

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

APPLICATION OF COLGATE OPERATING LLC  
TO AMEND ORDER NO. R-21405,  
EDDY COUNTY, NEW MEXICO

CASE NO. 21941  
ORDER NO. R-21405  
(Re-Open)


Examiner Docket: June 3, 2021

COLGATE EXHIBITS

Rincon 22 State 123H  
Rincon 22 State 133H



Earl E. DeBrine, Jr.  
Lance D. Hough

 MODRALL SPERLING  
500 Fourth Street NW, Suite 1000  
P. O. Box 2168 / Albuquerque, NM 87103  
Telephone 505.848.1800  
[edebrine@modrall.com](mailto:edebrine@modrall.com)  
[ldh@modrall.com](mailto:ldh@modrall.com)

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**Rincon 22 State 123H  
Rincon 22 State 133H**

Exhibit A      Self-Affirmed Declaration of Mark Hajdik  
                  A-1              Application for Case No. 21941  
                  A-2              Order No. R-21405

Exhibit B      Affidavit of Lance D. Hough  
                  B-1      Hearing Notice  
                  B-2      Certified Mail Log / Notice May 13, 2021  
   Certified Mail Log / Report June 1, 2021  
                  B-3      Affidavit of Publication

Earl E. DeBrine, Jr.  
Lance D. Hough

 **MODRALL SPERLING**

500 Fourth Street NW, Suite 1000  
P. O. Box 2168 / Albuquerque, NM 87103  
Telephone 505.848.1800  
[edebrine@modrall.com](mailto:edebrine@modrall.com)  
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TO AMEND ORDER NO. R-21405,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21941  
ORDER NO. R-21405  
(Re-Open)**

**SELF-AFFIRMED DECLARATION OF MARK HAJDIK**

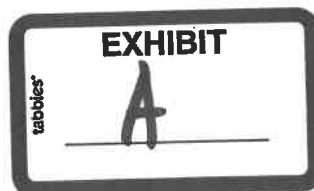
STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

Mark Hajdik declares and affirms, under penalty of perjury, as follows:

1. I am a landman for Colgate Operating, LLC (“Colgate”), over the age of 18 and have personal knowledge of the matters stated herein. I have previously been qualified to testify by the New Mexico Oil Conservation Division as an expert in petroleum land matters and my credentials were accepted and made part of the record in those proceedings.

2. I am familiar with the application filed by Colgate in the above-referenced case and the land matters involved. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the above referenced compulsory pooling application filed by Colgate, which is attached hereto as **Exhibits A.1**.

3. Colgate seeks an order from the Oil Conservation Division for the limited purposes of amending Order No. R-21405 to allow for a one-year extension of time to commence drilling the wells under the Order. The Division issued Order No. R-21405 on July 29, 2020, which designated Colgate as the operator of and pooled uncommitted interest owners within two 160-acre Bone Spring horizontal spacing units comprised of the N/2 S/2 of Section 22, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Rincon 22 State 123H** and **Rincon 22 State 133H** wells) and S/2 S/2 of Section 22, Township 19 South, Range 28



East, NMPM, Eddy County, New Mexico (designated to the **Rincon 22 State 124H** and **Rincon 22 State 134H** wells). The Order requires commencement of drilling the wells within one year of the date of the Order unless Colgate obtains an extension by an amendment of this Order for good cause shown. Order No. R-21405 is attached hereto as **Exhibit A.2**.

4. Good cause exists for Colgate's request for extension of time because, due to recent market conditions and limitations from the COVID-19 pandemic, Colgate has had to adjust its drilling schedule for this development.

5. Colgate requests that the deadline to commence drilling the wells under the Order be extended for a year from July 29, 2021 to July 29, 2022.

6. No opposition is expected. Colgate, through its counsel, provided all working interest owners, any unleased mineral owners, and overriding royalty owners with notice of the application. No parties have entered an appearance in opposition to this case.

7. Colgate is in good standing under the statewide rules and regulations.

8. Based upon my knowledge of the land matters involved in this case, education and training, it is my expert opinion that the granting of Colgate's application in this case is in the interests of conservation and the prevention of waste.

9. The attachments to my declaration were prepared by me or compiled from company business records.

10. Pursuant to Rules 1-011 and 23-115.NMRA, I declare and affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct to the best of my knowledge and belief.

Date: 5/25/21

  
\_\_\_\_\_  
Mark Hajdik

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

**APPLICATION OF COLGATE OPERATING LLC  
TO AMEND ORDER NO. R-21405,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21941  
ORDER NO. R-21405  
(Re-Open)**

**APPLICATION**

Colgate Operating LLC (“Colgate”), OGRID Number 371449, through its undersigned attorney, files this application with the Oil Conservation Division (“Division”) for the limited purpose of amending Order No. R-21405 (“the Order”) to allow for an extension of time for drilling the well under the Order. In support of this application, Colgate states as follows:

1. The Division heard Case No. 21303 on July 21, 2020 and entered the Order on July 29, 2020.
2. The Order designated Colgate as the operator of and pooled uncommitted interest owners within a 160-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 S/2 of Section 22, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Rincon 22 State 123H and Rincon 22 State 133H** wells).
3. The Order also designated Colgate as the operator of and pooled uncommitted interest owners within a 160-acre, more or less, Bone Spring horizontal spacing unit comprised of the S/2 S/2 of Section 22, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Rincon 22 State 124H and Rincon 22 State 134H** wells).
4. Paragraph 19 of the Order states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order; and complete each Well no later than one (1) year after the commencement of drilling the Well.” Paragraph 20 of the Order states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”



5. Under the Order, Colgate would be required to commence drilling the well July 29, 2021.

6. Colgate requests that the Order be re-opened and amended to allow Colgate an additional year to commence drilling the well under the Order.


7. Colgate requests this extension because there have been changes in Colgate's drilling schedule due to the COVID-19 pandemic and recent market conditions.

8. Good cause exists for Colgate's request for an extension of time.

9. Colgate asks that the deadline to commence drilling the well be extended for a year from July 29, 2021 to July 29, 2022.

WHEREFORE, Colgate requests this application be set for hearing before an Examiner of the Oil Conservation Division on June 3, 2021, and after notice and hearing as required by law, the Division amend Order No. R-21405 to extend the time for Colgate to commence drilling the well under the Order for a year, through July 29, 2022.

MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.

By:  \_\_\_\_\_

Earl E. DeBrine  
Deana M. Bennett  
Lance D. Hough  
Post Office Box 2168  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: 505.848.1800  
edebrine@modrall.com  
dmb@modrall.com  
ldh@modrall.com  
*Attorneys for Applicant*

**(Re-Open) Application of Colgate Operating LLC to Amend Order No. R-21405, Eddy County, New Mexico.** Applicant seeks an order from the Oil Conservation Division for the limited purposes of amending Order No. R-21405 to allow for a one-year extension of time to commence drilling the wells under the Order. The Division issued Order No. R-21405 on July 29, 2020, which designated Colgate as the operator of and pooled uncommitted interest owners within two 160-acre Bone Spring horizontal spacing units comprised of the N/2 S/2 of Section 22, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Rincon 22 State 123H** and **Rincon 22 State 133H** wells) and S/2 S/2 of Section 22, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Rincon 22 State 124H** and **Rincon 22 State 134H** wells). The Order requires commencement of drilling the wells within one year of the date of the Order unless Colgate obtains an extension by an amendment of this Order for good cause shown. Good cause exists for Colgate's request for an extension of time due to limitations from the pandemic and recent market conditions.

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

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

**CASE NO. 21303  
ORDER NO. R-21405**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on July 21, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

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

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.





9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### **ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION




ADRIENNE SANDOVAL  
DIRECTOR  
AES/kms

Date: 7/29/2020

CASE NO. 21303  
ORDER NO. R-21405

## Exhibit "A"

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21303	Applicant's Response
Date: July 21, 2020	
Applicant	Colgate Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	371449
Applicant's Counsel	Ernest L. Padilla
Case Title:	Application of Colgate Operating, LLC Case No. 21339 compulsory pooling and non-standard spacing and proration unit in Eddy County, New Mexico
Entries of Appearance/Intervenors	COG Operating, LLC-Michael Rodriguez
Well Family	Rincon 22 State
Formation/Pool	
Formation Name(s) or Verticle Extent	Palmilo, Bone Spring Formation
Primary Product (Oil or Gas)	Oil
Pooling this verticle extent	Bone Spring Formation
Pool Name and Pool Code	Palmilo, Bone Spring (Pool code 96413)
Well Location Setback Rules	Standard
Spacing Unit Size	160 ac
Spacing Unit	
Type (Horizontal/Verticle)	Horizontal
Size (acres)	160 ac
Building Blocks	quarter-quarter sections
Orientation	West to East
Description: TRS/County	N/2 S/2 of Section 22
Description: TR5/County	S/2 S/2 of Section 22
Standard Horizontal Well Spacing Unit	Yes
Other Situations	
Depth Severance: No	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: If yes, description	NO
Applicant's Ownership in Each Tract	
Wells	
Name & API (if assigned), surface and bottom hole location footages, completion target, orientation, completion status (standard or non-standard)	<p>Rincon 22 State 123H SHL: 1380 feet from the South line and 263 feet from the West line (Unit L) of Section 22, Township 19 South, Range 28 East, NMPPM BHL: 1613 feet from the South line and 100 feet from the East line (Unit I) of Section 22, Township 19 South, Range 28 East, NMPPM Completion Target: 2nd Bone Spring Sand at approx 7400 feet TVD Well Orientation: West to East Completion Location: standard Spacing Unit: N/2 S/2 of Section 22</p> <p>Rincon 22 State 133H SHL: 1335 feet from the South line and 263 feet from the West line (Unit L) of Section 22, Township 19 South, Range 28 East, NMPPM BHL: 1713 feet from the South line and 100 feet from the East line (Unit I) of Section 22, Township 19 South, Range 28 East, NMPPM Completion Target: 3rd Bone Spring Sand at approx 8700 feet TVD Well Orientation: West to East Completion Location: standard Spacing Unit: N/2 S/2 of Section 22</p> <p>Rincon 22 State 124H SHL: 1290 feet from the South line and 263 feet from the West line (Unit M) of Section 22, Township 19 South, Range 28 East, NMPPM BHL: 330 feet from the South line and 100 feet from the East line (Unit P) of Section 22, Township 19 South, Range 28 East, NMPPM Completion Target: 2nd Bone Spring Sand at approx 7500 feet TVD Well Orientation: West to East Completion Location: standard Spacing Unit: S/2 S/2 of Section 22</p> <p>Rincon 22 State 134H SHL: 1245 feet from the South line and 263 feet from the West line (Unit M) of Section 22, Township 19 South, Range 28 East, NMPPM BHL: 430 feet from the South line and 100 feet from the East line (Unit P) of Section 22, Township 19 South, Range 28 East, NMPPM Completion Target: 3rd Bone Spring Sand at approx 8700 feet TVD Well Orientation: West to East Completion Location: standard Spacing Unit: S/2 S/2 of Section 22</p>
Horizontal Well First and Last Take Points	Exhibit A pages 5, 6, 7, 8, 25, 26, 27 and 28
Completion Target (Formation, TVD and MD)	Exhibit A pages 5, 6, 7, 8, 25, 26, 27 and 28

	Identify the Exhibit and Page for Information below this line
<b>AFF Fees and Operating Costs</b>	
Drilling Supervision /Month \$	\$8000/\$800
Production Supervision /Month \$	Exhibit A pages 25, 26, 27 and 28
Justification for Supervision Costs	Exhibit A pages 25, 26, 27 and 28
Request Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit C pages 2, 3, 4 and 5
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C pages 7 through 19
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C pages 41 through 43
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A pages 13 and 14
Tract List (including lease numbers and owners)	Exhibit A pages 13 and 14
Pooled Parties (including ownership type)	Exhibit A pages 13 and 14
Unlocatable Parties to be Pooled	Exhibit C pages 33 through 40
Ownership Depth Severance (including percentage above & below)	None
<b>Subsides</b>	
Sample Copy of Proposed Letter	Exhibit A pages 22 through 24
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A page 13
Chronology of Contact with Non-Joined Working Interests	Exhibit A page 15
Overhead Rates in Proposal Letter	Exhibit A pages 22 through 24
Cost Estimates to Drill and Complete	Exhibit A pages 25 through 28
Cost Estimate to Equip Well	Exhibit A pages 25 through 28
Cost Estimate for Production Facilities	Exhibit A pages 25 through 28
<b>Geology</b>	
Summary (including special considerations)	Exhibit B pages 1 and 2
Spacing Unit Schematic	None
Gunbarrel/Lateral Trajectory Schematic	Exhibit B page 17
Well Orientation (with rationale)	None
Target Formation	Exhibit B pages 24, 25 and 26
HSU Cross Section	Exhibit B pages 24, 25 and 26
Depth Severance Discussion	None
Forms, Figures and Tables	None
C-102	Exhibit A pages 5, 6, 7 and 8
Tracts	Exhibit A page 14
Summary of Interests, Unit Recaptulation (Tracts)	None
General Location Map (including basin)	Exhibit B page 18
Well Orientation (with rationale)	east west, prevailing in area
Structure Contour Map - Subsea Depth	Exhibit B page 20
Cross Section Location Map (including wells)	Exhibit B pages 19, 24, 25 and 26
Cross Section (including Landing Zone)	Exhibit B pages 19, 24, 25 and 26
<b>Additional Information</b>	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name: (Attorney or Party Representative):	Ginest L. Padilla
Signed Name: (Attorney or Party Representative):	
Date: July 21, 2020	

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

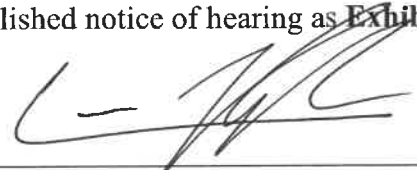
**APPLICATION OF COLGATE OPERATING LLC  
TO AMEND ORDER NO. R-21405,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21941  
ORDER NO. R-21405  
(Re-Open)**

**AFFIDAVIT OF LANCE D. HOUGH**


STATE OF NEW MEXICO            )  
  )ss.  
COUNTY OF BERNALILLO        )

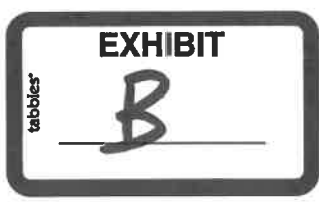
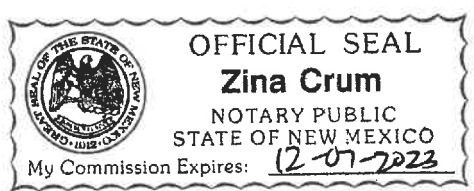
Lance D. Hough, attorney in fact and authorized representative of Colgate Operating LLC (“Colgate”), the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were provided under notices of hearing to parties entitled to notice; and that the following are attached hereto: a sample of said notice of hearing as **Exhibit B.1**, proof of mailed notice of hearing as **Exhibit B.2**, and proof of published notice of hearing as **Exhibit B.3**.

  
\_\_\_\_\_  
Lance D. Hough

SUBSCRIBED AND SWORN to before me this 1<sup>st</sup> day of June 2021 by Lance D. Hough.

S E A L

  
\_\_\_\_\_  
Notary Public  
My commission expires: 12-07-2023





MODRALL SPERLING

L A W Y E R S

May 13, 2021

Lance D. Hough  
Tel: 505.848.1826  
Fax: 505.848.9710  
Lance.Hough@modrall.com

**VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

TO: AFFECTED PARTIES

This letter is to advise you that Colgate Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division:

**Case No. 21941: (Re-Open) Application of Colgate Operating LLC to Amend Order No. R-21405, Eddy County, New Mexico.**

Applicant seeks an order from the Oil Conservation Division for the limited purposes of amending Order No. R-21405 to allow for a one-year extension of time to commence drilling the wells under the Order. The Division issued Order No. R-21405 on July 29, 2020, which designated Colgate as the operator of and pooled uncommitted interest owners within two 160-acre Bone Spring horizontal spacing units comprised of the N/2 S/2 of Section 22, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Rincon 22 State 123H** and **Rincon 22 State 133H** wells) and S/2 S/2 of Section 22, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Rincon 22 State 124H** and **Rincon 22 State 134H** wells). The Order requires commencement of drilling the wells within one year of the date of the Order unless Colgate obtains an extension by an amendment of this Order for good cause shown. Good cause exists for Colgate's request for an extension of time due to limitations from the pandemic and recent market conditions.

This application is expected to be set for hearing before a Division Examiner at **8:15 a.m. on June 3, 2021**. During the COVID-19 Public Health Emergency, the hearings will be conducted remotely. Instructions to appear can also be found by accessing <http://www.emnrd.state.nm.us/OCD/hearings.html> and scrolling down to "Hearing Notices" under "OCD Hearings." As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in

Modrall Spierling  
Roehl Harris & Sisk P.A.  
500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102  
PO Box 2168  
Albuquerque,  
New Mexico 87103-2168  
Tel: 505.848.1800  
[www.modrall.com](http://www.modrall.com)





AFFECTED PARTIES

Colgate / Order Amendments / Rincon 22 State 123H, 124H, 133H, 134H

May 12, 2021

Page 2

support of or in opposition to the application. Failure to appear at the hearings may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lance D. Hough', written over a horizontal line.

Lance D. Hough  
*Attorney for Applicant*

EED/ldh/W4066297.DOCX

Enclosures: as stated

Zina Crum  
 Modrall Sperlting  
 500 4th Street NW  
 Suite 1000  
 Albuquerque NM 87102

PS Form 3877

Type of Mailing: **CERTIFIED MAIL**  
 05/13/2021

Firm Mailing Book ID: 208766

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0082 4788 76	CM Resources, LLC 300 N. Marienfeld St., Suite 1000 Midland TX 79701	\$1.20	\$3.60	\$1.75	\$0.00	10091.0004 Rincon Notice
2	9314 8699 0430 0082 4788 83	Pitch Energy & Marbob Resources PO Box 227 Artesia NM 88211	\$1.20	\$3.60	\$1.75	\$0.00	10091.0004 Rincon Notice
3	9314 8699 0430 0082 4788 90	COG Operating, LLC 600 W. Illinois Avenue Midland TX 79701	\$1.20	\$3.60	\$1.75	\$0.00	10091.0004 Rincon Notice
4	9314 8699 0430 0082 4789 06	RSC Resources, L.P. 6824 Island Circle Midland TX 79707	\$1.20	\$3.60	\$1.75	\$0.00	10091.0004 Rincon Notice
5	9314 8699 0430 0082 4789 13	Consul Properties, LLC 6608 N. Western Ave. PMB 401 Oklahoma City OK 73116	\$1.20	\$3.60	\$1.75	\$0.00	10091.0004 Rincon Notice
6	9314 8699 0430 0082 4789 20	Marathon Oil Company 5555 San Felipe Houston TX 77056	\$1.20	\$3.60	\$1.75	\$0.00	10091.0004 Rincon Notice
7	9314 8699 0430 0082 4789 37	ZPZ Delaware I LLC 303 Veterans Airpark Lane, Suite 1000 Midland TX 79705	\$1.20	\$3.60	\$1.75	\$0.00	10091.0004 Rincon Notice
8	9314 8699 0430 0082 4789 44	Costaplenty Energy Corporation PO Box 1182 Artesia NM 88211	\$1.20	\$3.60	\$1.75	\$0.00	10091.0004 Rincon Notice
9	9314 8699 0430 0082 4789 51	Nestegg Energy Corporation 2308 Sierra Vista Artesia NM 88210	\$1.20	\$3.60	\$1.75	\$0.00	10091.0004 Rincon Notice
10	9314 8699 0430 0082 4789 68	Yates Brothers P. O. Box 1394 Artesia NM 88211	\$1.20	\$3.60	\$1.75	\$0.00	10091.0004 Rincon Notice
			<b>Totals:</b>	<b>\$12.00</b>	<b>\$17.50</b>	<b>\$0.00</b>	
				<b>Grand Total:</b>		<b>\$65.50</b>	

List Number of Pieces Received at Post Office: \_\_\_\_\_  
 Name of receiving employee: *JRC*  
 Dated: \_\_\_\_\_

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Transaction Report Details - CertifiedPro.net  
 Firm Mail Book ID= 208766  
 Generated: 6/1/2021 10:34:40 AM

USPS Article Number	Date Created	Name 1	Address1	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300082478968	2021-05-13 9:27 AM	Yates Brothers	P. O. Box 1394	Artesia	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-18 10:25 AM
9314869904300082478951	2021-05-13 9:27 AM	Nestegg Energy Corporation	2308 Sierra Vista	Artesia	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-17 12:45 PM
9314869904300082478944	2021-05-13 9:27 AM	Costeplenty Energy Corporation	PO Box 1182	Artesia	NM	88211	Undelivered - To Be Returned	Return Receipt - Electronic, Certified Mail	2021-05-17 9:23 AM
9314869904300082478937	2021-05-13 9:27 AM	ZPZ Delaware I LLC	303 Veterans Airpark Lane, Suite 1000	Midland	TX	79705	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-18 1:35 PM
9314869904300082478920	2021-05-13 9:27 AM	Marathon Oil Company	5555 San Felipe	Houston	TX	77056	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-17 9:49 AM
9314869904300082478913	2021-05-13 9:27 AM	Consul Properties, LLC	6608 N. Western Ave. PMB 401	Oklahoma City	OK	73116	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-18 8:30 AM
9314869904300082478906	2021-05-13 9:27 AM	RSC Resources, L.P.	6824 Island Circle	Midland	TX	79707	Undelivered - Forwarded	Return Receipt - Electronic, Certified Mail	2021-05-17 1:50 PM
9314869904300082478890	2021-05-13 9:27 AM	COG Operating, LLC	600 W. Illinois Avenue	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	
9314869904300082478883	2021-05-13 9:27 AM	Pitch Energy & Marbob Resources	PO Box 227	Artesia	NM	88211	Undelivered - To Be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300082478876	2021-05-13 9:27 AM	CM Resources, LLC	300 N. Marnefeld St., Suite 1000	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	

# Carlsbad Current Argus.

ALL OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0004740060

This is not an invoice

MODRALL SPERLING  
POBOX 2168

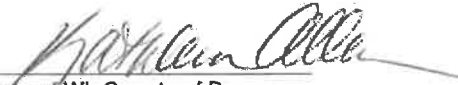
ALBUQUERQUE, NM 87103

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 on the date as follows, to wit:

05/18/2021

  
Legal Clerk

Subscribed and sworn before me this May 18, 2021:

  
State of WI, County of Brown  
NOTARY PUBLIC

1-7-25  
My commission expires

KATHLEEN ALLEN  
Notary Public  
State of Wisconsin

Ad # 0004740060  
PO #: CASE NO. 21941  
# of Affidavits 1

This is not an invoice

CASE NO. 21941: Notice to all affected parties, as well as their heirs and devisees, of CM Resources, LLC; Pitch Energy & Marbob Resources; COG Operating, LLC; RSC Resources, L.P.; Consul Properties, LLC; Marathon Oil Company; ZPZ Delaware 1 LLC; Costaplenty Energy Corporation; Nestegg Energy Corporation; and Yates Brothers of Colgate Operating, LLC's Application to Amend Order No. R-21405, Eddy County, New Mexico. The State of New Mexico through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on June 3, 2021 to consider this application. Due to state building closures during the COVID-19 Public Health Emergency, the hearing will be conducted remotely. You may access the instructions to appear at <http://www.emnrd.state.nm.us/OCD/hearings.html>. Colgate seeks an order from the Oil Conservation Division for the limited purposes of amending Order No. R-21405 to allow for a one-year extension of time to commence drilling the wells under the Order. The Division issued Order No. R-21405 on July 29, 2020, which designated Colgate as the operator of and pooled uncommitted interest owners within two 160-acre Bone Spring horizontal spacing units comprised of the N/2 S/2 of Section 22, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the Rincon 22 State 123H and Rincon 22 State 133H wells) and S/2 S/2 of Section 22, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the Rincon 22 State 124H and Rincon 22 State 134H wells). The Order requires commencement of drilling the wells within one year of the date of the Order unless Colgate obtains an extension by an amendment of this Order for good cause shown. Good cause exists for Colgate's request for an extension of time due to limitations from the pandemic and recent market conditions.  
#4740060, Current Argus, May 18, 2021

EXHIBIT

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