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

# APPLICATION OF COLGATE PRODUCTION, LLC TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-23010, EDDY COUNTY, NEW MEXICO

CASE NO. 24301 ORDER NO. R-23010

# **EXHIBIT INDEX**

Exhibit A	Self-Affirmed Statement of Mason Maxwell
A-1	Application & Proposed Notice of Hearing
A-2	Order No. R-23010
A-3	Plat of Tracts, Tract Ownership, Additional Pooled Parties
A-4	Sample Well Proposal Letter & AFEs
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of Dana S. Hardy
B-1	Notice Letters to All Interested Parties
B-2	Chart of Notice to All Interested Parties
B-3	Copies of Certified Mail Receipts and Returns
B-4	Affidavit of Publication for March 13, 2024

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

# APPLICATION OF COLGATE PRODUCTION, LLC TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-23010, EDDY COUNTY, NEW MEXICO

# CASE NO. 24301 ORDER NO. R-23010

### SELF-AFFIRMED STATEMENT OF MASON MAXWELL

1. I am a Landman with Permian Resources Operating, LLC ("Permian"). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the land matters involved in this case. Copies of the application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. On January 10, 2024, the Division entered Order No. R-23010 ("Order") in Case No. 23668, which pooled uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the N/2 NE/4 of Section 29 and the N/2 N/2 of Section 28, Township 18 South, Range 31 East, Eddy County, New Mexico ("Unit"). The Order further dedicated the Unit to the Silver 29-28 Fed Com 121H and Silver 29-28 Fed Com 131H wells ("Wells") and designated Permian Resources Operating, LLC (OGRID No. 372165) as operator of the Unit and Wells.

5. A copy of the Order is attached as **Exhibit A-2**.

Colgate Production, LLC Case No. 24301 Exhibit A

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6. Since the Order was entered, Colgate has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.

7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract, and identifies the additional uncommitted interests to be pooled under the terms of the Order, which are highlighted in yellow. The additional interest owners to be pooled are locatable.

8. **Exhibit A-4** is a sample well proposal letter and AFEs that I sent to the additional parties to be pooled under the terms of the Order.

9. In my opinion, Colgate made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.

10. Colgate requests the additional uncommitted interests be pooled under the terms of the Order.

11. In my opinion, the granting of Colgate's application would serve the interests of conservation and prevention of waste.

12. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

13. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and it made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my

signature below. framel

Mason Maxwell

03/29/2024 Date

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

# APPLICATION OF COLGATE PRODUCTION, LLC TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-23010, EDDY COUNTY, NEW MEXICO.

# CASE NO. 24301 ORDER NO. R-23010

#### **APPLICATION**

Pursuant to NMSA § 70-2-17, Colgate Production, LLC ("Applicant") files this application with the Oil Conservation Division ("Division") for the limited purpose of pooling additional uncommitted interests under the terms of Division Order No. R-23010. Applicant states the following in support of its application.

1. On January 10, 2024, the Division entered Order No. R-23010 ("Order") in Case No. 23668, which pooled uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the N/2 NE/4 of Section 29 and the N/2 N/2 of Section 28, Township 18 South, Range 31 East, Eddy County, New Mexico ("Unit"). The Order further dedicated the Unit to the Silver 29-28 Fed Com 121H and Silver 29-28 Fed Com 131H wells ("Wells") and designated Permian Resources Operating, LLC (OGRID No. 372165) as operator of the Unit and Wells.

2. Since the Order was entered, Applicant has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.

3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners but has been unable to obtain voluntary agreements from the owners.

Colgate Production, LLC Case No. 24301 Exhibit A-1 4. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interests should be pooled into the Unit pursuant to the terms of the Order.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on April 4, 2024, and, after notice and hearing, the Division pool the additional uncommitted interests into the Unit pursuant to the terms of Division Order No. R-23010.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy Dana S. Hardy Jaclyn M. McLean P.O. Box 2068 Santa Fe, NM 87504-2068 Phone: (505) 982-4554 Facsimile: (505) 982-8623 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com *Counsel for Colgate Production, LLC and Permian Resources Operating, LLC*  Application of Colgate Production, LLC to Pool Additional Interests Under Order No. R-23010, Eddy County, New Mexico. Colgate Production, LLC ("Applicant") seeks to pool additional uncommitted interests under the terms of Division Order No. R-23010 ("Order"). The Order: (1) pooled uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the N/2 NE/4 of Section 29 and the N/2 N/2 of Section 28, Township 18 South, Range 31 East, Eddy County, New Mexico ("Unit"); dedicated the Unit to the Silver 29-28 Fed Com 121H and Silver 29-28 Fed Com 131H wells ("Wells"); and designated Permian Resources Operating, LLC (OGRID No. 372165) as the operator of the Unit and the Wells. Since the Order was entered, Applicant has identified additional uncommitted interests in the Unit that should be pooled under the terms of the Order. The Wells are located approximately 30.57 miles southeast of Artesia, New Mexico.

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

# IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COLGATE PRODUCTION, LLC

CASE NO. 23668 ORDER NO. R-23010

# **ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on November 16, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

# FINDINGS OF FACT

- 1. Colgate Production, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

# **CONCLUSIONS OF LAW**

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

# **ORDER**

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
- 20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 21. This Order shall terminate automatically if Operator fails to comply with Paragraph 20 unless Operator obtains an extension by amending this Order for good cause shown.
- 22. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 23. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 23668 ORDER NO. R-23010 Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

CASE NO. 23668 ORDER NO. R-23010

- 30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 30 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

# STATE OF NEW MEXICO OIL CONSERVATION DIVISION

DYLAN M FUGE

Date: <u>1/10/2024</u>

DYLAN M-FUGE DIRECTOR (ACTING) DMF/hat

CASE NO. 23668 ORDER NO. R-23010

# Exhibit A

COMPULSORY POOLING APPLICATIO	IN CHECKLIST
ALL INFORMATION IN THE APPLICATION MUST BE SU	JPPORTED BY SIGNED AFFIDAVITS
Case: 23668	APPLICANT'S RESPONSE
Date	November 16, 2023
Applicant	Colgate Production, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 372165 (for Designated Operator - Permian Resources Operating, LLC)
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Colgate Production, LLC for Compulsory Pooling Eddy County, New Mexico.
Entries of Appearance/Intervenors:	N/A
Well Family	Silver 29-28 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Shugart North; Bone Spring Pool (Code 56405)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240
Building Blocks:	quarter-quarter
Orientation:	East to West
Description: TRS/County	N/2 NE/4 of Section 29 and the N/2 N/2 of Section 28, Township 18 South, Range 31 East, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is</u> approval of non-standard unit requested in this application?	Yes.
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Silver 29-28 Fed Com 121H (API #) 1929' FNL & 2212' FEL (Unit G), Section 29, T18S, R31E 660' FNL & 100' FEL (Unit A), Section 28, T18S, R31E Completion Target: Bone Spring (Approx. 8,702' TVD)

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Well #1	Silver 29-28 Fed Com 131H (API #) 1931' FNL & 2278' FEL (Unit G), Section 29, T18S, R31E
	660' FNL & 100' FEL (Unit A), Section 28, T18S, R31E
	Completion Target: Bone Spring (Approx. 9,602' TVD)
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000.00
Production Supervision/Month \$	\$800.00
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, Exhibit C-2, Exhibit C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
If approval of Non-Standard Spacing Unit is requested, Tract List	
(including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
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Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-3, B-4
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-5
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provi	ded in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	11/13/2023

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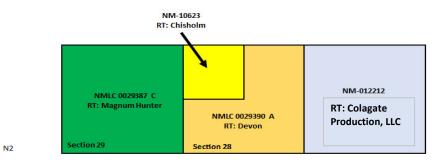
# CASE NO. 23668 ORDER NO. R-23010

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# Land Exhibit: Silver 29-28 Fed Com #121H & #131H

Section 29: N/2NE/4, Section 28: N/2N/2, T18S-R31E, Eddy Co., NM





			Documen			
			ts Sent			
Owner		Pooling?	Proposal	JOA	Com Agmt	Notes
Permian Resources Operat	ting LLC	N/A	N/A	N/A	N/A	Notes
1789 Minerals Fund II, LP d/		N/A	N/A	N/A	N/A	
Energy, LP	b/a noya	Y	Y	Y	Y	
Sabinal Energy Operatin	a 11 C	N	Y	Y	Ŷ	Exectued all docs
Earthstone Permian, I	0.	N	Y	Y	Y	Exectued all docs
					-	
Maverick Oil and Gas Corp	oration	Y	Y	Y	Y	
Timothy MacDonald		Y	Y	Y	Y	
Nortex Corporation	۱	Y	Y	Y	Y	
Kent Production Compar	ny, LLC	Y	Y	Y	Y	
William G. Parker, Nancy Strong and Sylvia S. Voo Trustees of the Estate of T. ANET Oil and Gas Consulti Kent Production Compar	hries, R. Parker ing, LLC	<u>ү</u> <u>ү</u> Ү	<u>ү</u> <u>ү</u> Ү	<u>ү</u> <u>ү</u> Ү	Y Y Y	
	1	Y	Y	Y	Y	
Gajh 1989 Limited Partnersh	р			•	Υ.	
Leas			sehold Own	ership Sec 29: N	F/4	
Colgate Production, LLC				43.256323		-
1789 Minerals Fund II, LP d/b/a						
Hoya Energy, LP Sabinal Energy Operating, LLC			14.598782		_	
Nortex Corporation		16.128178% 7.500000%				
Gajh 1989 Limited Partnership		13.516717%			1	
ANET Oil and Gas Consulting, L			3.041667;			
		Nancy Parke				
Strong and Sylvia S. Voohrie: Trustees of the Estate of T.B						

Trustees of the Estate of T.R.			
Parker	1.125000%		
Kent Production Company, LLC	0.833333%		
Leas	ehold Ownership		
Owner Sec 28: NW/4NW/4			
Colgate Production, LLC	62.150369%		
1789 Minerals Fund II, LP d/b/a			
Hoya Energy, LP	12.773934%		
noya energy, er			

Hoya Energy, LP	12.773934%
Sabinal Energy Operating, LLC	14.112155%
Nortex Corporation	6.562500%
ANET Oil and Gas Consulting, LL	2.661461%
William G. Parker, Nancy Parker	
Strong and Sylvia S. Voohries,	
Trustees of the Estate of T.R.	
Parker	0.984375%
Kent Production Company, LLC	0.729164%
Timothy R. MacDonald	0.015625%
Maverick Oil and Gas Corporation	0.010417%

	ehold Owners		
Owner olgate Production, LLC	Sec 28:	NE/4NW/4, S/2N 61,136565%	1914
oigate Production, LLC 789 Minerals Fund II. LP d/b/a		01.130303%	
oya Energy, LP		12.513242%	
abinal Energy Operating, LLC		13.824152%	
ortex Corporation		7.500000%	
NET Oil and Gas Consulting, LL		3.041670%	
/illiam G. Parker, Nancy Parker			
Strong and Sylvia S. Voohries,			
Trustees of the Estate of T.R.			
Parker		1.125000%	
ent Production Company, LLC		0.833330%	
mothy R. MacDonald		0.015625%	
averick Oil and Gas Corporation	1	0.010417%	
	ehold Ovners		
Owner		Sec 28: NE/4	
olgate Production, LLC		64.883475%	
789 Minerals Fund II, LP d/b/a			
oya Energy, LP		16.684322%	
abinal Energy Operating, LLC		18.432203%	
Unit	Capitulation		
Owner		WI	-
Colgate Production, L	LC	56.594422%	-
Colgate Production, L		56.594422%	-
1789 Minerals Fund I			-
1789 Minerals Fund I Hoya Energy, LP	I, LP d/b/a	14.642231%	
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1789 Minerals Fund I Hoya Energy, LP Sabinal Energy Opera Nortex Corporation Gajh 1989 Limited Par ANET Oil and Gas Cor William G. Parker, N Strong and Sylvia S. Trustees of the Est Parker	I, LP d/b/a ating, LLC rtnership nsulting, LLC ancy Parker . Voohries, ate of T.R. pany, LLC	14.642231% 16.176178% 4.843750% 4.505572% 1.964411% 0.726563%	
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# Parties to be pooled are highlighted yellow.

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Colgate Production, LLC Case No. 24301 Exhibit A-3

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300 N. MARIENFELD STREET, SUITE 1000 MIDLAND, TX 79701 **OFFICE** 432.695.4222 **FAX** 432.695.4063

April 13, 2023

Via Certified Mail

NORTEX CORPORATION 3009 Post Oak Blvd. Houston, TX 77056

#### RE: Silver 29-28 Fed Com – Well Proposals Section 28 & 29, T18S-R31E Eddy County, New Mexico

To Whom It May Concern:

Permian Resources Operating, LLC ("Permian"), as operator, hereby proposes the drilling and completion of the following four (4) wells, the Silver 29-28 Federal Com 121H, 122H, 131H, & 132H, at approximate locations within Township 18 South, Range 31 East:

#### SECOND BONE SPRING FORMATION:

# Silver 29-28 Fed Com 121H SHL: 1,929' FNL & 2,211' FEL (or at a legal location within unit letter G) of Section 29 FTP: 660' FNL & 2,540' FEL of Section 29 LTP: 660' FNL & 100' FEL of Section 28 BHL: 660' FNL & 10' FEL of Section 28 Standard Spacing Unit: N/2NE/4 of Section 29, N/2N/2 of Section 28, T18S-R31E TVD: 8,702' TMD: 16,487'

# 2. Silver 29-28 Fed Com 122H

SHL: 1,930' FNL & 2,244' FEL (or at a legal location within unit Letter G) of Section 29
FTP: 1,980' FNL & 2,540' FEL of Section 29
LTP: 1,980' FNL & 100' FEL of Section 28
BHL: 1,980' FNL & 10' FEL of Section 28
Standard Spacing Unit: S/2NE/4 of Section 29, S/2N/2 of Section 28, T18S-R31E
TVD: 8,732'
TMD: 16,517'

#### THIRD BONE SPRING FORMATION:

3. Silver 29-28 Fed Com 131H SHL: 1,930' FNL & 2,277' FEL (or at a legal location within unit letter G) of Section 29 FTP: 660' FNL & 2,540' FEL of Section 29 LTP: 660' FNL & 100' FEL of Section 28 BHL: 660' FNL & 10' FEL of Section 28 Standard Spacing Unit: N/2NE/4 of Section 29, N/2N/2 of Section 28, T18S-R31E TVD: 9,602' TMD: 17,387'

> Colgate Production, LLC Case No. 24301 Exhibit A-4

Silver 29-28 Fed Com 132H
SHL: 1,931' FNL & 2,310' FEL (or at a legal location within unit letter G) of Section 29
FTP: 1,980' FNL & 2,540' FEL of Section 29
LTP: 1,980' FNL & 100' FEL of Section 28
BHL: 1,980' FNL & 10' FEL of Section 28
Standard Spacing Unit: S/2NE/4 of Section 29, S/2N/2 of Section 28, T18S-R31E
TVD: 9,642'
TMD: 17,427'

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. Permian is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement is enclosed. The Operating Agreement has the following general provisions:

- -100%/300%/300% non-consent provisions
- \$8,000/\$800 drilling and producing rates
- Permian Resources Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells in the space provided below. Please sign and return one copy of this letter, a signed copy of the proposed AFE, and your geologic well requirements.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Permian will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well. If you do not wish to participate, Permian would be interested in acquiring your interest in the subject lands which is subject to further mutually agreeable negotiation.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me at 432.400.1037 or by email at travis.macha@permianres.com. Due to the number of inquiries received, email may be the quickest way to receive a response.

Respectfully,

Travis Macha Senior Landman

Enclosures

# Silver 29-28 Federal Com Elections:

Well Elections: (Please indicate your responses in the spaces below)						
Well(s)Elect to ParticipateElect to NOT NOT						
Silver 29-28 Federal Com 121H						
Silver 29-28 Federal Com 122H						
Silver 29-28 Federal Com 131H						
Silver 29-28 Federal Com 132H						

Company Name (If Applicable):

By: \_\_\_\_\_

\_\_\_\_\_

Printed Name:

Date: \_\_\_\_\_

# Participate / Rejection Declaration

Please return this page to Permian Resources Operating, LLC ("Permian") by the date specified in the letter, signed indicating your election to either participate in or reject this insurance program. If you reject the insurance coverage arranged by Permian, then, to the extent that Permian has an obligation to secure any such insurance on your behalf under any applicable agreements or otherwise, Permian will be relieved of such obligation, and Permian will assume that you maintain appropriate levels of insurance and will provide a current Certificate of Insurance upon request. If you fail to make an election within 30 days from receipt of this notice, you will be deemed a participant in the program as detailed on the attached and billed for your percentage participation as such.

- □ I hereby elect to participate in the insurance coverage arranged by Permian Resources Operating, LLC and understand that I will be charged for such participation.
- □ I hereby elect to reject the insurance coverage arranged by Permian Resources Operating, LLC.

Agreed this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by:

By: \_\_\_\_\_

Title:					

.

# Permian Resources Operating, LLC

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4222 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

	ESTIMATE OF COSTS AND AUTHOR	IZATION FOR EXPENDITURE	
DATE:	2.17.2023	AFE NO.:	1
WELL NAME:	Silver Federal Com 121H	FIELD: SI	hugart; Bone Spring, North
LOCATION:	Section 29, T18S-R31E	MD/TVD:	16,487' / 8,702'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	7,500'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	18.6
	Drill a horizontal SBSG well and complete with 4	4 stages. AFE includes drilling, completions, flo	wback and Initial AL
DEMARKC.	install cost		

**REMARKS:** 

install cost

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory \$	43,311	-	-	43,311
2 Location, Surveys & Damages	211,239	13,248		224,487
4 Freight / Transportation	34,924	32,101	15,938	82,962
5 Rental - Surface Equipment	91,164	157,958	75,703	324,826
6 Rental - Downhole Equipment	150,630	43,853		194,483
7 Rental - Living Quarters	35,257	39,948		75,205
10 Directional Drilling, Surveys	314,969	-		314,969
11 Drilling	552,750			552,750
12 Drill Bits	73,456			73,456
13 Fuel & Power	138,539	531,662		670,202
14 Cementing & Float Equip	178,401	-		178,401
15 Completion Unit, Swab, CTU	-		11,953	11,953
16 Perforating, Wireline, Slickline		288,273	-	288,273
		90,393		90,393
17 High Pressure Pump Truck	-		-	
18 Completion Unit, Swab, CTU	-	107,411		107,411
20 Mud Circulation System	77,146	-	-	77,146
21 Mud Logging	12,854	-		12,854
22 Logging / Formation Evaluation	5,331	6,115	-	11,445
23 Mud & Chemicals	265,321	321,306	7,969	594,596
24 Water	31,867	485,146	199,219	716,232
25 Stimulation	-	596,903	-	596,903
26 Stimulation Flowback & Disp	-	89,170	119,531	208,701
28 Mud / Wastewater Disposal	141,596	44,840	-	186,436
30 Rig Supervision / Engineering	88,869	97,832	11,953	198,654
32 Drlg & Completion Overhead	7,643	-	-	7,643
35 Labor	112,452	50,954	11,953	175,359
54 Proppant	-	920,415		920,415
95 Insurance	10,749			10,749
97 Contingency	-	17,907		17,907
99 Plugging & Abandonment	-			
TOTAL INTANGIBLES >	2,928,585	4,469,808	515,896	6,968,122
	DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE COSTS	COSTS	COSTS	COSTS	COSTS
60 Surface Casing \$	92,593		- 1	92,593
60 Surface Casing \$	92,593			<b>9</b> 2,593
60 Surface Casing \$ 61 Intermediate Casing -	92,593			<b>9</b> 2,593
60 Surface Casing \$ 61 Intermediate Casing 62 Drilling Liner -	92,593 260,797 -			92,593 260,797
60 Surface Casing \$ 61 Intermediate Casing 6 2 Drilling Liner 6 3 Production Casing 7	92,593 260,797 -			92,593 260,797
60 Surface Casing \$ 61 Intermediate Casing 6 62 Drilling Liner 63 Production Casing 64 Production Liner 6	92,593 260,797 -			5 92,593 260,797 - 520,436 -
60 Surface Casing \$ 61 Intermediate Casing 62 Drilling Liner 63 Production Casing 64 Production Liner 65 Tubing 66 Wellhead 65 Wellhead 55	92,593 260,797 - 520,436 -			5 92,593 
60 Surface Casing \$ 61 Intermediate Casing 62 Drilling Liner 63 Production Casing 64 Production Liner 65 Tubing	92,593 260,797 - - 520,436 - - - 49,101			92,593           260,797           -           520,436           -           115,251           82,030           27,624
60 Surface Casing 5 61 Intermediate Casing 62 Drilling Liner 63 Production Casing 64 Production Liner 65 Tubing 66 Wellhead 67 Packers, Liner Hangers 68 Tanks 7	92,593 260,797 - - 520,436 - - - 49,101			5 92,593 260,797 - - 520,436 - - 115,251 82,030
60 Surface Casing \$ 61 Intermediate Casing 62 Drilling Liner 63 Production Casing 64 Production Liner 65 Tubing 66 Wellhead 67 Packers, Liner Hangers 68 Tanks 69 Production Vessels 7	92,593 260,797 - - 520,436 - - - 49,101			92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625
60 Surface Casing \$ 61 Intermediate Casing 62 Drilling Liner 63 Production Casing 64 Production Liner 65 Tubing 66 Wellhead 67 Packers, Liner Hangers 68 Tanks 69 Production Vessels 70 Flow Lines 7	92,593 260,797 - 520,436 - 49,101 11,159 - -			92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625
60 Surface Casing       \$         61 Intermediate Casing       6         62 Drilling Liner       6         63 Production Casing       6         64 Production Liner       6         65 Tubing       6         66 Wellhead       6         67 Packers, Liner Hangers       6         68 Tanks       6         69 Production Vessels       7         70 Flow Lines       7         71 Rod string       -	92,593 260,797 - 520,436 - 49,101 11,159 - -			92,593           260,797           -           520,436           -           115,251           82,030           27,624           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -      -           -
60 Surface Casing       \$         61 Intermediate Casing       6         62 Drilling Liner       6         63 Production Liner       6         64 Production Liner       6         65 Tubing       6         66 Wellhead       6         67 Packers, Liner Hangers       6         68 Tanks       6         69 Production Vessels       7         70 Flow Lines       7         71 Rod string       7         72 Artificial Lift Equipment       7	92,593 260,797 - 520,436 - 49,101 11,159 - -			92,593           260,797           -           520,436           -           115,251           82,030           27,624           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -      -           -
60 Surface Casing       \$         61 Intermediate Casing       6         62 Drilling Liner       6         63 Production Casing       6         64 Production Liner       6         65 Tubing       6         66 Wellhead       6         67 Packers, Liner Hangers       6         68 Tanks       6         69 Production Vessels       7         70 Flow Lines       7         71 Rod string       7         72 Artificial Lift Equipment       7         73 Compressor       -	92,593 260,797 - 520,436 - 49,101 11,159 - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           32,929           -           74,090
60 Surface Casing       \$         61 Intermediate Casing       6         62 Drilling Liner       6         63 Production Casing       6         64 Production Liner       6         65 Tubing       6         66 Wellhead       6         67 Packers, Liner Hangers       6         68 Tanks       6         90 Production Vessels       7         70 Flow Lineg       7         71 Rod string       7         72 Artificial Lift Equipment       7         73 Compressor       7         74 Installation Costs       7	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -      -      <
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Liner         65 Tubing       66 Wellhead         67 Packers, Liner Hangers       68 Tanks         69 Production Vessels       70 Flow Lines         71 Rod string       72 Artificial Lift Equipment         73 Compressor       74 Installation Costs         75 Surface Pumps       7	92,593 260,797 - 520,436 - 49,101 11,159 - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           32,929           -           74,090
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Liner         65 Tubing       66 Wellhead         67 Packers, Liner Hangers       68 Tanks         69 Production Vessels       7         70 Flow Lines       7         71 Rod string       7         72 Artificial Lift Equipment       73 Compressor         74 Installation Costs       75 Surface Pumps         76 Downhole Pumps       7	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           32,929           -           74,090           -           -           -           -
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Liner         65 Tubing       66 Wellhead         67 Packers, Liner Hangers       68 Tanks         69 Production Vessels       70 Flow Lines         71 Rod string       72 Artificial Lift Equipment         73 Compressor       74 Installation Costs         75 Surface Pumps       76 Downhole Pumps         77 Measurement & Meter Installation       71	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -      -      <
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Liner         64 Production Liner       65 Tubing         65 Tubing       66 Wellhead         67 Packers, Liner Hangers       68 Tanks         69 Production Vessels       70 Flow Lines         71 Rod string       72 Artificial Lift Equipment         73 Compressor       74 Installation Costs         75 Surface Pumps       76 Downhole Pumps         77 Measurement & Meter Installation       78 Gas Conditioning / Dehydration	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           74,090           -           24,697           24,697
60 Surface Casing       \$         61 Intermediate Casing       6         62 Drilling Liner       6         63 Production Casing       6         64 Production Liner       6         65 Tubing       6         66 Wellhead       6         67 Packers, Liner Hangers       6         68 Tanks       6         69 Production Vessels       7         70 Flow Lines       7         71 Rod string       7         72 Artificial Lift Equipment       7         73 Compressor       7         74 Installation Costs       7         75 Surface Pumps       7         76 Downhole Pumps       7         77 Measurement & Meter Installation       7         78 Gas Conditioning / Dehydration       7         79 Interconnecting Facility Piping       7	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           74,090           -           24,697           24,697
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Casing         64 Production Liner       65         65 Tubing       6         66 Wellhead       6         67 Packers, Liner Hangers       68         68 Tanks       69         69 Production Vessels       70         70 Flow Lines       71         71 Rod string       72         72 Artificial Lift Equipment       73         73 Compressor       74         74 Installation Costs       75         75 Surface Pumps       76         76 Downhole Pumps       77         77 Measurement & Meter Installation       78         78 Gas Conditioning / Dehydration       79         79 Interconnecting Facility Piping       80         80 Gathering / Bulk Lines       71	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           74,090           -           24,697           24,697
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Liner         65 Tubing       66 Wellhead         67 Packers, Liner Hangers       68 Tanks         69 Production Vessels       70         70 Flow Lines       71         71 Rod string       72         72 Artificial Lift Equipment       73         73 Compressor       74         74 Installation Costs       75         75 Surface Pumps       70         76 Downhole Pumps       77         79 Interconnecting Facility Piping       80         80 Gathering/ Bulk Lines       81         81 Valves, Dumps, Controllers       74	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           74,090           -           24,697           24,697
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Liner         65 Tubing       66         66 Wellhead       67         67 Packers, Liner Hangers       68         68 Tanks       69         69 Production Vessels       70         70 Flow Lines       71         71 Rod string       72         72 Artificial Lift Equipment       73         73 Compressor       74         74 Installation Costs       75         75 Surface Pumps       76         76 Downhole Pumps       77         77 Measurement & Meter Installation       78         79 Interconnecting Facility Priping       80         80 Gathering / Bulk Lines       81 <valves, controllers<="" dumps,="" td="">         81 Valves, Dumps, Controllers       82         82 Tank / Facility Containment       74</valves,>	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           74,090           -           24,697           -           -
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Liner         65 Tubing       66 Wellhead         67 Packers, Liner Hangers       68 Tanks         69 Production Vessels       70         70 Flow Lines       71         71 Rod string       72         72 Artificial Lift Equipment       73         73 Compressor       74         74 Installation Costs       75         75 Surface Pumps       70         76 Downhole Pumps       77         79 Interconnecting Facility Piping       80         80 Gathering/ Bulk Lines       81         81 Valves, Dumps, Controllers       74	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           74,090           -           24,697           -           -
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Liner         65 Tubing       66         66 Veilhead       67 Packers, Liner Hangers         67 Packers, Liner Hangers       68 Tanks         69 Production Vessels       70 Flow Lines         71 Rod string       72 Artificial Lift Equipment         73 Compressor       74 Installation Costs         75 Surface Pumps       76 Downhole Pumps         77 Measurement & Meter Installation       78 Gas Conditioning / Dehydration         79 Interconnecting Facility Piping       80 Gathering / Bulk Lines         81 Valves, Dumps, Controllers       82 Tank / Facility Containment         83 Flare Stack       9	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           74,090           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Liner         65 Tubing       66         66 Wellhead       67         67 Packers, Liner Hangers       68         68 Tanks       69         69 Production Vessels       70         70 Flow Lines       71         71 Rod string       72         72 Artificial Lift Equipment       73         73 Compressor       74         74 Installation Costs       75         75 Surface Pumps       76         76 Downhole Pumps       77         77 Measurement & Meter Installation       78         79 Interconnecting Facility Priping       80         80 Gathering / Bulk Lines       81 <valves, controllers<="" dumps,="" td="">         81 Valves, Dumps, Controllers       82         82 Tank / Facility Containment       74</valves,>	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           74,090           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Liner         65 Tubing       66 Wellhead         67 Packers, Liner Hangers       68 Tanks         69 Production Vessels       70 Flow Lines         71 Rod string       72 Artificial Lift Equipment         73 Compressor       74 Installation Costs         75 Surface Pumps       70 Measurement & Meter Installation         78 Gas Conditioning / Dehydration       79 Interconnecting Facility Piping         80 Gathering / Bulk Lines       81 Valves, Dumps, Controllers         82 Tank / Facility Containment       83 Flare Stack	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           74,090           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -           -
60 Surface Casing       \$         61 Intermediate Casing       62 Drilling Liner         63 Production Casing       64 Production Casing         64 Production Liner       65         65 Tubing       66         66 Wellhead       67         67 Packers, Liner Hangers       68         68 Tanks       69         69 Production Vessels       70         70 Flow Lines       71         71 Rod string       72         72 Artificial Lift Equipment       73         73 Compressor       74         74 Installation Costs       75         75 Surface Pumps       76         76 Downhole Pumps       77         77 Measurement & Meter Installation       78         78 Gas Conditioning / Dehydration       79         79 Interconnecting Facility Piping       80         80 Gathering / Bulk Lines       81         81 Valves, Dumps, Controllers       82         82 Tank / Facility Containment       83         83 Flare Stack       84         84 Electrical / Grounding       85         85 Communications / SCADA       70	92,593 260,797 - - 520,436 - - - 49,101 11,159 - - - - - - - - - - - - -		- - - - - - - - - - - - - - - - - - -	92,593           260,797           -           520,436           -           115,251           82,030           27,624           57,625           -           -           32,929           -           -           74,090           -           -           -

# PREPARED BY Permian Resources Operating, LLC:

	· · · · · ·					
Drilling Engineer: Completions Engineer: Production Engineer:	PS ML DC					
Permian Resources Operating, LI	LC APPROVAL:					
Co-CEO		Co-CE			VP - Operations	
VP - Land & Legal	WH	VP - Geoscienc				CRM
	BG		SO			
NON OPERATING PARTNER A	PPROVAL:					
Company Name:			Working Interest (%):		Tax ID:	
Signed by:			Date:			
Title:			Approval:	Yes	No	(mark one)
The costs on this AFE are estimates only and may not be construed a	as ceilings on any specific item or the total cost o	of the project. Tubing installation approve	d under the AFE may be delayed up to a ve	ear atter the well has been com	pieted. In executing this AFE, the Part	cipant agrees to pay its

In control of the second secon ent covering this well. Participants shall be covered by and billed proportionately for Ope

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# Permian Resources Operating, LLC

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701

Phone (432) 695-4222 • Fax (432) 695-4063 ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	2.17.2023	AFE NO.:	1
WELL NAME:	Silver Federal Com 131H	FIELD:	Shugart; Bone Spring, North
LOCATION:	Section 29, T18S-R31E	MD/TVD:	17,387' / 9,602'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	7,500'
Permian WI:		DRILLING DAYS:	19.6
GEOLOGIC TARGET:	TBSG	COMPLETION DAYS:	18.6
	Drill a horizontal TBSG well and complete	te with 44 stages. AFE includes drilling, completions,	flowback and Initial AL
<b>REMARKS:</b>	install cost		

	DRILLING	COMPLETION	PRODUCTION	TOTAL
INTANGIBLE COSTS	COSTS	COSTS	COSTS	COSTS
1 Land / Legal / Regulatory \$	44,924	-	-	\$ 44,924
2 Location, Surveys & Damages	219,105	13,741		232,846
4 Freight / Transportation	36,224	33,296	16,531	86,052
5 Rental - Surface Equipment	94,559	163,840	78,522	336,921
6 Rental - Downhole Equipment	156,239	45,486	-	201,725
7 Rental - Living Quarters	36,570	41,436	-	78,006
10 Directional Drilling, Surveys	326,698	-	-	326,698
11 Drilling	573,333	-		573,333
12 Drill Bits	76,191	-	-	76,191
13 Fuel & Power	143,698	551,460	-	695,158
14 Cementing & Float Equip	185,044	-	-	185,044
15 Completion Unit, Swab, CTU	-	-	12,398	12,398
16 Perforating, Wireline, Slickline	-	299,008	-	299,008
17 High Pressure Pump Truck	-	93,759		93,759
18 Completion Unit, Swab, CTU	-	111,411	-	111,411
20 Mud Circulation System	80,019		-	80,019
21 Mud Logging	13,332			13,332
22 Logging / Formation Evaluation	5,529	6,342		11,871
23 Mud & Chemicals	275,201	333,271	8,265	616,737
24 Water	33,053	503,212	206,637	742,902
25 Stimulation	-	619,129	-	619,129
26 Stimulation Flowback & Disp	-	92,490	123,982	216,473
28 Mud / Wastewater Disposal	146,869	46,509	-	193,378
30 Rig Supervision / Engineering	92,178	101,475	12,398	206,051
32 Drlg & Completion Overhead	7,928	-	-	7,928
35 Labor	116,639	52,852	12,398	181,889
54 Proppant		954,688		954,688
95 Insurance	11,150	-		11,150
97 Contingency	-	18,574		18,574
99 Plugging & Abandonment				
TOTAL INTANGIBLES >	2,928,585	4,469,808	515,896	7,227,593
	DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE COSTS	COSTS	COSTS	COSTS	COSTS
60 Surface Casing \$	96,041	-		\$ 96,041
61 Intermediate Casing	270,508	-		270,508
62 Drilling Liner	-		-	-
63 Production Casing	539,816			539,816
64 Production Liner				-
65 Tubing			119,542	119,542
66 Wellhead	50,930		34,155	85,085
67 Packers, Liner Hangers	11,575		17,077	28,652
68 Tanks	-		59,771	59,771
69 Production Vessels				0,,,,1

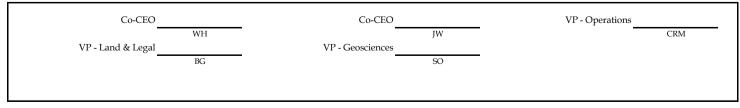
68 Tanks	-	-	59,771	59,771
69 Production Vessels	-	-		-
70 Flow Lines	-	-	34,155	34,155
71 Rod string	-	-		-
72 Artificial Lift Equipment	-	-	76,849	76,849
73 Compressor	-	-		-
74 Installation Costs	-	-	25,616	25,616
75 Surface Pumps	-	-		-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	25,616	25,616
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	17,077	17,077
80 Gathering/Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-		-
82 Tank / Facility Containment	-	-		-
83 Flare Stack	-	-		-
84 Electrical / Grounding	-	-	42,694	42,694
85 Communications / SCADA	-	-	-	-
86 Instrumentation / Safety	-	-		-
TOTAL TANGIBLES >	968,870	0	452,553	1,421,422
TOTAL COSTS >	3,897,455	4,469,808	968,448	8,649,015

# PREPARED BY Permian Resources Operating, LLC:

PS ML DC

Drilling Engineer:	
Completions Engineer:	
Production Engineer:	

Permian Resources Operating, LLC APPROVAL:



#### NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: Yes	No (mark one)

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.

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## Long John & Silver – Chronology of Communication

Please note, while separate cases, Permian Resources has kept the Long John and Silver units in lockstep, thus a combined chronology of events

March 2023 – Permian Resources orders full Drilling and Division Order Title Opinions on Long John & Silver (title currently wrapping up, but did receive full mineral ownership reports in August 2023)

April 11, 2023 – Initial Long John & Silver well proposals (along with the Coms and JOA) sent to all known parties at the time

- April 19, 2023 Long John re-proposed correcting surface hole locations
- April 21, 2023 Correspondence with ANET Oil & Gas
- April 21, 2023 Correspondence with 1789
- April 25, 2023 Correspondence with Sabinal
- April 26, 2023 Correspondence with BEXP
- April 27, 2023 Correspondence with S&P Co.
- May 9, 2023 Long John proposed to ConocoPhillips as parent company to Burlington
- May 9, 2023 Silver proposed to Magnum Hunter
- May 16, 2023 Correspondence with Sklarco
- May 23, 2023 Correspondence with Burlington
- May 24, 2023 Correspondence with Kent
- July 18, 2023 Correspondence with Magnum Hunter
- August 3, 2023 Correspondence with Magnum Hunter
- August 7, 2023 Correspondence with Magnum Hunter
- September 12, 2023 Correspondence with Sklarco
- October 2, 2023 Correspondence with Magnum Hunter
- October 17, 2023 Correspondence with Magnum Hunter

January 12, 2024 – Long John and Silver proposed to new parties

Colgate Production, LLC Case No. 24301 Exhibit A-5

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

# APPLICATION OF COLGATE PRODUCTION, LLC TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-23010, EDDY COUNTY, NEW MEXICO

CASE NO. 24301 ORDER NO. R-23010

# SELF-AFFIRMED STATEMENT OF DANA S. HARDY

1. I am attorney in fact and authorized representative of Colgate Production, LLC, the Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit B-1** and caused the Notice Letter, along with the Application in this case, to be sent to the parties set out in the chart attached as **Exhibit B-2**.

3. Exhibit B-2 also provides the date each Notice Letter was sent and the date each return was received.

4. Copies of the certified mail green cards and white slips are attached as Exhibit B-3 as supporting documentation for proof of mailing and the information provided on Exhibit B-2.

5. On March 13, 2024, I caused a notice to be published to all interested parties in the Carlsbad Current Argus. An Affidavit of Publication from the Legal Clerk of the Carlsbad Current Argus, along with a copy of the notice publication, is attached as **Exhibit B-4**.

6. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

<u>/s/ Dana S. Hardy</u> Dana S. Hardy <u>March 28, 2024</u> Date

> Colgate Production, LLC Case No. 24301 Exhibit B



# HINKLE SHANOR LLP

ATTORNEYS AT LAW P.O. BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623

March 11, 2024

WRITER: Dana S. Hardy, Partner dhardy@hinklelawfirm.com

# <u>VIA CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

# TO ALL PARTIES ENTITLED TO NOTICE

Re: Case Nos. 24301 & 24302 – Applications of Colgate Production, LLC to Pool Additional Interests Under Order Nos. R-23010 & R-23011, Eddy County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **April 4**, **2024**, beginning at 8:15 a.m.

The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate virtually, instructions OCD Hearings see the posted on the website: https://www.emnrd.nm.gov/ocd/hearing-info/. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (https://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/) or via e-mail to ocd.hearings@emnrd.nm.gov and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about these applications, please contact Mason Maxwell, New Mexico Landman, Permian Resources – 432-400-0188, mason.maxwell@permianres.com.

Sincerely,

<u>/s/ Dana S. Hardy</u> Dana S. Hardy

Enclosure

PO BOX 10 ROSWELL, NEW MEXICO 88202 (575) 622-6510 FAX (575) 623-9332 7601 JEFFERSON ST NE · SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321 Exhibit B-1 PO BOX 2068 SANTA FE, NEW MEXICO 87504 (505) 982-4554

FAX (505) 982-8623

**Colgate Production, LLC** 

Case No. 24301

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

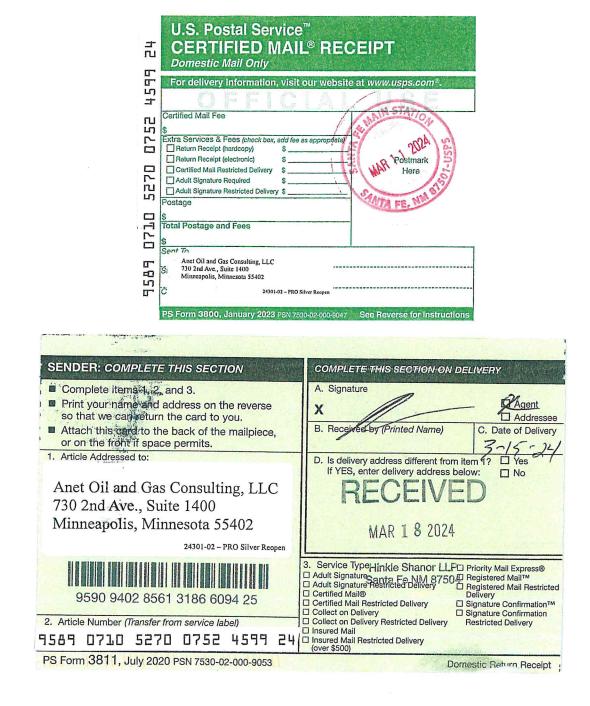
# APPLICATIONS OF COLGATE PRODUCTION, LLC TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-23010, & R-23011, EDDY COUNTY, NEW MEXICO.

CASE NO. 24301 ORDER NO. R-23010 & CASE NO. 24302 ORDER NO. R-23011

# NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	<b>RETURN RECEIVED</b>
Anet Oil and Gas Consulting, LLC	03/11/24	03/18/24
730 2nd Ave., Suite 1400		
Minneapolis, Minnesota 55402		
Gajh 1989 Limited Partnership	03/11/24	03/26/24
1001 Fannin St., Ste 1600		
Houston, TX 77002		Return to sender.
William G. Parker, Nancy Parker Strong	03/11/24	Per USPS Tracking
and Sylvia S Voorhies		(Last Checked 03/28/24):
TTEE's of the Estate of T.R. Parker		
2885 Leonard Ave.		03/20/24 – Delivery
Medford, OR 97504		attempted.

Colgate Production, LLC Case No. 24301 Exhibit B-2





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# U.S. Postal Service<sup>™</sup> CERTIFIED MAIL<sup>®</sup> RECEIPT Domestic Mail Only

Page 27 of 30

Received by OCD: 4/2/2024 10:56:39 AM

г- Т	CERTIFIED MAIL® RECEIPT
4599	For delivery information, visit our website at www.usps.com <sup>®</sup> .
0 5270 0752	Certified Mail Fee  Certified Mail Fee  Certified Mail Fee  Certified Mail Fee  Certified Mail Restricted Delivery  Adult Signature Required  Adult Signature Restricted Delivery  Certified Mail Restricted Deliv
9589 0710	Adult Signature Required \$

ALERT: SEVERE WEATHER AND EMERGENCY EVENTS ACROSS THE U.S. MAY DELAY FINAL D...

# **USPS Tracking**<sup>®</sup>

FAQs >

Remove X

# Tracking Number: 9589071052700752459917

Copy Schedule a Redelivery (https://tools.usps.com/redelivery.htm)

# Latest Update

This is a reminder to arrange for redelivery of your item before March 29, 2024 or your item will be returned on March 30, 2024. You may arrange redelivery by using the Schedule a Redelivery feature on this page or may pick up the item at the Post Office indicated on the notice.

## Get More Out of USPS Tracking:

USPS Tracking Plus<sup>®</sup>

# **Delivery Attempt: Action Needed Reminder to Schedule Redelivery of your item before March 29, 2024** March 20, 2024

# Available for Pickup

MEDFORD OR S&DC 173 EHRMAN WAY MEDFORD OR 97501-9844 March 15, 2024, 6:30 pm

# Notice Left (No Authorized Recipient Available)

MEDFORD, OR 97504 March 15, 2024, 2:02 pm

# Arrived at USPS Regional Facility

MEDFORD OR DISTRIBUTION CENTER March 14, 2024, 4:25 pm

In Transit to Next Facility

 $\checkmark$ 

1

 $\checkmark$ 

March 13, 2024

Departed USPS Facility
ALBUQUERQUE, NM 87101
March 11, 2024, 10:08 pm
Arrived at USPS Facility
ALBUQUERQUE, NM 87101
March 11, 2024, 9:22 pm
Hide Tracking History
What Do USPS Tracking Statuses Mean? (https://faq.usps.com/s/article/Where-is-my-package)
Text & Email Updates
Schedule Redelivery
USPS Tracking Plus®
Product Information
See Less 🔨
Track Another Package
Enter tracking or barcode numbers

# **Need More Help?**

Contact USPS Tracking support for further assistance.



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# LocaliQ

GANNETT

#### **PROOF OF PUBLICATION**

Hinkle Shanor Llp Pobox 10 Roswell NM 88202-0010

#### STATE OF WISCONSIN, COUNTY OF BROWN

The Carlsbad Current Argus, a newspaper published in the city of Carlsbad, Eddy County, State of New Mexico, and personal knowledge of the facts herein state and that the notice hereto annexed was Published in said newspapers in the issue:

#### 03/13/2024

and that the fees charged are legal. Sworn to and subscribed before on 03/13/2024

4	Ticolo	hac	obs	
Legal Clerk	KIT	Reul	lin	
Notary, State of	of WI, County of	Brown		

My commission expires

Publication Cost:	\$62.92
Order No:	9949309
Customer No:	1366930
PO #:	

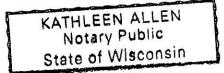
# of Copies:

-. 25

- 2

# THIS IS NOT AN INVOICE!

Please do not use this form for payment remittance.



This is to notify all inter-ested parties, including Anet Oil and Gas Consult-ing, LLC; Gaih 1989 Limited Partnership; William G. Parker, Nancy Parker Strong and Sylvia S Voorhies TTEE's of the Estate of T.R. Parker; and their successors and assigns, that the New Mexico Oil Conservation Estate of T.R. Parker; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Colgate Production, LLC (Case No. 24301). The hearing will be conducted on April 4, 2024 in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, sin a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate virtually, see the instructions posted on the OCD Hearings website: https://www.emnrd.nm.gov /ocd/hearing-info/. Colgate Production, LLC ("Appli-cant") seeks to pool addi-tional uncommitted inter-ests under the terms of Division Order No. R-23010 ("Order"). The Order: (1) pooled uncommitted inter-ests in the Bone Spring formation underlying a standard horizontal spac-ing unit comprised of the N/2 N/2 A/2 of Section 28, Township 18 South, Range 31 East, Eddy County, New Mexico ("Unit"); dedi-cated the Unit to the Silver 29-28 Fed Com 121H and Silver 29-28 Fed Com 131H wells ("Wells"); and desig-nated Permian Resources Operating, LLC (OGRID No. 372165) as the operator of the Unit and the Wells. Since the Order was entered, Applicant has identified additional uncommitted interests in the Unit that should be pooled under the terms of the Order. The Wells are located approximately 30.57 miles southeost of Artesia, New Mexico.

### PO Box 631667 Cincinnati, OH 45263-1667

Colgate Production, LLC Case No. 24301 Exhibit B-4