

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

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

Case No. 21825

Case No. 21826

PRE-HEARING STATEMENT

This Pre-hearing Statement is submitted by COLGATE OPERATING, LLC, by and through its undersigned counsel, Ernest L. Padilla, PADILLA LAW FIRM, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT:

Colgate Operating, LLC

ATTORNEY:

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OPPOSITION OR OTHER PARTY:

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MRC Permian Company

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STATEMENT OF CASE

APPLICANT:

Case 21825

Applicant seeks an order proposing 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. 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.

Case 21826

Applicant seeks an order pooling all mineral interests within the Palmillo Bone Spring Pool Southwest (Pool Code 96413), underlying the N/2 of Sections 16 and 17, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above referenced horizontal spacing unit to the following four initial wells:

Black Cat 16 State Com 121H

This proposed well is a horizontal well with a legal surface location in Units A/H of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit D of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,450 feet and TMD of approximately 18,100 feet, and will target the 2nd Bonespring Sand.

Black Cat 16 State Com 122H

This proposed well is a horizontal well with a legal surface location in Units A/H of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit E of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 7,450 feet and TMD of approximately 18,600 feet, and will target the 2nd Bonespring Sand.

Black Cat 16 State Com 131H

This proposed well is a horizontal well with a legal surface location in Units A/H of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit D of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,600 feet and TMD of approximately 19,300 feet, and will target the 3rd Bonespring Sand.

Black Cat 16 State Com 132H

This proposed well is a horizontal well with a legal surface location in Unit A/H of Section 16, T19S, R28E, and an intended legal bottom hole location in Unit E of Section 17, T19S, R28E, Eddy County, New Mexico. It will have a TVD of approximately 8,600 feet and TMD of approximately 19,300 feet, and will target the 3rd Bonespring Sand.

The dispute between Colgate and Apache regarding the foregoing drilling prospects is that Colgate has the majority interests and should operate these wells. Colgate controls over 71% of the Black Cat 16 well proposals and over 53% of the Blackhawk 16 well proposals. Essentially, the dispute is who should operate the wells.

OPPOSITION OR OTHER PARTY:

PROPOSED EVIDENCE

APPLICANT

Mark Hajdik
Landman

Mr. Hajdik is a Petroleum Landman for Colgate Operating, LLC, and has personal knowledge of the matters stated herein. He has previously testified before the Oil Conservation Division (“Division”) and his credentials as an expert petroleum landman are a matter of record with the Division.

His direct testimony in the form of an affidavit will contain approximately fifteen (15) exhibits which include spacing unit configurations and well layout. It will also contain working interest ownership and the parties who are been forced pooled in these cases.

His conclusions will be that, because of Colgate’s majority interest it should drill and operate the foregoing wells.

David DaGian
Geologist

Mr. DaGian is a Geologist with Colgate Operating, LLC. He has previously testified before the Oil Conservation Division (“Division”) and his credentials as an expert geologist are a matter of record with the Division. His resume is attached hereto.

Mr. DaGian has conducted a geologic study of the geologic conditions underlying the proposed spacing units. His study will be attached to his affidavit, and will include Regional Locator Map, Cross-Section Locator Map, Gun Barrel Development Plan (SBSG-TBSG), SBSG Structure Map, SBSG Isopach Map, TBSG Structure Map, TBSG Isopach Map, Structural Cross-Section A-A’ (SBSG and TBSG), Stratigraphic Cross-Section A-A’ (SBSG-TBSG), Stratigraphic Cross-Section A-A’ (SBSG), Stratigraphic Cross-Section A-A’ (TBSG).

It is anticipated that there is little or no dispute as to geology underlying the 2nd and 3rd Bone Spring zones.

OPPOSITION

WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

None.

PADILLA LAW FIRM, P.A.

/s/ Ernest L. Padilla

Ernest L. Padilla

Attorney for Colgate Operating, LLC

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CERTIFICATE OF SERVICE

I hereby certify that on this 27th of October, 2021, this Pre Hearing Statement on OCD Cases 21825 & 21826 were electronically sent to the following:

Michael Feldewert	mfeldewert@hollandhart.com
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/s/ Ernest L. Padilla
Ernest L. Padilla

David DaGian

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SUMMARY

Exploration Geologist with experience in multiple basins mapping unconventional play potential and integrating with a team to maximize economic success.

EXPERIENCE

8/21-Present

Colgate Energy in Midland, TX

Senior Geologist

- Responsible for regional mapping and development planning for asset areas in both Texas and New Mexico in the Delaware Basin
- Work with operations team to identify horizontal targets of interest that optimize development plans across acreage position
- Integrate licensed 3D seismic data and interpretations to geosteering drilling horizontal wells and avoid potential geo hazards
- Track regional development trends of offset operators
- Organize and plan data acquisition projects to delineate resource assessment of mapped target zones

4/17-8/21

Prime Rock Resources LLC in Midland, TX

Vice President of Exploration

- Managed exploration and geosciences for private equity startup company backed by Lime Rock Partners with a focus on Delaware Basin and emerging unconventional plays.
- Built out a non-op acreage strategy in New Mexico Delaware Basin with participation in 38 horizontal wells in 6 different target zones.
- Formulated a geology driven play concept in the Louisiana Austin Chalk and put together 125,000 acres via grass roots leasing in the Masters Creek Field area.
- Assembled a robust resource assessment of the play including reprocessing 2D/3D seismic, geochemistry and cuttings analysis, petrophysical log analysis, rate transient analysis study of legacy wells, and regional mapping of key reservoir parameters.
- Worked with WD Von Gonten to provide our equity partners a detailed technical report of the Austin Chalk across our acreage position and audit prospective drilling locations.
- Organized technical play overview and ran a successful sell down process to de-risk the prospect that resulted in bringing in 3 non-op partners.
- Provided 24/7 geology and geosteering support utilizing seismic data for the drilling of horizontal Austin Chalk wells under HPHT conditions.
- Worked with auditors to provide geology support for year-end reserve reporting for both NM and LA acreage positions.

- Formulated plan to install a modular geothermal system on new and legacy horizontal Austin Chalk wells across the field to co-produce electricity and hydrocarbons.

2/16-4/17

Concho Resources in Houston, TX

Senior Geologist - Business Development

- Provided geological context for potential acquisitions and divestitures in the Permian Basin.
- Worked as part of a team that executed \$2.4B worth of deals.
- Developed regional tier outlines for the Bone Spring, Spraberry, and Wolfcamp formations.
- Worked with engineering to high-grade existing acreage position and create development plan scenarios in order to maximize value.
- Tracked emerging targets and play fairways.

5/14-2/16

Concho Resources in Houston, TX

Senior Geologist - Exploration

- Conducted regional resource assessment studies that were integrated into year-end corporate reserves.
- Mapped OOIP and OGIP for the Bone Spring, Spraberry, and Wolfcamp and helped estimate recovery factors by regional area.
- Created regional pore pressure, TOC, maturity, porosity, depth, and geo-hazard maps to delineate play potential.
- Integrated with petrophysics, geophysics, and engineering to optimize well performance.

6/12-5/14

Concho Resources in Midland, TX

Geologist - Delaware Basin Asset Team

- Mapped Bone Spring Sands in Eddy and Lea County, New Mexico.
- Focused on gross pay, net pay, water saturation, and maximum stress orientation mapping using advanced open hole logs and imaging tools, core data, and mud logs.
- Worked with operational team to drill 31 horizontal Bone Spring wells in the Delaware Basin, New Mexico.
- Managed geological responsibilities for 3 horizontal drilling rigs.
- Coordinated a 4-rig drilling schedule with wells planned out for 2 years.
- Worked closely with land department to track open acreage and lease expirations, state and federal lease sales, and competitor activity across the basin.
- Planned step-out and development wells by working with reservoir engineering team to manage risk and ensure consistent rate of returns.

- Testified as an expert geological witness in multiple force pooling hearings at the New Mexico Oil Conservation Division.

1/10-6/12

Jones Energy, Ltd. in Austin, TX

Geologist - New Ventures & Anadarko Basin Asset Teams

- Worked on a team led by the President of the company focused on acquisitions.
- Mapped Granite Wash and Hogshooter Wash in Western Oklahoma.
- Managed 57 section non-op position, tracked well proposals, and helped develop year end reserve report in Roger Mills and Beckham County Oklahoma.
- Presented management with geological overview of the Mississippian Lime play in Woods, Grant, Garfield, and Alfalfa Counties Oklahoma.
- Mapped Cleveland Sandstone, Hepler, and Marmaton throughout the Texas Panhandle and Western Oklahoma.
- Managed the execution of a multi-rig drilling program and successfully drilled 36 horizontal Cleveland Sandstone wells in the Anadarko Basin.
- Testified in more than 22 location exception and increase density hearings before the Oklahoma Corporation Commission.
- Created geologic exhibits for the Texas RRC, OCC, and JV partners.
- Managed Geology summer internship recruitment at UT in Austin.

6/07-12/09

Jones Energy, Ltd. in Austin, TX

Geology Intern / Exploration Geotech

- Worked directly under Senior Vice President of Exploration.
- Mapped Granite Wash zones in Hemphill, Roberts, and Wheeler County, TX.
- Tracked horizontal well activity throughout Texas Panhandle and Western OK.
- Updated map projects and digital log library.
- Visited field operations: horizontal drilling and completions.

EDUCATION

University of Texas at Austin

Jackson School of Geosciences

12/09

Bachelor of Science Degree in Geology

SOFTWARE

Petra, Geographix, ArcGIS, Trinity, Petrel, Spotfire, StarSteer, Kingdom, IHS, Drilling Info, Microsoft Office, Mainlog, Neura View, MJ LogSleuth

**CONTINUING
EDUCATION**

Nautilus Geological Training courses: Introduction to Carbonate Depositional Systems, Deepwater Depositional System Stratigraphy for Exploration and Development, Petroleum Generation and Migration, Appraising and Developing Unconventional Resources, and Introduction to Seismic Interpretation
Trinity Basin Modeling Course (Zetaware)
Log Analysis of Hydrocarbon Bearing Shales (PPDC-Midland College)
Land and Leasing Course (PPDC-Midland College)
Reservoir Engineering for Petroleum Geologist (AAPG)
Well Completion and Stimulations for Geologist (PTTC)
Basic Well Log Analysis (AAPG)
Granite Wash Seminar (AAPG)
Oklahoma Structural and Stratigraphic Workshop (OGS & OCGS)
Applied Subsurface Geological Mapping (SCA)

**ACTIVITIES &
AFFILIATIONS**

West Texas Geological Society – Editor for 2013 Symposium, Judge 2012 Symposium
American Association of Petroleum Geologists
Young Professionals in Energy Midland Chapter
President- Phi Kappa Psi Fraternity at UT Austin
The University of Texas Men's Rowing Team 2006
Ducks Unlimited Member
Texas Exes Life Member
Eagle Scout

REFERENCES AVAILABLE UPON REQUEST

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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QUESTIONS

Action 58249

QUESTIONS

Operator: COLGATE OPERATING, LLC 300 North Marienfeld Street Midland, TX 79701	OGRID: 371449
	Action Number: 58249
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>