

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

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

CASE NO. _____

APPLICATION FOR COMPULSORY POOLING

COLGATE OPERATING, LLC applies for an order pooling all mineral interests within Palmillo Bone Spring (Pool Code 96413), underlying the N/2 N/2 of Section 22, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above referenced horizontal spacing unit to the following four initial wells:

- A. **Toro 22 Fed State Com 121H**
SHL: Unit E of Section 22, Township 19 South, Range 28 East, NMPM.
BHL: Unit A of Section 22, Township 19 South, Range 28 East, NMPM.
Completion Target: 2nd Bone Spring Sand at approx 7500 feet TVD.
Well Orientation: West to East
Completion Location: standard;

- B. **Toro 22 Fed State Com 131H**
SHL: Unit E of Section 22, Township 19 South, Range 28 East, NMPM.
BHL: Unit A of Section 22, Township 19 South, Range 28 East, NMPM.
Completion Target: 3rd Bone Spring Sand at approx 8700 feet TVD.
Well Orientation: West to East
Completion Location: standard.

3. Because the proposed wells will be continuously drilled and completed, Applicant requests an extension of the time period to drill and complete the initial wells from 120 days to 365 days.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing

unit.

5. The requested pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and the proposed spacing unit.

WHEREFORE, Applicant, requests after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted interests in this horizontal spacing unit;
- B. Approving two initial horizontal wells in this spacing unit;
- C. Authorizing an extension of the 120-day requirement to drill and complete the initial wells on this horizontal spacing unit;
- D. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision while drilling and after completing, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and;
- G. Imposing a 200% charge for risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

PADILLA LAW FIRM, P.A.

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