

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

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

CASE NOS. 22788-22795

XTO’s CONSOLIDATED PRE-HEARING STATEMENT

XTO Energy Inc. (“XTO”) submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Colgate Operating, LLC

ATTORNEY

Dana S. Hardy
Jaclyn McLean
Hinkle Shanor LLP
P.O. Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

OTHER PARTY

XTO Energy Inc.

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Paula M. Vance
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

XTO’S STATEMENT OF CASE

In these consolidated cases, Colgate Operating, LLC, (“Colgate”) seeks to create eight standup 320-acre equivalent standard horizontal well spacing units in the Wolfcamp and Bone Spring formations underlying irregular Sections 18 and 19, Township 20 South, Range 34 East,

Lea County, New Mexico. Colgate seeks to dedicate these spacing units to the proposed “Batman” wells, which number 24 initial wells in total across the eight proposed spacing units. XTO has a large working interest in the proposed spacing units and has visited with Colgate about concerns over the drilling and election provisions for this large number of wells. To address XTO’s concerns over the timing and large capital commitment for this development plan, the parties have agreed to the following special provisions to be added to the Division’s standard pooling order:

To be placed at the end of standard paragraph 19:

“Commence Drilling” under this Order shall mean the actual drilling or re-entry of a well with a drilling rig capable of drilling to total depth.

To be placed after standard paragraph 23:

24. Colgate will not submit to XTO Energy Inc. (“XTO”) the Estimated Well Costs for any well authorized by this Order until no sooner than 30 days of spudding of the well, and XTO shall have 30-days after receipt of the Estimated Well Costs for a particular well to elect to participate in that well.

25. In the event XTO elects to participate under this Order in any well, XTO will not be required to pay its share of Estimated Wells Costs and Colgate will instead submit joint interest billings to XTO as operations take place.

XTO requests that these provisions be added to each pooling order issued in these consolidated cases.

APPLICANT’S PROPOSED EVIDENCE

XTO has incorporated the requested paragraphs into a standard pooling order and highlighted them in yellow on attached XTO Exhibit 1.

PROCEDURAL MATTERS

XTO does not object to these matters proceeding by affidavit nor to the relief requested by Colgate if the additional paragraphs reflected in XTO Exhibit 1 are incorporated into the Division’s standard pooling order for each case.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Paula M. Vance

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

mfeldewert@hollandhart.com

agrankin@hollandhart.com

jbroggi@hollandhart.com

pmvance@hollandhart.com

ATTORNEYS FOR XTO ENERGY INC.

CERTIFICATE OF SERVICE

I hereby certify that on May 26, 2022, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

Dana S. Hardy
Jaclyn M. McLean
HINKLE SHANOR LLP
P.O. Box 2068
Santa Fe, NM 87504-2068
(505) 982-4554
(505) 982-8623 FAX
dhardy@hinklelawfirm.com
jmclean@hinklelawfirm.com

Attorneys for Colgate Operating, LLC



Michael H. Feldewert

XTO Exhibit 1**[Additional provisions to a standard pooling order highlighted in yellow]**

19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well. "Commence Drilling" under this Order shall mean the actual drilling or re-entry of a well with a drilling rig capable of drilling to total depth.

20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.

21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. Colgate will not submit to XTO Energy Inc. ("XTO") the Estimated Well Costs for any well authorized by this Order until no sooner than 30 days of spudding of the well, and XTO shall have 30-days after receipt of the Estimated Well Costs for a particular well to elect to participate in that well.

25. In the event XTO elects to participate under this Order in any well, XTO will not be required to pay its share of Estimated Wells Costs and Colgate will instead submit joint interest billings to XTO as operations take place.

26. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall.....

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 1
Case Nos. 22788-22795
Submitted by: XTO ENERGY INC.
Hearing Date: June 2, 2022

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 Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 111393

QUESTIONS

| | |
|---|--|
| Operator: XTO ENERGY, INC 6401 Holiday Hill Road Midland, TX 79707 | OGRID: 5380 |
| | Action Number: 111393 |
| | 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> |