

**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. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Colgate Operating, LLC (OGRID No. 371449) (“Applicant”) applies for an order pooling all uncommitted interests from the top of the Second Bone Spring Formation to the base of the Bone Spring Formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2S/2 of Sections 3 and 4, Township 20 South, Range 28 East, Eddy County, New Mexico (“Unit”). In support of its application, Applicant states the following.

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 following wells (“Wells”)
 - a) **Dundee 4 Fed Com 124H** well, which will be horizontally drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 5 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 3; and
 - b) **Dundee 4 Fed Com 134H** well, which will be horizontally drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 5 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 3.
3. The completed intervals of the Wells will be orthodox.

4. A depth severance exists in the Bone Spring Formation within the Unit. Accordingly, Applicant seeks to pool uncommitted interests from the top of the Second Bone Spring Formation at a stratigraphic equivalent of approximately 6,570' TVD to the base of Bone Spring Formation at a stratigraphic equivalent of approximately 8,840' TVD as observed on the Government S #1 well log (API 30-015-20932).

5. 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 interest owners.

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

7. 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.

WHEREFORE, Applicant requests this application be set for hearing on June 2, 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 Well 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,

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