

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

**APPLICATION OF COLGATE OPERATING,
LLC TO AMEND ORDER NO. R-22322,
LEA COUNTY, NEW MEXICO.**

**CASE NO. _____
ORDER NO. R-22322**

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, Colgate Operating, LLC (“Colgate”) (OGRID No. 371449) files this application with the Oil Conservation Division (“Division”) seeking an order: (1) amending Order No. R-22322 to establish a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Sections 17 and 20, Township 20 South, Range 34 East, Lea County, New Mexico (“Unit”); and (2) pooling uncommitted interests in the Wolfcamp formation underlying the Unit. In support of this application, Colgate states the following.

1. On October 20, 2022, the Division entered Order No. R-22322 (“Order”) in Case No. 22864. The Order pooled all uncommitted interests in the Wolfcamp formation (WC-025 G-08 S203429P Wolfcamp Pool (Code 98247)) underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 17 and the W/2 NW/4 and NW/4 SW/4 of Section 20, Township 20 South, Range 34 East, Lea County, New Mexico; dedicated the Unit to the Robin Federal Com 201H well (“Well”); and designated Colgate as operator of the Unit and Well.

2. As a result of the acquisition of a federal lease covering the S/2 SW/4 of Section 20, Colgate proposes to extend the lateral length of the Well, which will maximize oil recovery, prevent waste, and protect correlative rights.

3. The Well will be drilled from a surface hole location in the NW/4 SW/4 (Unit L) of Section 20 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 17.

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.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Amending Order No. R-22322 to establish a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Sections 17 and 20, Township 20 South, Range 34 East, Lea County, New Mexico;
- B. Pooling all uncommitted interests in the Unit;
- C. Designating Applicant as the 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, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge 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 M. McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 98208623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

Counsel for Colgate Operating, LLC