

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

APPLICATION OF COLGATE OPERATING LLC  
TO AMEND ORDER NO. R-21440,  
EDDY COUNTY, NEW MEXICO

CASE NO. 21943  
ORDER NO. R-21440  
(Re-Open)

Examiner Docket: June 3, 2021

COLGATE EXHIBITS

Weaver 27 State Com 121H  
Weaver 27 State Com 131H



Earl E. DeBrine, Jr.  
Lance D. Hough

 MODRALL SPERLING

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

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**Weaver 27 State Com 121H  
Weaver 27 State Com 131H**

Exhibit A      Self-Affirmed Declaration of Mark Hajdik  
                  A-1            Application for Case No. 21943  
                  A-2            Order No. R-21440

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



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**STATE OF NEW MEXICO  
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EDDY COUNTY, NEW MEXICO**

**CASE NO. 21943  
ORDER NO. R-21440  
(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-21440 to allow for a one-year extension of time to commence drilling the wells under the Order. The Division issued Order No. R-21440 on August 24, 2020, which designated Colgate as the operator of and pooled uncommitted interest owners within two 320-acre, more or less, Bone Spring horizontal spacing units comprised of the N/2 N/2 of Section 27 and N/2 N/2 of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Weaver 27 State Com 121H** and **Weaver 27 State Com 131H** wells)

and S/2 N/2 of Section 27 and S/2 N/2 of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Weaver 27 State Com 122H** and **Weaver 27 State Com 132H** 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-21440 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 August 24, 2021 to August 24, 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.

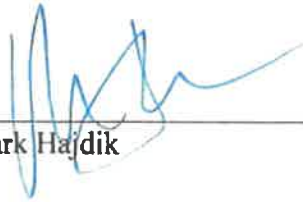
7. Colgate is in good standing under the statewide rules and regulations.

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-21440,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21943  
ORDER NO. R-21440  
(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-21440 (“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. 21239 on August 14, 2020 and entered the Order on August 24, 2020.
2. The Order designated Colgate as the operator of and pooled uncommitted interest owners within a 320-acre, more or less, Bone Spring horizontal spacing unit comprised of the N/2 N/2 of Section 27 and N/2 N/2 of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Weaver 27 State Com 121** and **Weaver 27 State Com 131H** wells).
3. The Order also designated Colgate as the operator of and pooled uncommitted interest owners within a 320-acre, more or less, Bone Spring horizontal spacing unit comprised of the S/2 N/2 of Section 27 and S/2 N/2 of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Weaver 27 State Com 122** and **Weaver 27 State Com 132H** 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 August 24, 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 August 24, 2021 to August 24, 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-21440 to extend the time for Colgate to commence drilling the well under the Order for a year, through August 24, 2022.

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

By: 

Earl E. DeBrine  
Deana M. Bennett  
Lance D. Hough  
Post Office Box 2168  
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*Attorneys for Applicant*

**(Re-Open) Application of Colgate Operating LLC to Amend Order No. R-21440, Eddy County, New Mexico.** Applicant seeks an order from the Oil Conservation Division for the limited purposes of amending Order No. R-21440 to allow for a one-year extension of time to commence drilling the wells under the Order. The Division issued Order No. R-21440 on August 24, 2020, which designated Colgate as the operator of and pooled uncommitted interest owners within two 320-acre, more or less, Bone Spring horizontal spacing units comprised of the N/2 N/2 of Section 27 and N/2 N/2 of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Weaver 27 State Com 121** and **Weaver 27 State Com 131H** wells) and S/2 N/2 of Section 27 and S/2 N/2 of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the **Weaver 27 State Com 122** and **Weaver 27 State Com 132H** 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. 21239  
ORDER NO. R-21440**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on August 14, 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 compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

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



9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the 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/jag

Date: 8/24/2020

## Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21239	Applicant's Response
Date	Wednesday, August 12, 2020
Applicant	Colgate Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	
Applicant's Counsel	Ernest L. Padilla
Case Title:	Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico. OCD Cases 21078-21079
Entries of Appearance/Intervenor	Sharon T. Shaheen/Manium Hunter Production, Inc, Andrew J. Cloutier/XTO Energy, Inc, Candace Callahan/Apache Corporation, Darin Savage/EOG Resources, Inc, Weaver 27 State Com
Well Family	
Formation/Pool	Winchester, Bone Spring
Formation Name(s) or Verticle Extent	
Primary Product (Oil or Gas)	oil
Pooling this verticle extent	Bone Spring formation
Pool Name and Pool Code	Winchester, Bone Spring Pool Code 65010
Well Location Setback Rules	Standard
Spacing Unit Size	320
Spacing Unit	
Type (Horizontal/Verticle)	Horizontal
Size (acres)	320
Building Blocks	quarter quarter sections
Orientation	East to West
Description: TRS/County	N/2 N/2 of Section 27 and N/2 N/2 of Section 28, Eddy County, NM
Description: TRS/County	S/2 N/2 of Section 27 and S/2 N/2 of Section 28, Eddy County, NM
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	Ex. A Ex. 10 pgs. 130-131
Well(s)	
Name & API (if assigned), surface and bottom hole location	
footages, completion target, orientation, completion status	
(standard or non-standard)	
	<p><b>Weaver 27 State Com 121H</b>                      N/2N/2 of Section 27 and N/2N/2 of Section 28                      Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico                      SHL: Unit A of Section 27, Township 19 South, Range 28 East, NMPM                      BHL: At a legal location in Unit D of Section 28, Township 19 South, Range 28 East, NMPM                      Completion Target: 2nd Bone Spring Sand at approx 7500 feet TVD                      Well Orientation: East to West                      Completion location: Standard</p> <p><b>Weaver 27 State Com 131H</b>                      N/2N/2 of Section 27 and N/2N/2 of Section 28                      Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico                      SHL: Unit A of Section 27, Township 19 South, Range 28 East, NMPM                      BHL: At a legal location in Unit D of Section 28, Township 19 South, Range 28 East, NMPM                      Completion Target: 2nd Bone Spring Sand at approx 8600 feet TVD                      Well Orientation: East to West                      Completion location: Standard</p> <p><b>Weaver 27 State Com 122H</b>                      S/2N/2 of Section 27 and S/2N/2 of Section 28                      Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico                      SHL: Unit H of Section 27, Township 19 South, Range 28 East, NMPM                      BHL: At a legal location in Unit E of Section 28, Township 19 South, Range 28 East, NMPM                      Completion Target: 2nd Bone Spring Sand at approx 7500 feet TVD                      Well Orientation: East to West                      Completion location: Standard</p> <p><b>Weaver 27 State Com 132H</b>                      S/2N/2 of Section 27 and S/2N/2 of Section 28                      Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico                      SHL: Unit H of Section 27, Township 19 South, Range 28 East, NMPM                      BHL: At a legal location in Unit E of Section 28, Township 19 South, Range 28 East, NMPM                      Completion Target: 3rd Bone Spring Sand at approx 8600 feet TVD                      Well Orientation: East to West                      Completion location: Standard</p>
Horizontal Well First and Last Take Points	
Completion Target (Formation, TVD and MD)	Exhibit A Exhibit 15 pgs. 146-149 AFE's
AFE Capex and Operating Costs	Identify the Exhibit and Page for information below this line

Drilling Supervision/Month \$	58000/5800
Production Supervision/Month \$	Exhibit A Exhibit 15 pgs. 146-149 AFE's
Justification for Supervision Costs	Exhibit A Exhibit 15 pgs. 146-149 AFE's
Request Risk Charge	200% plus a portion of well costs Exhibit A Exhibit 15 pgs. 146-149 AFE's
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C pgs. 17-19
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C pgs. 20-48
Proof of Published Notice of Hearing (30 days before hearing)	
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A Exhibit 10 pgs. 130-131
Tract List (including lease numbers and owners)	Exhibit A Exhibit 10 pgs. 130-131
Pooled Parties (including ownership type)	Exhibit A Exhibit 10 pgs. 130-131
Unlocatable Parties to be Pooled	
Ownership Depth Severance (including percentage above & below)	None
Joiner	
Sample Copy of Proposed Letter	Exhibit A Exhibit 14 pgs. 141-145
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A Exhibit 10 pgs. 130-131
Chronology of Contact with Non-Joined Working Interests	Exhibit A Exhibit 12 pg. 133
Overhead Rates In Proposal Letter	Exhibit A Exhibit 14 pgs. 141-145
Cost Estimates to Drill and Complete	Exhibit A Exhibit 145 pgs. 146-149
Cost Estimate to Equip Well	Exhibit A Exhibit 145 pgs. 146-149
Cost Estimate for Production Facilities	Exhibit A Exhibit 145 pgs. 146-149
Geology	
Summary (including special considerations)	Exhibit B pgs. 1-5
Spacing Unit Schematic	none
Gunbarre/Lateral Trajectory Schematic	Exhibit B pg. 6
Well Orientation (with rationale)	none
Target Formation	Exhibit B pg. 14
HSU Cross Section	Exhibit B pg. 15
Depth Severance Discussion	none
Forms, Figures and Tables	none
C-102	see above
Tracts	Exhibit B pgs. 9, 10, 11, 12, 13
Summary of Interests, Unit Recapitulation (Tracts)	none
General Location Map (including basin)	Exhibit B pg. 8
Well Orientation (with rationale)	Exhibit B pgs. 6, 7 and C-102's
Structure Contour Map - Subsea Depth	Exhibit B pg. 10
Cross Section Location Map (including wells)	Exhibit B pgs. 14, 15, 16
Cross Section (including Landing Zone)	Exhibit B pgs. 14, 15, 16
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name: (Attorney or Party Representative):	Ernest L. Padilla / Colista Operating LLC
Signed Name: (Attorney or Party Representative):	
Date	Wednesday, August 12, 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-21440,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21943  
ORDER NO. R-21440  
(RE-OPEN)**

**AFFIDAVIT OF LANCE D. HOUGH**


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

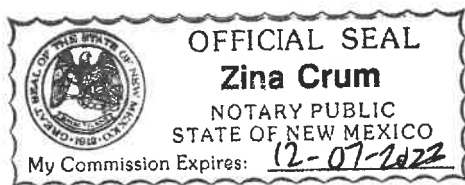
Lance D. Hough, attorney in fact and authorized representative of Colgate Operating LLC (“Colgate”), the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were provided under notices of hearing to parties entitled to notice; and that the following are 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

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New Mexico 87103-2168  
Tel: 505.848.1800  
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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

**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. \_\_\_\_\_  
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: 

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**(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.

Type of Mailing: CERTIFIED MAIL  
05/13/2021

Firm Mailing Book ID: 208770

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

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0082 4830 16	Dale A. Smith 418 South Polk Amarillo TX 79101	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
2	9314 8699 0430 0082 4830 23	Ellen Smith Bivins 3602 S. Washington Amarillo TX 79100	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
3	9314 8699 0430 0082 4830 30	EOG Resources, Inc. 5509 Champions Drive Midland TX 79706	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
4	9314 8699 0430 0082 4830 47	Fasken Acquisitions 02, Ltd. 6101 Holiday Hill Road Midland TX 79701	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
5	9314 8699 0430 0082 4830 54	Glenrock Capital, LLC 3444 Milton Ave Dallas TX 75205	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
6	9314 8699 0430 0082 4830 61	Nightengale Petroleum Properties, Inc 2624 Guiford Lane Oklahoma City OK 73120	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
7	9314 8699 0430 0082 4830 78	RSC Resources, LP P.O. Box 8329 Horseshoe Bay TX 78657	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
8	9314 8699 0430 0082 4830 85	WPX Energy Permian, LLC One Williams Center Tulsa OK 74103	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
9	9314 8699 0430 0082 4830 92	COG Operating, LLC 600 W Illinois Avenue Midland TX 79701	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
10	9314 8699 0430 0082 4831 08	ODS-ACS Properties, Ltd. 3602 S. Washington Amarillo TX 79110	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
11	9314 8699 0430 0082 4831 15	Texilvania, Ltd. 3602 S. Washington Amarillo TX 79100	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
12	9314 8699 0430 0082 4831 22	Currie Smith I, Ltd. 3602 S. Washington Amarillo TX 79110	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
13	9314 8699 0430 0082 4831 39	Paul Slayton 3507 63rd Dr. Lubbock TX 79413	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
14	9314 8699 0430 0082 4831 46	Yates Brothers P. O. Box 1394 Artesia NM 88211	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
15	9314 8699 0430 0082 4831 53	Santo Royalty Company LLC P. O. Box 1020 Artesia NM 88221	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice



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 500 4th Street NW  
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Type of Mailing: CERTIFIED MAIL  
 05/13/2021

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Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
16	9314 8699 0430 0082 4831 60	Redcliff Resources LLC P. O. Box 4848 Wichita Falls TX 76308	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
17	9314 8699 0430 0082 4831 77	Rjventures, LLC P. O. Box 4848 Wichita Falls TX 76308	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
18	9314 8699 0430 0082 4831 84	Michael J. Bennett & Debra J. Bennett 3518 Plum Lane Amarillo TX 79109	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
19	9314 8699 0430 0082 4831 91	Greg Golladay & Julie Golladay 3505 Edgewood Drive Amarillo TX 79109	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
20	9314 8699 0430 0082 4832 07	ZPZ Delaware I LLC 303 Veterans Airpark Lane, Suite 1000 Midland TX 79705	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
21	9314 8699 0430 0082 4832 14	Ted F. Gawloski 3900 Edgebrook Ct. Midland TX 79707	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
22	9314 8699 0430 0082 4832 21	Santo Legado, LLC P.O. Box 1020 Artesia NM 88211	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
23	9314 8699 0430 0082 4832 38	Redcliff Resources LLC P. O. Box 4848 Wichita Falls TX 76308	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
24	9314 8699 0430 0082 4832 45	Nestegg Energy Corporation 2308 Sierra Vista Artesia NM 88210	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
25	9314 8699 0430 0082 4832 52	Costaplenty Energy Corporation P. O. Box 1182 Artesia NM 88211	\$1.40	\$3.60	\$1.75	\$0.00	10091.0004 Weaver Notice
			<b>Totals:</b>	<b>\$90.00</b>	<b>\$43.75</b>	<b>\$0.00</b>	<b>Grand Total:</b>
							<b>\$168.75</b>

List Number of Pieces Received at Post Office: *ARC*  
 Total Number of Pieces Received at Post Office: *ARC*  
 Postmaster: *ARC*  
 Name of receiving employee: *ARC*  
 Dated: *ARC*

USPS Article Number	Date Created	Name 1	Address1	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300082483252	2021-05-13 9:55 AM	Costaplenty Energy Corporation	P. O. Box 1182	Artesia	NM	88211	Undelivered - To Be Returned	Return Receipt - Electronic, Certified Mail	2021-05-17 12:45 PM
9314869904300082483245	2021-05-13 9:55 AM	Nestegg Energy Corporation	2308 Sierra Vista	Artesia	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-19 9:27 AM
9314869904300082483238	2021-05-13 9:55 AM	Redd Cliff Resources LLC	P. O. Box 4848	Wichita Falls	TX	76308	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-17 10:17 AM
9314869904300082483221	2021-05-13 9:55 AM	Santo Legado, LLC	P. O. Box 1020	Artesia	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-17 11:26 AM
9314869904300082483214	2021-05-13 9:55 AM	Ted F. Gawloski	3900 Edgebrook Ct.	Midland	TX	79707	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-17 9:23 AM
9314869904300082483207	2021-05-13 9:55 AM	Greg Golladay & Julie Golladay	303 Veterans Airpark Lane, Suite 1000	Midland	TX	79705	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-15 3:19 PM
9314869904300082483191	2021-05-13 9:55 AM	Michael J. Bennett & Debra J. Bennett	3505 Edgewood Drive	Amarillo	TX	79109	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-19 9:27 AM
9314869904300082483184	2021-05-13 9:55 AM	Redd Cliff Resources LLC	3518 Plum Lane	Wichita Falls	TX	76308	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-19 9:27 AM
9314869904300082483177	2021-05-13 9:55 AM	Riventures, LLC	P. O. Box 4848	Wichita Falls	TX	76308	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-18 10:35 AM
9314869904300082483153	2021-05-13 9:55 AM	Santo Royalty Company LLC	P. O. Box 1020	Artesia	NM	88221	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-18 10:25 AM
9314869904300082483146	2021-05-13 9:55 AM	Yates Brothers	P. O. Box 1394	Artesia	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-17 3:01 PM
9314869904300082483139	2021-05-13 9:55 AM	Paul Slayton	3507 63rd Dr.	Lubbock	TX	79413	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-15 10:24 AM
9314869904300082483122	2021-05-13 9:55 AM	Currie Smith, J, Ltd.	3602 S. Washington	Amarillo	TX	79110	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-15 10:24 AM
9314869904300082483115	2021-05-13 9:55 AM	Texilvania, Ltd.	3602 S. Washington	Amarillo	TX	79100	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-15 10:24 AM
9314869904300082483108	2021-05-13 9:55 AM	ODS-ACS Properties, Ltd.	3602 S. Washington	Amarillo	TX	79110	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-15 10:24 AM
9314869904300082483092	2021-05-13 9:55 AM	COG Operating, LLC	600 W Illinois Avenue	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-18 8:30 AM
9314869904300082483085	2021-05-13 9:55 AM	WPX Energy Permian, LLC	One Williams Center	Tulsa	OK	74103	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-17 8:02 AM
9314869904300082483078	2021-05-13 9:55 AM	RSC Resources, LP	P. O. Box 8329	Horseshoe Bay	TX	78657	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-18 8:33 AM
9314869904300082483061	2021-05-13 9:55 AM	Nightengale Petroleum Properties, Inc	2624 Guiford Lane	Oklahoma City	OK	73120	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-17 4:31 PM
9314869904300082483054	2021-05-13 9:55 AM	Glenrock Capital, LLC	3444 Wilton Ave	Dallas	TX	75205	Undelivered	Return Receipt - Electronic, Certified Mail	2021-05-17 1:39 PM
9314869904300082483047	2021-05-13 9:55 AM	Fasken Acquisitions 02, Ltd.	6101 Holiday Hill Road	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-18 7:46 AM
9314869904300082483030	2021-05-13 9:55 AM	EOG Resources, Inc.	5509 Champions Drive	Midland	TX	79706	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-15 10:24 AM
9314869904300082483023	2021-05-13 9:55 AM	Ellen Smith Bivins	3602 S. Washington	Amarillo	TX	79100	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-15 10:24 AM
9314869904300082483016	2021-05-13 9:55 AM	Dale A. Smith	418 South Polk	Amarillo	TX	79101	Delivered	Return Receipt - Electronic, Certified Mail	2021-05-15 11:04 AM

# Carlsbad Current Argus.

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## Affidavit of Publication

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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

CASE NO. 21943: Notice to all affected parties, as well as their heirs and devisees, of Dale A. Smith; Ellen Smith Bivins; EOG Resources, Inc.; Fasken Acquisitions 02, Ltd.; Glenrock Capital, LLC; Nightengale Petroleum Properties, Inc.; RSC Resources, LP; WPX Energy Permian, LLC; COG Operating, LLC; ODS-ACS Properties, Ltd.; Texilvania, Ltd.; Currie Smith I, Ltd.; Paul Slayton; Yates Brothers; Santo Royalty Company LLC; Redcliff Resources LLC; Rjventures, LLC; Michael J. Bennett & Debra J. Bennett; Greg Golladay & Julie Golladay; ZPZ Delaware I LLC; Ted F. Gawloski; Santo Legado, LLC; Redcliff Resources LLC; Nestegg Energy Corporation; and Costaplenty Energy Corporation of Colgate Operating, LLC's Application to Amend Order No. R-21440, 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-21440 to allow for a one-year extension of time to commence drilling the wells under the Order. The Division issued Order No. R-21440 on August 24, 2020, which designated Colgate as the operator of and pooled uncommitted interest owners within two 320-acre, more or less, Bone Spring horizontal spacing units comprised of the N/2 N/2 of Section 27 and N/2 N/2 of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the Weaver 27 State Com 121H and Weaver 27 State Com 131H wells) and S/2 N/2 of Section 27 and S/2 N/2 of Section 28, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico (designated to the Weaver 27 State Com 122H and Weaver 27 State Com 132H 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.

#4740130, Current Argus, May 18, 2021

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 # 0004740130  
PO #: CASE NO. 21943  
# of Affidavits 1

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