

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

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

CASE NO. 21467

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

CASE NO. 21468

Examiner Docket: January 21, 2021

COLGATE'S EXHIBITS

**Bolander 32 State Fed Com 121H
Bolander 32 State Fed Com 131H
Bolander 32 State Fed Com 122H
Bolander 32 State Fed Com 132H**



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
ldh@modrall.com

Exhibit A Compulsory Pooling Application Checklists (2 Checklists)

Exhibit B Affidavit of Mark Hajdik
 B-1 Communication Timeline
 B-2 Tract Map with WIs and ORRIs
 B-3 Well Proposal Letter

No. 21467
 B.4-67 Applications
 B.5-67 C102s
 B.6-67 Authorizations for Expenditures

No. 21468
 B.4-68 Applications
 B.5-68 C102s
 B.6-68 Authorizations for Expenditures

Exhibit C Affidavit of Sergio Ojeda
 C-1 Regional Locator Map
 C-2 Cross-Section Locator Map
 C-3 Gun Barrel Diagram
 C-4 Second Bone Spring Structure Map
 C-5 Second Bone Spring Isopach Map
 C-6 Third Bone Spring Structure Map
 C-7 Third Bone Spring Isopach Map
 C-8 Stratigraphic Cross Section
 C-9 Second Bone Spring Target Zone within Stratigraphic Cross Section
 C-10 Third Bone Spring Target Zone within Stratigraphic Cross Section

Exhibit D Affidavit of Lance D. Hough
 D-1 Hearing Notice Letter / September 17, 2020
 D-2 Certified Mail Log / Notice September 17, 2020
 Certified Mail Log / Report January 15, 2021
 D-3 Affidavit of Publication / September 19, 2020

Earl E. DeBrine, Jr.
Lance D. Hough



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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21467

APPLICANT'S RESPONSE

Date

January 21, 2021

Applicant

Colgate Operating LLC

Designated Operator & OGRID (affiliation if applicable)

Colgate Operating, LLC (OGRID 371449)

Applicant's Counsel:

Modrall Sperling

Case Title:

APPLICATION OF COLGATE OPERATING LLC FOR
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO,
CASE NO. 21467

Entries of Appearance/Intervenors:

B.C. Operating, Inc.

Well Family

Bolander

Formation/Pool

Formation Name(s) or Vertical Extent:

Bone Spring Formation

Primary Product (Oil or Gas):

Oil

Pooling this vertical extent:

Bone Spring Formation

Pool Name and Pool Code:

Winchester, Bone Spring, West Pool (Code 97569)

Well Location Setback Rules:

Latest Statewide Horizontal Rules Apply

Spacing Unit Size:

Approximately 320 Acres

Spacing Unit

Type (Horizontal/Vertical)

Horizontal

Size (Acres)

Approximately 320 Acres

Building Blocks:

Quarter-Quarter Section Equivalents

Orientation:

East to West

Description: TRS/County

N/2 N/2 of Section 32 and N/2 N/2 of Section 31,
Township 19 South, Range 28 East, NMPM, Eddy County,
New Mexico

Standard Horizontal Well Spacing Unit (Y/N), If No, describe

Yes; previously described as "non-standard" due to slightly
atypical section shape

Other Situations

Depth Severance: Y/N. If yes, description

No

Proximity Tracts: If yes, description

No

Proximity Defining Well: if yes, description

N/A

Applicant's Ownership in Each Tract

Exhibit B.2


Well(s)

Name & API (if assigned), surface and bottom hole location,
footages, completion target, orientation, completion status
(standard or non-standard)

See Exhibit B.4-67 and Exhibit B.5-67



Well #1	<p>Bolander 32 State Fed Com 121H SHL: 1298 feet from the North line and 300 feet from the East line, NE/4 NE/4 of Section 32, Township 19 South, Range 28 East, NMPM, Eddy County. BHL: 995 feet from the North line and 10 feet from the West line, NW/4 NW/4 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County.</p> <p>Completion Target: 2nd Bone Spring at approx 7,500 feet TVD. Well Orientation: East to West Completion Location expected to be: standard</p>
Well #2	<p>Bolander 32 State Fed Com 131H SHL: 1253 feet from the North line and 300 feet from the East line, NE/4 NE/4 of Section 32, Township 19 South, Range 28 East, NMPM, Eddy County. BHL: 945 feet from the North line and 10 feet from the West line, NW/4 NW/4 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County.</p> <p>Completion Target: 3rd Bone Spring at approx 8,600 feet TVD. Well Orientation: East to West Completion Location expected to be: standard</p>
Horizontal Well First and Last Take Points	Exhibit B.5-67
Completion Target (Formation, TVD and MD)	Exhibit B; Exhibit B.3; Exhibit B.4-67; Exhibit C.3 through C.10
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	8,000
Production Supervision/Month \$	800
Justification for Supervision Costs	Exhibit B.6-67 for AFEs
Requested Risk Charge	200%; see Exhibit B
Notice of Hearing	
Proposed Notice of Hearing	Exhibit D.1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D.2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D.3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B; Exhibit B.2
Tract List (including lease numbers and owners)	Exhibit B.2
Pooled Parties (including ownership type)	Exhibit B.2
Unlocatable Parties to be Pooled	Exhibit B.2; Exhibit D.2

Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit B.3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.2
Chronology of Contact with Non-Joined Working Interests	Exhibit B.1
Overhead Rates In Proposal Letter	Exhibit B.3
Cost Estimate to Drill and Complete	Exhibit B.6-67 for AFEs
Cost Estimate to Equip Well	Exhibit B.6-67 for AFEs
Cost Estimate for Production Facilities	Exhibit B.6-67 for AFEs
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibits B.5-67, C.2, and C.3
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.3
Well Orientation (with rationale)	Exhibit C
Target Formation	Exhibits C.3 through C.10
HSU Cross Section	Exhibits C.7 through C.10
Depth Severance Discussion	Exhibit B
Forms, Figures and Tables	
C-102	Exhibitc B.5-67
Tracts	Exhibit B.2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.2
General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibits C.2 through C.10
Structure Contour Map - Subsea Depth	Exhibits C.4 and C.6
Cross Section Location Map (including wells)	Exhibit C.2
Cross Section (including Landing Zone)	Exhibits C.7 through C.10
Additional Information	
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Lance Hough
Signed Name (Attorney or Party Representative):	
Date:	January 18, 2021

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21468

APPLICANT'S RESPONSE

Date

January 21, 2021

Applicant

Colgate Operating LLC

Designated Operator & OGRID (affiliation if applicable)

Colgate Operating, LLC (OGRID 371449)

Applicant's Counsel:

Modrall Sperling

Case Title:

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Bolander

Formation/Pool

Formation Name(s) or Vertical Extent:

Bone Spring Formation

Primary Product (Oil or Gas):

Oil

Pooling this vertical extent:

Bone Spring Formation

Pool Name and Pool Code:

Winchester, Bone Spring, West Pool (Code 97569)

Well Location Setback Rules:

Latest Statewide Horizontal Rules Apply

Spacing Unit Size:

Approximately 320 Acres

Spacing Unit

Type (Horizontal/Vertical)

Horizontal

Size (Acres)

Approximately 320 Acres

Building Blocks:

Quarter-Quarter Section Equivalents

Orientation:

East to West

Description: TRS/County

**S/2 N/2 of Section 32 and S/2 N/2 of Section 31, Township
19 South, Range 28 East, NMPM, Eddy County, New
Mexico**

Standard Horizontal Well Spacing Unit (Y/N), If No, describe

**Yes; previously described as "non-standard" due to slightly
atypical section shape**

Other Situations

Depth Severance: Y/N. If yes, description

No

Proximity Tracts: If yes, description

No

Proximity Defining Well: if yes, description

N/A

Applicant's Ownership in Each Tract


Exhibit B.2

Well(s)

**Name & API (if assigned), surface and bottom hole location,
footages, completion target, orientation, completion status
(standard or non-standard)**

See Exhibit B.4-68 and Exhibit B.5-68

Well #1	<p>Bolander 32 State Fed Com 122H SHL: 1388 feet from the North line and 300 feet from the East line, SE/4 NE/4 of Section 32, Township 19 South, Range 28 East, NMPM, Eddy County. BHL: 2285 feet from the North line and 10 feet from the West line, SW/4 NW/4 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County.</p> <p>Completion Target: 2nd Bone Spring at approx 7,500 feet TVD. Well Orientation: East to West Completion Location expected to be: standard</p>
Well #2	<p>Bolander 32 State Fed Com 132H SHL: 1343 feet from the North line and 300 feet from the East line, SE/4 NE/4 of Section 32, Township 19 South, Range 28 East, NMPM, Eddy County. BHL: 2271 feet from the North line and 10 feet from the West line, SW/4 NW/4 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County.</p> <p>Completion Target: 3rd Bone Spring at approx 8,600 feet TVD. Well Orientation: East to West Completion Location expected to be: standard</p>
Horizontal Well First and Last Take Points	Exhibit B.5-68
Completion Target (Formation, TVD and MD)	Exhibit B; Exhibit B.3; Exhibit B.4-68; Exhibit C.3 through C.10
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	8,000
Production Supervision/Month \$	800
Justification for Supervision Costs	Exhibit B.6-68 for AFEs
Requested Risk Charge	200%; see Exhibit B
Notice of Hearing	
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Tract List (including lease numbers and owners)	Exhibit B.2
Pooled Parties (including ownership type)	Exhibit B.2
Unlocatable Parties to be Pooled	Exhibit B.2; Exhibit D.2

Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit B.3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.2
Chronology of Contact with Non-Joined Working Interests	Exhibit B.1
Overhead Rates In Proposal Letter	Exhibit B.3
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Gunbarrel/Lateral Trajectory Schematic	Exhibit C.3
Well Orientation (with rationale)	Exhibit C
Target Formation	Exhibits C.3 through C.10
HSU Cross Section	Exhibits C.7 through C.10
Depth Severance Discussion	Exhibit B
Forms, Figures and Tables	
C-102	Exhibitc B.5-68
Tracts	Exhibit B.2
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General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibits C.2 through C.10
Structure Contour Map - Subsea Depth	Exhibits C.4 and C.6
Cross Section Location Map (including wells)	Exhibit C.2
Cross Section (including Landing Zone)	Exhibits C.7 through C.10
Additional Information	
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Lance Hough
Signed Name (Attorney or Party Representative):	
Date:	January 18, 2021

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

CASE NO. 21468

AFFIDAVIT OF MARK HAJDIK

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

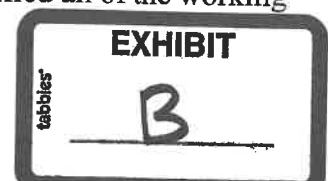
Mark Hajdik, being duly sworn, deposes and states:

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 applications filed by Colgate in the above-referenced cases 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 applications filed by Colgate.

3. These two cases involve requests for orders from the Division for compulsory pooling of interest owners who have refused to voluntarily pool their interests for the proposed Bone Spring horizontal spacing units described below, and in the wells to be drilled in the horizontal spacing units.

4. Prior to filing its applications, Colgate made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells. Colgate identified all of the working



interest, unleased mineral interest, and overriding royalty interest owners from a title opinion. To locate interest owners, Colgate conducted a diligent search of the public records in the county where the wells will be located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification. I mailed all working interest owners well proposals and an Authorization for Expenditure, and a form of Operating Agreement upon request.

5. No opposition is expected. Prior to filing its applications, Colgate contacted the interest owners being pooled regarding the proposed wells; the pooled working interest owners have failed or refused to voluntarily commit their interests in the wells. Colgate provided all of the working interest owners, any unleased mineral owners, and overriding royalty owners with notice of these applications, and none have entered an appearance in opposition to Colgate's applications.

6. Below is a description of the facts supporting each of the compulsory pooling applications in the above-referenced cases. For ease of reference, the Exhibits referred to and attached to my affidavit correspond with the last two numerals in the Case number with the exception of

- a. **Exhibit B.1**, which is a summary of communications with non-joined working interest owners that is common to all the proposed wells within the subject applications;
- b. **Exhibit B.2**, which contains a lease tract map outlining the tracts in both of the proposed units, a list of the working interest owners in the proposed units with their respective percentage of interest and whether they are being pooled, and a list of overriding royalty interest owners in the proposed units; and
- c. **Exhibit B.3**, which is a sample well proposal letter sent to each of the working interest owners seeking their voluntary participation in all of the proposed wells that provides overhead and administrative rates of \$8,000/month during drilling and \$800/month while producing.

7. **Case No. 21467**

- a. In its Application, Colgate seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring non-standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring non-standard horizontal spacing unit underlying the N/2 N/2 of Section 32 and N/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This non-standard spacing unit will be dedicated to the **Bolander 32 State Fed Com 121H** and **Bolander 32 State Fed Com 131H** wells, to be horizontally drilled. The Application is attached hereto as **Exhibit B.4-67**.
 - b. Attached as **Exhibit B.5-67** are the C-102s for the proposed wells. The wells will develop the Winchester, Bone Spring, West Pool (Pool code 97569). The producing interval for the wells will be orthodox and comply with the Division's set back requirements, as the first and last take points will be no closer than 100' from the proposed unit boundary and the completed lateral will be no closer than 330' from the proposed unit boundary.
 - c. Attached as **Exhibit B.6-67** is the Authorization for Expenditure for the proposed well. The estimated cost of the **Bolander 32 State Fed Com 121H** well set forth therein is \$5,256,671, and the estimated cost of the **Bolander 32 State Fed Com 131H** well set forth therein is \$5,507,040. These estimated costs are fair and reasonable, and are comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.
8. **Case No. 21468**
- a. In its Application, Colgate seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring non-standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring non-standard horizontal spacing unit underlying the S/2 N/2 of Section 32 and S/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This non-standard spacing unit will be dedicated to the **Bolander 32 State Fed Com 122H** and **Bolander 32 State Fed Com 132H** wells, to be horizontally drilled. The Application is attached hereto as **Exhibit B.4-68**.
 - b. Attached as **Exhibit B.5-68** are the C-102s for the proposed wells. The wells will develop the Winchester, Bone Spring, West Pool (Pool code 97569). The producing interval for the wells will be orthodox and comply with the Division's set back requirements, as the first and last take points will be no closer than 100' from the proposed unit boundary and the completed lateral will be no closer than 330' from the proposed unit boundary.
 - c. Attached as **Exhibit B.6-68** is the Authorization for Expenditure for the proposed wells. The estimated cost of the **Bolander 32 State Fed Com 122H** well set forth therein is \$5,256,671 and the estimated cost of the **Bolander 32 State Fed Com**

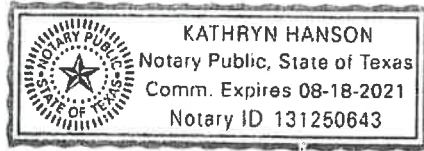
132H well set forth therein is \$5,507,040. These estimated costs are fair and reasonable, and are comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

9. There are no depth severances within the two proposed Bone Spring spacing units.
10. Colgate requests overhead and administrative rates of \$8,000/month during drilling and \$800/month while producing. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico and consistent with the rates awarded by the Division in recent compulsory pooling orders. Colgate requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
11. Colgate requests the maximum cost plus 200% risk charge be assessed against non-consenting pooled working interest owners.
12. Colgate requests that it be designated operator of the wells.
13. Colgate requests that it be allowed a period of one (1) year between when the wells are drilled and when the first well is completed under the order.
14. The parties Colgate is seeking to pool were notified of this hearing.
15. Colgate requests that overriding royalty interest owners be pooled.
16. Based upon my knowledge of the land matters involved in these cases, education and training, it is my expert opinion that the granting of Colgate's applications in these cases is in the interests of conservation and the prevention of waste.
17. The attachments to my Affidavit were prepared by me or compiled from company business records.
18. Pursuant to Rule 1-011 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.

Mark Hajdik
Mark Hajdik

SUBSCRIBED AND SWORN to before me this 19 day of January 2021 by Mark Hajdik.

SEAL



Kathryn Hanson
Notary Public
My commission expires: 8/18/21

Communication Timeline – Bolander 32

August 6, 2020 – Initial proposals sent for Bolander 32 State Fed Com wells

September 2020 – Discussed plans for participation with Penroc, Penroc will participate but has not signed the OA yet

August 2020 – January 2021 – Anticipate closing transaction to acquire Oxy this month

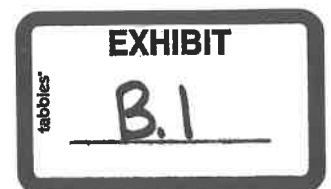
August - Present, 2020 – PBEX acquired Devon and has partially assigned their interest to Colgate and intends to participate or reach an additional conveyance to Colgate prior to spud

September 2020 – Discussed plans for participation with Mexco Energy, but have not received an executed JOA

December 2020 – January 2021 – Trade and acquisition discussions with Marathon, but no finality reached. Marathon agreed to let the hearing proceed once opposition to the Colgate cases were resolved.

January 2021 – Acquired Crown/Crump interest in the proposed pooled units

January 18, 2021 – As of this date a number of the parties have not reached final resolution with participation nor have the deals to acquire finalized



The map displays a land tract divided into three main sections: Tract 1 (blue), Tract 2 (yellow), and Tract 3 (green). The tract is further subdivided into smaller sections, each labeled with a section number and a letter in parentheses. The sections are arranged in a grid pattern. The map includes a scale bar and a north arrow. The following table lists the section numbers and their corresponding letters:

Section Number	Letter
30-015-10722	(A)
30-015-22132	(B)
30-015-33467	(C)
30-015-47744	(D)
30-015-50000	(E)
30-015-63333	(F)
30-015-76666	(G)
30-015-89999	(H)
30-015-10333	(I)
30-015-21666	(J)
30-015-32999	(K)
30-015-44332	(L)
30-015-55665	(M)
30-015-66998	(N)
30-015-78331	(O)
30-015-89664	(P)
30-015-10997	(Q)
30-015-22330	(R)
30-015-33663	(S)
30-015-44996	(T)
30-015-56329	(U)
30-015-67662	(V)
30-015-78995	(W)
30-015-90328	(X)
30-015-10161	(Y)
30-015-21494	(Z)

WI OWNER	TRACT	NET	WI	FORCE POOL INTEREST
Colgate Production, LLC	1, 3	202.835	31.69%	Operator
Oxy USA Inc.	2	80	12.50%	Yes
PBEX, LLC	3	6.975	1.09%	Yes
Mexco Energy	3	6.3	0.98%	Yes
Penroc Oil	3	3.89	0.61%	Yes
Marathon Oil	1	20	3.13%	Yes

ORRI OWNER
The Board of Regents of The University of Texas System, for use and benefit of The University of Texas M.D. Anderson Cancer Center
Presbyterian Healthcare Foundation
Presbyterian Village North Foundation
Karen Johnston, SSP
Pecas Management, LP
Mary Overstreet a/k/a Mary Merritt
Laurance Merritt, SSP
Tim Lilley and wife, Tashina Lilley
Escondido Oil and Gas, LLC
BriLi, LLC
Mark Wilson Family Partnership, LP
Ergodic Resources, LLC
Abuelo, LLC
Thomas A. Crow, Trustee of the Mark E. Boling Revocable Trust
Silverhair, LLC
Loco Hills Production Company LLC
Gayle Martin & Richard Lantz



Via Certified Mail

August 6, 2020

**RE: Bolander 32 State Fed Com Well Proposals
N/2 of Sec. 32 & N/2 Sec. 31, T19S-28E, Bone Spring Formation
Eddy County, New Mexico**

To whom it may concern:

Colgate Production, LLC ("Colgate"), hereby proposes the drilling of four (4) wells, the Bolander 32 State Fed Com 121H, 122H, 131H, and 132H at the following approximate locations:

Bolander 32 State Fed Com 121H

SHL: To be located at a legal location in Units A/H of Section 32-19S-28E

BHL: To be located at a legal location in Unit L1 Section 31-19S-28E

TVD: 7,455'

TMD: Approximately 17,655'

Targeted Interval: 2nd Bone Spring

Total Cost: See attached AFE

Bolander 32 State Fed Com 122H

SHL: To be located at a legal location in Units A/H of Section 32-19S-28E

BHL: To be located at a legal location in Unit L2 of Section 31-19S-28E

TVD: 7,455'

TMD: Approximately 17,655'

Targeted Interval: 2nd Bone Spring

Total Cost: See attached AFE

Bolander 32 State Fed Com 131H

SHL: To be located at a legal location in Units A/H of Section 32-19S-28E

BHL: To be located at a legal location in Unit L1 of Section 31-19S-28E

TVD: 8,630'

TMD: Approximately 18,830'

Targeted Interval: 3rd Bone Spring

Total Cost: See attached AFE

Bolander 32 State Fed Com 132H

SHL: To be located at a legal location in Units I/P of Section 32-19S-28E

BHL: To be located at a legal location in Unit L2 of Section 31-19S-28E

TVD: 8,630'

TMD: Approximately 18,830'

Targeted Interval: 3rd Bone Spring

Total Cost: See attached AFE



The locations, TVD's, and targets are approximate and subject to change depending on surface or subsurface issues encountered. Colgate is proposing to drill these wells under the modified terms of the 1989 AAPL Operating Agreement and a form of said Operating Agreement will be forwarded to you following your receipt of your election to participate. The Operating Agreement will have the following general provisions:

- 100%/200%/200% non-consent provisions
- \$8,000/\$800 drilling and producing rates
- Colgate Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells in the space provided below. Please sign and return one copy of this letter, a signed copy of the previously proposed AFE, and your geologic well requirements.

Colgate will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well, should we not reach an agreement within 30 days of the date of this letter. If you do not wish to participate Colgate would be interested in acquiring your interest in the subject lands.

If you have any questions regarding this matter, please give me a call at 432-257-3886 or via email at mhajdik@colgateenergy.com.

Sincerely,



Mark Hajdik
Senior Landman

Colgate Energy
300 N. Marienfeld St.
Suite 1000
Midland, TX 79701

Enclosures

Well Elections

_____ I/We hereby elect to participate in the Bolander 32 State Fed Com 121H.

_____ I/We hereby elect NOT to participate in the Bolander 32 State Fed Com 121H.

_____ I/We hereby elect to participate in the Bolander 32 State Fed Com 122H.

_____ I/We hereby elect NOT to participate in the Bolander 32 State Fed Com 122H.

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_____ I/We hereby elect NOT to participate in the Bolander 32 State Fed Com 132H.

Working Interest Owner: _____

Printed Name: _____

Date: _____

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

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

CASE NO. _____

APPLICATION

Colgate Operating, LLC ("Colgate"), OGRID Number 371449, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring non-standard horizontal spacing unit underlying the N/2 N/2 of Section 32 and N/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Colgate states as follows:

1. Colgate is an interest owner in the subject lands and has a right to drill a well thereon.
2. Colgate seeks to dedicate the N/2 N/2 of Section 32 and N/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, Bone Spring non-standard horizontal spacing unit.
3. Colgate plans to drill the following horizontal wells in a westerly direction to a depth sufficient to test the Bone Spring formation:
 - a. The **Bolander 32 State Fed Com 121H** well is a horizontal well with a surface location on the boundary of the NE/4 NE/4 (Unit A) and the SE/4 NE/4 (Unit H) in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the NW/4 NW/4 (Unit D) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 7,500' to the Bone Spring formation.
 - b. The **Bolander 32 State Fed Com 131H** well is a horizontal well with a surface location on the boundary of the NE/4 NE/4 (Unit A) and the SE/4 NE/4 (Unit



H) in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the NW/4 NW/4 (Unit D) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation.

4. These wells will be located within the Winchester, Bone Spring, West Pool (Pool code 97569) and will comply with the Division's statewide setback requirements.

5. Colgate sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The creation of a non-standard horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Colgate requests that this case is set for hearing before an Examiner of the Oil Conservation Division on October 8, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 320-acre non-standard horizontal spacing unit in the Bone Spring formation comprised of the N/2 N/2 of Section 32 and N/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a non-standard horizontal spacing unit within the N/2 N/2 of Section 32 and N/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

C. Designating Colgate as operator of this unit and the wells to be drilled thereon;

D. Authorizing Colgate to recover its costs of drilling, completing and equipping the wells;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: 

Earl E. DeBrine, Jr.
Lance D. Hough
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
earl.debrine@modrall.com
lance.hough@modrall.com
Attorneys for Applicant

W3828512.DOCX

Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring non-standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring non-standard horizontal spacing unit underlying the N/2 N/2 of Section 32 and N/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This non-standard spacing unit will be dedicated to the **Bolander 32 State Fed Com 121H** and **Bolander 32 State Fed Com 131H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19.5 miles southeast of Artesia, New Mexico.

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
611 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, N.M. 87505
Phone: (505) 476-3480 Fax: (505) 476-3482

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, N.M. 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name Bolander 32 State Fed Com			6 Well Number 121H
7 OGRID No.		8 Operator Name Colgate Operating, LLC			9 Elevation 3368

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	19 S	28 E		1298	North	300	East	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	31	19 S	28 E		965	North	10	West	Eddy

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
--------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

Legend:
● = Surface Location
○ = Bottom Hole Location
△ = First Take Point (FTP)
□ = Last Take Point (LTP)
⊕ = Found 1941 USGLO Brass Cap
⊙ = Found Monument

FIRST TAKE POINT
NAD 83 NMSPC ZONE 3001
965' FNL, 100' FEL
SEC. 32, T19S, R28E
Y= 589937.89 N
X= 585378.73 E
LAT.= 32.6217082° N
LONG.= 104.1902858° W

17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
Printed Name _____
E-mail Address _____

18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

6/16/20
Date of Survey
Plat Revised: 6/20/20
Signature and Seal of Professional Surveyor
MAYOR HALL W. LINDEEN
NEW MEXICO
17078
8-22-20
PROFESSIONAL SURVEYOR
17078
Certificate Number

BOTTOM HOLE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 589761.29 N
X= 575011.70 E
LAT.= 32.6212566° N
LONG.= 104.2239588° W

LAST TAKE POINT
NAD 83 NMSPC ZONE 3001
965' FNL, 100' FWL
SEC. 31, T19S, R28E
Y= 589761.28 N
X= 575101.70 E
LAT.= 32.6212563° N
LONG.= 104.2236665° W

SURFACE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 589599.89 N
X= 585156.50 E
LAT.= 32.6207800° N
LONG.= 104.1910091° W

EXHIBIT

tabbles

B.5-67

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, N.M. 87505

Revised August 1, 2011

Submit one copy to appropriate
District Office

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, N.M. 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
*Property Code	*Property Name Bolander 32 State Fed Com		*Well Number 131H
*OGRID No.	*Operator Name Colgate Operating, LLC		*Elevation 3367

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	19 S	28 E		1253	North	300	East	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	31	19 S	28 E		945	North	10	West	Eddy

13 Dedicated Acres	14 Joint or Infill	15 Consolidation Code	16 Order No.
--------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

Legend:

- = Surface Location
- = Bottom Hole Location
- △ = First Take Point (FTP)
- = Last Take Point (LTP)
- ⊕ = Found 1941 USGLO Brass Cap
- ⊙ = Found Monument

FIRST TAKE POINT

NAD 83 NMSPC ZONE 3001
 945' FNL, 100' FEL
 SEC. 32, T19S, R28E
 Y= 589957.93 N
 X= 585380.02 E
 LAT.= 32.6217633° N
 LONG.= 104.1902815° W

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

BOTTOM HOLE LOCATION

NAD 83 NMSPC ZONE 3001
 Y= 589781.29 N
 X= 575011.74 E
 LAT.= 32.6213116° N
 LONG.= 104.2239586° W

LAST TAKE POINT

NAD 83 NMSPC ZONE 3001
 945' FNL, 100' FWL
 SEC. 31, T19S, R28E
 Y= 589781.28 N
 X= 575101.74 E
 LAT.= 32.6213113° N
 LONG.= 104.2236663° W

SURFACE LOCATION

NAD 83 NMSPC ZONE 3001
 Y= 589644.93 N
 X= 585159.39 E
 LAT.= 32.6209037° N
 LONG.= 104.1909995° W

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

6/16/20

Date of Survey _____
 Plat Revised: 8/20/20_____
 Signature and Seal of Professional Surveyor _____

17078

Certificate Number _____

Colgate Energy

303 W. Wall St. , Midland TX 79701
Phone (432) 695-4257 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	6/26/2020	AFE NO.:	0
WELL NAME:	Bolander 32 State Fed Com 121H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/TVD:	15489 / 7442
COUNTY/STATE:	Eddy	LATERAL LENGTH:	7,455
Colgate WI:	0.00%	DRILLING DAYS:	18.85
GEOLOGIC TARGET:	2nd Bone Spring	COMPLETION DAYS:	14

REMARKS: Drill and Complete 45 stages in the 2nd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000			\$ 35,000
2 Location, Surveys & Damages	150,000	13,000	10,000	173,000
4 Freight / Transportation	55,500	35,250		90,750
5 Rental - Surface Equipment	51,471	133,630	4,640	189,741
6 Rental - Downhole Equipment	68,799	50,000		118,799
7 Rental - Living Quarters	33,540	43,300	5,200	82,040
10 Directional Drilling, Surveys	176,100			176,100
11 Drilling	445,596			445,596
12 Drill Bits	81,000			81,000
13 Fuel & Power	61,357	157,500		218,857
14 Cementing & Float Equip	155,000			155,000
16 Perforating, Wireline, Slickline	-	197,000	8,000	205,000
17 High Pressure Pump Truck	-	10,000		10,000
18 Completion Unit, Swab, CTU	-	100,000	12,040	112,040
20 Mud Circulation System	77,474			77,474
21 Mud Logging	18,029			18,029
22 Logging / Formation Evaluation	5,304	8,000		13,304
23 Mud & Chemicals	85,956	228,500		314,456
24 Water	28,039	387,764		415,803
25 Stimulation	-	540,000		540,000
26 Stimulation Flowback & Disp	-	87,500		87,500
28 Mud / Wastewater Disposal	96,938	71,000		167,938
30 Rig Supervision / Engineering	87,822	70,000	9,800	167,622
32 Drig & Completion Overhead	7,069			7,069
35 Labor	105,500	27,500	10,000	145,000
54 Proppant	-	325,012		325,012
95 Insurance	27,880			27,880
97 Contingency	92,819	119,599	5,968	218,385
99 Plugging & Abandonment	-			-
TOTAL INTANGIBLES >	1,949,192	2,604,575	65,648	4,619,415
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 9,590			\$ 9,590
61 Intermediate Casing	69,726			69,726
62 Drilling Liner	-			-
63 Production Casing	203,680			203,680
64 Production Liner	-			-
65 Tubing	-		30,911	30,911
66 Wellhead	64,000		48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-			-
69 Production Vessels	-			-
70 Flow Lines	-			-
71 Rod string	-			-
72 Artificial Lift Equipment	-		80,000	80,000
73 Compressor	-			-
74 Installation Costs	-			-
75 Surface Pumps	-		35,000	35,000
76 Downhole Pumps	-		5,000	5,000
77 Measurement & Meter Installation	-		4,950	4,950
78 Gas Conditioning / Dehydration	-			-
79 Interconnecting Facility Piping	-			-
80 Gathering / Bulk Lines	-			-
81 Valves, Dumps, Controllers	-			-
82 Tank / Facility Containment	-			-
83 Flare Stack	-			-
84 Electrical / Grounding	-		60,000	60,000
85 Communications / SCADA	-			-
86 Instrumentation / Safety	-			-
TOTAL TANGIBLES >	368,996	0	268,261	637,256
TOTAL COSTS >	2,318,188	2,604,575	333,909	5,256,671

PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Levi Harris	

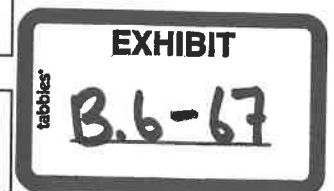
Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	<input type="checkbox"/> Yes <input type="checkbox"/> No	(mark one)	

The costs on this AFE are estimates only and may not be considered as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In reviewing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, creative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and listed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of sign.



Colgate Energy

303 W. Wall St., Midland TX 79701
Phone (432) 695-4257 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	6/26/2020	AFE NO.:	0
WELL NAME:	Bolander 32 State Fed Com 131H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/TVD:	16699 / 8630
COUNTY/STATE:	Eddy	LATERAL LENGTH:	7,720
Colgate WI:	0.00%	DRILLING DAYS:	21.25
GEOLOGIC TARGET:	3rd Bone Spring	COMPLETION DAYS:	14

REMARKS: Drill and Complete 45 stages in the 3rd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000	\$ -	\$ -	\$ 35,000
2 Location, Surveys & Damages	150,000	13,000	10,000	173,000
4 Freight / Transportation	35,300	35,250	-	90,750
5 Rental - Surface Equipment	57,407	133,630	4,640	195,697
6 Rental - Downhole Equipment	68,799	50,000	-	118,799
7 Rental - Living Quarters	36,291	43,300	5,200	84,791
10 Directional Drilling, Surveys	213,100	-	-	213,100
11 Drilling	487,051	-	-	487,051
12 Drill Bits	102,000	-	-	102,000
13 Fuel & Power	69,169	157,500	-	226,669
14 Cementing & Float Equip	135,000	-	-	135,000
16 Perforating, Wireline, Stickline	-	197,000	8,000	205,000
17 High Pressure Pump Truck	-	10,000	-	10,000
18 Completion Unit, Swab, CTU	-	100,000	12,090	112,090
20 Mud Circulation System	85,250	-	-	85,250
21 Mud Logging	20,045	-	-	20,045
22 Logging / Formation Evaluation	6,936	8,000	-	14,936
23 Mud & Chemicals	93,796	228,500	-	322,296
24 Water	28,250	415,556	-	443,806
25 Stimulation	-	540,000	-	540,000
26 Stimulation Flowback & Disp	-	87,500	-	87,500
28 Mud / Wastewater Disposal	96,938	71,000	-	167,938
30 Rig Supervision / Engineering	99,104	70,000	9,800	178,904
32 Drlg & Completion Overhead	7,969	-	-	7,969
35 Labor	108,500	27,500	10,000	146,000
54 Proppant	-	365,639	-	365,639
95 Insurance	30,058	-	-	30,058
97 Contingency	100,303	123,020	5,968	229,291
99 Plugging & Abandonment	-	-	-	-
TOTAL INTANGIBLES >	2,106,365	2,676,414	65,648	4,848,427

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 9,590	\$ -	\$ -	\$ 9,590
61 Intermediate Casing	69,726	-	-	69,726
62 Drilling Liner	-	-	-	-
63 Production Casing	219,592	-	-	219,592
64 Production Liner	-	-	-	-
65 Tubing	-	-	36,336	36,336
66 Wellhead	64,000	-	48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	80,000	80,000
73 Compressor	-	-	-	-
74 Installation Costs	-	-	35,000	35,000
75 Surface Pumps	-	-	5,000	5,000
76 Downhole Pumps	-	-	4,950	4,950
77 Measurement & Meter Installation	-	-	-	-
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	-	-
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Flare Stack	-	-	-	-
84 Electrical / Grounding	-	-	60,000	60,000
85 Communications / SCADA	-	-	-	-
86 Instrumentation / Safety	-	-	-	-
TOTAL TANGIBLES >	384,907	0	273,706	658,613
TOTAL COSTS >	2,491,272	2,676,414	339,354	5,507,040

PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Levi Harris	

Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	<input type="checkbox"/> Yes <input type="checkbox"/> No	(mark one)	

The costs and/or AFE are estimates only and may not be construed as a ceiling on any specific item or the total cost of the project. Timing of installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, contract, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and titled proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance to an amount acceptable to the Operator by the date of sign-off.

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

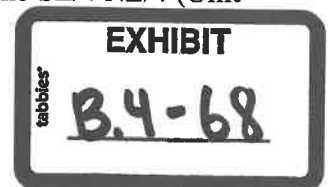
**APPLICATION OF COLGATE OPERATING, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

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1. Colgate is an interest owner in the subject lands and has a right to drill a well thereon.
2. Colgate seeks to dedicate the S/2 N/2 of Section 32 and S/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, Bone Spring non-standard horizontal spacing unit.
3. Colgate plans to drill the following horizontal wells in a westerly direction to a depth sufficient to test the Bone Spring formation:
 - a. The **Bolander 32 State Fed Com 122H** well is a horizontal well with a surface location on the boundary of the NE/4 NE/4 (Unit A) and the SE/4 NE/4 (Unit H) in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the SW/4 NW/4 (Unit E) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 7,500' to the Bone Spring formation.
 - b. The **Bolander 32 State Fed Com 132H** well is a horizontal well with a surface location on the boundary of the NE/4 NE/4 (Unit A) and the SE/4 NE/4 (Unit



H) in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the SW/4 NW/4 (Unit E) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation.

4. These wells will be located within the Winchester, Bone Spring, West Pool (Pool code 97569) and will comply with the Division's statewide setback requirements.

5. Colgate sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The creation of a non-standard horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Colgate requests that this case is set for hearing before an Examiner of the Oil Conservation Division on October 8, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 320-acre non-standard horizontal spacing unit in the Bone Spring formation comprised of the S/2 N/2 of Section 32 and S/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a non-standard horizontal spacing unit within the S/2 N/2 of Section 32 and S/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

C. Designating Colgate as operator of this unit and the wells to be drilled thereon;

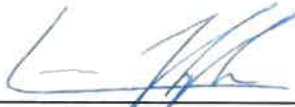
D. Authorizing Colgate to recover its costs of drilling, completing and equipping the wells;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: 

Earl E. DeBrine, Jr.
Lance D. Hough
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
earl.debrine@modrall.com
lance.hough@modrall.com
Attorneys for Applicant

W3828513.DOCX

Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring non-standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring non-standard horizontal spacing unit underlying the S/2 N/2 of Section 32 and S/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This non-standard spacing unit will be dedicated to the **Bolander 32 State Fed Com 122H** and **Bolander 32 State Fed Com 132H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19.5 miles southeast of Artesia, New Mexico.

DISTRICT I

1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II

811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III

1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, N.M. 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, N.M. 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name Bolander 32 State Fed Com	
⁶ OGRID No.	⁷ Operator Name Colgate Operating, LLC	⁸ Well Number 122H
		⁹ Elevation 3372

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	32	19 S	28 E		1388	North	300	East	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	31	19 S	28 E		2285	North	10	West	Eddy

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

Legend:

- = Surface Location
- = Bottom Hole Location
- △ = First Take Point (FTP)
- = Last Take Point (LTP)
- ⊕ = Found 1941 USGLO Brass Cap
- ⊙ = Found Monument

FIRST TAKE POINT
NAD 83 NMSPC ZONE 3001
2285' FNL, 100' FEL
SEC. 32, T19S, R28E
Y= 588615.70 N
X= 585293.59 E
LAT.= 32.6180742° N
LONG.= 104.1905681° W

BOTTOM HOLE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 588441.29 N
X= 575009.10 E
LAT.= 32.6176283° N
LONG.= 104.2239717° W

LAST TAKE POINT
NAD 83 NMSPC ZONE 3001
2285' FNL, 100' FWL
SEC. 31, T19S, R28E
Y= 588441.28 N
X= 575009.10 E
LAT.= 32.6176280° N
LONG.= 104.2236794° W

SURFACE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 588509.68 N
X= 585150.68 E
LAT.= 32.6205320° N
LONG.= 104.1910284° W

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

6/16/20

Date of Survey _____
Plat Revised: 6/20/20
Signature and Seal of Professional Surveyor:

MARK HALL W. LINDEEN
NEW MEXICO
17078
8-22-20
PROFESSIONAL SURVEYOR

17078

Certificate Number

EXHIBIT

tabbles

B.5-68

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, N.M. 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, N.M. 87505

Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			6 Well Number
		Bolander 32 State Fed Com			132H
7 OGRID No.		8 Operator Name			9 Elevation
		Colgate Operating, LLC			3371

¹⁰ Surface Location

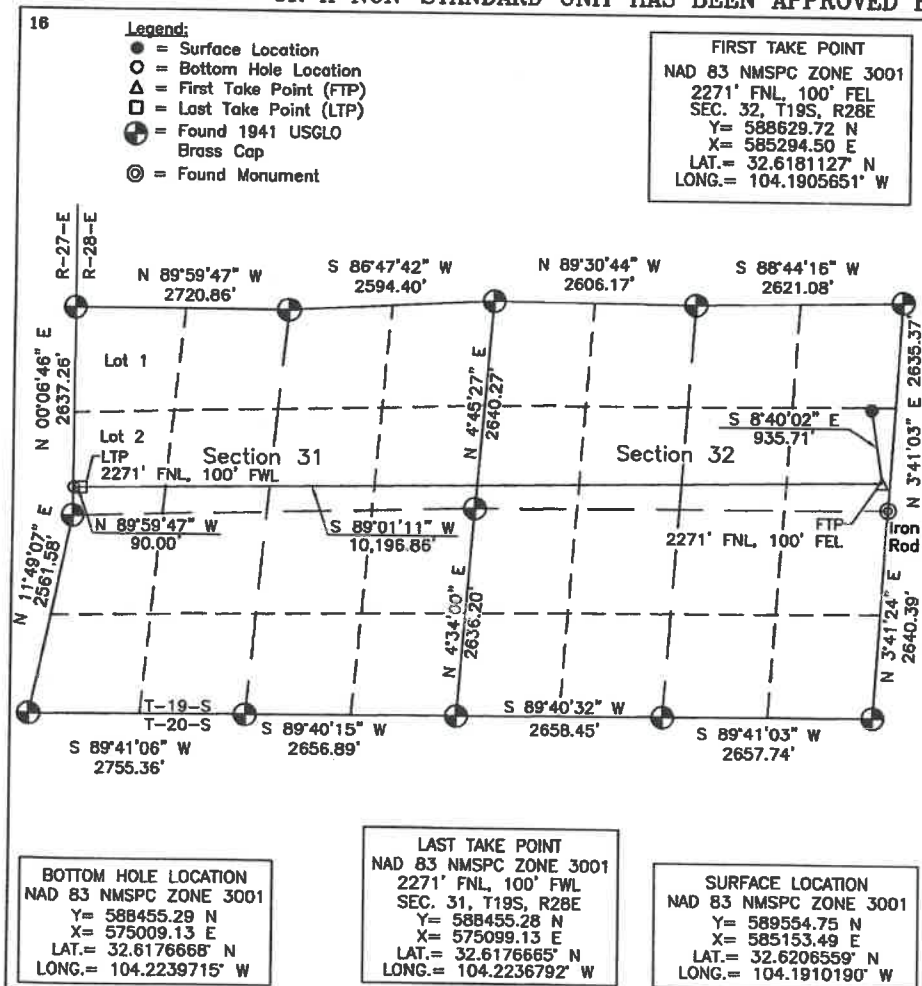
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	32	19 S	28 E		1343	North	300	East	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	31	19 S	28 E		2271	North	10	West	Eddy

¹⁰ Dedicated Acres	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.
NO ALLOWABLE WILL BE ASSIGNED			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature
Date

Printed Name _____

E-mail Address

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

6/16/20

Date of Survey
Plat Revised: 8/20/20
Signature and Seal of Professional Surveyor



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17078

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8-77-20

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RESERVED CURVE

12-78

1/10/18

Certificate Number

Colgate Energy

303 W. Wall St., Midland TX 79701
Phone (432) 695-4237 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	6/26/2020	AFE NO.:	0
WELL NAME:	Bolander 32 State Fed Com 122H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/TVD:	15489 / 7442
COUNTY/STATE:	Eddy	LATERAL LENGTH:	7,455
Colgate WI:	0.00%	DRILLING DAYS:	18.85
GEOLOGIC TARGET:	2nd Bone Spring	COMPLETION DAYS:	14

REMARKS: Drill and Complete 45 stages in the 2nd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000			\$ 35,000
2 Location, Surveys & Damages	150,000	13,000	10,000	173,000
4 Freight / Transportation	35,500	35,250		70,750
5 Rental - Surface Equipment	51,471	133,680	4,640	189,791
6 Rental - Downhole Equipment	68,799	50,000		118,799
7 Rental - Living Quarters	33,540	43,300	5,200	82,040
10 Directional Drilling, Surveys	176,100			176,100
11 Drilling	445,596			445,596
12 Drill Bits	81,000			81,000
13 Fuel & Power	61,357	157,500		218,857
14 Cementing & Float Equip	155,000			155,000
16 Perforating, Wireline, Slickline	-	197,000	8,000	205,000
17 High Pressure Pump Truck	-	10,000		10,000
18 Completion Unit, Swab, CTU	-	100,000	12,040	112,040
20 Mud Circulation System	77,474			77,474
21 Mud Logging	18,029			18,029
22 Logging / Formation Evaluation	5,304	8,000		13,304
23 Mud & Chemicals	85,956	228,500		314,456
24 Water	28,039	387,764		415,803
25 Stimulation	-	540,000		540,000
26 Stimulation Flowback & Disp	-	87,500		87,500
28 Mud / Wastewater Disposal	96,938	71,000		167,938
30 Rig Supervision / Engineering	87,822	70,000	9,800	167,622
32 Drig & Completion Overhead	7,069	-		7,069
35 Labor	108,500	27,500	10,000	146,000
54 Proppant	-	325,012		325,012
95 Insurance	27,880			27,880
97 Contingency	92,819	119,599	5,968	218,385
99 Plugging & Abandonment	-			-
TOTAL INTANGIBLES >	1,949,192	2,604,575	65,648	4,619,415
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 9,540			\$ 9,540
61 Intermediate Casing	69,726			69,726
62 Drilling Liner	-			-
63 Production Casing	203,680			203,680
64 Production Liner	-			-
65 Tubing	-		30,911	30,911
66 Wellhead	64,000	48,900		112,900
67 Packers, Liner Hangers	22,000	3,500		25,500
68 Tanks	-			-
69 Production Vessels	-			-
70 Flow Lines	-			-
71 Rod string	-			-
72 Artificial Lift Equipment	-		80,000	80,000
73 Compressor	-			-
74 Installation Costs	-		35,000	35,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-		4,950	4,950
77 Measurement & Meter Installation	-			-
78 Gas Conditioning / Dehydration	-			-
79 Interconnecting Facility Piping	-			-
80 Gathering / Bulk Lines	-			-
81 Valves, Dumps, Controllers	-			-
82 Tank / Facility Containment	-			-
83 Flare Stack	-			-
84 Electrical / Grounding	-		60,000	60,000
85 Communications / SCADA	-			-
86 Instrumentation / Safety	-			-
TOTAL TANGIBLES >	368,996	0	268,261	637,256
TOTAL COSTS >	2,318,188	2,604,575	333,909	5,256,671

PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Levi Harris	

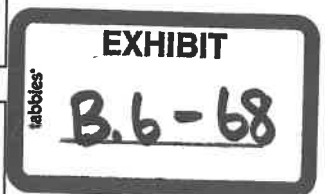
Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BC	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	<input type="checkbox"/> Yes <input type="checkbox"/> No	(mark one)	

The costs on this AFE are estimates only and may not be construed as settlements on any specific item or the total cost of the project. This drilling installation approved under the AFE may be delayed up to 1 year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, executive regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of sign-off.



Colgate Energy

303 W. Wall St., Midland TX 79701
Phone (432) 695-4257 • Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	6/26/2020	AFE NO.:	0
WELL NAME:	Bolander 32 State Fed Corn 132H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/TVD:	16699 / 8630
COUNTY/STATE:	Eddy	LATERAL LENGTH:	7,720
Colgate WI:	0.00%	DRILLING DAYS:	21.25
GEOLOGIC TARGET:	3rd Bone Spring	COMPLETION DAYS:	14

REMARKS: Drill and Complete 45 stages in the 3rd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000			\$ 35,000
2 Location, Surveys & Damages	150,000	13,000	10,000	173,000
4 Freight / Transportation	55,500	35,250		90,750
5 Rental - Surface Equipment	57,407	135,650	4,640	195,697
6 Rental - Downhole Equipment	68,799	50,000		118,799
7 Rental - Living Quarters	36,291	43,300	5,200	84,791
10 Directional Drilling, Surveys	215,100			215,100
11 Drilling	487,051			487,051
12 Drill Bits	102,000			102,000
13 Fuel & Power	69,189	157,500		226,689
14 Cementing & Float Equip	155,000			155,000
16 Perforating, Wireline, Slickline	-	197,000	8,000	205,000
17 High Pressure Pump Truck	-	10,000		10,000
18 Completion Unit, Swab, CTU	-	100,000	12,040	112,040
20 Mud Circulation System	85,250			85,250
21 Mud Logging	20,045			20,045
22 Logging / Formation Evaluation	6,936	8,000		14,936
23 Mud & Chemicals	93,796	228,500		322,296
24 Water	28,250	415,536		443,806
25 Stimulation	-	540,000		540,000
26 Stimulation Flowback & Disp	-	87,500		87,500
28 Mud / Wastewater Disposal	96,538	71,000		167,538
30 Rig Supervision / Engineering	99,804	70,000	9,800	178,804
32 Drig & Completion Overhead	7,969	-		7,969
35 Labor	106,500	27,700	10,000	146,000
54 Proppant	-	365,639		365,639
95 Insurance	30,058			30,058
97 Contingency	100,303	123,020	5,968	229,291
99 Plugging & Abandonment	-			-
TOTAL INTANGIBLES >	2,106,365	2,676,414	65,648	4,848,427
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 9,590			\$ 9,590
61 Intermediate Casing	69,726			69,726
62 Drilling Liner	-			-
63 Production Casing	219,592			219,592
64 Production Liner	-			-
65 Tubing	-		36,356	36,356
66 Wellhead	64,000		48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-			-
69 Production Vessels	-			-
70 Flow Lines	-			-
71 Rod string	-			-
72 Artificial Lift Equipment	-		80,000	80,000
73 Compressor	-			-
74 Installation Costs	-		35,000	35,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-		4,950	4,950
77 Measurement & Meter Installation	-			-
78 Gas Conditioning / Dehydration	-			-
79 Interconnecting Facility Piping	-			-
80 Gathering / Bulk Lines	-			-
81 Valves, Dumps, Controllers	-			-
82 Tank / Facility Containment	-			-
83 Flare Stack	-			-
84 Electrical / Grounding	-		60,000	60,000
85 Communications / SCADA	-			-
86 Instrumentation / Safety	-			-
TOTAL TANGIBLES >	384,907	0	273,706	658,613
TOTAL COSTS >	2,491,272	2,676,414	339,354	5,507,040

PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Levi Harris	

Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	SO		

NON OPERATING PARTNER APPROVAL:

Company Name:		Working Interest (%):		Tax ID:	
Signed by:		Date:			
Title:		Approval:	<input type="checkbox"/> Yes <input type="checkbox"/> No (mark one)		

The costs on this AFE are estimates only and may not be incurred as set forth on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to one year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including, legal, executive, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be deemed to have accepted and agreed to the proportionate share of actual costs incurred by the Participant in its own insurance in an amount acceptable to the Operator by the date of sign-off.

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

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

CASE NO. 21467

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

CASE NO. 21468

AFFIDAVIT OF SERGIO RIVERO OJEDA

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Sergio Rivero Ojeda, being duly sworn, deposes and states:

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

2. My work for Colgate includes the Permian Basin in New Mexico and I have been involved in the study and evaluation of the Bone Spring formation in the area of Eddy County encompassing Colgate's **Bolander 32 State Fed Com 121H, 122H, 131H, and 132H** wells (*hereinafter* "Proposed Wells"), which are the located within the Bone Spring horizontal spacing units that are the subject of these applications.

3. I conducted a geological study of the area that encompasses the horizontal spacing units that are the subject of Colgate's applications in these cases and am familiar with the geological matters involved in these cases.



4. As part of my study, I have prepared the following geological exhibits with respect to the horizontal spacing units that are attached hereto:

- a. **Exhibit C.1** is a Regional Locator Map identifying the Bolander project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring horizontal spacing units that are the subject of these applications.
- b. **Exhibit C.2** is a Cross-Section Locator Map. This map identifies the cross-section running from A-A' with the cross-section well names and a black line in proximity to the Proposed Wells. It also identifies the Proposed Wells with well names and red or orange lines.
- c. **Exhibit C.3** is a Gunbarrel/Lateral Trajectory Diagram. This diagram identifies the wells within the Dakota development plan. It displays the **Bolander 32 State Fed Com 121H** and **122H** wells in the Second Bone Spring formation with orange circles, and the **Bolander 32 State Fed Com 131H** and **132H** wells in the Third Bone Spring formation with red circles. The proposed units are identified together in green in the reference map in the bottom right.
- d. **Exhibit C.4** is a Second Bone Spring Structure Map on the base of the Second Bone Spring formation. This map identifies the **Bolander 32 State Fed Com 121H** and **122H** wells with an orange line. It also identifies the location of the cross-section running from A-A' in proximity to the Proposed Wells. This map shows that the structure slightly dips to the east southeast.
- e. **Exhibit C.5** is a Second Bone Spring Isopach Map. It shows the gross thickness of the Second Bone Spring interval ranges from 75 ft to 125 ft, and is fairly uniform across the proposed units at 100 ft. This map identifies the **Bolander 32 State Fed**

Com 121H and 122H wells with an orange line. It also shows the location of cross-section A-A' in proximity to the Proposed Wells.

- f. **Exhibit C.6** is a Third Bone Spring Structure Map on the top of the Third Bone Spring formation. This map identifies the **Bolander 32 State Fed Com 131H and 132H** wells with red lines. It also identifies the location of the cross-section running from A-A' in proximity to the Proposed Wells. This map shows that the structure slightly dips to the east southeast.
- g. **Exhibit C.7** is a Third Bone Spring Isopach Map. It shows the gross thickness of the Third Bone Spring interval ranges from 350 ft to 425 ft, and is relatively uniform across the proposed units at 375ft. This map identifies the **Bolander 32 State Fed Com 131H and 132H** wells with red lines. It also shows the location of cross-section A-A' in proximity to the Proposed Wells.
- h. **Exhibit C.8** is a Stratigraphic Cross Section hung on the top of the Wolfcamp formation. The well logs on the cross-section give a representative sample of the Bone Spring formation in the area. The target zones for the Proposed Wells are the Second and Third Bone Spring formations, which are consistent across the units. The planned well-path for the Proposed Wells are indicated by orange and red dashed lines.
- i. **Exhibit C.9** is a detailed view of the Target Zone within Stratigraphic Cross Section for the **Bolander 32 State Fed Com 121H and 122H** wells. The target zone for the well is the Second Bone Spring Formation, and that zone is consistent across the unit. The planned well-path is indicated by an orange dashed line.

j. **Exhibit C.10** is a detailed view of the Target Zone within Stratigraphic Cross Section for the **Bolander 32 State Fed Com 131H and 132H** wells. The target zone for the wells is the Third Bone Spring Formation, and that zone is consistent across the unit. The planned well-paths are indicated by red dashed lines.


5. Based upon my study as illustrated in these exhibits, knowledge of the geology in this area, and education and training, it is my expert opinion that:

- a. The horizontal spacing units are justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the units will contribute more or less equally to production.

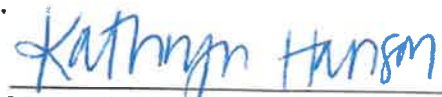
6. The preferred well orientation in this area is E-W. This is due to the fact that regional max horizontal stress orientation in this area is approximately N-S.

7. The producing interval for each of these wells will be orthodox and will comply with the Division's set back requirements.

8. Pursuant to Rule 1-011 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.


Sergio Rivero Ojeda

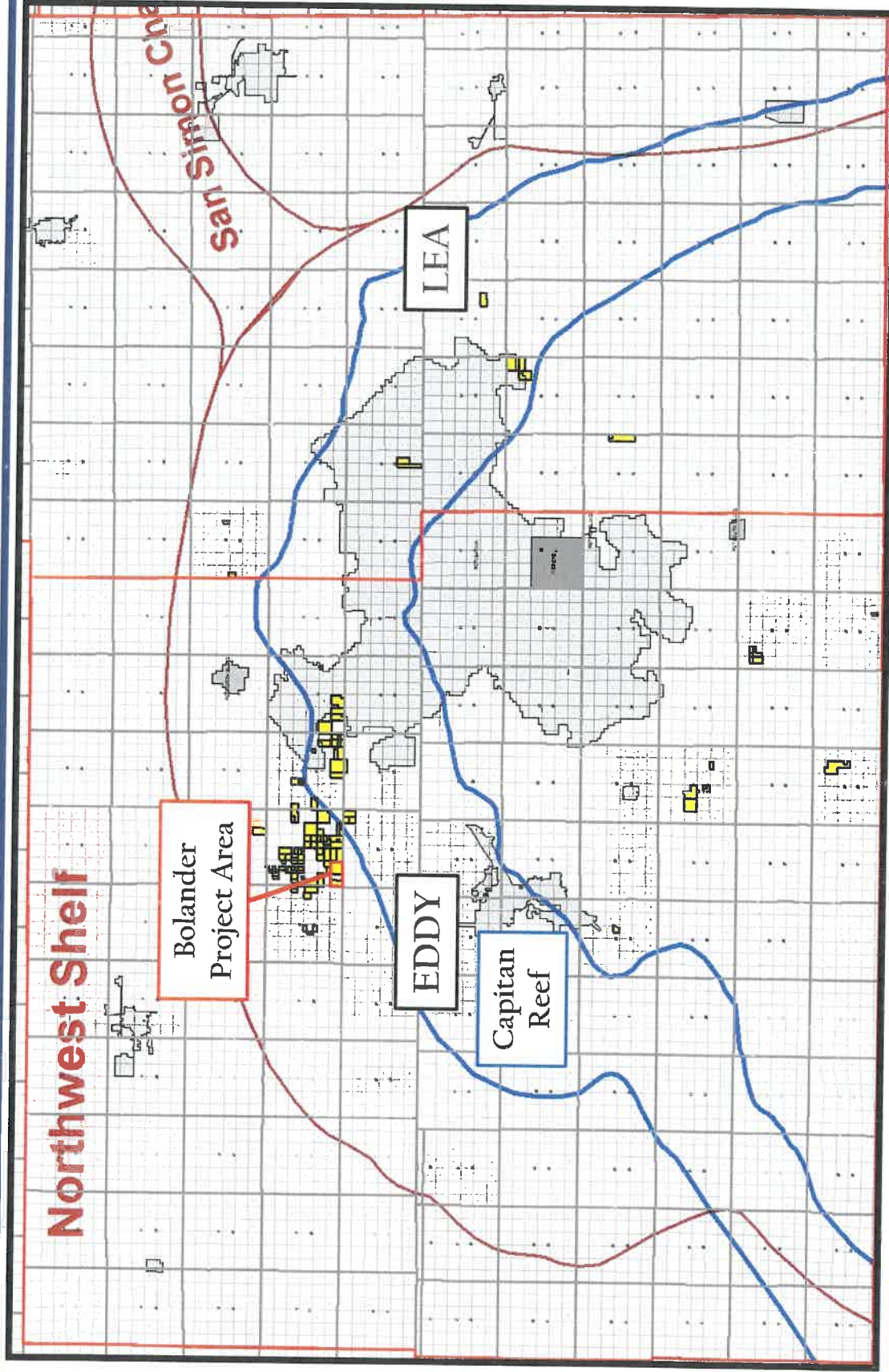
SUBSCRIBED AND SWORN to before me this 18th day of January 2021 by Sergio Rivero Ojeda, on behalf of Colgate Operating, LLC.



Kathryn Hanson
Notary Public

My commission expires: 8/18/21



Bolander 32 State Fed Com: Regional Locator Map



 Colgate Energy

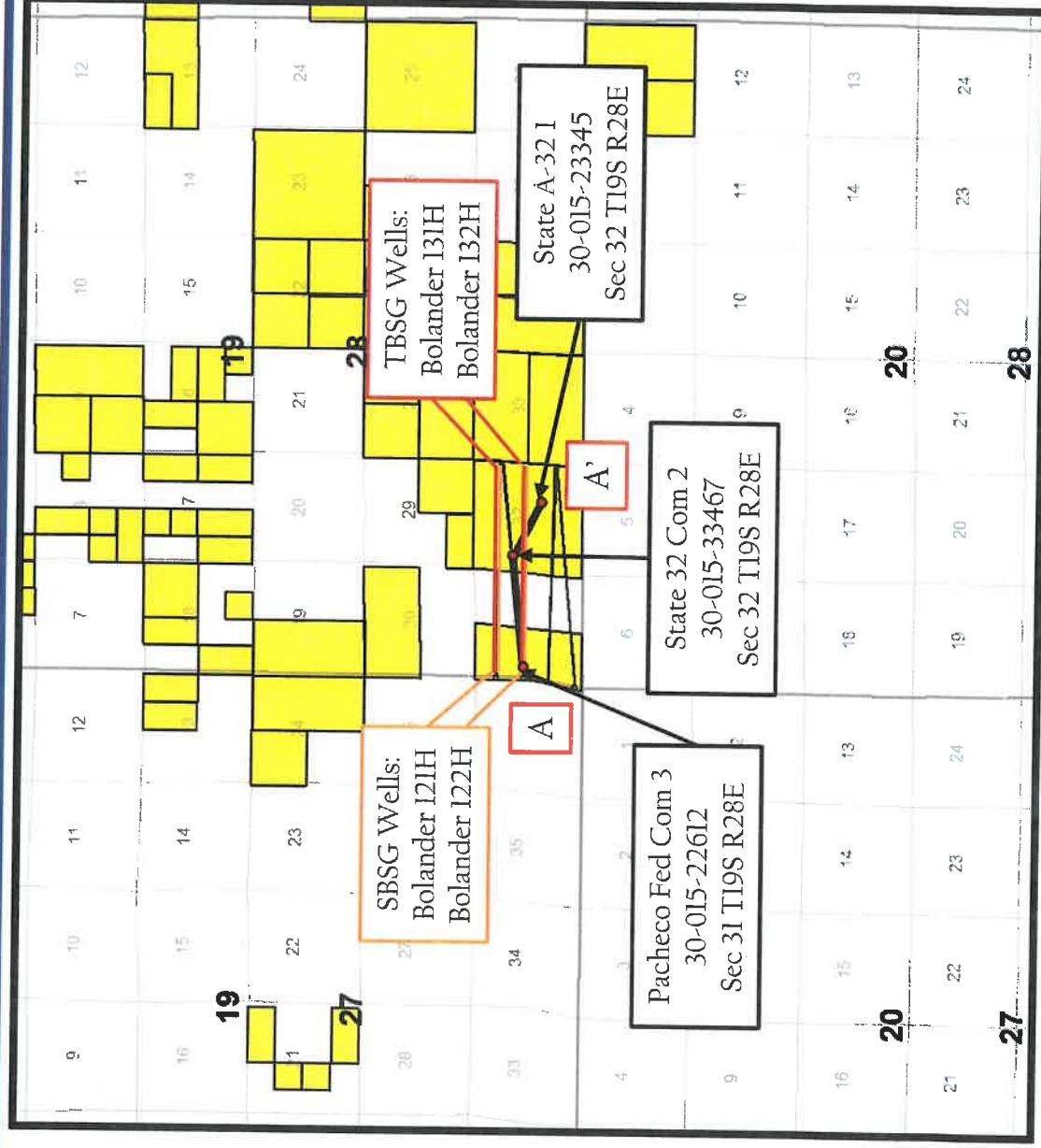
EXHIBIT

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CONFIDENTIAL

C.1

Bolander 32 State Fed Com: Cross-Section Locator Map



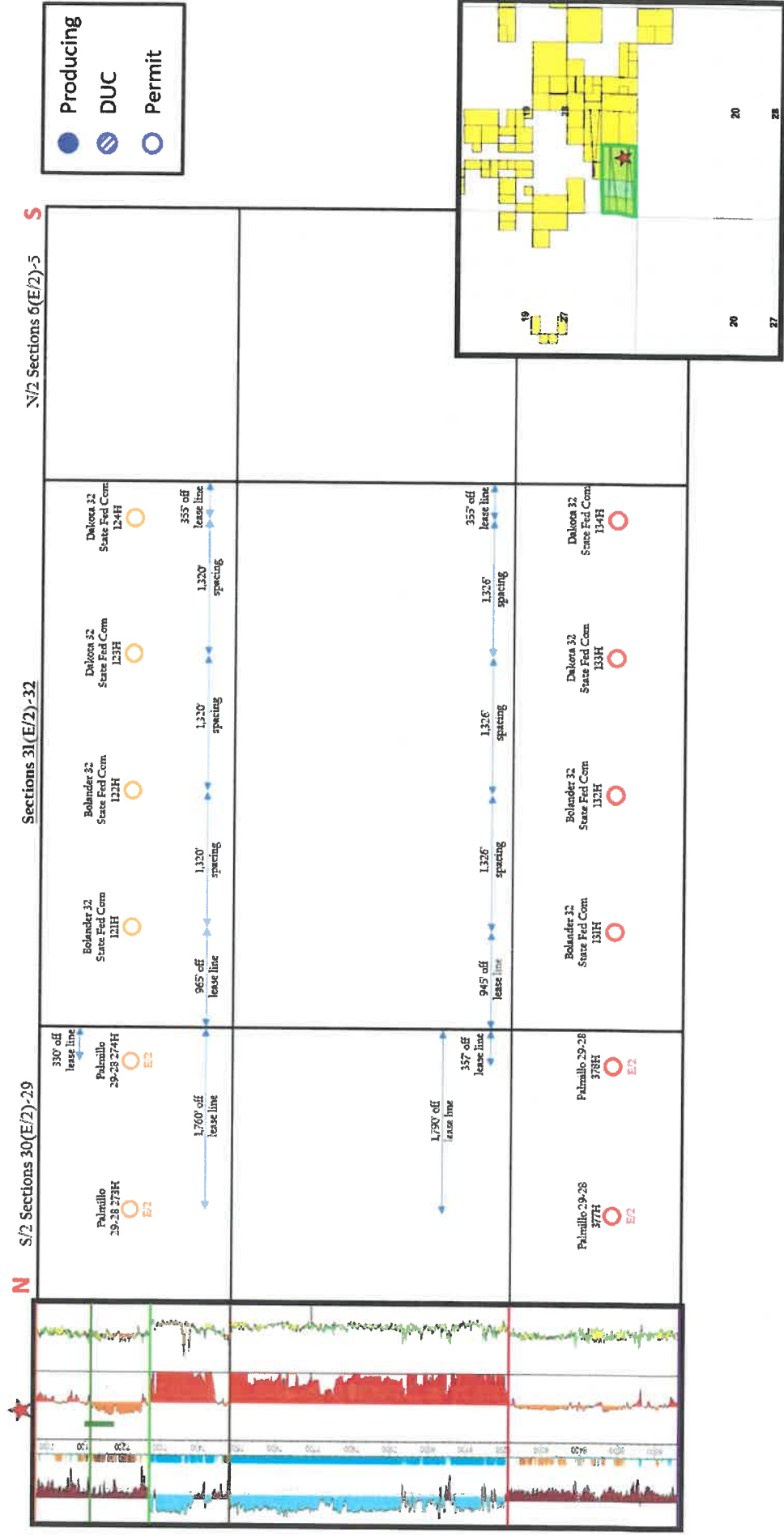
Colgate Energy

EXHIBIT

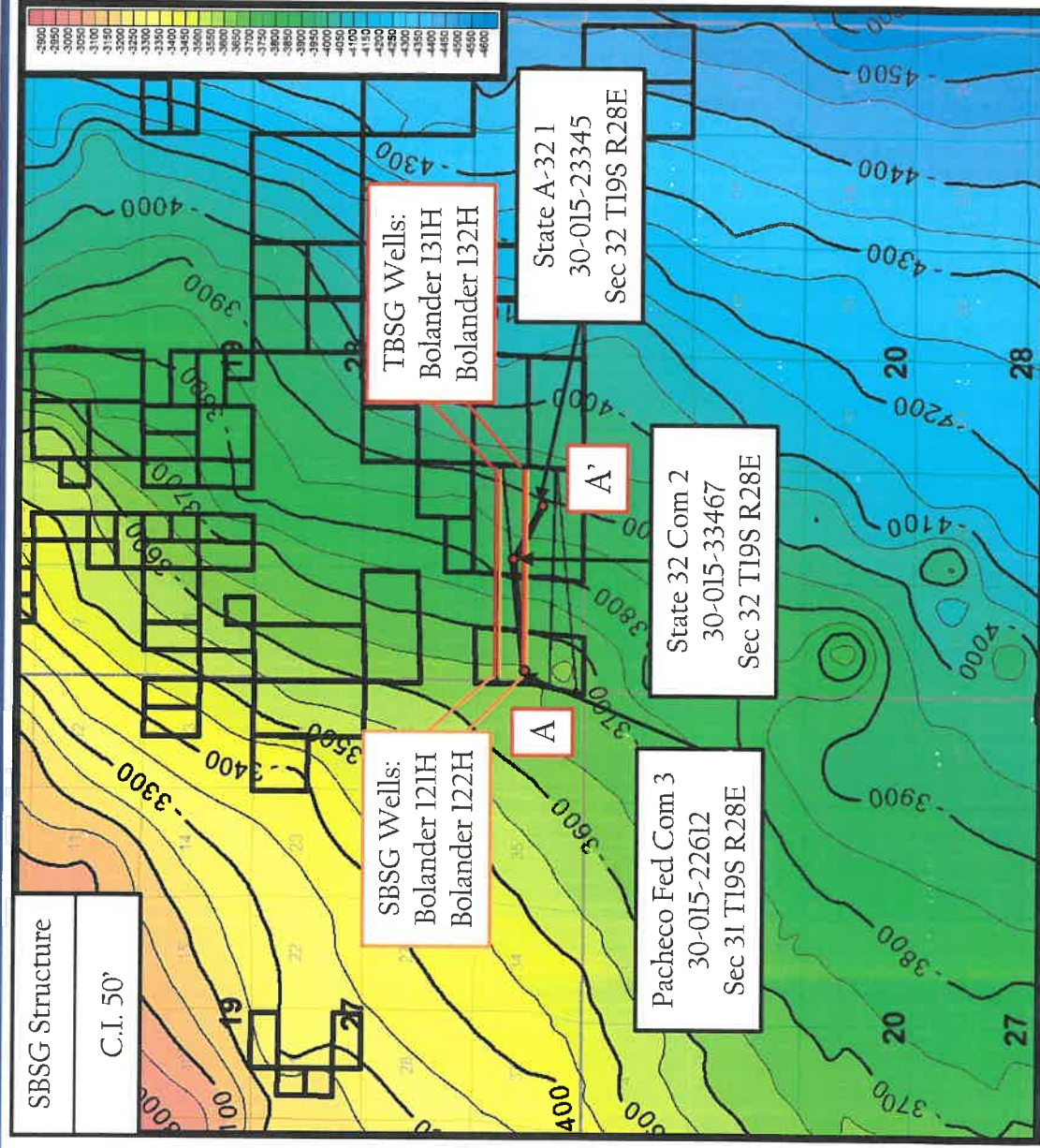
tabbies

C.2

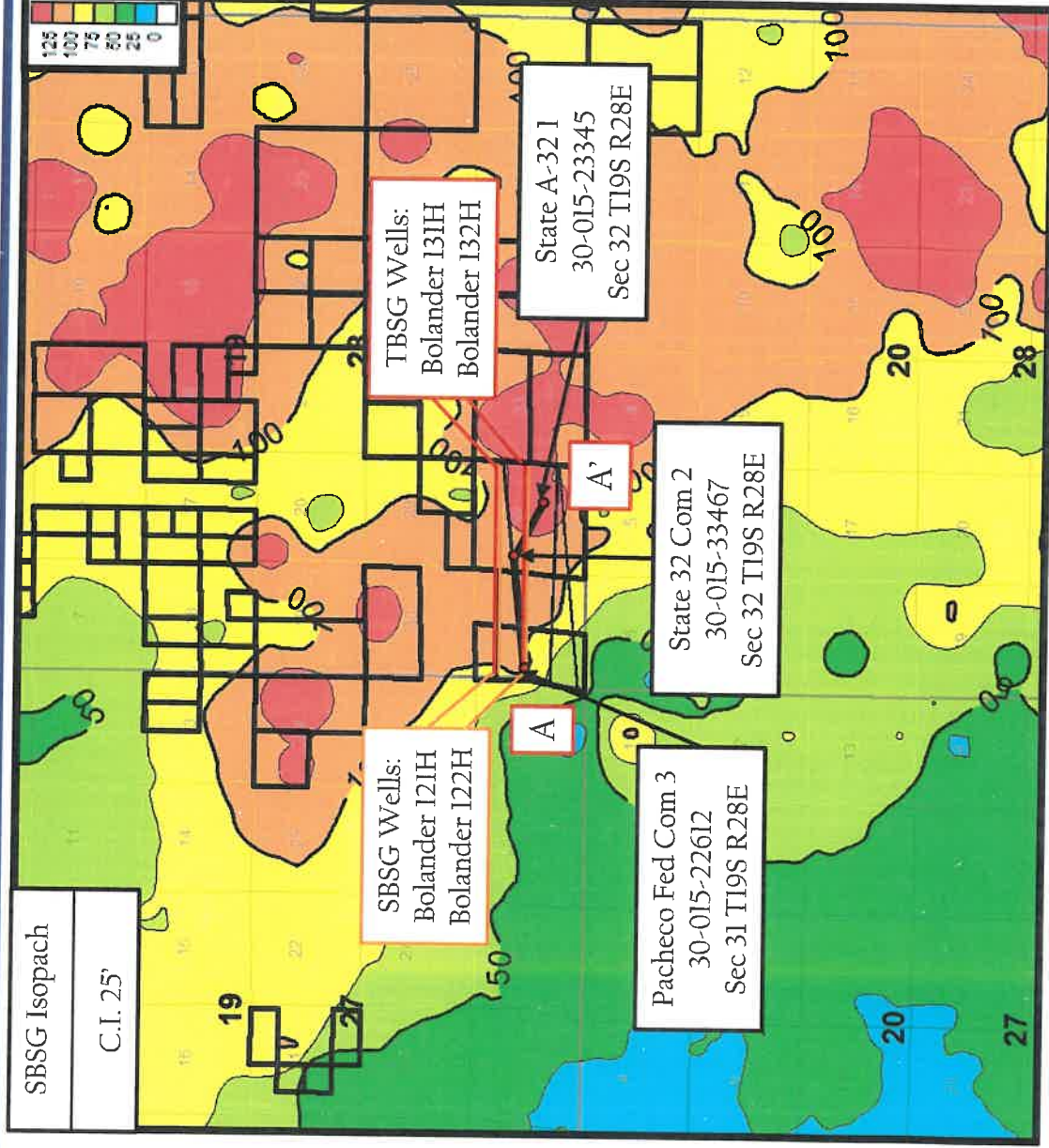
Bolander 32 State Fed Com: SBSG-TBSG Gun Barrel Development



Bolander 32 State Fed Com: SBSG Structure Map



Bolander 32 State Fed Com: SBSG Isopach Map

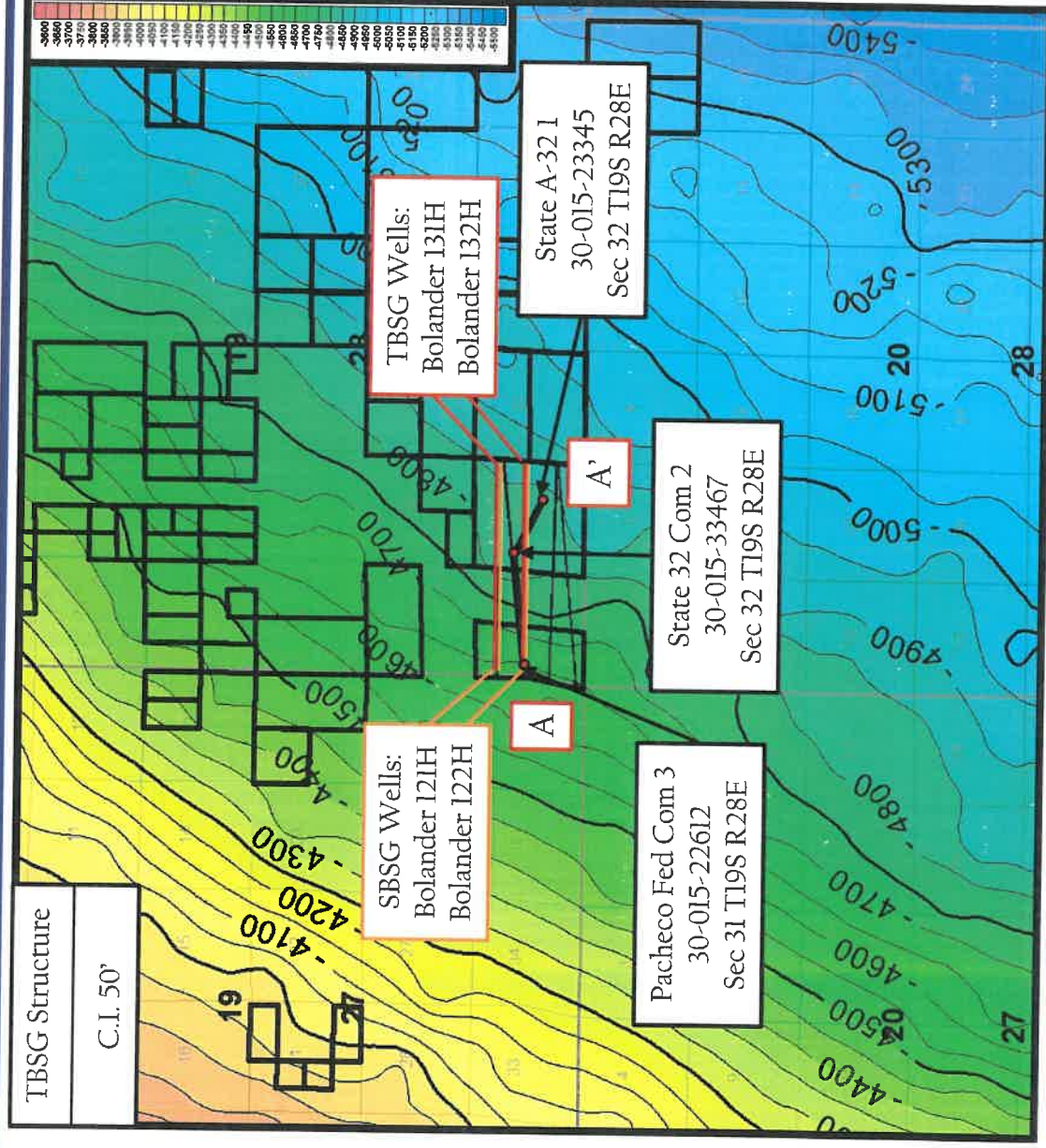


Colgate Energy

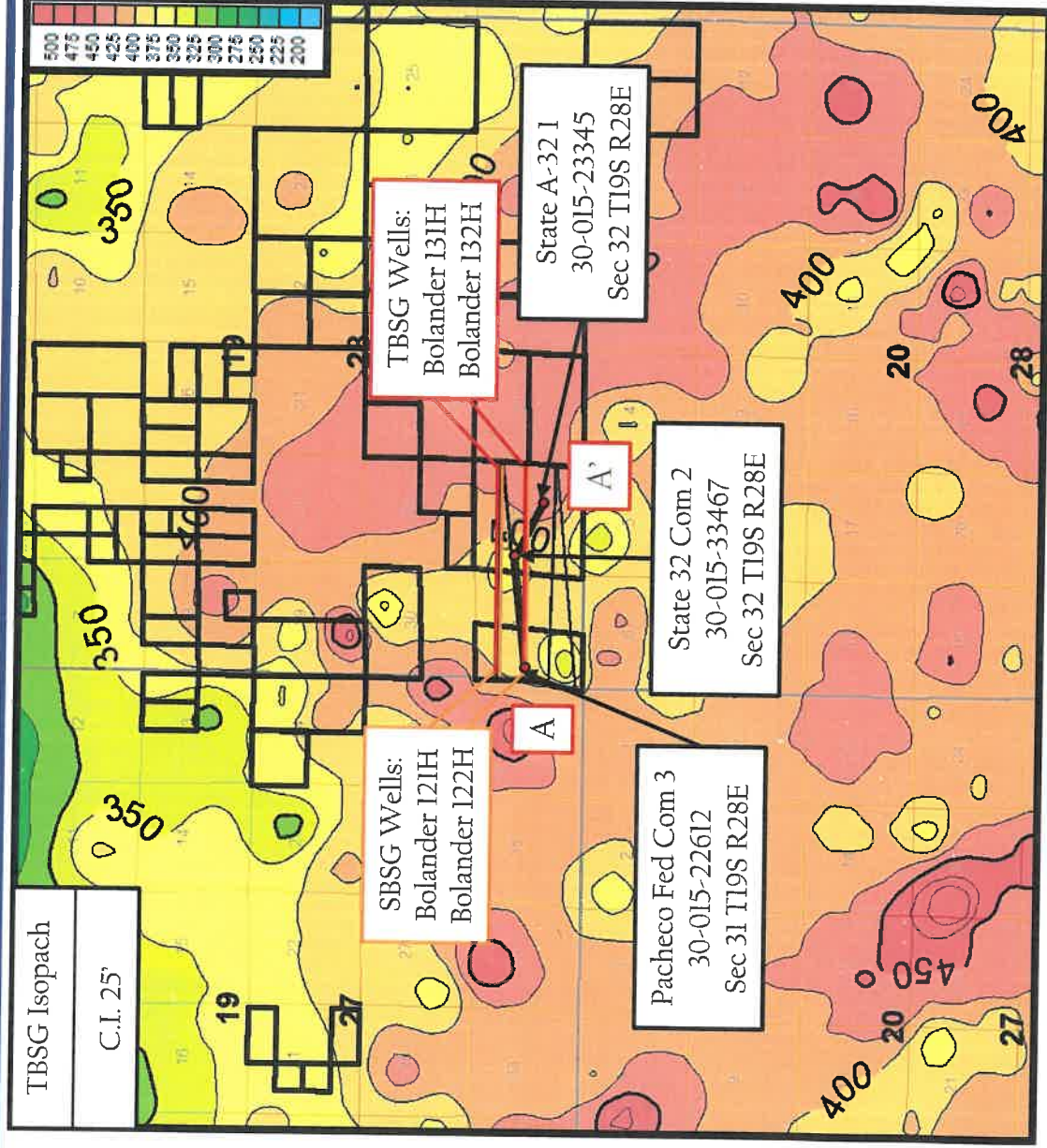
EXHIBIT
C.5

CONFIDENTIAL

Bolander 32 State Fed Com: TBSG Structure Map



Bolander 32 State Fed Com: TBSG Isopach Map



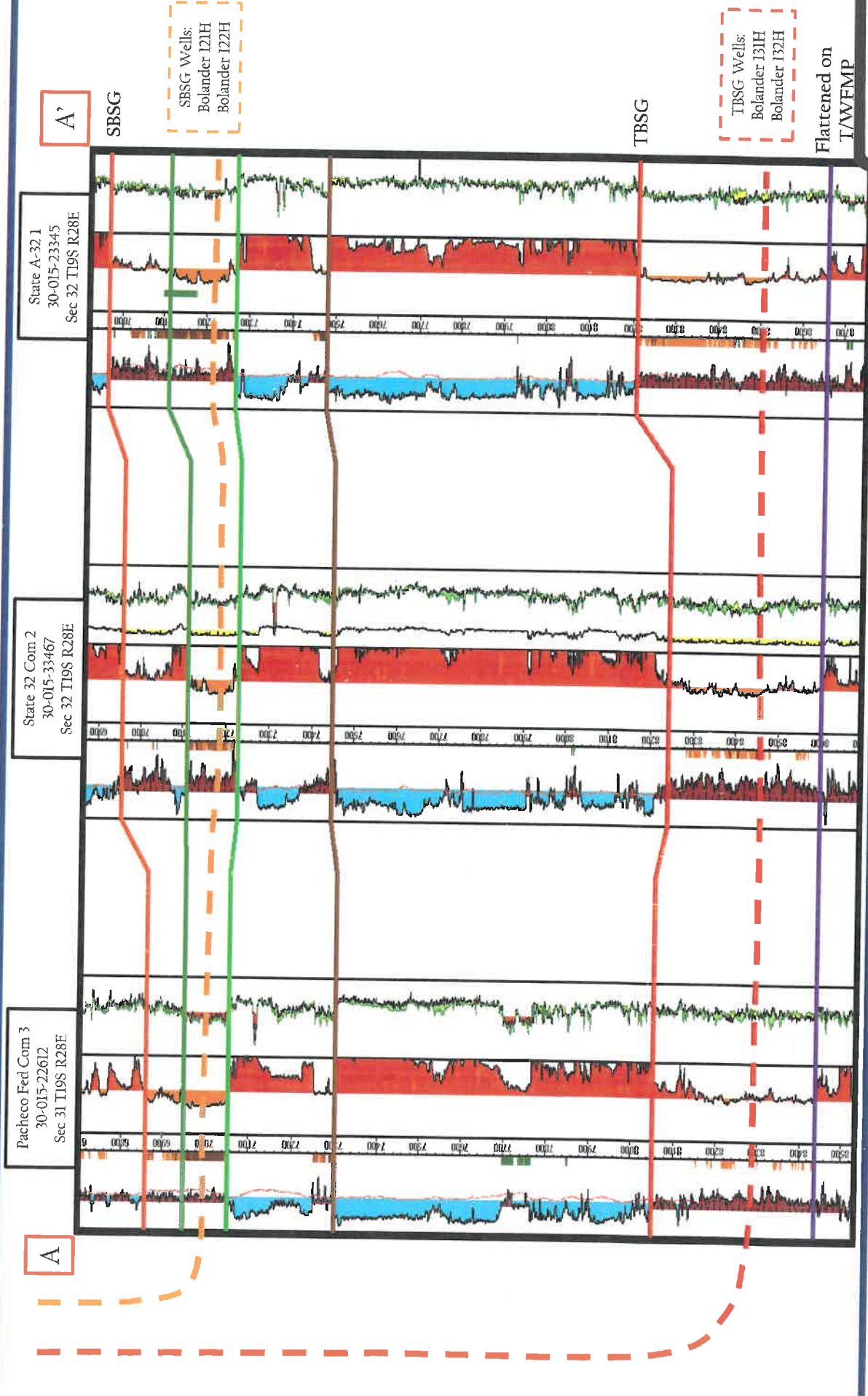
Colgate Energy

EXHIBIT

C.7

CONFIDENTIAL

Bolander 32 State Fed Com: Cross-Section A-A'



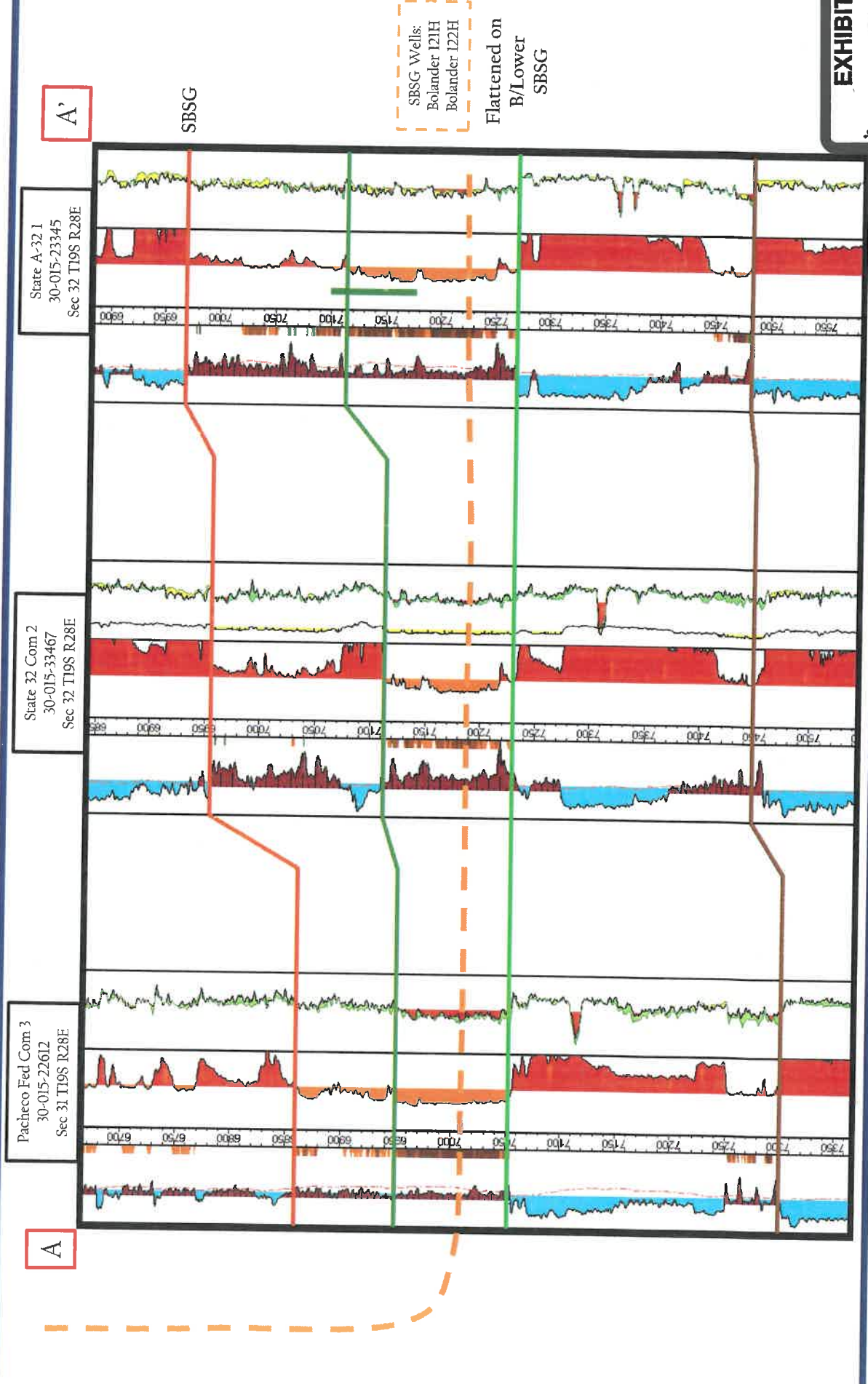
CONFIDENTIAL

EXHIBIT

C.8

tables

Bolander 32 State Fed Com: Cross-Section A-A' (SBSG)



Bolander 32 State Fed Com: Cross-Section A-A' (TBSG)

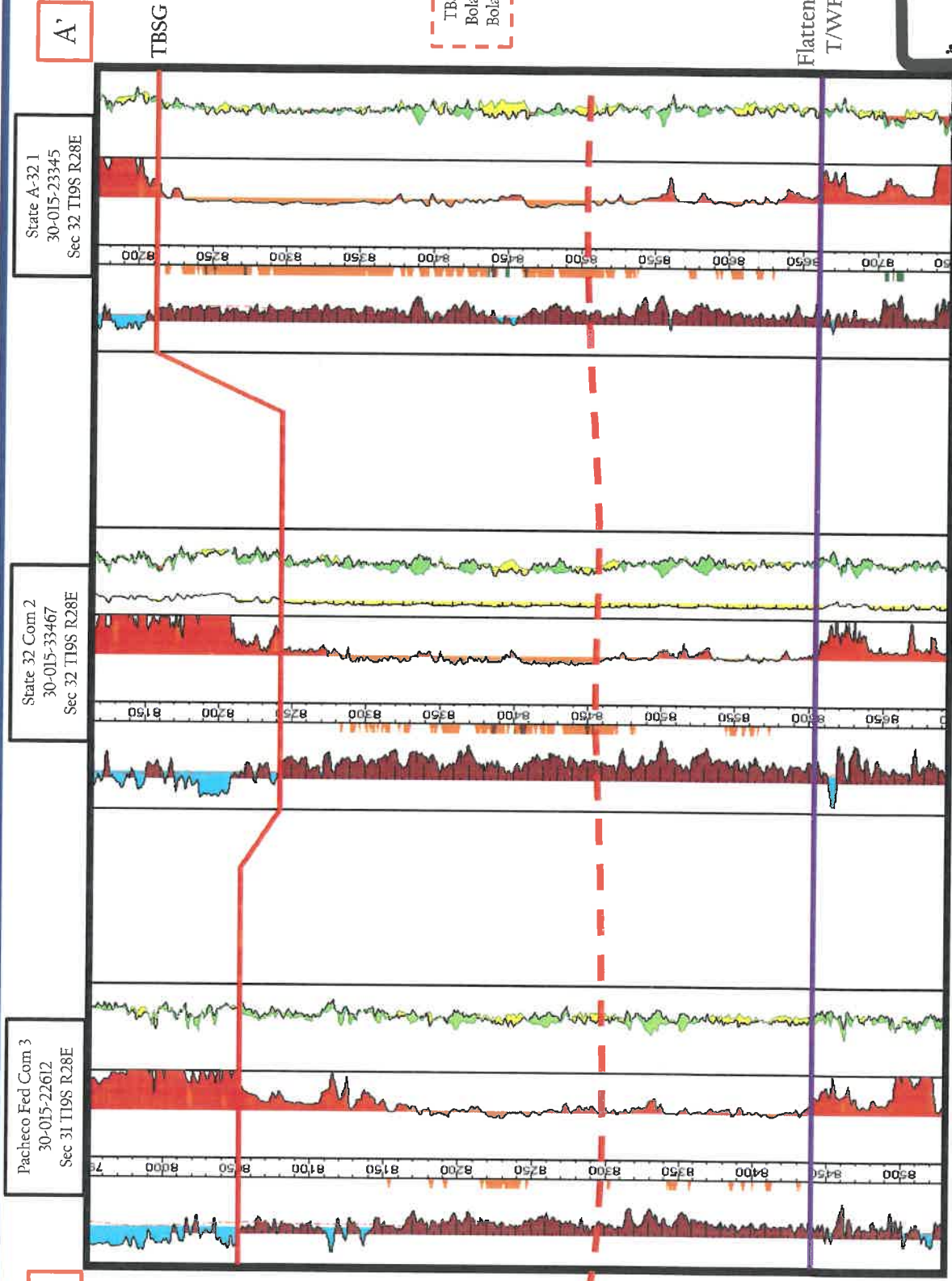


EXHIBIT
C.10

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

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

CASE NO. 21467

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

CASE NO. 21468

AFFIDAVIT OF LANCE D. HOUGH

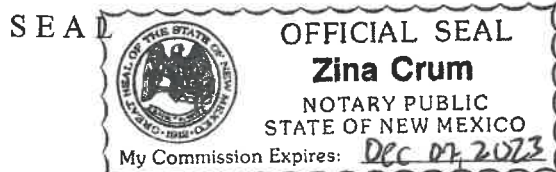
STATE OF NEW MEXICO)
)ss.
COUNTY OF BERNALILLO)

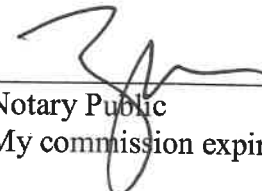
Lance D. Hough, attorney in fact and authorized representative of Colgate Operating, LLC ("Colgate"), the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were provided under notice of hearing to parties entitled to notice; and that the following are attached hereto: a sample of said notice of hearing as **Exhibit D.1**, a mailing list for notice of hearing and proof of mailed notice of hearing as **Exhibit D.2**, and proof of published notice of hearing as **Exhibit D.3**. As noted in the Affidavit of Mark Hajdik, Colgate has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the applications filed herein.



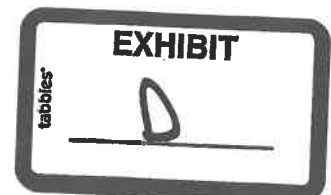
Lance D. Hough

SUBSCRIBED AND SWORN to before me this 19th day of January 2021 by Lance D. Hough.





Notary Public
My commission expires: Dec 07, 2023





September 17, 2020

Lance D. Hough
Tel: 505.848.1826
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 applications with the New Mexico Oil Conservation Division:

Case No. 21467: Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring non-standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring non-standard horizontal spacing unit underlying the N/2 N/2 of Section 32 and N/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This non-standard spacing unit will be dedicated to the **Bolander 32 State Fed Com 121H** and **Bolander 32 State Fed Com 131H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19.5 miles southeast of Artesia, New Mexico.

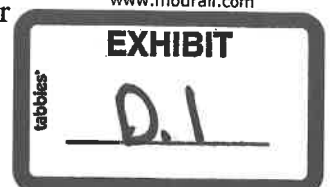
Case No. 21468: Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring non-standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring non-standard horizontal spacing unit underlying the S/2 N/2 of Section 32 and S/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This non-standard spacing unit will be dedicated to the **Bolander 32 State Fed Com 122H** and **Bolander 32 State Fed Com 132H** wells, to be horizontally drilled. The producing intervals for

Modrall Sperling
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



AFFECTED PARTIES

Colgate / Bolander 32 State Fed Com 121H, 122H, 131H, and 132H

September 17, 2020

Page 2

these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19.5 miles southeast of Artesia, New Mexico.

These applications have been set for hearing before a Division Examiner at **8:15 a.m. on October 8, 2020**. During the COVID-19 Public Health Emergency, the hearing will be conducted remotely. Instructions to appear can be found at <http://www.emnrd.state.nm.us/OCD/documents/10-08OCDHearing.pdf> or under "OCD NOTICES" at <http://www.emnrd.state.nm.us/OCD/hearings.html>. As a party who may be affected by these applications, 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 support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in these cases, 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 blue ink, appearing to read "Lance D. Hough", is written over a horizontal line.

Lance D. Hough
Attorney for Applicant

EED/ldh/W3834931.DOCX

Enclosures: as stated

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL
09/17/2020

Firm Mailing Book ID: 195717

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0075 1851 25	Oxy USA, Inc. 5 Greenway Plaza, Suite 110 Houston TX 77046	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
2	9314 8699 0430 0075 1851 32	Presbyterian Healthcare Foundation 8440 Walnut Hill Lane, Suite 800 Dallas TX 75231	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
3	9314 8699 0430 0075 1851 49	Presbyterian Village North Foundation 8600 Skyline Drive - #1212 Dallas TX 75243	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
4	9314 8699 0430 0075 1851 56	Karen Johnston, SSP 2017 Quail Hollow Run Carlsbad NM 88220	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
5	9314 8699 0430 0075 1851 63	Pecas Management, LP 3138 Quail Valley East Drive Missouri City TX 77489	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
6	9314 8699 0430 0075 1851 70	Mary Overstreet a/k/a Mary Merritt 3009 Helen Street Orlando FL 32804	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
7	9314 8699 0430 0075 1851 87	Laurance Merritt, SSP 221 S. Lomita Avenue Ojai CA 93023	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
8	9314 8699 0430 0075 1851 94	Tim Lilley and wife, Tashina Lilley 4873 Raintree Circle Parker CO 80134	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
9	9314 8699 0430 0075 1852 00	Escondido Oil and Gas, LLC P.O. Box 51390 Midland TX 79710	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
10	9314 8699 0430 0075 1852 24	BriLi, LLC 2135 Sedona Hills Parkway Las Cruces NM 88011	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
11	9314 8699 0430 0075 1852 31	Mark Wilson Family Partnership P.O. Box 2415 Midland TX 79702	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
12	9314 8699 0430 0075 1852 48	The Board of Regents Univ. Texas System re Texas M.D. Anderson Cancer Ctr P.O. Box 551 Midland TX 79702	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
13	9314 8699 0430 0075 1852 55	Ergodic Resources, LLC P.O. Box 2021 Roswell NM 88202	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
14	9314 8699 0430 0075 1852 62	Abuelo, LLC 21 Cook Drive Artesia NM 88210	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
15	9314 8699 0430 0075 1852 79	Thomas A. Crow for Mark E. Boling Revocable Trust 8210 Louisiana Boulevard NE, Suite B Albuquerque NM 87113	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice

EXHIBIT

tabbles

D.2

Zina Crum
Mod-rail Sperling
500 4th Street NW
Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
09/17/2020

Firm Mailing Book ID: 195717

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
16	9314 8699 0430 0075 1852 86	Silverhair, LLC 1301 Lewis Road Artesia NM 88210	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
17	9314 8699 0430 0075 1852 93	Loco Hills Production Company LLC P.O. Box 779 Artesia NM 88211	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
18	9314 8699 0430 0075 1853 09	Gayle Martin & Richard Lantz P.O. Box 1880 Block Canyon City AZ 85324	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
19	9314 8699 0430 0075 1853 16	Devon Energy Production Company, L.P. 333 West Sheridan Avenue Oklahoma City OK 73102	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
20	9314 8699 0430 0075 1853 23	Sabinan Energy Operating, LLC 1780 Hughes Blvd. Suite 1200 The Woodlands TX 77380	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
21	9314 8699 0430 0075 1853 30	Mexco Energy Corporation P.O. Box 10502 Midland TX 79702	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
22	9314 8699 0430 0075 1853 47	Penroc Oil Corporation 1515 West Calle Sur Street Hobbs NM 88240	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
23	9314 8699 0430 0075 1853 54	Marathon Oil Permian 5555 San Felipe Street Houston TX 77056	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
24	9314 8699 0430 0075 1853 61	Crown Oil Partners, VI, LLC Crump Energy Partners, III, LLC P.O. Box 50820 Midland TX 79710	\$1.20	\$3.55	\$1.70	\$0.00	10091-0004 Bolander Notice
Totals:			\$28.80	\$85.20	\$40.80	\$0.00	Grand Total: \$154.80

List Number of Pieces Listed by Sender Total Number of Pieces Received at Post Office Postmaster: Dated:

Transaction Report Details - CertifiedPro.net
Firm Mail Book ID= 195717
Generated-1/15/2021 12:35:03 PM

USPS Article Number	Date Created	Name 1	Name 2	Address1	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300075185361	2020-09-17 1:38 PM	Crown Oil Partners, VI, LLC	Crump Energy Partners, III, LLC	P.O. Box 50820	Midland	TX	79710	Lost	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185354	2020-09-17 1:38 PM	Marathon Oil Permian		5555 San Felipe Street	Houston	TX	77056	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
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9314869904300075185279	2020-09-17 1:38 PM	Thomas A. Crow	for Mark E. Bolling Revocable Trust	8210 Louisiana Boulevard NE, Suite B	Albuquerque	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
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9314869904300075185255	2020-09-17 1:38 PM	Ergodic Resources, LLC	re Texas M.D. Anderson Cancer Ctr	P.O. Box 2021	Roswell	NM	79702	Delivered	Return Receipt - Electronic, Certified Mail	09-23-2020
9314869904300075185248	2020-09-17 1:38 PM	The Board of Regents Univ. Texas System		P.O. Box 551	Midland	TX	79702	Delivered	Return Receipt - Electronic, Certified Mail	09-23-2020
9314869904300075185231	2020-09-17 1:38 PM	Mark Wilson Family Partnership		P.O. Box 2415	Midland	TX	79702	Delivered	Return Receipt - Electronic, Certified Mail	09-23-2020
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9314869904300075185187	2020-09-17 1:38 PM	Tim Lilley and wife, Tashina Lilley		4873 Raintree Circle	Parker	CO	80134	Delivered	Return Receipt - Electronic, Certified Mail	09-22-2020
9314869904300075185170	2020-09-17 1:38 PM	Mary Overstreet a/k/a Mary Merritt		221 S. Lomita Avenue	Ojai	CA	93023	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185163	2020-09-17 1:38 PM	Pecos Management, LP		3138 Quail Valley East Drive	Orlando	FL	32804	Delivered	Return Receipt - Electronic, Certified Mail	10-15-2020
9314869904300075185156	2020-09-17 1:38 PM	Karen Johnston, SSP		2017 Quail Hollow Run	Missouri City	TX	77489	Delivered	Return Receipt - Electronic, Certified Mail	10-15-2020
9314869904300075185149	2020-09-17 1:38 PM	Presbyterian Village North Foundation		8600 Skyline Drive - #1212	Carlsbad	NM	88220	Delivered	Return Receipt - Electronic, Certified Mail	10-02-2020
9314869904300075185132	2020-09-17 1:38 PM	Presbyterian Healthcare Foundation		8440 Walnut Hill Lane, Suite 800	Dallas	TX	75231	Lost	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185125	2020-09-17 1:38 PM	Oxy USA, Inc.		5 Greenway Plaza, Suite 110	Houston	TX	77046	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020

Affidavit of Publication

Ad # 0004383029

This is not an invoice.

MODRALL SPERLING
POBOX 2168

ALBUQUERQUE, NM 87103

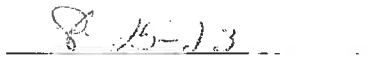
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements 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:

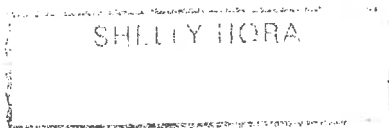
09/19/2020


Legal Clerk

Subscribed and sworn before me this September 19,
2020:


State of WI, County of Brown
NOTARY PUBLIC


My commission expires



Ad # 0004383029

PO #:

of Affidavits 1

This is not an invoice

CASE NO. 21467: Notice to all affected parties, as well as their heirs and devisees, of Oxy USA, Inc.; Presbyterian Healthcare Foundation; Presbyterian Village North Foundation; Karen Johnston, SSP; Pecos Management, LP; Mary Overstreet a/k/a Mary Merritt; Laurance Merritt, SSP; Tim Lilley and wife, Tashina Lilley; Escondido Oil and Gas, LLC; Brili, LLC; Mark Wilson Family Partnership; The Board of Regents Univ. Texas System; Ergodic Resources, LLC; Abuelo, LLC; Thomas A. Crow; Silverhair, LLC; Loco Hills Production Company LLC; Gayle Martin & Richard Lantz; Devon Energy Production Company, L.P.; Sabinal Energy Operating, LLC; Mexco Energy Corporation; Penroc Oil Corporation; Marathon Oil Permian; and Crown Oil Partners, VI, LLC of Colgate Operating, LLC's Application for compulsory pooling, 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 October 8, 2020 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/documents/10-08OCDHearing.pdf> or under "OCD NOTICES" at <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring non-standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring non-standard horizontal spacing unit underlying the N/2 N/2 of Section 32 and N/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This non-standard spacing unit will be dedicated to the Bolander 32 State Fed Com 121H and Bolander 32 State Fed Com 131H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19.5 miles southeast of Artesia, New Mexico.

CASE NO. 21468: Notice to all affected parties, as well as their heirs and devisees, of Oxy USA, Inc.; Presbyterian Healthcare Foundation; Presbyterian Village North Foundation; Karen Johnston, SSP; Pecos Management, LP; Mary Overstreet a/k/a Mary Merritt; Laurance Merritt, SSP; Tim Lilley and wife, Tashina Lilley; Escondido Oil and Gas, LLC; Brili, LLC; Mark Wilson Family Partnership; The Board of Regents Univ. Texas System; Ergodic Resources, LLC; Abuelo, LLC; Thomas A. Crow; Silverhair, LLC; Loco Hills Production Company LLC; Gayle Martin & Richard Lantz; Devon Energy Production Company, L.P.; Sabinal Energy Operating, LLC; Mexco Energy Corporation; Penroc Oil Corporation; Marathon Oil Permian; and Crown Oil Partners, VI, LLC of Colgate Operating, LLC's Application for compulsory pooling, 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 October 8, 2020 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/documents/10-08OCDHearing.pdf> or under "OCD NOTICES" at <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring non-standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring non-standard horizontal spacing unit underlying the S/2 N/2 of Section 32 and S/2 N/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This non-standard spacing unit will be dedicated to the Bolander 32 State Fed Com 122H and Bolander 32 State Fed Com 132H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19.5 miles southeast of Artesia, New Mexico.

#4383029, Current Argus, Sept. 19, 2020

EXHIBIT

tabbles

D.3