

## 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.

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

Communitization Agreements (CA)	Leases in CA	Ownership %	Status	Production (oil, gas, or both)	Royalty Rate
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 and tank inventories from gauged tanks

ALLOCATION METHONOLGY USED TO DETERMINE ALLOCATED PRODUCTION AND SALES TO EACH WELL

Allocated volumes for reporting on OGOR		
OIL METER		
THEORETICAL % PRODUCTION		Measures volume of oil from the separator on each individual well used as basis for prorating CTB Allocated Production and Ending Tank Inventory to each well
CTB ALLOCATED PRODUCTION		Theoretical % is calculated by dividing Oil Meter volume for each well into sum of oil meters from the CTB
ALLOCATED WELL PRODUCTION		CTB Allocated Production is the theoretical production for the CTB, (Sales + ending inventory-beginning inventory)
CTB AVAILABLE FOR SALE		Volume of CTB Allocated Production to each well, Theoretical % * CTB Allocated Production
AVAILABLE FOR SALE		Formula to calculate total for sale on the CTB (CTB Allocated Production + Beginning Inventory)
THEORETICAL % AVAILABLE SALE		Volume of CTB Available for Sale oil allocated to each well, (CTB Allocated Production + Beginning Tank Inventory)
ALLOCATED SALES		Allocation % of available sales for each well, Available Sales/CTB Available for Sale
PIPELINE LACT (FMP)		Pipeline Lact (FMP) allocated to each well based on theoretical % of available for sale
BEGINNING TANK INVENTORY		Measures volume of oil sold through FMP to purchaser
ENDING TANK INVENTORY		Inventory from previous accounting period's calculate ending inventories. In the case of new CTBs during any accounting period, open inventory equals zero
		Theoretical % of production multiplied by combined volume from the oil tanks at CTB for each well

WELLNAME	OIL METER	THEORETICAL % OF PRODUCTION	ALLOCATED WELL PRODUCTION	AVAILABLE SALES	Theoretical % AVAILABLE FOR SALE	ALLOCATED SALES	BEG INV	END INV
VALIANT 24 FC 501H	11	0.003192616	9.57	111.42	0.0207412	69	101.850	8.37
VALIANT 24 FC 502H	110.4	0.032042259	96.06	222.66	0.0414488	138	126.600	84.01
VALIANT 24 FC 503H	153.98	0.044690824	133.98	253.18	0.0471301	156	119.200	117.18
VALIANT 24 FC 504H	160.71	0.046644125	139.84	230.94	0.0429894	143	91.100	122.30
VALIANT 24 FC 505H	211.15	0.061283722	183.73	283.06	0.0526915	175	99.330	160.69
VALIANT 24 FC 506H	196.11	0.056918545	170.64	268.14	0.0499147	166	97.500	149.24
VALIANT 24 FC 507H	182.65	0.053011943	158.93	255.37	0.0475372	158	96.440	139.00
VALIANT 24 FC 508H	105.5	0.030620093	91.80	181.95	0.0338699	112	90.150	80.29
VALIANT 24 FC 509H	99.2	0.028791595	86.32	174.55	0.0324920	108	88.230	75.49
VALIANT 24 FC 510H	100.6	0.029197928	87.54	191.04	0.0355613	118	103.500	76.56
VALIANT 24 FC 511H	101.8	0.029546213	88.58	189.18	0.0352159	117	100.600	77.47
VALIANT 24 FC 701H	76.8	0.022290267	66.83	166.08	0.0309152	103	99.250	58.45
VALIANT 24 FC 704H	87.9	0.025511907	76.48	166.68	0.0310284	103	90.200	66.89
VALIANT 24 FC 705H	99.2	0.028791595	86.32	147.98	0.0275460	91	61.660	75.49
VALIANT 24 FC 706H	84.9	0.024641193	73.87	173.64	0.0323240	107	99.770	64.61
VALIANT 24 FC 707H	80.41	0.023338026	69.97	157.73	0.0293610	97	87.760	61.19
VALIANT 24 FC 709H	77.9	0.022609529	67.78	156.45	0.0291239	97	88.670	59.28
VALIANT 24 FC 710H	165.2	0.047947293	143.75	243.52	0.0453306	150	99.770	125.72
VALIANT 24 FC 711H	83.8	0.024321932	72.92	146.42	0.0272556	90	73.500	63.77
VALIANT 24 FC 712H	134.8	0.039124062	117.29	216.99	0.0403935	134	99.700	102.58
VALIANT 24 FC 713H	151.12	0.043860744	131.49	144.09	0.0268233	89	12.600	115.00
VALIANT 24 FC 714H	183.12	0.053148355	159.34	203.63	0.0379056	126	44.290	139.35
VALIANT 24 FC 722H	94.56	0.027444891	82.28	113.05	0.0210443	70	30.770	71.96
VALIANT 24 FC 723H	98.21	0.028504259	85.46	151.93	0.0282810	94	66.470	74.74
VALIANT 24 FC 725H	151.91	0.044090032	132.18	203.50	0.0378820	126	71.320	115.60
VALIANT 24 FC 728H	170.25	0.049412994	148.14	221.60	0.0412510	137	73.460	129.56
VALIANT 24 FC 741H	169.67	0.049244656	147.64	217.52	0.0404906	134	69.880	129.12
VALIANT 24 FC 742H	92.6	0.026876025	80.57	135.71	0.0252633	84	55.140	70.47
VALIANT 24 FC 743H	10	0.002902378	8.70	43.90	0.0081723	27	35.200	7.61
FACILITY TOTALS	3445	1	2998	5372	1	3320	2374	2622

CTB ALLOCATED PRODUCTION	2,998
CTB AVAILABLE FOR SALE	5,372
PIPELINE LACT (FMP) 76464.1	2,750
TRUCK LACT (FMP) 76464.4	570
BEGINNING TANK INVENTORY	2,374
ENDING TANK INVENTORY	2,622

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

Allocated volumes for reporting on OGOR

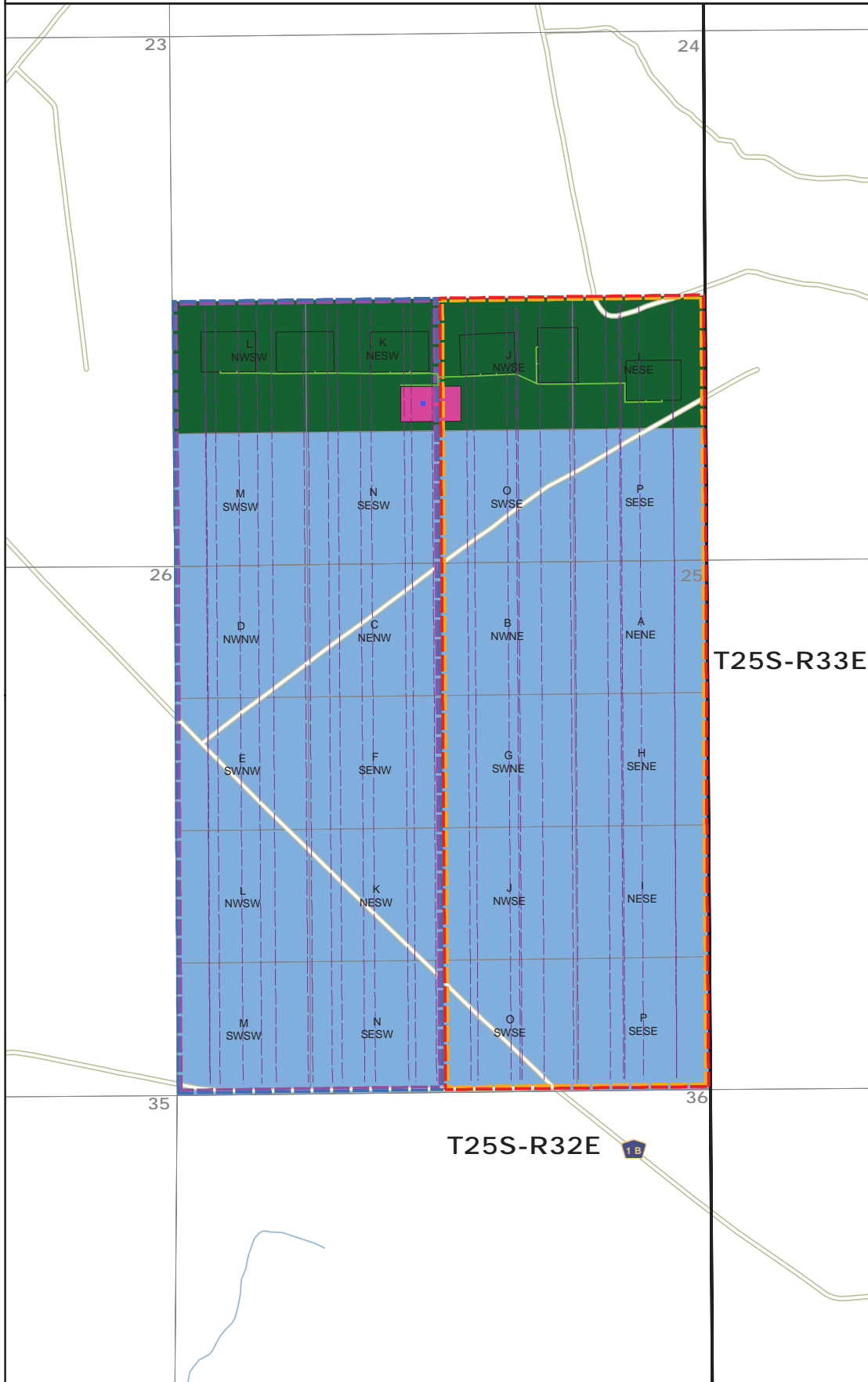
ALLOCATION METHONOLGY USED TO DETERMINE ALLOCATED WATER PRODUCTION AND WATER TRANSFERRED OFF THE CTB TO EACH WELL

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
FACILITY TOTALS	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

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

Total Acres:  
1,160.840

Serial Number  
NMNM 015317

Case Type311211: O&G LSE SIMO PUBLIC LAND

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Case File Juris:

Serial Number: NMNM-- - 015317

Name & Address						Int Rel	% Interest
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

Serial Number: NMNM-- - 015317

Mer	Twp	Rng	Sec	S	Type	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
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

Serial Number: NMNM-- - 015317

Act Date	Act Code	Action Txt	Action Remarks	Pending Off
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	

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

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

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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  
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CASE RECORDATION  
(MASS) Serial Register Page**

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

Total Acres:  
1,160.000

Serial Number  
NMNM 110836

Case Type312021: 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;	

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

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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:**

**Sharbro Energy, Inc.**  
**(Working Interest)**

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

STATE OF NEW MEXICO §  
§  
COUNTY OF EDDY §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Sharbro Energy, LLC, a \_\_\_\_\_ limited liability company, on behalf of said limited liability company.

(SEAL)

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

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



**LESSEES OF RECORD:**

**David Petroleum Corporation**  
**(Working Interest)**

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

STATE OF NEW MEXICO §  
§  
COUNTY OF CHAVES §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of David Petroleum Corporation, a \_\_\_\_\_ corporation, on behalf of said corporation.

(SEAL)

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

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

**LESSEES OF RECORD:**

**McClellan Oil Corporation**  
**(Working Interest)**

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

STATE OF NEW MEXICO §  
§  
COUNTY OF CHAVES §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of McClellan Oil Corporation, a \_\_\_\_\_ 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:**

**Carlyle 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 Carlyle 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)

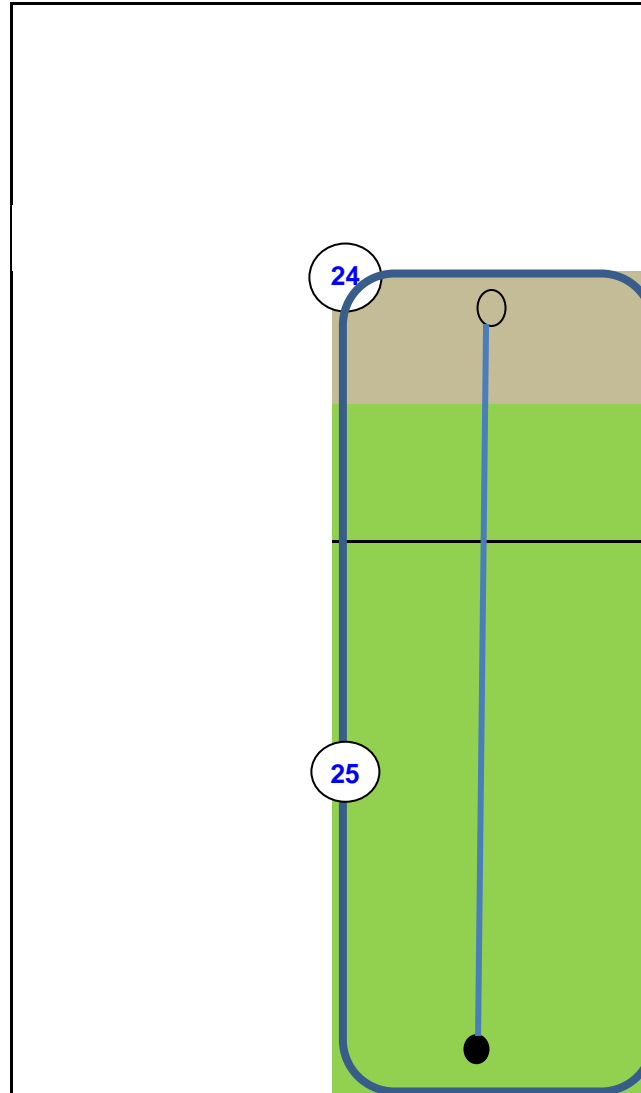
Printed: Matthew W. Smith



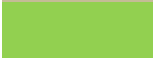


TITLE: Agent & Attorney-In-Fact

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
	Carlysle 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: \_\_\_\_\_  
Its: Matthew W. Smith  
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:**

**Sharbro Energy, Inc.**  
**(Working Interest)**

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

STATE OF NEW MEXICO §  
§  
COUNTY OF EDDY §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Sharbro Energy, LLC, a \_\_\_\_\_ limited liability company, on behalf of said limited liability company.

(SEAL)

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

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



**LESSEES OF RECORD:**

**David Petroleum Corporation**  
(Working Interest)

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

STATE OF NEW MEXICO   §  
COUNTY OF CHAVES     §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of David Petroleum Corporation, a \_\_\_\_\_ corporation, on behalf of said corporation.

(SEAL)

## My Commission Expires

---

Notary Public

**LESSEES OF RECORD:**

**McClellan Oil Corporation**  
**(Working Interest)**

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

STATE OF NEW MEXICO §  
§  
COUNTY OF CHAVES §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of McClellan Oil Corporation, a \_\_\_\_\_ 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:**

**Carlyle 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 Carlyle 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)

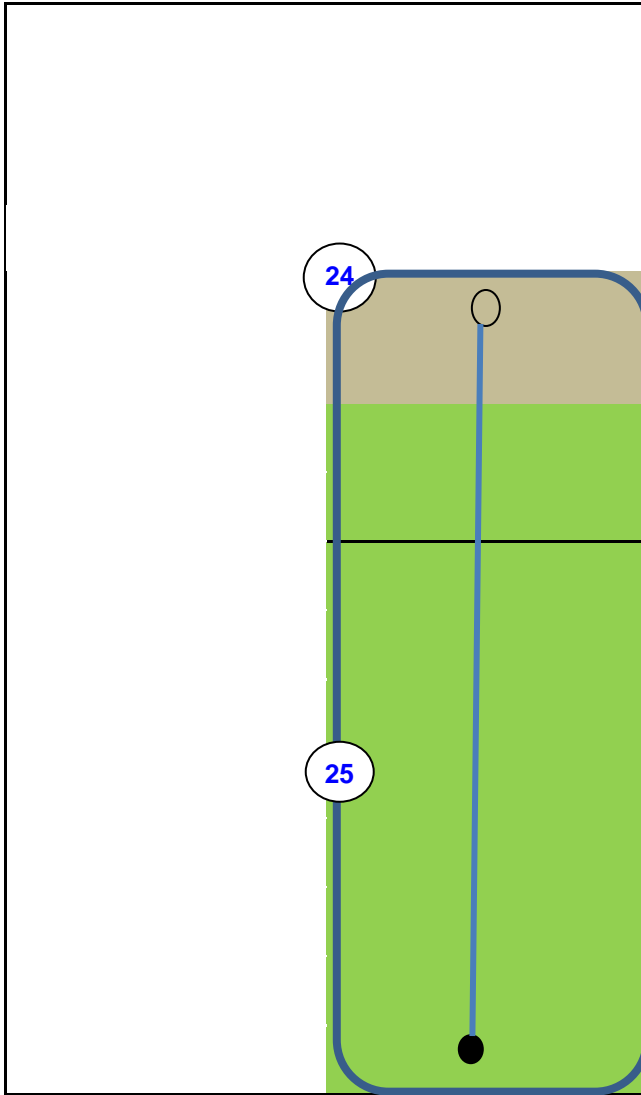
Printed: Matthew W. Smith



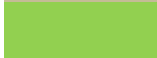


TITLE: Agent & Attorney-In-Fact

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
	Carlysle 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:**

**Sharbro Energy, Inc.**  
**(Working Interest)**

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

STATE OF NEW MEXICO §  
§  
COUNTY OF EDDY §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Sharbro Energy, LLC, a \_\_\_\_\_ limited liability company, on behalf of said limited liability company.

(SEAL)

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

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



**LESSEES OF RECORD:**

**David Petroleum Corporation**  
**(Working Interest)**

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

STATE OF NEW MEXICO §  
§  
COUNTY OF CHAVES §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of David Petroleum Corporation, a \_\_\_\_\_ corporation, on behalf of said corporation.

(SEAL)

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

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

**LESSEES OF RECORD:**

**McClellan Oil Corporation**  
**(Working Interest)**

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

STATE OF NEW MEXICO §  
§  
COUNTY OF CHAVES §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of McClellan Oil Corporation, a \_\_\_\_\_ 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:**

**Carlyle 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 Carlyle 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)

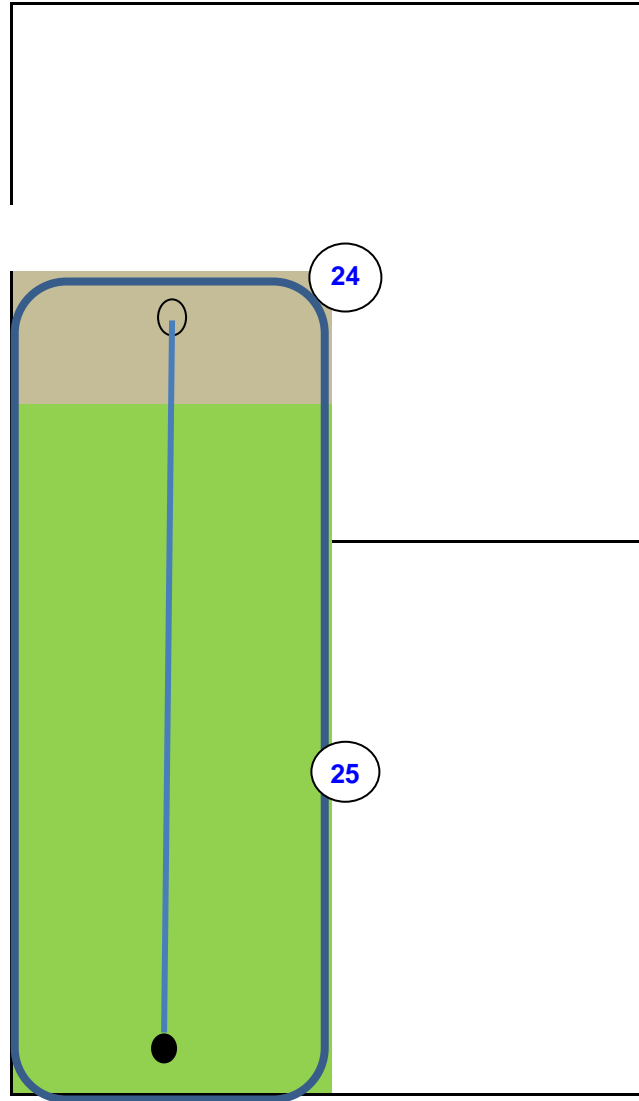
Printed: Matthew W. Smith



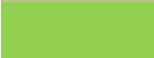


TITLE: Agent & Attorney-In-Fact

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
	Carlysle 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: \_\_\_\_\_  
Its: Matthew W. Smith  
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:**

**Sharbro Energy, Inc.**  
**(Working Interest)**

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

STATE OF NEW MEXICO §  
§  
COUNTY OF EDDY §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of Sharbro Energy, LLC, a \_\_\_\_\_ limited liability company, on behalf of said limited liability company.

(SEAL)

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

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



**LESSEES OF RECORD:**

**David Petroleum Corporation**  
(Working Interest)

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

[illegible]

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of David Petroleum Corporation, a \_\_\_\_\_ corporation, on behalf of said corporation.

(SEAL)

## My Commission Expires

Notary Public

**LESSEES OF RECORD:**

**McClellan Oil Corporation**  
**(Working Interest)**

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

STATE OF NEW MEXICO §  
§  
COUNTY OF CHAVES §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of McClellan Oil Corporation, a \_\_\_\_\_ 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:**

**Carlyle 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 Carlyle 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)

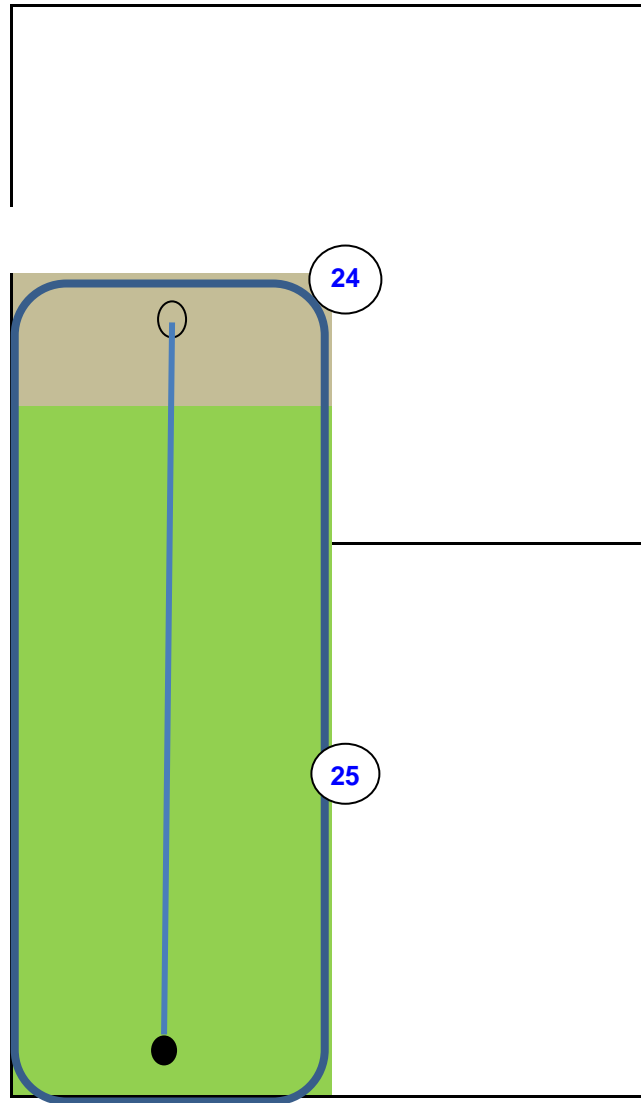
Printed: Matthew W. Smith



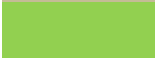


TITLE: Agent & Attorney-In-Fact

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
	Carlysle 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%