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

APPLICATION OF COLGATE OPERATING, LLC
FOR COMPULSORY POOLING IN
EDDY COUNTY, NEW MEXICO

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CASE NO. _____

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APPLICATION FOR COMPULSORY POOLING

COLGATE OPERATING, LLC (OGRID 371449) applies for an order pooling all

mineral interests within the Palmillo Bone Spring Pool Southwest (Pool Code 96413),

underlying the S/2 of Sections 16 and 17, Township 19 South, Range 28 East, NMPM, Eddy

County, New Mexico. In support of this application, Applicant states:

1.   Applicant is a working interest owner in the proposed horizontal spacing unit

and has the right to drill thereon.

2.   Applicant seeks to dedicate the above referenced horizontal spacing unit to

the following four initial wells:

- **Blackhawk 16 State Com 123H**

This proposed well is a horizontal well with a legal surface location in Units I/P of
Section 16, T19S, R28E, and an intended legal bottom hole location in Unit L of Section 17,
T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,450 feet and
TMD of approximately 17, 500 feet, and will target the 2nd Bonespring Sand.

- **Blackhawk 16 State Com 124H**

This proposed well is a horizontal well with a legal surface location in Units I/P of
Section 16, T19S, R28E, and an intended legal bottom hole location in Unit M of Section 17,
T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,450 feet and
TMD of approximately 17, 500 feet, and will target the 2nd Bonespring Sand.

- **Blackhawk 16 State Com 133H**

This proposed well is a horizontal well with a legal surface location in Units I/P of
Section 16, T19S, R28E, and an intended legal bottom hole location in Unit L of Section 17,
T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,600 feet and
TMD of approximately 18,600 feet, and will target the 3rd Bonespring Sand.

- **Blackhawk 16 State Com 134H**

This proposed well is a horizontal well with a legal surface location in Units I/P of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit M of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,600 feet and TMD of approximately 18,600 feet, and will target the 3rd Bonespring Sand.

3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

4. The requested pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and the proposed spacing unit.

WHEREFORE, Applicant, requests after notice and hearing, the Division enter its order:

A. Pooling all uncommitted interests in this horizontal spacing unit;

B. Approving four initial horizontal wells in this spacing unit;

C. Authorizing an extension of the 120-day requirement to drill and complete the initial wells on this horizontal spacing unit;

D. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;

E. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;

F. Approving the actual operating charges and costs of supervision while drilling

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and after completing, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and;

G.   Imposing a 200% charge for risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

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