

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

EOG Resources Inc
Quail 2 State Com #581H
Vertical Extent: Bone Spring
Township: 26 South, Range: 30 East, NMPM
Section 2: E2E2
Eddy County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **March 1, 2019**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 3rd Day of September, 2019.

Stephanie Garcia Richardson

COMMISSIONER OF PUBLIC LANDS

of the State of New Mexico



New Mexico State Land Office
Oil, Gas, and Mineral Division
ONLINE VERSION
CONSOLIDATION OF STATE OIL AND GAS LEASES

2019 JUN 13 AM 9:40

EOG Resources, Inc., Lessee, record title owner of State Oil and Gas Leases numbered **VB-0839** and **VB-0850**, requests approval of lease consolidation affecting: Subdivisions **E/2E/2 of Section 2, T26S, R30E, N.M.P.M. Eddy County, NM** to establish a **160** acre proration unit in the **Bone Spring** formation.

Lessee submits a plat, Exhibit A, showing the subject area, leases involved and the requested consolidation. This plat also delineates the proration unit and locates and designates the completed well and consolidated horizon.

Lessee states that the State of New Mexico, for the assigned beneficiaries, owns the royalty interest under these leases and agrees that the state, at its own election, is entitled to delivery in-kind of its share of all communitized substances produced from the leased area.

Approval is requested pursuant to authority granted by applicable statutes. Approval will promote conservation and is in the best interest of the State.

This consolidation, if approved by the Commissioner of Public Lands, shall be effective **March 1, 2019**, and shall continue in effect for 365 days and as long thereafter as communitized substances are produced from the consolidated area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the consolidated area, if such well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either:

(a) a shut-in royalty has been timely and properly paid pursuant to the provision of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or

(b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or is in its primary or secondary term (if a ten-year lease), or is held by production from another well.

Provided further, however, that prior to production in paying quantities from the consolidated area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the consolidated area, this Consolidation may be terminated at any time by the Lessee. This consolidation shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the consolidated area are commenced and are thereafter conducted and prosecuted with reasonable diligence. Intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

Requesting approval of consolidation of NM state oil and gas leases

Wendy Dalton as Agent & Attorney-In-Fact for EOG Resources, Inc.

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Wendy Dalton
Signature

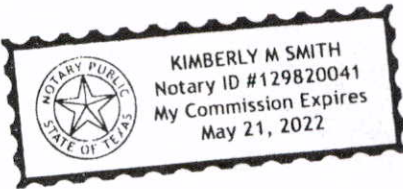
Acknowledgment in Representative Capacity:

State of Texas

ss)

County of Midland

This instrument was acknowledged before me on May 31, 2019
by Wendy Dalton, Agent & Attorney-In-Fact on behalf of EOG Resources, Inc., a Delaware
corporation on behalf of said corporation.



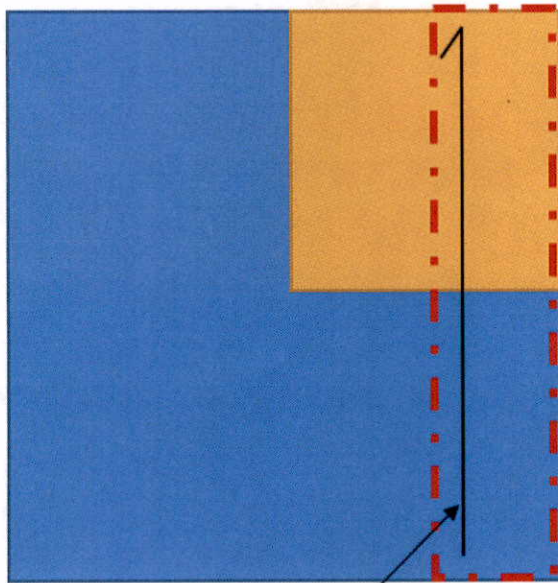
Kimberly M. Smith
My commission expires: May 21, 2022




Note: When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. Please be advised that payments will be drafted from your account immediately upon receipt

EXHIBIT A

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ATTACHED TO THAT CERTAIN CONSOLIDATION OF STATE OIL AND GAS LEASES
COVERING THE BONE SPRING FORMATION IN E/2E/2 OF SECTION 2, T26S-R30E, EDDY
COUNTY, NEW MEXICO



-  VB-0839
-  VB-0850
-  Consolidated Area
(E/2E/2 of Section 2, T26S-R30E)

Quail 2 State Com #581H

RECAPITULATION

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Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1 (VB-0839)	80.00	50.00%
Tract No.2 (VB-0850)	80.00	50.00%
Total	160.00	100.00%