

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

APPLICATION OF COLGATE OPERATING,
LLC FOR COMPULSORY POOLING AND
OVERLAPPING SPACING UNIT,
EDDY COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Colgate Operating, LLC (OGRID No. 371449) (“Applicant”) applies for an order (1) approving a 320-acre, more or less, overlapping spacing unit in the Bone Spring formation, and (2) pooling all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation from a depth of approximately 7,763’ to the base of the Bone Spring formation at a depth of approximately 8,822’ underlying the N/2N/2 of Sections 35 and 36, 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 **Uluru 35 Fed State Com 131H** well, which will be horizontally drilled from a surface hole location in the SE/4NE/4 (Unit H) of Section 34 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 36.
3. The completed interval of the Well will be orthodox.
4. The Unit will partially overlap with the spacing unit for the Winchester 36 AD State 1H well (API No. 30-015-41354) which is dedicated to the N/2N/2 of Section 36 in the Second Bone Spring interval of the Bone Spring formation.
5. Accordingly, Applicant seeks to pool all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation from a depth of approximately 7,763’ MD to the base of the Bone Spring formation at a stratigraphic equivalent of approximately 8,822’ MD as observed on the Dero Federal #3 well log (API 3001530399).

6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.

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

8. 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 Well and Unit.

WHEREFORE, Applicant requests this application be set for hearing on April 7, 2022, and that after notice and hearing, the Division enter an order:

- A. Approving an overlapping 320-acre horizontal spacing unit in the Third Bone Spring interval of the Bone Spring formation;
- B. Pooling all uncommitted interests in the Third Bone Spring interval of the Bone Spring formation underlying the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- 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 Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

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