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

CASE NO. 22946

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

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST E	BE SUPPORTED BY SIGNED AFFIDAVITS
Case No.:	22946
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	321.03 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	321.03-acres
Building Blocks	quarter-quarter
Orientation	West/East
Description: TRS/County	N/2 N/2 of Sections 5 and 6, Township 20 South, Range 28 East, Eddy
Description. They county	
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	County Yes.
Standard Horizontal Well Spacing Onit (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 131H (API # pending)
	SHL: 2234' FNL & 226' FEL (Unit H), Section 1, T20S-R27E
	BHL: 987' FNL & 10' FEL (Lot 1), Section 5, T20S-R28E
	Completion Target: Third Bone Spring (Approx. 8306' 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
20 days before frequery service frequing	
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
	Exhibit A-3
Pooled Parties (including ownership type)	
Pooled Parties (including ownership type) Unlocatable Parties to be Pooled	
Pooled Parties (including ownership type) Unlocatable Parties to be Pooled Ownership Depth Severance	Exhibit A-3 N/A

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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. 22946

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 N/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 131H well ("Well") to be horizontally drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 1, Township 20 South, Range 27 East to a bottom hole location in the NE/4 NE/4 (Lot 1) of Section 5, Township 20 South, Range 28 East.

1

6. The completed interval of the Well will be orthodox.

Colgate Operating, LLC Case No. 22946 Exhibit A

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7. **Exhibit A-2** contains the C-102 for the Well.

8. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Colgate seeks to pool highlighted in yellow. 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

2

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

electronic signature below.

/ U/ ~ Mark Hajdik

11/10/22

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

CASE NO. 22946

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 N/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 thereon.

2. The Unit will be dedicated to the **Mad Max 6 Fed Com 131H** well ("Well"), which will be horizontally drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 1, Township 20 South, Range 27 East, to a bottom hole location in the NE/4 NE/4 (Unit A) 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. 22946 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 jmclean@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 N/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 131H** well ("Well"), which will be horizontally drilled form a surface hole location in the SE/4 NE/4 (Unit H) of Section 1, Township 20 South, Range 27 East, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 5, Township 20 South, Range 28 East. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 12 miles northeast of Carlsbad, New Mexico.

Colgate Operating, LLC Case No. 22946 Exhibit A-2

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

AMENDED REPORT

District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

1625 N. French Dr., Hobbs, NM 88240

811 S. First St., Artesia, NM 88210

Phone: (575) 393-6161 Fax: (575) 393-0720

Phone: (575) 748-1283 Fax: (575) 748-9720

District I

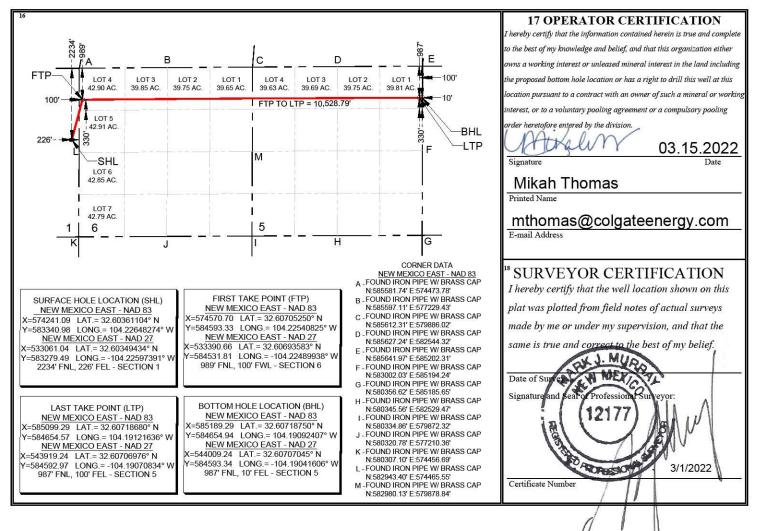
District II

State of New Mexico Exhibit A-2 Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

NELL LOCATION AND A OPEACE DEDICATION DI AT

1 API										
	[Number	er 2 Pool Code 3 Pool Name								
30-01	5-			48035 OLD MILLMAN RANCH; BS				6		
4 Property Code	le				5 Property	Name		6	6	Well Number
2444 1041					MAD MAX 6 H	FED COM				131H
7 OGRID No.	6				8 Operator	Name				9 Elevation
371449					COLGATE ENE	RGY LLC				3406.10'
					¹⁰ Surface	Location		1097		~
UL or lot no. Se	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Wes	st line	County
Н	1	20-S	27-E		2234'	NORTH	226'	EAS	Т	EDDY
			^и Во	ttom Ho	le Location I	f Different Fro	m Surface			
UL or lot no. Se	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Wes	st line	County
1	5	20-S	28-E		987'	NORTH	10'	EAS	Т	EDDY
12 Dedicated Acres 13	13 Joint of	r Infill 14 (Consolidation	Code 15 O	rder No.					
321.03		<i>5)</i> 74								

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.



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				Mad Max 6 (N/2N/2) 229	46				
	WI	OWNER		TRACT		NET	WI	FOR	CE POOL INTE	EREST
	ate Production, LI			1, 2, 3		239.19	74.75%	Operato	or	
Devo	on Energy Product	ion Company, I	P.	2, 3		80.81	25.25%	Yes		
						320.00	100.00%			
ŋ		(N)	(0)	(P)	(M)	(N)	1	(0)	(P)	(
	L4 Tra	ct 3 L3	L 2 ^{,3382} ∄	ct 2 L1	L 4	Trac	, ³³⁴² /r t 1	L2	и	L
H	3\$15 <i>f</i> t L 5	SENW (F)	SWNE (G)	SENE (H)	SWNW (E)	SENW (F)		WNE (G)	SENE (H)	sv (
	L6	NESW (K)	NWSE (J)	NESE (1)	NWSW (L)	NESW (K)	h	IWSE (J)	NESE (1)	NV (
	L7	SESW (N)	SWSE (O)	SESE (P)	SWSW (M)	SESW (N)		E WSE (O)	SESE (P)	sv (
E	mp Rd	NENW	NWNE	NENE	NWNW	NENW	N	WNE	NENE	NW

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 T	ı 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. 22946 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:

 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' FEL & 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. 22946 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:

<i>Well Elections:</i> (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					

Company Name (If Applicable):

By:	
Printed Name:	
Date:	

Colgate Energy 300 N. Marienfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4222 • Fax (432) 695-4063 ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	6/2/2022	AFE NO.:	0
WELL NAME:	Mad Max 6 Fed Com	FIELD:	Old Millman Ranch; BONE SPRING
LOCATION:	Section 6, Block T20S-R28E	MD/TVD:	19130' MD / 8306' TVD
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,400
Colgate WI:	14 A	DRILLING DAYS:	20.8
GEOLOGIC TARGET:	TBSG	COMPLETION DAYS:	19

REMARKS: Drill a horizontal 3rd BS well and complete. AFE includes drilling, completions, flowback and Initial AL install cost

TANGIBLE COSTS COS	INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
4 reight / transportation 34.270 30.237 5 Rend.1 - Surve's Equipanent 145.281 25.270 6 Rend.1 - Downhole Equipanent 145.281 25.270 10 Directional Drilling, Surveys 350,278 43.480 10 Directional Drilling, Surveys 350,278 43.480 11 Drilling, Surveys 350,278 43.480 12 Drill Bits 77,288 20.000 13 Competition Unit, Swab, CTU 20.000 20.000 15 Competition Unit, Swab, CTU 20.000 10.000 16 Conclusion System 28.5984 70.29275 24.000 10 Superiorition Unit, Swab, CTU	1 Land / Legal / Kegulatory	\$ 42,500	5	5	\$ 42,500
5 Renial Sourice Equipment 93,201 133,000 7 Renial Living Quarters 39,715 43,540 10 Directional Diriting, Surveys 320,278		207,601	13,000	25,000	245,601
6 Endia Lowahole Equipment 142,281 22,287 10 Directional Drilling, Surveys 320,278 434,897 11 Drilling 556,587	4 Freight / Transportation	34,270	30,250		64,520
7 Aental - Living Quarters 35/18 43.537 11 Dollings 35/18 43.537 11 Dollings 350,587	5 Rental - Surface Equipment	93,261	153,700	13,060	260,021
10 Dictional Doilling, Surveys 320,278 11 Doilling, 350,857 12 Duil Sitis 77,080 13 Feal & Fower 112,742 14 Cenenting & Float Equip 139,480 15 comptetion Unit, Swab, C1U 22,252 15 Comptetion Unit, Swab, C1U - 15 Comptetion Unit, Swab, C1U - 16 Perforating, Whetline, Silckline - 21 Mad Logging - 22 Logging / Formation System 76,854 22 Logging / Formation System 76,854 22 Logging / Formation Evaluation 7,417 23 Mad & Chemicals 250,734 24 Water 31,270 25 Minulation - 25 Stimulation Flowback & Disp - 25 Minulation Flowback & Disp - 25 May Materwater Disposal 133,845 40,000 - 24 Vacuum Tuck - 25 Instruction / Linguage - 24 Vacuum Tuck - 25 Instruction Linguage - 26 Stimulation Rowback & Disp - 27000 - 21 Nigging & Abandomment	6 Rental - Downhole Equipment	145,281	26,250		171,531
11 Doilling 506,857 12 Fuel & Power 127,427 13 Fuel & Power 127,427 14 Consulting & Float Equip 142,467 15 Completion Unit, Swab, C1U 725,257 15 Robit Residence 242,057 15 Completion Unit, Swab, C1U 73,5907 15 Completion Unit, Swab, C1U 73,5907 20 Mad Cisculation System 74,8944 21 Mad Logging 15,128 22 Logging / formation Evaluation 74,117 23 Mad & Chemicals 260,744 24 Wate 312,707 25 Stimulation 982,585 25 Stimulation 982,585 25 Stimulation 982,585 25 Mad Viatered Disposal 135,585 24 Mad Kendered Disposal 135,585 25 Labor 100,596 25 Labor 100,597 25 Insurance 10,5907 97 Plagging & Abandonnent 205,55 01 Drate INTANGIBLES > 2557,550 30,698,898 134,860 TOTAL INTANGIBLES > 2557,550 30,698,898 134,860 TOTAL INTANGIBLES > <td< td=""><td>7 Kental - Living Quarters</td><td>35,718</td><td>43,450</td><td></td><td>79,168</td></td<>	7 Kental - Living Quarters	35,718	43,450		79,168
12 Drill Bin 72,080 12 Drill Sing 72,080 13 Fed & Ford 142,747 14 Connerting & Float Equip 149,460 15 Completion Unit, Swab, C1U 74,000 15 Bind & Ford 75,957 15 Gampletion Unit, Swab, C1U 75,957 15 Completion Unit, Swab, C1U 75,957 21 Mad Logging 76,854 22 Logging / Fornation System 76,854 22 Logging / Fornation Evaluation 7,419 23 Mad & Chemicals 250,744 24 Water 31,707 25 Minulation Flowback & Disp 100,735 25 Minulation Flowback & Disp 100,735 25 Minulation Flowback & Disp 100,737 25 Minulation Flowback & Disp 100,737 24 Vactum Tunck 7,857 25 Intransicor Langing & 100,986 30,000 20,000 100,986 30,000 20,000 31 Abort 100,980 31 Autoru 10,980 32 Dig & Completion Overhead 7,875 34 Loor 10,980 35 Intransicor 20,000 36 Loor 100,980 37 Contingency 10,980 30 Constance 10,980 30 Constance 10,980 <t< td=""><td></td><td></td><td></td><td></td><td>320,278</td></t<>					320,278
14 Fuel & Power 14/2/42/200001 300,0001 15 Completion Unit, Swab, CTU 24,0007 24,0007 15 Completion Unit, Swab, CTU - 75,0007 15,0007 15 Completion Unit, Swab, CTU - 75,0007 15,0007 15,0007 20 Mad Circulation System 78,894 - <td< td=""><td></td><td>566,837</td><td></td><td></td><td>566,837</td></td<>		566,837			566,837
14 Cenerating & Float Equip 139,860 240,007 15 Completion Unit, Swab, CLU 240,007 250,007 16 Perforating, Wireline, Slickline 272,252 250,007 17 High Pressure Pamp Truck 480,000 150,007 20 Mod Circulation System 76,8594 200,007 21 Mod Logging 161,225 200,007 22 Mod Circulation System 76,7597 200,007 23 Mod & Chemicals 200,741 316,7575 24 Water 31,270 30,007 25 Minulation 200,741 315,757 24 Mod Circulation / Equipmental 100,275 4,8007 25 Minulation / Equipmental 102,075 4,8007 26 Minulation / Equipmental 100,295 4,8007 25 Minulation / Equipmental 100,295 4,8007 26 Minulation / Equipmental 100,295 4,8007 27 Outperson 100,296 100,297 4,8007 28 Lisboard 100,3986 50,0007 20,0007 29 Propata 100,296 10,296,0007 20,0007 20 Total LINTANCIBLES > 20,57,550 3,698,988 134,860	12 Drill Bits			R	72,080
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76 University of Control of	62 Drilling Liner 63 Production Casing 64 Production Liner 65 Tubing 66 Wellhead 67 Packers, Liner Hangers 68 Tanks 69 Production Vessels 70 Flow Lines 71 Rod string 72 Artificial Lift Equipment 73 Compresor	120,367 4/3,101 		40,200 7,500 	120,367 4/3,101 85,500 86,830 18,100 94,800 94,800 223,000 42,500
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PREPARED BY Colgate Energy:

Drilling Engineer:	SS/RM/PS		
Completions Engineer:	BA/ML		
Production Engineer:	Levi Harris		
Energy APPROVAL:			
Co-CEO		Co-CEO	VP - Operations
	WH	JW	CRM
VP - Land & Legal		VP - Geosciences	
	BG	50	
PERATING PARTNER	APPROVAL:	Westiller Takana (All)	Tax ID:
Company Name:		Working Interest (%):	Tax ID:
Signed by:		Date:	
Title:		Approval: Y	es No (mark one)

proportionate share of actual costs incurred, including, legal, construct, negalatory, behavings and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general labelity insurance unless participant provides Operator a contribute or densing to over insurance in an ancent acceptable to the Operator by the date of spad.

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. 22946 Exhibit A-5

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

CASE NO. 22946

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 131H 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 131H proposed Well with a red dashed

> Colgate Operating, LLC Case No. 22946 Exhibit B

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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 131H 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.

2

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.

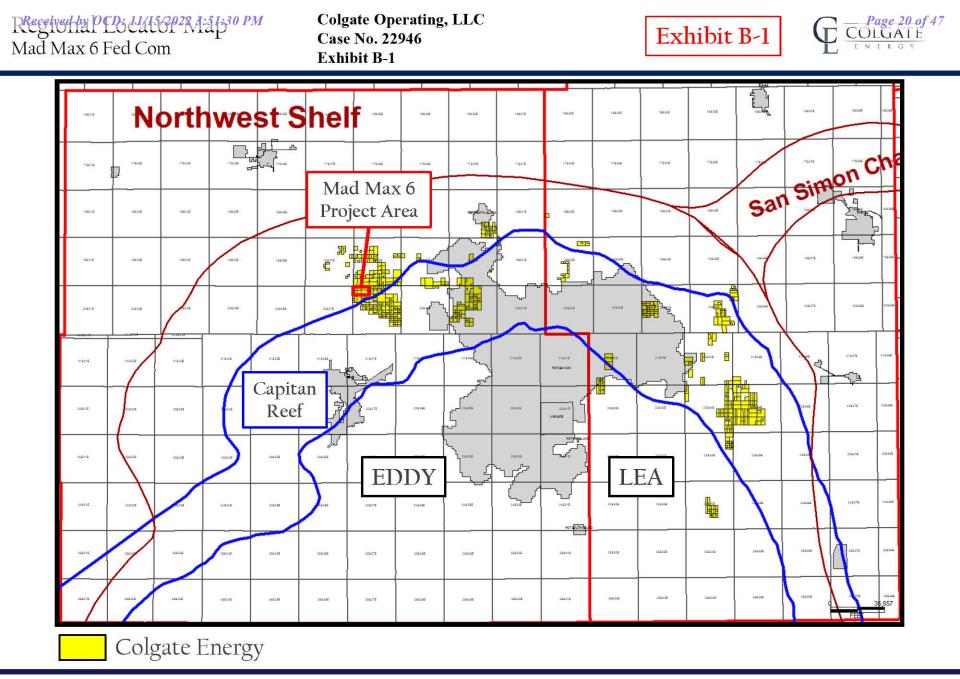
13. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony in paragraphs 1 through 12 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

24

David DaGian

11/10/22

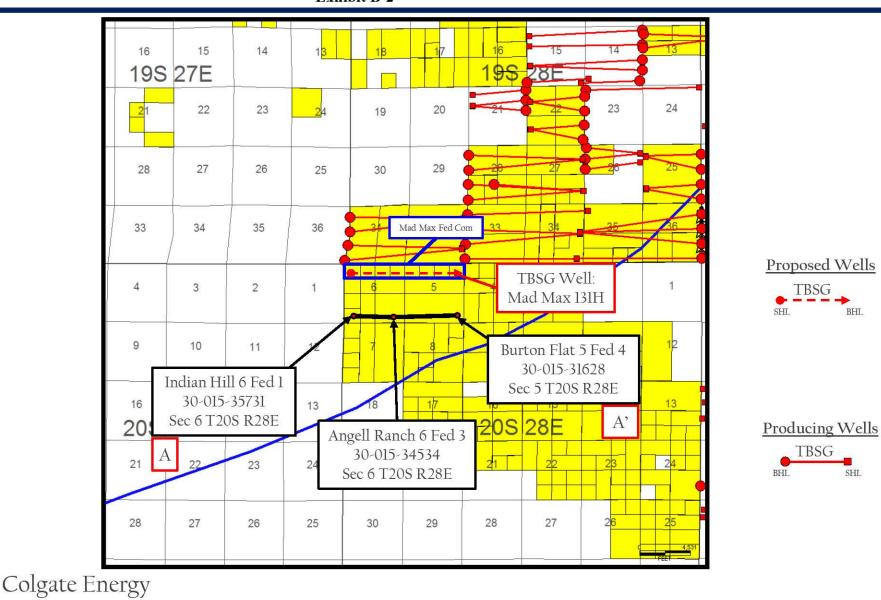
Date



Croised bSCCCL1645/22023E6FM Ap Mad Max 6 Fed Com 131H Colgate Operating, LLC Case No. 22946 Exhibit B-2





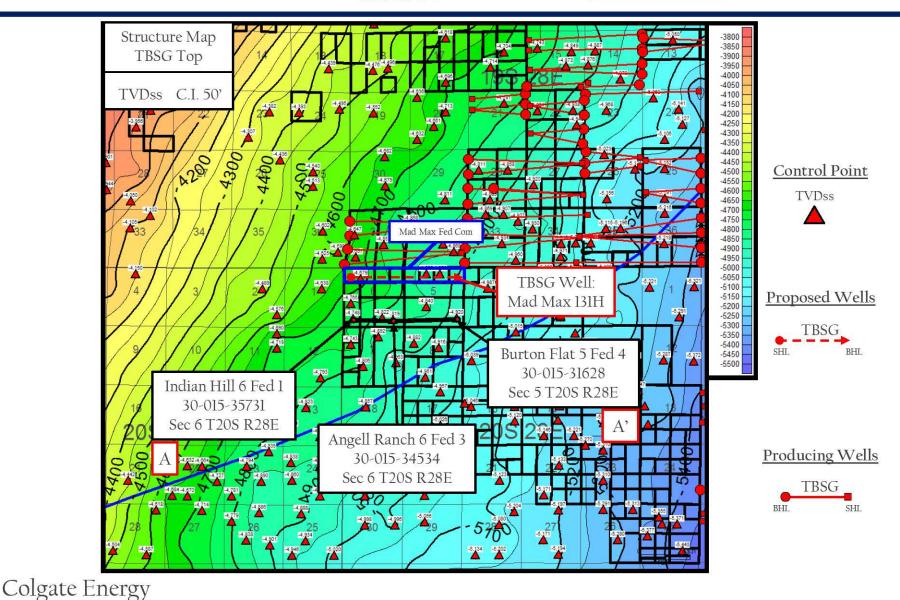


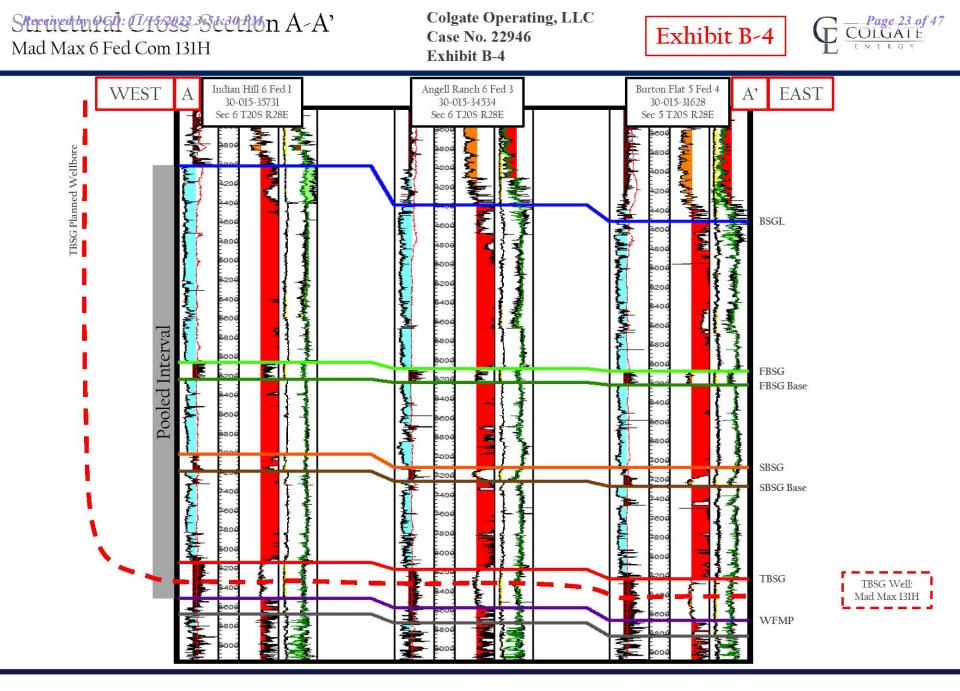
Mad Max 6 Fed Com 131H

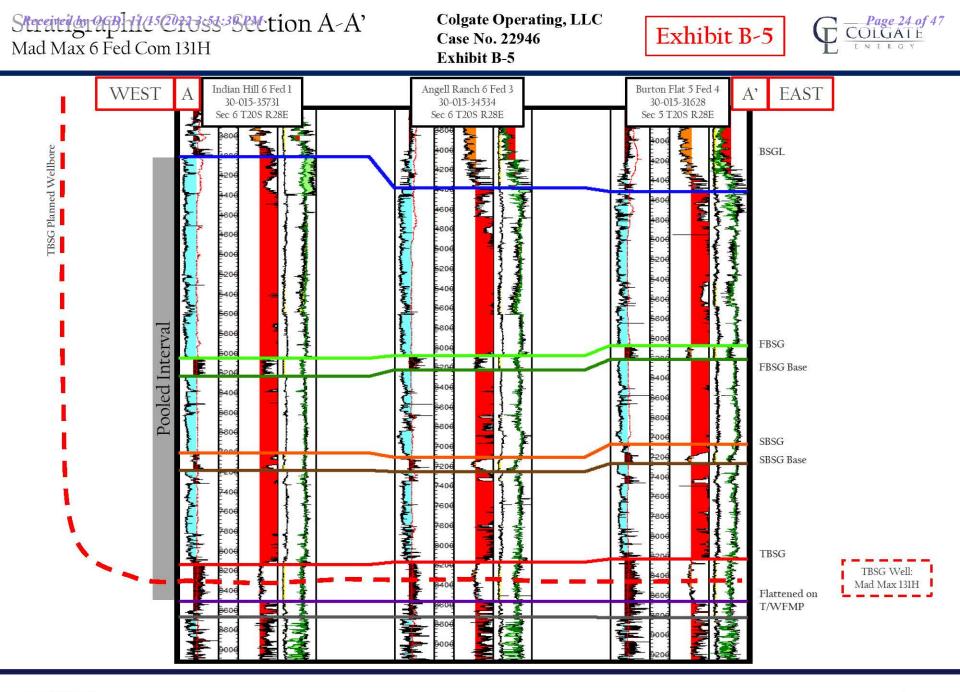
Colgate Operating, LLC Case No. 22946 Exhibit B-3









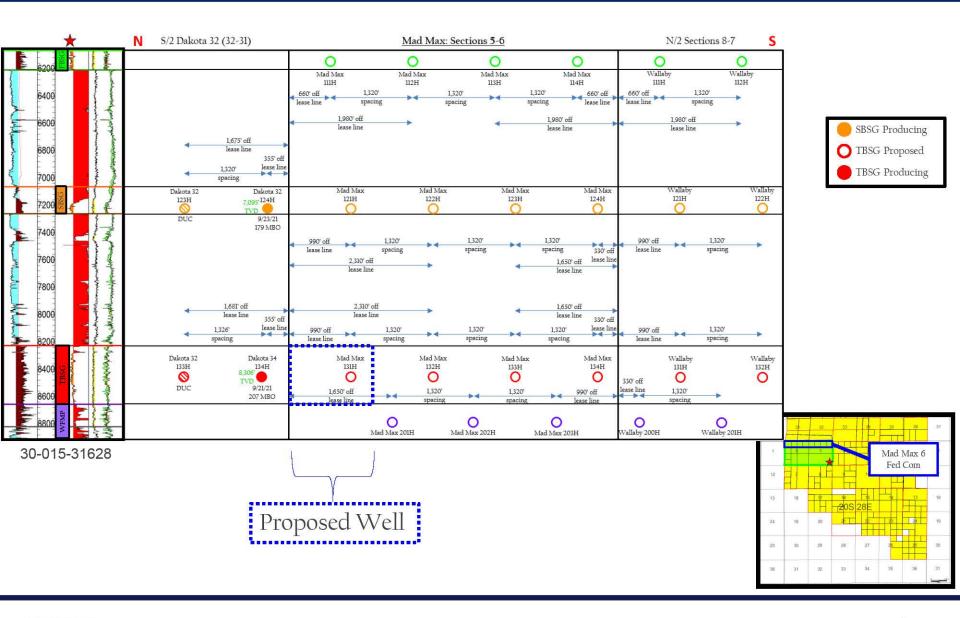


Mad Max 6 Fed Com 131H

Colgate Operating, LLC Case No. 22946 Exhibit B-6







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

CASE NO. 22946

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 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. 22946 Exhibit C



HINKLE SHANOR LLP

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

July 11, 2022

WRITER:

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

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: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>. 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.hearing@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 do not hesitate to contact me if you have questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Colgate Operating, LLC Case No. 22946 Exhibit C-1

Enclosure

PO BOX 10 ROSWELL, NEW MEXICO 88202 575-622-6510 (FAX) 575-623-9332 Released to Imaging: 11/15/2022 3:58:29 PM 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

July 11, 2022

WRITER:

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

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

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.

Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>. 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.

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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

PO BOX 10 ROSWELL, NEW MEXICO 88202 575-622-6510 (FAX) 575-623-9332 Released to Imaging: 11/15/2022 3:58:29 PM 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

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
		07/18/22
Deven Energy Droduction Co	07/11/22	In transit to next facility. 07/18/22
Devon Energy Production Co., L.P.	07/11/22	07/18/22
333 West Sheridan Avenue		
Oklahoma City, OK 73102-		
5015		
Jareed Partners, Ltd.	07/11/22	08/24/22
6804 Island Circle	07/11/22	00/24/22
Midland, TX 79707		Return to sender.
Kimbell Royalty Holdings,	07/11/22	07/21/22
LLC	0,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	01121122
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		
Penwell Employee Royalty	07/11/22	07/18/22
Pool		
2201 Winfield Rd.		
Midland, TX 79705		
Robin Oil & Gas Corporation	07/11/22	07/18/22
PO Box 720420		
Oklahoma City, OK 73172-		
0420		

Colgate Operating, LLC Case No. 22946 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	07/11/22	01122122
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		

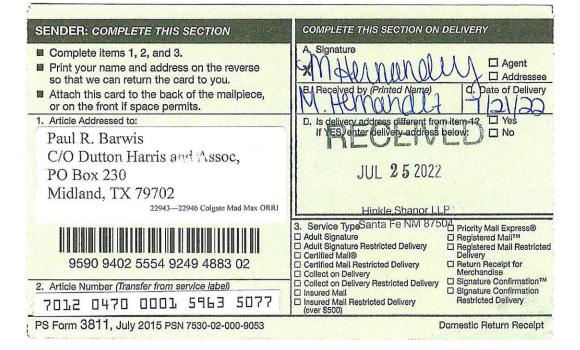
APPLICATIONS OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case Nos. 22943, 22944, 22945 and 22946

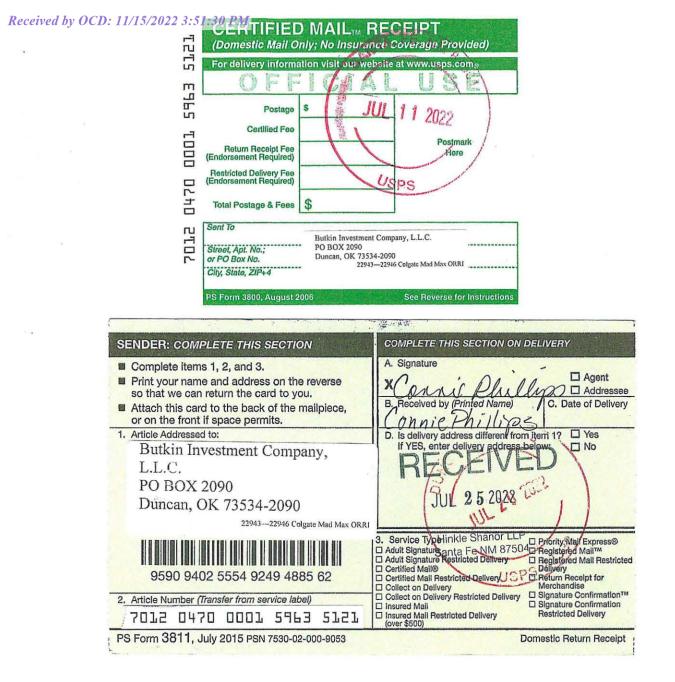
NOTICE LETTER LIST WORKING INTERESTS AND RECORD TITLE OWNERS

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		

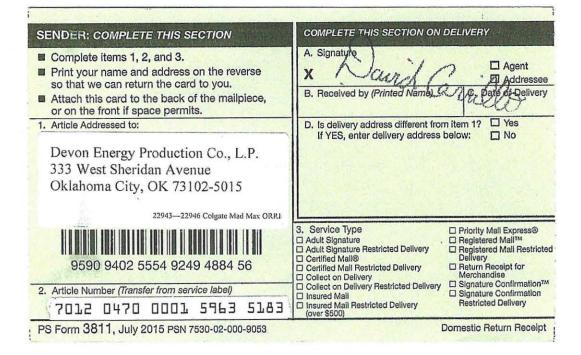




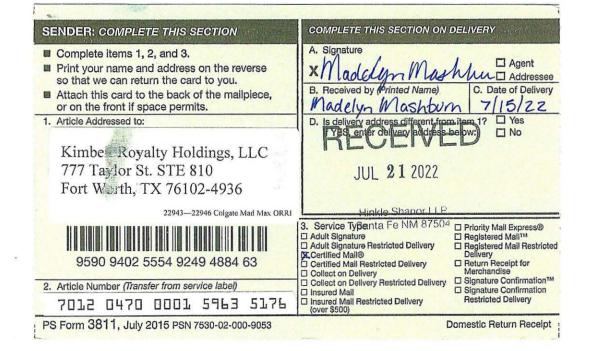
Colgate Operating, LLC Case No. 22946 Exhibit C-3



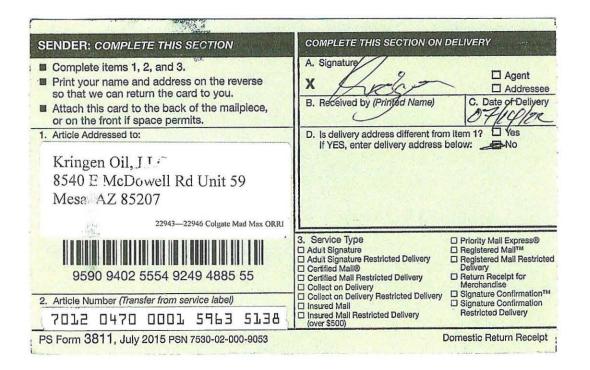




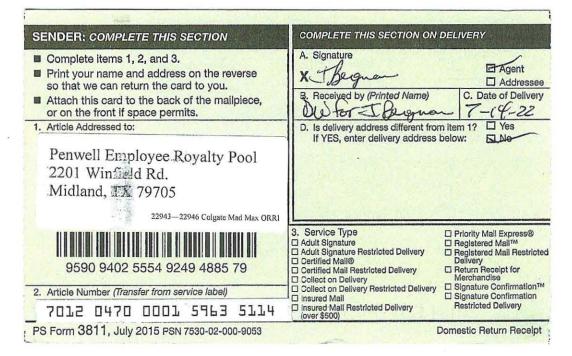




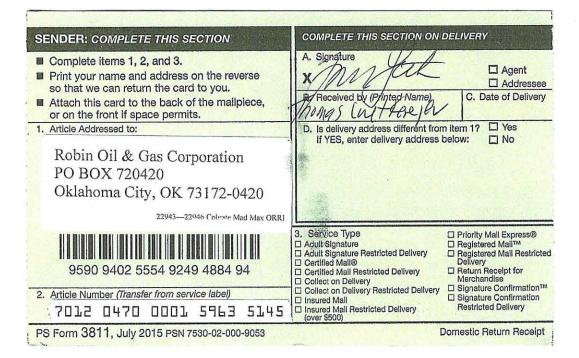




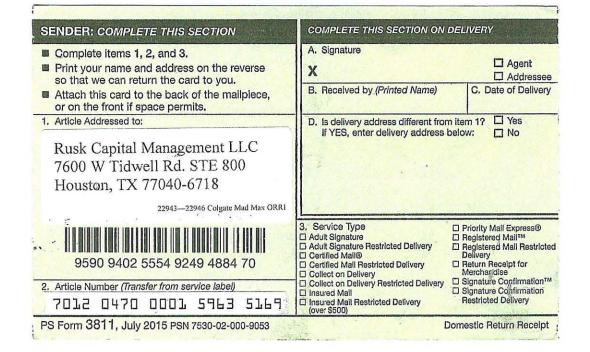












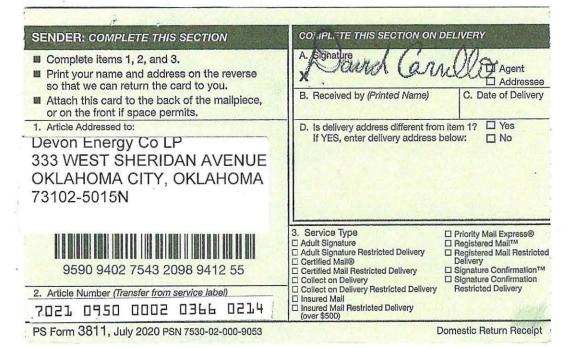




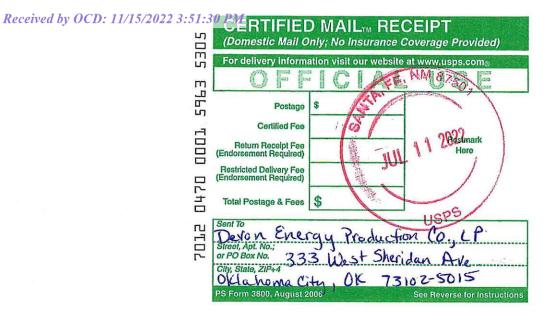


SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X J B. Received by (Printeel Name) A. Signature C. Date of Delivery J - 14-7	
1. Article Addressed to: C. Mark Wheeler 31105 La Quinta Dr Georgetown, TX, 78628	D. Is delivery address different from item 1? U Yes If YES, enter delivery address below: INO	
22943—22946 Colgate Mad Max ORRI 9590 9402 5554 9249 4884 87 2. Article Number (Transfer from service label) 7012 0470 0001 5963 5152	3. Service Type □ Priority Mail Express® □ Adult Signature □ Registered Mail™ □ Adult Signature Restricted Delivery □ Registered Mail™ □ Adult Signature Restricted Delivery □ Registered Mail™ □ Certified Mail® □ Receipt for Merchandise □ Collect on Delivery □ Signature Confirmation™ □ Insured Mail □ Signature Confirmation™	
PS Form 3811, July 2015 PSN 7530-02-000-9053	(over \$500)	





Page 43 of 47



SENDER: COMPLETE THIS SECTION	CO MPLLTE 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. Signal Carry (and X - B. Received by (Printed Name)	Agent Addressee C. Date of Delivery
1. Article Addressed to: Devon Energy Production Co., LP 333 West Sheridan Avenue Oklahoma City, Oklahoma 73102- 5015	D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No	
22943-22946 Colgate Mad Max 9590 9402 5941 0062 9811 64 2. Article Number (Transfer from service label) 7012 0470 0001 5963 5305	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail® Collect on Delivery Collect on Delivery Restricted Delivery Insured Mail Insured Mail	 □ 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

Domestic Return Receipt







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Carlsbad Current Argus.

Affidavit of Publication Ad # 0005336272 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

Legal Clerk

Subscribed and sworn before me this July 15, 2022:

State of WI, County of Brown NOTARY PUBLIC

-7 -20 My commission expires

KATHLEEN ALLEN Notary Public State of Wisconsin

Ad # 0005336272 PO #: 22946 # of Affidavits1

This is not an invoice

This is to notify all interest-This is to notify all interest-ed parties, including Devon Energy Production Compa-ny, LP; Mewbourne Oil Com-pany; Devon Energy Co LP; Paul R. Barwis do Dutton Harris and Assoc; Jareed Partners, Ltd.; John Kyle Thoma, Trustee of the Cor-perstone Family Trust: nerstone Family Trust; nerstone Family Trust; Crownrock Mineral, L.P.; Penwell Employee Royalty Pool; Butkin Investment Company, L.L.C.; Kringen Oil, LLC; Robin Oil & Gas Corporation; C. Mark Wheeler; Rusk Capital Man-agement LLC; Kimbell Royal-ty Holdings, LLC: and their ty 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. 22946). 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 in-structions posted on the OCD Hearings website for that date: <u>https://www.emnr</u> d.nm.gov/ocd/hearing-info/. Applicant seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 320acre, more or less, standard horizontal spacing unit com-prised of the N/2 N/2 of Sec-tions 5 and 6, Township 20 South, Range 28 East, Eddy south, Kange 28 East, Eddy County, New Mexico ("Uni-t"). The Unit will be dedicat-ed to the Mad Max 6 Fed Com 131H well ("Well"), which will be horizontally drilled form a surface hole location in the SE(4 NE(4 location in the SE/4 NE/4 (Unit H) of Section 1, Township 20 South, Range 27 East, to a bottom hole lo-cation in the NE/4 NE/4 (Unit A) of Section 5, Township 20 South, Range 28 East. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the alloca-tion of the cost, the desig-nation of Applicant as the operator of the Well, and a 200% charge for the risk in-volved in drilling and com-pleting the Well. The Well is located approximately 12 miles northeast of Carlsbad, New Mexico. #5336272, July 15, 2022 Current Argus,

> **Colgate Operating, LLC** Case No. 22946 **Exhibit C-4**