

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

**APPLICATION OF COLGATE OPERATING,  
LLC TO POOL ADDITIONAL INTEREST  
AND RECORD TITLE OWNERS UNDER  
UNDER ORDER NO. R-21438,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 22568  
ORDER NO. R-21438 (Re-Open)**

**EXHIBIT INDEX**

Exhibit A	Self-Affirmed Statement of Mark Hadjik
A-1	Application & Proposed Notice of Hearing
A-2	Order No. R-21438
A-3	Plat of Tracts, Ownership Interests, Additional Uncommitted Interests to be Pooled under the Terms of Order No. R-21438
A-4	Well Proposal Letter to F/Z Association
A-5	Summary of Communications
Exhibit B	Affidavit of Dana S. Hardy
B-1	Hearing Notice Letter
B-2	Certified Mail Receipts
B-3	Affidavit of Publication

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

**APPLICATION OF COLGATE OPERATING,  
LLC TO POOL ADDITIONAL INTEREST  
AND RECORD TITLE OWNERS UNDER  
ORDER NO. R-21438,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 22568  
ORDER NO. R-21438 (Re-Open)**

**SELF-AFFIRMED STATEMENT  
OF MARK HADJIK**

1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.

2. I am a Senior Staff Landman with Colgate Energy ("Colgate"). I am familiar with Colgate's application in this case and with the status of the lands in the subject area. A copy of Colgate's application and proposed notice are attached as **Exhibit A-1**.

3. I have previously testified before the Division, and my qualifications as an expert in petroleum land matters were accepted.

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

5. On August 24, 2020, the Division entered Order No. R-21438 ("Order") in Case No. 21078, which pooled all uncommitted interests in the Winchester; Bone Spring Pool (Pool Code 65010) within the Bone Spring formation in a 320-acre, more or less, standard horizontal spacing unit ("HSU") comprised of the N/2 S/2 of Section 27 and the N/2 S/2 of Section 28, Township 19 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Order further dedicated the Unit to the Big Burro 27 State Com 123H and Big Burro 27 State Com 133H wells ("Wells") and designated Applicant as operator of the Unit and Wells.

6. A copy of Order No. R-21438 is attached as **Exhibit A-2**.

7. Since the Order was entered, Colgate has identified one unlocatable working interest owner whose interest should be pooled under the Order. That party, F/Z Association, is defunct and does not have a current address. I made a diligent search of public records and online databases and was unable to locate current contact information for the entity. I sent a well proposal letter to the last known address, but it was not received.

8. **Exhibit A-3** provides a plat of the tracts included in the HSU, identifies the interests in each tract included in the HSU, and identifies the additional uncommitted interest to be pooled under the terms of Order No. R-21438.

9. **Exhibit A-4** is the well proposal letter that I sent to the last known address of F/Z Association.

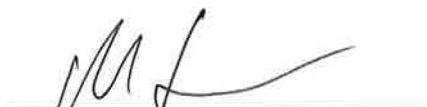
10. In my opinion, Colgate has made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.

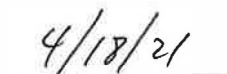
11. Colgate requests the additional mineral interest owner be pooled under the terms of Order No. R-21438.

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

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

14. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 13 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

  
Mark Hadjik

  
Date

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

**APPLICATION OF COLGATE OPERATING,  
LLC TO POOL ADDITIONAL INTEREST  
AND RECORD TITLE OWNERS UNDER  
ORDER NO. R-21438,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 22568  
ORDER NO. R-21438 (Re-Open)**

**APPLICATION**

Pursuant to NMSA § 70-2-17, Colgate Operating, LLC ("Applicant") (OGRID No. 371449) files this application with the Oil Conservation Division ("Division") for the limited purpose of pooling additional mineral interest and record title owners under the terms of Division Order No. R-21438. Applicant states the following in support of its application.

1. On August 24, 2020, the Division entered Order No. R-21438 ("Order") in Case No. 21078, which pooled all uncommitted interests in the Winchester; Bone Spring Pool (Pool Code 65010) within the Bone Spring formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 S/2 of Section 27 and the N/2 S/2 of Section 28, Township 19 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Order further dedicated the Unit to the Big Burro 27 State Com 123H and Big Burro 27 State Com 133H wells ("Wells") and designated Applicant as operator of the Unit and Wells.

2. Since entry of the Order, Applicant has identified additional mineral interest and record title owners in the Unit that have not been pooled under the terms of the Order.

3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional mineral interest and record title owners but has been unable to do so.

Colgate Operating, LLC  
Case No. 22568  
Exhibit A-1

4. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional mineral interest and record title owners should be pooled into the Unit pursuant to terms of the Order.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Oil Conservation Division on March 3, 2022 and after notice and hearing as required by law, the Division pool the additional mineral interest and record title owners into the Unit pursuant to the terms of Division Order No. R-21438.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Michael Rodriguez

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

mrodriguez@hinklelawfirm.com

*Counsel for Colgate Operating, LLC*

**Application of Colgate Operating, LLC to Pool Additional Interest and Record Title Owners Under Order No. R-21438, Eddy County, New Mexico.** Applicant seeks an order pooling additional mineral interest and record title owners under the terms of Division Order No. R-21438. On August 24, 2020, the Division entered Order No. R-21438 ("Order") in Case No. 21078, which pooled all uncommitted interests in the Winchester; Bone Spring Pool (Pool Code 65010) within the Bone Spring formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 S/2 of Section 27 and the N/2 S/2 of Section 28, Township 19 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Order further dedicated the Unit to the Big Burro 27 State Com 123H and Big Burro 27 State Com 133H wells ("Wells") and designated Applicant as operator of the Unit and Wells. Since entry of the Order, Applicant has identified additional mineral interest and record title owners in the Unit that have not been pooled under the terms of the Order. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional mineral interest and record title owners but has been unable to do so. The Wells are located approximately 19 miles southeast of Artesia, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
COLGATE OPERATING, LLC**

**CASE NO. 21078  
ORDER NO. R-21438**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on August 14, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. Colgate Operating, LLC (“Operator”), submitted an application (“Application”) to compulsorily pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

Colgate Operating, LLC  
Case No. 22568  
Exhibit A-2



9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

**ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR  
AES/kms

Date: 8/24/2020

CASE NO. 21078  
ORDER NO. R-21438


Page 5 of 7

## Exhibit "A"

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21078-21079	<b>Applicant's Response</b>
Date: August 12, 2020	
Applicant	Colgate Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	371449
Applicant's Counsel	Ernest L. Padilla
Case Title:	Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico OCD Cases 21078-21079
Entries of Appearance/Intervenor	Candace Callahan/Apache Corporation Darin Savage/EOG Resources, Inc.
Well Family	Big Burro 27 State Com
<b>Formation/Pool</b>	
Formation Name(s) or Verticle Extent	Winchester-Bone Spring
Primary Product (Oil or Gas)	oil
Pooling this verticle extent	Bone Spring Formation
Pool Name and Pool Code	Winchester-Bone Spring, Pool Code 65010
Well Location Setback Rules	Standard
Spacing Unit Size	320
<b>Spacing Unit</b>	
Type (Horizontal/Verticle)	Horizontal
Size (acres)	320
Building Blocks	quarter-quarter sections
Orientation	East to West
Description: TRS/County	N/2 S/2 of Section 27 & N/2 S/2 of Section 28, Eddy County, NM
Description: TRS/County	S/2 S/2 of Section 27 & S/2 S/2 of Section 28, Eddy County, NM
Standard Horizontal Well Spacing Unit	Yes
<b>Other Situations</b>	
Depth Severance: No	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: If yes, description	No
Applicant's Ownership in Each Tract	Ex. A Ex. 9 pgs 128-129
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location footages, completion target, orientation, completion status (standard or non-standard)	<p><b>Big Burro 27 State Com 123H</b> Well is horizontal well with a surface location in the NE/4 SE/4 (Unit I) of Section 27, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the NW/4 SW/4 (Unit L) of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 7,500' to the Bone Spring formation.</p> <p><b>Big Burro 27 State Com 133H</b> Well is a horizontal well with a surface location in the NE/4 SE/4 (Unit I) of Section 27, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the NW/4 SW/4 (Unit L) of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation.</p> <p><b>Big Burro 27 State Com 124H</b> Well is a horizontal well with a surface location in the SE/4 SE/4 (Unit P) of Section 27, Township 19 South, Range 28 East, NMPM, Eddy County, and intended bottom hole location in the SW/4 SW/4 (Unit M) of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 7,500' to the Bone Spring formation.</p> <p><b>Big Burro 27 State Com 134H</b> Well is a horizontal well with a surface location in the SE/4 SE/4 (Unit P) of Section 27, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the SW/4 SW/4 (Unit M) of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation.</p>
Horizontal Well First and Last Take Points	
Completion Target (Formation, TVD and MD)	Exhibit A AFE's pgs. 147-150
Identify the Exhibit and Page for information below this line	
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000/\$800
Production Supervision/Month \$	Exhibit A AFE's pgs. 147-150
Justification for Supervision Costs	Exhibit A AFE's pgs. 147-150
Request Risk Charge	200% plus a portion of well costs Exhibit A AFE's pgs. 147-150
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit C pgs. 2-3
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C pgs. 9-11

CASE NO. 21078  
ORDER NO. R-21438

Page 6 of 7

Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C pg. 12
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A Ex. 10 pgs. 130-131
Tract List (including lease numbers and owners)	Exhibit A Ex. 10 pgs. 130-131
Pooled Parties (including ownership type)	Exhibit A Ex. 10 pgs. 130-131
Unlocatable Parties to be Pooled	Exhibit C Ex. 1 pgs. 9-11
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposed Letter	Exhibit A Ex. 13 pgs. 134-140
List of Interest Owners (le Exhibit A of JOA)	Exhibit A Ex. 10 pgs. 130-131
Chronology of Contact with Non-Joined Working Interests	Exhibit A Ex. 12 pg. 133
Overhead Rates in Proposal Letter	Exhibit A Ex. 13 pgs. 134-140
Cost Estimates to Drill and Complete	Exhibit A Ex. 15 pgs. 147-150
Cost Estimate to Equip Well	Exhibit A Ex. 15 pgs. 147-150
Cost Estimate for Production Facilities	Exhibit A Ex. 15 pgs. 147-150
Geology	
Summary (including special considerations)	Exhibit B Pgs. 1-5
Spacing Unit Schematic	None
Gunbarrel/Lateral Trajectory Schematic	Exhibit B pg. 7
Well Orientation (with rationale)	none
Target Formation	Exhibit B pg. 14
HSU Cross Section	Exhibit B pg. 15
Depth Severance Discussion	none
Forms, Figures and Tables	none
C-102	see above
Tracts	Exhibit B pgs. 9, 10, 11, 12, 13
Summary of Interests, Unit Recapitulation (Tracts)	none
General Location Map (including basin)	Exhibit B pg. 8
Well Orientation (with rationale)	Exhibit B pg. 6, 7 and C-102's
Structure Contour Map - Subsea Depth	Exhibit B pg. 10
Cross Section Location Map (including wells)	Exhibit B pgs. 14, 15, 16
Cross Section (including Landing Zone)	Exhibit B pgs. 14, 15, 16
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name: (Attorney or Party Representative):	Ernest L. Padilla - Colgate Operating, LLC
Signed Name: (Attorney or Party Representative):	
Date	Wednesday, August 12, 2020

CASE NO. 21078  
ORDER NO. R-21438

Page 7 of 7

BIG BURRO 27 STATE COM 123H 133H (N/2S/2)				
WI OWNER	TRACT	NET	WI	FORCE POOL INTEREST
Colgate Production, LLC		232.422	72.63%	Operator
Northern Oil & Gas, Inc.		40.4942	12.65%	No
Glenrock Capital, LLC		10.2778	3.21%	Previously Pooled
Fasken Acquisitions 02, Ltd.		19	5.94%	No
RSC Resources, LP		0.8	0.25%	No
Consul Properties, LLC		0.2	0.06%	Previously Pool
Warick-Artemis, LLC		3.61112	1.13%	Previously Pooled
F/Z Association		3.19444	1.00%	Yes
Vladin, LLC		10	3.13%	Previously Pooled
		320.00	100.00%	

Colgate Operating, LLC  
Case No. 22568  
Exhibit A-3

**Big Burro 27 State Com Lease**

		Section 28			Section 27
Tract 5	Tract 4	Tract 3	Tract 2	Tract 1	





Via Certified Mail

October 29, 2019

F/Z Association  
4925 Greenville Avenue, Suite 1060  
Dallas, Texas 75206

RE: Big Burro 27 State Com Well Proposals  
S/2 of Sec. 27 and S/2 Sec. 28 T19S-28E, Bone Spring Formation  
Eddy County, New Mexico

Colgate Production, LLC ("Colgate"), hereby proposes the drilling of four (4) wells, the Big Burro 27 State Com 123H, 124H, 133H, and 134H at the following locations:

Big Burro 27 State Com 123H  
SHL: 660' FSL and 300' FEL of Section 27-19S-28E  
BHL: 2110' FSL and 550' FWL of Section 28-19S-28E  
TVD: 7,495'  
TMD: 17,249'  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See AFE

Big Burro 27 State Com 124H  
SHL: 660' FSL and 300' FEL of Section 27-19S-28E  
BHL: 2010' FSL and 550' FWL of Section 28-19S-28E  
TVD: 7,515'  
TMD: 17,269'  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See AFE

Big Burro 27 State Com 133H  
SHL: 1000' FSL and 50' FEL of Section 27-19S-28E  
BHL: 2040' FSL and 100' FWL of Section 28-19S-28E  
TVD: 8,650'  
TMD: 18,404'  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See AFE

Big Burro 27 State Com 134H  
SHL: 950' FSL and 50' FEL of Section 27-19S-28E  
BHL: 640' FSL and 100' FWL of Section 28-19S-28E  
TVD: 8,660'  
TMD: 18,414'  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See AFE

Colgate Operating, LLC  
Case No. 22568  
Exhibit A-4

The locations and targets are approximate and subject to change depending on surface or subsurface issues encountered. Colgate is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement will be forwarded to you following your receipt of this proposal. The Operating Agreement will have the following general provisions:

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

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

Colgate will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well, should we not reach an agreement within 30 days of the date of this letter. If you do not wish to participate Colgate would be interested in acquiring your interest in the subject lands.

If you have any questions regarding this matter, please give me a call at 432-257-3886 or via email at [mhajdik@colgateenergy.com](mailto:mhajdik@colgateenergy.com).

Sincerely,



Mark Hajdik  
Senior Landman

MH  
Enclosures

Well Elections

---

\_\_\_\_\_ I/We hereby elect to participate in the Big Burro 27 State Com 123H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Big Burro 27 State Com 123H.

\_\_\_\_\_ I/We hereby elect to participate in the Big Burro 27 State Com 124H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Big Burro 27 State Com 124H.

\_\_\_\_\_ I/We hereby elect to participate in the Big Burro 27 State Com 133H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Big Burro 27 State Com 133H.

\_\_\_\_\_ I/We hereby elect to participate in the Big Burro 27 State Com 134H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Big Burro 27 State Com 134H.

F/Z Association

Colgate Energy

303 W. Wall St. , Midland TX 79701

Phone (432) 695-4257 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8/5/2020	AFE NO.:	0
WELL NAME:	Big Burro 27 State Com 123H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/IVD:	17249 / 7495
COUNTY/STATE:	Eddy	LATERAL LENGTH:	9,427
Colgate WI:		DRILLING DAYS:	20.6
GEOLOGIC TARGET:	2nd Bone Spring	COMPLETION DAYS:	16

REMARKS: Drill and Complete 63 stages in the 2nd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000	\$	\$	\$ 35,000
2 Location, Surveys & Damages	150,000	13,000	10,000	173,000
4 Freight / Transportation	55,500	36,750		92,250
5 Rental - Surface Equipment	55,800	150,450	4,640	210,890
6 Rental - Downhole Equipment	68,799	56,000		124,799
7 Rental - Living Quarters	35,546	45,700	5,200	86,446
10 Directional Drilling, Surveys	188,350			188,350
11 Drilling	475,824			475,824
12 Drill Bits	81,000			81,000
13 Fuel & Power	67,053	210,000		277,053
14 Cementing & Float Equip	155,000			155,000
16 Perforating, Wireline, Slickline	-	260,750	8,000	268,750
17 High Pressure Pump Truck	-	10,000		10,000
18 Completion Unit, Swab, CTU	-	150,000	12,040	162,040
20 Mud Circulation System	83,144			83,144
21 Mud Logging	19,499			19,499
22 Logging / Formation Evaluation	6,494	8,000		14,494
23 Mud & Chemicals	98,516	308,000		406,516
24 Water	28,193	505,932		534,125
25 Stimulation	-	720,000		720,000
26 Stimulation Flowback & Disp	-	94,000		94,000
28 Mud / Wastewater Disposal	96,938	63,000		159,938
30 Rig Supervision / Engineering	95,975	79,600	9,800	185,375
32 Drlg & Completion Overhead	7,725	-		7,725
35 Labor	108,500	30,500	10,000	149,000
54 Proppant		436,156		436,156
95 Insurance	32,632			32,632
97 Contingency	97,274	154,242	5,968	257,484
99 Plugging & Abandonment	-			-
TOTAL INTANGIBLES >	2,042,761	3,332,080	65,648	5,440,489

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 9,590	\$	\$	\$ 9,590
61 Intermediate Casing	69,726			69,726
62 Drilling Liner	-			-
63 Production Casing	238,396			238,396
64 Production Liner	-			-
65 Tubing	-		30,911	30,911
66 Wellhead	64,000		48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-		-	-
69 Production Vessels	-		-	-
70 Flow Lines	-		-	-
71 Rod string	-		-	-
72 Artificial Lift Equipment	-		80,000	80,000
73 Compressor	-		-	-
74 Installation Costs	-		35,000	35,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-		4,950	4,950
77 Measurement & Meter Installation	-		-	-
78 Gas Conditioning / Dehydration			-	-
79 Interconnecting Facility Piping			-	-
80 Gathering / Bulk Lines			-	-
81 Valves, Dumps, Controllers			-	-
82 Tank / Facility Containment			-	-
83 Flare Stack			-	-
84 Electrical / Grounding			60,000	60,000
85 Communications / SCADA			-	-
86 Instrumentation / Safety			-	-
TOTAL TANGIBLES >	403,712	0	268,261	671,972
TOTAL COSTS >	2,446,473	3,332,080	333,909	6,112,461

PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Levi Harris	

Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	(mark one)

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

Colgate Energy

303 W. Wall St. , Midland TX 79701

Phone (432) 695-4257 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8/5/2020	AFE NO.:	0
WELL NAME:	Big Burro 27 State Com 124H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/IVD:	17269 / 7515
COUNTY/STATE:	Eddy	LATERAL LENGTH:	9,427
Colgate WI:		DRILLING DAYS:	20.6
GEOLOGIC TARGET:	2nd Bone Spring	COMPLETION DAYS:	16

REMARKS: Drill and Complete 63 stages in the 2nd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000	\$	\$	\$ 35,000
2 Location, Surveys & Damages	150,000	13,000	10,000	173,000
4 Freight / Transportation	55,500	36,750		92,250
5 Rental - Surface Equipment	55,800	150,450	4,640	210,890
6 Rental - Downhole Equipment	68,799	56,000		124,799
7 Rental - Living Quarters	35,546	45,700	5,200	86,446
10 Directional Drilling, Surveys	188,350			188,350
11 Drilling	475,824			475,824
12 Drill Bits	81,000			81,000
13 Fuel & Power	67,053	210,000		277,053
14 Cementing & Float Equip	155,000			155,000
16 Perforating, Wireline, Slickline	-	260,750	8,000	268,750
17 High Pressure Pump Truck	-	10,000		10,000
18 Completion Unit, Swab, CTU	-	150,000	12,040	162,040
20 Mud Circulation System	83,144			83,144
21 Mud Logging	19,499			19,499
22 Logging / Formation Evaluation	6,494	8,000		14,494
23 Mud & Chemicals	98,516	308,000		406,516
24 Water	28,193	505,932		534,125
25 Stimulation	-	720,000		720,000
26 Stimulation Flowback & Disp	-	94,000		94,000
28 Mud / Wastewater Disposal	96,938	63,000		159,938
30 Rig Supervision / Engineering	95,975	79,600	9,800	185,375
32 Drlg & Completion Overhead	7,725	-		7,725
35 Labor	108,500	30,500	10,000	149,000
54 Proppant		436,156		436,156
95 Insurance	32,632			32,632
97 Contingency	97,274	154,242	5,968	257,484
99 Plugging & Abandonment	-			-
TOTAL INTANGIBLES >	2,042,761	3,332,080	65,648	5,440,489

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 9,590	\$	\$	\$ 9,590
61 Intermediate Casing	69,726			69,726
62 Drilling Liner	-			-
63 Production Casing	238,396			238,396
64 Production Liner	-			-
65 Tubing	-		30,911	30,911
66 Wellhead	64,000		48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-		-	-
69 Production Vessels	-		-	-
70 Flow Lines	-		-	-
71 Rod string	-		-	-
72 Artificial Lift Equipment	-		80,000	80,000
73 Compressor	-		-	-
74 Installation Costs	-		35,000	35,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-		4,950	4,950
77 Measurement & Meter Installation	-		-	-
78 Gas Conditioning / Dehydration			-	-
79 Interconnecting Facility Piping			-	-
80 Gathering / Bulk Lines			-	-
81 Valves, Dumps, Controllers			-	-
82 Tank / Facility Containment			-	-
83 Flare Stack			-	-
84 Electrical / Grounding			60,000	60,000
85 Communications / SCADA			-	-
86 Instrumentation / Safety			-	-
TOTAL TANGIBLES >	403,712	0	268,261	671,972
TOTAL COSTS >	2,446,473	3,332,080	333,909	6,112,461

PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Levi Harris	

Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	(mark one)

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

Colgate Energy

303 W. Wall St. , Midland TX 79701

Phone (432) 695-4257 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8/5/2020	AFE NO.:	0
WELL NAME:	Big Burro 27 State Com 133H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/IVD:	18404 / 8650
COUNTY/STATE:	Eddy	LATERAL LENGTH:	9,427
Colgate WI:		DRILLING DAYS:	23.25
GEOLOGIC TARGET:	3rd Bone Spring	COMPLETION DAYS:	16

REMARKS: Drill and Complete 63 stages in the 3rd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000	\$	\$	\$ 35,000
2 Location, Surveys & Damages	150,000	13,000	10,000	173,000
4 Freight / Transportation	55,500	36,750		92,250
5 Rental - Surface Equipment	62,354	150,450	4,640	217,444
6 Rental - Downhole Equipment	68,799	56,000		124,799
7 Rental - Living Quarters	38,583	45,700	5,200	89,483
10 Directional Drilling, Surveys	237,200			237,200
11 Drilling	521,597			521,597
12 Drill Bits	112,500			112,500
13 Fuel & Power	75,679	210,000		285,679
14 Cementing & Float Equip	155,000			155,000
16 Perforating, Wireline, Slickline	-	260,750	8,000	268,750
17 High Pressure Pump Truck	-	10,000		10,000
18 Completion Unit, Swab, CTU	-	150,000	12,040	162,040
20 Mud Circulation System	91,730			91,730
21 Mud Logging	21,725			21,725
22 Logging / Formation Evaluation	8,296	8,000		16,296
23 Mud & Chemicals	106,356	308,000		414,356
24 Water	28,426	543,228		571,654
25 Stimulation	-	720,000		720,000
26 Stimulation Flowback & Disp	-	94,000		94,000
28 Mud / Wastewater Disposal	96,938	73,000		169,938
30 Rig Supervision / Engineering	108,322	79,600	9,800	197,722
32 Drlg & Completion Overhead	8,719	-		8,719
35 Labor	108,500	30,500	10,000	149,000
54 Proppant		490,676		490,676
95 Insurance	34,810			34,810
97 Contingency	106,302	159,333	5,968	271,602
99 Plugging & Abandonment	-			-
TOTAL INTANGIBLES >	2,232,334	3,438,986	65,648	5,736,968

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 9,590	\$	\$	\$ 9,590
61 Intermediate Casing	69,726			69,726
62 Drilling Liner	-			-
63 Production Casing	254,308			254,308
64 Production Liner	-			-
65 Tubing	-		36,356	36,356
66 Wellhead	64,000		48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-		-	-
69 Production Vessels	-		-	-
70 Flow Lines	-		-	-
71 Rod string	-		-	-
72 Artificial Lift Equipment	-		80,000	80,000
73 Compressor	-		-	-
74 Installation Costs	-		35,000	35,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-		4,950	4,950
77 Measurement & Meter Installation	-		-	-
78 Gas Conditioning / Dehydration			-	-
79 Interconnecting Facility Piping			-	-
80 Gathering / Bulk Lines			-	-
81 Valves, Dumps, Controllers			-	-
82 Tank / Facility Containment			-	-
83 Flare Stack			-	-
84 Electrical / Grounding			60,000	60,000
85 Communications / SCADA			-	-
86 Instrumentation / Safety			-	-
TOTAL TANGIBLES >	419,623	0	273,706	693,329
TOTAL COSTS >	2,651,957	3,438,986	339,354	6,430,297

PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Levi Harris	

Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	<input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)		

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

Colgate Energy

303 W. Wall St. , Midland TX 79701

Phone (432) 695-4257 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8/5/2020	AFE NO.:	0
WELL NAME:	Big Burro 27 State Com 134H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/IVD:	18414 / 8660
COUNTY/STATE:	Eddy	LATERAL LENGTH:	9,427
Colgate WI:		DRILLING DAYS:	23.25
GEOLOGIC TARGET:	3rd Bone Spring	COMPLETION DAYS:	16

REMARKS: Drill and Complete 63 stages in the 3rd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000	\$	\$	\$ 35,000
2 Location, Surveys & Damages	150,000	13,000	10,000	173,000
4 Freight / Transportation	55,500	36,750		92,250
5 Rental - Surface Equipment	62,354	150,450	4,640	217,444
6 Rental - Downhole Equipment	68,799	56,000		124,799
7 Rental - Living Quarters	38,583	45,700	5,200	89,483
10 Directional Drilling, Surveys	237,200			237,200
11 Drilling	521,597			521,597
12 Drill Bits	112,500			112,500
13 Fuel & Power	75,679	210,000		285,679
14 Cementing & Float Equip	155,000			155,000
16 Perforating, Wireline, Slickline	-	260,750	8,000	268,750
17 High Pressure Pump Truck	-	10,000		10,000
18 Completion Unit, Swab, CTU	-	150,000	12,040	162,040
20 Mud Circulation System	91,730			91,730
21 Mud Logging	21,725			21,725
22 Logging / Formation Evaluation	8,296	8,000		16,296
23 Mud & Chemicals	106,356	308,000		414,356
24 Water	28,426	543,228		571,654
25 Stimulation	-	720,000		720,000
26 Stimulation Flowback & Disp	-	94,000		94,000
28 Mud / Wastewater Disposal	96,938	73,000		169,938
30 Rig Supervision / Engineering	108,322	79,600	9,800	197,722
32 Drlg & Completion Overhead	8,719	-		8,719
35 Labor	108,500	30,500	10,000	149,000
54 Proppant		490,676		490,676
95 Insurance	34,810			34,810
97 Contingency	106,302	159,333	5,968	271,602
99 Plugging & Abandonment	-			-
TOTAL INTANGIBLES >	2,232,334	3,438,986	65,648	5,736,968

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 9,590	\$	\$	\$ 9,590
61 Intermediate Casing	69,726			69,726
62 Drilling Liner	-			-
63 Production Casing	254,308			254,308
64 Production Liner	-			-
65 Tubing	-		36,356	36,356
66 Wellhead	64,000		48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-		-	-
69 Production Vessels	-		-	-
70 Flow Lines	-		-	-
71 Rod string	-		-	-
72 Artificial Lift Equipment	-		80,000	80,000
73 Compressor	-		-	-
74 Installation Costs	-		35,000	35,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-		4,950	4,950
77 Measurement & Meter Installation	-		-	-
78 Gas Conditioning / Dehydration			-	-
79 Interconnecting Facility Piping			-	-
80 Gathering / Bulk Lines			-	-
81 Valves, Dumps, Controllers			-	-
82 Tank / Facility Containment			-	-
83 Flare Stack			-	-
84 Electrical / Grounding			60,000	60,000
85 Communications / SCADA			-	-
86 Instrumentation / Safety			-	-
TOTAL TANGIBLES >	419,623	0	273,706	693,329
TOTAL COSTS >	2,651,957	3,438,986	339,354	6,430,297

PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Levi Harris	

Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	<input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)		

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

### Big Burro 27 Communication Timeline

**October 2019** – Initial proposals sent for the Big Burro 27 State

**October to December 2019** –Proposal to last known address of F/Z Association, mailing went unclaimed, resent to an alternate possible address that was also notated as unclaimed and not at that address. Search for address included internet search of Secretary of State website and attempt to identify original principals of entity.

**Pre and Post Hearing 2020** – Title discrepancy where WPX claimed F/Z's interest, title update received post issuance of Order concluded WPX did not acquire F/Z's interest and F/Z would need to be added to the pooling order exhibits.

Colgate Operating, LLC  
Case No. 22568  
Exhibit A-5



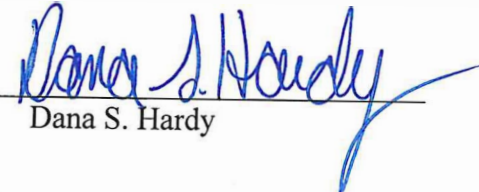
**APPLICATIONS OF COLGATE OPERATING,  
LLC TO POOL ADDITIONAL INTEREST  
AND RECORD TITLE OWNERS UNDER  
ORDER NO. R-21438,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 22568**  
**ORDER NO. R-21438 (Re-Open)**

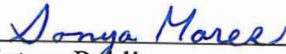
STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF SANTA FE )

1. I, Dana S. Hardy, am attorney in fact and authorized representative of Colgate Operating LLC, the Applicant herein, and being first duly sworn, upon oath, state as follows.
2. I am familiar with the Notice Letter attached as **Exhibit B-1** and caused the Notice Letter to be sent to F/Z Association, 4925 Greenville Ave., #1060, Dallas, TX 75206-2018 on March 2, 2022.
3. The above-referenced Application was provided, along with the Notice Letter, to the F/Z Association.
4. A copy of the white slip is attached as **Exhibit B-2** as supporting documentation for proof of mailing to F/Z Association.
5. On March 15, 2022, I caused a notice to be published to all interested parties in the Carlsbad Current Argus. An Affidavit of Publication from the Legal Clerk of the Carlsbad Current Argus, along with a copy of the notice publication, is attached as **Exhibit B-3**.

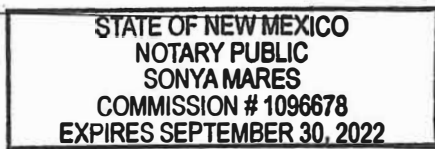
Released to Imaging: 4/19/2022 11:50:42 AM

  
Dana S. Hardy

SUBSCRIBED AND SWORN before me this 13<sup>th</sup> day of April, 2022 by Dana S. Hardy.

  
Notary Public

My Commission Expires:





hinklelawfirm.com

**HINKLE SHANOR LLP**

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner  
dhardy@hinklelawfirm.com

March 2, 2022

VIA CERTIFIED MAIL**TO ALL INTERESTED PARTIES SUBJECT TO NOTICE**

Re: Colgate Operating, LLC NMOCD Application – Case No. 22568

Enclosed is a copy of an application that Colgate Operating, LLC has filed with the New Mexico Oil Conservation Division (“the Division”). The application (Case No. 22568) seeks to pool additional interest owners and record title owners under the terms of Order No. R-21438.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 21, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the Division’s Hearings docket for that day: <http://www.emnrd.state.nm.us/OCD/hearings.html>. You are not required to attend the hearing, but as an owner of an interest that may be affected by the application, you may appear at the hearing and present testimony. If you do not appear at that time and become a party of record, you will be precluded from contesting the matter at a later date.

A party appearing in a Division case is required by the Division’s Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Thursday, February 24, 2022. The Pre-Hearing Statement must be filed with the Division and should include: the name of the party and the party’s attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party’s case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly yours,

/s/ Dana S. Hardy

Dana S. Hardy

DSH:sm  
Enclosure

Colgate Operating, LLC  
Case No. 22568  
Exhibit B-1

PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
505-982-4554  
(FAX) 505-982-8623

7601 JEFFERSON ST NE • SUITE 180  
ALBUQUERQUE, NEW MEXICO 87109  
505-858-8320  
(FAX) 505-858-8321

7021 0950 0002 0365 7115

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
*Domestic Mail Only*

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

**OFFICIAL USE**

Certified Mail Fee \$  
Extra Services & Fees (check box, add fee as appropriate)  
☐ Return Receipt (hardcopy) \$  
☐ Return Receipt (electronic) \$  
☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
☐ Adult Signature Restricted Delivery \$  
Postage \$  
Total Postage and Fees \$  
Sent To FIZ Association  
Street & 4925 Greenville Ave., #1060  
City, St. Dallas, TX 75206-4018

Postmark Here  
MAR 02 2022  
87501-9998

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

Colgate Operating, LLC  
Case No. 22568  
Exhibit B-2

# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0005166683

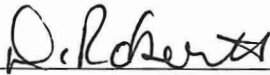
This is not an invoice

INKLE SHANOR LLP  
218 MONTEZUMA

SANTA FE, NM 87501

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

03/15/2022

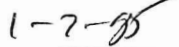


Legal Clerk

Subscribed and sworn before me this March 15, 2022:



State of WI, County of Brown  
NOTARY PUBLIC



My commission expires

This is to notify all interested parties, including FZ Association, Oxy Y-1 Company, OXY USA WTP Limited Partnership, WPX Permian, LLC; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Colgate Operating, LLC (Case No. 22568). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 21, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant seeks an order pooling additional mineral interest and record title owners under the terms of Division Order R-21438. On August 24, 2020, the Division entered Order No. R-21438 ("Order") in Case No. 21078, which pooled all uncommitted interests in the Winchester, Bone Spring Pool (Pool Code 65010) with the Bone Spring formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 S/2 of Section 27 and the N/2 S/2 of Section 28, Township 19 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Order further dedicated the Unit to the Big Burro 27 State Com 123H and Big Burro 27 State Com 133H wells ("Wells") and designated Applicant as operator of the Unit and Wells. Since entry of the Order, Applicant has identified additional mineral interest and record title owners in the Unit that have not been pooled under the terms of the Order. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional mineral interest and record title owners but has been unable to do so. The Wells are located approximately 19 miles southeast of Artesia, New Mexico. #5166683, Current Argus, Mar. 15, 2022

KATHLEEN ALLEN  
Notary Public  
State of Wisconsin

Ad # 0005166683  
PO #: 22568  
# of Affidavits 1

This is not an invoice

Colgate Operating, LLC  
Case No. 22568  
Exhibit B-3