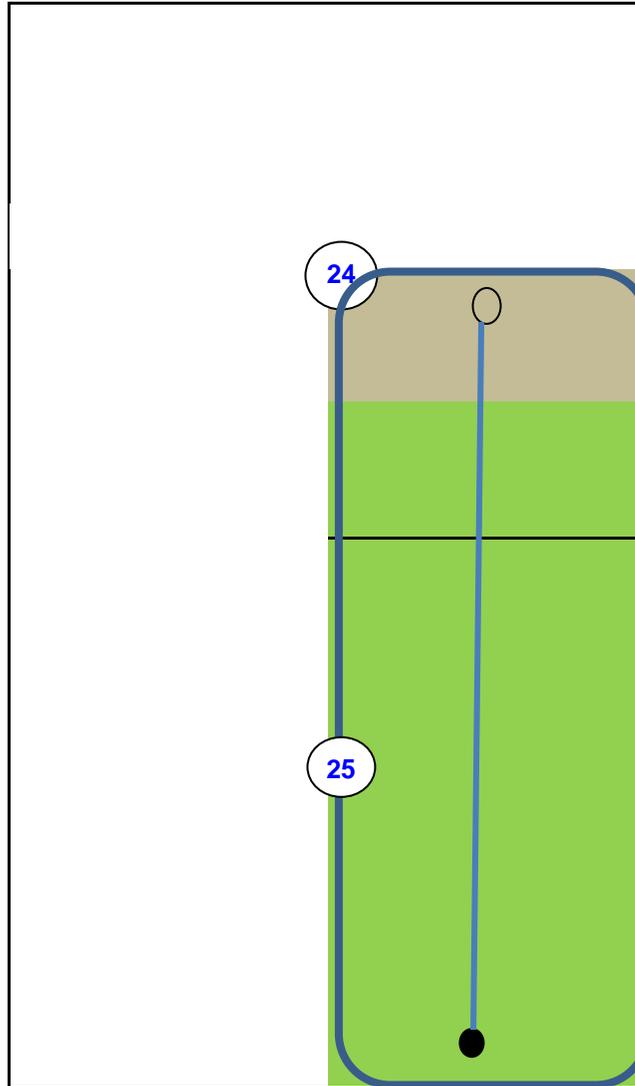
Printed: Matthew W. Smith

TITLE: Agent & Attorney-In-Fact

Phone number: (432) 686-3600

# EXHIBIT "A"

Plat of communitized area dated March 1, 2021 covering SE/4 of Section 24 and E/2 of Section 25, Township 25 South, Range 32 East, N.M.P.M, Lea County, New Mexico, EOG Resources, Inc. Operator



-  Communitized Area
-  Tract 1: NMNM – 15317
-  Tract 2: NMNM – 110836
-  Surface Hole Location #505H: 2108' FSL & 1483' FEL Section 24-T25S-R32E
-  Bottom Hole Location #505H: 100' FSL & 1356' FEL Section 25-T25S-R32E

## EXHIBIT “B”

To Communitization Agreement Dated March 1, 2021 embracing the following described land in SE/4 of Section 24 and E/2 of Section 25, Township 25 South, Range 32 East, N.M.P.M., Lea County, New Mexico, EOG Resources, Inc. Operator.

### DESCRIPTION OF LEASES COMMITTED

<u>Tract No.:</u>	1	
<u>Serial No. of Lease:</u>	NMNM-15317	
<u>Lessor:</u>	United States Department of the Interior Bureau of Land Management	
<u>Lessee of Record:</u>	EOG Resources, Inc. – 100%	
<u>Date of Lease:</u>	July 1, 1972	
<u>Description of Lands Committed:</u>	<u>Township 25 South, Range 32 East, NMPM</u> Section 24: N/2SE/4 Lea County, New Mexico	
<u>Number of Acres:</u>	80.00	
<u>Royalty Rate:</u>	12.5%	
<u>Name and Percent of WI Owners:</u>	EOG Resources, Inc.	0.92230496
	David Petroleum Corporation	0.02610769
	McClellan Oil Corporation	0.02242929
	The Toles Company, LLC	0.02242928
	Carlisle Exploration, Inc.	0.00336439
	Mark & Kristy Kundysek Family Investments, L.P.	0.00336439
<u>Name and Percent of ORRI Owners:</u>	B & G Royalties	0.00166667
	Fortis Minerals II, LLC	0.00096667
	James Carson, as his separate property	0.00023333
	Jami Harl, as his separate property	0.00023333
	Terry Owen, as his separate property	0.00023333
	Pegasus Resources, LLC	0.00306667
	McMullen Minerals, LLC	0.00026667
	Merih Energy, LLC	0.00027778
	Montego Capital Fund 3 LTD.	0.00027778
	PD III Exploration LTD.	0.00027778
	JST Troschinetz Corporation Profit Sharing Plan	0.00015000
	E.M. Thompson Coporation Profit Sharing Plan	0.00012778
	John W. Gates, LLC	0.00166667
	Robert B. Gates and Nada S. Gates, Trustees of the Robert B. Gates and Nada Trust Agreement dated June 8, 1984	0.00333333
	EOG Resources, Inc.	0.00208333

<u>Tract No.:</u>	2	
<u>Serial No. of Lease:</u>	NMNM-110836	
<u>Lessor:</u>	United States Department of the Interior Bureau of Land Management	
<u>Lessee of Record:</u>	EOG Resources, Inc. - 66.66%	
	Oxy Y-1 Company – 33.34%	
<u>Date of Lease:</u>	September 1, 2003	
<u>Description of Lands Committed:</u>	<u>Township 25 South, Range 32 East, NMPM</u> Section 24: S/2SE/4 Section 25: E/2 Lea County, New Mexico	
<u>Number of Acres:</u>	400.00	
<u>Royalty Rate:</u>	12.5%	
<u>Name and Percent of WI Owners:</u>		
	Sharbro Energy, LLC	0.09000000
	EOG Resources, Inc.	0.91000000
<u>Name and Percent of ORRI Owners:</u>	None	

## RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00	16.666667%
2	400.00	83.333333%
Total	480.00	100.000000%

## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 1<sup>st</sup> day of January, 2020, 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:

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

Section 24: SE/4

Section 25: E/2

- Containing **480.00 acres**, and this agreement shall include only the **Wolfcamp** Formation underlying said lands and the oil, natural gas, and associated liquid 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 "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 **January 1<sup>st</sup>, 2020**, 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: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND   §

On this \_\_\_\_ day of \_\_\_\_\_, 2021, 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.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Oxy Y-1 Company**  
**(Record Title)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS       §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Oxy Y-1 Company, a New Mexico corporation, on behalf of said corporation.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public







**LESSEES OF RECORD:**

**The Toles Corporation, LLC**  
**(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of The Toles Corporation, LLC, a New Mexico limited liability company, on behalf of said company.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Carlisle Exploration, Inc.**  
**(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Carlisle Exploration, Inc., a \_\_\_\_\_ corporation, on behalf of said corporation.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Mark & Kristy Kundysek Family  
Investments, L.P.  
(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Mark & Kristy Kundysek Family Investments, L.P., a \_\_\_\_\_ limited partnership, on behalf of said limited partnership.

(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)

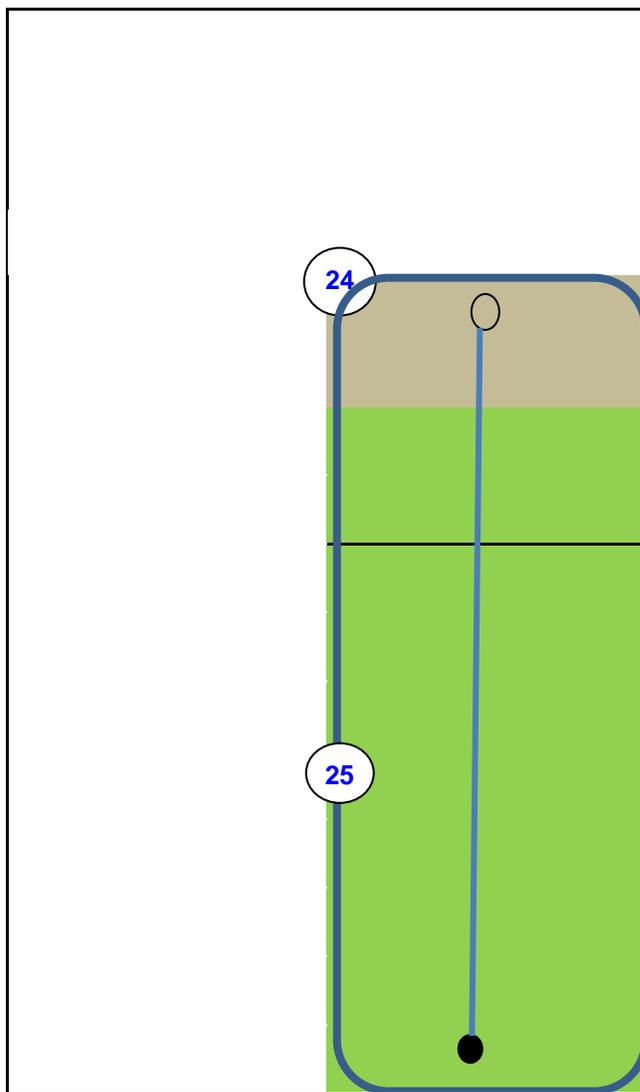
Printed: Matthew W. Smith

TITLE: Agent & Attorney-In-Fact

Phone number: (432) 686-3600

# EXHIBIT "A"

Plat of communitized area dated January 1, 2020 covering SE/4 of Section 24 and E/2 of Section 25, Township 25 South, Range 32 East, N.M.P.M, Lea County, New Mexico, EOG Resources, Inc. Operator



-  Communitized Area
-  Tract 1: NMNM – 15317
-  Tract 2: NMNM – 110836
-  Surface Hole Location #728H: 2015' FSL & 1423' FEL Section 24-T25S-R32E
-  Bottom Hole Location #728H: 100' FSL & 1310' FEL Section 25-T25S-R32E

## EXHIBIT “B”

To Communitization Agreement Dated January 1, 2020 embracing the following described land in SE/4 of Section 24 and E/2 of Section 25, Township 25 South, Range 32 East, N.M.P.M., Lea County, New Mexico, EOG Resources, Inc. Operator.

### DESCRIPTION OF LEASES COMMITTED

<u>Tract No.:</u>	1	
<u>Serial No. of Lease:</u>	NMNM-15317	
<u>Lessor:</u>	United States Department of the Interior Bureau of Land Management	
<u>Lessee of Record:</u>	EOG Resources, Inc. -100%	
<u>Date of Lease:</u>	July 1, 1972	
<u>Description of Lands Committed:</u>	<u>Township 25 South, Range 32 East, NMPM</u> Section 24: N/2SE/4 Lea County, New Mexico	
<u>Number of Acres:</u>	80.00	
<u>Royalty Rate:</u>	12.5%	
<u>Name and Percent of WI Owners:</u>	EOG Resources, Inc.	0.92230496
	David Petroleum Corporation	0.02610769
	McClellan Oil Corporation	0.02242929
	The Toles Company, LLC	0.02242928
	Carlisle Exploration, Inc.	0.00336439
	Mark & Kristy Kundysek Family Investments, L.P.	0.00336439
<u>Name and Percent of ORRI Owners:</u>	B & G Royalties	0.00166667
	Fortis Minerals II, LLC	0.00096667
	James Carson, as his separate property	0.00023333
	Jami Harl, as his separate property	0.00023333
	Terry Owen, as his separate property	0.00023333
	Pegasus Resources, LLC	0.00306667
	McMullen Minerals, LLC	0.00026667
	Merih Energy, LLC	0.00027778
	Montego Capital Fund 3 LTD.	0.00027778
	PD III Exploration LTD.	0.00027778
	JST Troschinetz Corporation Profit Sharing Plan	0.00015000
	E.M. Thompson Coporation Profit Sharing Plan	0.00012778
	John W. Gates, LLC	0.00166667
	Robert B. Gates and Nada S. Gates, Trustees of the Robert B. Gates and Nada Trust Agreement dated June 8, 1984	0.00333333
	EOG Resources, Inc.	0.00208333

<u>Tract No.:</u>	2	
<u>Serial No. of Lease:</u>	NMNM-110836	
<u>Lessor:</u>	United States Department of the Interior Bureau of Land Management	
<u>Lessee of Record:</u>	EOG Resources, Inc. - 66.66%	
	Oxy Y-1 Company – 33.34%	
<u>Date of Lease:</u>	September 1, 2003	
<u>Description of Lands Committed:</u>	<u>Township 25 South, Range 32 East, NMPM</u> Section 24: S/2SE/4 Section 25: E/2 Lea County, New Mexico	
<u>Number of Acres:</u>	400.00	
<u>Royalty Rate:</u>	12.5%	
<u>Name and Percent of WI Owners:</u>	Sharbro Energy, LLC	0.09000000
	EOG Resources, Inc.	0.91000000
<u>Name and Percent of ORRI Owners:</u>	None	

## RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00	16.666667%
2	400.00	83.333333%
Total	480.00	100.000000%

## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 1<sup>st</sup> day of March, 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:

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

Section 24: SW/4

Section 25: W/2

- Containing **480.00 acres**, and this agreement shall include only the **Bone Spring** Formation underlying said lands and the oil, natural gas, and associated liquid 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 "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 **March 1<sup>st</sup>, 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: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND   §

On this \_\_\_\_ day of \_\_\_\_\_, 2021, 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.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Oxy Y-1 Company**  
**(Record Title)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS       §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Oxy Y-1 Company, a New Mexico corporation, on behalf of said corporation.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public







**LESSEES OF RECORD:**

**The Toles Corporation, LLC**  
**(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of The Toles Corporation, LLC, a New Mexico limited liability company, on behalf of said company.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Carlisle Exploration, Inc.**  
**(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Carlisle Exploration, Inc., a \_\_\_\_\_ corporation, on behalf of said corporation.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Mark & Kristy Kundysek Family  
Investments, L.P.  
(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Mark & Kristy Kundysek Family Investments, L.P., a \_\_\_\_\_ limited partnership, on behalf of said limited partnership.

(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)

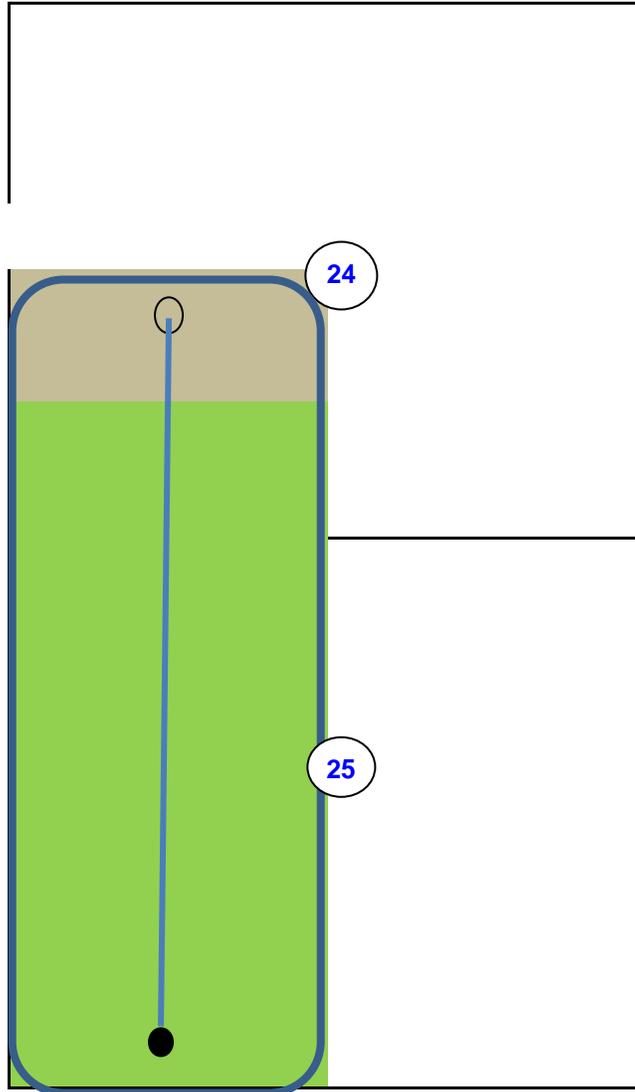
Printed: Matthew W. Smith

TITLE: Agent & Attorney-In-Fact

Phone number: (432) 686-3600

# EXHIBIT "A"

Plat of communitized area dated March 1, 2021 covering SW/4 of Section 24 and W/2 of Section 25, Township 25 South, Range 32 East, N.M.P.M, Lea County, New Mexico, EOG Resources, Inc. Operator



-  Communitized Area
-  Tract 1: NMNM – 15317
-  Tract 2: NMNM – 110836
-  Surface Hole Location #508H: 2087' FSL & 2154' FWL Section 24-T25S-R32E
-  Bottom Hole Location #508H: 100' FSL & 1356' FWL Section 25-T25S-R32E

## EXHIBIT "B"

To Communitization Agreement Dated March 1, 2021 embracing the following described land in SW/4 of Section 24 and W/2 of Section 25, Township 25 South, Range 32 East, N.M.P.M., Lea County, New Mexico, EOG Resources, Inc. Operator.

### DESCRIPTION OF LEASES COMMITTED

<u>Tract No.:</u>	1	
<u>Serial No. of Lease:</u>	NMNM-15317	
<u>Lessor:</u>	United States Department of the Interior Bureau of Land Management	
<u>Lessee of Record:</u>	EOG Resources, Inc. -100%	
<u>Date of Lease:</u>	July 1, 1972	
<u>Description of Lands Committed:</u>	<u>Township 25 South, Range 32 East, NMPM</u> Section 24: N/2SW/4 Lea County, New Mexico	
<u>Number of Acres:</u>	80.00	
<u>Royalty Rate:</u>	12.5%	
<u>Name and Percent of WI Owners:</u>	EOG Resources, Inc.	0.92230496
	David Petroleum Corporation	0.02610769
	McClellan Oil Corporation	0.02242929
	The Toles Company, LLC	0.02242928
	Carlisle Exploration, Inc.	0.00336439
	Mark & Kristy Kundysek Family Investments, L.P.	0.00336439
<u>Name and Percent of ORRI Owners:</u>	B & G Royalties	0.00166667
	Fortis Minerals II, LLC	0.00096667
	James Carson, as his separate property	0.00023333
	Jami Harl, as his separate property	0.00023333
	Terry Owen, as his separate property	0.00023333
	Pegasus Resources, LLC	0.00306667
	McMullen Minerals, LLC	0.00026667
	Merih Energy, LLC	0.00027778
	Montego Capital Fund 3 LTD.	0.00027778
	PD III Exploration LTD.	0.00027778
	JST Troschinetz Corporation Profit Sharing Plan	0.00015000
	E.M. Thompson Coporation Profit Sharing Plan	0.00012778
	John W. Gates, LLC	0.00166667
	Robert B. Gates and Nada S. Gates, Trustees of the Robert B. Gates and Nada Trust Agreement dated June 8, 1984	0.00333333
	EOG Resources, Inc.	0.00208333

<u>Tract No.:</u>	2	
<u>Serial No. of Lease:</u>	NMNM-110836	
<u>Lessor:</u>	United States Department of the Interior Bureau of Land Management	
<u>Lessee of Record:</u>	EOG Resources, Inc. – 66.66%	
	Oxy Y-1 Company – 33.34%	
<u>Date of Lease:</u>	September 1, 2003	
<u>Description of Lands Committed:</u>	<u>Township 25 South, Range 32 East, NMPM</u> Section 24: S/2SW/4 Section 25: W/2 Lea County, New Mexico	
<u>Number of Acres:</u>	400.00	
<u>Royalty Rate:</u>	12.5%	
<u>Name and Percent of WI Owners:</u>	Sharbro Energy, LLC	0.09000000
	EOG Resources, Inc.	0.91000000
<u>Name and Percent of ORRI Owners:</u>	None	

## RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00	16.666667%
2	400.00	83.333333%
Total	480.00	100.000000%

## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 1<sup>st</sup> day of January, 2020, 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:

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

Section 24: SW/4

Section 25: W/2

- Containing **480.00 acres**, and this agreement shall include only the **Wolfcamp** Formation underlying said lands and the oil, natural gas, and associated liquid 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 "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 **January 1<sup>st</sup>, 2020**, 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: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND   §

On this \_\_\_\_ day of \_\_\_\_\_, 2021, 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.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Oxy Y-1 Company**  
**(Record Title)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS       §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Oxy Y-1 Company, a New Mexico corporation, on behalf of said corporation.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public







**LESSEES OF RECORD:**

**The Toles Corporation, LLC**  
**(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of The Toles Corporation, LLC, a New Mexico limited liability company, on behalf of said company.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Carlisle Exploration, Inc.**  
**(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Carlisle Exploration, Inc., a \_\_\_\_\_ corporation, on behalf of said corporation.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**LESSEES OF RECORD:**

**Mark & Kristy Kundysek Family  
Investments, L.P.  
(Working Interest)**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Mark & Kristy Kundysek Family Investments, L.P., a \_\_\_\_\_ limited partnership, on behalf of said limited partnership.

(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)

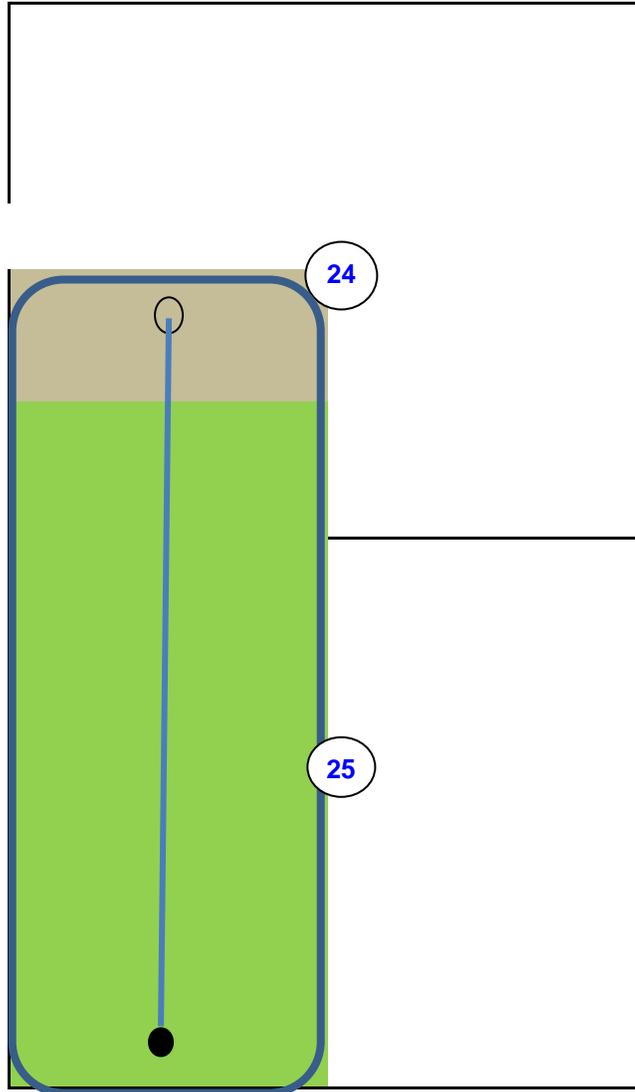
Printed: Matthew W. Smith

TITLE: Agent & Attorney-In-Fact

Phone number: (432) 686-3600

# EXHIBIT "A"

Plat of communitized area dated January 1, 2020 covering SW/4 of Section 24 and W/2 of Section 25, Township 25 South, Range 32 East, N.M.P.M, Lea County, New Mexico, EOG Resources, Inc. Operator



-  Communitized Area
-  Tract 1: NMNM – 15317
-  Tract 2: NMNM – 110836
-  Surface Hole Location #713H: 2158' FSL & 1370' FWL Section 24-T25S-R32E
-  Bottom Hole Location #713H: 100' FSL & 1310' FWL Section 25-T25S-R32E

## EXHIBIT “B”

To Communitization Agreement Dated January 1, 2020 embracing the following described land in SW/4 of Section 24 and W/2 of Section 25, Township 25 South, Range 32 East, N.M.P.M., Lea County, New Mexico, EOG Resources, Inc. Operator.

### DESCRIPTION OF LEASES COMMITTED

<u>Tract No.:</u>	1	
<u>Serial No. of Lease:</u>	NMNM-15317	
<u>Lessor:</u>	United States Department of the Interior Bureau of Land Management	
<u>Lessee of Record:</u>	EOG Resources, Inc. -100%	
<u>Date of Lease:</u>	July 1, 1972	
<u>Description of Lands Committed:</u>	<u>Township 25 South, Range 32 East, NMPM</u> Section 24: N/2SW/4 Lea County, New Mexico	
<u>Number of Acres:</u>	80.00	
<u>Royalty Rate:</u>	12.5%	
<u>Name and Percent of WI Owners:</u>	EOG Resources, Inc.	0.92230496
	David Petroleum Corporation	0.02610769
	McClellan Oil Corporation	0.02242929
	The Toles Company, LLC	0.02242928
	Carlisle Exploration, Inc.	0.00336439
	Mark & Kristy Kundysek Family Investments, L.P.	0.00336439
<u>Name and Percent of ORRI Owners:</u>	B & G Royalties	0.00166667
	Fortis Minerals II, LLC	0.00096667
	James Carson, as his separate property	0.00023333
	Jami Harl, as his separate property	0.00023333
	Terry Owen, as his separate property	0.00023333
	Pegasus Resources, LLC	0.00306667
	McMullen Minerals, LLC	0.00026667
	Merih Energy, LLC	0.00027778
	Montego Capital Fund 3 LTD.	0.00027778
	PD III Exploration LTD.	0.00027778
	JST Troschinetz Corporation Profit Sharing Plan	0.00015000
	E.M. Thompson Coporation Profit Sharing Plan	0.00012778
	John W. Gates, LLC	0.00166667
	Robert B. Gates and Nada S. Gates, Trustees of the Robert B. Gates and Nada Trust Agreement dated June 8, 1984	0.00333333
	EOG Resources, Inc.	0.00208333

<u>Tract No.:</u>	2	
<u>Serial No. of Lease:</u>	NMNM-110836	
<u>Lessor:</u>	United States Department of the Interior Bureau of Land Management	
<u>Lessee of Record:</u>	EOG Resources, Inc. – 66.66%	
	Oxy Y-1 Company – 33.34%	
<u>Date of Lease:</u>	September 1, 2003	
<u>Description of Lands Committed:</u>	<u>Township 25 South, Range 32 East, NMPM</u> Section 24: S/2SW/4 Section 25: W/2 Lea County, New Mexico	
<u>Number of Acres:</u>	400.00	
<u>Royalty Rate:</u>	12.5%	
<u>Name and Percent of WI Owners:</u>		
	Sharbro Energy, LLC	0.09000000
	EOG Resources, Inc.	0.91000000
<u>Name and Percent of ORRI Owners:</u>	None	

## RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00	16.666667%
2	400.00	83.333333%
Total	480.00	100.000000%