

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Colgate Operating, LLC
OPERATOR ADDRESS: 300 North Marienfeld Street, Suite 1000, Midland, Texas 79701

APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code. Scanlon **Draw; Bond Spring (55510)**
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE:  TITLE: Operations Tech DATE: 11.15.2021
TYPE OR PRINT NAME: Mikah Thomas TELEPHONE NO.: 432.695.4272
E-MAIL ADDRESS: mthomas@colgateenergy.com

Wells commingling production at the Atlas State Fed Battery:

Atlas 18 State Fed Com 131H [30-015-48116] NENW, Sec 18, T-19-S, R-29-E

Atlas 18 State Fed Com 132H [30-015-48115] NENW, Sec 18, T-19-S, R-29-E

Atlas 18 State Fed Com 121H [30-015-48619] NENW, Sec 18, T-19-S, R-29-E

Atlas 18 State Fed Com 122H [30-015-48117] NENW, Sec 18, T-19-S, R-29-E

All wells will be producing from the same pool and formation (Scanlon Draw; Bone Spring-55510)

1. This CAA will not negatively affect the royalty revenue of the federal government.
2. Communitization Agreement (CA's) to be commingled. This CA is not yet approved. See attached CA that has been submitted. Also attached are the SRP's for individual leases involved in the CA.
 - a. NMNM-xxxxxx (NE/4 of Sections 13, T19S, R28E)
 - i. Federal Lease: LC-069107
 1. Type of production: Oil
 2. Royalty Rate: 12.5%
3. See the attached description of allocation methodology including examples of calculations.
 - a. All allocation meters will meet FMP regulations as stated in 43 CFR 3174.4.
4. See attached map that shows lease and proposed CA boundaries, planned CTB location and the well locations. The exact location of FMPs is still undetermined but will be on the proposed CTB.
5. Well test proving paying quantities will be submitted with the well completion report.
6. Gas Analysis: N/A
7. Colgate would also like to request off-lease measurement (OLM) for the Atlas 18 State Fed Com 122H and Atlas 18 State Fed Com 132H. The oil and gas FMP's will be located on the proposed CTB in the NENW Section 18, T-19-S, R-29-E. Therefore, measurement for the Atlas 18 State Fed Com 121H and Atlas 18 State Fed Com 131H would be considered on lease.
8. No new surface disturbance is included as part of this CAA application.

Allocation Methodology

PRORATED ALLOCATION

GAS ALLOCATION

Each well has a Wellhead (WH) meter and a Gas Lift (GL) meter. The CTB has a FC Meter that measures the volume of gas that leaves the CTB, this FC meter is considered an FMP. The INJ BB meter that measures off-lease gas coming on lease used for gas lift from the gathering line is considered an FMP.

1. Buyback FM is the volume of off-lease gas used for gas lift and to run the compressor, it is calculated by Buyback – Comp Fuel,
2. Net Well Production is base amount of production not used for gas lift and is calculated by subtracting Gas Lift (GL) volume from the wellhead (WH) meter reading.
3. Lease use is the volume of gas used by the equipment on the CTB allocated to the wells by Lease Use volume/total hours produced by all wells on CTB * each wells Hours On.
4. Theoretical % used for the allocation of production/sales is calculated by dividing the Net Well Production volume for each well into the sum of the Net Well Production.
5. CTB FC-INJ BB (Net CTB Gas) is volume of gas for royalty purposes, off lease gas is netted out of FMP meter volume. FC Meter – (INJ BB Meter – GL Compressor). This gives you the volume of gas for royalty purposes that was produced/sold from the CTB.
6. Theoretical % for each well is multiplied by the Net CTB Gas.
7. HP Flare is volume of gas flared from the CTB, allocated to wells by Theoretical % for each well * HP FL volume.
8. VRU measures the gas from the oil tanks, is allocated based on allocated oil production for each well. VRU is an FMP. VRU measured volume * theoretical % of oil produced. Each well's oil measured volume/by sum of all oil measured volumes on CTB = theoretical oil volume.
9. Total Net FMP Volumes is total sold from the CTB to the gathering line and is calculated by Net CTB Gas + VRU.
10. Allocated Production is all gas produced by CTB and is calculated by adding Total Net FMP Volumes+ HP Flare + Lease Use.
11. Total Net FMP Volumes is total sold from the CTB to the gathering line and is calculated by Net CTB

OIL ALLOCATION

Each well has an oil meter measuring the volume of oil produced by the well. This volume is used as the allocation point to prorate Allocated Production and Total Sales Volume (FMP) back to each well.

1. Allocated production is volume of oil produced by the CTB and is calculated by Ending Tank Inventory + Pipeline LACT (FMP) – Beginning Tank Inventory.
2. Available oil for sale is calculated by Pipeline Lact (FMP) – Beginning Tank Inventory.
3. Theoretical % is calculated by dividing each oil meter volume into the sum of oil meters.
4. The Theoretical % for each well is multiplied by the Allocated Production and the Available Sales.
5. Total Sales Volume is the volume of oil sold through the FMP meter. It is calculated by adding available for sale to the beginning inventory for each well.
6. Beginning Inventory comes from previous accounting period's Ending Inventory for each well.
7. Ending Inventory for each well is calculated by adding Beginning Inventory + Allocated Production – Total Sales Volume.

WATER ALLOCATION

Each well has a water meter measuring the volume of water produced by the well. This volume is used as the allocation point to prorate Allocated Production and Total Transferred Volume back to each well.

1. Allocated production is volume of water produced by the CTB and is calculated by Ending Tank Inventory + Water Transfer – Beginning Tank Inventory.
2. Available Water to Transfer is calculated by Water Transfer – Beginning Tank Inventory.
3. Theoretical % is calculated by dividing each water meter volume into the sum of the water meters.
4. The Theoretical % for each well is multiplied by the Allocated Production and the Available Sales.
5. Total Transfer Volume is the volume of water transferred off the CTB. It is calculated by adding Available to Transfer to the beginning inventory for each well.
6. Beginning Inventory comes from previous accounting period's allocated Ending Inventory for each well.
7. Ending Inventory for each well is calculated by adding beginning inventory + Allocated Production – Total Transfer Volume.

Applied Allocation Spreadsheet Examples (Oil Stream)

Definition of Factors, Formulas, and Assets

Oil Allocation Factor	Daily meter reading from a testing vessel (shared or designated by well) for an individual well used as the basis for prorating produced sellable volumes from the OMT.
Well Test Hours	Total hours that well test was conducted for. Used to adjust Oil Allocation Factor to a 24 hour rate. Well test hours can be more than or less than 24 hours but greater than 0.
Hours Flowed	Total hours that well was flowing produced fluids. Used to adjust Oil Allocation Factor to compensate for Oil Allocation Factor being adjusted to a 24 hour rate.
Oil Allocation Factor Basis	The Oil Allocation Factor adjusted to 24 hour basis and corrected for any downtime incurred for the well. Reporting volume to the OGOR.
Theoretical % of Production	Calculated by dividing the Oil Allocation Factor Basis for the individual well into the sum of all Basis' at the OMT. Not visualized in the production accounting program.
Allocated Oil Production	Volume of sold or stored volume produced in the time period ready to sell from the OMT allocated to each well. Reporting Volume to the OGOR.
Oil Master Tank (OMT)	Relative terminology synonymous with Central Tank Battery.
Beginning Oil	Inventory in bbls from the previous accounting periods calculated ending inventories. In the case of a new OMT, during any accounting period, Open inventory would be = 0.
Ending Oil	Inventory in bbls as measure for the date of accounting. Ending inventory can be positive, negative or neutral each day, but cannot sum to < 0.
Dispositions	A measured volume removed from a tank or moved through a LACT. Recorded from a ticket or direct meter read.
Oil Production	Total volume sold or available for sell for each asset at the OMT for accounting period. Calculated by subtracting Ending Oil from Beginning Oil and summing with Dispositions
OMT Totals	Formula to calculate the total volumes sold or available for sale at the OMT for the accounting period. Reporting Volume to the OGOR.
LACT	Measures in bbls the volume transferred at the LACT meter to custody of the midstream gatherer or direct to purchaser.
Oil Tank #	Physical tank count at the OMT. Tanks can vary in size by battery and volume requirements. BBL/Inch factors are calculated and applied at the asset level.

Individual Well Factors and Allocated Production

Well Name	Oil Allocation Factor	Well Test Hours	Hours Flowed	Oil Allocation Factor Basis	Theoretical % of Production	Allocated Oil Production
xxxxx	817.59	24.00	24.00	817.59	0.62374	821.11
xxxxx	493.20	24.00	24.00	493.20	0.37626	495.33
Totals	1310.79	-	-	1310.79	1.00000	1316.44

Oil Master Tank (OMT)

Asset	Beginning Oil	Ending Oil	Dispositions	Oil Production
Oil Tank 1 (OT1)	166.80	161.24		-5.56
Oil Tank 2 (OT2)	88.96	88.96		0.00
Oil Tank 3 (OT3)	63.94	63.94		0.00
LACT			1322.00	1322.00
OMT Totals	319.70	314.14		1316.44

Applied Allocation Spreadsheet Examples (Gas Stream)

Definition of Factors, Formulas, and Assets

Gas Out	Daily meter reading from a testing vessel (shared or designated by well) for an individual well used as the basis for prorating total produced volumes.
Gas In	Daily meter reading from a designated meter for an individual well for measuring the amount of gas injected into a well for gas lift purposes.
Formation Gas	The total gas produced from the formation. Calculated by subtracting Gas In from Gas Out.
Theoretical % of Production	Calculated by dividing the Formation Gas for the individual well into the sum of all Formation Gas. Not visualized in the production accounting program.
Allocated Gas Production	Total volume of gas sold, flared, utilized for lease operations, or utilized as fuel for compression equipment and less the gas metered through the Gas Buy Back. Reporting Volume to the OGOR.
Allocated Gas Sales	Total volume sold from the CTB less the gas metered through the Gas Buy Back Meter. Reporting Volume to the OGOR.
Allocated Flared Volume	Total volume flared from the CTB. Reporting Volume to the OGOR.
Gas Flare Meter	Metered volume of gas sent to combustion or flare for the CTB
Gas Lease Use Meter	Metered volume of gas utilized for lease operations for pneumatics, power generation, or other necessary operations to operate the CTB.
Gas Sales Meter	Metered volume of gas transferred at a custody exchange point to a midstream gatherer or direct purchaser.
Gas Compressor Factor	Total gas burned as fuel for operation of gas lift compression for purposes of injection for gas lift purposes. An hourly rate factored by the total Hours On of the compressor daily.
Hours On	Total hours the compressor was ran for the allocation period.
Gas Buy Back Meter	Metered volume of gas transferred from a custody exchange point to the operator for use as lease use, compression fuel, or injection volume.
Total Gas Basis	Sum of all gas utilized in the operation of the lease.

Individual Well Factors and Allocated Production

Well Name	Gas Out	Gas In	Formation Gas	Theoretical % of Production	Allocated Gas Production	Allocated Gas Sales	Allocated Flared Volume
xxxxx	2370.00	765.80	1604.20	0.61553	1817.67	1556.07	221.59
xxxxx	1763.00	761.00	1002.00	0.38447	1135.33	971.93	138.41
Totals	4133.00	1526.80	2606.20	1.00000	2953.00	2528.00	360.00

Total Gas Metered Out of CTB

Asset	Gas Production	Hours On
Gas Flare Meter	360.00	
Gas Lease Use Meter	0.00	
Gas Sales Meter	2528.00	
GL Compressor Factor	65.00	24.00
Gas Buy Back Meter	0.00	
Total Gas Basis	2953.00	

Applied Allocation Spreadsheet Examples (Water Stream)

Definition of Factors, Formulas, and Assets	
Water Allocation Factor	Daily meter reading from a testing vessel (shared or designated by well) for an individual well used as the basis for prorating produced volumes from the WMT.
Well Test Hours	Total hours that well test was conducted for. Used to adjust Water Allocation Factor to a 24 hour rate. Well test hours can be more than or less than 24 hours but greater than 0.
Hours Flowed	Total hours that well was flowing produced fluids. Used to adjust Water Allocation Factor to compensate for Water Allocation Factor being adjusted to a 24 hour rate.
Water Allocation Factor Basis	The Water Allocation Factor adjusted to 24 hour basis and corrected for any downtime incurred for the well. Reporting volume to the OGOR.
Theoretical % of Production	Calculated by dividing the Water Allocation Factor Basis for the individual well into the sum of all Basis' at the WMT. Not visualized in the production accounting program.
Allocated Water Production	Volume of sold or stored volume produced in the time period ready to sell from the WMT allocated to each well. Reporting Volume to the OGOR.
Water Master Tank (WMT)	Relative terminology synonymous with Central Tank Battery.
Beginning Water	Inventory in bbls from the previous accounting periods calculated ending inventories. In the case of a new WMT, during any accounting period, Open inventory would be = 0.
Ending Water	Inventory in bbls as measure for the date of accounting. Ending inventory can be positive, negative or neutral each day, but cannot sum to < 0.
Dispositions	A measured volume removed from a tank or moved through a Water Transfer Meter. Recorded from a ticket or direct meter read.
Water Production	Total volume moved or available for each asset at the WMT for accounting period. Calculated by subtracting Ending Water from Beginning Water and summing with Dispositions
WMT Totals	Formula to calculate the total volumes sold or available for sale at the WMT for the accounting period. Reporting Volume to the OGOR.
Water Transfer Meter	Measures in bbls the volume transferred at the Water Transfer meter to custody of the midstream gatherer or direct to disposal.
Water Tank #	Physical tank count at the WMT. Tanks can vary in size by battery and volume requirements. BBL/Inch factors are calculated and applied at the asset level.

Individual Well Factors and Allocated Production						
Well Name	Water Allocation Factor	Well Test Hours	Hours Flowed	Water Allocation Factor Basis	Theoretical % of Production	Allocated Water
xxxxx	1571.00	24.00	24.00	1571.00	0.55512	1577.66
xxxxx	1259.00	24.00	24.00	1259.00	0.44488	1264.34
Totals	2830.00	-	-	2830.00	1.00000	2842.00

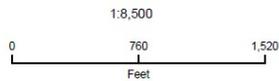
Water Master Tank (WMT)				
Asset	Beginning Water	Ending Water	Dispositions	Water Production
Water Tank 1 (WT1)	36.14	36.14		0.00
Water Tank 2 (WT2)	30.58	30.58		0.00
Water Tank 3 (WT3)	33.96	33.96		0.00
Water Transfer Meter			2842.00	2842.00
WMT Totals	100.68	100.68		2842.00

Colgate Energy, LLC

Atlas 18 State Fed Com Commingle Overview Map

Sec. 18, T19S, R29E
Eddy County, New Mexico

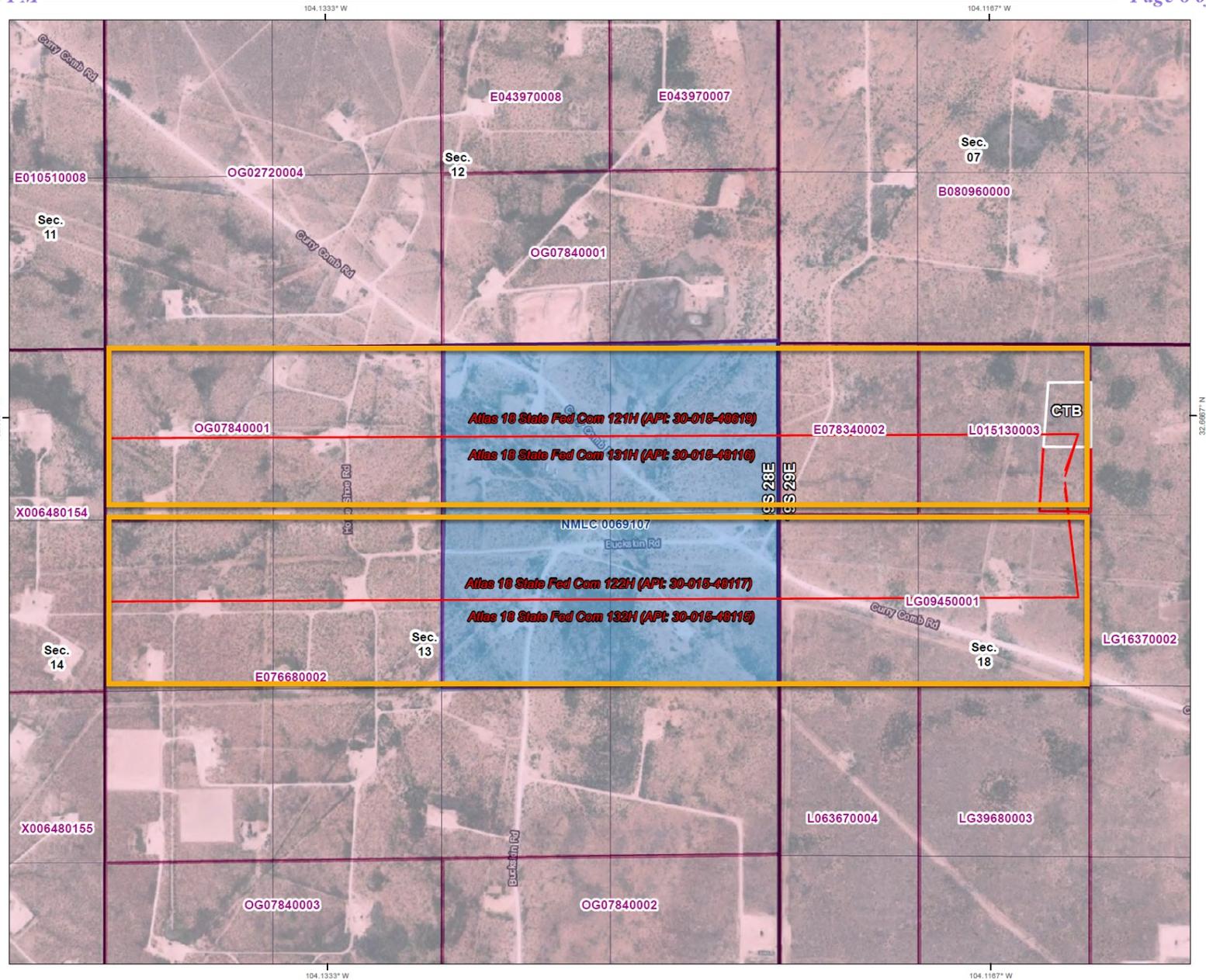
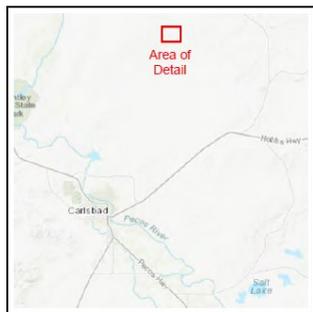
-  Pending Communitization Agreement
-  State O&G Lease
-  Federal O&G Lease
-  Proposed Wellbore

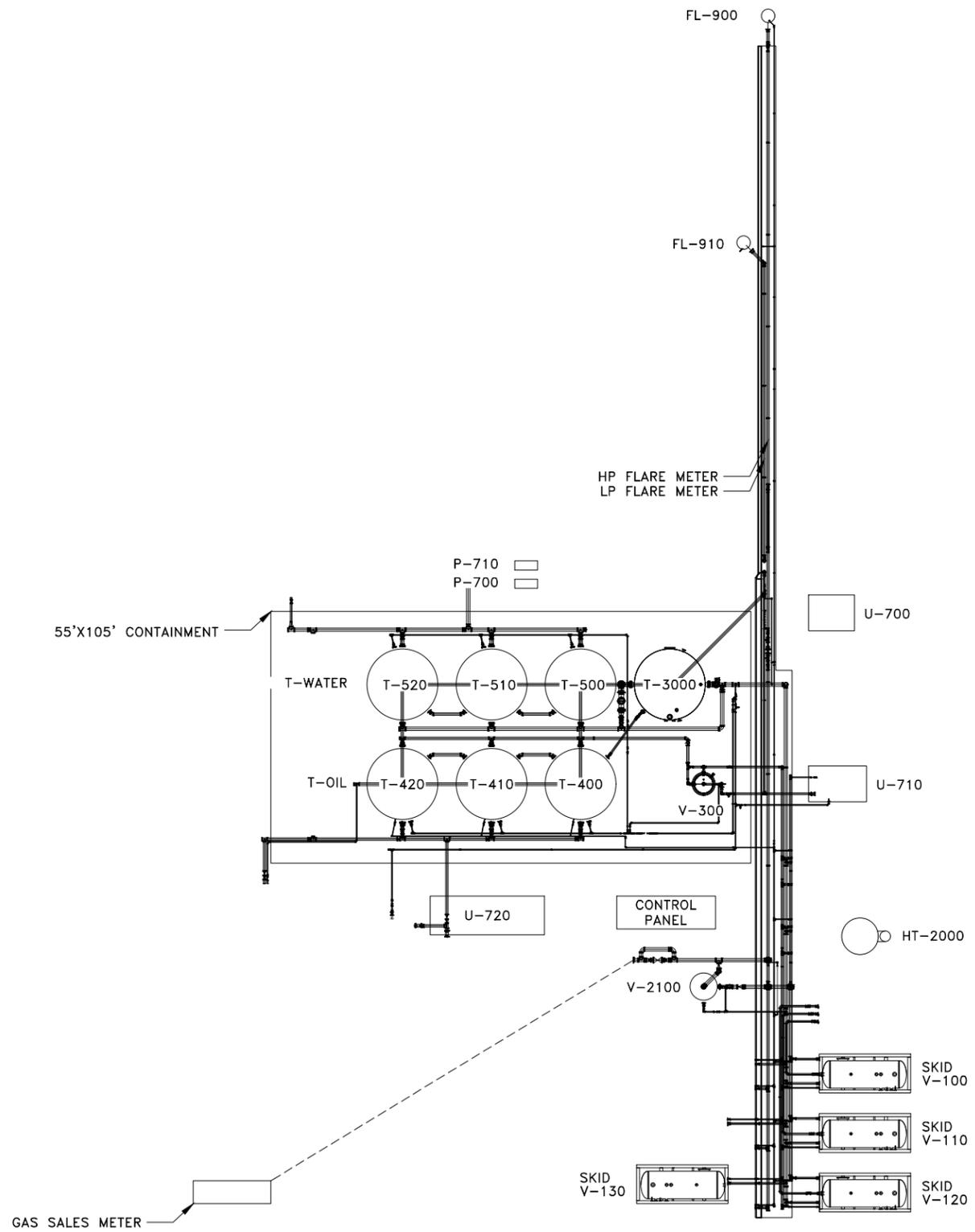


NAD 1983 New Mexico State Plane East
FIPS 3001 Feet



Prepared by Permits West, Inc., November 11, 2021
for Colgate Energy, LLC





- V-100 THRU 130**
3-PHASE SEPARATOR
HZ. 3PH SEPARATOR
72" OD X 15'-0" S/S
- HT-2000**
HEATER TREATER
HZ, VESSEL
96" OD X 20'-0" S/S
- V-2100**
GAS SCRUBBER
VERT. VESSEL
72" OD X 15'-0" S/S
- U-700**
VAPOR RECOVERY UNIT
VAPOR RECOVERY UNIT
20 H.P.
- U-710**
GAS RECOVERY UNIT
GAS RECOVERY UNIT
118 H.P.
- U-720**
LACT
100 H.P.
SKID: 8'-6" x 25'-0"
- V-300**
VAPOR RECOVERY TOWER
3PH VRT
48" OD X 45'-0" HT
- T-3000**
SKIM TANK
SKIM TANK
15'-6" OD X 30'-0" HT
1000 BBL
COLOR: BLM SHALE GREEN
- T-500 THRU 520**
WATER TANKS
WATER STORAGE TANK
15'-6" OD X 24'-0" HT
750 BBL
COLOR: BLM SHALE GREEN
- T-400 THRU 420**
OIL TANKS
OIL STORAGE TANKS
15'-6" OD X 24'-0" HT
750 BBL
COLOR: BLM SHALE GREEN
- V-320**
FLARE K.O.
2'-0" X 5'-0"
- P-700/710**
WATER TRANSFER PUMPS
XXX H.P. ELECTRIC PUMPS
- FS-900**
FLARE
XX,000 MSCFD
- FS-910**
FLARE
XX,000 MSCFD

ISSUED
JULY 08, 2021
FOR REVIEW

REFERENCE DRAWINGS		REVISIONS					
NO.	TITLE	NO.	DATE	DESCRIPTION	BY	CHK.	APP.
A		07/08/21	ISSUED FOR REVIEW	MAC	RG		

3S Services, LLC
ENGINEERING & DESIGN
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WWW.3SENGINEERINGDESIGN.COM
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ENGINEERING RECORD	
BY	DATE
DRN: MAC	07/08/21
DES:	
CHK:	
APP:	
AFE No.	
FACILITY ENGR.	
PROJ. ENGR:	
SCALE: NONE	

ATLAS BATTERY PLOT PLAN

PLOT SCALE: NONE	DWG. NO. D-21306-20-001	REV A
CAD NO.		

Atlas 18 State Fed Com			
Type	Owner	Address	Certified Tracking No.
RI	New Mexico State Land Office	P.O. Box 1148 Santa Fe, NM 87504-1148	7020 3160 000 8219 3428
RI	United States of America Bureau of Land Management	301 Dinosaur Trail Santa Fe, NM 87508	7020 3160 000 8219 7426
WIO	Colgate Production, LLC	300 N. Marienfeld St., Ste. 1000	7020 3160 000 8219 7396
WIO	Northern Oil & Gas, Inc.	601 Carlson Pkwy, Ste. 990 Minnetonka, Minnesota 55305	7020 3160 000 8219 7419
WIO	OXY USA WTP Limited Partnership 5 Greenway Plaza, Suite 110 Houston, Texas 77046	5 Greenway Plaza, Suite 110 Houston, Texas 77046	7020 3160 000 8219 2735
WIO	Oxy USA Inc.	5 Greenway Plaza, Suite 110 Houston, Texas 77046	7020 3160 000 8219 2742
WIO	Brigham Exploration (BEXP I, LP)	5914 Courtyard, Suite 340 Austin, Texas 78730	7020 3160 000 8219 2759
WIO	Devon Energy Production, L.P.	333 West Sheridan Avenue Oklahoma City, Oklahoma 73102	7020 3160 000 8219 2766
WIO	MRC Permian Company	5400 LBJ Freeway, Suite 1500 Dallas, Texas 75240	7020 3160 000 8219 2773
WIO	Prince Petroleum Company Ltd.	306 West 7th Street, Suite 701 Fort Worth, Texas 76102	7020 3160 000 8219 2780
WIO	HFB Investment Company, LP	415 West Wall Street, Suite 1705 Midland, TX 79701	7020 3160 000 8219 2797
WIO	Highland (Texas) Energy Company	11886 Greenville Ave Ste 106 Dallas TX 75243	7020 3160 000 8219 2803
WIO	Norman L. Stevens, III ("Larry"), Trustee of the Norman L. Stevens, Jr. Trust	1000 Louisiana Street, Suite 2000 Houston, Texas 77002	7020 3160 000 8219 2810
WIO	Tierra Encantada, LLC	P.O. Box 811 Roswell, New Mexico 88202	7020 3160 000 8219 2827
WIO	Carolyn Read Beall	P.O. Box 3098 Midland, Texas 79702-3098	7020 3160 000 8219 2834
WIO	Vladin, LLC	P.O. Box 100 Artesia, New Mexico 88211-0111	7020 3160 000 8219 2841
WIO	John A. Yates, Trustee of Trust Q u/w/o Peggy A. Yates	P.O. Box 100 Artesia, New Mexico 88211-0111	7020 3160 000 8219 2858
WIO	Ruby Kennedy	7037 Rainstone St. Las Vegas, NV 89148	7020 3160 000 8219 2865
WIO	Dick Blenden	208 W. Stevens Street Carlsbad, New Mexico 88220	7020 3160 000 8219 2872
WIO	Llano Natural Resources, LLC	4920 S. Loop 289 Lubbock, TX 79414	7020 3160 000 8219 2889
WIO	Blaine Roach	4001 Rana Drive #166 Arlington, Texas 76013	7020 3160 000 8219 2896
WIO	Lola Jean Kelly	4020 Willowrun Lane Arlington, Texas 76013	7020 3160 000 8219 2902
WIO	Catherine Baker	5607 Valley Meadow Arlington, Texas 76016	7020 3160 000 8219 2919
WIO	Estate of Wanda Porter	2404 Smedley Road Carlsbad, New Mexico 88220	7020 3160 000 8219 2926
WIO	Nancy Sue Howard	442 S Snyder Ave Justin, TX 76247	7020 3160 000 8219 2933
WIO	Roxanna Lynne Mills	8516 Lake Arrowhead Trl McKinney, TX 75071-0053	7020 3160 000 8219 2940
WIO	Teresa Burnsidés	301 Wilcrest #3605 Houston, Texas 77042	7020 3160 000 8219 2957

ORRI	L.E. Gwaltney	1910 N. Alameda Blvd Las Cruces, NM 88005-1717	7020 3160 000 8219 2964
ORRI	T.K. Campbell	c/o Angela Campbell Zier Richland Energy, Inc. 7272 Glenview Dr. Fort Worth, TX 76180	7020 3160 000 8219 3152
ORRI	Estate of Maragaret N. Campbell	Attn: John S. Campbell 215 Gold Ave., SW Asbuquerque, NM 87102	7020 3160 000 8219 3169
ORRI	Estate of Maragaret N. Campbell	Attn: Deborah Ruth Campbell 24 Chardonnary Irvine, CA 92714	7020 3160 000 8219 2971
ORRI	Spencer's Sister's Investments, LLC	Attn: David Lanning 4002 South Spring Loop Roswell, NM 88203	7020 3160 000 8219 2988
ORRI	Rosemary Martin Ferguson, Trustee	P.O. Box 847 Mesilla Park, NM 88047-0847	7020 3160 000 8219 2995
ORRI	Alpha Royalty Partners, LLC	PO Box 10701 Midland, TX 79702-7701	7020 3160 000 8219 3008
ORRI	Velda Gass	c/o Leon Gass 2507 Fontana St. Odessa, TX 79763-2218	7020 3160 000 8219 7402
ORRI	Colgate Royalties, L.P.	300 N. Marienfeld St., Ste. 1000 Midland, TX 79701	7020 3160 000 8219 3015
ORRI	Tejas Group, Ltd.	L. Allen Hodges III 306 West 7th St., #701 Fort Worth, TX 76102	7020 3160 000 8219 3022
ORRI	Stream Investments, Ltd.	Margery Hodges Berry 306 West 7th St., #701 Fort Worth, TX 76102	7020 3160 000 8219 3039
ORRI	Prairie Rose, Inc.	Priscilla A. Hodges 306 West 7th St., #701 Fort Worth, TX 76102	7020 3160 000 8219 3046
ORRI	Magnum Hunter Production, Inc.	600 North Marienfeld, Suite 600 Midland, Texas 79701	7020 3160 000 8219 3053
ORRI	R.W. Scroggins	777 Taylor St., Suite II-A Fort Worth, TX 78102	7020 3160 000 8219 3060
ORRI	Patricia Dianne Vowel, Trustee	777 Taylor St., Suite II-A Fort Worth, TX 78102	7020 3160 000 8219 3077
ORRI	Johnny Vinson, III	6913 Old Homestead Rd. Fort Worth, TX 76132-7107	7020 3160 000 8219 3084
ORRI	Vicki Vinson	2331 Colonial Pkwy Fort Worth, TX 76109-1030	7020 3160 000 8219 3091
ORRI	Jackie Scroggins	916 Winchester Dr. Southlake, TX 76092-1416	7020 3160 000 8219 3107
ORRI	Eloise Vinson	PO Box 439 Rhome, TX 76078.0439	7020 3160 000 8219 3138
ORRI	Dorothy Cecile Scott, Trustee	10205 River Plantation Drive Austin, TX 78747	7020 3160 000 8219 3114
ORRI	Nilo Operating Company	William R. Thomas, CEO P.O. Box 4362 Houston, TX 77210	7020 3160 000 8219 3121
ORRI	Broughton Petroleum Inc.	Cheryl L. Mellenthin P.O. Box 1389 Sealy, TX 77474	7020 3160 000 8219 3145

Well Name: ATLAS 18 STATE FED COM	Well Location: T19S / R29E / SEC 18 / NENW / 32.6655087 / -104.1147875	County or Parish/State: EDDY / NM
Well Number: 121H	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMNM0069107	Unit or CA Name:	Unit or CA Number:
US Well Number: 3001548619	Well Status: Drilling Well	Operator: COLGATE OPERATING LLC

Notice of Intent

Sundry ID: 2645408

Type of Submission: Notice of Intent

Type of Action: Commingling (Surface)

Date Sundry Submitted:

Time Sundry Submitted:

Date proposed operation will begin: 12/10/2021

Procedure Description: Colgate Operating, LLC would like to request oil and gas commingling at the Atlas State Fed Battery located in NENE, Section 18, T19S, R29E under 43 CFR 3173.174 (a)(1)(iii). Colgate would also like to request off-lease measurement (OLM) for the Atlas 18 State Fed Com 122H and Atlas 18 State Fed Com 132H. Please see the attached list of wells, map, facility diagram, allocation methodology description, serial register pages of involved federal leases, and a letter to all interest owners for additional information. Communitization Agreements are pending.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Atlas_Commingle_BLM_Application_Packet_20211122153119.pdf

Well Name: ATLAS 18 STATE FED
COM

Well Location: T19S / R29E / SEC 18 /
NENW / 32.6655087 / -104.1147875

County or Parish/State: EDDY /
NM

Well Number: 121H

Type of Well: OIL WELL

Allottee or Tribe Name:

Lease Number: NMNM0069107

Unit or CA Name:

Unit or CA Number:

US Well Number: 3001548619

Well Status: Drilling Well

Operator: COLGATE
OPERATING LLC

Operator Certification

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a submission of Form 3160-5 or a Sundry Notice.

Operator Electronic Signature: MIKAH THOMAS

Signed on: NOV 22, 2021 03:31 PM

Name: COLGATE OPERATING LLC

Title: Operations Tech

Street Address: 306 W. Wall St., Suite 500

City: Midland

State: TX

Phone: (432) 695-4272

Email address: mthomas@colgateenergy.com

Field Representative

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:



Shipment Receipt

Address Information

Ship to:

Commingling Manager
Commissioner of Public Lands
310 Old Santa Fe Trail

Santa Fe, NM
87501
US
505-827-5791

Ship from:

Colgate Energy Partners, LLC
Colgate Energy Partners, LLC
300 N Marienfeld St

Suite 1000
Midland, TX
79701
US
4326954222

Shipment Information:

Tracking no.: 775292236011
Ship date: 11/23/2021
Estimated shipping charges: 14.65 USD

Package Information

Pricing option: FedEx Standard Rate
Service type: FedEx Express Saver
Package type: FedEx Envelope
Number of packages: 1
Total weight: 0.10 LBS
Declared Value: 0.00 USD
Special Services:
Pickup/Drop-off: Drop off package at FedEx location

Billing Information:

Bill transportation to: My Account - 466-466
Your reference: Atlas Commingling
P.O. no.:
Invoice no.:
Department no.:

Thank you for shipping online with FedEx ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1000, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details. The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, N.M. 87505

AS-DRILLED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-48117	² Pool Code 55510	³ Pool Name Scanlon Draw; Bone Spring
⁴ Property Code 330327	⁵ Property Name Atlas 18 State Fed Com	
⁷ OGRID No. 371449	⁶ Operator Name Colgate Operating, LLC	
	⁸ Well Number 122H	⁹ Elevation 3380

¹⁰ Surface Location

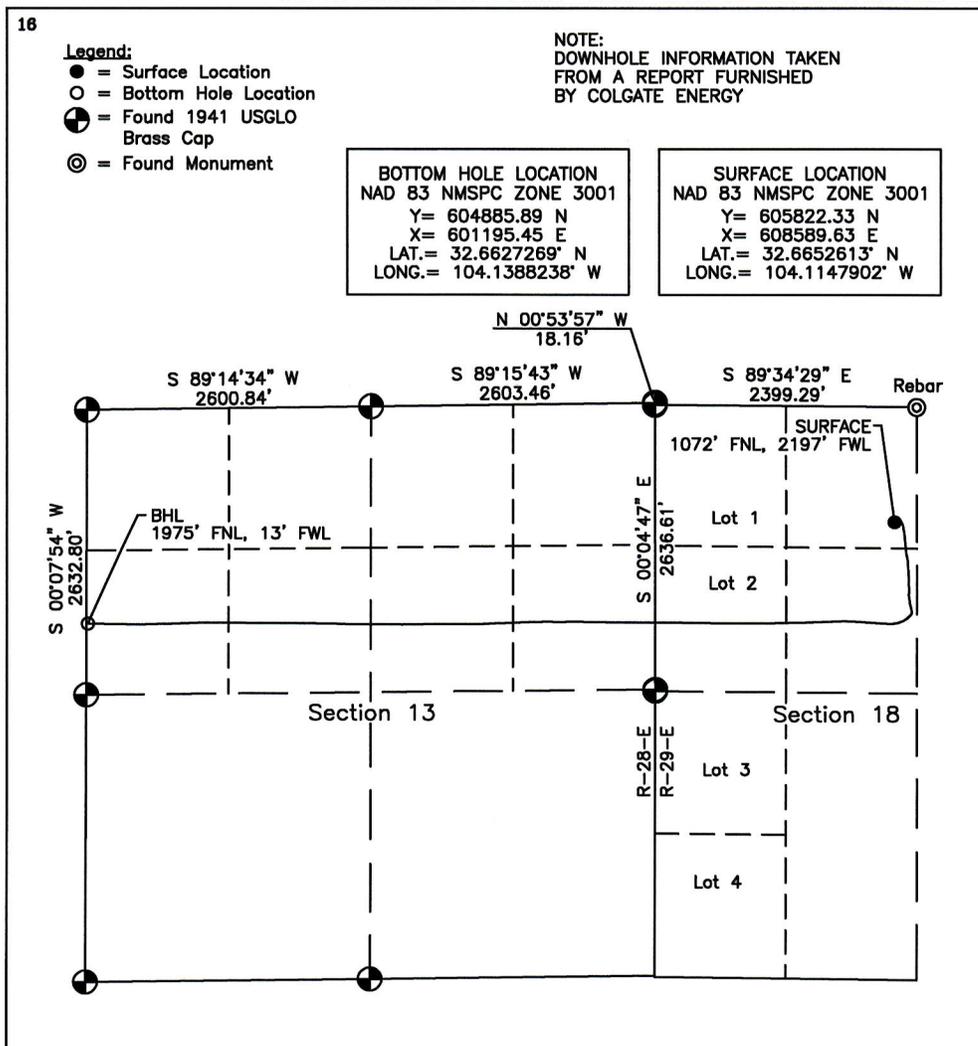
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	18	19 S	29 E		1072	North	2197	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	13	19 S	28 E		1975	North	13	West	Eddy

¹² Dedicated Acres 232.7	¹³ Joint or 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



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Mikah Thomas 10.05.2021
 Signature Date

Mikah Thomas
 Printed Name

mthomas@colgateenergy.com
 E-mail Address

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

9/12/21
 Date of Survey

Plat Revised: 9/14/21
 Signature and Seal of Professional Surveyor:

17078
 Certificate Number

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised August 1, 2011

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District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, N.M. 87505

AS-DRILLED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-48116	² Pool Code 55510	³ Pool Name Scanlon Draw; Bone Spring
⁴ Property Code 330327	⁵ Property Name Atlas 18 State Fed Com	
⁷ OGRID No. 371449	⁶ Operator Name Colgate Operating, LLC	
		⁸ Well Number 131H
		⁹ Elevation 3382

¹⁰ Surface Location

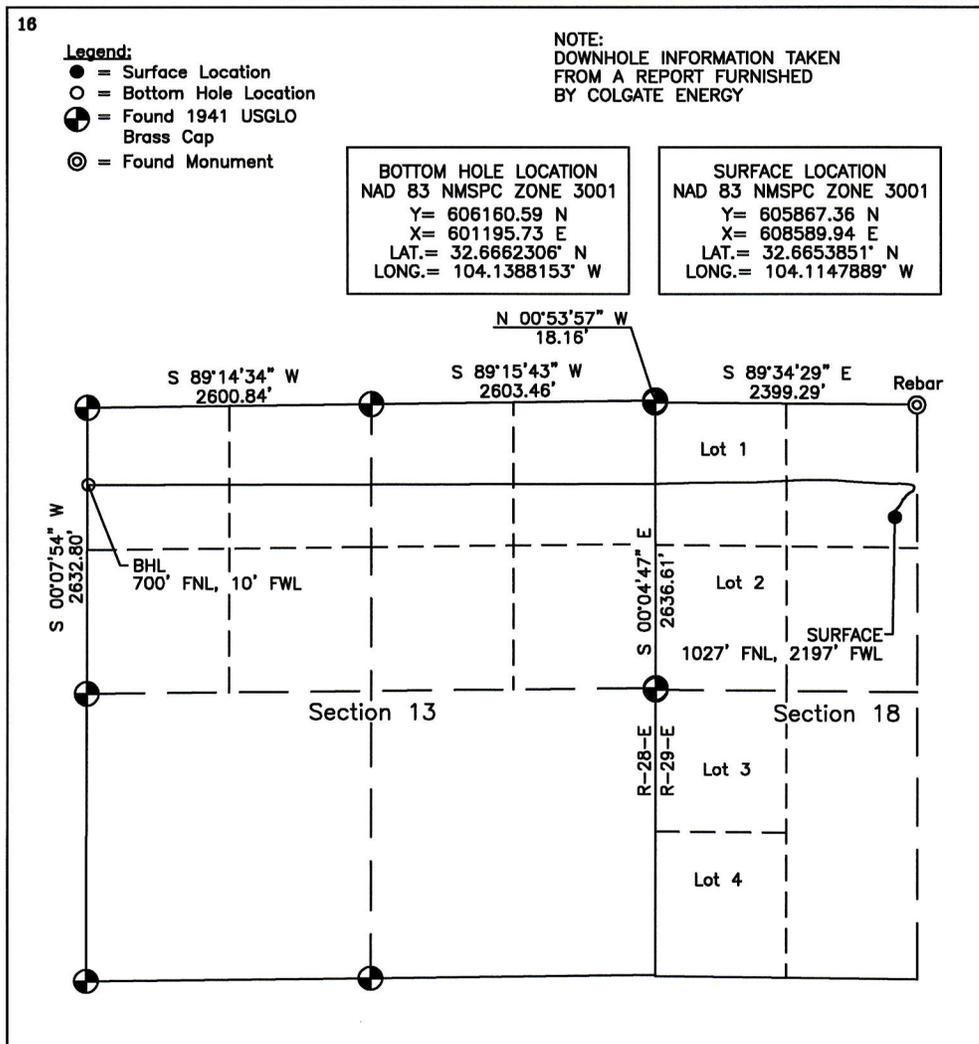
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	18	19 S	29 E		1027	North	2197	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	13	19 S	28 E		700	North	10	West	Eddy

¹² Dedicated Acres 232.7	¹³ Joint or 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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Mikah Thomas 10.05.2021
 Signature Date

Mikah Thomas
 Printed Name

mthomas@colgateenergy.com
 E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

8/30/21
 Date of Survey
 Plat Revised: 9/14/21
 Signature and Seal of Professional Surveyor

Mark Hall W. Linden
 17078
 10-4-21
 PROFESSIONAL SURVEYOR

17078
 Certificate Number

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised August 1, 2011

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

OIL CONSERVATION DIVISION

Submit one copy to appropriate
District Office

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

1220 South St. Francis Dr.
Santa Fe, N.M. 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name Atlas 18 State Fed Com	
⁷ OGRID No.	⁶ Operator Name Colgate Operating, LLC	
	⁸ Well Number 132H	⁹ Elevation 3381

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	18	19 S	29 E		1117	North	2196	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	13	19 S	28 E		1960	North	10	West	Eddy

¹² Dedicated Acres	¹³ Joint or 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

16

SURFACE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 605777.36 N
X= 608589.34 E
LAT.= 32.6651377° N
LONG.= 104.1147914° W

BOTTOM HOLE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 604900.44 N
X= 601192.83 E
LAT.= 32.6627669° N
LONG.= 104.1388322° W

SURFACE LOCATION
NAD 27 NMSPC ZONE 3001
Y= 605715.12 N
X= 567409.63 E
LAT.= 32.6650204° N
LONG.= 104.1142837° W

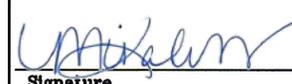
BOTTOM HOLE LOCATION
NAD 27 NMSPC ZONE 3001
Y= 604838.27 N
X= 560013.11 E
LAT.= 32.6626498° N
LONG.= 104.1383240° W

FIRST TAKE POINT
NAD 83 NMSPC ZONE 3001
1960' FNL, 2299' FWL
SEC. 18, T19S, R29E
Y= 604933.16 N
X= 608693.03 E
LAT.= 32.6628167° N
LONG.= 104.1144601° W

FIRST TAKE POINT
NAD 27 NMSPC ZONE 3001
1960' FNL, 2299' FWL
SEC. 18, T19S, R29E
Y= 604870.93 N
X= 567513.30 E
LAT.= 32.6626993° N
LONG.= 104.1139525° W

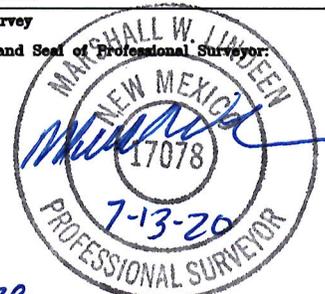
17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

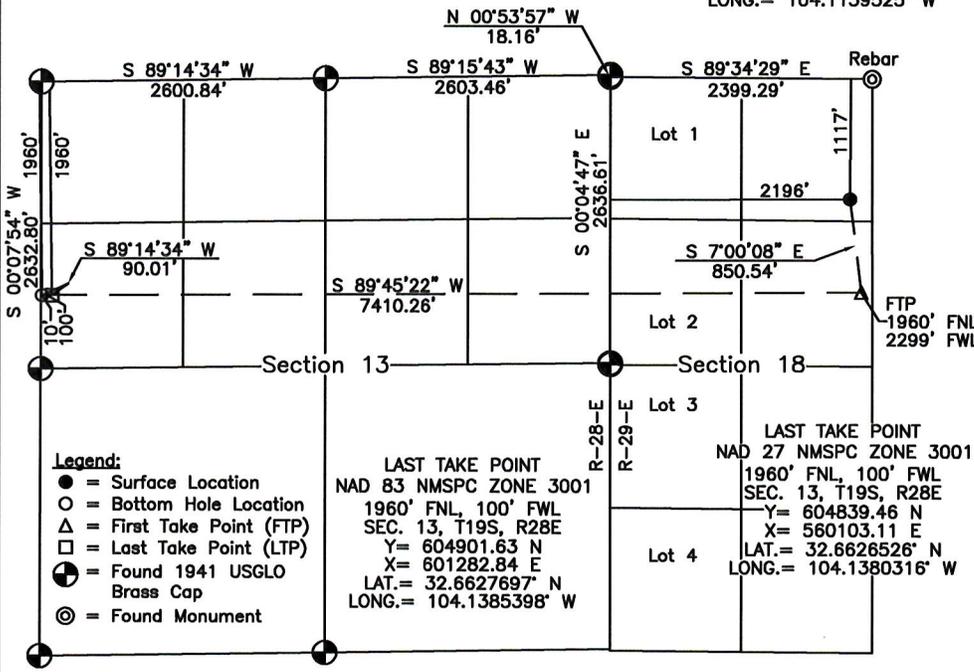
 **08/05/2020**
Signature Date
Mikah Thomas
Printed Name
mthomas@colgateenergy.com
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

5/28/20
Date of Survey
Signature and Seal of Professional Surveyor


17078
Certificate Number



Legend:
● = Surface Location
○ = Bottom Hole Location
△ = First Take Point (FTP)
□ = Last Take Point (LTP)
⊙ = Found 1941 USGLO Brass Cap
⊗ = Found Monument

LAST TAKE POINT
NAD 83 NMSPC ZONE 3001
1960' FNL, 100' FWL
SEC. 13, T19S, R28E
Y= 604901.63 N
X= 601282.84 E
LAT.= 32.6627697° N
LONG.= 104.1385398° W

LAST TAKE POINT
NAD 27 NMSPC ZONE 3001
1960' FNL, 100' FWL
SEC. 13, T19S, R28E
Y= 604839.46 N
X= 560103.11 E
LAT.= 32.6626526° N
LONG.= 104.1380316° W

NM State Land Office
Oil, Gas, & Minerals Division

STATE/FEDERAL OR
STATE/FEDERAL/FEE
Revised Feb. 2013

ONLINE Version
COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions Lot 1 and the NE/4NW/4 of Section 18 and N/2N/2 of Section 13,

Section(s) 18 & 13, T 19S, R 29E & 28E, NMPM EDDY, County NM, containing 232.7

acres, more or less, and this agreement shall include only the

Bone Spring Formation

underlying said lands and the Hydrocarbons (hereinafter referred to as "communitized substances")

producibile from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is June 1ST, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

OPERATOR:

LESSEES OF RECORD:

COLGATE OPERATING, LLC

By: _____
BRANDON GAYNOR
SENIOR VICE PRESIDENT

OXY USA, INC.

MAGNUM HUNTER PRODUCTION, INC.

CHARLES L. PARCELL

ELLIOTT INDUSTRIES LIMITED PARTNERSHIP

ELLIOTT HALL COMPANY LIMITED PARTNERSHIP

KERR-MCGEE OIL & GAS ONSHORE LP

Attach additional page(s) if needed.

**Acknowledgment in a Representative Capacity
(OPERATOR)**

State of Texas

County of Midland

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By BRANDON GAYNOR
Name(s) of Person(s)

As SR. VICE PRESIDENT OF LAND of COLGATE OPERATING, LLC.

Type of authority, e.g., officer, trustee, etc. Name of party on behalf of whom instrument was executed

Signature of Notarial Officer

(Seal)

My commission expires: _____

Acknowledgment in a Representative Capacity

State of Texas

County of Midland

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____
Name(s) of Person(s)

As _____ of _____.

Type of authority, e.g., officer, trustee, etc. Name of party on behalf of whom instrument was executed

Signature of Notarial Officer

(Seal)

My commission expires: _____

LESSEE OF RECORD:

OXY USA, INC.

By: _____

Name: _____

Title: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____

Name(s) of Person(s)

as _____ of _____.

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the

State of _____, personally appeared _____.

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

LESSEE OF RECORD:

MAGNUM HUNTER PRODUCTION, INC.

By: _____

Name: _____

Title: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____
Name(s) of Person(s)

as _____ of _____
Type of authority, e.g., officer, trustee, etc Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the
State of _____, personally appeared _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

LESSEE OF RECORD:

CHARLES L. PARCELL

By: _____

Name: _____

Title: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____

Name(s) of Person(s)

as _____ of _____.

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the

State of _____, personally appeared _____.
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

LESSEE OF RECORD:

ELLIOTT INDUSTRIES LIMITED PARTNERSHIP

By: _____

Name: _____

Title: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____

Name(s) of Person(s)

as _____ of _____.

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the

State of _____, personally appeared _____.
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

LESSEE OF RECORD:

ELLIOTT-HALL COMPANY LIMITED PARTNERSHIP

By: _____

Name: _____

Title: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____

Name(s) of Person(s)

as _____ of _____

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the

State of _____, personally appeared _____.

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

LESSEE OF RECORD:

KERR-MCGEE OIL & GAS ONSHORE LP

By: _____

Name: _____

Title: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____

Name(s) of Person(s)

as _____ of _____.

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the

State of _____, personally appeared _____.
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

EXHIBIT A

Description of leases committed to communitized area covering the N/2 of the N/2 of Section 13, T19S-R28E and Lot 1 and the NE/4 of the NW/4 of Section 18, T19S-R29E, Eddy County, New Mexico

**ATLAS 13 STATE FED COM 121H
ATLAS 13 STATE FED COM 131H**

To Communitization Agreement dated JUNE 1, 2020. Plat of communitized area covering the: Subdivisions N/2N/2 of Section 13 and Lot 1 and NE/4NW/4 of Section 18, of Sect. 13 & 18 T 19S, R 28E & 29E, NMPM, EDDY County, NM.

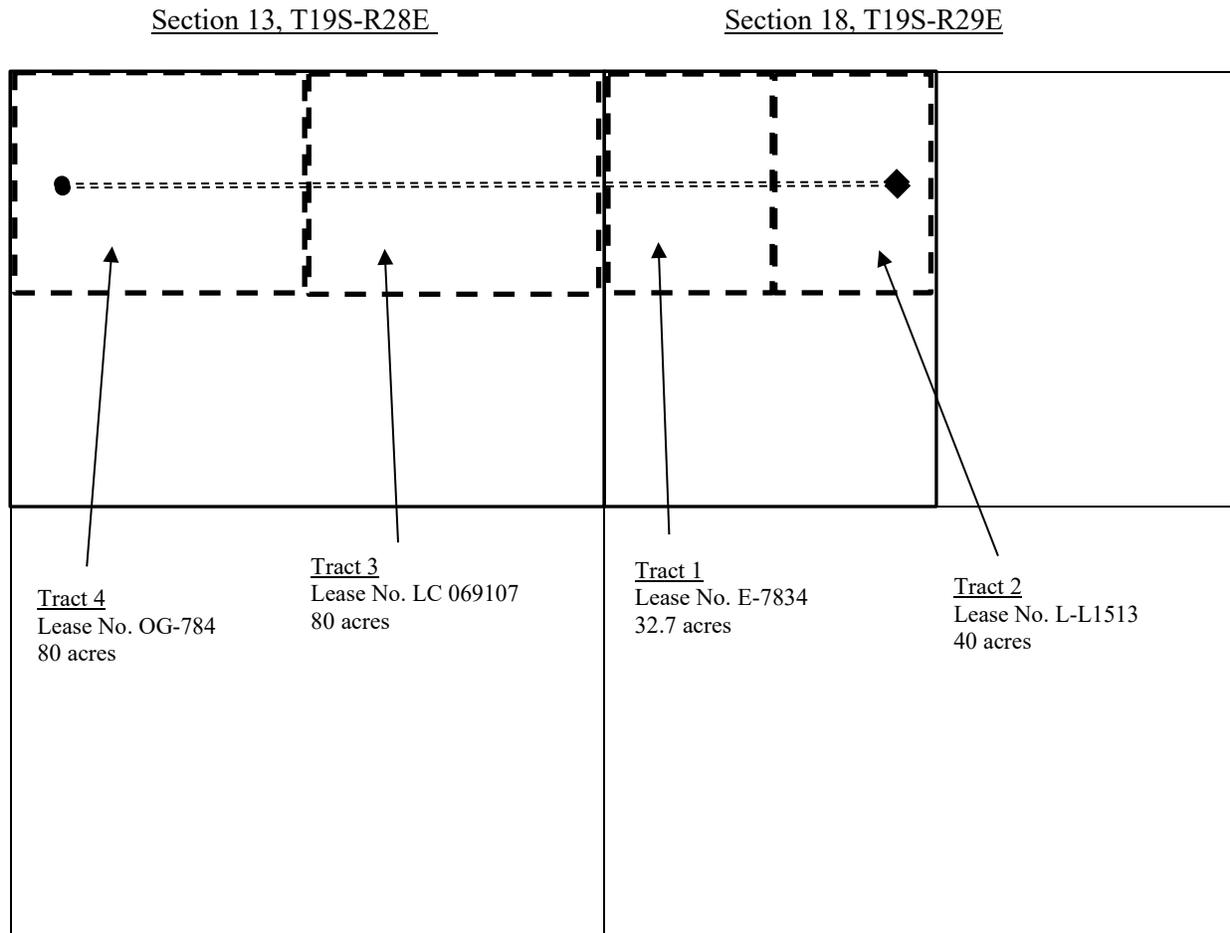


EXHIBIT B**Description of leases committed to communitized area covering the N/2 of the N/2 of Section 13, T19S-R28E and Lot 1 and the NE/4 of the NW/4 of Section 18, T19S-R29E, Eddy County, New Mexico**

To Communitization Agreement dated JUNE 1, 2020, embracing the Subdivisions N/2N/2 of Section 13 and Lot 1 and NE/4NW/4 of Section 18, of Sect. 13 & 18 T 19S, R 28E & 29E, NMPM, EDDY County, NM.

Operator of Communitized Area: COLGATE OPERATING, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: E-7834

Lease Date: February 16, 1954

Lease Term: 5 years

Lessor: State of New Mexico

Original Lessee: T.K. Campbell and L.E. Gwaltney

Present Lessee: OXY USA, INC.

Description of Land Committed: Subdivisions Lot 1,

Sect 18, Twp 19S, Rng 29E NMPM, Eddy County, NM

Number of Acres: 32.7

Royalty Rate: 1/8

Name and Percent ORRI Owners: L.E. Gwaltney, T.K. Campbell, Estate of Margaret N. Campbell, Spencer Sister's Investments, LLC, Ferguson Family Trust, Alpha Royalty Partners, LLC, Velda Glass, Colgate Royalties, LP

Name and Percent WI Owners: Colgate Production, LLC (0.28645840), Oxy NM LP (0.30187500), MRC Permian Company (0.15625000), Vlatin, LLC (0.06250000), Trust Q u/w/o Peggy A, Yates (0.06250000), Ruby Kennedy (0.02625000), Dick Blenden (0.04687500), Llano Resources, LLC (0.01562500), Blaine Roach (0.00520834), Lola Jean Kelly (0.00520834), Catherine Baker (0.00520833), Estate of Wanda Porter (0.01822920), Sue Howard (0.00260413), Roxanna Lynn Mills (0.00260413), Teresa Burnsides (0.00260413)

TRACT NO. 2Lease Serial No.: L-1513Lease Date: October 15, 1968Lease Term: 5 yearsLessor: State of New MexicoOriginal Lessee: Pennzoil United, Inc.Present Lessee: Magnum Hunter Production, Inc.Description of Land Committed: Subdivisions NE/4NW/4,Sect 18, Twp 19S, Rng 29E, NMPM, Eddy County, NMNumber of Acres: 40Royalty Rate: 1/8th

Name and Percent ORRI Owners: Tejas Group, Ltd (0.00196351), Stream Investments, Ltd. (0.00196351), Prairie Rose, Inc. (0.00196351), Magnum Hunter Production, Inc. (0.05921875), R.W. Scroggins (0.00429850), Patricia Dianne Vowel, Trustee of the PDV Revocable Trust dtd Oct. 29, 2018 (0.00429850), Johnny Vinson, III (0.00071642), Vicki Vinson (0.00071642), Jackie Scroggins (0.00071642), Eloise Vinson (0.00214925), Dorothy Cecile Scott, Trustee of the Wallace H. Scott Unified Credit Trust (0.00328125)

Name and Percent WI Owners: Northern Oil and Gas, Inc. (0.50000), Oxy NM LP (0.4375000), Prince Petroleum Company Ltd. (0.05937500), HFB Investment Company, LP (0.00312500)

TRACT NO. 3Lease Serial No.: LC-069107Lease Date: September 1, 1949Lease Term: 5 yearsLessor: United States of America, Bureau of Land ManagementOriginal Lessee: Charles W. ParcellPresent Lessee: Charles L. Parcell (0.50000), Elliott Industries Limited Partnership (0.25000) & Elliott Hall Company Limited Partnership (0.250000)Description of Land Committed: Subdivisions N/2NE/4,Sect 13, Twp 19S, Rng 28E NMPM, Eddy County, NMNumber of Acres: 80Royalty Rate: 1/8Name and Percent ORRI Owners: Colgate Royalties, LP (.0500000), Nilo Operating Company (0.0750000)Name and Percent WI Owners: Colgate Production, LLC (1.000000)

TRACT NO. 4

Lease Serial No.: OG-784

Lease Date: April 16, 1957

Lease Term: 5 years

Lessor: State of New Mexico

Original Lessee: Sunray Mid-Continent Oil Company

Present Lessee: Kerr-McGee Oil & Gas Onshore LP

Description of Land Committed: Subdivisions N/2NW/4,

Sect 13, Twp 19S, Rng 28E NMPM, Eddy County, NM

Number of Acres: 80

Royalty Rate: 1/8

Name and Percent ORRI Owners: Colgate Royalties, LP (0.12500000)

Name and Percent WI Owners: Colgate Production, LLC (1.000000)

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No. 1	32.7	14.05%
Tract No. 2	40.0	17.19%
Tract No. 3	80.0	34.38%
Tract No. 4	80.0	34.38%
TOTALS:	232.7	100.00%

NM State Land Office
Oil, Gas, & Minerals Division

STATE/FEDERAL OR
STATE/FEDERAL/FEE
Revised Feb. 2013

ONLINE Version
COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions Lot 2 and the SE/4NW/4 of Section 18 and S/2N/2 of Section 13,

Section(s) 18 & 13, T 19S, R 29E & 28E, NMPM EDDY, County NM, containing 232.7

acres, more or less, and this agreement shall include only the

Bone Spring Formation

underlying said lands and the Hydrocarbons (hereinafter referred to as "communitized substances")

producibile from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is June 1ST, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

OPERATOR:

LESSEES OF RECORD:

COLGATE OPERATING, LLC

DEVON ENERGY PRODUCTION COMPANY, L.P.

By: _____

CHARLES L. PARCELL

**BRANDON GAYNOR
SENIOR VICE PRESIDENT**

ELLIOTT INDUSTRIES LIMITED PARTNERSHIP

ELLIOTT-HALL COMPANY LIMITED PARTNERSHIP

S & J OPERATING COMPANY

Attach additional page(s) if needed.

**Acknowledgment in a Representative Capacity
(OPERATOR)**

State of Texas

County of Midland

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By BRANDON GAYNOR
Name(s) of Person(s)

As, SR. VICE PRESIDENT OF LAND of COLGATE OPERATING, LLC.

Type of authority, e.g., officer, trustee, etc. Name of party on behalf of whom instrument was executed

Signature of Notarial Officer

(Seal)

My commission expires: _____

Acknowledgment in a Representative Capacity

State of Texas

County of Midland

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____
Name(s) of Person(s)

As, _____ of _____.

Type of authority, e.g., officer, trustee, etc. Name of party on behalf of whom instrument was executed

Signature of Notarial Officer

(Seal)

My commission expires: _____

LESSEE OF RECORD & WORKING INTEREST OWNER:

DEVON ENERGY PRODUCTION COMPANY, L.P.

By: _____

Name: _____

Title: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____

Name(s) of Person(s)

as _____ of _____

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the

State of _____, personally appeared _____.

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

LESSEE OF RECORD:

CHARLES L. PARCELL

By: _____

Name: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____

Name(s) of Person(s)

as _____ of _____.

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the

State of _____, personally appeared _____.
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

LESSEE OF RECORD:

ELLIOTT INDUSTRIES LIMITED PARTNERSHIP

By: _____

Name: _____

Title: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____
Name(s) of Person(s)

as _____ of _____
Type of authority, e.g., officer, trustee, etc Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the
State of _____, personally appeared _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

LESSEE OF RECORD:

ELIOTT-HALL COMPANY LIMITED PARTNERSHIP

By: _____

Name: _____

Title: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____

Name(s) of Person(s)

as _____ of _____.

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the

State of _____, personally appeared _____.
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

LESSEE OF RECORD:

S & J OPERATING COMPANY

By: _____

Name: _____

Title: _____

Acknowledgment in a Representative Capacity

State of _____

County of _____

This instrument was acknowledged before me on _____ of _____, 2021.
DATE

By _____

Name(s) of Person(s)

as _____ of _____.

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

Acknowledgment in an Individual Capacity

State of _____

County of _____

On this _____ day of _____, 20____, before me, a Notary Public for the

State of _____, personally appeared _____.
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

EXHIBIT A

Description of leases committed to communitized area covering the S/2 of the N/2 of Section 13, T19S-R28E and Lot 2 and the SE/4 of the NW/4 of Section 18, T19S-R29E, Eddy County, New Mexico

**ATLAS 13 STATE FED COM 122H
ATLAS 13 STATE FED COM 132H**

To Communitization Agreement dated JUNE 1, 2020. Plat of communitized area covering the: Subdivisions S/2N/2 of Section 13 and Lot 2 and SE/4NW/4 of Section 18, of Sect. 13 & 18 T 19S, R 28E & 29E, NMPM, EDDY County, NM.

Section 13, T19S-R28E

Section 18, T19S-R29E

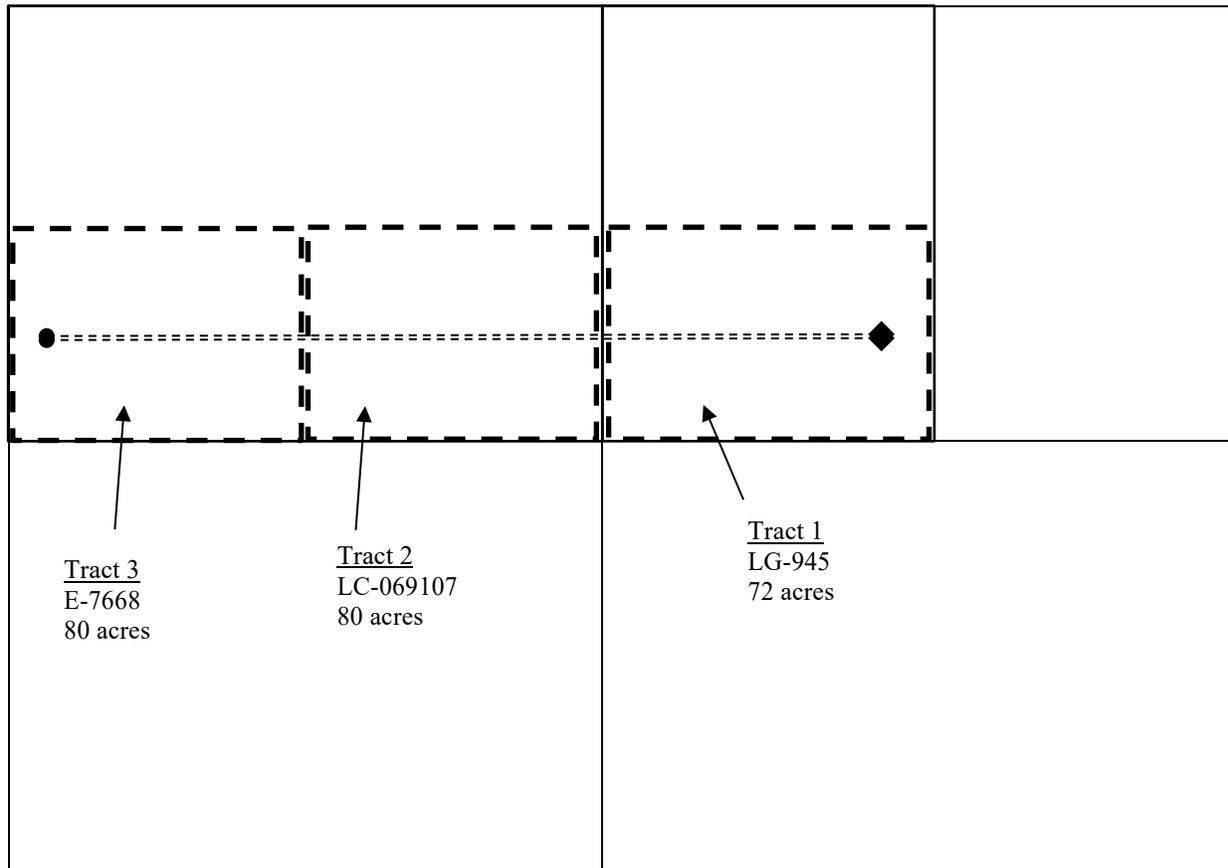


EXHIBIT B**Description of leases committed to communitized area covering the S/2 of the N/2 of Section 13, T19S-R28E and Lot 2 and the SE/4 of the NW/4 of Section 18, T19S-R29E, Eddy County, New Mexico**

To Communitization Agreement dated JUNE 1, 2020, embracing the Subdivisions S/2N/2 of Section 13 and Lot 2 and SE/4NW/4 of Section 18, of Sect. 13 & 18 T 19S, R 28E & 29E, NMPM, EDDY County, NM.

Operator of Communitized Area: COLGATE OPERATING, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1**

Lease Serial No.: LG-945

Lease Date: January 1, 1973

Lease Term: 5 years

Lessor: State of New Mexico

Original Lessee: Flag-Redfern Oil Company

Present Lessee: Devon Energy Production Company, L.P.

Description of Land Committed: Subdivisions Lot 2 and the SE/4NW/4,

Sect 18, Twp 19S, Rng 29E NMPM, Eddy County, NM

Number of Acres: 72.7

Royalty Rate: 1/8

Name and Percent ORRI Owners: None

Name and Percent WI Owners: Devon Energy Production Company, L.P. – 1.0000

TRACT NO. 2

Lease Serial No.: LC-069107

Lease Date: September 1, 1949

Lease Term: 5 years

Lessor: The United States of America, Bureau of Land Management

Original Lessee: Charles W. Parcell

Present Lessee: Charles L. Parcell (0.5000), Elliott Industries Limited Partnership (0.2500) and Elliott-Hall Company Limited Partnership (0.2500)

Description of Land Committed: Subdivisions S/2NE/4,

Sect 13, Twp 19S, Rng 28E, NMPM, Eddy County, NM

Number of Acres: 80

Royalty Rate: 1/8th

Name and Percent ORRI Owners: Colgate Royalties, LP (0.0500), Nile Operating Company (0.0750)

Name and Percent WI Owners: Colgate Production, LLC (1.0000)

TRACT NO. 3

Lease Serial No.: E-7668

Lease Date: December 15, 1963

Lease Term: 5 years

Lessor: State of New Mexico

Original Lessee: Gulf Oil Corporation

Present Lessee: S & J Operating Company

Description of Land Committed: Subdivisions S/2NW/4,

Sect 13, Twp 19S, Rng 28E NMPM, Eddy County, NM

Number of Acres: 80

Royalty Rate: 1/8

Name and Percent ORRI Owners: Colgate Royalties, LP (0.0500), Nilo Operating Company (0.01250), Broughton Petroleum, Inc. (0.06250)

Name and Percent WI Owners: Colgate Production, LLC (1.0000)

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	72.7	31.24%
Tract No.2	80.0	34.38%
Tract No.3	80.0	34.38%
TOTALS:	232.7	100.00%

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Colgate Operating, LLC **OGRID Number:** 371449
Well Name: Atlas 18 State Fed Com 121H **API:** 30-015-48619
Pool: Scanlon Draw; Bone Spring **Pool Code:** 55510

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
 NSL NSP (PROJECT AREA) NSP (PRORATION UNIT) SD
- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
 DHC CTB PLC PC OLS OLM
 [II] 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. Royalty, overriding royalty 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

<u>FOR OCD ONLY</u>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

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.

Mikah Thomas

Print or Type Name

Signature

November 15, 2021
Date

432-695-4272
Phone Number

mthomas@colgateenergy.com
e-mail Address

From: [Engineer, OCD, FMNRD](#)
To: [Mikah Thomas](#)
Cc: [McClure, Dean, FMNRD](#); [Hawkins, James, FMNRD](#); [Powell, Brandon, FMNRD](#); lisa@rwbyram.com; [Glover, James; Paradis, Kyle O; Walls, Christopher; Dawson, Scott](#)
Subject: Approved Administrative Order CTB-1018
Date: Monday, March 7, 2022 4:47:20 PM
Attachments: [CTB1018 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1018 which authorizes Colgate Operating, LLC (371449) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-48116	Atlas 18 State Federal Com #131H	N/2 N/2	13-19S-28E	55510
		N/2 NW/4	18-19S-29E	
30-015-48115	Atlas 18 State Federal Com #132H	S/2 N/2	13-19S-28E	55510
		S/2 NW/4	18-19S-29E	
30-015-48619	Atlas 18 State Federal Com #121H	N/2 N/2	13-19S-28E	55510
		N/2 NW/4	18-19S-29E	
30-015-48117	Atlas 18 State Federal Com #122H	S/2 N/2	13-19S-28E	55510
		S/2 NW/4	18-19S-29E	

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY COLGATE OPERATING, LLC**

ORDER NO. CTB-1018

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Colgate Operating, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

CONCLUSIONS OF LAW

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.

9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
11. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.

4. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
5. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
7. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
10. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 3/07/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-1018

Operator: Colgate Operating, LLC (371449)

Central Tank Battery: Atlas State Federal Battery

Central Tank Battery Location: Unit C, Section 18, Township 19 South, Range 29 East

Gas Title Transfer Meter Location: Unit C, Section 18, Township 19 South, Range 29 East

Pools

Pool Name	Pool Code
SCANLON DRAW; BONE SPRING	55510

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
OG 07840001	N/2 NW/4	13-19S-28E
EO 76680002	S/2 NW/4	13-19S-28E
NMLC 0069107	NE/4	13-19S-28E
EO 78340003	NW/4 NW/4	18-19S-29E
LO 15130003	NE/4 NW/4	18-19S-29E
LG 09450001	S/2 NW/4	18-19S-29E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-48116	Atlas 18 State Federal Com #131H	N/2 N/2	13-19S-28E	55510
		N/2 NW/4	18-19S-29E	
30-015-48115	Atlas 18 State Federal Com #132H	S/2 N/2	13-19S-28E	55510
		S/2 NW/4	18-19S-29E	
30-015-48619	Atlas 18 State Federal Com #121H	N/2 N/2	13-19S-28E	55510
		N/2 NW/4	18-19S-29E	
30-015-48117	Atlas 18 State Federal Com #122H	S/2 N/2	13-19S-28E	55510
		S/2 NW/4	18-19S-29E	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **CTB-1018**
Operator: **Colgate Operating, LLC (371449)**

Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Bone Spring NMNM 144384	N/2 N/2	13-19S-28E	232.7	A
	N/2 NW/4	18-19S-29E		
CA Bone Spring NMNM 144385	S/2 N/2	13-19S-28E	232.7	B
	S/2 NW/4	18-19S-29E		

Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
OG 07840001	N/2 NW/4	13-19S-28E	80	A
NMLC 0069107	N/2 NE/4	13-19S-28E	80	A
EO 78340003	NW/4 NW/4	18-19S-29E	32.7	A
LO 15130003	NE/4 NW/4	18-19S-29E	40	A
EO 76680002	S/2 NW/4	13-19S-28E	80	B
NMLC 0069107	S/2 NE/4	13-19S-28E	80	B
LG 09450001	S/2 NW/4	18-19S-29E	72.7	B

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

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

District IV
 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 28218

CONDITIONS

Operator: COLGATE OPERATING, LLC 300 North Marienfeld Street Midland, TX 79701	OGRID: 371449
	Action Number: 28218
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	3/7/2022