

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

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

CASE NO. 22396

EXHIBIT INDEX

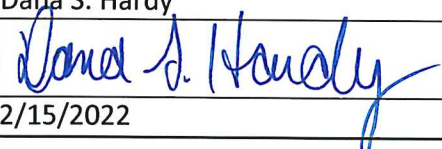
Compulsory Pooling Checklist

<b>Exhibit A</b>	<b>Self-Affirmed Statement of Mark Hajdik</b>
A-1	Application & Proposed Notice of Hearing
A-2	C-102(s)
A-3	Plat of Tracts, Ownership Interests, Pooled Parties, Unit Recapitulation
A-4	Sample Well Proposal Letter & AFE(s)
A-5	Summary of Communications
A-6	Hearing Notice Letter and Return Receipts
A-7	Affidavit of Publication
<b>Exhibit B</b>	<b>Self-Affirmed Statement of David DaGian</b>
B-1	Location Map
B-2	Cross Section Location Map
B-3	Structure Map
B-4	Structure Map
B-5	Cross Section
B-6	Cross Section
B-7	Gunbarrel Schematic

# COMPULSORY POOLING APPLICATION CHECKLIST

**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

<b>Case No.:</b>	<b>22396</b>
<b>Hearing Date:</b>	<b>3/3/2022</b>
Applicant	Colgate Operating, LLC
Designated Operator & OGRID	371449
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors	Apache Corporation; EOG Resources, Inc.; MRC Permian Company; Jalapeno Corporation
Well Family	Blackhawk
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	Winchester, Bone Spring, West Pool (Pool Code 97569)
Well Location Setback Rules	Statewide
Spacing Unit Size	320-acre
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acre
Building Blocks	quarter-quarter
Orientation	Laydown
Description: TRS/County	S/2S/2 of Sections 16 and 17, Township 19 South, Range 28 East, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Blackhawk 16 State Com 134H (API # pending) SHL: 1152 FSL & 255 FEL (Unit P) of Section 16, T19S-R28E BHL: 850 FSL & 10 FWL (Unit M) of Section 17, T19S-R28E Completion Target: Bone Spring (Approximately 8600' TVD) Completion status: Standard
Well #2	Blackhawk 16 State Com 124H (API # pending) SHL: 1182 FSL & 255 FEL (Unit P) of Section 16, T19S-R28E BHL: 850 FSL & 10 FWL (Unit M) of Section 17, T19S-R28E Completion Target: Bone Spring (Approximately 7450' TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
<b>FE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	8,000
Production Supervision/Month \$	800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit A-1

Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-7
<b>Ownership Determination</b>	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibits B-5, B-6
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibits B-3, B-4
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibits B-5, B-6
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name (Attorney or Party Representative):</b>	Dana S. Hardy
<b>Signed Name (Attorney or Party Representative):</b>	
<b>Date:</b>	2/15/2022

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

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

CASE NO. 22396

SELF-AFFIRMED STATEMENT  
OF MARK HAJDIK

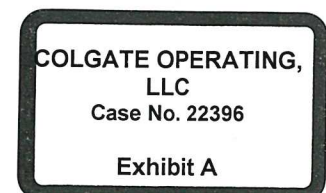
1. I am the land manager at Colgate Operating, LLC (“Colgate”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my qualifications as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the land matters involved in the above-referenced case. Copies of the application and proposed hearing notice are attached as **Exhibit A-1**.

3. 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.

4. In this case, Colgate seeks an order pooling all uncommitted interests in the Winchester, Bone Spring, West Pool (Pool Code 97569) within the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2S/2 of Sections 16 and 17, Township 19 South, Range 28 East, Eddy County, New Mexico (“Unit”).

5. The Unit will be dedicated to the **Blackhawk 16 State Com 134H** and **Blackhawk 16 State Com 124H** wells (“Wells”) to be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of Section 16 to a bottom hole location in the SW/4SW/4 (Unit M) of Section 17.



6. The completed intervals of the Wells will be orthodox.

7. **Exhibit A-2** contains the C-102s for the Wells.

8. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Colgate seeks to pool highlighted in yellow.

9. **Exhibit A-4** contains a sample well proposal letter and AFEs sent to working interest owners for the Wells. The estimated costs reflected on the AFEs are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

10. Colgate has conducted a diligent search of all county public records including phone directories and computer databases.

11. All interest owners Colgate seeks to pool are locatable.

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

13. Colgate requests overhead and administrative rates of \$8,000 per month while the Wells are being drilled and \$800 per month while the Wells are producing. These rates are fair and are comparable to the rates charged by Colgate and other operators in the vicinity.

14. Notice of this application and the Division hearing was timely provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. A sample of the notice letters and associated green cards are attached as **Exhibit A-6**.

15. Notice of this application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-7**.

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

17. In my opinion, the granting of Colgate's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

18. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 17 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 Hajdik

2/12/21  
\_\_\_\_\_  
Date

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

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

CASE NO. 22396

APPLICATION

Pursuant to NMSA § 70-2-17, Colgate Operating, LLC (OGRID No. 371449) (“Applicant”) applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2S/2 of Sections 16 and 17, Township 19 South, Range 28 East, Eddy County, New Mexico (“Unit”). In support of its application, Applicant states:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the **Blackhawk 16 State Com 124H** and **Blackhawk 16 State Com 134H** wells (“Wells”) to be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of Section 16 to a bottom hole location in the SW/4SW/4 (Unit M) of Section 17.
3. The completed interval of the Wells will be orthodox.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all of the interest owners.
5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.
6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Applicant should be designated the operator of the Wells and Unit.

<p>COLGATE OPERATING, LLC Case No. 22396  Exhibit A-1</p>
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WHEREFORE, Applicant requests this application be set for hearing on January 6, 2022, and that after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the 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.

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  
 dhardy@hinklelawfirm.com  
 mrodriguez@hinklelawfirm.com  
 Counsel for Colgate Operating, LLC



N2S2 CASE NO. 22395				
WI OWNER	TRACT	NET	WI	FORCE POOL INTEREST
Colgate Production, LLC*	1, 2, 4	137.311	42.91%	Operator
EOG Resources	1, 2	24.5433	7.67%	Yes
Apache Corporation	1, 2, 3, 4	131.956	41.24%	Yes
Sharbro Energy, LLC	2	11.25	3.52%	Yes
MRC Delaware Resources, LLC	2	5.70851	1.78%	Yes
Santo Legado	2	5	1.56%	Yes
Jalapeno Corporation	2	2.395	0.75%	Yes
Yates Energy Corporation	2	1.822	0.57%	Yes

\*NMSLO Record Title & WI Owner

NMSLO Record Title Owners (Own no WI in above case)

WPX Permian, LLC  
 Ridge Runner Resources Operating, LLC  
 ZPZ Delaware I

ORRI Owners

Marathon Oil Permian, LLC  
 Yates Brothers, et al  
 Gahr Energy Co.  
 Fuel Products, Inc.  
 V-F Petroleum, Inc.  
 Lodge Exploration Co., LLC



**Application of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.** Applicant applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2S/2 of Sections 16 and 17, Township 19 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Blackhawk 16 State Com 124H and Blackhawk 16 State Com 134H wells ("Wells") to be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of Section 16 to a bottom hole location in the SW/4SW/4 (Unit M) of Section 17. The completed intervals of the Wells will be orthodox. Also, to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 18 miles northeast of Carlsbad.

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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name BLACKHAWK 16 STATE COM			6 Well Number 124H
7 OGRID No. 371449		8 Operator Name COLGATE OPERATING, LLC			9 Elevation 3487'

<sup>10</sup> Surface Location

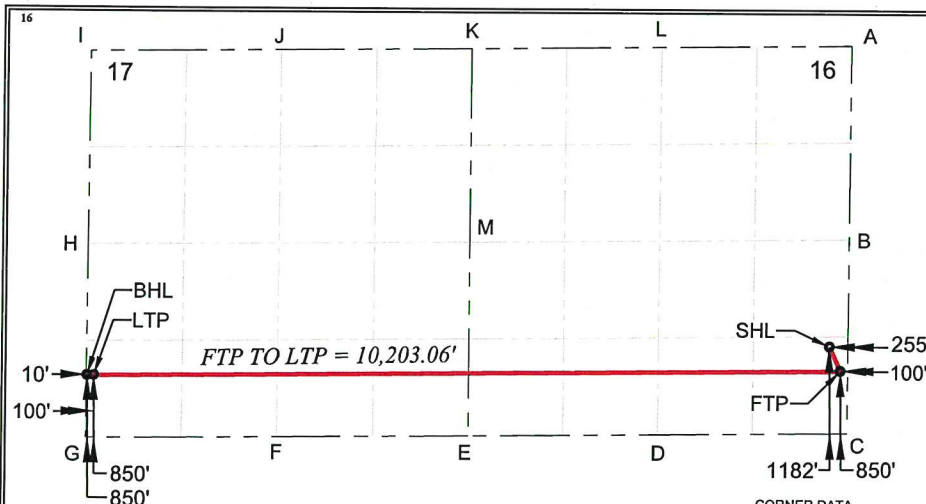
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	16	19-S	28-E		1182'	SOUTH	255'	EAST	EDDY

<sup>11</sup> 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
M	17	19-S	28-E		850'	SOUTH	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.



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.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
Printed Name \_\_\_\_\_  
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.

Date of Survey \_\_\_\_\_  
Signature and Seal of Professional Surveyor:   
Certificate Number \_\_\_\_\_

**SURFACE HOLE LOCATION (SHL)**  
NEW MEXICO EAST - NAD 83  
X=590536.80 LAT.= 32.65667725° N  
Y=602667.21 LONG.= 104.17347004° W  
NEW MEXICO EAST - NAD 27  
X=549357.03 LAT.= 32.65656046° N  
Y=602605.16 LONG.= -104.17296120° W  
1182' FSL, 255' FEL - SECTION 16

**FIRST TAKE POINT (FTP)**  
NEW MEXICO EAST - NAD 83  
X=590690.44 LAT.= 32.65576750° N  
Y=602336.46 LONG.= 104.17297244° W  
NEW MEXICO EAST - NAD 27  
X=549510.67 LAT.= 32.65565069° N  
Y=602274.42 LONG.= -104.17246363° W  
850' FSL, 100' FEL - SECTION 16

**LAST TAKE POINT (LTP)**  
NEW MEXICO EAST - NAD 83  
X=580487.38 LAT.= 32.6552167° N  
Y=602233.21 LONG.= 104.20612524° W  
NEW MEXICO EAST - NAD 27  
X=539307.61 LAT.= 32.65540520° N  
Y=602171.25 LONG.= -104.20561567° W  
850' FSL, 100' FWL - SECTION 17

**BOTTOM HOLE LOCATION (BHL)**  
NEW MEXICO EAST - NAD 83  
X=580397.37 LAT.= 32.6551969° N  
Y=602232.39 LONG.= 104.20641769° W  
NEW MEXICO EAST - NAD 27  
X=539217.60 LAT.= 32.65540323° N  
Y=602170.42 LONG.= -104.20590812° W  
850' FSL, 10' FWL - SECTION 17

- CORNER DATA  
NEW MEXICO EAST - NAD 83
- A - FOUND IRON PIPE W/ BRASS CAP  
N:606757.31' E:590806.24'
  - B - FOUND 1" IRON PIPE  
N:604120.46' E:590796.45'
  - C - FOUND IRON PIPE W/ BRASS CAP  
N:601487.49' E:590787.58'
  - D - FOUND IRON PIPE W/ BRASS CAP  
N:601458.74' E:588190.50'
  - E - FOUND IRON PIPE W/ BRASS CAP  
N:601430.34' E:585595.57'
  - F - FOUND IRON PIPE W/ BRASS CAP  
N:601406.13' E:582988.92'
  - G - FOUND IRON PIPE W/ BRASS CAP  
N:601382.22' E:580382.84'
  - H - FOUND IRON PIPE W/ BRASS CAP  
N:604011.85' E:580396.86'
  - I - FOUND 2" IRON PIPE  
N:606641.54' E:580411.81'
  - J - FOUND 1" IRON PIPE  
N:606668.08' E:583007.40'
  - K - FOUND 2" IRON PIPE  
N:606695.00' E:585602.41'
  - L - CALCULATED CORNER  
N:606726.16' E:588204.33'
  - M - FOUND 1" IRON PIPE  
N:604062.54' E:585596.50'

COLGATE OPERATING, LLC  
Case No. 22396  
Exhibit A-2

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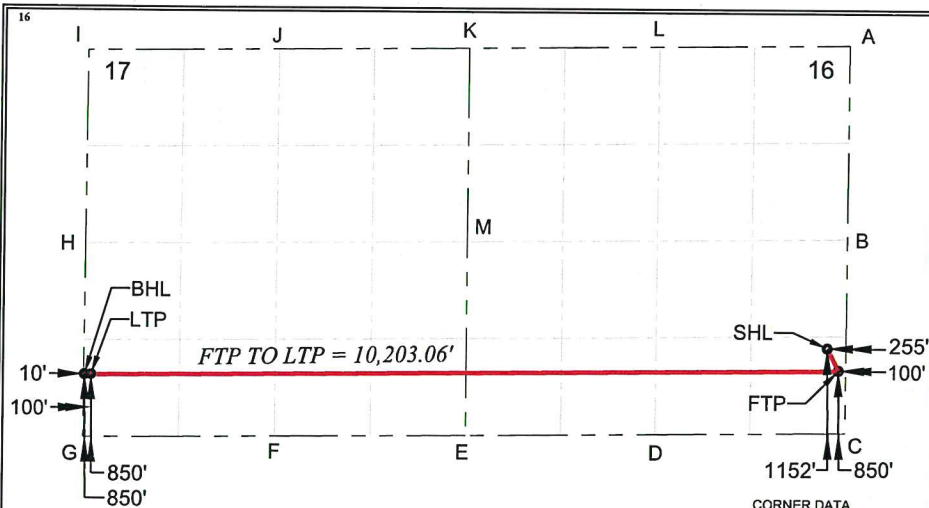
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11 Bottom Hole Location If Different From Surface

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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.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
Printed Name \_\_\_\_\_  
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.

Date of Survey \_\_\_\_\_  
Signature and Seal of Professional Surveyor:   
Certificate Number 12/2/2021

S2S2 CASE NO. 22396				
WI OWNER	TRACT	NET	WI	FORCE POOL INTEREST
Colgate Production, LLC*	1, 2, 4, 5	157.783	49.31%	Operator
EOG Resources	1, 2	20.46	6.39%	Yes
Apache Corporation	2, 3, 4	115.567	36.11%	Yes
Sharbro Energy, LLC	2	11.25	3.52%	Yes
MRC Delaware Resources, LLC	2	5.70851	1.78%	Yes
Santo Legado	2	5	1.56%	Yes
Jalapeno Corporation	2	2.395	0.75%	No
Yates Energy Corporation	2	1.822	0.57%	Yes

\*NMSLO Record Title & WI Owner

NMSLO Record Title Owners (Own no WI in above case)  
 WPX Permian, LLC  
 Ridge Runner Resources Operating, LLC  
 ZPX Delaware I

ORRI Owners  
 Marathon Oil Permian, LLC  
 Yates Brothers, et al



**COLGATE OPERATING, LLC**  
 Case Nos. 22396  
 Exhibit A-3

December 5, 2020



OXY Y-1 Co.  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046

RE: Blackhawk 16 State Com Well Proposals  
S/2 of Sec. 16 & S/2 Sec. 17 T19S-28E, Bone Spring Formation  
Eddy County, New Mexico

To whom it may concern:

Colgate Production, LLC ("Colgate"), hereby proposes the drilling of four (4) wells, the Blackhawk 16 State Com 123H, 124H, 133H, and 134H at the following approximate locations:

Blackhawk 16 State Com 123H

SHL: To be located at a legal location in Units I/P of Section 16-19S-28E

BHL: To be located at a legal location in Unit L Section 17-19S-28E

TVD: 7,450'

TMD: Approximately 17,500'

Targeted Interval: 2<sup>nd</sup> Bone Spring

Total Cost: See attached AFE

Blackhawk 16 State Com 124H

SHL: To be located at a legal location in Units I/P of Section 16-19S-28E

BHL: To be located at a legal location in Unit M of Section 17-19S-28E

TVD: 7,450'

TMD: Approximately 17,500'

Targeted Interval: 2<sup>nd</sup> Bone Spring

Total Cost: See attached AFE

Blackhawk 16 State Com 133H

SHL: To be located at a legal location in Units I/P of Section 16-19S-28E

BHL: To be located at a legal location in Unit L of Section 17-19S-28E

TVD: 8,600'

TMD: Approximately 18,600'

Targeted Interval: 3<sup>rd</sup> Bone Spring

Total Cost: See attached AFE

Blackhawk 16 State Com 134H

SHL: To be located at a legal location in Units I/P of Section 16-19S-28E

BHL: To be located at a legal location in Unit M of Section 17-19S-28E

TVD: 8,600'

TMD: Approximately 18,600'

Targeted Interval: 3<sup>rd</sup> Bone Spring

Total Cost: See attached AFE

COLGATE OPERATING,  
LLC  
Case No. 22396  
Exhibit A-4

The locations, TVD's, 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 your election to participate. The Operating Agreement will have the following general provisions:

- 100%/200%/200% 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 previously proposed 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

Colgate Energy  
300 N. Marienfeld St.  
Suite 1000  
Midland, TX 79701

Enclosures

Well Elections

---

\_\_\_\_\_ I/We hereby elect to participate in the Blackhawk 16 State Com 123H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Blackhawk 16 State Com 123H.

\_\_\_\_\_ I/We hereby elect to participate in the Blackhawk 16 State Com 124H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Blackhawk 16 State Com 124H.

\_\_\_\_\_ I/We hereby elect to participate in the Blackhawk 16 State Com 133H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Blackhawk 16 State Com 133H.

\_\_\_\_\_ I/We hereby elect to participate in the Blackhawk 16 State Com 134H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Blackhawk 16 State Com 134H.

Working Interest Owner: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_



### 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:	12/3/2020	AFE NO.:	0
WELL NAME:	Blackhawk 16 State Com 124H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/TVD:	18129 / 7442
COUNTY/STATE:	Eddy	LATERAL LENGTH:	10,360
Colgate WI:	0.00%	DRILLING DAYS:	20.6
GEOLOGIC TARGET:	2nd Bone Spring	COMPLETION DAYS:	16

REMARKS: Drill and Complete 60 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 Drig & 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	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>2,042,761</b>	<b>3,332,080</b>	<b>65,648</b>	<b>5,440,489</b>

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	-	-	-	-
<b>TOTAL TANGIBLES &gt;</b>	<b>403,712</b>	<b>0</b>	<b>268,261</b>	<b>671,972</b>
<b>TOTAL COSTS &gt;</b>	<b>2,446,473</b>	<b>3,332,080</b>	<b>333,909</b>	<b>6,112,461</b>

**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	BC	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 considered as a final 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, executive, regulatory, leverage 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 sign.

**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:	12/3/2020	AFE NO.:	0
WELL NAME:	Blackhawk 16 State Com 134H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/TVD:	19339 / 8652
COUNTY/STATE:	Eddy	LATERAL LENGTH:	10,360
Colgate WI:	0.00%	DRILLING DAYS:	23.25
GEOLOGIC TARGET:	3rd Bone Spring	COMPLETION DAYS:	16

REMARKS: Drill and Complete 60 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 Drilg & 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	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>2,232,334</b>	<b>3,438,986</b>	<b>65,648</b>	<b>5,736,968</b>

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	-	-	-	-
<b>TOTAL TANGIBLES &gt;</b>	<b>419,623</b>	<b>0</b>	<b>273,706</b>	<b>693,329</b>
<b>TOTAL COSTS &gt;</b>	<b>2,651,957</b>	<b>3,438,986</b>	<b>339,354</b>	<b>6,430,297</b>

**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	BC	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 restated as a change on any specific item or the total cost of the project. Taking 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 the proportionate share of actual costs incurred, including legal, executive, 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 covered 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 sign-off.

## Communication Timeline

**December 2020** – Initial proposals sent for Blackhawk 16 State Com wells

**January – April, 2021** – Finalized acquisition of Contango interest

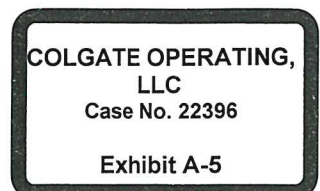
**January – August, 2021** – Ongoing trade discussions with EOG, closed in Q3 of 2021

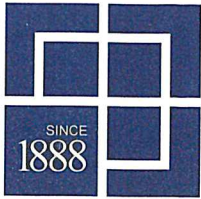
**May 2021** – Acquired additional tract in NMSLO lease sale that had expired after Colgate sent initial proposals

**January – December, 2021** – Ongoing discussions with Apache, and conceptual trade and reciprocal support agreements reached

**January 2021 to Present** – Ongoing discussions to resolve Jalapeno concerns

**February 12, 2022** – As of this date several parties remain uncommitted





**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

December 10, 2021

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL INTERESTED PARTIES SUBJECT TO NOTICE**

**Re: Case No. 22396 - Application of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.**

To whom it may concern:

This letter is to advise you that COG Operating LLC filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on **January 6, 2022** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

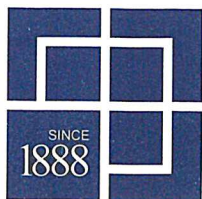
Enclosure



PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510  
(FAX) 575-623-9332

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



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

December 10, 2021

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL OVERRIDING ROYALTY INTEREST OWNERS SUBJECT TO NOTICE**

**Re: Case No. 22396 - Application of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.**

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Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

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ROSWELL, NEW MEXICO 88202  
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7601 JEFFERSON ST NE • SUITE 180  
ALBUQUERQUE, NEW MEXICO 87109  
505-858-8320  
(FAX) 505-858-8321

7021 0350 0001 3337 9862

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Extra Services & Fees (check box, add fee as appropriate)

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Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_

Postage \$ \_\_\_\_\_

Total Postage and Fees \$ \_\_\_\_\_

Sent To \_\_\_\_\_

Street and Apt. Sharbro Energy, LLC  
P.O. Box 840

City, State, Zip Artesia, NM 88211

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

*SANTA FE, NM 87501*  
*DEC 10 2022*  
*USPS*

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sharbro Energy, LLC  
P.O. Box 840  
Artesia, NM 88211



9590 9402 5760 0003 2742 60

2. Article Number (Transfer from service label)

7021 0350 0001 3337 9862

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee

*Konux*

B. Received by (Printed Name)  C. Date of Delivery

*Kendra Gray*

D. Is delivery address different from item 1?  Yes  No

If YES, enter delivery address below:

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Insured Mail
  - Insured Mail Restricted Delivery (over \$500)
  - Priority Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

7021 0350 0001 3337 9909

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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

Street and Apt. No. Santo Legado, LLLP  
P.O. Box 1020  
Artesia, NM 88211

City, State, ZIP+4®

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



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Santo Legado, LLLP  
P.O. Box 1020  
Artesia, NM 88211



9590 9402 5760 0003 2743 07

2. Article Number (Transfer from service label)

7021 0350 0001 3337 9909

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

*Angie Fuentes*  Agent  Addressee

B. Received by (Printed Name) *Angie Fuentes*

C. Date of Delivery

D. Is delivery address different from item 1?  Yes  No

If YES, enter delivery address below:

3. Service Type
- Adult Signature  Priority Mail Express®
- Adult Signature Restricted Delivery  Registered Mail™
- Certified Mail®  Registered Mail Restricted Delivery
- Certified Mail Restricted Delivery  Return Receipt for Merchandise
- Collect on Delivery  Signature Confirmation™
- Collect on Delivery Restricted Delivery  Signature Confirmation Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)

Domestic Return Receipt

7021 0350 0001 3337 9923

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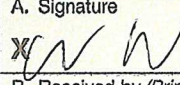
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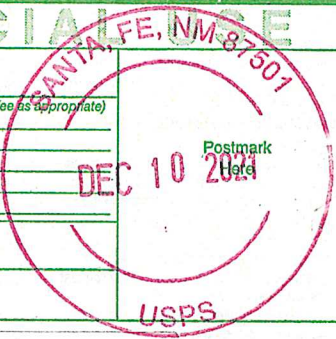
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I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the 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:

12/17/2021

*Nikki Jacobs*  
\_\_\_\_\_  
Legal Clerk

Subscribed and sworn before me this December 17, 2021:

*Kathleen Allen*  
\_\_\_\_\_

State of WI, County of Brown  
NOTARY PUBLIC

*1-7-95*  
\_\_\_\_\_

My commission expires

This is to notify all interested parties, including Sharbro Energy, LLC; Santo Legado, LLLP; Jalapeno Corporation; Apache Corp.; MRC Delaware Resources, LLC; Yates Energy Corporation; EOG Resources; Marathon Oil Permian, LLC; Yates Brothers, et al.; 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. 22396). 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 January 6, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2S/2 of Sections 16 and 17, Township 19 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Blackhawk 16 State Com 124H and Blackhawk 16 State Com 134H wells ("Wells") to be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of Section 16 to a bottom hole location in the SW/4SW/4 (Unit M) of Section 17. The completed intervals of the Wells will be orthodox. Also, to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 18 miles northeast of Carlsbad. #5047728, Current Argus Dec. 17, 2021

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KATHLEEN ALLEN  
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COLGATE OPERATING,  
LLC  
Case No. 22396  
Exhibit A-7

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

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

CASE NO. 22396

SELF-AFFIRMED STATEMENT  
OF DAVID DAGIAN

1. I am a geologist at Colgate Operating, LLC (“Colgate”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”), and my credentials as an expert in petroleum geology matters were accepted and made a matter of record.

2. I am familiar with the geological matters that pertain to the above-referenced case.

3. **Exhibit B-1** is a regional locator map that identifies the Blackhawk project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring horizontal spacing units that are the subject of these applications.

4. **Exhibit B-2** is a cross section location map for the proposed horizontal spacing unit (“Unit”) within the Bone Spring formation. The approximate wellbore paths for the proposed **Blackhawk 16 State Com 124H** and **Blackhawk 16 State Com 134H** wells (“Wells”) are represented by dashed lines. Existing producing wells in the targeted interval are represented by solid lines. This map identifies the cross-section running from A-A’ with the cross-section well names and a black line in proximity to the proposed wells.

5. **Exhibit B-3** is Second Bone Spring (SBSG) Structure map on the base of the Second Bone Spring formation in TVD subsea with a contour interval of 50 ft. The map identifies



the approximate wellbore path for the **Blackhawk 16 State Com 124H** proposed SBSG well with an orange dashed line. It also identifies the location of the cross-section running from A-A' in proximity to the proposed well. The data points are indicated by red triangles. The map demonstrates the formation is gently dipping to the east-southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

6. **Exhibit B-4** is Third Bone Spring (TBSG) Structure map on the top of the Third Bone Spring formation in TVD subsea with a contour interval of 50 ft. The map identifies the approximate wellbore path for the **Blackhawk 16 State Com 134H** proposed TBSG well with a red dashed line. It also identifies the location of the cross-section running from A-A' in proximity to the proposed well. The data points are indicated by red triangles. The map demonstrates the formation is gently dipping to the east-southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

7. **Exhibit B-5** identifies four wells penetrating the targeted interval I used to construct a structural cross-section from A to A'. The structural cross section from west to east shows the regional dip to the East-Southeast for both the SBSG and the TBSG. I used these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area. The target zones for the proposed wells are the Second and Third Bone Spring formations, which are consistent across the units. The approximate well-path for the proposed wells is indicated by dashed lines to be drilled from east to west across the units.

8. **Exhibit B-6** is a stratigraphic cross-section from A to A' using the representative wells identified on **Exhibit B-5**. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from west to east and is hung on the top of the Wolfcamp formation. The

proposed landing zone for the Wells is labeled on the exhibit. The approximate well-path for the proposed wells is indicated by dashed lines to be drilled from east to west across the units. This cross-section demonstrates the target interval is continuous across the Unit.

9. **Exhibit B-7** is a gun barrel diagram that shows the **Blackhawk 16 State Com 124H** well in the Second Bone Spring formation and the **Blackhawk 16 State Com 134H** well in the Third Bone Spring formation.

10. In my opinion, a laydown orientation for the Wells is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and is the preferred fracture orientation in this portion of the trend.

11. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Wells.

12. In my opinion, the granting of Colgate's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

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

14. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm 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 identified next to my signature below.

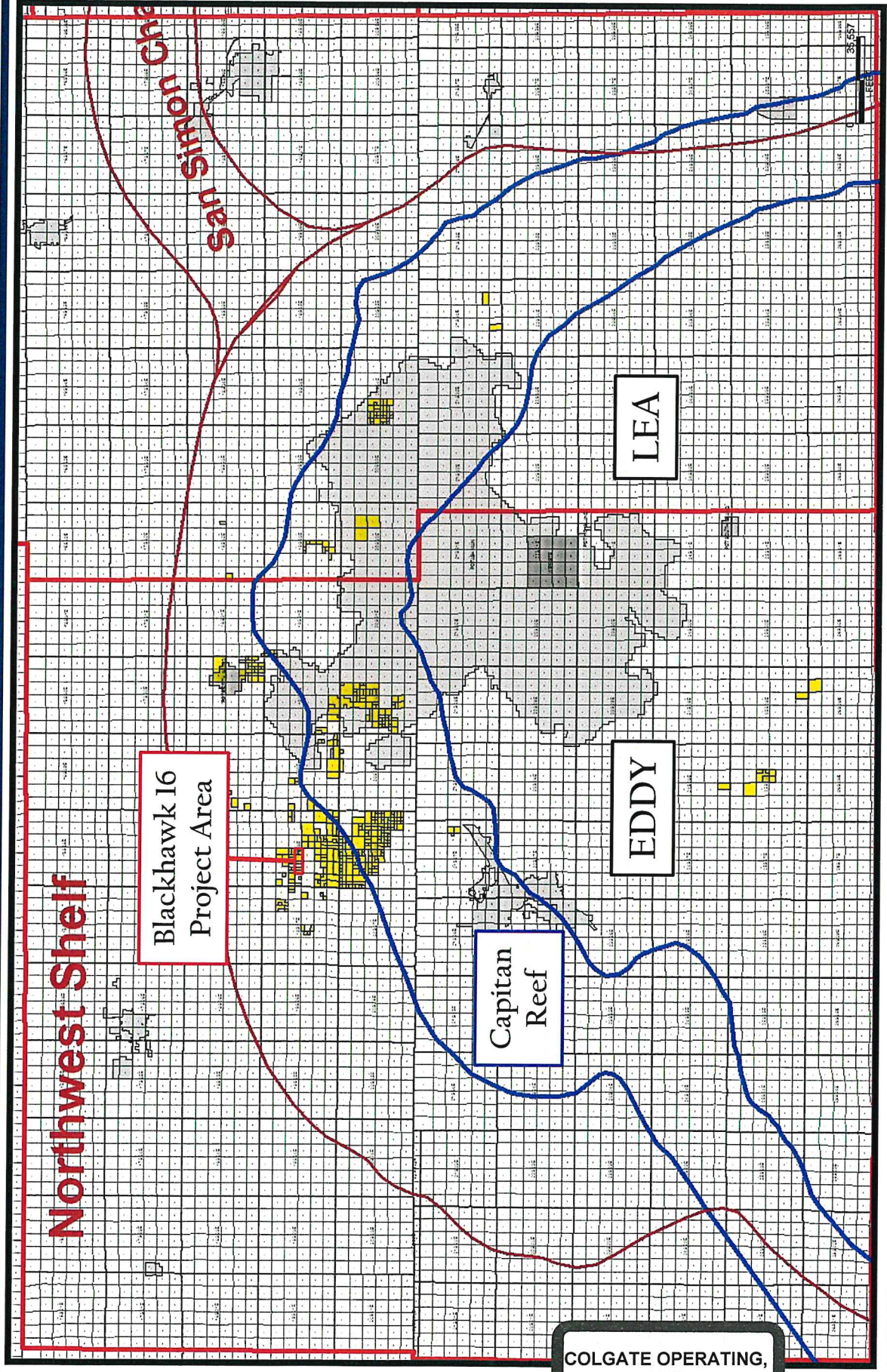
  
David DaGian

2/10/2022  
Date



Exhibit B-1

Regional Locator Map  
Blackhawk 16 State Com



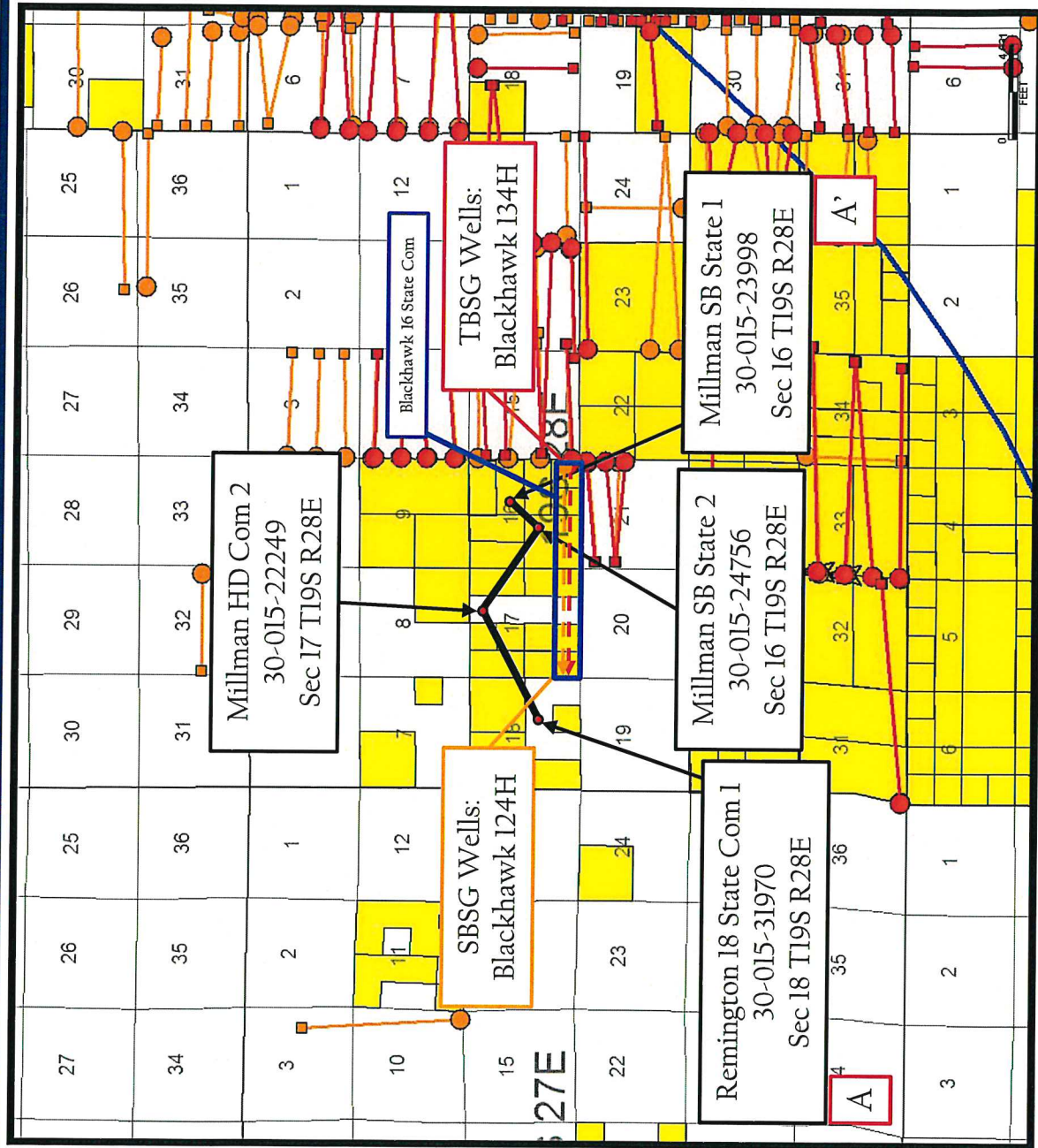
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Case No. 22396  
Exhibit B-1

Colgate Energy

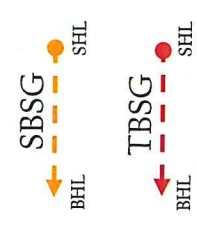
# Cross-Section Locator Map Blackhawk 16 State Com I24H & I34H



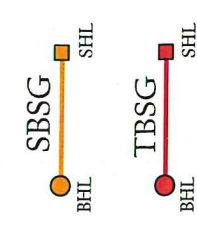
## Exhibit B-2



### Proposed Wells



### Producing Wells



**COLGATE OPERATING, LLC**  
Case No. 22396  
Exhibit B-2

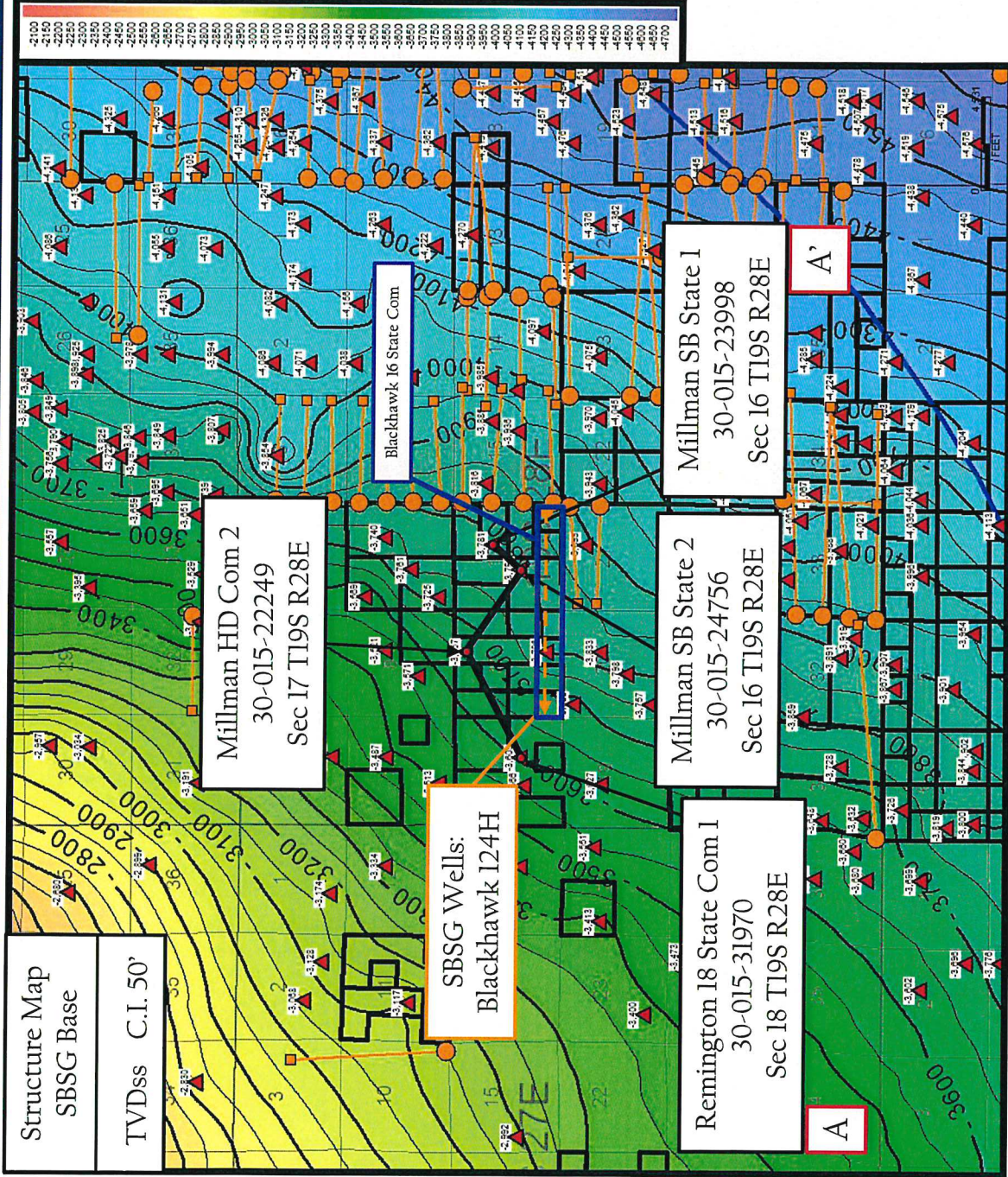
Colgate Energy

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# Second Bone Spring - Structure Map

Blackhawk 16 State Com

## Exhibit B-3



COLGATE OPERATING, LLC  
Case No. 22396  
Exhibit B-3

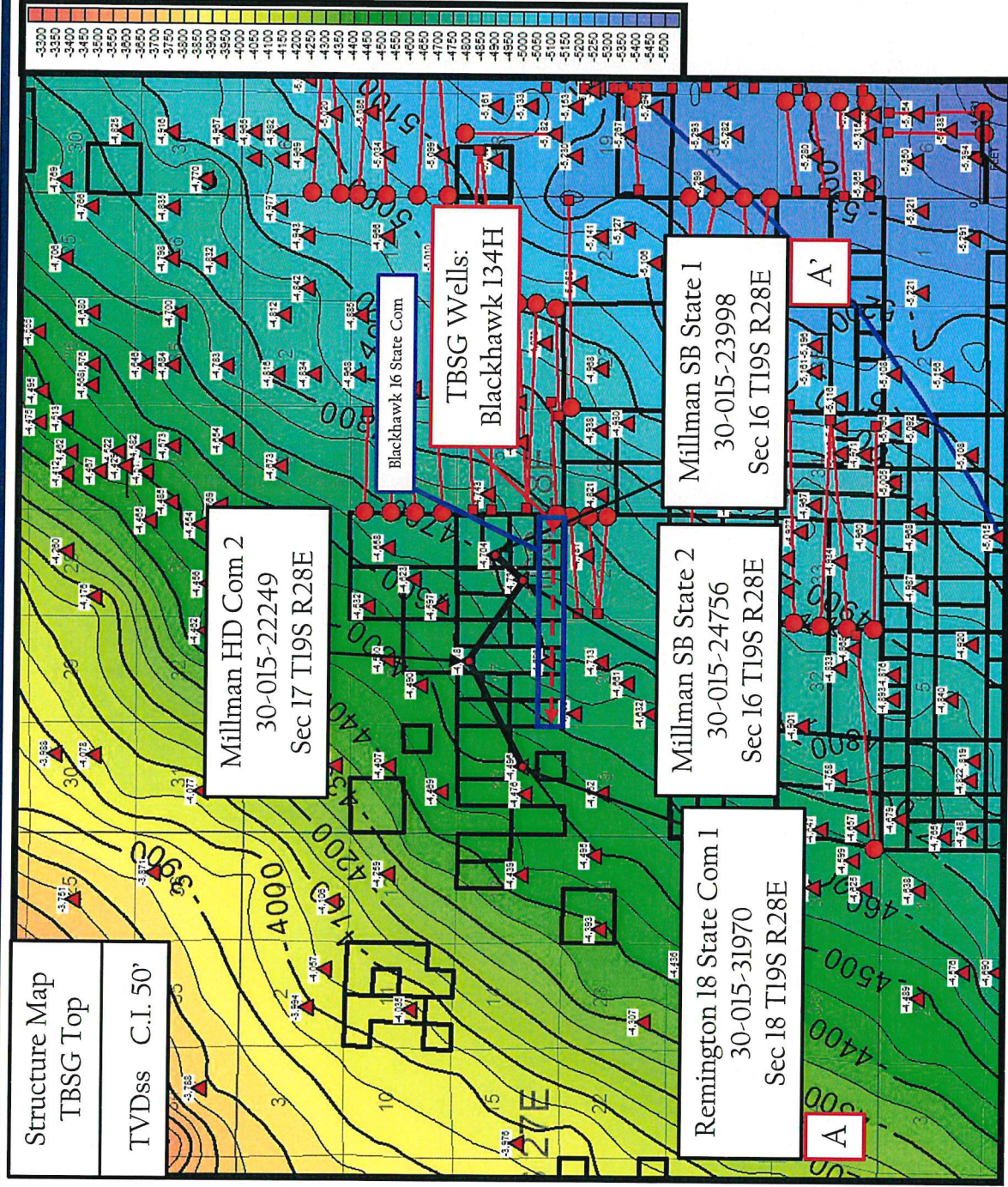
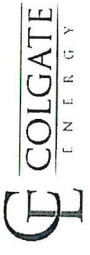
Colgate Energy

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# Third Bone Spring - Structure Map

Blackhawk 16 State Com

Exhibit B-4



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Case No. 22396  
Exhibit B-4

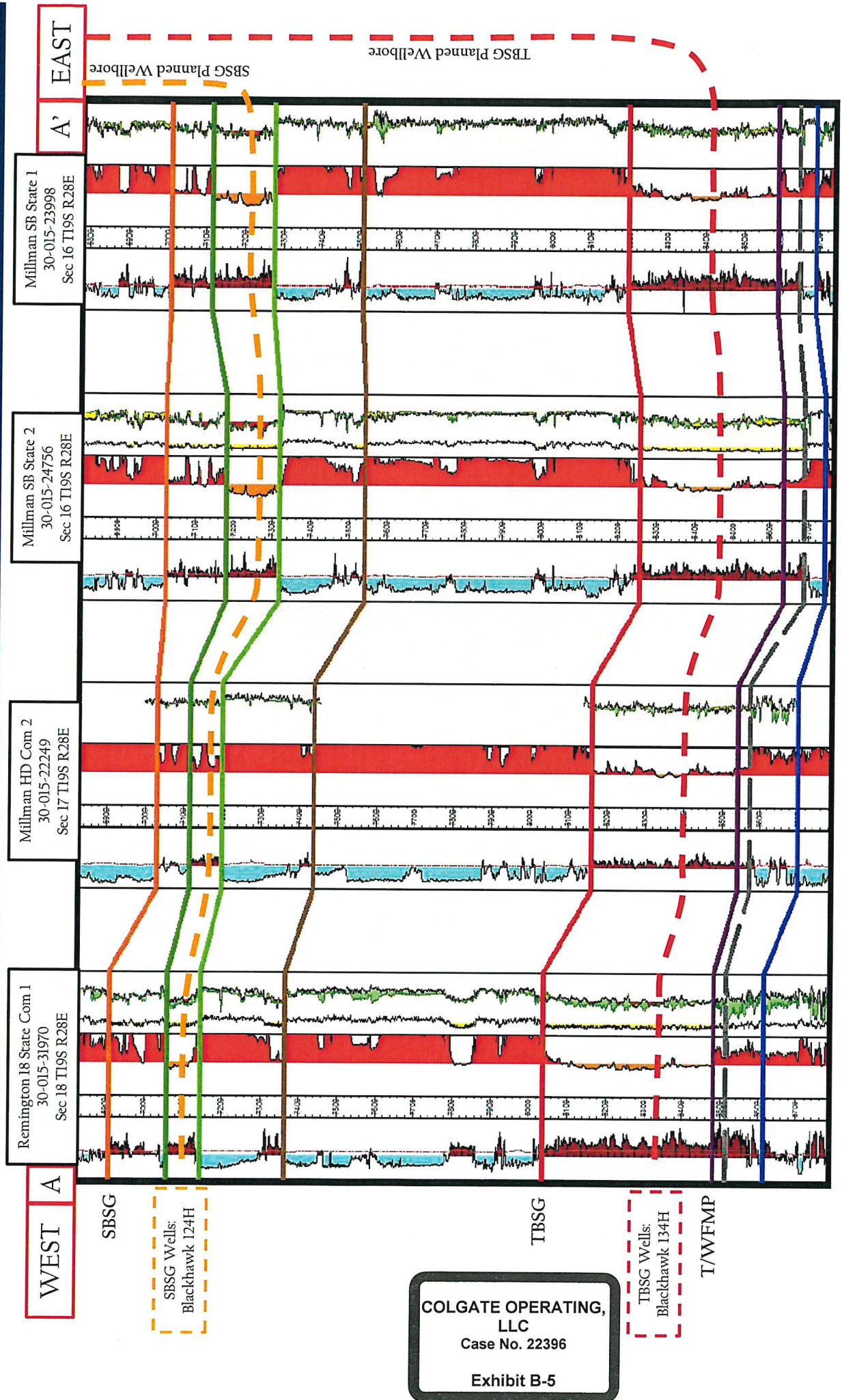
Colgate Energy

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# Structural Cross-Section A-A' (SBSG and TBSG) Blackhawk 16 State Com



Exhibit B-5



**COLGATE OPERATING, LLC**  
Case No. 22396

Exhibit B-5

TBSG Wells:  
Blackhawk 134H

SBSG Wells:  
Blackhawk 124H

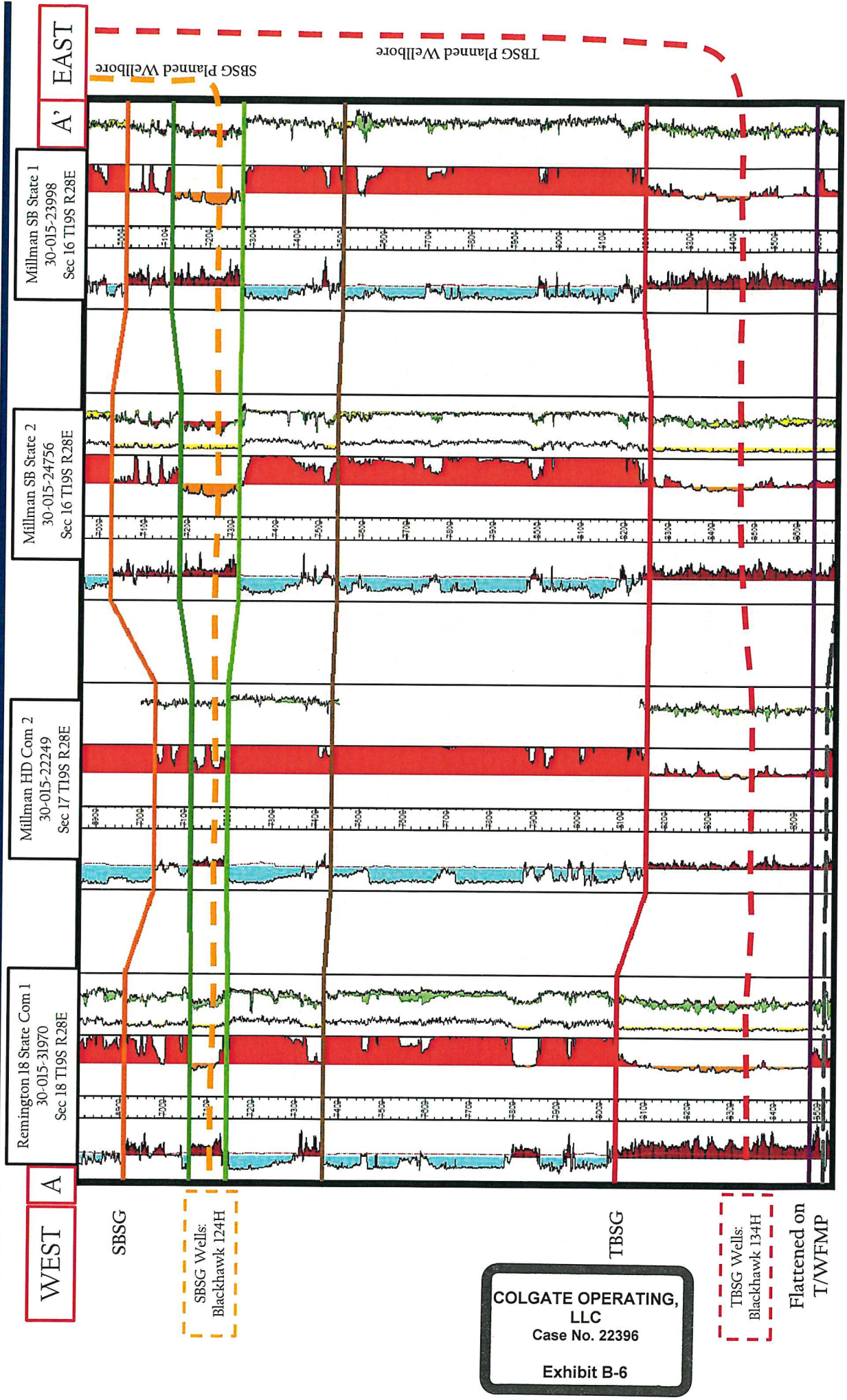
T/WFMP

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# Stratigraphic Cross-Section A-A' (SBSG and TBSG) Blackhawk 16 State Com



Exhibit B-6



WEST A

SBSG

SBSG Wells:  
Blackhawk 124H

TBSG

TBSG Wells:  
Blackhawk 13-4H

Flattened on  
T/WFMP

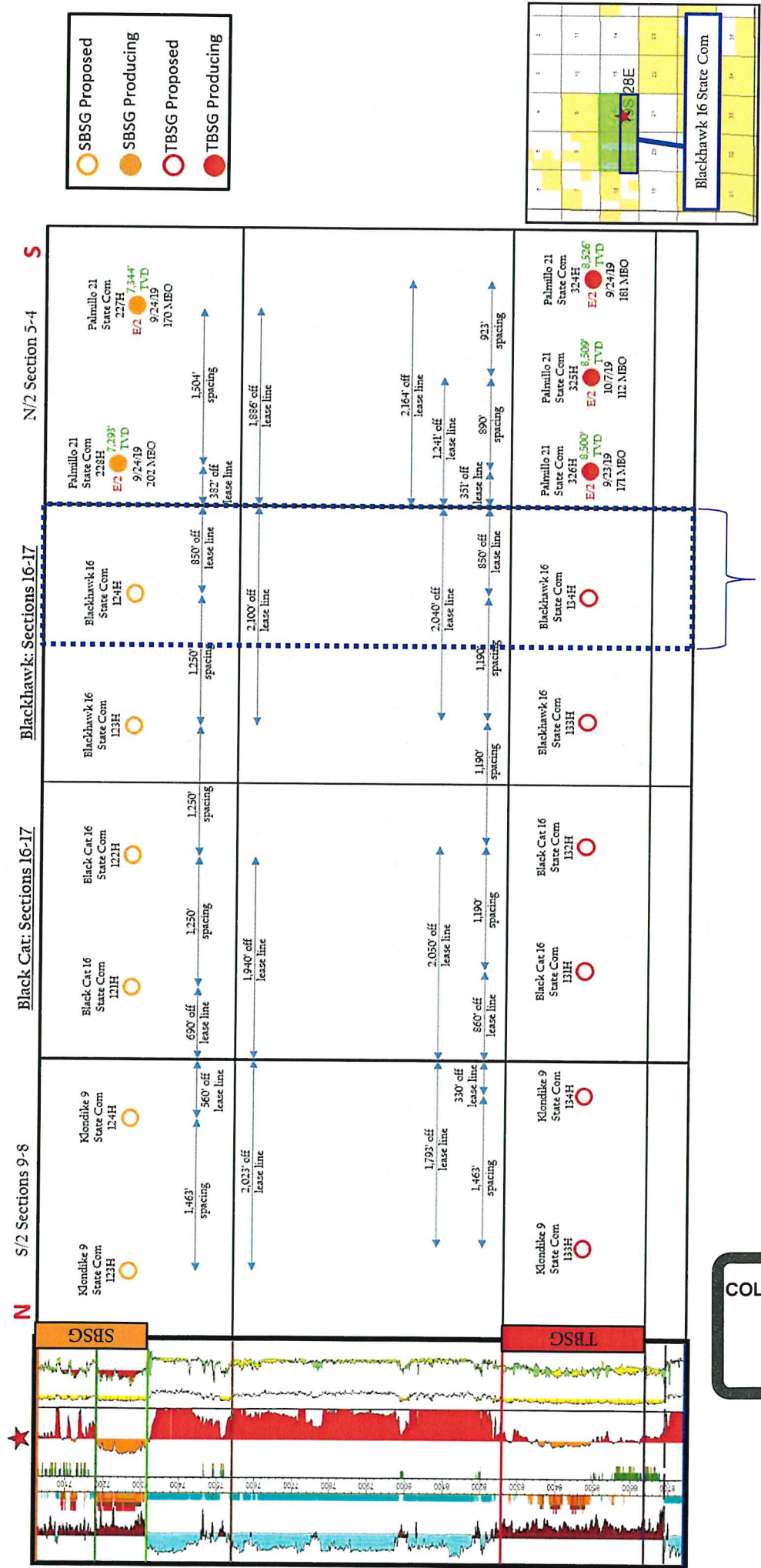
COLGATE OPERATING,  
LLC  
Case No. 22396  
Exhibit B-6

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# Gun Barrel Development Plan (SBSG and TBSG) Blackhawk 16 State Com

## Exhibit B-7



**COLGATE OPERATING, LLC**  
 Case No. 22396  
 Exhibit B-7

Proposed Wells