

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

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

CASE NO. _____

APPLICATION

Colgate Operating, LLC (“Colgate”), OGRID Number 371449, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 S/2 of Sections 25 and 26, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico. In support of this application, Colgate states as follows:

1. Colgate is an interest owner in the subject lands and has a right to drill a well thereon.
2. Colgate seeks to dedicate the S/2 S/2 of Sections 25 and 26, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, Bone Spring standard horizontal spacing unit.
3. Colgate plans to drill the proposed **Arrakis 25 Fed Com 124H** well to a depth sufficient to test the Bone Spring formation. This well will be horizontally drilled and will comply with the Division’s statewide setback requirements.
4. Colgate sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

5. The creation of a standard horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. This case competes with the applications for compulsory pooling in Case Nos. 22423, 22424, 22425 and 22426 set for hearing on April 21, 2022 and by agreement of the parties and concurrence of the Division will be consolidated for hearing with those cases.

WHEREFORE, Colgate requests that this case is set for hearing before an Examiner of the Oil Conservation Division on April 21, 2022, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 320-acre, more or less, standard horizontal spacing unit in the Bone Spring formation comprised of the S/2 S/2 of Sections 25 and 26, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a standard horizontal spacing unit within the S/2 S/2 of Sections 25 and 26, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico;

C. Designating Colgate as operator of this unit and the wells to be drilled thereon;

D. Authorizing Colgate to recover its costs of drilling, completing and equipping the wells;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.
Deana M. Bennett
Jamie L. Allen
Bryce H. Smith
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
edebrine@modrall.com
dbennett@modrall.com
jallen@modrall.com
bsmith@modrall.com

Attorneys for Applicant Colgate Operating, LLC

Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.

Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 S/2 of Sections 25 and 26, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the **Arrakis 25 Fed Com 124H** well, to be horizontally drilled. The producing intervals for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles southeast of Loco Hills, New Mexico.