

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

**APPLICATIONS OF COLGATE
PRODUCTION, LLC FOR COMPULSORY
POOLING AND APPROVAL OF NON-STANDARD
SPACING UNITS, EDDY COUNTY, NEW MEXICO.**

CASE NOS. 23985 & 23986

CONSOLIDATED PRE-HEARING STATEMENT

Colgate Production, LLC ("Colgate" or "Applicant") submits its Consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPLICANT

Colgate Production, LLC

ATTORNEYS

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INTERESTED PARTIES

None.

ATTORNEYS

STATEMENT OF THE CASES

In **Case No. 23985**, Colgate applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 798.54-acre, more or less, non-standard horizontal spacing unit comprised of the N/2 of irregular Sections 3 and 4, and NE/4 of irregular Section 5, Township 20, Range 30 East, Eddy County, New Mexico. The Unit will be dedicated to the following wells: **Michelada 5 Fed Com 121H** and **Michelada 5 Fed Com 131H**, which will be drilled from surface hole locations in Lot 3 (NE/4 NW/4 equivalent) of Section 5 to bottom hole locations in the NE/4

NE/4 (Unit A) of Section 3; and **Michelada 5 Fed Com 122H** and **Michelada 5 Fed Com 132H**, which will be drilled from surface hole locations in Lot 3 (NE/4 NW/4 equivalent) of Section 5 to bottom hole locations in the SE/4 NE/4 (Unit H) of Section 3.

In **Case No. 23986**, Colgate applies for an order pooling all uncommitted interests in the Bone Spring formation underlying an 800-acre, more or less, non-standard horizontal spacing unit comprised of the S/2 of irregular Sections 3 and 4, and the SE/4 of irregular Section 5, Township 20, Range 30 East, Eddy County, New Mexico. The Unit will be dedicated to the following wells: **Michelada 5 Fed Com 123H** and **Michelada 5 Fed Com 133H**, which will be drilled from surface hole locations in the NW/4 NW/4 (Unit D) of Section 11 to bottom hole locations in the NW/4 SE/4 (Unit J) of Section 5; and **Michelada 5 Fed Com 124H** and **Michelada 5 Fed Com 134H**, which will be drilled from surface hole locations in the NW/4 NW/4 (Unit D) of Section 11 to bottom hole locations in the SW/4 SE/4 (Unit O) of Section 5.

Colgate seeks approval of non-standard spacing units to optimally locate its proposed wells and surface facilities. The proposed non-standard units will allow Colgate to consolidate surface facilities and thereby reduce costs and environmental impacts. Colgate's comprehensive development plan best protects correlative rights and prevents the drilling of unnecessary wells. As a result, approval of a non-standard spacing unit is necessary to prevent waste and protect correlative rights. The completed intervals of the wells will be orthodox within the non-standard spacing units.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Permian Resources Operating, LLC (OGRID No. 372165) as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately 21 miles northeast of Carlsbad, New Mexico.

PROPOSED EVIDENCE

Witness	Occupation	Estimated Time	Exhibits
Mason Maxwell	Landman	Affidavit	Approx. 5
Christopher Cantin	Geologist	Affidavit	Approx. 4

PROCEDURAL MATTERS

Applicant intends to consolidate these matters for hearing and will present the cases by affidavit if there is no opposition to its applications.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 290034

QUESTIONS

Operator: Permian Resources Operating, LLC 1001 17th Street, Suite 1800 Denver, CO 80202	OGRID: 372165
	Action Number: 290034
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.