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. 23113

HEARING EXHIBITS

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Travis Macha			
A-1	Application & Proposed Notice of Hearing			
A-2	C-102			
A-3	Plat of Tracts, Tract Ownership, Pooled Parties, Unit Recapitulation			
A-4	Sample Well Proposal Letter & AFE			
A-5	Chronology of Contact			
Exhibit B	Self-Affirmed Statement of David DaGian			
B-1	Regional Locator Map			
B-2	Cross-Section Location Map			
B-3	Wolfcamp Structure Map			
B-4	Structural Cross-Section			
B-5	Stratigraphic Cross-Section			
B-6	Gunbarrel Diagram			
Exhibit C	Self-Affirmed Statement of Dana S. Hardy			
C-1	Sample Notice Letter to All Interested Parties			
C-2	Chart of Notice to All Interested Parties			
C-3	Copies of Certified Mail Receipts and Returns			
C-4	Affidavit of Publication for October 16, 2022			

COMPUESORY POOLING APPLICATION CHECKLIST

Page 2 of 35

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS					
Case No.:	23113				
Hearing Date:	11/3/2022				
Applicant	Colgate Operating, LLC				
Designated Operator & OGRID	OGRID # 371449				
Applicant's Counsel	Hinkle Shanor LLP				
Case Title	Application of Colgate Operating, LLC for Compulsory Pooling, Eddy				
	County, New Mexico.				
Entries of Appearance/Intervenors	None.				
Well Family	Dingo				
Formation/Pool					
Formation Name(s) or Vertical Extent	Wolfcamp				
Primary Product (Oil or Gas)	Oil				
Pooling this vertical extent	Wolfcamp				
Pool Name and Pool Code	WC Burton Flat Upper Wolfcamp East Pool (Code 98315)				
Well Location Setback Rules	Statewide				
Spacing Unit Size	320-acre				
Spacing Unit					
Type (Horizontal/Vertical)	Horizontal				
Size (Acres)	320-acre				
Building Blocks	quarter-quarter				
Orientation	West/East				
Description: TRS/County	S/2 N/2 of Sections 16 and 17, Township 20 South, Range 28 East,				
	Eddy County				
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes.				
Other Situations					
Depth Severance: Y/N. If yes, description	N/A				
Proximity Tracts: If yes, description	N/A				
Proximity Defining Well: if yes, description	None				
Well(s)					
Name & API (if assigned), surface and bottom hole location,	Add wells as needed				
footages, completion target, orientation, completion status					
(standard or non-standard)					
Well #1	Dingo 17 Federal Com 202H (API # pending)				
	SHL: 1502' FNL & 300' FEL (Unit H), Section 18, T20S-R28E				
	BHL: 1650' FNL & 10' FEL (Unit H), Section 16, T20S-R28E				
	Completion Target: Wolfcamp (Approx. 8765' TVD)				
Horizontal Well First and Last Take Points	Exhibit A-2				
Completion Target (Formation, TVD and MD)	Exhibit A-4				
AFE Capex and Operating Costs					
Drilling Supervision/Month \$	\$8,000.00				
Production Supervision/Month \$	\$800.00				
Justification for Supervision Costs	Exhibit A				
Requested Risk Charge	200%				
Notice of Hearing					
Proposed Notice of Hearing	Exhibit A-1				
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, C-2, C-3				
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4				
Ownership Determination					
Land Ownership Schematic of Spacing Unit	Exhibit A-3				
Tract List (including lease numbers & owners)	Exhibit A-3				
Pooled Parties (including ownership type)	Exhibit A-3				

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Unique table Parties to 19 19 19 19 19 19 19 19 19 19 19 19 19	None. Page 3 of 3
Ownership Depth Severance	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-6
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-4
Additional Information	
CERTIFICATION: I hereby certify that the information	
provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	10/28/2022

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. 23113

SELF-AFFIRMED STATEMENT OF TRAVIS MACHA

- 1. I am a Senior Landman at Colgate Operating, LLC ("Colgate") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my credentials as an expert in petroleum land matters were accepted and made a matter of record.
- 2. I am familiar with the land matters involved in the above-referenced case. Copies of Colgate's application and proposed hearing notice are attached as **Exhibit A-1**.
- 3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.
- 4. Colgate seeks an order pooling all uncommitted interests in the WC Burton Flat Upper Wolfcamp East Pool (Code 98315) within the Wolfcamp formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 N/2 of Sections 16 and 17, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit").
- 5. The Unit will be dedicated to the **Dingo 17 Federal Com 202H** well ("Well"), which will be horizontally drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 18, Township 20 South, Range, 28 East, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 16, Township 20 South, Range 28 East.
 - 6. The completed interval of the Well will be orthodox.

Colgate Operating, LLC Case No. 23113 Exhibit A Released to Imaging: 11/1/2022 5:10:00 PM

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- 7. **Exhibit A-2** contains the C-102 for the Well.
- 8. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Colgate seeks to pool highlighted in yellow. All of the interest owners Colgate seeks to pool are locatable.
- 9. Colgate has conducted a diligent search of all county public records, including phone directories and computer databases, as well as internet searches to locate interest owners it seeks to pool.
- 10. **Exhibit A-4** contains a sample well proposal letter and AFEs sent to working interest owners for the Well. The estimated costs reflected on the AFEs are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.
- 11. In my opinion, Colgate made a good-faith effort to reach voluntary joinder of uncommitted interests in the Well as indicated by the chronology of contact described in **Exhibit A-5**.
- 12. Colgate requests overhead and administrative rates of \$8,000 per month while the Well is being drilled and \$800 per month while the Well is producing. These rates are fair and are comparable to the rates charged by Colgate and other operators in the vicinity.
- 13. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.
- 14. In my opinion, the granting of Colgate's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.
- 15. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under penalty of perjury

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under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Travis Macha

10-20-22

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. 23113

APPLICATION

Pursuant to NMSA § 70-2-17, Colgate Operating, LLC (OGRID No. 371449) ("Applicant") applies for an order pooling all uncommitted interests in the Wolfcamp formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 N/2 of Sections 16 and 17, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). In support of its application, Colgate 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 **Dingo 17 Federal Com 202H** well, to be drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 18, Township 20 South, Range 28 East, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 16, Township 20 South, Range 28 East.
 - 3. The completed interval of the Well will be orthodox.
- 4. 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.
- 5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protest correlative rights.

6. In order to allow Applicant to obtain its just and fair share of the oil and gas

underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant

should be designated the operator of the Well and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an

Examiner of the Oil Conservation Division on November 3, 2022, and, after notice and hearing as

required by law, the Division enter an order:

A. Pooling all uncommitted interests in the Unit;

B. Approving the Well 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

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,

HINKLE SHANOR LLP

<u>/s/ Dana S. Hardy</u>

Dana S. Hardy Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

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Phone: (505) 982-4554 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com ypena@hinklelawfirm.com Counsel for Colgate Operating, LLC Application of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Wolfcamp Formation underlying a 320-acre, more or less standard horizontal spacing unit comprised of the S/2 N/2 of Sections 16 and 17, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the **Dingo 17 Federal Com 202H** well, which will be drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 18, Township 20 South, Range 28 East, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 16, Township 20 South, Range 28 East. The completed interval of the well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well is located approximately 9.1 miles North of Carlsbad, New Mexico.

Colgate Operating, LLC Case No. 23113

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Exhibit A-2

Form C-102 Revised August 1, 2011

Submit one copy to appropriate

District Office

AMENDED REPORT

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

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

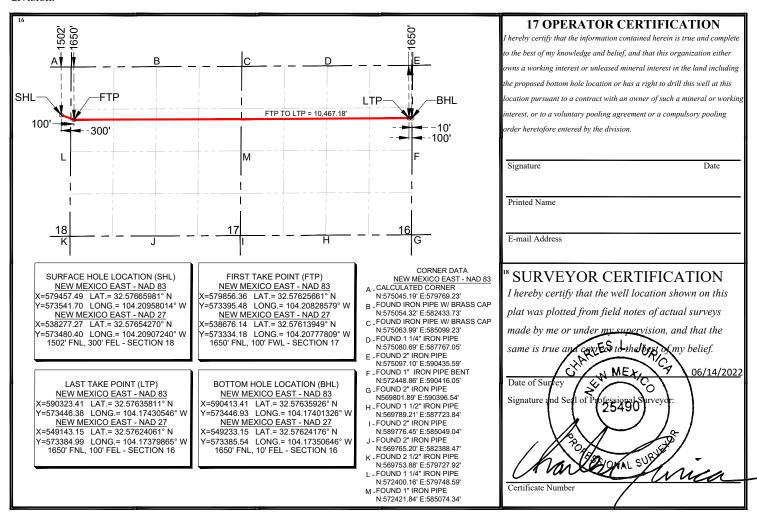
WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 2 Pool Code 98315 WC Burton Flat Upper Wolfcan		np East Pool			
4 Property Code		5 Pr Dingo 1	6 Well Number 202H		
7 OGRID No. 371449		8 Operator Name COLGATE OPERATING, LLC			

10 Surface Location

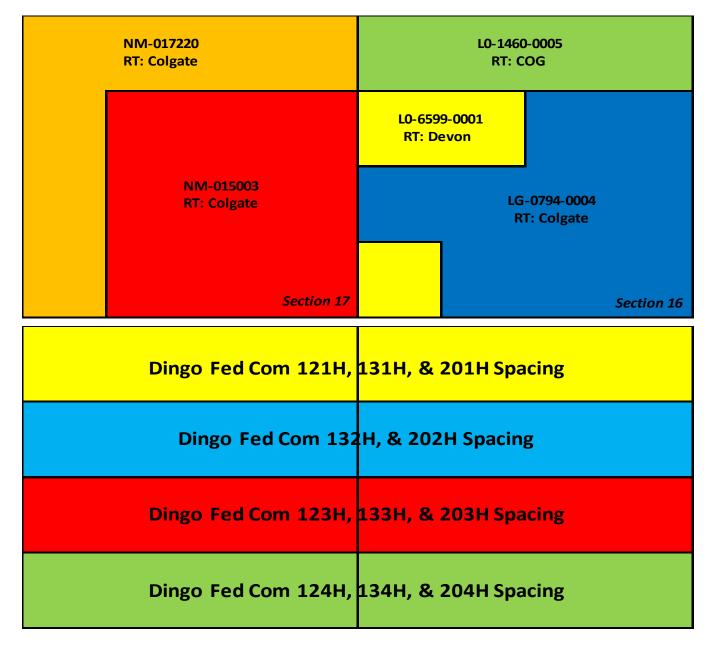
					"Surface	Location			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	18	20-S	28-E		1502'	NORTH	300'	EAST	EDDY
¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	16	20-S	28-E		1650'	NORTH	10'	EAST	EDDY
12 Dedicated Acre	s 13 Joint o	or Infill 14 (Consolidation	Code 15 O	rder No.				
320									

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Land Exhibit: S2N2 - WOLFCAMP - Dingo Fed Com 202H

S2N2 of Sections 16 & 17, T20S-R28E, Eddy Co., NM



	Documents Sent				
Owner	Pooling?	Proposal	JOA	Com Agmt	Notes
Colgate Production, LLC	N/A	N/A	N/A	N/A	
Devon Energy Production, LP	Υ	Υ	Υ	Υ	
Diamondhead Properties, LP	Υ	Υ	Υ	Υ	In process of executing docs
Dugan Production Corp.	Υ	Υ	Υ	Υ	
COG Operating, LLC	N	Υ	Υ	Υ	Executed All Docs

^{*}Please Note Oxy USA, Inc. has assigned all rights and interest unto Colgate Production, LLC. Record title transfers are processing with the BLM

	p. 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6					
Leasehold Ownership						
		Sec 16: S2NW, SWSW - All				
	Sec 16: S2NW, SWSW -	Depths, SAE 2nd Bone		Sec 16: S2NE, N2SW,	Sec 17: N2N2, SWNW,	Sec 17: E2SW, SW, SENW,
Owner	2nd Bone Spring	Spring	Sec 16: N2N2	SESW, SE	W2SW	S2NE
Colgate Production, LLC	53.202240%	5.000000%	0.00000%	100.000000%	100.000000%	100.000000%
Devon Energy Production, LP	0.00000%	48.202240%	0.000000%	0.00000%	0.000000%	0.00000%
Diamondhead Properties, LP	23.398880%	23.398880%	0.00000%	0.00000%	0.00000%	0.00000%
Dugan Production Corp.	23.398880%	23.398880%	0.000000%	0.00000%	0.00000%	0.00000%
COG Operating, LLC	0.000000%	0.00000%	100.000000%	0.000000%	0.000000%	0.000000%
	*Contractual i	nterest already spread in Sec	tion 16 via 1976 IOA new	2022 unerceding IOA has be	en proposed	

Unit Capitulation - S2N2					
Owner	Working Interest				
Colgate Production, LLC	78.5937500%				
Devon Energy Production, LP	4.518960%				
Diamondhead Properties, LP	2.193645%				
Dugan Production Corp.	2.193645%				
COG Operating, LLC	12.500000%				
Total	100.000000%				



Via Certified Mail August 2, 2022

ConocoPhillips Company (COG Operating, LLC) 600 W Illinois Ave. Midland, TX 79701

RE: **Dingo 17 Federal Com – Well Proposals**

Section 16: All, Section 17: All, T20S-28E, Bone Spring and Wolfcamp Formations Eddy County, New Mexico

To Whom It May Concern:

Colgate Operating, LLC, as operator for Colgate Production, LLC ("Colgate"), hereby proposes the drilling and completion of the following twelve (12) wells, the Dingo 17 Federal Com 121H, 122H, 123H, 124H, 131H, 132H, 133H, 134H, 201H, 202H, 203H, and 204H from two well pads at the following approximate locations within Township 20 South, Range 28 East:

1. Dingo 17 Federal Com 121H – North Pad

SHL: 1,502' FNL & 210' FEL or at a legal location within Unit H of Section 18

BHL: 660' FNL & 10' FEL of Section 16 FTP: 660' FNL & 100' FWL of Section 17 LTP: 660' FNL & 100' FEL of Section 16

TVD: 7,180'

TMD: Approximately 17,465'

Proration Unit: N2N2 of Sections 16 & 17

Targeted Interval: 2nd Bone Spring Total Cost: See attached AFE

2. Dingo 17 Federal Com 122H – North Pad

SHL: 1,502' FNL & 180' FEL or at a legal location within Unit H of Section 18

BHL: 2,310' FNL & 10' FEL of Section 17 FTP: 2,310' FNL & 100' FWL of Section 17 LTP: 2,310' FNL & 100' FEL of Section 17

TVD: 7,180'

TMD: Approximately 12,365' Proration Unit: S2N2 of Section 17 Targeted Interval: 2nd Bone Spring Total Cost: See attached AFE

> 300 N. Marienfeld St., Suite 1000, Midland, Texas 79701 P: (432) 695-4222 | F: (432) 695-4063 www.ColgateEnergy.com

3. Dingo 17 Federal Com 123H – South Pad

SHL: 964' FSL & 230' FEL or at a legal location within Unit P of Section 18

BHL: 1,650' FSL & 10' FEL of Section 16 FTP: 1,650' FSL & 100' FWL of Section 17 LTP: 1,650' FSL & 100' FEL of Section 16

TVD: 7,150'

TMD: Approximately 17,435'

Proration Unit: N2S2 of Sections 16 & 17

Targeted Interval: 2nd Bone Spring Total Cost: See attached AFE

4. Dingo 17 Federal Com 124H - South Pad

SHL: 964' FSL & 200' FEL or at a legal location within Unit P of Section 18

BHL: 330' FSL & 10' FEL of Section 16 FTP: 330' FSL & 100' FWL of Section 17 LTP: 330' FSL & 100' FEL of Section 16

TVD: 7,150'

TMD: Approximately 17,435'

Proration Unit: S2S2 of Sections 16 & 17 Targeted Interval: 2nd Bone Spring Total Cost: See attached AFE

5. Dingo 17 Federal Com 131H – North Pad

SHL: 1,502' FNL & 270' FEL or at a legal location within Unit H of Section 18

BHL: 990' FNL & 10' FEL of Section 16 FTP: 990' FNL & 100' FWL of Section 17 LTP: 990' FNL & 100' FEL of Section 16

TVD: 8,430'

TMD: Approximately 18,715'

Proration Unit: N2N2 of Sections 16 & 17

Targeted Interval: 3rd Bone Spring Total Cost: See attached AFE

6. Dingo 17 Federal Com 132H – North Pad

SHL: 1,502' FNL & 240' FEL or at a legal location within Unit H of Section 18

BHL: 2,310' FNL & 10' FEL of Section 16 FTP: 2,310' FNL & 100' FWL of Section 17 LTP: 2,310' FNL & 100' FEL of Section 16

TVD: 8,430'

TMD: Approximately 18,715'

Proration Unit: S2N2 of Sections 16 & 17

Targeted Interval: 3rd Bone Spring Total Cost: See attached AFE

7. Dingo 17 Federal Com 133H – South Pad

SHL: 964' FSL & 290' FEL or at a legal location within Unit P of Section 18

BHL: 1,650' FSL & 10' FEL of Section 16 FTP: 1,650' FSL & 100' FWL of Section 17 LTP: 1,650' FSL & 100' FEL of Section 16

TVD: 8,420'

TMD: Approximately 18,705'

Proration Unit: N2S2 of Sections 16 & 17

Targeted Interval: 3rd Bone Spring Total Cost: See attached AFE

8. Dingo 17 Federal Com 134H – South Pad

SHL: 964' FSL & 260' FEL or at a legal location within Unit P of Section 18

BHL: 330' FSL & 10' FEL of Section 16 FTP: 330' FSL & 100' FWL of Section 17 LTP: 330' FSL & 100' FEL of Section 16

TVD: 8,420'

TMD: Approximately 18,705'

Proration Unit: S2S2 of Sections 16 & 17 Targeted Interval: 3rd Bone Spring Total Cost: See attached AFE

9. Dingo 17 Federal Com 201H - North Pad

SHL: 1,502' FNL & 330' FEL or at a legal location within Unit H of Section 18

BHL: 330' FNL & 10' FEL of Section 16 FTP: 330' FNL & 100' FWL of Section 17 LTP: 330' FNL & 100' FEL of Section 16

TVD: 8,765'

TMD: Approximately 19,050'

Proration Unit: N2N2 of Sections 16 & 17

Targeted Interval: Wolfcamp XY Total Cost: See attached AFE

10. Dingo 17 Federal Com 202H – North Pad

SHL: 1,502' FNL & 300' FEL or at a legal location within Unit H of Section 18

BHL: 1,650' FNL & 10' FEL of Section 16 FTP: 1,650' FNL & 100' FWL of Section 17 LTP: 1,650' FNL & 100' FEL of Section 16

TVD: 8,765'

TMD: Approximately 19,050'

Proration Unit: S2N2 of Sections 16 & 17

Targeted Interval: Wolfcamp XY Total Cost: See attached AFE

11. Dingo 17 Federal Com 203H – South Pad

SHL: 964' FSL & 350' FEL or at a legal location within Unit P of Section 18

BHL: 2,310' FSL & 10' FEL of Section 16 FTP: 2,310' FSL & 100' FWL of Section 17 LTP: 2,310' FSL & 100' FEL of Section 16

TVD: 8,735'

TMD: Approximately 19,020'

Proration Unit: N2S2 of Sections 16 & 17

Targeted Interval: Wolfcamp XY Total Cost: See attached AFE

Continued on next page

12. Dingo 17 Federal Com 204H – South Pad

SHL: 964' FSL & 320' FEL or at a legal location within Unit P of Section 18

BHL: 990' FSL & 10' FEL of Section 16 FTP: 990' FSL & 100' FWL of Section 17 LTP: 990' FSL & 100' FEL of Section 16

TVD: 8,735'

TMD: Approximately 19,020'

Proration Unit: S2S2 of Sections 16 & 17

Targeted Interval: Wolfcamp XY Total Cost: See attached AFE

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. Colgate is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement is enclosed. The Operating Agreement has the following general provisions:

- -100%/300%/300% non-consent provisions
- \$8,000/\$800 drilling and producing rates
- Colgate Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells in the space provided below. Please sign and return one copy of this letter, a signed copy of the previously proposed AFE, and your geologic well requirements.

In the interest of time, should we not reach an agreement within thirty (30) days of the date of your receipt of this letter, Colgate will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well. If you do not wish to participate, Colgate would be interested in acquiring your interest in the subject lands which is subject to further negotiation.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me at 432.400.1037 or by email at tmacha@colgateenergy.com.

Respectfully,

Travis Macha

Senior Landman

Enclosures

Well Elections: (Please indicate your responses in the spaces below)						
Well(s)	Elect to Participate	Elect to NOT Participate				
Dingo 24 Federal Com 121H						
Dingo 24 Federal Com 122H						
Dingo 24 Federal Com 123H						
Dingo 24 Federal Com 124H						
Dingo 24 Federal Com 131H						
Dingo 24 Federal Com 132H						
Dingo 24 Federal Com 133H						
Dingo 24 Federal Com 134H						
Dingo 24 Federal Com 201H						
Dingo 24 Federal Com 202H						
Dingo 24 Federal Com 203H						
Dingo 24 Federal Com 204H						

Company Name (If Applicable):						
By:						
Printed Name:						
Date:						

Colgate Energy

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4222 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE		2 0001011110110111	ORIZATION FOR EXPEN		0
DATE:	7/28/2022) I		AFE NO.:	0
WELL NAME:	Dingo 17 Federal Com 20				ırple Sage; WOLFCAMP
LOCATION:	Section 18, Block T20S-R2				9050 TMD / 8765 TVD
COUNTY/STATE:	Eddy County, New Mexic	20		LATERAL LENGTH:	10,467
Colgate WI:				DRILLING DAYS:	26.8
GEOLOGIC TARGET:	WCXY			COMPLETION DAYS:	19
REMARKS:	Drill a horizontal WCa we install cost	ell and complete with	n 44 stages. AFE includes	s drilling, completions, flo	wback and Initial AL
INTANGIBLE	COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
T Land / Legal / Regulatory	\$	42,500	\$	\$	\$ 42,500
2 Location, Surveys & Damas	ges	209,509	13,000	10,000	232,509
4 Freight / Transportation		32,330	30,250	(1/20	62,580
5 Rental - Surface Equipmen 6 Rental - Downhole Equipm		109,738 139,443	153,700 35,613	6,120	269,558 175,056
7 Rental - Living Quarters	-	40,470	43,450		83,920
10 Directional Drilling, Surv	eys -	351,924			351,924
11 Drilling	-	705,889			705,889
12 Drill Bits 13 Fuel & Power	-	82,680 183,526	538,248		82,680 721,774
14 Cementing & Float Equip	-	188,192	330,210		188,192
15 Completion Unit, Swab, C	TU -	·		12,000	12,000
16 Perforating, Wireline, Slic		-	301,525	18,000	319,525
17 High Pressure Pump Truc		-	88,700		88,700
18 Completion Unit, Swab, C 20 Mud Circulation System	-10	96,754	92,225		92,225
21 Mud Logging	-	20,400			20,400
22 Logging / Formation Evalu	uation	9,216	6,000		15,216
23 Mud & Chemicals	-	314,958	330,967		645,924
24 Water	-	46,110	540,596		586,706
25 Stimulation 26 Stimulation Flowback & I	Disp	<u>-</u>	637,310		637,310
28 Mud / Wastewater Dispos	-	156,986	44,000		200,986
30 Rig Supervision / Enginee	_	119,090	102,075	4,800	225,965
32 Drlg & Completion Overh	nead	10,125	-		10,125
35 Labor 54 Proppant	-	117,766	50,000 973,254	20,000	187,766 973,254
95 Insurance	-	9,761	7/3,254		9,761
97 Contingency	-	-	19,119	7,092	26,211
99 Plugging & Abandonmen	t _	-			-
	TOTAL INTANGIBLES >	2,987,367	4,102,157	78,012	7,167,535
TANGIBLE C	OSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$	34,403	\$	\$	\$ 34,403
61 Intermediate Casing		65,402			65,402
62 Drilling Liner	-	116,403			116,403 484,984
63 Production Casing 64 Production Liner	-	484,984			464,964
65 Tubing	-	-		55,000	55,000
66 Wellhead	-	68,900		51,200	120,100
67 Packers, Liner Hangers	-	10,600	-	7,500	18,100
68 Tanks 69 Production Vessels	-	-		16,500	16,500
70 Flow Lines	-			12,500	12,500
71 Rod string	-	-			-
72 Artificial Lift Equipment	-	-		40,000	40,000
73 Compressor	-	-		42,500	42,500
74 Installation Costs	-	-		5.000	- 000
75 Surface Pumps 76 Downhole Pumps	-	-		5,000	5,000
77 Measurement & Meter Ins	stallation	-		21,000	21,000
78 Gas Conditioning/Dehyo	dration				-
79 Interconnecting Facility Pi	iping				
80 Gathering / Bulk Lines 81 Valves, Dumps, Controlle	rs -				
82 Tank / Facility Containme					
83 Flare Stack	-				
84 Electrical / Grounding				55,000	55,000
85 Communications / SCADA	A				
86 Instrumentation / Safety	TOTAL TANGIBLES >	780,692	0	306,200	1,086,892
	TOTAL COSTS >	3,768,058	4,102,157	384,212	8,254,427
EPARED BY Colgate Energ		3,746,636	4,102,137	304,212	0,234,421
Drilling Engineer	:: SS/RM/PS				
Completions Engineer					
Production Engineer					
1 Toduction Engineer					
lgate Energy APPROVAL:					
Co-CEC)	Co-C	CEO	VP - Opera	itions
	WH		JW	•	CRM
VP - Land & Lega	1	VP - Geoscier	nces		
	BG		SO		
ON OPERATING PARTNE	ER APPROVAL:				
Company Ma	•		Working Interest (9/).	т.	ıx ID:
Company Name	::		Working Interest (%):	1a	IX II/.
Signed by	r:		Date:		
- •		_			
Title	::		Approval:	Yes	No (mark one)

proportionate share of actual costs incurred, including, legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of spud.



Dingo - Chronology of Communication

July 28, 2022 – Proposal to all parties sent

August 2022 – Devon and Colgate agree on trade proposal for Devon to exit unit, close is pending

August 4, 2022 – Initial conversation with Dugan, informing of interest and development plans

August 11, 2022 – JOA negotiations with COG Operating (ConocoPhillips)

August 23, 2022 – COG Operating signs JOA and Com Agreements

October 19, 2022 - final conversation with Dugan, they indicated their intent to participate in wellbores

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. 23113

SELF-AFFIRMED STATEMENT OF DAVID DAGIAN

- 1. I am a geologist with Colgate Operating, LLC ("Colgate") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my credentials as an expert in petroleum geology matters were accepted and made a matter of record am familiar with the geological matters that pertain to the above-referenced case.
- 2. **Exhibit B-1** is a regional locator map that identifies the Dingo project area, in proximity to the Capitan Reef within the Delaware Basin, for the Wolfcamp horizontal spacing units that are the subject of these applications.
- 3. **Exhibit B-2** is a cross section location map for the proposed horizontal spacing unit ("Unit") within the Wolfcamp formation. The approximate wellbore path for the proposed Dingo 17 Federal Com 202H well ("Well") is represented by dashed lines. Existing producing wells in the targeted interval are represented by solid lines. This map identifies the cross-section running from A-A' with the cross-section well names and a black line in proximity to the proposed well.
- 4. **Exhibit B-3** is a Wolfcamp Structure map on the top of the Wolfcamp formation in TVD subsea with a contour interval of 50 ft. The map identifies the approximate wellbore path for the Dingo 17 Federal Com 202H proposed Well with a purple dashed line. It also identifies the

location of the cross-section running from A-A' in proximity to the proposed well. The data points are indicated by red triangles. The map demonstrates the formation is gently dipping to the east-southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

- 5. **Exhibit B-4** identifies three wells penetrating the targeted interval I used to construct a structural cross-section from A to A'. The structural cross section from west to east shows the regional dip to the East-Southeast for the Wolfcamp Well. I used these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area. The target zone for the proposed Well is the Wolfcamp formation, which is consistent across the units. The approximate well-path for the proposed Well is indicated by dashed lines to be drilled from west to east across the units.
- 6. **Exhibit B-5** is a stratigraphic cross-section from A to A' using the representative wells identified on **Exhibit B-4**. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from west to east and is hung on the top of the Wolfcamp formation. The proposed landing zone for the Well is labeled on the exhibit. The approximate well-path for the proposed well is indicated by dashed lines to be drilled from west to east across the units. This cross-section demonstrates the target interval is continuous across the Unit.
- 7. **Exhibit B-6** is a gun barrel diagram that shows the Dingo 17 Federal Com 202H well in the Wolfcamp formation.
- 8. In my opinion, a laydown orientation for the Well is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and is the preferred fracture orientation in this portion of the trend.

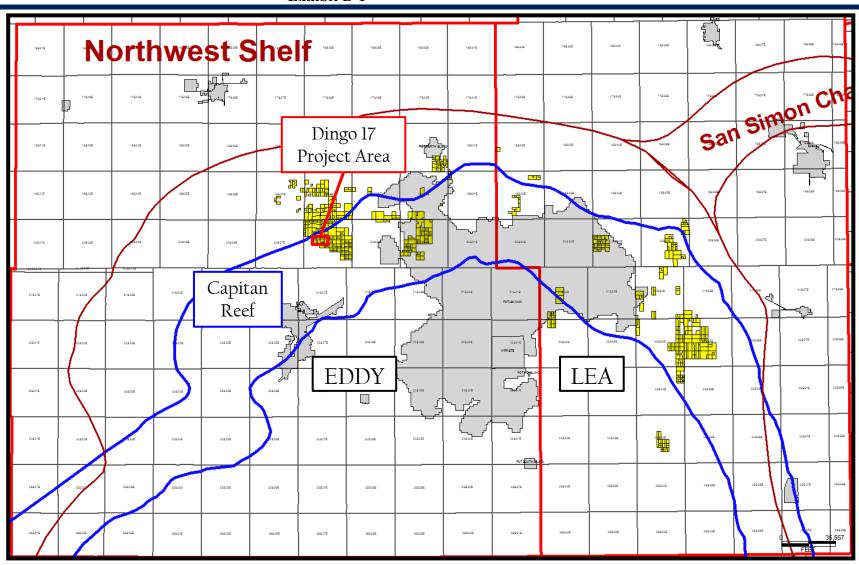
- 9. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Well.
- 10. In my opinion, the granting of Colgate's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.
- 11. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.
- 12. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

David DaGian

 $\frac{10/26/22}{\text{Date}}$



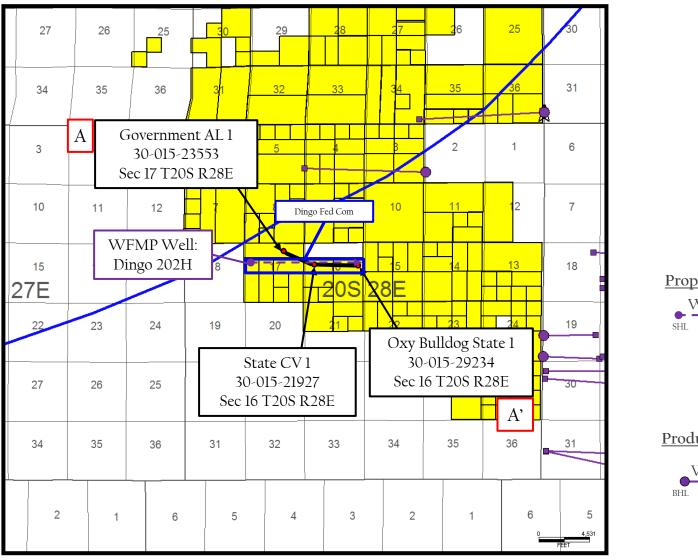




Colgate Energy

Exhibit B-2





Proposed Wells

WFMP

SHL

BHL

Producing Wells



Colgate Energy

Exhibit B-3



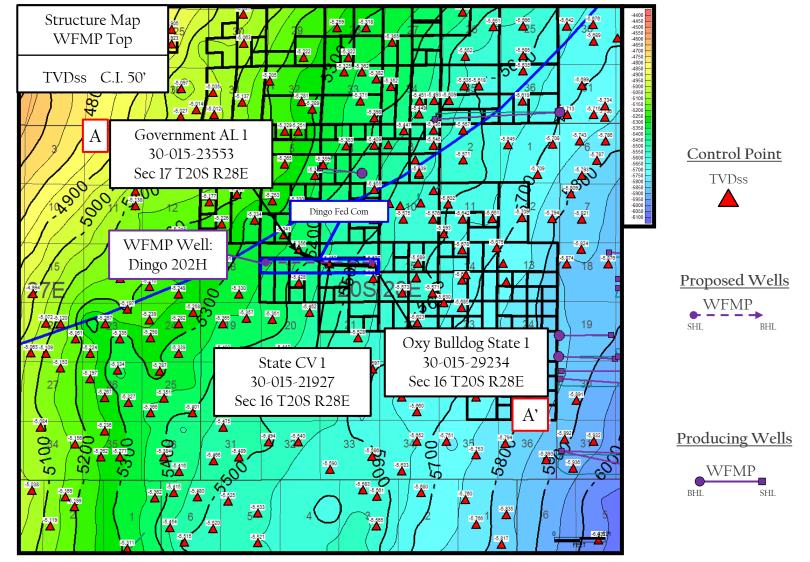
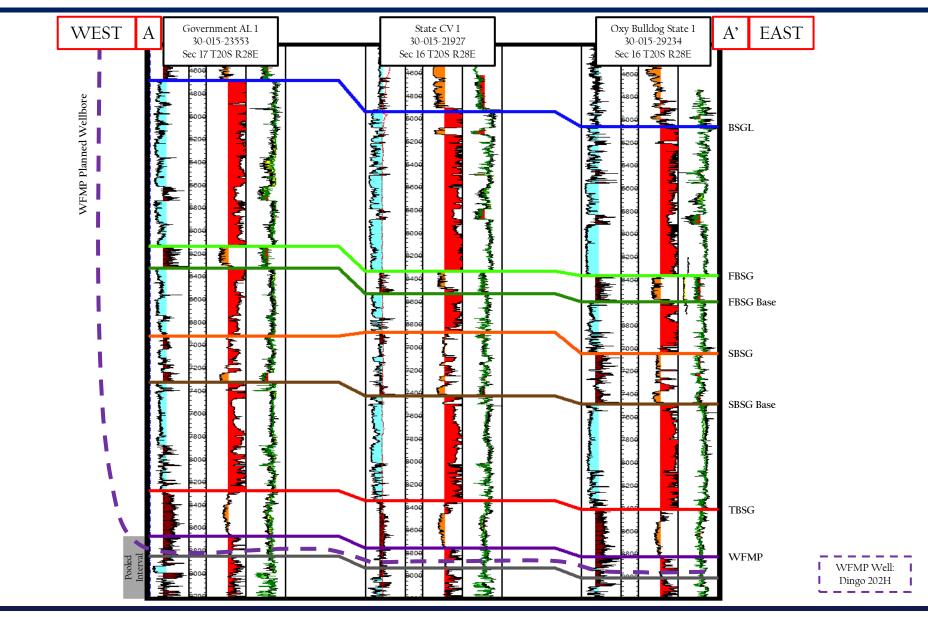


Exhibit B-4



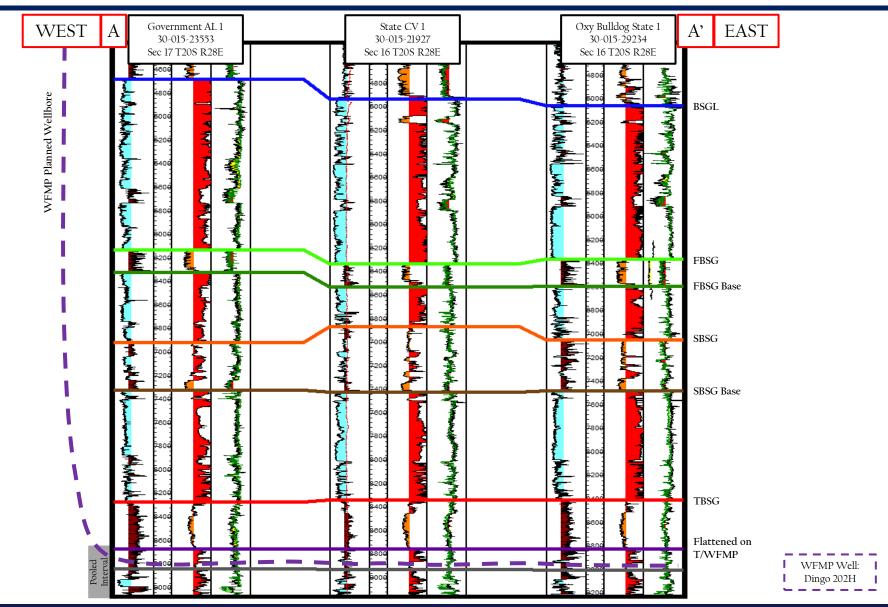


Strateler aphile Cross Section A-A' Dingo 17 Fed Com 202H

Colgate Operating, LLC Case No. 23113 Exhibit B-5

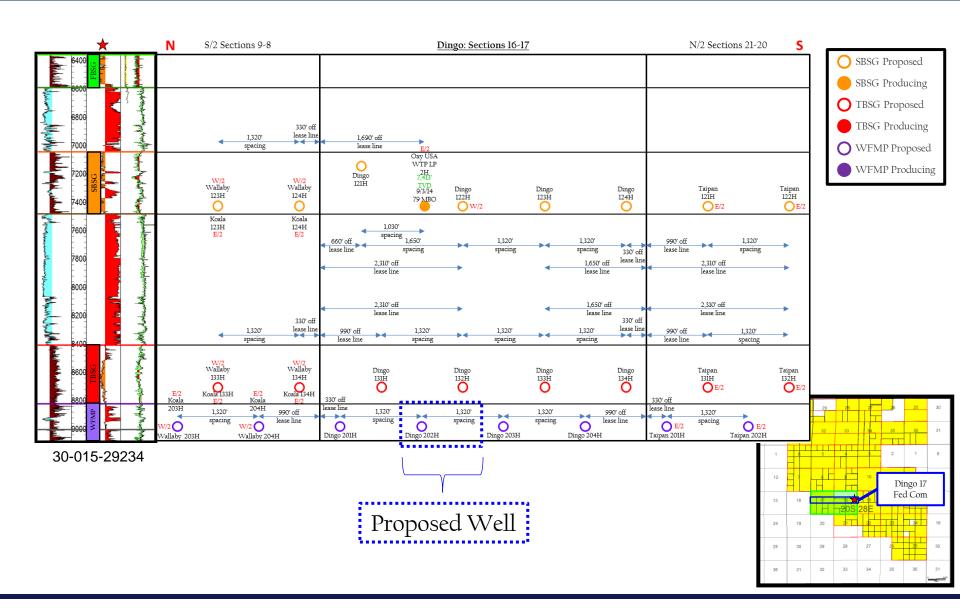
Exhibit B-5











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. 23113

SELF-AFFIRMED STATEMENT OF DANA S. HARDY

- I am attorney in fact and authorized representative of Colgate Operating, LLC, the Applicant herein.
- 2. I am familiar with the Notice Letter attached as **Exhibit C-1** and caused the Notice Letter to be sent to the parties set out in the chart attached as **Exhibit C-2**.
- 3. The above-referenced Application was provided, along with the Notice Letters, to the recipients listed in Exhibit C-2. Exhibit C-2 also provides the date each Notice Letter was sent and the date each return was received.
- 4. Copies of the certified mail green cards and white slips are attached as **Exhibit C-3** as supporting documentation for proof of mailing and the information provided on Exhibit C-2.
- 5. On October 16, 2022, I caused a notice to be published to all interested parties in the Carlsbad Current Argus. An Affidavit of Publication from the Legal Clerk of the Carlsbad Current Argus, along with a copy of the notice publication, is attached as **Exhibit C-4**.
- 6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

__/s/ *Dana S. Hardy* Dana S. Hardy 

HINKLE SHANOR LLP

ATTORNEYS AT LAW
PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

October 7, 2022

<u>VIA CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case Nos. 23107 - 23114 - Applications of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **November 3, 2022** beginning at 8:15 a.m.

Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: https://www.emnrd.nm.gov/ocd/hearing-info/. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (https://www.apps.emnrd.state.nm.us/ocd/ocdpermitting/) or via e-mail to ocd.hearings@state.nm.us and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please contact Travis Macha at (432) 400-1037 if you have questions about this matter.

Sincerely,
/s/ Dana S. Hardy
Dana S. Hardy

Enclosure

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 NOs. 23107-23114

NOTICE LETTER CHART

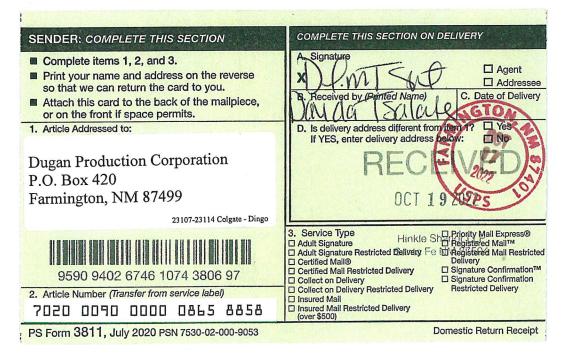
PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Devon Energy Production Company,	10/07/22	10/17/22
LP		
333 West Sheridan Ave.		
Oklahoma City, OK 73102		
Diamond Head Properties, LP	10/07/22	10/13/22
Attn: Rosalind Grover		
303 West Wall St, Suite 1900		
Midland, TX 79702		
Dugan Production Corporation	10/07/22	10/19/22
P.O. Box 420		
Farmington, NM 87499		

Received by OCD: 11/1/2022 4:56:37 PM

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X Agent Addressee B. Received by (Printed Name) C. Date of Delivery
1. Article Addressed to:	D. Is delivery address different from Item 12. Yes
Devon Energy Production Company, LP 333 West Sheridan Ave. Oklahoma City, OK 73102	If YES, enter delivery address below: The No. RECE VED No. 0CT 17 2022
23107-23114 Colgate - Dingo	Change III
9590 9402 6746 1074 3807 03	3. Service Type Hinkle Shano Priority Mail Express® □ Adult Signature Santa Fe NM □ Registered Mail™ □ Adult Signature Restricted Delivery □ Registered Mail Restricted □ Certified Mail Restricted Delivery □ Signature Confirmation™ □ Collect on Delivery □ Signature Confirmation
2. Article Number (Transfer from service label) 7020 0090 0000 0865 8841	☐ Collect on Delivery Restricted Delivery ☐ Insured Mail Restricted Delivery ☐ (over \$500)
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt

And the second s	
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X. Agent Addressee B. Received by (Printed Name) C. Date of Delivery C. Date of Delivery C. Date of Delivery D. Is delivery address different from item 1? If YES, enter delivery address below: RECEIVED OCT 13 2022
1. Article Addressed to: Diamond Head Properties, LP Attn: Rosalind Grover 303 West Wall St, Suite 1900 Midland, TX 79702	
9590 9402 6746 1074 2499 63 2. Article Number (<i>Transfer from service label</i>) 7020 0090 0000 0865 8834	3. Service Type inkle Shanor LLP ☐ Priority Mail Express® Registered Mail™ Registered Mail™ Registered Mail Restricted Delivery ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery ☐ Collect on Delivery Restricted Delivery ☐ Insured Mail Restricted Delivery (over \$500)
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt





Carlsbad Current Argus.

Affidavit of Publication Ad # 0005449149 This is not an invoice

HINKLE SHANOR LLP 218 MONTEZUMA

SANTA FE, NM 87501

I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

10/16/2022

Legal Clerk

Subscribed and sworn before me this October 16, 2022:

- 11.16

State of WI, County of Brown

NOTARY PUBLIC

My commission expires

VICKY FELTY Notary Public State of Wisconsin

Ad # 0005449149 PO #: 5449149 # of Affidavits1

This is not an invoice