

COPY

CONSENT AGREEMENT
BETWEEN EOG RESOURCES, INC. and
DIVISION OF MINERAL RESOURCES MANAGEMENT

This Consent Agreement is by and between EOG Resources, Inc. (EOG, Inc.) and the State of Ohio, Department of Natural Resources, Division of Mineral Resources Management (hereinafter "Division"), concerning the supply of temporary water to Mr. and Mrs. Gregg Bland (hereinafter, the "Blands").

WHEREAS, The Chief of the Division of Mineral Resources Management is charged with the responsibility of administering, implementing, and enforcing Ohio Revised Code Chapter 1509 and Ohio Admin. Code Chapter 1501:9.

WHEREAS, EOG, Inc. is a corporation authorized to do business in the state of Ohio and is a "person" as that term is defined in R.C. 1509.01(T) and R.C. 1.59.

WHEREAS, EOG, Inc.'s affiliate, Energy Search, Incorporated, Owner Number 3793 is the owner of oil and gas wells in Ohio which EOG, Inc. operates on its behalf.

WHEREAS, EOG, Inc. is the owner and operator, as those terms are defined in R.C. Chapter 1509, of the Betts No. 2 well, Permit No. 0582 located in Windsor Township, Lawrence County, Ohio.

WHEREAS, On October 23, 2002, the Division issued Chief's Order No. 2002-65 finding that activities during the drilling of the Betts No. 2 well, Permit No. 0582, allegedly allowed contamination of the Blands' water well located at 856 Township Rd. 168, Willow Wood, Ohio 45696.

WHEREAS, EOG, Inc. elected to provide a replacement domestic water supply.

WHEREAS, R.C. 1509.22(F) requires EOG, Inc. to obtain a temporary water supply or reimburse the affected property owner for the reasonable cost of obtaining a

temporary water supply from the time of contamination until Order 2002-65 is complied with, revoked, or otherwise becomes ineffective.

WHEREAS, Disruption of the temporary water supply has allegedly occurred on nine separate days with the temporary water supply now reinstated.

WHEREAS, The term "disruption" includes, but is not limited to, water outages and water that is unusable due to failure to meet the minimum federal drinking water standards including, but not limited to, those for turbidity.

NOW, THEREFORE, for and in consideration of the promises and mutual agreements of the parties hereto, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. EOG, Inc. shall pay Seven Thousand Two Hundred Dollars (\$7,200.00) to the Division. The payment shall be made by certified check or cashier's check payable to the order of Treasurer, State of Ohio and delivered to counsel for the Division, Assistant Attorney General, Holly N. Deeds, 1930 Belcher Dr., Bldg D-2, Columbus, Ohio 43224 within seven (7) days of the execution of this Consent Agreement.

2. The payment required herein shall not be construed as a valuation of any civil penalty and the Division reserves the right to seek civil penalties if a breach of this Consent Agreement occurs.

3. EOG, Inc. shall continue to supply temporary water until such time as Chief's Order 2002-65 is complied with, terminated, otherwise revoked or the Bland's residence is permanently connected to a public water supply source.

4. EOG, Inc. shall continue to monitor the level of water in the Blands' water tank.

5. In the event of future complaints from the Blands' of disruptions of the temporary water supply, EOG, Inc. and the Division shall perform the following:

a. The Division shall verify complaints regarding disruption of the Blands' temporary water supply by dispatching an Inspector or other suitable Division employee to the Bland residence after receipt of a disruption complaint and shall immediately give verbal notification of the complaint to EOG, Inc.

b. After confirming the disruption in the Blands' temporary water supply, the Division shall send written notification of the disruption to EOG, Inc.

c. Within ten (10) days of receiving the written notification, EOG, Inc. shall pay the corresponding penalty by the manner prescribed in Paragraph 1 above for each day except where the disruption was caused by an act of God including, but not limited to, flooding which prevents access to the Bland residence.

i. The first day after entering into this Consent Agreement that disruption occurs, EOG, Inc. shall pay to the Division One Thousand Six Hundred Dollars (\$1,600).

ii. The second day after entering into this Consent Agreement that disruption occurs, and or persists, EOG, Inc. shall pay to the Division Three Thousand Two Hundred Dollars (\$3,200).

iii. The third day and any day thereafter, after entering into this Consent Agreement that disruption occurs and/or persists, EOG, Inc.

shall pay to the Division Four Thousand Dollars (\$4,000) for each day that the disruption occurs and/or persists.

d. If the disruption of the temporary water supply continues beyond what is expected of a reasonably prudent operator, the Division retains the right to pursue any and all remedies it deems appropriate and EOG, Inc. retains the right to contest any and all such remedies.

6. Upon compliance with Paragraph 1 of this Consent Agreement, the Division agrees to remove the hold on EOG, Inc. permit applications based on this matter.

7. Nothing in this Consent Agreement shall be construed so as to prejudice the right of the Division to deny permits, or issue other decisions and orders to enforce the provisions of R.C. Chapter 1509 and Ohio Admin. Code Chapter 1501:9, nor shall anything herein be construed to prejudice EOG, Inc.'s right to contest such decisions and orders.

8. In the event of any default of the terms set forth herein, the Division may elect to pursue any and all remedies it deems appropriate including the seeking of civil penalties, and injunctive relief. Further, in the event of default, EOG, Inc., its heirs, assigns, and successors-in-interest agree that in any litigation brought by the Division to enforce this Consent Agreement: a) venue shall be proper in the Franklin County Ohio Court of Common Pleas; b) service of process and summons thereof are hereby waived, but timely written notice of the litigation shall be given; and c) interest on the aforementioned payments shall be assessed at ten percent (10%) per annum.

9. This Consent Agreement constitutes the entire Agreement between the parties with regard to the disruption of the Blands' temporary water supply and shall not be modified except by written agreement accepted by the parties hereto.

IN WITNESS WHEREFORE, The parties hereby acknowledge that they have read and understood the terms and conditions of this Consent Agreement and with full awareness of the legal consequences, make a voluntary, knowing, and intelligent commitment, and intend to be fully bound thereby.

AGREED:

EOG RESOURCES, INC

By: 

GARY L. SMITH
Vice President and
General Manager

4/13/2004

Date:

APPROVED:

By: 

HUGH A. STOWE
Senior Counsel
EOG Resources, Inc.
333 Clay Street, Suite 4200
Houston, Texas 77002
Tel. (713) 651-6934

4/6/2004

Date:

Counsel for EOG Resources, Inc.

AGREED:

STATE OF OHIO,
DEPARTMENT OF NATURAL
RESOURCES,
DIVISION OF MINERAL RESOURCES
MANAGEMENT

APPROVED:

By: 

MICHAEL L. SPONSLER
Chief, Division of Mineral
Resources Management

4/20/04

Date:

By: 

HOLLY N. DEEDS
Assistant Attorney General
Environmental Enforcement
1930 Belcher Dr., Bldg. D-2
Columbus, OH 43224
(614) 265-6323

4/20/04

Date:

Counsel for Division