Revised March 23, 2017

NEW MEXICO OIL CONSERVATION DIVISION - Geological & Engineering Bureau – 1220 South St. Francis Drive, Santa Fe, NM 87505 ADMINISTRATIVE APPLICATION CHECKLIST THIS CHECKLIST IS MANDARGRY FOR ALL ADMINISTRATIVE APPLICATION CHECKLIST THIS CHECKLIST IS MANDARGRY FOR ALL ADMINISTRATIVE APPLICATION FOR EXCEPTIONS TO DIVISION RULES AND RECORD RECORD RECORD RULES AND RULES AND RECORD RULES AND RULES	RECEIVED:	REVIEWER:	TYPE:	APP NO:		
THIS CHECKLISTIS MANDATIONY FOR ALL ADMINISTRATIVE APPLICATIONS TO RECEPTIONS TO DIVISION RULES AND RECULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTATE APPLICATION: Colgate Operating, LLC Well Name: Lady Franklin 25 State 132H API: 30-015-14-6300 POOI Winchester: Bone Spring POOI Code: 63010 SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW 1) TYPE OF APPLICATION: Check those which apply for [A] A. Location - Spacing Unit - Simultaneous Dedication INSL NSP PROJECTAREAL NSP PROSANONUMB) SD B. Check one only for [1] or [1] [1] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM [11] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR 2) NOTIFICATION REQUIRED TO: Check those which apply. A. Offset operators or lease holders B. Royotly, overriding royally owners, revenue owners C. Application requires published notice D. Notification and/or concurrent approval by SLO E. Notification and/or concurrent approval by BLM F. Surface owner G. For all of the above, proof of notification or publication is attached, and/or, H. No notice required 3) CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge, I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division. Note: Statement must be completed by an Individual with manageful and/or supervisory capacity. Brium Wood Print or Type Name 505.466.8120 Phone Number		- Geologia	O OIL CONSERVA	ATION DIVISION g Bureau –	OF NEW AGES	
Applicant; Colgate Operating, LLC Applicant; Colgate Operating, LLC API; 30-015-46300 Pool: Winchester; Bone Spring SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW 1) TYPE OF APPLICATION: Check those which apply for [A] A. Location - Spacing Unit - Simultaneous Dedication INSL B. Check one only for [1] or [1] [1] Commingling - Storage - Measurement DHC DHC THE PLC PC OLS OLM [1] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PR FOR OCD ONLY Notification and/or concurrent approval by SLO E. Molification subove, proof of notification or publication is attached, and/or, H. No notice required 3) CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division. Note: Statement must be completed by an individual with managerial and/or supervisory capacity. Briam Wood Print or Type Name API: 30-015-46-68-120 Phone Number brian® permisswest.com		ADMINISTR	ATIVE APPLICATI	ON CHECKLIST		
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REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
COLGATE OPERATING LLC'S
LADY FRANKLIN 25 STATE 132H

SHL: 1135' FNL & 265' FWL SEC. 25 FTP: 2301' FNL & 279' FWL SEC. 25 LTP: 2302' FNL & 101' FEL SEC. 25 BHL: 2302' FNL & 18' FEL SEC. 25 T. 19 S., R. 28 E., EDDY COUNTY, NM API 30-015-46300

I. This recently drilled Winchester; Bone Spring (65010) oil well is on NM State Land Office (NMSLO) surface and 640-acre NMSLO oil and gas lease E0-5073-0007 (Exhibit A). Dedication is the 160 acres (Exhibit B) comprising the S2N2 25-19s-28e. Some take points are too far south. The south most take point is 258' from the closest perpendicular dedication boundary (Exhibit B). This is towards the interior of the same Colgate operated lease, but the N2S2 Section 25 has different working interests.

Colgate requests approval of a nonstandard location due to drilling difficulties and in the interest of maximizing recovery of reserves. The well was drilled as much as 72' south and outside of the standard 330' perpendicular setback.

Colgate initially achieved the build and turn rates required in the horizontal drilling plan. However, the formation encountered at $\approx 8380^{\circ}$ TVD caused the motor to yield significantly less than Colgate had anticipated based on motor specifications at 100% slide. Focus was simultaneously placed on building and turning to avoid landing low and too far right of the centerline. When it was observed that the motor yields were not sufficient, the rig tripped out of the hole to replace the original motor with a larger bend motor in order to improve build and turn rates. At the point Colgate was able to land the wellbore, Colgate was a maximum of 85' right of centerline.

A standard location must be at least 330' from the perpendicular dedication boundary. The south most take point is 258' from the south dedication boundary (see C-102 as EXHIBIT B). The take point is 72' too far south.

- II. Form C-102 showing the well and its 160-acre dedication (S2N2 Section 25) is attached as EXHIBIT B. Bone Spring dedications and Bone Spring operators are shown on Exhibit C.
- III. Oil and gas leases are shown on EXHIBIT D. Encroachment to the south is toward the interior (N2S2 Section 25) of the same NMSLO lease. The N2S2 Section 25 Bone Spring dedication is operated by Colgate (30-015-46354 & 30-015-46357), but has different working interests than the S2N2 Section 25.
- IV. See Exhibit C for Bone Spring dedications. If Colgate does not receive approval for the NSL portion of this well bore, then it would be forced to squeeze the NSL portion of the well bore and leave adjacent acreage undeveloped.
- V. Constraints include the previously described down hole difficulties.
- VI. Archaeology is not an issue.
- VII. I hereby certify that Colgate Operating LLC and its partners have 100% of the Bone Spring working interest in the lease which comprises the two relevant 160-acre spacing units (S2SN2 & N2S2 Section 25). Working interests vary between the two dedications. This information is current and correct.

Brian Wood, Consultant

3-16-21

Date

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 16th day of March, 2021 by Brian Wood. Witness my hand and official seal.

Cons Walk

Official Seal CORY WALK Notary Public State of New Mexico

My Commission Expires: $\underline{23}$

Business Address:

37 Verano Loop

Santa Fe, NM 87508

cc: Hadjik, OCD (Santa Fe)

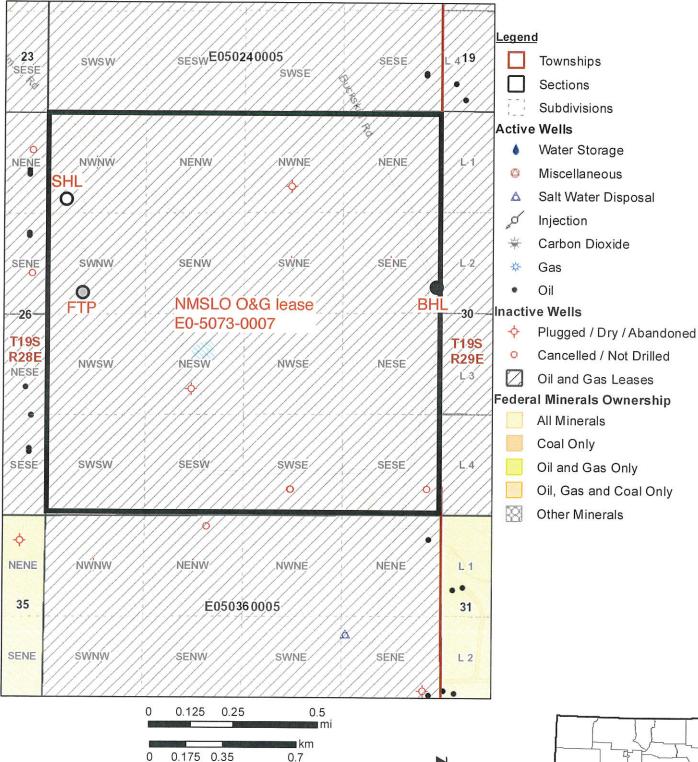




New Mexico State Land Office



Oil, Gas, and Minerals Leases and Wells



Disclaimer

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with the accuracy, reliability or use of the information provided herein with respect to State Land Office data or data from other sources.

Data pertaining to New Mexico State Trust Lands are provisional and subject to revision, and do not constitute an official record of title. Official records may be reviewed at the New Mexico State Land Office in Santa Fe, New Mexico.

Man Created - 2/26/2021



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1625 N French Dr., Hobbs, NM 88240
Phone. (575) 393-6161 Fax. (575) 393-0720
<u>District II</u>
811 S. First St., Artesia, NM 88210
Phone. (575) 748-1283 Fax. (575) 748-9720
<u>District III</u>

1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District IV</u>

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

160

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505



Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT
As Drilled

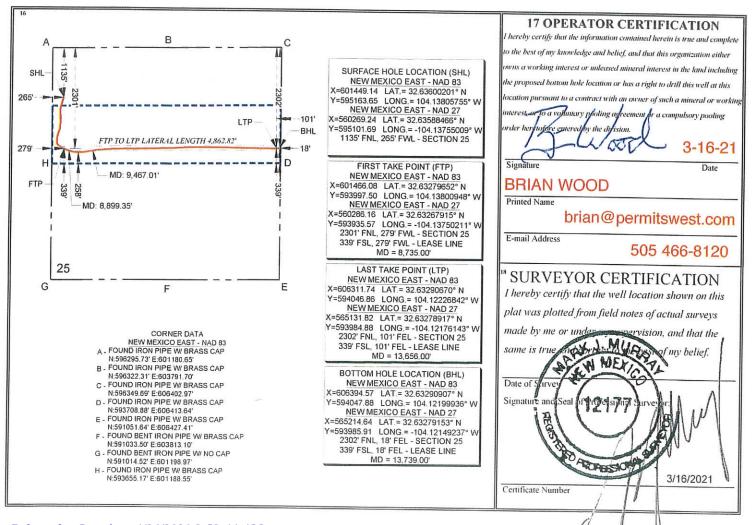
WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-46300	2 Pool Code 65010	3 Pool Name WINCHESTER; BONE SPRING	
4 Property Code 326127	5 Property N. LADY FRANKLIN	o wen itu	
7 OGRID No. 371449	8 Operator N COLGATE OPERA) Elevat	

[™] Surface Location

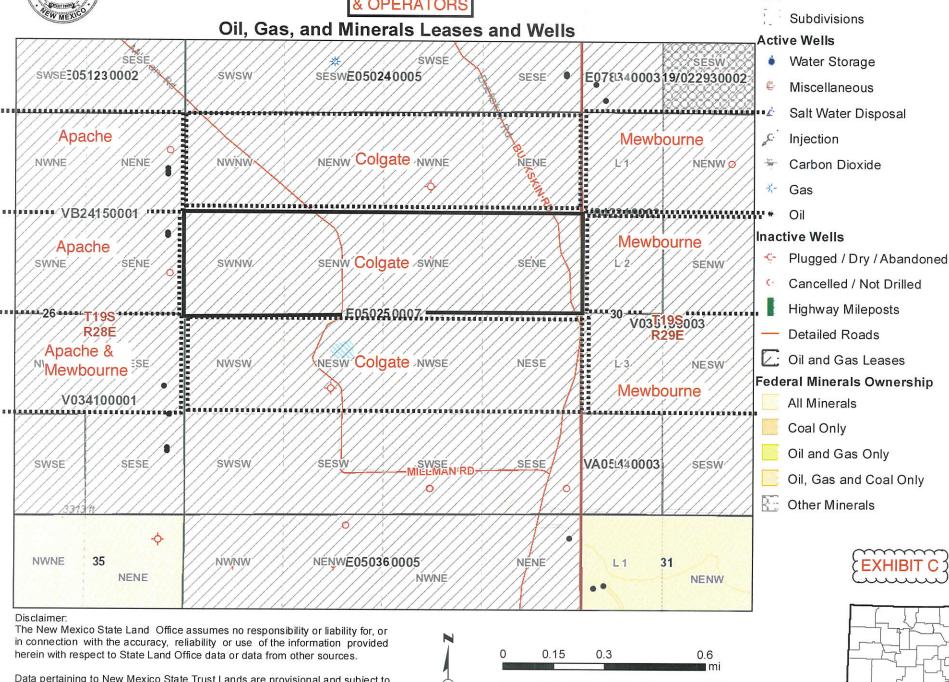
D D	Section 25	Township 19-S	Range 28-E	Lot Idn	Feet from the	North/South line NORTH	Feet from the 265'	East/West line WEST	County EDDY
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12 Dedicated Acre	s 13 Joint o	r Infill 14 (Consolidation	Code 15 (Order No.				

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

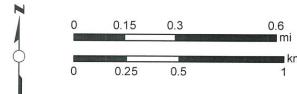


New Mexico State Land Office

DEDICATIONS & OPERATORS



Data pertaining to New Mexico State Trust Lands are provisional and subject to revision, and do not constitute an official record of title. Official records may be reviewed at the New Mexico State Land Office in Santa Fe, New Mexico.

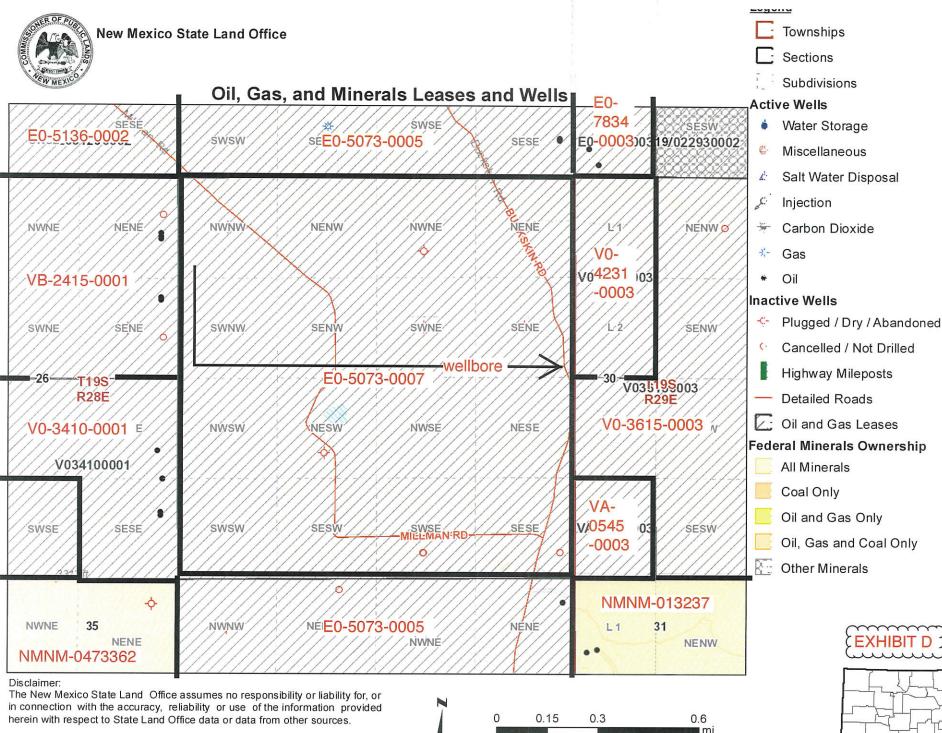




Townships

Sections

Received by OCD: 3/17/2021 11:22:04 AM



Data pertaining to New Mexico State Trust Lands are provisional and subject to revision, and do not constitute an official record of title. Official records may be reviewed at the New Mexico State Land Office in Santa Fe. New Mexico.









March 16, 2021

NM State Land Office P. O. Box 1148 Santa Fe NM 87504

TYPICAL NOTICE

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Colgate Operating, LLC is applying for NSL approval for its Lady Franklin 25 State 132H (30-015-46300) oil well. Minimum NMOCD distance for such an oil well is 330' from a perpendicular quarter-quarter line. Take points in the well are as much as 72' further south than is standard (see attached application). Thus, it is a nonstandard location. The NSL is due to drilling difficulties.

Well Name: Lady Franklin 25 State 132H TVD: 8,797' MD: 13,745'

NSL Zone: Winchester; Bone Spring (65010)

NSL Acreage Dedication: 160 acres (S2N2 Section 25, T. 19 S., R. 28 E., Eddy County, NM)

on NMSLO lease E0-5073-0007

<u>Location:</u> \approx 15 air mile northeast of Carlsbad, NM (SHL at 1135 FNL & 265 FWL 25-19s-28e)

Applicant Name: Colgate Operating, LLC (432) 257-3886

Applicant's Address: 300 N. Marienfeld St., Suite 1000, Midland TX 79701

<u>Submittal Information:</u> Application for a nonstandard location will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely.

Brian Wood





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	City, State, ZIP+4®
	PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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District III
1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. **Santa Fe, NM 87505**

CONDITIONS

Action 21082

CONDITIONS OF APPROVAL

Operator:		OGRID:	Action Number:	Action Type:
COLGATE OPERATING, LLC	300 North Marienfeld Street	371449	21082	NSL
Suite 1000 Midland, TX79701				

OCD Reviewer	Condition
llowe	None