

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

**APPLICATION OF COLGATE OPERATING,
LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-22283
LEA COUNTY, NEW MEXICO**

**CASE NO. 23155
ORDER NO. R-22283**

EXHIBIT INDEX

| | |
|-----------|---|
| Exhibit A | Self-Affirmed Statement of Travis Macha |
| A-1 | Application & Proposed Notice of Hearing |
| A-2 | Order No. 22283 |
| A-3 | Plat of Tracts, Ownership Interests, Uncommitted Interests to be Pooled |
| A-4 | Sample Communitization Agreement |
| A-5 | Chronology of Contact |
| Exhibit B | Self-Affirmed Statement of Dana S. Hardy |
| B-1 | Sample Notice Letter to All Interested Parties |
| B-2 | Chart of Notice to All Interested Parties and Certified Mail Receipts |
| B-3 | Affidavit of Publication for October 18, 2022 |

**STATE OF NEW MEXICO
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**SELF-AFFIRMED STATEMENT
OF TRAVIS MACHA**

1. I am a Senior Landman with Colgate Operating, LLC (“Colgate”). I am over 18 years of age, 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 this case. Copies of the 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. On September 26, 2022, the Division issued Order No. R-22283 (“Order”) in Case No. 22794, which pooled uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the W/2 E/2 of Section 18 and 19, Township 20 South, Range 34 East, Lea County, New Mexico (“Unit”). The Order further dedicated the Unit to the following wells (“Wells”): Batman Fed Com 113H; Batman Fed Com 125H; Batman Fed Com 126H; Batman Fed Com 173H; and Batman Fed Com 133H. The Order designated Colgate as operator of the Unit and Wells.

**Colgate Operating, LLC
Case No. 23155
Exhibit A**

5. A copy of the Order is attached as **Exhibit A-2**.

6. Since the Order was entered, Colgate has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order. In this case, Colgate is only seeking to pool record title owners.

7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract, and identifies the additional uncommitted interests to be pooled under the terms of the Order, which are highlighted in yellow. The additional interest owners to be pooled are locatable in that Colgate believes it has valid addresses for them. To locate contact information for these parties, I searched public county records and databases and conducted internet searches using various search engines.

8. **Exhibit A-4** is a sample communitization agreement letter that I sent to the additional parties to be pooled under the terms of the Order.

9. In my opinion, Colgate made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.

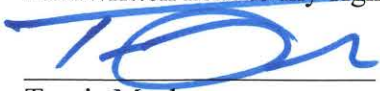
10. Colgate requests the additional uncommitted interests to be pooled under the terms of the Order.


11. In my opinion, the granting of Colgate's application would serve the interests of conservation and prevention of waste.

12. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

13. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and it 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.


Travis Macha


Date

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

**APPLICATION OF COLGATE OPERATING,
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LEA COUNTY, NEW MEXICO.**

**CASE NO. 23155
ORDER NO. R-22283**

APPLICATION

Pursuant to NMSA § 70-2-17, Colgate Operating, LLC (“Applicant”) (OGRID No. 371449) files this application with the Oil Conservation Division (“Division”) for the limited purpose of pooling additional uncommitted interests under the terms of Division Order No. R-22283. Applicant states the following in support of its application.

1. On September 26, 2022, the Division entered Order No. R-22283 (“Order”) in Case No. 22794, which pooled all uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the W/2 E/2 of Sections 18 and 19, Township 20 South, Range 34 East, Lea County, New Mexico (“Unit”). The Order further dedicated the Unit to the following wells (“Wells”): Batman Fed Com 113H; Batman Fed Com 125H; Batman Fed Com 126H; Batman Fed Com 173H; and Batman Fed Com 133H. The Order designated Applicant as operator of the Unit and the Wells.

2. Since the Order was entered, Applicant has identified additional interests in the Unit that have not been pooled under the terms of the Order.

3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners but has been unable to obtain voluntary agreements from the owners.

**Colgate Operating, LLC
Case No. 23155
Exhibit A-1**

4. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interests should be pooled into the Unit pursuant to the terms of the Order.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on November 3, 2022, and, after notice and hearing, the Division pool the additional uncommitted interests into the Unit pursuant to the terms of Division Order No. R-22283.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

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jmclean@hinklelawfirm.com

ypena@hinklelawfirm.com

Counsel for Colgate Operating, LLC

Application of Colgate Operating, LLC To Pool Additional Interests Under Order No. R-22283, Lea County, New Mexico. Applicant seeks an order pooling additional uncommitted interests under the terms of Division Order No. R-22283. Order No R-22283 (“Order”) pooled all uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the W/2 E/2 of Sections 18 and 19, Township 20 South, Range 34 East, Lea County, New Mexico (“Unit”). The Order further dedicated the Unit to the following wells (“Wells”): Batman Fed Com 113H; Batman Fed Com 125H; Batman Fed Com 126H; Batman Fed Com 173H; and Batman Fed Com 133H. The Order designated Applicant as operator of the Unit and Wells. Since entry of the Order, Applicant has identified additional interests in the Unit that should be pooled under the terms of the Order. The Wells are located approximately 27.62 miles southwest of Hobbs, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
COLGATE OPERATING, LLC**

**CASE NO. 22794
ORDER NO. R-22283**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on June 2, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Colgate Operating, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

**Colgate Operating, LLC
Case No. 23155
Exhibit A-2**

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
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.
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

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ORDER NO. R-22283

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- 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. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 9/26/2022

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Exhibit A

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| COMPULSORY POOLING APPLICATION CHECKLIST | |
|--|--|
| ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS | |
| Case No.: | 22794 |
| Hearing Date: | 6/2/2022 |
| Applicant | Colgate Operating, LLC |
| Designated Operator & OGRID | 371449 |
| Applicant's Counsel | Hinkle Shanor LLP |
| Case Title | Application of Colgate Operating, LLC for Compulsory Pooling, Lea County, New Mexico |
| Entries of Appearance/Intervenors | XTO Energy, Inc., Fasken Oil & Ranch Ltd. |
| Well Family | Batman Fed Com |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent | Bone Spring Formation |
| Primary Product (Oil or Gas) | Oil |
| Pooling this vertical extent | Bone Spring Formation |
| Pool Name and Pool Code | Lea; Bone Spring, South Pool (Code 37580) |
| Well Location Setback Rules | Standard |
| Spacing Unit Size | 320 |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 320 |
| Building Blocks | quarter-quarter |
| Orientation | North/South |
| Description: TRS/County | W/2 E/2 of Sections 18 and 19, Township 20 South, Range 34 East, Lea County, New Mexico |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe | Yes |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | No |
| Proximity Tracts: If yes, description | No |
| Proximity Defining Well: if yes, description | N/A |
| Well(s) | |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | Add wells as needed |
| Well #1 | Batman Fed Com 113H (API # pending) SHL: 656' FNL & 1,405' FEL, Unit B, Section 18, T20S-R34E BHL: 10' FSL & 2,310' FEL, Unit O, Section 19, T20S-R34E Completion Target: 1st Bone Spring (Approx. 9,454' TVD) Well Orientation: North to South |
| Well #2 | Batman Fed Com 125H (API # pending) SHL: 656' FNL & 1,375' FEL, Unit B, Section 18, T20S-R34E BHL: 10' FNL & 2,310' FWL, Unit O, Section 19, T20S-R34E Completion Target: 2nd Bone Spring (Approx. 10,349' TVD) Well Orientation: North to South |
| Well #3 | Batman Fed Com 126H (API # pending) SHL: 656' FNL & 1,345' FWL, Unit B, Section 18, T20S-R34E BHL: 10' FSL & 1650' FWL, Unit O, Section 19, T20S-R34E Completion Target: 2nd Bone Spring (Approx. 9,964' TVD) Well Orientation: North to South |
| Well #4 | Batman Fed Com 173H (API # pending) SHL: 206' FNL & 1,405' FEL, Unit B, Section 18, T20S-R34E BHL: 10' FSL & 1650' FEL, Unit O, Section 19, T20S-R34E Completion Target: Harkey (Approx. 10,644' TVD) Well Orientation: North to South |

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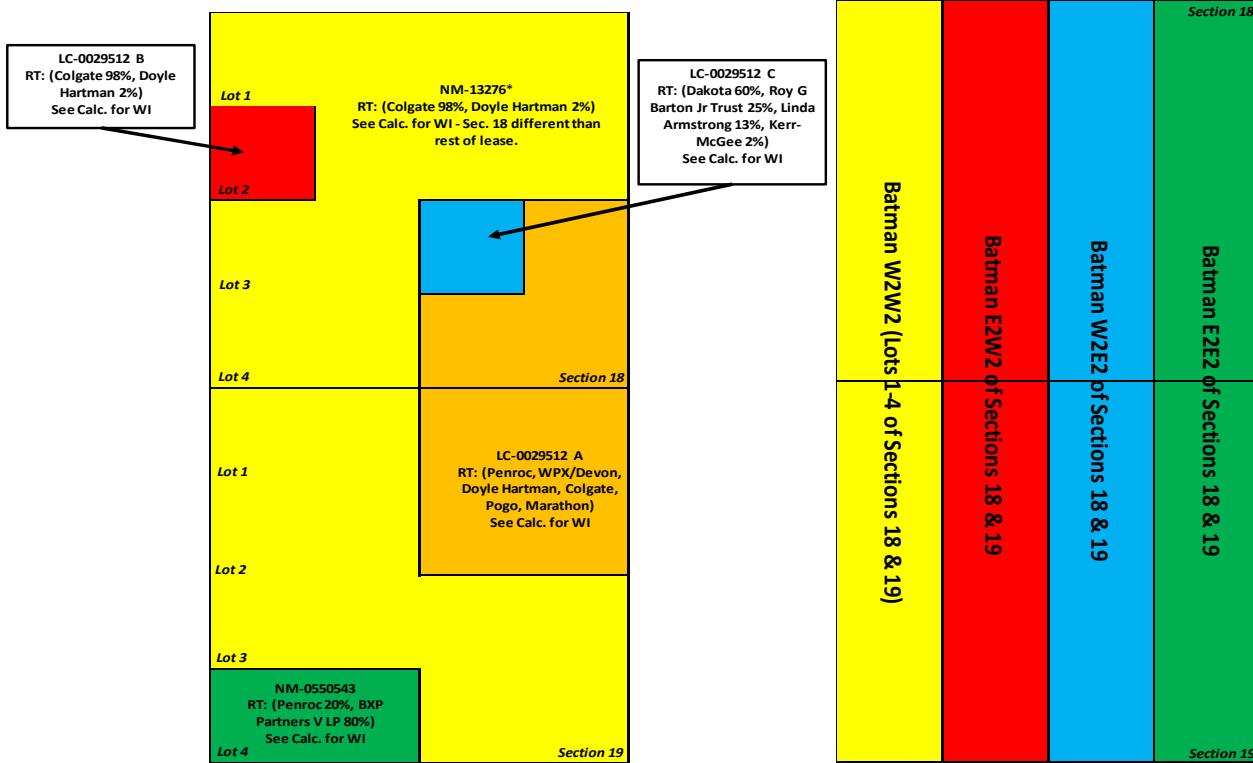
| | |
|--|--|
| Well #5 | Batman Fed Com 133H (API # pending) SHL: 206' FNL & 1,375' FEL, Unit B, Section 18, T20S-R34E BHL: 10' FSL & 2,310' FEL, Unit O, Section 19, T20S-R34E Completion Target: 3rd Bone Spring (Approx. 10,944' TVD) Well Orientation: North to South |
| Horizontal Well First and Last 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-2 |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit C-3 |
| 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 |
| Unlocatable Parties to be Pooled | Exhibit A-3 |
| Ownership Depth Severance (including percentage above & below) | 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-3 |
| Gross Isopach | N/A |
| Well Orientation (with rationale) | Exhibit B |
| Target Formation | Exhibit B |
| HSU Cross Section | Exhibits B-8, B-9 |
| 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-3 |
| Well Bore Location Map | Exhibit B-3 |
| Structure Contour Map - Subsea Depth | Exhibit B-4, B-5, B-6, B-7 |
| Cross Section Location Map (including wells) | Exhibit B-3 |
| Cross Section (Including Landing Zone) | Exhibits B-8, B-9 |
| Additional Information | |
| Special Provisions - See Exhibit A, Paragraph 14 | |
| 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: | 5/31/2022 |

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Land Exhibit: W2E2 - Batman Federal Com (BONE SPRING)
Section 18 & 19: W2E2, T20S-R34E, Lea Co., NM - Containing 320.00 Acres



Owners pooled via 11/3/2022 Hearing

| Owner | Pooling? | Documents Sent | | | Notes |
|---------------------------|----------|----------------|----------|---|-------|
| | | Proposal | Com Agmt | Notes | |
| Doyle Hartman | Y | N | Y | Record Title Only - Yet to Sign Com Agreement | |
| Lerwick Ltp | Y | N | Y | Record Title Only - Yet to Sign Com Agreement | |
| Khody Land & Minerals Co. | Y | N | Y | Record Title Only - Yet to Sign Com Agreement | |

Owners Covered via 6/2/2022 Hearing

| Owner | Pooling? | Documents Sent | | | Certified Mail Number | Notes |
|--------------------------|----------|----------------|-----|--------------------------|---|-------|
| | | Proposal | JOA | Notes | | |
| Colgate Production, LLC | N/A | Y | Y | N/A | | |
| XTO Holdings, LLC | Y | Y | Y | 7021 2720 0001 4876 7554 | | |
| Marathon Oil Permian | Y | Y | Y | 7021 2720 0001 4876 7653 | | |
| Devon Energy Prod. Co. | Y | Y | Y | 7021 2720 0001 4876 7691 | | |
| Fasken Land & Minerals | N | Y | Y | 7021 2720 0001 4876 7639 | All documents executed | |
| Mizel Resources, A Trust | Y | Y | Y | 7021 2720 0001 4876 7561 | Indicated participation - may remove from application | |
| Yosemite Creek O&G | Y | Y | Y | 7021 2720 0001 4876 7608 | Indicated participation - may remove from application | |
| Tierra Media Resources | Y | Y | Y | 7021 2720 0001 4876 7776 | In process of signing JOA - may remove from application | |
| Pogo Resources | Y | Y | Y | 7021 2720 0001 4876 7684 | Title Issue | |
| Southwest Royalties | Y | Y | Y | 7021 2720 0001 4876 7806 | Signed AFEs, Not JOA or Coms | |
| Larry Nermyr | Y | Y | Y | 7021 2720 0001 4876 7646 | | |
| Ruth Sutton | Y | Y | Y | 7021 2720 0001 4876 7578 | UNLOCATABLE | |
| Grey Wolf Land | N | Y | Y | 7021 2720 0001 4876 7677 | All documents executed | |
| Penroc Oil Corp | Y | N | N | 7021 2720 0000 2076 9928 | Record Title Only - Yet to Sign Com Agreement | |
| BXP Partners V LP | Y | N | N | 7021 2720 0000 2076 9942 | Record Title Only - Yet to Sign Com Agreement | |
| WPX Energy Permian LLC | Y | N | N | 7021 2720 0000 2076 9935 | Record Title Only - Yet to Sign Com Agreement | |
| Dakota Resources | Y | N | N | 7021 2720 0000 2076 9881 | Record Title Only - Yet to Sign Com Agreement | |
| Roy G Barton Jr Trust | Y | N | N | 7021 2720 0000 2076 9898 | Record Title Only - Yet to Sign Com Agreement | |
| Linda Armstrong | Y | N | N | 7021 2720 0000 2076 9904 | Record Title Only - Yet to Sign Com Agreement | |
| Kerr-Mcgee Oil & Gas | Y | N | N | 7021 2720 0000 2076 9911 | Record Title Only - Yet to Sign Com Agreement | |

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

Offered JOA Basis - (1280.32 Gross Acres) - Leasehold interest pursuant to County Chain of Title

| Tract | Gross Acres | Colgate | Fasken | XTO | Marathon | Mizel | Yosemite | Grey Wolf | Tierra Media | Pogo | Southwest | Nermyr | Sutton | Devon |
|--|----------------|---------|---------|---------|----------|--------|----------|-----------|--------------|--------|-----------|--------|--------|---------|
| Sec 18: SWNW, S2NE | 120 | 19.086% | 24.500% | 49.000% | 0.760% | 3.063% | 3.063% | 0.016% | 0.000% | 0.245% | 0.245% | 0.016% | 0.008% | 0.000% |
| Sec 18: Lot 1, N2NE, NENW | 160 | 19.086% | 24.500% | 49.000% | 0.760% | 3.063% | 3.063% | 0.016% | 0.000% | 0.245% | 0.245% | 0.016% | 0.008% | 0.000% |
| Sec 18: SESW, NESE | 80 | 0.711% | 0.000% | 88.000% | 10.760% | 0.000% | 0.000% | 0.016% | 0.490% | 0.000% | 0.000% | 0.016% | 0.008% | 0.000% |
| Sec 18: Lots 3-4, E2SW | 160.03 | 0.961% | 0.000% | 98.000% | 0.510% | 0.000% | 0.000% | 0.016% | 0.490% | 0.000% | 0.000% | 0.016% | 0.008% | 0.000% |
| Sec 18: NWSE | 40 | 0.711% | 0.000% | 98.000% | 0.760% | 0.000% | 0.000% | 0.016% | 0.000% | 0.245% | 0.245% | 0.016% | 0.008% | 0.000% |
| Sec 18: Lot 2 | 40.01 | 19.086% | 24.500% | 49.000% | 0.760% | 3.063% | 3.063% | 0.016% | 0.000% | 0.245% | 0.245% | 0.016% | 0.008% | 0.000% |
| Sec 18: SESE | 40 | 3.200% | 0.000% | 76.670% | 18.368% | 0.000% | 0.000% | 0.052% | 1.632% | 0.000% | 0.000% | 0.052% | 0.026% | 0.000% |
| Sec 19: Lots 1-3, E2NW, N2SE, SESE, NESW | 360.17 | 98.711% | 0.000% | 0.000% | 0.760% | 0.000% | 0.000% | 0.016% | 0.490% | 0.000% | 0.000% | 0.008% | 0.008% | 0.000% |
| Sec 19: SESW | 40 | 0.711% | 0.000% | 58.800% | 0.760% | 0.000% | 0.000% | 0.016% | 0.490% | 0.000% | 0.000% | 0.008% | 0.008% | 39.200% |
| Sec 19: NE | 160 | 90.000% | 0.000% | 10.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Sec 19: Lot 4, SESW | 80.11 | 0.000% | 0.000% | 0.000% | 100.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| TOTAL | 1280.32 | | | | | | | | | | | | | |

Tract Contractual Interest Pursuant to previous Farmout and Joint Operating Agreements

| Tract | Gross Acres | Colgate | Fasken | XTO | Marathon | Mizel | Yosemite | Grey Wolf | Tierra Media | Pogo | Southwest | Nermyr | Sutton | Devon |
|--|----------------|---------|---------|---------|----------|--------|----------|-----------|--------------|--------|-----------|--------|--------|---------|
| Sec 18: All | 640.04 | 19.086% | 24.500% | 46.083% | 3.677% | 3.063% | 3.063% | 0.016% | 0.016% | 0.245% | 0.245% | 0.016% | 0.008% | 0.000% |
| Sec 19: Lots 1-3, E2NW, N2SE, SESE, NESW | 360.17 | 98.711% | 0.000% | 0.000% | 0.760% | 0.000% | 0.000% | 0.016% | 0.490% | 0.000% | 0.000% | 0.008% | 0.008% | 0.000% |
| Sec 19: SWSE | 40 | 0.711% | 0.000% | 58.800% | 0.760% | 0.000% | 0.000% | 0.016% | 0.490% | 0.000% | 0.000% | 0.008% | 0.008% | 39.200% |
| Sec 19: NE | 160 | 90.000% | 0.000% | 10.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Sec 19: Lot 4, SESW | 80.11 | 0.000% | 0.000% | 0.000% | 100.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| TOTAL | 1280.32 | | | | | | | | | | | | | |

Batman W2E2 Unit Capitulatation Summary (Taking into account all prior Agreements)

| Tract | Gross Acres | Colgate | Fasken | XTO | Marathon | Mizel | Yosemite | Grey Wolf | Tierra Media | Pogo | Southwest | Nermyr | Sutton | Devon |
|----------------------------------|-------------|---------|---------|---------|----------|--------|----------|-----------|--------------|--------|-----------|--------|--------|--------|
| Batman 1280.32 Acre JOA Offering | 1280.32 | 48.579% | 12.248% | 26.124% | 8.333% | 1.531% | 1.531% | 0.013% | 0.161% | 0.122% | 0.122% | 0.010% | 0.006% | 1.225% |
| Batman W2E2 AS-POOLED Unit | 320 | 44.471% | 12.250% | 32.892% | 2.029% | 1.531% | 1.531% | 0.012% | 0.130% | 0.123% | 0.123% | 0.010% | 0.006% | 4.900% |

Colgate Operating, LLC
Case No. 23155
Exhibit A-3

Colgate Operating, LLC
Case No. 23155
Exhibit A-4

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 1st day of April, 2022, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 20 South, Range 34 East:
Section 18: W/2E/2
Lea County, New Mexico

Township 20 South, Range 34 East:
Section 19: W/2E/2
Lea County, New Mexico

Containing **320.00** acres, and this agreement shall include only the Bone Spring formation underlying said lands and the associated gaseous hydrocarbons hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and

ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be Colgate Operating, LLC, whose address is 300 N. Marienfeld Street, Suite 1000, Midland, Texas 79701. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator maybe designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of $1/8^{\text{th}}$ or $12 \frac{1}{2}$ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining $7/8^{\text{th}}$ should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue

from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized

- area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
 10. The date of this agreement is April 1, 2022, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
 12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

Penroc Oil Corporation
(Lessee of Record)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ___ day of _____, 20___, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT

(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ___ day of _____, 20___, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

WPX Energy Permian, LLC
(Lessee of Record)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ___ day of _____, 20___, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT

(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ___ day of _____, 20___, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

Devon Energy Production Co. LP
(Lessee of Record)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT
(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ___ day of _____, 20___, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT
(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ___ day of _____, 20_____, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

Khody Land & Minerals CO.
(Lessee of Record)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT
(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ___ day of _____, 20___, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT
(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ___ day of _____, 20_____, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

Lerwick LTP
(Lessee of Record)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT
(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ___ day of _____, 20___, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT
(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ___ day of _____, 20_____, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

Marathon Oil Permian, LLC
(Lessee of Record/Working Interest Owner)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20__, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT

(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 20__, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

XTO Holdings, LLC
(Working Interest Owner)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20__, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT

(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 20____, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

Estate of James Davidson
(Working Interest Owner)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20____, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT

(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 20____, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

Tierra Media Resources, Inc.
(Working Interest Owner)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20__, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT

(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 20____, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

Jack Fletcher
(Working Interest Owner)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20__, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT

(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 20____, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

Fasken Land & Minerals, Ltd.
(Working Interest Owner)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20__, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT

(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 20____, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

Ruth Sutton
(Working Interest Owner)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20__, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT

(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 20____, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

Grey Wolf Land Services, LLC
(Working Interest Owner)

Date: _____

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

(Representative Capacity)

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20__, before me, a Notary Public for the State of _____, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

My commission expires

ACKNOWLEDGEMENT

(Individual capacity)

STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 20____, before me, a Notary Public for the State of _____, personally appeared _____.

(SEAL)

Notary Public

My commission expires

EXHIBIT "A"

Plat of communitized area covering **320.00** acres in the W/2E/2 of Section 18, T20S-R34E and the W/2E/2 of Section 19, T20S-R34E, Lea County, New Mexico, as written in Section 1 above.

Well Name/No.

Batman Federal Com #133H

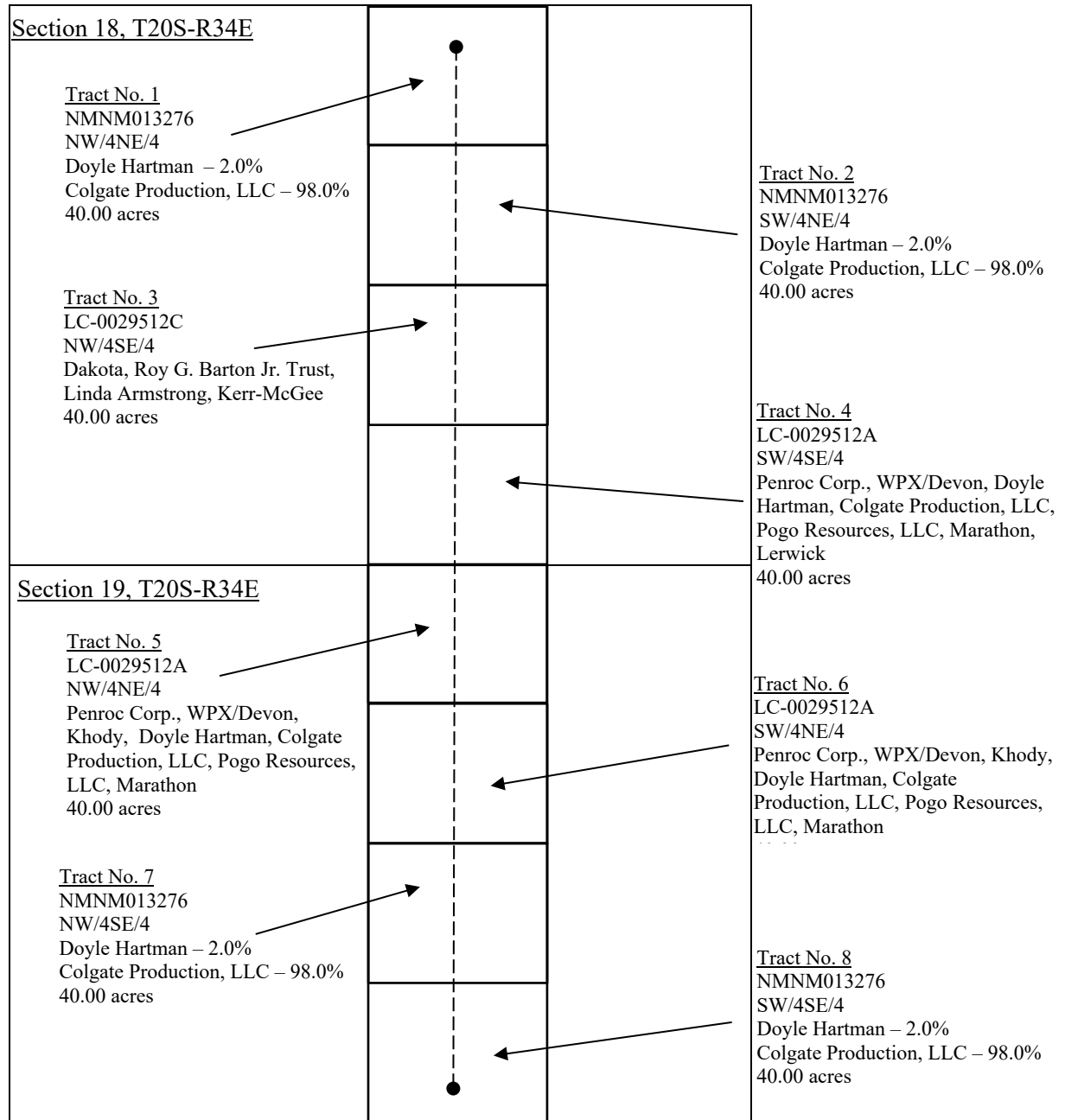


EXHIBIT “B”

To Communitization Agreement Dated April 1, 2022 embracing the following described land in the W/2E/2 of Section 18, T20S-R34E and the W/2E/2 of Section 19, T20S-R34E, Lea County, New Mexico, as written in Section 1 above.

Operator of Communitized Area:

COLGATE OPERATING, LLC

DESCRIPTION OF LEASES COMMITTED

TRACT NO. 1

| | |
|---|--|
| Lease Serial Number: | NMNM013276 |
| Lease Date: | November 1, 1959 |
| Lease Term: | 5 years |
| Lessor: | United States of America |
| Original Lessee: | Cities Service Oil Company and Olsen Oils, Inc. |
| Current Lessee of Record: | Doyle Hartman – 2.0% & Colgate Production, LLC – 98.0% |
| Description of Land Committed: | NW/4NE/4 Section 18, T20S-R34E |
| Number of Acres: | 40.00 acres |
| Royalty Rate: | 12.50% |
| Name and Percent ORRI Owners: | N/A |
| Name of Working Interest Owners: | XTO Holdings, LLC – 0.49000000, Colgate Production, LLC – 0.19085940, Estate of James Davidson – 0.00250000, Southwest Royalties, Inc. – 0.00490000, Marathon Oil Permian – 0.00510000, Larry Nermyr – 0.00015630, Jack Fletcher – 0.00007810, Mizel Resources, A Trust – 0.03062500, Fasken Land & Minerals, Ltd. – 0.24500000, Ruth Sutton – 0.00007810, Grey Wolf Land Services, LLC – 0.00007810, Yosemite Creek Oil & Gas, LLC – 0.03062500 |

TRACT NO. 2

Lease Serial Number: NMNM013276
Lease Date: November 1, 1959
Lease Term: 5 years
Lessor: United States of America
Original Lessee: Cities Service Oil Company and Olsen Oils, Inc.
Current Lessee of Record: Doyle Hartman – 2.0% & Colgate Production, LLC – 98.0%
Description of Land Committed: SW/4NE/4 Section 18, T20S-R34E
Number of Acres: 40.00 acres
Royalty Rate: 12.50%
Name and Percent ORRI Owners: N/A
Name of Working Interest Owners: XTO Holdings, LLC – 0.49000000, Colgate Production, LLC – 0.19085940, Estate of James Davidson – 0.00250000, Southwest Royalties, Inc. – 0.00490000, Marathon Oil Permian – 0.00510000, Larry Nermyr – 0.00015630, Jack Fletcher – 0.00007810, Mizel Resources, A Trust – 0.03062500, Fasken Land & Minerals, Ltd. – 0.24500000, Ruth Sutton – 0.00007810, Grey Wolf Land Services, LLC – 0.00007810, Yosemite Creek Oil & Gas, LLC – 0.03062500

TRACT NO. 3

Lease Serial Number: NMLC-0029512C
Lease Date: February 1, 1951
Lease Term: 5 years
Lessor: United States of America
Original Lessee: Cities Service Oil Company, E. A. Culbertson and R. Olsen Oil Company
Current Lessee of Record: Dakota Resources, Inc. – 60.0%, Roy G. Barton Jr. Trust – 25.0%, Kerr-McGee Oil & Gas Onshore LP – 2.0%, Linda Armstrong – 13.0%
Description of Land Committed: NW/4SE/4 Section 18, T20S-R34E
Number of Acres: 40.00 acres
Royalty Rate: 12.50%
Name and Percent ORRI Owners: Peggy Barrett – 0.0022377, John W. Bockman – 0.0100000, Braille Institute of America, Inc. – 0.0057869, Lois Clarke – 0.0012500, Crump Family Trust – 0.0016667, Culbertson Management Trust, by Shirley C. Wallace, Trustee – 0.0030000, Dakota Resources, Inc. – 0.0150000,

Frances Georgeanna Lesniak 2001 Trust – 0.0000694, Gladys Holbrook – 0.0012500, J.L. Crump Testamentary Trust, by Jessie Blevins Crump, et al, as Trustees – 0.0050000, Jessica Ann Furlong 2001 Trust – 0.0000694, Jessie Blevins Crump Family Trust f/b/o David C. Blevins, IV – 0.0008333, Jessie Blevins Crump Family Trust f/b/o Sue Blevins – 0.0008333, Jones Louis Blevins Family Trust – 0.0004167, Kimberley Sue Furlong 2001 Trust – 0.0000694, Marshall & Winston, Inc. – 0.0125000, Colgate Production, LLC – 0.0176000, Richard B. Lynn 2001 Trust – 0.0000694, Richard B. Lynn 2009 Trust – 0.0004167, Sabine Royalty Trust, by Simmons Bank – 0.0050000, Sandra McFadden Furlong 2001 Trust – 0.0000694, Selma E. Andrews Perpetual Charitable Trust – 0.0044754, E.R. Stanley – 0.0012500, R.O. Walker – 0.0006250, D.M. Wallace – 0.0006250, Wheat Company – 0.0050000, William M. Lynn 2001 Trust – 0.0000694, William M. Lynn 2009 Trust – 0.0004167

Name of Working Interest Owners:

Colgate Production, LLC – 0.00710940, XTO Holdings, LLC – 0.88000000, Estate of James Davidson – 0.00250000, Southwest Royalties, Inc. – 0.00490000, Marathon Oil Permian – 0.00510000, Larry Nermyr – 0.00015630, Jack Fletcher – 0.00007810, Ruth Sutton – 0.00007810, Yosemite Creek Oil & Gas, LLC – 0.00007810, Marathon Oil Permian, LLC – 0.10051000

TRACT NO. 4

Lease Serial Number: NMLC-0029512A
Lease Date: February 1, 1951
Lease Term: 5 years
Lessor: United States of America
Original Lessee: Cities Service Oil Company and Olsen Oils, Inc.
Current Lessee of Record: Penroc Corp., WPX Energy Permian, LLC, Devon Energy Production Co LP, Doyle Hartman, Colgate Production, LLC, Pogo Resources, LLC, Marathon Oil Permian, LLC, Lerwick LTP
Description of Land Committed: SW/4SE/4 Section 18, T20S-R34E
Number of Acres: 40.00 acres
Royalty Rate: 12.50%

Name and Percent ORRI Owners:

Peggy Barrett – 0.0022377, John W. Bockman – 0.0100000, Braille Institute of America, Inc. – 0.0057869, Lois Clarke – 0.0012500, Crump Family Trust – 0.0016667, Culbertson Management Trust, by Shirley C. Wallace, Trustee – 0.0030000, Dakota Resources, Inc. – 0.0150000, Frances Georgeanna Lesniak 2001 Trust – 0.0000694, Gladys Holbrook – 0.0012500, J.L. Crump Testamentary Trust, by Jessie Blevins Crump, et al, as Trustees – 0.0050000, Jessica Ann Furlong 2001 Trust – 0.0000694, Jessie Blevins Crump Family Trust f/b/o David C. Blevins, IV – 0.0008333, Jessie Blevins Crump Family Trust f/b/o Sue Blevins – 0.0008333, Jones Louis Blevins Family Trust – 0.0004167, Kimberley Sue Furlong 2001 Trust – 0.0000694, Marshall & Winston, Inc. – 0.0125000, Colgate Production, LLC – 0.0176000, Richard B. Lynn 2001 Trust – 0.0000694, Richard B. Lynn 2009 Trust – 0.0004167, Sabine Royalty Trust, by Simmons Bank – 0.0050000, Sandra McFadden Furlong 2001 Trust – 0.0000694, Selma E. Andrews Perpetual Charitable Trust – 0.0044754, E.R. Stanley – 0.0012500, R.O. Walker – 0.0006250, D.M. Wallace – 0.0006250, Wheat Company – 0.0050000, William M. Lynn 2001 Trust – 0.0000694, William M. Lynn 2009 Trust – 0.0004167

Name of Working Interest Owners:

XTO Holdings, LLC – 0.88000000, Colgate Production, LLC – 0.00710940, Estate of James Davidson – 0.00250000, Southwest Royalties, Inc. – 0.00490000, Larry Nermyr – 0.00015630, Jack Fletcher – 0.00007810, Ruth Sutton – 0.00007810, Yosemite Creek Oil & Gas, LLC – 0.00020000, Marathon Permian Oil, LLC – 0.1049781

TRACT NO. 5

Lease Serial Number:

NMLC-0029512A

Lease Date:

February 1, 1951

Lease Term:

5 years

Lessor:

United States of America

Original Lessee:

Cities Service Oil Company and Olsen Oils, Inc.

Current Lessee of Record: Penroc Corp., WPX Energy Permian, LLC, Devon Energy Production Co LP, Doyle Hartman, Colgate Production, LLC, Pogo Resources, LLC, Marathon Oil Permian, LLC, Khody Land & Minerals Co.

Description of Land Committed: NW/4NE/4 Section 19, T20S-R34E

Number of Acres: 40.00 acres

Royalty Rate: 12.50%

Name and Percent ORRI Owners: Culbertson Management Trust, by Shirley C. Wallace, Trustee – 0.03000000, Marshall & Winston, Inc. – 0.01250000, John W. Bockman – 0.01000000, Nogal Ranch, Ltd. – 0.01000000, Braille Institute of America, Inc. – 0.005787626, J. L. Crump Testamentary Trust, by Jessie Blevins Crump, et al, Trustees – 0.00500000, Charles A. & Diane J. Roberts – 0.00500000, Sabine Royalty Trust by Simmons Bank – 0.00500000, Wheat Company – 0.00500000, Selma E. Andrews Perpetual Charitable Trust – 0.004475400, Peggy Barrett – 0.002237000, Crump Family Trust – 0.001666670, Lois Clarke – 0.001250000, Gladys Holbrook – 0.001250000, D.M. Wallace – 0.001250000, Jessie Blevins Crump Family Trust f/b/o David C. Blevins, IV – 0.000833330, Jessie Blevins Crump Family Trust f/b/o Sue Blevins – 0.000833330, E.R. Stanley – 0.00062500, R.O. Walker – 0.00062500, Jones Louis Blevins Family Trust – 0.000416660, Richard B. Lynn 2009 Trust – 0.000416660, William M. Lynn 2009 Trust – 0.000416660, Frances Georgeanna Lesniak 2001 Trust – 0.000069444, Jessica Ann Furlong 2001 Trust – 0.000069444, Kimberley Sue Furlong 2001 Trust – 0.000069444, Richard B. Lynn 2001 Trust – 0.000069444, Sandra McFadden Furlong 2001 Trust – 0.000069444, William M. Lynn 2001 Trust – 0.000069444

Name of Working Interest Owners: Colgate Production, LLC – 0.90000000, XTO Holdings, LLC – 0.10000000

TRACT NO. 6

Lease Serial Number: NMLC-0029512A

Lease Date: February 1, 1951

Lease Term: 5 years

Lessor: United States of America

Original Lessee: Cities Service Oil Company and Olsen Oils, Inc.

Current Lessee of Record: Penroc Corp., WPX Energy Permian, LLC, Devon Energy Production Co LP, Doyle Hartman, Colgate Production, LLC, Pogo Resources, LLC, Marathon Oil Permian, LLC, Khody Land & Minerals Co.

Description of Land Committed: SW/4NE/4 Section 19, T20S-R34E

Number of Acres: 40.00 acres

Royalty Rate: 12.50%

Name and Percent ORRI Owners: Culbertson Management Trust, by Shirley C. Wallace, Trustee – 0.03000000, Marshall & Winston, Inc. – 0.01250000, John W. Bockman – 0.01000000, Nogal Ranch, Ltd. – 0.01000000, Braille Institute of America, Inc. – 0.005787626, J. L. Crump Testamentary Trust, by Jessie Blevins Crump, et al, Trustees – 0.00500000, Charles A. & Diane J. Roberts – 0.00500000, Sabine Royalty Trust by Simmons Bank – 0.00500000, Wheat Company – 0.00500000, Selma E. Andrews Perpetual Charitable Trust – 0.004475400, Peggy Barrett – 0.002237000, Crump Family Trust – 0.001666670, Lois Clarke – 0.001250000, Gladys Holbrook – 0.001250000, D.M. Wallace – 0.001250000, Jessie Blevins Crump Family Trust f/b/o David C. Blevins, IV – 0.000833330, Jessie Blevins Crump Family Trust f/b/o Sue Blevins – 0.000833330, E.R. Stanley – 0.00062500, R.O. Walker – 0.00062500, Jones Louis Blevins Family Trust – 0.000416660, Richard B. Lynn 2009 Trust – 0.000416660, William M. Lynn 2009 Trust – 0.000416660, Frances Georgeanna Lesniak 2001 Trust – 0.000069444, Jessica Ann Furlong 2001 Trust – 0.000069444, Kimberley Sue Furlong 2001 Trust – 0.000069444, Richard B. Lynn 2001 Trust – 0.000069444, Sandra McFadden Furlong 2001 Trust – 0.000069444, William M. Lynn 2001 Trust – 0.000069444

Name of Working Interest Owners: Colgate Production, LLC – 0.90000000, XTO Holdings, LLC – 0.10000000

TRACT NO. 7

Lease Serial Number: NMNM013276

Lease Date: November 1, 1959

Lease Term: 5 years

Lessor: United States of America

Original Lessee: Cities Service Oil Company and Olsen Oils, Inc.

Current Lessee of Record: Doyle Hartman – 2.0% & Colgate Production, LLC – 98.0%

Description of Land Committed: NW/4SE/4 Section 19, T20S-R34E

Number of Acres: 40.00 acres

Royalty Rate: 12.50%

Name and Percent ORRI Owners: N/A

Name of Working Interest Owners: Colgate Production, LLC – 0.98710940, Estate of James Davidson – 0.00250000, Tierra Media Resources, Inc.– 0.00490000, Marathon Oil Permian – 0.00490000, Larry Nermyr – 0.00015630, Jack Fletcher – 0.00007810, Ruth Sutton – 0.00007810, Grey Wolf Land Services, LLC – 0.00007810, Yalch Operating, LLC – 0.00020000

TRACT NO. 8

Lease Serial Number: NMNM013276

Lease Date: November 1, 1959

Lease Term: 5 years

Lessor: United States of America

Original Lessee: Cities Service Oil Company and Olsen Oils, Inc.

Current Lessee of Record: Doyle Hartman – 2.0% & Colgate Production, LLC – 98.0%

Description of Land Committed: SW/4SE/4 Section 19, T20S-R34E

Number of Acres: 40.00 acres

Royalty Rate: 12.50%

Name and Percent ORRI Owners: N/A

Name of Working Interest Owners: Colgate Production, LLC – 0.00710940, XTO Energy, Inc. – 0.58800000, Devon Energy Production Co. LP – 0.39200000, Estate of James Davidson – 0.00250000, Tierra Media Resources, LP– 0.00490000, Marathon Oil Permian – 0.00490000, Larry Nermyr – 0.00015630, Jack Fletcher – 0.00007810, Ruth Sutton – 0.00007810, Grey Wolf Land Services, LLC – 0.00007810, Yalch Operating, LLC – 0.00020000

RECAPITULATION

| <u>Tract No.</u> | <u>No. of Acres Committed</u> | <u>Percentage of Interest in Communitized Area</u> |
|------------------|-------------------------------|--|
| 1 | 40.00 | 12.50% |
| 2 | 40.00 | 12.50% |
| 3 | 40.00 | 12.50% |
| 4 | 40.00 | 12.50% |
| 5 | 40.00 | 12.50% |
| 6 | 40.00 | 12.50% |
| 7 | 40.00 | 12.50% |
| 8 | 40.00 | 12.50% |
| Total | 320.00 | 100% |



Batman – Chronology of Communication/Events

Note: Due to long communication timeline and process with potash development, this communication timeline includes events prior to initial well proposals. Please see April 4, 2022 forward for proposal.

December 22, 2021 - February 15, 2022 - Colgate purchases and closes on three working interest owners (J Cleo Thompson, Davis Land & Minerals, and Desert Rainbow) in Sections 18 and 19. (Most interest owners contacted in this time frame in attempt to purchase interest)

December 22, 2021 – Colgate notifies BLM it is set to close acquisition of Oxy acreage within Sections 18 & 19 with the intent of immediately filing for a Potash Development Area. Discussions of proper notification, drill island on siting, etc. were had at this time as well.

January 7, 2022 – Contacted Surface owner (Kenneth Smith, Inc.) in the NW/4 of Section 18 to begin SUA negotiations

January 12, 2022 – Drilling and Division Order Title Opinion Ordered

January 14, 2022 – Second legal opinion of specific title issue ordered from separate law firm to ensure accuracy and implement into already ordered DDOTO.

January 18, 2022 – Batman Surface Pads/SHLs Staked

January 18, 2022 – Contacted Intrepid giving them a heads up and detailed plan of development for Batman as this DOES lie in Potash and Intrepid had the right to protest. (This is prior to sending official Development Area Notices).

January 18, 2022 – Initial reach out to XTO to attempt to begin trade/acquisition discussions to obtain XTO interest in Batman Unit.

January 19, 2022 – Colgate employees (Travis Macha, Landman & Patrick Godwin, VP of Land) fly to Houston from Midland with initial trade proposal to Marathon in attempt to obtain Marathon in interest in Batman.

January 21, 2022 – Colgate closes acquisition of Oxy interest in Sections 18 and 19.

January 22, 2022 – Further correspondence with Marathon on potential trade. (Additional correspondence on 1/24/22, 1/26/22, 1/27/22, 2/2/22, 2/9/22, 2/10/22, 2/14/22)

January 24, 2022 – Colgate provides JC Data (mailing service) with Development Area Notifications for mailing to all affected owners (Surface owners, Working Interest Owners, Grazing Lease Owners, Record Title Owners) within Sections 18 and 19 as well as the offset notification area as required by the BLM detailing Batman plan of development.

January 24, 2022 – Conversation with Larry Nermyer – He is in retirement home, currently unable to mail but likely will not participate

300 N. Marienfeld St., Suite 1000, Midland, Texas 79701
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Colgate Operating, LLC
Case No. 23155
Exhibit A-5



January 25, 2022 – Further correspondence with Intrepid

February 1, 2022 – BLM on site and surface clearance. (Cleared drill island and tank battery location as well as road/flowline paths)

February 3, 2022 – JC Data mails all Colgate Batman Development Area Notifications to all affected interest owners.

February 10, 2022 – Colgate in person meeting in Houston with Intrepid VP, Travis Mcbain obtaining final so-ahead sign off from Intrepid on Batman Development Area (notification of no-contest)

February 10, 2022 – Colgate dinner with Marathon, lightly discussing Batman potential deal

February 14, 2022 – Colgate updated trade proposal sent to Marathon. Addition correspondence on 2/22/22, 3/11/22, 3/16/22, 3/21/22, 3/24/22, 3/27/22, 3/28/22, 4/14/22, 5/5/22 – further detailed below

February 14, 2022 – Colgate discussion with XTO on Batman DA and plan to develop. Provided Colgate information for potential deal. Additional correspondence on: 2/15/22, 2/16/22, 2/17/22, 2/18/22, 2/22/22, 2/25/22, 3/3/22, 3/7/22, 3/8/22, 3/10/22, 3/22/22, 3/23/22, 3/29/22, 4/13/22 – further detailed below

February 14, 2022 – Colgate discussion with Jack Fletcher's nephew

February 14, 2022 – Colgate update to the BLM on discussions with owners within Batman DA. Additional correspondence with BLM on 2/28/22, 3/14/22

February 14, 2022 – Colgate discussion with BXP on potential title issues with BXP interest or lack thereof in Sections 18 & 19. Further correspondence with BXP on 2/16/22, 2/18/22, 2/22/22, 3/4/22

February 15, 2022 – Cash offer to purchase XTO interest sent

February 16, 2022 – Additional correspondence and increased cash offer to XTO on interest in Batman

February 23, 2022 – Initial cash offer sent to Fasken Land & Minerals. Additional correspondence with Fasken on 2/23/22, 3/16/22, 3/24/22, 3/30/22

March 11, 2022 – Cash offer to Marathon on interest in Batman as trade discussions had not been progressing.

March 21, 2022 – Menu of trade offers sent to Marathon

March 23, 2022 – Virtual meeting between XTO and Colgate technical teams to discuss Batman development and increased cash offer to XTO

March 24, 2022 – Call with Marathon – they cut off trade discussions in Batman as their exploration team already had acreage in a trade with a third-party.

March 27, 2022 – New trade offer sent to Marathon. Did not go anywhere

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March 30, 2022 – BLM notifies Colgate of Batman Approved Development Area

April 5, 2022 – Colgate Employees (Travis Macha, Landman / Patrick Godwin, VP of Land, and David DiGian, Geologist) fly to Houston to meet with Marathon & XTO to continue potential deal discussions around Batman.

April 4, 2022 – Colgate proposes all 24 Batman wells (proposal included the JOA form)

April 6, 2022 – Colgate sends out clarification of Bottom Hole Location

April 11, 2022 – Colgate communication with Merlyn Westbrook (beneficiary of the Estate of Ronnie Westbrook) explaining development and process. Westbrook needs to file probate in State of New Mexico. Further correspondence on 4/19/22 and 5/24/22

April 11, 2022 – Conversation with Mizel Resources & Yosemite Creek Oil & Gas (represented by Cventures, Inc.)

April 14, 2022 – Correspondence with Tierra Media Resources, LP on their interest in Batman

April 14, 2022 – Correspondence with Pogo Resources on their interest in Batman

April 18, 2022 – Correspondence with Southwest Royalties on their interest in Batman

April 18, 2022 – Correspondence with Cventures as representatives for Mizel Resources & Yosemite Creek Oil & Gas

April 19, 2022 – Correspondence with Grey Wolf on their interest in Batman

April 28, 2022 – Correspondence with Southwest Royalties on Batman Development

May 2, 2022 – Mailed all Overriding Royalty Interest Owners ratifications of the Batman units/communitization agreements

May 5, 2022 – Clarification from Marathon sent to Colgate on their intent to work a trade but won't involve their interest in Batman

May 6, 2022 – Further correspondence with Pogo Resources on their interest in Batman

May 6, 2022 – Colgate communication to XTO notifying them since trade discussions nor the cash offers have gained traction with XTO, our intent is to move forward without a deal, emphasizing their option to participate in the Batman development

May 9, 2022 – Further correspondence with Tierra Media on the process of Batman proposals

May 9, 2022 – Signatures received from Grey Wolf. More signatures received 5/16/22.

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May 10, 2022 – In person meeting with Cventures as representatives for Mizel Resources & Yosemite Creek Oil & Gas on Batman Development

May 10, 2022 – Mailed all Working Interest and Record Title owners the Communitization Agreement forms

May 12, 2022 – Final conversation between XTO and Colgate as it relates to a potential deal - discussion of participation in Batman option moving forward. More light discussions on this topic on 5/13/22

May 13, 2022 – Further correspondence with Tierra media on their interest in Batman

May 16, 2022 – Correspondence with Marathon on Batman

May 17, 2022 – Correspondence with Fasken on JOA provision requests. More correspondence on this on 5/19/22, 5/23/22 and 5/24/22.

May 19, 2022 – Correspondence with XTO with Colgate's acceptance to allow for special provisions for XTO within potential pooling orders. (More participation friendly provisions). Further correspondence on these requests on 5/20/22 and 5/23/22. (All indicating Colgate's acceptance to XTO requests)

May 20, 2022 – Correspondence with Penroc on their Communitization Agreement signatures

May 24, 2022 – Correspondence with Fasken indicating Fasken has routed JOA for signature.

May 26, 2022 – Received Fasken Signatures for Coms/JOA

July 2022 – September 2022 – Multiple attempts made for Doyle Hartman to execute Com Agreements, including conversation with their attorney whereas they indicated they would execute them (which has not happened)

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

APPLICATION OF COLGATE OPERATING,
LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-22283
LEA COUNTY, NEW MEXICO

CASE NO. 23155
ORDER NO. R-22283

SELF-AFFIRMED STATEMENT
OF DANA S. HARDY

1. 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 B-1**

3. The above referenced Application was provided along with the Notice Letter, to the recipients listed in **Exhibit B-2**. Exhibit B-2 also provides the date each Notice Letter was sent and the date each return was received and includes copies of the certified mail green cards and white slips as supporting documentation for proof of mailing.

4. On October 18, 2022, I caused a notice to be published to all interested parties in the Hobbs News Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News Sun, along with a copy of the notice publication, is attached as **Exhibit B-3**.

5. 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 4 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

October 28, 2022
Date

Colgate Operating, LLC
Case No. 23155
Exhibit B



hinklelawfirm.com

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

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Doyle Hartman
P.O. Box 10426
Midland, TX 79702

Re: Case Nos. 23149 -23156 - Applications of Colgate Operating, LLC to Pool Additional Interests under Order Nos. R-22277, R-22278, R-22279, R-22280, R-22281, R-22282, R-22283, and R-22284, Lea County, New Mexico.

Dear Mr. Hartman:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. You are receiving this notice because you are a record title owner of the leases at issue, and Colgate seeks to pool your record title interest. 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/oed/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://wwwapps.emnrd.state.nm.us/oed/oedpermitting/>) or via e-mail to oed.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 any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

Colgate Operating, LLC
Case No. 23155
Exhibit B-1

PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332

PO BOX 1720
ARTESIA, NEW MEXICO 88211
575-622-6510
(FAX) 575-746-6316

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

7601 JEFFERSON ST NE • SUITE 180
ALBUQUERQUE, NEW MEXICO 87109
505-858-8320
(FAX) 505-858-8321



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

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case Nos. 23151, 23152, 23155, 23156 - Applications of Colgate Operating, LLC to Pool Additional Interests under Order Nos. R-22279, R-22280, R-22283, and R-22284, Lea 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://wwwapps.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

PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332

PO BOX 1720
ARTESIA, NEW MEXICO 88211
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PO BOX 2068
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7601 JEFFERSON ST NE • SUITE 180
ALBUQUERQUE, NEW MEXICO 87109
505-858-8320
(FAX) 505-858-8321

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

**APPLICATION OF COLGATE OPERATING,
LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NOs. R-22277-84,
LEA COUNTY, NEW MEXICO.**

**CASE NOs. 23149-56
ORDER NOs. R-22277-84**

NOTICE LETTER CHART

| PARTY | NOTICE LETTER SENT | RETURN RECEIVED |
|--|---------------------------|------------------------|
| Doyle Hartman P.O. Box 10426 Midland, TX 79702 | 10/07/22 | 10/31/22 |

**Colgate Operating, LLC
Case No. 23155
Exhibit B-2**

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

**APPLICATION OF COLGATE OPERATING,
LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NOs. R-22279-80
AND R-22283-84, LEA COUNTY,
NEW MEXICO.**

**CASE NOs. 23151-52 & 23155-56
ORDER NOs. R-22279-80 & R-22283-84**

NOTICE LETTER CHART

| PARTY | NOTICE LETTER SENT | RETURN RECEIVED |
|---|---------------------------|--|
| Khody Land & Minerals Co. 333 W. Sheridan Ave. Oklahoma City, OK 73102-5010 | 10/07/22 | Per USPS Tracking (Last checked 10/31/22): 10/15/22 – Item in transit to next facility. |
| Lerwick Ltp 101 Brookline Drive Ashefille, NC 28803 | 10/07/22 | 10/17/22 |

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| <input type="checkbox"/> Return Receipt (electronic) | \$ |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$ |
| <input type="checkbox"/> Adult Signature Required | \$ |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$ |
| Postage | |
| \$ | |
| Total Postage and Fees | |
| \$ | |

Doyle Hartman
P.O. Box 10426
Midland, TX 79702
23149-23156 Colgate – Batman Re-Open D.H.

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

| SENDER: COMPLETE THIS SECTION | COMPLETE THIS SECTION ON DELIVERY |
|--|--|
| <ul style="list-style-type: none"> ■ 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. | <p>A. Signature <input checked="" type="checkbox"/> <i>Betsy Lanehart</i> <input type="checkbox"/> Agent <input type="checkbox"/> Address:</p> <p>B. Received by (Printed Name) <i>BETSY LANEHART</i></p> <p>C. Date of Delivery <i>10/24/22</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p style="text-align: center; font-size: 2em; font-weight: bold; color: #333;">RECEIVED</p> <p style="text-align: center; font-size: 1.2em; color: #333;">OCT 31 2022</p> |
| <p>1. Article Addressed to:</p> <p style="margin-left: 20px;">Doyle Hartman P.O. Box 10426 Midland, TX 79702</p> <p style="text-align: right; font-size: 0.8em;">23149-23156 Colgate – Batman Re-Open D.H.</p> <div style="text-align: center;">  9590 9402 6746 1074 3806 66 </div> | <p>3. Service Type <i>Hinkle Shanor LLP</i></p> <p><input type="checkbox"/> Adult Signature <i>Santa Fe NM 87504</i> <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p> |
| <p>2. Article Number (Transfer from service label)</p> <p style="font-size: 1.2em; font-weight: bold;">7021 0950 0002 0371 5389</p> | <p style="text-align: right; font-size: 0.8em;">Domestic Return Receipt</p> |
| <p>PS Form 3811, July 2020 PSN 7530-02-000-9053</p> | |

7021 0950 0002 0371 5433

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

| | |
|--|----|
| Certified Mail Fee | \$ |
| Extra Services & Fees (check box, add fee as appropriate) | |
| <input type="checkbox"/> Return Receipt (hardcopy) | \$ |
| <input type="checkbox"/> Return Receipt (electronic) | \$ |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$ |
| <input type="checkbox"/> Adult Signature Required | \$ |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$ |
| Postage | \$ |
| Total Postage and Fees | \$ |



Khody Land & Minerals Co.
333 W. Sheridan Ave.
Oklahoma City, OK 73102-5010
23151-52 & 23155-56 Colgate - Batman Re-Open

U.S. Postal Service™
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 Domestic Mail Only

For delivery information, visit our website at www.usps.com.

OFFICIAL USE

7021 0950 0002 0371 5426

Certified Mail Fee \$ _____

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ _____

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____


Postage \$ _____

Total Postage and Fees \$ _____

Lerwick Ltp
 101 Brookline Drive
 Asheville, NC 28803
 23151-52 & 23155-56 Coigate - Batman Re-Open

PS Form 3800, April 2015 PSN 7530-02-000-8047 See Reverse for Instructions

SANTA FE MAIL POST OFFICE
 OCT 07 2022
 87501-9998

| SENDER: COMPLETE THIS SECTION | COMPLETE THIS SECTION ON DELIVERY |
|--|--|
| <ul style="list-style-type: none"> 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. | <p>A. Signature <i>[Signature]</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>[Signature]</i> C. Date of Delivery <i>10/11</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p> <p style="text-align: center;">RECEIVED OCT 17 2022</p> |
| <p>1. Article Addressed to:</p> <p>Lerwick Ltp 101 Brookline Drive Asheville, NC 28803 23151-52 & 23155-56 Coigate - Batman Re-Open</p> <p> 9590 9402 6746 1074 3806 80</p> | <p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p> |
| <p>2. Article Number (Transfer from service label)</p> <p>7021 0950 0002 0371 5426</p> | |
| PS Form 3811, July 2020 PSN 7530-02-000-9053 | Domestic Return Receipt |

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

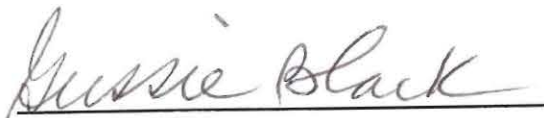
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
October 16, 2022
and ending with the issue dated
October 16, 2022.



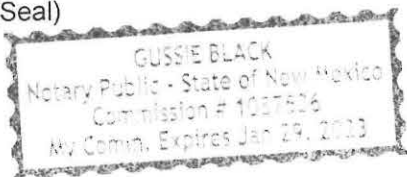
Publisher

Sworn and subscribed to before me this
16th day of October 2022.



Business Manager

My commission expires
January 29, 2023
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

| LEGAL | LEGAL |
|---|-------|
| LEGAL NOTICE October 16, 2022 | |
| <p>This is to notify all interested parties, including Doyle Hartman; Lerwick Ltp.; Khody Land & Minerals Co.; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Colgate Operating, LLC (Case No. 23155). The hearing will be conducted remotely on November 3, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: https://www.emnrd.nm.gov/ocd/hearing-info/. Applicant applies for an order pooling additional uncommitted interests under the terms of Division Order No. R-22283. Order No. R-22283 pooled all uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the W/2 E/2 of Sections 18 and 19, Township 20 South, Range 34 East, Lea County, New Mexico ("Unit"). The Order further dedicated the Unit to the following wells ("Wells"): Batman Fed Com 113H; Batman Fed Com 125H; Batman Fed Com 126H; Batman Fed Com 173H; and Batman Fed Com 133H. The Order designated Applicant as operator of the Unit and Wells. Since entry of the Order, Applicant has identified additional interests in the Unit that should be pooled under the terms of the Order. The Wells are located approximately 27.62 miles southwest of Hobbs, New Mexico. #38130</p> | |

02107475

GILBERT
HINKLE, SHANOR LLP
PO BOX 2068
SANTA FE, NM 87504

00271995

Colgate Operating, LLC
Case No. 23155
Exhibit B-3