

Watson 31#1 Well
Parties Being Compulsory Pooled

	<u>Parties</u>	<u>Working Interest</u>
1)	Devon Energy Production Company, L.P. 20 North Broadway Oklahoma City, OK 73102 Attn: Richard Winchester	0.4964319
2)	Diana Darks Brunel 5622 E. 97 th Tulsa, Oklahoma 74137	0.0072671
3)	Roy G. Barton, Sr. Trust 1919 N. Turner Hobbs, New Mexico 88240 And at 2120 Redbird Drive Las Vegas, Nevada 89134	0.0026227
4)	Kenneth G. Cone 2533 Old Broadmoor Road Colorado Springs, Colorado 80906	0.0028850
5)	Kenneth G. Cone, Trustee Kenneth G. Cone Trust P. O. Box 11310 Midland, Texas 79702	0.0028850
6)	Long Trusts P. O. Box 3096 Kilgore, Texas 75663	0.0115401
7)	Charles L. Cobb, Deceased American State Bank Agent for Margaret Cobb P. O. Box 1401 Lubbock, Texas 79408	0.0005246
8)	Majorie Cone Kastman P. O. Box 5930 Lubbock, Texas 79408	0.0104910
9)	Owen McWhorter, Jr. 3019 21 st St. Lubbock, Texas 79410	0.0005246
10)	Tommy Gene Schnaubert	<u>0.0001311</u>
11)	Bobby Joe Schnaubert	
12)	Ruth Schnaubert Dake	
13)	Mary Schnaubert Irwinsky 9041 Butterwick Ft. Worth, Texas 76134	
	TOTAL	<u>0.5353032</u>

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 13073 Exhibit No. 2

Submitted by:

EOG RESOURCES, INC.

Hearing Date: May 22, 2003

**WATSON 31 #1 WELL
LOTS 3 & 4 & E/2 SW/4 SECTION 31,
TOWNSHIP 15 SOUTH, RANGE 35 EAST
LEA COUNTY, NEW MEXICO
CONTACTS & CORRESPONDENCE ON OPEN INTERESTS**

Devon Energy Production Company, L.P.	<ol style="list-style-type: none"> 1. Met with Devon in their offices on 3/26/03 to go over well proposal. 2. Discussions with Devon on 4/22/03. 3. Discussions with Devon on 4/29/03. 4. Discussions with Devon on 5/2/03. 5. Discussions with Devon on 5/5/03. 6. Discussions with Devon on 5/14/03. 7. Agreed in general to a trade on 5/20/03. 8. Once the agreements are signed, EOG will dismiss Devon.
Diana Darks Brunel	<ol style="list-style-type: none"> 1. I called 8/5/02 said she would do whatever Maxwell Darks does. 2. I called 8/27/02 said to call in evening & talk to husband. 3. I called 8/27/02 @7:45 pm – no answer – left message. 4. Sent offer on 8/28/02. 5. I called 9/3/03 Mr. Brunel said would look @ papers when they receive them. 6. I called 9/10/02 – no answer – left message. 7. I called 10/14/02 – no answer – left message. 8. I called 10/29/02 – no answer – left message. 9. Sent well proposal on 4/1/03.
Roy G. Barton, Jr., Trustee of the Roy G. Barton Sr. and Opal Barton Revocable Trust u/t/a dated 1/28/02	<ol style="list-style-type: none"> 1. I called 8/21/02 – no answer – left message. 2. On 8/21/02 Mr. Barton called and said he would look at offer when he gets back to Hobbs. 3. I called 9/11/02 in Las Vegas – no answer – left message. 4. I called 9/12/02 in Las Vegas & Hobbs – no answer – left message. 5. I called 9/17/02 in Las Vegas & Hobbs – no answer – left message. 6. I called 9/19/02 in Las Vegas & Hobbs – no answer – left message. 7. I called 9/24/02 in Las Vegas – no answer - left message. 8. On 10/8/02 Mr. Barton faxed response that he wanted to leave open for participation. 9. Sent well proposal on 4/1/03. 10. Agreed to join – waiting on signed Operating Agreement.
Kenneth G. Cone	<ol style="list-style-type: none"> 1. I called 8/29/02 – no answer – left message. 2. Sent offer on 12/3/02. 3. I called 12/4/02 – no answer- left message. 4. I called 2/20/03 – no answer- left message. 5. I called 3/21/03 – no answer- left message. 6. Kathy from his office called – Mr. Cone is in Guatemala and can't be reached by phone. Will try to discuss with him next time he calls in. 7. Sent well proposal on 4/1/03.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 13073 Exhibit No. 3

Submitted by:

EOG RESOURCES, INC.

Hearing Date: May 22, 2003

Kenneth G. Cone, Trustee of the trusts created under the Will and Codicil of Kathleen Cone fbo the children of Kenneth G. Cone	Same.
The Long Trusts	<ol style="list-style-type: none"> 1. Sent offer on 12/3/02. 2. Called 12/03/02 – Larry Long not in – was told to call in morning. 3. Called 2/20/03 – Larry Long not in – left message. 4. Called 4/21/03 – Larry Long not in – left message. 5. Sent well proposal on 4/1/03.
Charles L. Cobb, Deceased	<ol style="list-style-type: none"> 1. 12/3/02 I found probate for a Charles L. Cobb in Lea County. Named R. M. Clayton, III as heir. 2. Agreed to lease Clayton on 2/19/03. Subsequently discovered that Clayton is not heir. 3. Cancelled agreement with Clayton on 4/29/03. 4. Sent well proposal on 4/1/03 to who we believe are handling heirs.
Heirs of Reita Joan Cleere Schnaubert, believed to be Tommy Gene Schnaubert, Bobby Joe Schnaubert, Mary Schnaubert Irwinsky and Ruth Schnaubert Dake	<ol style="list-style-type: none"> 1. Joan Garrison told me on 4/3/04 to contact Mary Irwinsky about offer on Reita Joan Cleere Schnaubert interest. 2. Mailed offer on 4/4/03. 3. I called 4/4/03 – no answer- left message. 4. I called 4/22/03 – no answer- left message. 5. Sent well proposal on 4/1/03. 6. Sent well proposal on 4/30/03.
Owen W. McWhorter, Jr.	<ol style="list-style-type: none"> 1. Sent offer on 12/3/02. 2. I called 12/3/02 – no answer. 3. I called 12/4/02 – left message. 4. I called 2/5/03 – left message. 5. I called 2/19/03 – left message. 6. I called 2/20/03 – left message. 7. Sent well proposal on 4/1/03. 8. Agreed to join well-waiting on signed Operating Agreement.
Marjorie Cone Kastman	<ol style="list-style-type: none"> 1. I called 2/20/03 – offered to lease. Send AFE if we will drill on her. She will either lease or participate. 2. Sent well proposal on 4/1/03. 3. Agreed to join well-waiting on signed Operating Agreement.



March 25, 2003

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(915) 686-3600

Devon Energy Production Company, L.P.
20 North Broadway
Oklahoma City, OK 73102
Attn: Richard Winchester

Re: Watson "31" #1 Well Proposal
660' FSL & 1980' FEL
Section 31, Township 15 South, Range 35 East
Lea County, New Mexico
S/2 Spacing Unit

Gentlemen:

EOG Resources, Inc. ("EOG") (successor to David H. Arrington Oil & Gas, Inc.) hereby proposes to drill the Watson "31" #1 well. This well will be drilled at the captioned location to a total depth of 12,700' or a depth sufficient to test the Morrow/Mississippian formation. Attached for your review and approval, is EOG's AFE in the amount of \$1,538,900.00 to drill and complete this well.

Please signify your elections on Page 2 and return one copy of this letter, one executed AFE, and a copy of your well requirements.

Should you not be interested in participating in this test, EOG will entertain a mutually agreeable trade.

Should you have any questions, please contact me at (915) 686-3758.

Sincerely,

EOG RESOURCES, INC.

A handwritten signature in black ink that reads "Patrick J. Tower". The signature is written in a cursive, flowing style.

Patrick J. Tower
Division Land Specialist

Enclosure

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 13073 Exhibit No. 4

Submitted by:

EOG RESOURCES, INC.

Hearing Date: May 22, 2003

Scanned

energy opportunity growth

March 25, 2003

Page Two

_____ Elect to participate in the drilling of the Watson "31" #1 Well

_____ Elect not to participate in the drilling of the Watson "31" #1 Well

Devon Energy Production Company, L. P.

By: _____

Printed Name: _____

Date: _____



April 1, 2003

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(915) 686-3600

CERTIFIED MAIL/RETURN RECEIPT

To Working Interest Owners
(See Addressee List Attached)

Re: Watson "31" #1 Well Proposal
660' FSL & 1980' FEL
Section 31, Township 15 South, Range 35 East
Lea County, New Mexico
S/2 Spacing Unit

Gentlemen:

EOG Resources, Inc. ("EOG") (successor to David H. Arrington Oil & Gas, Inc.) hereby proposes to drill the Watson "31" #1 well. This well will be drilled at the captioned location to a total depth of 12,700' or a depth sufficient to test the Morrow/Mississippian formation. Attached for your review and approval, is EOG's AFE in the amount of \$1,538,900.00 to drill and complete this well.

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Should you have any questions, please contact me at (915) 686-3758.

Sincerely,

EOG RESOURCES, INC.

Patrick J. Tower
Division Land Specialist

Enclosure

April 1, 2003
Page Two

_____ Elect to participate in the drilling of the Watson "31" #1 Well

Company: _____

By: _____

Printed Name: _____

Date: _____

Working Interest Owners
Addressee List
Watson "31" #1 Well

Diana Darks Brunel
5622 E. 97th
Tulsa, Oklahoma 74137

Roy G. Barton Trust
1919 N. Turner
Hobbs, New Mexico 88240

and Roy G. Barton Trust
2120 Redbird Drive
Las Vegas, Nevada 89134

Kenneth G. Cone
2533 Old Broadmoor Road
Colorado Springs, Colorado 80906

Randy Lee Cone
P. O. Box 552
Jay, Oklahoma 74346

Kenneth G. Cone, Trustee Kenneth G. Cone Trust
P. O. Box 11310
Midland, Texas 79702

Long Trusts
P. O. Box 3096
Kilgore, Texas 75663

Charles L. Cobb (Now deceased)
American State Bank Agent for Margaret Cobb
P. O. Box 1401
Lubbock, Texas 79408

Owen McWhorter, Jr.
3019 21st St.
Lubbock, Texas 79410

Majorie Cone Kastman
P. O. Box 5930
Lubbock, Texas 79408



April 30, 2003

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(915) 686-3600

CERTIFIED MAIL/RETURN RECEIPT

To Working Interest Owners
(See Addressee List Attached)

Re: Watson "31" #1 Well Proposal
660' FSL & 1980' FEL
Section 31, Township 15 South, Range 35 East
Lea County, New Mexico
S/2 Spacing Unit

Gentlemen:

EOG Resources, Inc. ("EOG") (successor to David H. Arrington Oil & Gas, Inc.) hereby proposes to drill the Watson "31" #1 well. This well will be drilled at the captioned location to a total depth of 12,700' or a depth sufficient to test the Morrow/Mississippian formation. Attached for your review and approval, is EOG's AFE in the amount of \$1,538,900.00 to drill and complete this well.

Please signify your elections on Page 2 and return one copy of this letter, one executed AFE, and a copy of your well requirements.

Should you not be interested in participating in this test, EOG will entertain a mutually agreeable trade.

Should you have any questions, please contact me at (915) 686-3758.

Sincerely,

EOG RESOURCES, INC.

A handwritten signature in black ink, appearing to read "Patrick J. Tower", written over a faint circular stamp.

Patrick J. Tower
Division Land Specialist

Enclosure

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13073 Exhibit No. 6
Submitted by:
EOG RESOURCES, INC.
Hearing Date: May 22, 2003

energy opportunity growth

April 30, 2003
Page Two

_____ Elect to participate in the drilling of the Watson "31" #1 Well

Company: _____

By: _____

Printed Name: _____

Date: _____

Working Interest Owners
Addressee List
Watson "31" #1 Well

Joan Howard Garrison
5651 Hemingway Ct
Ft. Pierce, Florida 34982

Tom Wesley Schnaubert, Tommy Gene Schnaubert, Bobby Joe Schnaubert ,
Ruth Schnaubert Dake and Mary Schnaubert Irwinsky
9041 Butterwick
Ft. Worth, Texas 76134

7002 2410 0000 0025 5817

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted (Endorsement)	
Total Po	
Sent To	Ms. Joan Howard Garrison
Street, Ap or PO Box	5651 Hemingway Court
City, State, ZIP+4	Fort Pierce, FL 34982-7911
PS Form 3800, June 2002	
See Reverse for Instructions	

4285 5200 0000 0025 5824

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total	Tom Wesley Schnaubert
Sent	Tommy Gene Schnaubert, Bobby Joe Schnaubert ,
Street or PO	Ruth Schnaubert Dake and Mary Schnaubert Irwinsky
City, State, ZIP+4	9041 Butterwick
	Ft. Worth, Texas 76134
PS Form 3800, June 2002	
See Reverse for Instructions	



MIDLAND

Printed: 04/24/2003

AFE No.	102590	Total Afe
Property No.	042246-000	
EOG W.I.(BCP)	50.36%	(ACP) 50.36%
EOG AFE Amt:	(Drig)	\$438,182
	(Completion)	\$336,808
	Total Cost	\$774,990

AFE Type : EXPLORATORY DRILLING	AFE Name : WATSON 31 #1 D&C	AFE Date : 03/04/2003	Budget Year : 2003
Reg. Lease No. :	Prospect Name : LOVINGTON	TVD / MD : 12700 / 12700	Begin Date :
Location : Section 31-T15S-R35E, 660 FSL & 1980 FEL		Formation :	DD&A Field :
Operator : EOG RESOURCES, INC	County & State : LEA NEW MEXICO	Regulatory Field : UNASSIGNED	Water Depth :
AFE Description : Watson 31 #1 D&C a 12,700' Morrow/Mississippian well.			Product : GAS
			Days : 0 / 0

DESCRIPTION	SUB ACT	DRILLING	COMPLETION	TOTAL
ACCESS LOCATION,ROADS & SURVEY	401	31,000	0	31,000
RIG MOVE	402	49,000	0	49,000
DAY WORK COST 35 / 2 DAYS @ \$8,400 / \$8,250	404	294,000	16,500	310,500
BITS & BHA	405	62,000	0	62,000
FUEL 35 DAYS @ \$1,000	406	35,000	0	35,000
WATER	407	25,000	0	25,000
MUD & CHEMICALS	408	48,000	0	48,000
CEMENTING & SERVICE	409	25,000	25,000	50,000
OPEN HOLE LOGGING & TESTING	411	30,000	20,000	50,000
MUD LOGGING 23 DAYS @ \$750	412	17,300	0	17,300
COMP-PERFORATING	413	0	50,000	50,000
COMP-STIMULATION	414	0	120,000	120,000
TRANSPORTATION	415	15,000	5,000	20,000
DRILLING OVERHEAD 35 DAYS @ \$200	416	7,000	3,000	10,000
EQUIPMENT RENTAL	417	38,000	25,000	63,000
COMP-COMPLETION RIG	418	0	35,000	35,000
OTHER DRILLING EXPENSE	419	10,000	5,000	15,000
ENVIRONMENTAL & SAFETY CHARGES 35 DAYS @ \$250	421	8,800	25,000	33,800
DIRECTIONAL DRILLING	422	30,000	0	30,000
EQUIPMENT USAGE	423	7,000	0	7,000
SUPERVISION 42 DAYS @ \$850	424	35,700	12,000	47,700
COMMUNICATIONS 35 DAYS @ \$125	431	4,400	2,000	6,400
TUBULAR INSPECTION/HANDLING	436	7,500	10,000	17,500
COMP-WIRELINE SERVICES	442	0	2,000	2,000
DISPOSAL COSTS	447	10,000	0	10,000
COMP-COMPLETION FLUIDS	448	0	5,000	5,000
TITLE OPINION-DRILL SITE	453	8,000	0	8,000
TOTAL INTANGIBLES		\$797,700	\$360,500	\$1,158,200

	FEET	SIZE	GRADE	\$/FT			
CONDUCTOR CASING					101	4,000	4,000
SURFACE CASING	500	11 3/4"	42#,H-40	14.41	102	7,300	7,300
INTERMEDIATE CASING	5,100	8 5/8"	32#,HCK+J	11.00	103	56,100	56,100
PRODUCTION CASING	12,700	5.5	HCP & N-80	7.64	104	0	97,100
PRODUCTION TUBING	12,700	2.875	P-110 CS	6.00	106	0	76,200
WELLHEAD EQUIPMENT					107	5,000	20,000
COMP-TANKS					108	0	16,000
COMP-FLOW LINES					109	0	1,500
COMP-VALVES & FITTINGS					110	0	15,000
COMP-PUMP EQUIP/SUBSURFACE					113	0	20,000
COMP-HEATER,TREATER,SEPARATOR					115	0	30,000
COMP-OTHER EQUIPMENT					116	0	2,500
COMP-METERING EQUIPMENT					118	0	15,000
COMP-CONSTRUCTION COST					122	0	15,000
TOTAL TANGIBLES						\$72,400	\$308,300
TOTAL COST						\$870,100	\$668,800
							\$1,538,900

By	Date 3-25-03	By	Date
By	Date	By	Date

JOINT OPERATOR APPROVAL

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 13073 Exhibit No. 7

Submitted by:

EOG RESOURCES, INC.

Hearing Date: May 22, 2003

Title	Date
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**BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT**

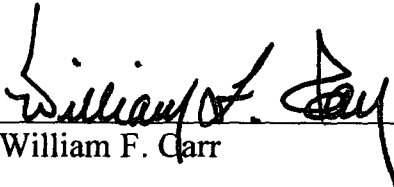
**IN THE MATTER OF THE APPLICATION OF
EOG RESOURCES, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. 13073

AFFIDAVIT

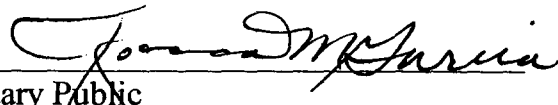
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of EOG Resources, Inc., the applicant herein, being first duly sworn, upon oath, states that notice has been given to all interested parties entitled to receive notice of this application under Oil Conservation Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached hereto.



William F. Carr

SUBSCRIBED AND SWORN to before this 1ST day of May 2003 by William F. Carr.



Notary Public

My Commission Expires: Aug. 23, 2005

EXHIBIT A

**APPLICATION OF EOG RESOURCES, INC.
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.**

NOTICE LIST

Devon Energy Production Company, L.P.
20 North Broadway
Oklahoma City, Oklahoma 73102
Attention: Richard Winchester

Diana Darks Brunel
5622 East 97th
Tulsa, Oklahoma 74137

Roy G. Barton Trust
1919 North Turner
Hobbs, New Mexico 88240

Roy G. Barton Trust
2120 Redbird Drive
Las Vegas, Nevada 89134

Kenneth G. Cone
2533 Old Broadmoor Road
Colorado Springs, Colorado 80906

Kenneth G. Cone, Trustee Kenneth G. Cone Trust
Post Office Box 11310
Midland, Texas 79702

Long Trusts
Post Office Box 3096
Kilgore, Texas 75663

Charles L. Cobb
c/o American State Bank Agent for Margaret Cobb
Post Office Box 1401
Lubbock, Texas 79408

Ms. Joan Howard Garrison
5651 Hemingway Court
Fort Pierce, Florida 34982-7911

Ms. Mary Irwinsky
4400 Odessa Avenue
Ft. Worth, Texas 76133

Majorie Cone Kastman
Post Office Box 5930
Lubbock, Texas 79408

Owen McWhorter. Jr.
3019 21st Street
Lubbock, Texas 79410

Tommy Wesley Schnaubert
Tommy Gene Schnaubert
Bobby Jo Schnaubert
Ruth Marie Dake
9041 Butterwick
Ft. Worth, Texas 76134

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage)

OFFICIAL U

WFC/EDG
Watson
Postage \$.83
Certified Fee 2.30
Return Receipt Fee (Endorsement Required) 1.75
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.88



Sent To Roy G. Barton Trust
1919 North Turner
Hobbs, New Mexico 88240
Street, Apt. No.; or PO Box No.
City, State, ZIP+

PS Form 3800, July 1999

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Roy G. Barton Trust
1919 North Turner
Hobbs, New Mexico 88240

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature Branda Stewart 5-503

X Branda Stewart ☐ Agent ☐ Address

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Roy G. Barton Trust
2120 Redbird Drive
Las Vegas, Nevada 89134

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature Roy Barton 5-120

X Roy Barton ☐ Agent ☐ Address

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7001 1140 0002 5601 5942

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage)

OFFICIAL U

WFC/EDG
Watson
Postage \$.83
Certified Fee 2.30
Return Receipt Fee (Endorsement Required) 1.75
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.88



Sent To Diana Darks Brunel
5622 East 97th
Tulsa, Oklahoma 74137
Street, Apt. No.; or PO Box No.
City, State, ZIP+

PS Form 3800, July 1999

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Diana Darks Brunel
5622 East 97th
Tulsa, Oklahoma 74137

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature Diana Darks Brunel 5-15

X Diana Darks Brunel ☐ Agent ☐ Address

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7001 1140 0002 5601 5928

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage)

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Charles L. Cobb
c/o American State Bank Agent for
Margaret Cobb
Post Office Box 1401
Lubbock, Texas 79408

A. Received by (Please Print Clearly) *A. Cobb* B. Date of Delivery *7/20/99*

C. Signature *Charles L. Cobb*

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from serv

7001 1140 0002 5601 3801

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Kenneth G. Cone
245 Royal Greenway
CO 5765 CO 06
303 ALSACE WAY 80906

A. Received by (Please Print Clearly) *K. Cone* B. Date of Delivery *7/20/99*

C. Signature *Kenneth G. Cone*

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from se

7001 1140 0002 5601 5959

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Devon Energy Production
Company, L.P.
Attention: Richard Winchester
20 North Broadway
Oklahoma City, Oklahoma 73102

A. Received by (Please Print Clearly) *R. Winchester* B. Date of Delivery *7/20/99*

C. Signature *Richard Winchester*

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from s

7001 1140 0002 5601 5911

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

OFFICIAL U

WFC/EOG
Watson

Postage \$.83
Certified Fee 2.30
Return Receipt Fee (Endorsement Required) 1.76
Restricted Delivery Fee (Endorsement Required) 4.88
Total Postage & Fees \$ 9.77

Sent To
Charles L. Cobb
c/o American State Bank Agent for
Margaret Cobb
Post Office Box 1401
Lubbock, Texas 79408

PS Form 3800, January 2001

OFFICIAL U

WFC/EOG
Watson

Postage \$.83
Certified Fee 2.30
Return Receipt Fee (Endorsement Required) 1.76
Restricted Delivery Fee (Endorsement Required) 4.88
Total Postage & Fees \$ 9.77

Sent To
Kenneth G. Cone
2533 Old Broadmoor Road
Colorado Springs, Colorado 80906

PS Form 3800, January 2001

OFFICIAL U

WFC/EOG
Watson

Postage \$.83
Certified Fee 2.30
Return Receipt Fee (Endorsement Required) 1.76
Restricted Delivery Fee (Endorsement Required) 4.88
Total Postage & Fees \$ 9.77

Sent To
Devon Energy Production
Company, L.P.
Attention: Richard Winchester
20 North Broadway
Oklahoma City, Oklahoma 73102

PS Form 3800, January 2001

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only: No Insurance Coverage)

OFFICIAL U

WFC/EDG
Watson
Postage \$.83
Certified Fee 2.30
Return Receipt Fee (Endorsement Required) 1.75
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.88

Sent To
Kenneth G. Cone, Trustee Kenneth
G. Cone Trust
Post Office Box 11310
Midland, Texas 79702

PS Form 3800, J

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Kenneth G. Cone, Trustee Kenneth
G. Cone Trust
Post Office Box 11310
Midland, Texas 79702

2. Article Number (Copy from

7001 1140 0002 5601 3788

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-01

Item 4 if Restricted Delivery is desired.

- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ms. Joan Howard Garrison
5651 Hemingway Court
Fort Pierce, Florida 34982-7911

2. Article Number (Copy from

7001 1140 0002 5601 3818

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ms. Joan Howard Garrison
5651 Hemingway Court
Fort Pierce, Florida 34982-7911

2. Article Number (Copy from

7001 1140 0002 5601 3825

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Date of Delivery

C. Signature

D. Is delivery address different from item 1? If YES, enter delivery address below:

3. Service Type

- ☒ Certified Mail ☐ Express Mail
- ☐ Registered ☒ Return Receipt for Merchandise
- ☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

C. Signature

D. Is delivery address different from item 1? If YES, enter delivery address below:

3. Service Type

- ☒ Certified Mail ☐ Express Mail
- ☐ Registered ☒ Return Receipt for Merchandise
- ☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only: No Insurance Coverage)

OFFICIAL U

WFC/EDG
Watson
Postage \$.83
Certified Fee 2.30
Return Receipt Fee (Endorsement Required) 1.75
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.88

Sent To
Ms. Joan Howard Garrison
5651 Hemingway Court
Fort Pierce, Florida 34982-7911

PS Form 3800, J

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only, No Insurance Coverage)

OFFICIAL U

WFC/EDG
Watson
Postage
Certified Fee

\$.83

2.30

1.75

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees

\$ 4.88

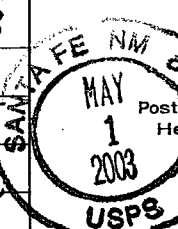
Sent To

Majorie Cone Kastman
Post Office Box 5930
Lubbock, Texas 79408

Street, Apt. No.,
or PO Box No.

City, State, ZIP+

PS Form 3800



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Majorie Cone Kastman
Post Office Box 5930
Lubbock, Texas 79408

2. Article Number (Copy from ser

7001 1140 0002 5601 3832

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Long Trusts
Post Office Box 3096
Kilgore, Texas 75663

2. Article Number (Copy from ser

7001 1140 0002 5601 3795

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Tommy Wesley Schnaubert
et al.
9041 Butterwick
Ft. Worth Texas 76134

2. Article Number (Copy from ser

7001 1140 0002 5601 8820

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Deliv

C. Signature

X Brenda B. B...

☐ Agent

☐ Address

D. Is delivery address different from item 1?
If YES, enter delivery address below:

☐ Yes

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

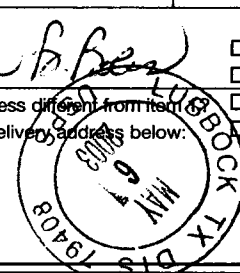
☒ Return Receipt for Merchand

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only, No Insurance Coverage)

OFFICIAL U

WFC/EDG
Watson
Postage
Certified Fee

\$.83

2.30

1.75

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees

\$ 4.88

Sent To

Long Trusts
Post Office Box 3096
Kilgore, Texas 75663

Street, Apt. No.,
or PO Box No.

City, State, ZIP+

PS Form 3800



- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Long Trusts
Post Office Box 3096
Kilgore, Texas 75663

2. Article Number (Copy from ser

7001 1140 0002 5601 3795

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Tommy Wesley Schnaubert
et al.
9041 Butterwick
Ft. Worth Texas 76134

2. Article Number (Copy from ser

7001 1140 0002 5601 8820

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-09

A. Received by (Please Print Clearly)

B. Date of Deliv

C. Signature

X Thomas L. Bailey

☐ Agent

☐ Address

D. Is delivery address different from item 1?
If YES, enter delivery address below:

☐ Yes

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchand

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only, No Insurance Coverage)

OFFICIAL U

EDG/Watson
Postage
Certified Fee

\$.83

2.30

1.75

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees

\$ 4.88

Sent To

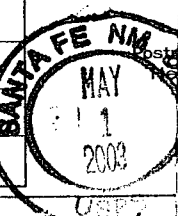
Tommy W. Schnaubert et al.
9041 Butterwick
Ft. Worth TX 76134

Street, Apt. No.,
or PO Box No.

City, State, ZIP+

PS Form 3800, January 2001

See Reverse for



U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)

OFFICIAL USE

WFC/EDG
Watson
Postage
Certified Fee

\$.83
2.30

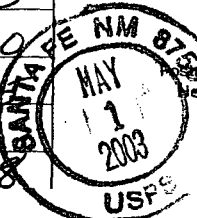
Return Receipt Fee
(Endorsement Required)

1.70

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees

\$ 4.83



Sent To

Owen McWhorter, Jr.
3019 21st Street
Lubbock, Texas 79410

Street, Apt. No.;
or PO Box No.

City, State, ZIP+ 4

PS Form 3800, Jan

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Owen McWhorter, Jr.
3019 21st Street
Lubbock, Texas 79410

2. Article Number (Copy from service label)

7001 1140 0002 5601 3849

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
Owen McWhorter Jr. 5-3
C. Signature X [Signature] ☐ Agent
☐ Addressee
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Domestic Return Receipt

102595-00-M-095

EXHIBIT "C"

1 Attached to and made a part of that certain Operating Agreement dated May 15, 2003
2 By and Between EOG Resources, Inc., as Operator and Roy G. Barton Jr., Trustee of the Ray G. Barton, Sr. and
3 Opal Barton Revocable Trust u/v/a dated 1/28/82, et al. as Non-Operators
4

ACCOUNTING PROCEDURE JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation within ~~fifteen (15)~~ thirty (30) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

B. Each Non-Operator shall pay its proportion of all bills within ~~fifteen (15)~~ thirty (30) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at Citi-Bank, New York, New York on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof, provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

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5. Audits

A. A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year without prior approval of Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of those Non-Operators approving such audit.

B. The Operator shall reply in writing to an audit report within 180 days after receipt of such report.

6. Approval By Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Ecological and Environmental

Costs incurred for the benefit of the Joint Property as a result of governmental or regulatory requirements to satisfy environmental considerations applicable to the Joint Operations. Such costs may include surveys of an ecological or archaeological nature and pollution control procedures as required by applicable laws and regulations.

2. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

3. Labor

A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.

(2) Salaries of First level Supervisors in the field.

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the overhead rates.

(4) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly employed in the operation or the Joint Property if such charges are excluded from the overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 3A of this Section II. Such costs under this Paragraph 3B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 3A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II.

D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II.

4. Employee Benefits

Operator's current costs or established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II shall be Operator's actual cost not to exceed the percent most recently recommended by the Council of Petroleum Accountants Societies.

5. **Material**

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

6. **Transportation**

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store where like material is normally available or railway receiving point nearest the Joint Property unless agreed to by the Parties.

B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store where like material is normally available, or railway receiving point nearest the Joint Property unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.

C. In the application of subparagraphs A and B above, the option to equalize or charge actual trucking cost is available when the actual charge is \$400 or less excluding accessorial charges. The \$400 will be adjusted to the amount most recently recommended by the Council of Petroleum Accountants Societies.

7. **Services**

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 10 of Section II and Paragraph i, ii, and iii, of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

8. **Equipment and Facilities Furnished By Operator**

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on gross investment less accumulated depreciation not to exceed twelve percent (12%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

B. In lieu of charges in Paragraph 8A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

9. **Damages and Losses to Joint Property**

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

10. **Legal Expense**

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

11. **Taxes**

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties. If the ad valorem taxes are based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the Joint Account shall be made and paid by the Parties hereto in accordance with the tax value generated by each party's working interest.

12. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Worker's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

13. Abandonment and Reclamation

Costs incurred for abandonment of the Joint Property, including costs required by governmental or other regulatory authority.

14. Communications

Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.

15. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- (X) Fixed Rate Basis, Paragraph 1A, or
() Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

- () shall be covered by the overhead rates, or
(X) shall not be covered by the overhead rates.

iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

- () shall be covered by the overhead rates, or
(X) shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 5,800.00
(Prorated for less than a full month)

Producing Well Rate \$ 580.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

(1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever

is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.

- (2) Charges for wells undergoing any type of workover or re-completion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

- (1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

- (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

- (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

- (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.

- (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhead - Percentage Basis

- (1) Operator shall charge the Joint Account at the following rates:

(a) Development

_____ Percent (____%) of the cost of development of the Joint Property exclusive of costs provided under Paragraph 10 of Section II and all salvage credits.

(b) Operating

_____ Percent (____%) of the cost of operating the Joint Property exclusive of costs provided under Paragraphs 2 and 10 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

- (2) Application of Overhead - Percentage Basis shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, re-drilling, deepening, or any remedial operations on any or all wells involving the use of drilling rig and crew capable of drilling to the producing interval on the Joint Property; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as operating.

2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint

Account for overhead based on the following rates for any Major Construction project in excess of \$ \$25,000.00

A. 5 % of first \$100,000 or total cost if less, plus

B. 3 % of costs in excess of \$100,000 but less than \$1,000,000, plus

C. 2 % of costs in excess of \$1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells and artificial lift equipment shall be excluded.

3. Catastrophe Overhead

To compensate Operator for overhead costs incurred in the event of expenditures resulting from a single occurrence due to oil spill, blowout, explosion, fire, storm, hurricane, or other catastrophes as agreed to by the Parties, which are necessary to restore the Joint Property to the equivalent condition that existed prior to the event causing the expenditures, Operator shall either negotiate a rate prior to charging the Joint Account or shall charge the Joint Account for overhead based on the following rates:

A. 5 % of total costs through \$100,000; plus

B. 3 % of total costs in excess of \$100,000 but less than \$1,000,000; plus

C. 2 % of total costs in excess of \$1,000,000.

Expenditures subject to the overheads above will not be reduced by insurance recoveries, and no other overhead provisions of this Section III shall apply.

4. Amendment of Rates

The overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all Material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reasons, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following basis exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular Goods Other than Line Pipe

(a) Tubular goods, sized 2 3/8 inches OD and larger, except line pipe, shall be priced at Eastern mill published carload base prices effective as of date of movement plus transportation cost using the 80,000 pound carload weight basis to the railway receiving point nearest the Joint Property for which published rail rates for tubular goods exist. If the 80,000 pound rail rate is not offered, the 70,000 pound or 90,000 pound rail rate may be used. Freight charges for tubing will be calculated from Lorain, Ohio and casing from Youngstown, Ohio.

(b) For grades which are special to one mill only, prices shall be computed at the mill base of that mill plus transportation cost from that mill to the railway receiving point nearest the Joint Property as provided above in Paragraph 2.A.(1)(a). For transportation cost from points other than Eastern mills, the 30,000

pound Oil Field Haulers Association interstate truck rate shall be used.

(c) Special end finish tubular goods shall be priced at the lowest published out-of-stock price, f.o.b. Houston, Texas, plus transportation cost, using Oil Field Haulers Association interstate 30,000 pound truck rate, to the railway receiving point nearest the Joint Property.

(d) Macaroni tubing (size less than 2 3/8 inch OD) shall be priced at the lowest published out-of-stock prices f.o.b. the supplier plus transportation costs, using the Oil Field Haulers Association interstate truck rate per weight of tubing transferred, to the railway receiving point nearest the Joint Property.

(2) Line Pipe

(a) Line pipe movements (except size 24 inch OD and larger with wall: 3/4 inch and over) 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain, Ohio.

(b) Line Pipe movements (except size 24 inch OD) and larger with walls 3/4 inch and over) less than 30,000 pounds shall be priced at Eastern mill published carload base prices effective as of date of shipment, plus 20 percent, plus transportation costs based on freight rates as set forth under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain, Ohio.

(c) Line pipe 24 inch OD and over and 3/4 inch wall and larger shall be priced f.o.b. the point of manufacture at current new published prices plus transportation cost to the railway receiving point nearest the Joint Property.

(d) Line pipe, including fabricated line pipe, drive pipe and conduit not listed on published price lists shall be priced at quoted prices plus freight to the railway receiving point nearest the Joint Property or at prices agreed to by the Parties.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint Property.

(4) Unused new Material, except tubular goods, moved from the Joint Property shall be priced at the current new price, in effect on date of movement, as listed by a reliable supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint Property. Unused new tubulars will be priced as provided above in Paragraph 2.A.(1) and (2).

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

At seventy-five percent (75%) of current new price, as determined by Paragraph A.

(2) Material used on and moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph A, if Material was originally charged to the Joint Account as new Material or

(b) At sixty-five percent (65%) of current new price, as determined by Paragraph A, if Material was originally charged to the Joint Account as used Material

(3) Material not used on and moved from the Joint Property

At seventy-five percent (75%) of current new price as determined by Paragraph A.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph A. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

Material, excluding junk, no longer suitable for its original purpose, but usable for some other purpose shall be priced on a basis commensurate with its use. Operator may dispose of Condition D Material under procedures normally used by Operator without prior approval of Non-Operators.

(a) Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing or drill pipe utilized as line pipe shall be priced at used line pipe prices.

(b) Casing, tubing or drill pipe used as higher pressure service lines than standard line pipe, e.g. power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods shall be priced on a non upset basis.

(3) Condition E

Junk shall be priced at prevailing prices. Operator may dispose of Condition E Material under procedures normally utilized by Operator without prior approval of Non-Operators

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

(1) Loading or unloading costs may be charged to the Joint Account at the rate of twenty-five cents (25¢) per hundred weight on all tubular goods movements, in lieu of actual loading or unloading costs sustained at the stocking point. The above rate shall be adjusted as of the first day of April each year following January 1, 1985 by the same percentage increase or decrease used to adjust overhead rates in Section III, Paragraph 1.A.(3). Each year, the rate calculated shall be rounded to the nearest cent and shall be the rate in effect until the first day of April next year. Such rate shall be published each year by the Council of Petroleum Accountants Societies.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished By Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Adjustments to the Joint Account resulting from the reconciliation of a physical inventory shall be made within six months following the taking of the inventory. Inventory adjustments shall be made by Operator to the Joint Account for

1 overages and shortages, but, Operator shall be held accountable only for shortages due to lack of reasonable diligence.

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3 3. Special Inventories

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5 Special inventories may be taken whenever there is any sale, change of interest, or change of Operator in the Joint
6 Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of
7 interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory. In cases
8 involving a change of Operator, all Parties shall be governed by such inventory.

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10 4. Expense of Conducting Inventories

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12 A. The expense of conducting periodic inventories shall not be charged to the Joint Account unless agreed to by the
13 Parties.

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15 B. The expense of conducting special inventories shall be charged to the Parties requesting such inventories, except
16 inventories required due to change of Operator shall be charged to the Joint Account.
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(P) DAG TEX-MEX (p) LOVINGTON

ATOKA - MORROW

EUR MAP



POSTED WELL DATA

Well Name
Well Number
● EUR'S - MORROW_MESA(BLZ) (BCFE)
● EUR'S - ATOKA_BCFE(BLZ) (BCFE)
WELL - TD

BUBBLE MAP

EUR'S

EUR'S - ATOKA_BCFE BLZ - ATOKA EUR



0.0 - 0.5



0.5 - 1.0

EUR'S - MORROW_MESA BLZ - MORROW (MESA) EUR



0.0 - 0.5



0.5 - 1.0



1.0 - 1.5



1.5 - 2.0



2.0 - 3.0



3.0 - 4.0



4.0 - 5.0



5.0 - 6.0

SYMBOL HIGHLIGHT

☀ X-SECTION_N-S
● PROPOSED LOCATION

OVERLAY

SECTION LINES
TOWNSHIP LINES
COUNTY BOUNDARY
ARROW_WATSON 31-1 PAF
PAF_WATSON 31-1 PRORATION UNIT
X-SEC_N-S_WATSON 31-1 PAF

REMARKS

Wells Posted $\geq 12,000'$

Map Setting:

T:\PetraUsers\lbzinzi\DAG TEX-MEX\
MAP SETTINGS\LOVINGTON\
PROD_ATOK-MRRW_WATSON 31-1.MAP

OVERLAY:

T:\PetraProjects\DAG TEX-MEX\OVERLAY\
Base_KP.OVL

By: K. Perez - Geology by B. Zinz

May 20, 2003

BEFORE THE OIL CONSERVATION DIVISION

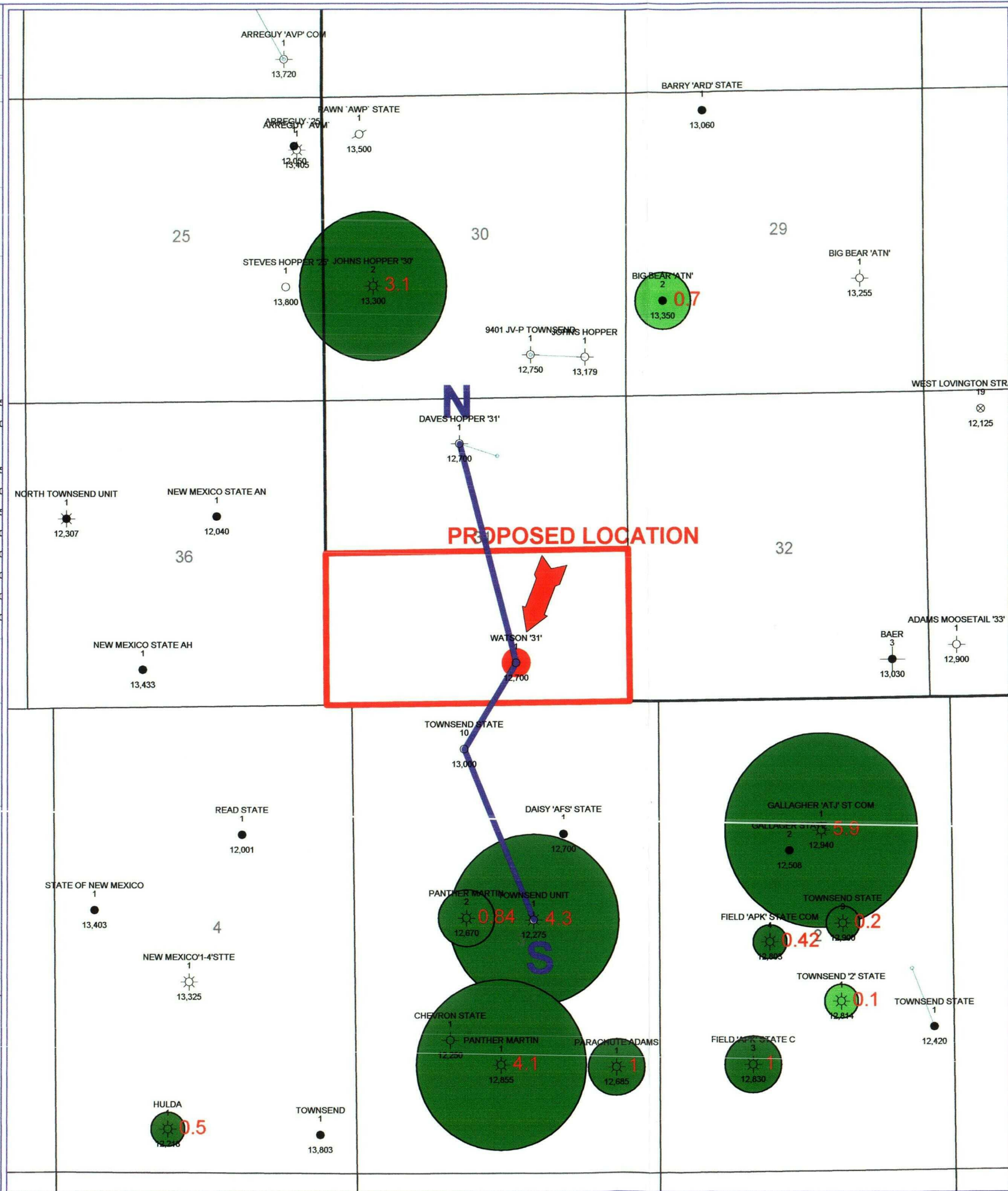
Santa Fe, New Mexico

Case No. 13073 Exhibit No. 10

Submitted by:

EOG RESOURCES, INC.

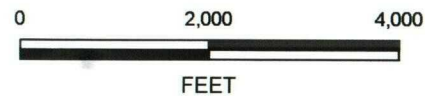
Hearing Date: May 22, 2003





(P) DAG TEX-MEX (p) LOVINGTON

MESA SAND ISOPACH MAP



POSTED WELL DATA

Well Name
Well Number
● MORROW - MRRWMESA(DAG)
WELL - TD

SYMBOL HIGHLIGHT

☀ X-SECTION_N-S
● PROPOSED LOCATION

OVERLAY

SECTION LINES
TOWNSHIP LINES
COUNTY BOUNDARY
ISO_MESA SAND (BLZ 4-1-03)
ARROW_WATSON 31-1 PAF
PAF_WATSON 31-1 PRORATION UNIT
X-SEC_N-S_WATSON 31-1 PAF

REMARKS
Wells Posted $\geq 12,000'$

C.I. = 10'

Map Setting:
T:\PetraUsers\lbzinz\ DAG TEX-MEX\
MAP SETTINGS\LOVINGTON\
ISO_MESA SD_WATSON 31-1.MAP

OVERLAY:
T:\PetraProjects\ DAG TEX-MEX\OVERLAY\
Base_KP.OVL

By: K. Perez - Geology by B. Zinz

May 20, 2003

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13073 Exhibit No. 12
Submitted by:
EOG RESOURCES, INC.
Hearing Date: May 22, 2003

