

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

**APPLICATION OF COLGATE
PRODUCTION, LLC FOR COMPULSORY
POOLING AND APPROVAL OF
NON-STANDARD SPACING UNIT, EDDY
COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Colgate Production, LLC (“Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 798.54-acre, more or less, non-standard horizontal spacing unit comprised of the N/2 of irregular Sections 3 and 4, and NE/4 of irregular Section 5, Township 20, Range 30 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 wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”):
 - a. **Michelada 5 Fed Com 121H** and **Michelada 5 Fed Com 131H**, which will be drilled from surface hole locations in Lot 3 (NE/4 NW/4 equivalent) of Section 5 to bottom hole locations in the NE/4 NE/4 (Unit A) of Section 3; and
 - b. **Michelada 5 Fed Com 122H** and **Michelada 5 Fed Com 132H**, which will be drilled from surface hole locations in Lot 3 (NE/4 NW/4 equivalent) of Section 5 to bottom hole locations in the SE/4 NE/4 (Unit H) of Section 3.
3. The completed intervals of the Wells 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 Wells 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.

6. Approval of a non-standard horizontal spacing unit is necessary to prevent waste and protect correlative rights.

7. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Permian Resources Operating, LLC (OGRID No. 372165) should be designated the operator of the Wells and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 7, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Approving a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;
- D. Designating Permian Resources Operating, LLC as the operator of the Unit and the Wells to be drilled thereon;
- E. Authorizing Permian Resources Operating, LLC 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 completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge for the risk assumed by Permian Resources Operating, LLC in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

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