

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF COLGATE OPERATING, LLC
FOR COMPULSORY POOLING, AND NON-
STANDARD SPACING AND PRORATION UNIT IN
EDDY COUNTY, NEW MEXICO**

CASE NO. _____

**APPLICATION FOR COMPULSORY POOLING, AND NON-STANDARD
SPACING AND PRORATION UNIT**

COLGATE OPERATING, LLC applies for an order pooling all mineral interests within the Bone Spring Formation, underlying Section 27, Township 19 South, Range 28 East, NMPM and Section 28, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above referenced horizontal spacing unit to the following four initial wells:

- A. **Weaver 27 State Com 121H**
SHL: 655 FNL and 270 FEL of Section 27-19S-28E
BHL: 990 FNL and 10 FWL of Section 28-19S-28E
TVD: 7,500
TMD: 17,179 Targeted Interval: 2nd Bone Spring
- B. **Weaver 27 State Com 122H**
SHL: 1,975 FNL and 270 FEL of Section 27-19S-28E
BHL: 2,310 FNL and 10 FWL of Section 28-19S-28E
TVD: 7,500
TMD: 17,209
Targeted Interval: 2nd Bone Spring
- C. **Weaver 27 State Com 131H**
SHL: 700 FNL and 270 FEL of Section 27-19S-28E
BHL: 890 FNL and 10 FWL of Section 28-19S-28E
TVD: 8,600
TMD: 18,324
Targeted Interval: 3rd Bone Spring

D. **Weaver 27 State Com 132H**

SHL: 2,020 FNL and 270 FEL of Section 27-19S-28E

BHL: 2,210 FNL and 10' FWL of Section 28-19S-28E

TVD: 8,600

TMD: 18,364

Targeted Interval: 3rd Bone Spring

3. Because the proposed wells will be continuously drilled and completed, Applicant requests an extension of the time period to drill and complete the initial wells from 120 days to 365 days.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

5. The requested pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and the proposed spacing unit.

WHEREFORE, Applicant, requests after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted interests in this horizontal spacing unit;
- B. Approving four initial horizontal wells in this spacing unit;
- C. Authorizing an extension of the 120-day requirement to drill and complete the initial wells on this horizontal spacing unit;
- D. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision while drilling and after completing, together with a provision adjusting the rates pursuant to

the COPAS accounting procedures; and;

- G. Imposing a 200% charge for risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

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