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

CASE NO. 22944

HEARING EXHIBITS

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Mark Hajdik
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 Locator Map
B-3	Third Bone Spring Structure Map
B-4	Structural Cross-Section
B-5	Stratigraphic Cross-Section
B-6	Gunbarrel Development Plan
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 July 15, 2022

Received by OCD: 11/15/2022 3:49:09 PM

COMPULSORY POOLING APPLICATION CHECKLIST					
ALL INFORMATION IN THE APPLICATION MUST E	BE SUPPORTED BY SIGNED AFFIDAVITS				
Case No.:	22944				
Hearing Date:	11/17/2022				
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	Mad Max				
Formation/Pool					
Formation Name(s) or Vertical Extent	Bone Spring				
Primary Product (Oil or Gas)	Oil				
Pooling this vertical extent	Bone Spring				
Pool Name and Pool Code	Old Millman Ranch; Bone Spring; 48035				
Well Location Setback Rules	Statewide				
Spacing Unit Size	322.85 acres				
Spacing Unit					
Type (Horizontal/Vertical)	Horizontal				
Size (Acres)	322.85 acres				
Building Blocks	quarter-quarter				
Orientation	West/East				
Description: TRS/County	N/2 S/2 of Sections 5 and 6, 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	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,	Add wells as needed				
footages, completion target, orientation, completion status					
(standard or non-standard)					
Well #1	Mad Max 6 Fed Com 133H (API # pending)				
	SHL: 447' FSL & 375' FWL (Lot 7), Section 6, T20S-R28E				
	BHL: 1653' FSL & 10' FEL (Unit I), Section 5, T20S-R28E				
	Completion Target: Third Bone Spring (Approx. 8311' TVD)				
	Well Orientation: West to East				
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) Ownership Determination	Exhibit C-4				
Land Ownership Schematic of Spacing Unit	Eyhihit A 2				
	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	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:	11/15/2022

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

CASE NO. 22944

SELF-AFFIRMED STATEMENT OF MARK HAJDIK

- 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 Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 S/2 of Sections 5 and 6, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit").
- 5. The Unit will be dedicated to the **Mad Max 6 Fed Com 133H** well ("Well") to be horizontally drilled from a surface hole location in Lot 7 of Section 6, Township 20 South, Range 28 East to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5, Township 20 South, Range 28 East.
 - 6. The completed interval of the Well will be orthodox.

Colgate Operating, LLC Case No. 22944 Exhibit A

- 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. The exhibit also identifies any unlocatable parties.
- 9. **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.
- 10. Colgate has conducted a diligent search of all county public records, including phone directories and computer databases.
- 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

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

Mark Hajdik

Date

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

CASE NO. 22944

APPLICATION

Pursuant to NMSA § 70-2-17, Colgate Operating, LLC ("Applicant") (OGRID No. 371449) applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 S/2 of Sections 5 and 6, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). In support of its application, Applicant states the following.

- 1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
- 2. The Unit will be dedicated to the **Mad Max 6 Fed Com 133H** well ("Well"), which will be horizontally drilled from a surface hole location in Lot 7 of Section 6, Township 20 South, Range 28 East to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5, 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 protect correlative rights.

Colgate Operating, LLC Case No. 22944 Exhibit A-1 6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Applicant should be designated the operator of the Well and Unit.

WHEREFORE, Applicant requests this application be set for hearing on August 4, 2022, and that after notice and hearing, 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

/s/ Dana S. Hardy

Dana S. Hardy Jaclyn McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

dhardy@hinklelawfirm.com

imclean@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 Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 S/2 of Sections 5 and 6, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Mad Max 6 Fed Com 133H well, which will be horizontally drilled from a surface hole location in Lot 7 of Section 6, Township 20 South, Range 28 East, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5, Township 20 South, Range 28 East. The completed intervals of the wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 12 miles northeast of Carlsbad, New Mexico.

Colgate Operating, LLC Case No. 22944

Exhibit A-2

District I

District IV

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

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Numbe 30-015-	er 2 Pool Code 48035	ADDITION			
4 Property Code	and the same of th	5 Property Name MAD MAX 6 FED COM			
7 OGRID No. 371449	8 Ope COLGATI	9 Elevation 3371.29'			

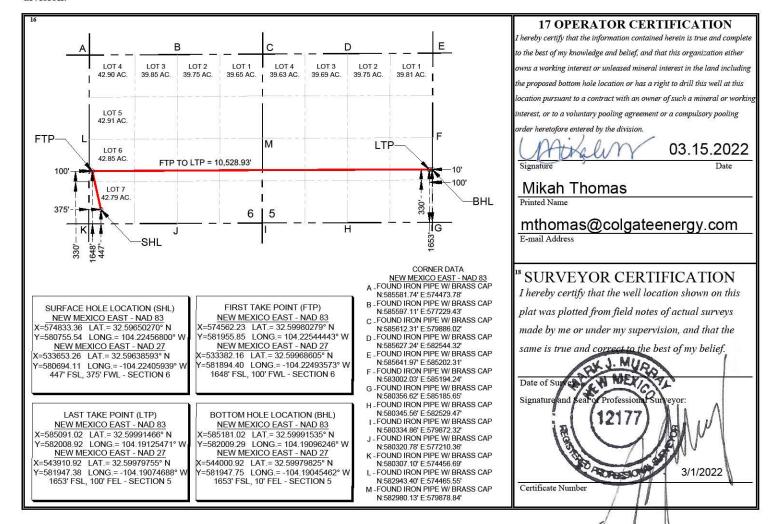
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
7	6	20-S	28-E		447'	SOUTH	375'	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

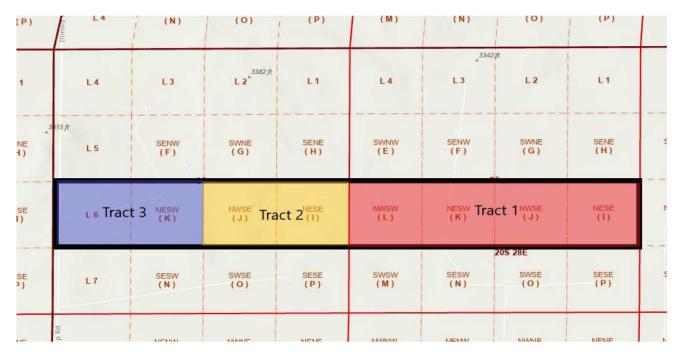
Bottom Hole December 1 John Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	5	20-S	28-E		1653'	SOUTH	10'	EAST	EDDY
12 Dedicated Acre	s 13 Joint o	r Infill 14	Consolidation	Code 15 O	rder No.				
322.85		200							

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.



Mad Max 6 (N/2S/2) 22944						
WI OWNER TRACT NET WI FORCE POOL INTEREST						
Colgate Production, LLC	1, 2, 3	239.29	74.78%	Operator		
Devon Energy Production Company, L.P.	2, 3	80.71	25.22%	Yes		

320.00 100.00%



LESSEE OF RECORD	FORCE POOL
Mewbourne Oil Company	Yes
Devon Energy Production Company, L.P.	Yes

OVERRIDING ROYALTY INTERESTS

Colgate Royalties, LP Paul R. Barwis Yes Jareed Partners, Ltd. Yes John Kyle Thoma, Trustee of the Cornerstone Family Ti Yes Crownrock Minerals, L.P. Yes Penwell Employee Royalty Pool Yes Butkin Investment Company, L.L.C. Yes Kringen Oil, LLC Yes Robin Oil & Gas Corporation Yes C. Mark Wheeler, a married man Yes Rusk Capital Management LLC Yes Kimbell Royalty Holdings, LLC Yes Devon Energy Production Company, L.P. Yes

> Colgate Operating, LLC Case No. 22944 Exhibit A-3



June 2, 2022 Via Certified Mail

Devon Energy 333 W Sheridan Ave Oklahoma City, OK 73102

RE: Mad Max 6 Fed Com - Well Proposals

Section 6: All, Section 5: All, T20S-R28E, Bone Spring Formation 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 four (4) wells, the Mad Max 6 Fed Com wells from two well pads at the following approximate locations within Township 20 South, Range 27 East:

1. Mad Max 6 Fed Com 131H - North Pad

SHL: 226' FEL & 2,234' FNL of Section 1, 20S-27E (or at a legal location within Unit H)

BHL: 10' FEL & 987' FNL of Section 5, 20S-28E FTP: 100' FWL & 987' FNL of Section 6, 20S-28E LTP: 100' FEL & 987' FNL of Section 5, 20S-28E

TVD: Approximately 8,306' TMD: Approximately 19,130'

Proration Unit: N2N2 of Sections 6 & 5, T20S-R28E

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

2. Mad Max 6 Fed Com 132H - North Pad

SHL: 256' FEL & 2,234' FNL of Section 1, 20S-27E (or at a legal location within Unit H)

BHL: 10' FEL & 2,310' FNL of Section 5, 20S-28E FTP: 100' FWL & 2,310' FNL of Section 6, 20S-28E LTP: 100' FEL & 2,310' FNL of Section 5, 20S-28E

TVD: Approximately 8,305' TMD: Approximately 19,050'

Proration Unit: S2N2 of Sections 6 & 5, T20S-R28E

Targeted Interval: 3rd 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

Colgate Operating, LLC Case No. 22944 Exhibit A-4

Mad Max 6 Fed Com Well Proposal

3. Mad Max 6 Fed Com 133H - South Pad

SHL: 447' FSL & 375' FWL of Section 6, 20S28E (or at a legal location within Lot 7)

BHL: 10' FEL & 1,653' FSL of Section 5 FTP: 100' FWL & 1,653' FSL of Section 6 LTP: 100' FEL & 1,653' FSL of Section 5

TVD: Approximately 8,311' TMD: Approximately 18,862'

Proration Unit: N2S2 of Sections 6 & 5, T20S-R28E

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

4. Mad Max 6 Fed Com 134H - South Pad

SHL: 417' FSL & 375' FWL of Section 6, 20S28E (or at a legal location within Lot 7)

BHL: 10' FEL & 330' FSL of Section 5 FTP: 100' FWL & 330' FSL of Section 6 LTP: 100' FEL & 330' FSL of Section 5

TVD: Approximately 8,311' TMD: Approximately 18,732'

Proration Unit: S2S2 of Sections 6 & 5, T20S-R28E

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

The locations, TVDs, and targets are approximate and subject to change dependent on surface or subsurface issues encountered. These locations do fall on federal lands, so the BLM could require surface changes. 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 available upon request. 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 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 mutually agreeable negotiation.

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me at 432.257.3886 or by email at mhajdik@colgateenergy.com.

Respectfully,

Mattlejdik

Mark Hajdik

Senior Staff Landman

Mad Max 6 Fed Com Well Proposal

Mad Max 6 Fed Com Elections:

Well Elections: (Please indicate your responses in the spaces below)						
Well(s)	Elect to Participate	Elect to <u>NOT</u> Participate				
Mad Max 6 Fed Com 131H						
Mad Max 6 Fed Com 132H						
Mad Max 6 Fed Com 133H						
Mad Max 6 Fed Com 134H						

Сотрапу Name (15 Арриса	bie):
	,
Ву:	<u> </u>
Printed Name:	s

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:	6/2/2022			AFE NO.:	0
	Mad Max 6 Fed Com				Old Millman Ranch; BONE SPRING
	Section 6, Block T20S-			-	18862' MD / 8311' TVD
COUNTY/STATE: Colgate WI:	Eddy County, New M	exico		LATERAL LENGTH: DRILLING DAYS:	10,400 20.8
	TBSG			COMPLETION DAYS:	19
GEOEGGIC PARGET.	1000			COMPLETION DATE.	
REMARKS:	Drill a horizontal 3rd	BS well and complete.	AFE includes drilling, co	mpletions, flowback and	d Initial AL install cost
		DRILLING	COMPLETION	PRODUCTION	TOTAL
INTANGIBLE O T Land / Legal / Regulatory	OSTS	COSTS \$ 42,500	COSTS	COSTS	COSTS \$ 42,500
2 Location, Surveys & Damage	es	207,601	13,000	25,000	245,601
4 Freight / Transportation		34,270	30,250		64,520
5 Rental - Surface Equipment 6 Rental - Downhole Equipme		93,261 145,281	153,700 26,250	13,060	260,021 1/1,531
7 Kental - Living Quarters		35,718	43,450	:	79,168
10 Directional Drilling, Survey	ys	320,278			320,278
11 Drilling 12 Drill Bits		72,080		N	566,837 72,080
13 Fuel & Power		142,742	300,000		442,742
14 Cementing & Float Equip 15 Completion Unit, Swab, CI	TU.	149,460		24,000	149,460 24,000
16 Perforating, Wireline, Slick			292,525	28,000	320,525
17 High Pressure Pump Truck		180	46,000	18,000	64,000
18 Completion Unit, Swab, CI 20 Mud Circulation System	i U	78,894	75,950		75,950 78,894
21 Mud Logging		16,128	+3/		16,128
22 Logging / Formation Evalua	ation	7,419	6,000	1	13,419
23 Mud & Chemicals 24 Water		260,/34 31,2/0	316,753 487,976	-	5/7,487
25 Stimulation			562,286	F	562,286
26 Stimulation Flowback & Di			102,125		102,125 182,945
28 Mud / Wastewater Disposal 30 Kig Supervision / Engineer		138,945 92,280	44,000 102,075	4,800	182,945
32 Drlg & Completion Overhe		7,8/5	150		7,875
34 Vacuum Truck		44017604	50,000	2,000	2,000
35 Labor 54 Proppant		103,986	1,029,600	20,000	1/3,986
95 Insurance		10,090	42		10,090
97 Contingency		307	16,869		16,869
99 Plugging & Abandonment	TOTAL INTANGIBLES	> 2,557,650	3,698,808	134,860	6,391,318
	TOTAL INTANOIDLES		W. W. C.	98700C3007AC	200000000000000000000000000000000000000
TANGIBLE CO	OCTC .	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL
60 Surface Casing	1515	\$ 19,829	\$	\$	\$ 19,829
61 Intermediate Casing		120,367	-	· ·	120,367
62 Drilling Liner			+10		422.101
63 Production Casing 64 Production Liner		4/3,101		-	4/3,101
65 Tubing				85,500	85,500
66 Wellhead		46,640 10,600		40,200 7,500	86,840 18,100
67 Packers, Liner Hangers 68 Tanks		10,000		7,500	- 10,100
69 Production Vessels				84,000	84,000
70 Flow Lines		65 99a W	- 87	94,800	94,800
71 Rod string 72 Artificial Lift Equipment		-	-	23,000	23,000
73 Compressor				42,500	42,500
74 Installation Costs 75 Surface Pumps		180		20,000	20,000
76 Downhole Pumps		-		20,000	- 20,000
77 Measurement & Meter Inst		0 30 st		26,000	26,000
78 Gas Conditioning / Dehydr 79 Interconnecting Facility Pip				15,400	15,400
80 Gathering / Bulk Lines	,ing	· · · · · · · · · · · · · · · · · · ·		15/200	- 15/400
81 Valves, Dumps, Controllers				40,000	40,000
82 Tank / Facility Containmen 83 Flare Stack	t	10 S		1	S S S
84 Electrical / Grounding			-		
85 Communications / SCADA		2		15,000	15,000
86 Instrumentation / Safety	TOTAL TANGER OF	> 670,537	0	527,900	1,198,437
	TOTAL TANGIBLES TOTAL COSTS		3,698,808	527,900 662,760	7,589,756
	10171 00313	U/=20/100	0,000,000	002,700	7,507,730
EPARED BY Colgate Energ	y:				
Deiting Engire	55/RM/P5				
Drilling Engineer: Completions Engineer:	SS/RM/PS BA/ML				
Production Engineer:	Levi Harris				
gate Energy APPROVAL:					
Co-CEO		Co-	-CEO	VP - Ope	rations
\ <u>-</u>	WH		JW		CRM
VP - Land & Legal	PC.	VP - Geoscie	ences		
	ВG		50		
N OPERATING PARTNER	R APPROVAL:				
Company Name:			Working Interest (%):	- 5	Tax ID:
Signed by:			Date:		
Title:		- 100	Approval:	Yes	No (mark one)
sts on this AFE are estimates only and may not be con- tionate share of actual costs incurred, including, legal	strued as ceilings on any specific item or th	e total cost of the project. Tubing installation	on approved under the AFE may be delayed up	to a year after the well has been completed. In	executing this AFE, the Participant agrees to pay

Mad Max Communication Timeline

June 2, 2022 – Initial proposals sent for the Mad Max Wells

May-Present 2022 – Colgate and Devon have been actively working on a large multi township trade which will result in Colgate acquiring Devon's interest in the Mad Max if the trade closes. Devon has agreed to allow themselves to be pooled subject to a letter agreement while the trade discussions are ongoing and closing is pending.

November 9, 2022 – Letter agreement with Devon executed whereby Devon will allow Colgate to proceed with the pooling hearing

Colgate Operating, LLC Case No. 22944 Exhibit A-5

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

CASE NO. 22944

SELF-AFFIRMED STATEMENT OF DAVID DAGIAN

- 1. I am a geologist 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 geology matters were accepted and made a matter of record.
 - 2. I am familiar with the geological matters that pertain to the above-referenced case.
- 3. **Exhibit B-1** is a regional locator map that identifies the Mad Max project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring horizontal spacing units that are the subject of these applications.
- 4. **Exhibit B-2** is a cross section location map for the proposed horizontal spacing unit ("Unit") within the Bone Spring formation. The approximate wellbore path for the proposed Mad Max 6 Fed Com 133H 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 wells name and a black line in proximity to the proposed well.
- 5. **Exhibit B-3** is a Third Bone Spring (TBSG) Structure map on the top of the Third Bone Spring formation in TVD subsea with a contour interval of 50 ft. The map identifies the approximate wellbore path for the Mad Max 6 Fed Com 133H proposed Well with a red dashed

Colgate Operating, LLC Case No. 22944 Exhibit B 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.

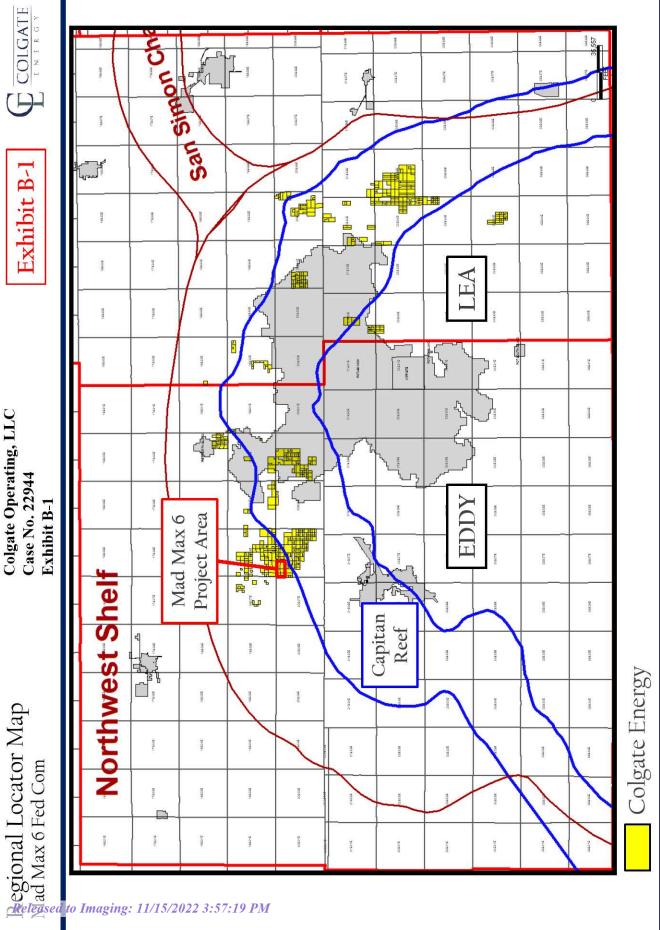
- 6. **Exhibit B-4** identifies three wells penetrating the targeted interval I used to construct a structural cross-section from A to A'. The structural cross section from west to east shows the regional dip to the East-Southeast for the Bone Spring Well. I used these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area. The target zones for the proposed Well is the Bone Spring 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.
- 7. **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.
- 8. **Exhibit B-6** is a gun barrel diagram that shows the Mad Max 6 Fed Com 133H well in the Bone Spring formation.
- 9. 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.

- 10. 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.
- 11. 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.
- 12. The exhibits attached hereto 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 this case. I affirm my testimony in paragraphs 1 through 12 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

 $\frac{11/10/22}{\text{Date}}$

Colgate Operating, LLC

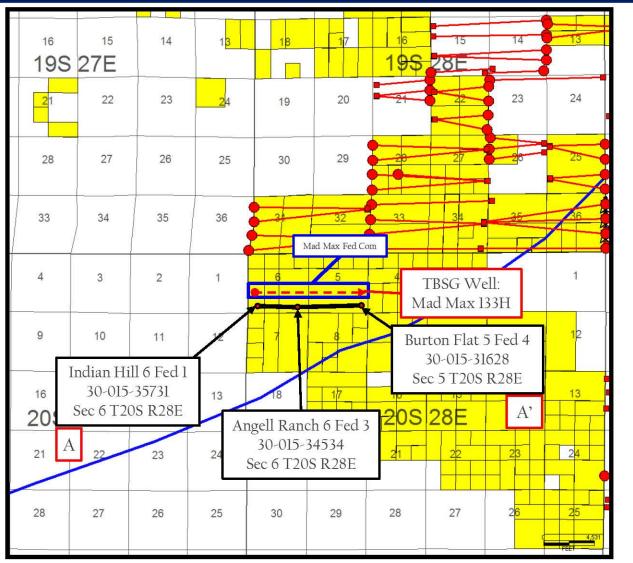


CONFIDENTIAL

Colgate Operating, LLC Case No. 22944 Exhibit B-2







Proposed Wells

TBSG

SHIL

BHIL

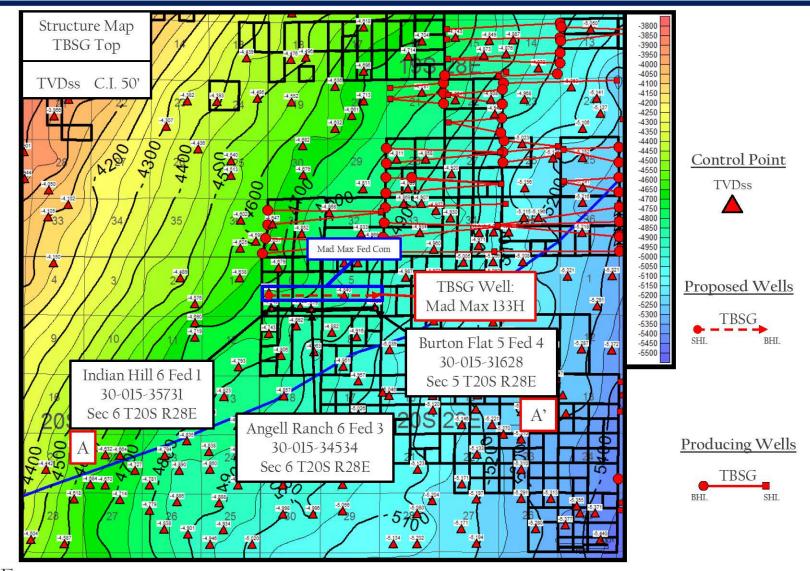


Colgate Energy

Colgate Operating, LLC Case No. 22944 Exhibit B-3

Exhibit B-3





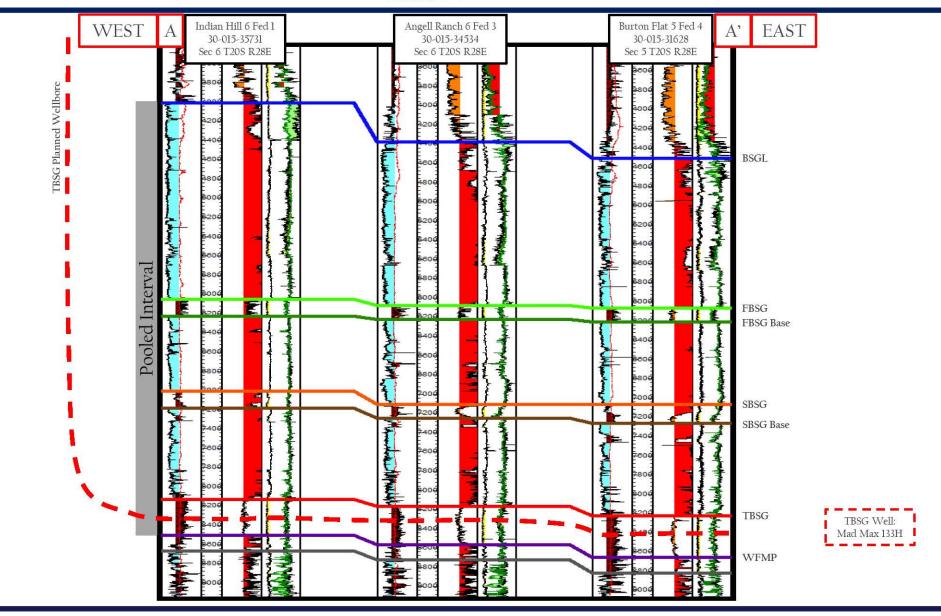
Colgate Energy

Sterirettural: Utisse Bection A-A' Mad Max 6 Fed Com 133H

Colgate Operating, LLC Case No. 22944 Exhibit B-4

Exhibit B-4



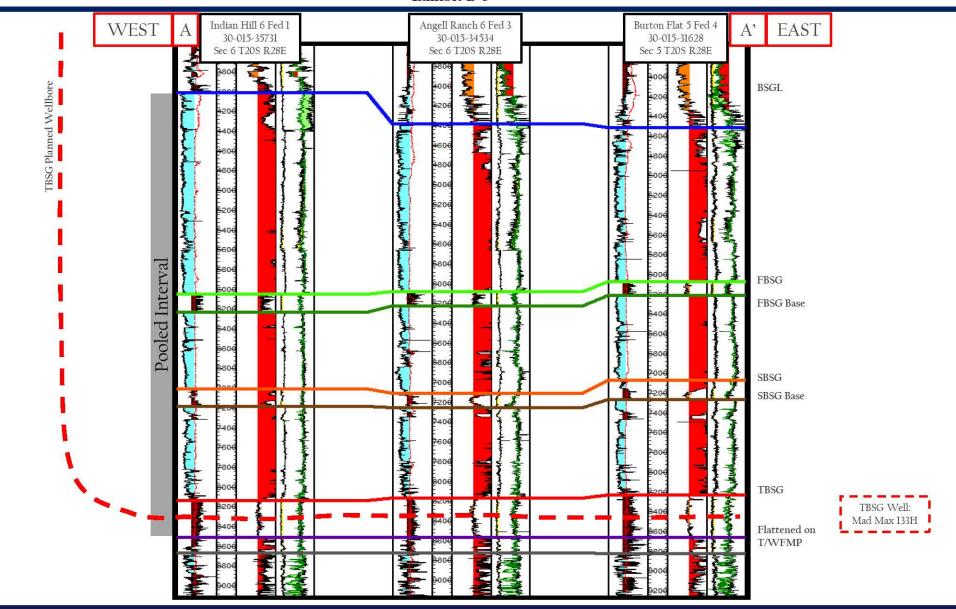


Strateler aphile Cross: Section A-A' Mad Max 6 Fed Com 133H

Colgate Operating, LLC Case No. 22944 Exhibit B-5

Exhibit B-5



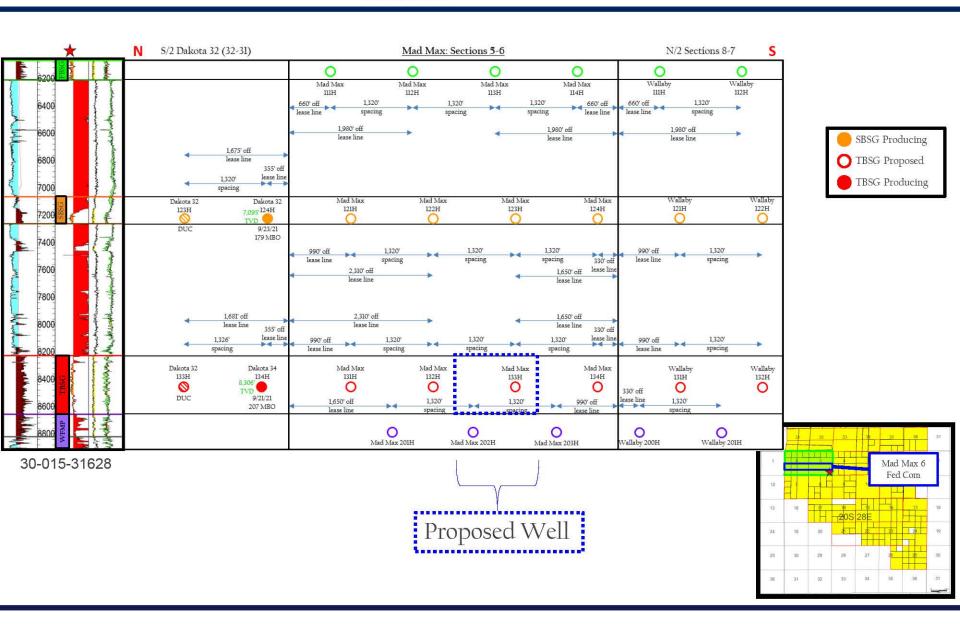


Charles Developitient Plan Mad Max 6 Fed Com 133H

Colgate Operating, LLC Case No. 22944 Exhibit B-6







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

CASE NO. 22944

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 Application in the above-referenced case was provided, along with the Notice Letters, to the recipients listed in Exhibit C-2.
- 4. Exhibit C-2 also provides the date each Notice Letter was sent and the date each return was received.
- 5. 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.
- 6. On July 15, 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**.

<u>/s/ Dana S. Hardy</u> Dana S. Hardy November 14, 2022
Date

Colgate Operating, LLC Case No. 22944 Exhibit C



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

July 11, 2022

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO ALL OVERRIDING ROYALTY INTEREST OWNERS

Re: Case Nos. 22943, 22944, 22945, and 22946 - 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 **August 4, 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/ocd/ocdpermitting/) or via e-mail to <a href="http

Please do not hesitate to contact me if you have questions about this matter.

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

Enclosure

Colgate Operating, LLC Case No. 22944 Exhibit C-1



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

July 11, 2022

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

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case Nos. 22943, 22944, 22945, and 22946 - 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 **August 4, 2022** beginning at 8:15 a.m.

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Please do not hesitate to contact me if you have questions about this matter.

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

Enclosure

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

Case Nos. 22943, 22944, 22945, and 22946

NOTICE LETTER LIST ORRI

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Paul R. Barwis	07/11/22	07/25/22
C/O Dutton Harris and Assoc,		
PO Box 230		
Midland, TX 79702		
Butkin Investment Company,	07/11/22	07/25/22
L.L.C.		
PO Box 2090		
Duncan, OK 73534-2090		
Crownrock Minerals, L.P.	07/11/22	USPS Tracking's Latest
PO Box 51933		Update (last checked
Midland, TX 79710-1933		11/14/22):
		07/18/22
		In transit to next facility.
Devon Energy Production Co.,	07/11/22	07/18/22
L.P.		
333 West Sheridan Avenue		
Oklahoma City, OK 73102-		
5015		
Jareed Partners, Ltd.	07/11/22	08/24/22
6804 Island Circle		
Midland, TX 79707		Return to sender.
Kimbell Royalty Holdings,	07/11/22	07/21/22
LLC		
777 Taylor St. Ste 810		
Fort Worth, TX 76102-4936		
Kringen Oil, LLC	07/11/22	07/18/22
8540 E Mcdowell Rd Unit 59		
Mesa, AZ 85207	07/11/00	07/10/20
Penwell Employee Royalty	07/11/22	07/18/22
Pool		
2201 Winfield Rd.		
Midland, TX 79705	07/11/00	07/10/20
Robin Oil & Gas Corporation	07/11/22	07/18/22
PO Box 720420		
Oklahoma City, OK 73172-		
0420		

Colgate Operating, LLC Case No. 22944 Exhibit C-2

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

Case Nos. 22943, 22944, 22945, and 22946

NOTICE LETTER LIST ORRI

Rusk Capital Management	07/11/22	07/22/22
LLC		
7600 W Tidwell Rd. Ste 800		
Houston, TX 77040-6718		
John Kyle Thoma, Trustee Of	07/11/22	07/25/22
The Cornerstone Family Trust		
10864 McKissick Rd.		
Peyton, CO, 80831		
C. Mark Wheeler	07/11/22	07/18/22
31105 La Quinta Dr.		
Georgetown, TX, 78628		

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

Case Nos. 22943, 22944, 22945 and 22946

NOTICE LETTER LIST WORKING INTERESTS AND RECORD TITLE OWNERS

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Devon Energy Co LP	07/11/22	07/18/22
333 West Sheridan Avenue		
Oklahoma City, Oklahoma		
73102-5015		
Devon Energy Production	07/11/22	07/18/22
Co., L.P.		
333 West Sheridan Avenue		
Oklahoma City, OK 73102-		
5015		
Mewbourne Oil Company	07/11/22	07/22/22
P.O. Box 7698		
Tyler, Texas 75711		



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 A Gent Addressee B. Received by (Printed Name) C. Date of Delivery C. Date of Delivery
Article Addressed to:	D. Is delivery address different from item 12.
Paul R. Barwis	if respende delivery-address below:
C/O Dutton Harris and Assoc,	
PO Box 230	JUL 2 5 2022
Midland, TX 79702	
22943-—22946 Colgate Mad Max ORRI	Hinkle Shanor LLP
9590 9402 5554 9249 4883 02	3. Service TypeSanta Fe NiM 8/50☐ Priority Mail Express® ☐ Adult Signature ☐ Adult Signature Restricted Delivery ☐ Certified Mail® ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery ☐ Collect on Delivery
Article Number (Transfer from service label)	☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation™ ☐ Insured Mail ☐ Signature Confirmation
🍹 7012 0470 0001 5963 5077 🥍	Insured Mail Restricted Delivery Restricted Delivery (over \$500)
PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt

Colgate Operating, LLC Case No. 22944 Exhibit C-3

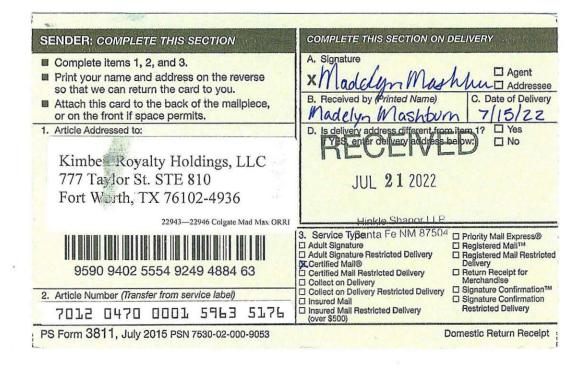


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 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature A. Signature Agent Addressee B. Received by (Printed Name) C. Date of Delivery
1. Article Addressed to: Butkin Investment Company, L.L.C. PO BOX 2090 Duncan, OK 73534-2090 22943—22946 Colgate Mad Max ORRI	D. Is delivery address different from item 1? Yes If YES, enter delivery address below. No 2 5 2028
9590 9402 5554 9249 4885 62 2. Article Number (Transfer from service label) 7012 0470 0001 5963 5121	3. Service Typerinkle Shanor LLP Adult Signature Restricted Delivery Certified Mail® Collect on Delivery Collect on Delivery Insured Mail Insured Mail Restricted Delivery Signature Confirmation Signature Confirmation Restricted Delivery Signature Confirmation Restricted Delivery Restricted Delivery Signature Confirmation Restricted Delivery Restricted Delivery Restricted Delivery Restricted Delivery Restricted Delivery
PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt

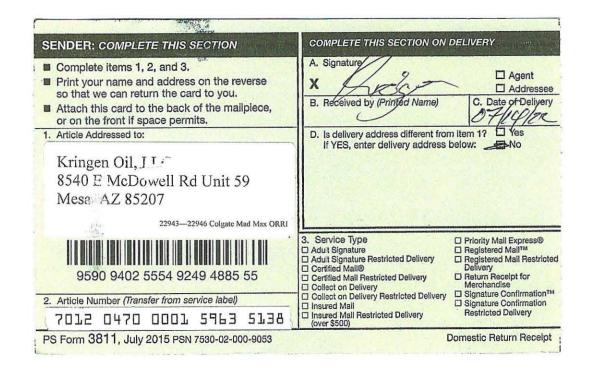


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I. Article Addressed to:	D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
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333 West Sheridan Avenue	
Oklahoma City, OK 73102-5015	
22943—22946 Colyate Mad Max ORRI	
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PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt

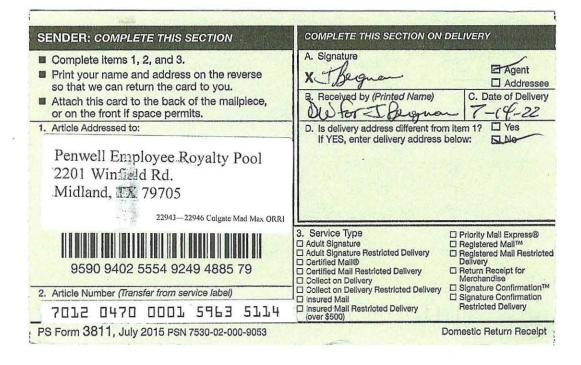














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PS Form 3811, July 2015 PSN 7530-02-000-9053		Domestic Return Receipt

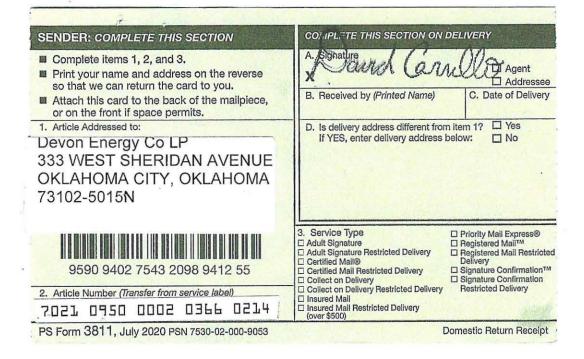


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22943—22946 Colgate Mad Max ORRI 9590 9402 4714 8344 6445 48 2. Article Number (Transfer from service label) 7012 0470 0001 5963 5091	3. Service Type anta Fe NM 87504 Priority Mail Express® Registered Mail Fe NM 87504 Registered Mail Fe NM 87504 Registered Mail Fe NM 87504 Registered Mail Festricted Delivery Certified Mail® Restricted Delivery Collect on Delivery Restricted Delivery Insured Mail Restricted Delivery (over \$500)



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31105 La Quinta Dr		
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Attach this card to the back of the mailpiece, or on the front if space permits.		
1. Article Addressed to: Devon Energy Production Co., LP 333 West Sheridan Avenue Oklahoma City, Oklahoma 73102- 5015 22943-22946 Colgate Mad Max 9590 9402 5941 0062 9811 64 2. Article Number (Transfer from service label) 7012 0470 0001 5963 5305	D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No	
	3. Service Type Adult Signature Restricted Delivery Certified Mail® Certified Mail Restricted Delivery Collect on Delivery Collect on Delivery Insured Mail Insured Mail Restricted Delivery	□ Priority Mail Express® □ Registered Mail™ □ Registered Mail Restricted Delivery □ Return Receipt for Merchandise □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery
PS Form 3811, July 2015 PSN 7530-02-000-9053	(over \$500)	Oomestic Return Receipt







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CERTIFIED MAIL
THE

HINKLE SHANOR LLP
ATTORNEYS AT LAW
POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504



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US POSTAGE MAPITNEY

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AUG 2 4 2022

Hinkle Shanor LLP Santa Fe NM 87504 Jareed Partners, Ltd. 6804 Island Circle Midland, TX 79707

22943—22

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0008/26/22

RETURN TO SENDER UNCLAIMED UNABLE TO FORWARD

UNC 504246



Carlsbad Current Argus.

Affidavit of Publication Ad # 0005336252 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:

07/15/2022

Subscribed and sworn before me this July 15, 2022:

State of WI, County of Brown NOTARY PUBLIC

My commission expires

KATHLEEN ALLEN Notary Public State of Wisconsin

Ad # 0005336252 PO #: 22944 # of Affidavits 1

This is not an invoice

This is to notify all interest-ed parties, including Devon Energy Production Compa-Energy Production Compa-ny, LP; Mewbourne Oil Company; Devon Energy Co LP; Paul R. Barwis co Dutton Harris and Assoc; Jareed Partners, Ltd.; John Kyle Thoma, Trustee of the Cornerstone Family Mineral, Crownrock Mineral, L.F.,
Penwell Employee Royalty
Pool; Butkin Investment
Company, L.L.C.; Kringen
Oil, LLC; Robin Oil & Gas
Corporation; C. Mark Crownrock Corporation; C. Mark Wheeler; Rusk Capital Management LLC; Kimbell Royalty Holdings, LLC; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct vation Division will conduct a hearing on an application submitted by Colgate Oper-ating, LLC (Case No. 22944). The hearing will be conduct-ed remotely on August 4, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the inocd hearing, see the in-ocd Hearings website for that date: https://www.emnr d.nm.gov/ocd/hearing-info/. Applicant seeks an order pooling all uncommitted in-terests in the Bone Spring formation underlying a 320acre, more or less, standard horizontal spacing unit com-prised of the N/2 S/2 of Sections 5 and 6, Township 20 South, Range 28 East, Eddy County, New Mexico ("Uni-t"). The Unit will be dedicat-ed to the Mad Max 6 Fed Com 133H well, which will be horizontally drilled from surface hole location in Lot 7 of Section 6, Township 20 South, Range 28 East, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 5, Township 20 South, Range 28 East. The completed intervals of the wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, the designation of Applicant as the operator of charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 12 miles northeast of Carlsbad, New Mexico. #5336252, July 15, 2022 Current Argus,

> Colgate Operating, LLC Case No. 22944 Exhibit C-4