

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

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

CASE NOS. 22702-22705

**APPLICATIONS OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**CASE NOS. 22427-22428
and 22721-22722**

CONSOLIDATED PRE-HEARING STATEMENT

Colgate Operating, LLC (“Colgate”)¹ submits this Pre-Hearing Statement for the above-referenced cases pursuant to the rules of the Oil Conservation Division.

APPEARANCES

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OPPOSING PARTY

MEWBOURNE OIL COMPANY

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¹ Colgate merged with Centennial Resources Development, Inc., to form Permian Resources Corporation, effective September 1, 2022.

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OTHER PARTIES

CIMAREX ENERGY CO

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CONCHO OIL & GAS LLC**

MRC DELAWARE RESOURCES, LLC

EOG RESOURCES, INC.

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STATEMENT OF CASES

APPLICANT:

1. **Case No. 22702:** In this case, Colgate seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/2 N/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 121H** well, to be horizontally drilled. The producing interval 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.

2. **Case No. 22703:** In this case, Colgate seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 N/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 122H** well, to be horizontally drilled. The producing interval 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.

3. **Case No. 22704:** In this case, Colgate seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/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 123H** well, to be horizontally drilled. The producing interval 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.

4. **Case No. 22705:** In this case, Colgate 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 interval 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.

OPPOSING PARTY:

In Cases 22427–22428 and 22721–22722, Mewbourne Oil Company (“Mewbourne”), is proposing wells in Sections 25 and 26, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico. Colgate’s and Mewbourne’s proposals overlap with respect to all of Sections 25 and 26. Colgate will demonstrate at the contested hearing in these matters that Colgate’s development plan for Sections 25 and 26 is more desirable than Mewbourne’s plan in this acreage, as Colgate’s plan more effectively protects correlative rights and prevents waste than Mewbourne’s plan.

PROPOSED EVIDENCE*

APPLICANT:

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Mark Hajdik	Approx. 30 minutes	N/A
Geologist: David DaGian	Approx. 30 minutes	N/A

*Colgate reserves the right to submit pre-filed testimony and exhibits in support of its cases in the event that its Motion (discussed below) is denied.

PROCEDURAL ISSUES

These cases are currently set for a contested hearing on September 15, 2022. On September 8, 2022, Colgate filed its Motion For Continuance, To Revise The Amended Pre-Hearing Order, And Request For Expedited Decision (the “Motion”). As discussed in the Motion, the September 15, 2022 hearing for the above-referenced cases should be continued for two reasons. First, additional time is needed to allow the parties to continue good-faith negotiations. If they are unable to reach agreement, whichever party fails to prevail at the Division hearing is certain to appeal de novo to the Commission. Therefore a Division hearing is a waste of administrative resources. Second, Colgate recently merged with Centennial Resources Development, Inc. (“Centennial”) to form Permian Resources Corporation, and its personnel have not had sufficient time to prepare for this hearing. Therefore, in order to afford Colgate a full opportunity to present evidence, and to prevent a waste of time for both the parties and the Division, the Division should continue these cases to the next available docket or a special hearing date and amend the pre-hearing order accordingly.

While Colgate is confident in the positions taken in its Motion, Colgate is filing this pre-hearing statement out of an abundance of caution in the event its Motion is denied by the Division.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
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CERTIFICATE OF SERVICE

I hereby certify that on September 8, 2022, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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State of New Mexico
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Oil Conservation Division
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QUESTIONS

Action 141925

QUESTIONS

Operator: COLGATE OPERATING, LLC 300 North Marienfeld Street Midland, TX 79701	OGRID: 371449
	Action Number: 141925
	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>