# 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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P. O. Box 2168 / Albuquerque, NM 87103
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edebrine@modrall.com

ldh@modrall.com

## **COMPULSORY POOLING APPLICATION CHECKLIST**

### ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21467	SUPPORTED BY SIGNED AFFIDAVITS  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 EXHIBIT							
Applicant's Ownership in Each Tract	Exhibit B.2							
Well(s)								
Name & API (if assigned), surface and bottom hole location, ootages, completion target, orientation, completion status standard or non-standard)								

Well #1	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.
	Completion Target: 2nd Bone Spring at approx 7,500 feet TVD.
	Well Orientation: East to West
	Completion Location expected to be: standard
Well #2	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.
	Completion Target: 3rd Bone Spring at approx 8,600 feet
	TVD.
	Well Orientation: East to West
	Completion Location expected to be: standard
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	
and Ownership Schematic of the Spacing Unit	Exhibit B; Exhibit B.2
Fract 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	Exhibite B.5-67
Fracts	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
tructure 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	
pecial Provisions/Stipulations	None
ERTIFICATION: I hereby certify that the information provi	ded in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Lance Hough
igned Name (Attorney or Party Representative):	L-7/1
vale.	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:	APPLICATION OF COLGATE OPERATING LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO, CASE NO. 21468						
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	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, completion target, orientation, completion status standard or non-standard)	See Exhibit B.4-68 and Exhibit B.5-68						

Well #1	
Aveil #T	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.
	Completion Target: 2nd Bone Spring at approx 7,500 feet TVD.
	Well Orientation: East to West
	Completion Location expected to be: standard
Well #2	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.
	Completion Target: 3rd Bone Spring at approx 8,600 feet TVD.
	Well Orientation: East to West
	Completion Location expected to be: standard
	and the second of the second o
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	
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
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and Ownership Schematic of the Spacing Unit	Exhibit B; Exhibit B.2
ract List (including lease numbers and owners)	Exhibit B.2
Pooled Parties (including ownership type)	Exhibit B.2
Inlocatable 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.6-68 for AFEs					
Cost Estimate to Equip Well	Exhibit B.6-68 for AFEs					
Cost Estimate for Production Facilities	Exhibit B.6-68 for AFEs					
Geology						
Summary (including special considerations)	Exhibit C					
Spacing Unit Schematic	Exhibits B.5-68, 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.5-68					
Fracts	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						
pecial Provisions/Stipulations	None					
ERTIFICATION: I hereby certify that the information provide	led in this checklist is complete and accurate.					
rinted Name (Attorney or Party Representative):	Lance Hough					
igned Name (Attorney or Party Representative):	L-74C					
Pate:	January 18, 2021					

# 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 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

EXHIBIT B

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 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 nonconsenting 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

SUBSCRIBED AND SWORN to before me this 4 day of January 2021 by Mark Hajdik.

SEAL

WARY PUN	KATHRYN HANSON
° 4	Notary Public, State of Texas
23	Comm. Expires 08-18-2021
THE OF THE	Notary ID 131250643

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

 $\textbf{September 2020} - \textbf{Discussed plans for participation with Penroc, Penroc will participate but has not signed the OA yet \\$ 

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

 ${\bf September~2020}-{\bf Discussed~plans~for~participation~with~Mexco~Energy,~but~have~not~received~an~executed~JOA}$ 

**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



		LEASE TR	LEASE TRACT MAP	_			-
)232130-015 0-015-36675 ( C )	30-915-0232-130-915-02322 -3944730-015-36675 10/Tract act 8 (.c.)	NEME 2	340%/fnuv (D)	NEWW (C.)	30-015-31542 Tract 1 NWWE 015-22826 NENE (B) (A)	30-015-31542 15-22826 NENE (A)	<u> </u>
SENW	SWNE (G)	SENE (#)	SWAW (E) 30	SENW (F)	SWNE	30-015-46792 <sup>800-</sup> 30-0	30-015
30-015-01810 NESW (K)	NW-30-015-22-132	2132 130 015-26556	6 NWSW 10-33507 NESW (K)	3507 NESW	NW 30-013	30-015-23345 NESE	
ente paris	30-015-26557 SWSE (0)	SESE (P)	WSW.	SESW (N)	SWSE (0)	30-015-47744 SESE (P)	4
	30-015-26675	22		1	1		1

FORCE POOL INTEREST	Operator	Yes	Yes	Yes	Yes	Yes	
WI	31.69%	12.50%	1.09%	%86.0	0.61%	3.13%	
NET	202.835	80	6.975	6.3	3.89	20	
TRACT   NET	1,3	2	3	3	3	1	
WIOWNER	Colgate Production, LLC	Oxy USA Inc.	PBEX, LLC	Mexco Energy	Penroc Oil	Marathon Oil	

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
, <u> </u>
Mary Overstreet a/k/a Mary Merritt
<u></u>
Laurance Merritt, SSP
Tim Lilley and wife, Tashina Lilley
Escondido Oil and Gas, LLC
Decondride on and das, fille
BriLi, LLC
BHEI, BEC
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



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: 2<sup>nd</sup> 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: 2<sup>nd</sup> 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

Matthylich

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 121HI/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 122HI/We hereby elect NOT to participate in the Bolander 32 State Fed Com 122H.
I/We hereby elect to participate in the Bolander 32 State Fed Com 131HI/We hereby elect NOT to participate in the Bolander 32 State Fed Com 131H.
I/We hereby elect to participate in the Bolander 32 State Fed Com 132HI/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

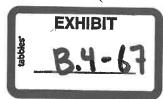
APPLICATION OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

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 A)



- 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 J 1625 N. French Dr., Hobbs, N.M. 88240 Phone: (575) 393-6161 Fax: (675) 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: (506) 334-6170 DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, N.M. 87505 Phone: (505) 478-3460 Fax: (505) 478-3462 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

*Pool Code	<sup>3</sup> Pool Name
Property Name Bolander 32 State Fed Com	Well Number
*Operator Name	121H
Colgate Operating, LLC	3368
	Property Name  Bolander 32 State Fed Com  Operator Name

Surface Location

			11 Rott	om Holo	Location If	Different En-	O .			=
A	32	19 S	28 E		1298	North	300	East	Eddy	
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	

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
Dedicated Acre	8		18 Joint or	Infill 14 Cor	asolidation Code	15 Order No.			

### NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OD A MOM COLAMDADE

	NON DIANDARD UNI	I HAS BEEN APPROVED E	THE DIVISION
Legend:  ■ = Surface Location  O = Bottom Hole Location  Δ = First Take Point (Find Found 1941 USGLO)  Brass Cap  © = Found Monument	P)	FIRST TAKE POINT  NAD 83 NMSPC ZONE 3001  965' FNL, 100' FEL  SEC. 32, T19S, R2BE  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 bette 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 contrast with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling ordeheretofore entered by the division.
Lot 1 5 7 755' FNL 100' FWL	86°47'42" W N 89°30 2594.40' 2606 889°00'56" W 10,278.55' W		
N 89'59'47" W 90.00' Lot 2   Section 31	N 4.45.27	N 33'19'27' E W 19'27'	E-mail Address  18 SURVEYOR CERTIFICATION
2561.5877 2561.5877	N 4:34'00" E	N 341'24" E POS	I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by m or under my supervision, and that the same is true and correct to the best of my belief.
T-19-S T-20-S S 89'41'06" W 2656.8 2755.36'		. 1 7 1	Date of Surrey Plet Revised: 8/20/20 WALL W. Signature and Seal of Professional Surveyor. W. W.E.L.
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 300 965' 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	27078 Certificate Number

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### WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API	<sup>1</sup> API Number			*Pool Code		<sup>8</sup> Pool Name		
<sup>4</sup> Property Co				Property Bolander 32 St				Well Number
OGRID No	). 			•	Operator Name Operating, LLC			*Elevation
				10 Surface	Location			
A A	Section 32	Township 19 S	Range 28 E	Lot Idn Feet from the 1253	North/South line North	Feet from the	East/West line	County

"Bottom Hole Location If Different From Surface UL or lot no. Section Township Feet from the North/South line Feet from the East/West line County D 31 19 S 28 E 945 North 10 West Eddy Dedicated Acres Joint or Infill <sup>14</sup> Consolidation Code 16 Order No. NO ALLOWADIE WILL DO

OR A NON-	STANDARD UNIT HAS	ETION UNTIL ALL IN BEEN APPROVED E	TERESTS HAVE BEEN CONSOLIDATED BY THE DIVISION
16    Legend:   Surface Location     O = Bottom Hole Location     A = First Take Point (FTP)     Last Take Point (LTP)     Found 1941 USGLO     Brass Cap     © = Found Monument     U   U     I   U     I   U     Brass Cap     Cap   Cap		FIRST TAKE POINT  IAD 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 organisation 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.
N 89'59'47" W S 86'47'42 2720.86' 2594.40  Lot 1 S 89'00'.  10,279 945' FNL, 100' FWL 10,279	2506.17'	S 88'44'16" W 2621.08' FTP 945' FNL, 100' FEL 99 945' FNL, 100' FNL, 1	Signature Date Printed Name
N 89'59'47" W 90.00' Section 31 Lot 2		382.94   50,7	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
T-19-S T-20-S S 89'40'15" W S 89'41'06" W 2656.89' 2755.36'	S 89'40'32" W 2658.45'	S 89'41'03" W 2657.74'	Correct to the best of my belief.  6/16/20  Date of Survey Plat Revised: 8/2/20 Signature and Sen as Provincional Surveyor.
BOTTOM HOLE LOCATION NAD 83 NMSPC ZONE 3001 Y= 589781.29 N X= 575011.74 E LAT.= 32.6213116' N	LAST TAKE POINT 83 NMSPC ZONE 3001 45' FNL, 100' FWL C. 31, T195, R28E Y= 589781.28 N X= 575101.74 E T.= 32.6213113' N G.= 104.2236863' W	SURFACE LOCATION  NAD 83 NMSPC ZONE 3001  Y= 589644.93 N  X= 585159.39 E  LAT.= 32.6209037' N  LONG.= 104.1909995' W	17078  17078  Lettificate Number

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

DELIANGE   DELIANGE   CONTROL   CO	MINITAL MARIES    Concentration   Concentratio			E OF COSTS AND AUTH	ORIZATION FOR EXPENI	DITURE		
Wild Address	Medical Control Control					AFE NO.:	0	
MACHINES   Perkeys	BORNAMEN   Separate	WELL NAME: B	olander 32 State Fed	Com 121H				
COLONY-PERATOR   CORPORATION   CORPORATION   CONTINUED   CONTINU	COUNTY   C	LOCATION: Pr	arkway					
Columb   C	Collage   March   College   Colleg	COUNTY/STATE: E	ddy					
SEMANS   Port   Decomposition   Program   Pr	BERNANCE   Decil and Complaine #1 support in the Zool Blook Spring formation. All Incidence Disch Control Library   Decil and Complaine #1 support in the Zool Blook Spring formation. All Incidence Disch Control Library   Decil and Complaine #1 support in the Zool Blook Spring formation. All Incidence Disch Control Library   Decil and Complaine #1 support in the Zool Blook Spring #1 support   Decil and Complaine #1 support in the Zool Blook Spring #1 support   Decil and Control Library   Decil and Co							
Part	Page							
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1.100   1.00	10.000							
1			STS		COSTS	COSTS	COSTS	
	Topight   Topi				5	5		
Security	Page					10,000		
## Blandard - Frience Capturers						4 5 6 7 1		
	Faces	6 Rental - Downhole Equipment				4,040		
10   Decided Deliting, Surveys	H. Deeding Deliting Surveys					5200		
10 Color	10-1016    25-207    25-					3,200		
State   Force	Section   Sect							
## Common State State State   Common	## Common State St			81,000		8		
Second   S	Second   S				157,500	3		
17   17   17   17   17   17   17   17	2			155,000		6 <del></del>		
	Month   Mont		e		197,000	8,000		
Model Continue System	Mode Concluding System			-				
Med Logidge	March Longing				100,000	12,040		
2	Suggistry Fromther forstantion							
August   A	Second   S		_					
Street   S	State		п					
Stimulation	Semunation   Sem							
9. Stimulation Flamback & Disp	Samulation Febreack & Dilgy						415,803	
## Made / Materwater Disposal	Mad / Metawater Disposal							
10.00   Supervision / Engineering   19.7522	186 Shapevisher / Imgimeering			OE 1770				
2 Ding & Campletion Overhead   7,000	2 Dig & Completion Overhead							
Stable   100,580	1 Abor				70,000	9,800		
# Propagat   10.00	Properat	35 Labor			377.5781			
Contingency	Source	34 Proppant		100,000		10,000		
Pileging & Abandonament	Variation   Vari	5 Insurance		27 NRII	325,012			
President	Pugging & Abandonaest	7 Contingency			TOPOU			
TANGBLE COSTS	TOTAL INTANGIBLES   1.586.197	9 Plugging & Abandonment		72,017	113,393	5,968	218,385	
TANCIBLE COSTS	TANGERIE COSTS		TAL INTANCIRI DC	1040 103	0.004.000			
## TANCIBLE COSTS	TANGIBLE COSTS  OOTS  OO	T.C.	ALLES AND DEED A			65,648	4,619,415	
TANCIBLE COSTS	TANGIBLE COSTS					PRODUCTION	TOTAL	
Syries   S	Strate   S		S	COSTS	COSTS			
1 Intermediate Casing	Literametalista Casing	0 Surface Casing		9,590	3	\$		
Stricker	Development   State	1 Intermediate Casing						
Structure   Stru	Production Line							
Studies	Subject   Subj			203,680			203,680	
Second   S	Wellhead					A**		
Packers   Liner Hangers   2,200   2,530   12,500   12,5	Factors   GS,000			(*)			30,911	
Second   S	Facility   System						112,900	
Production Vessels	Production Vessels			22,000	• 8	3,500	25,500	
DROW_Lines	Flow Lines						1.0	
Rod string   Summer   SUMD	Rod string	0 Flow Lines					5.00	
Autificial Lift Squipment   S0,000	Additional Lift Equipment Compressor Compres	1 Rod string						
Summer   S	Compressor						- 34.50	
Surface Plumps   Submit   Support	Surface Pumps	3 Compressor				80,000	80,000	
Surface Pumps   Surface Pumps   Sulfu   Sulf	Surface Pumps	4 Installation Costs				26.000		
Downhole Pumps	Downhole Pumps	5 Surface Pumps		<del></del>				
Measurement & Meter Installation	Measturement & Meter Installation [Sact Conditioning) Dehydration Interconnecting Recility Piping [Sathering / Shall Lines Valves, Dumps, Controllers Tank/ Facility Containment Flare Stack Electrical/ Grounding Communications/ SCADA Instrumentation / Safety  TOTAL TANGIBLES > 366,996 0 286,261 637,256  TOTAL COSTS > 2,318,188 2,904,575 333,909 5,226,671  ARED BY Colgate Energy:  Drilling Engineer: Serven Segrest Completions Engineer: Levi Harris  Co-CEO	b Downhole Pumps						
Diterion Reactify Piping	Interconnecting Facility Piping	7 Measurement & Meter Installat	ion			4,930	4,950	
Cathering / Bulk Lines	Cathering / Bulk Lines		ı.			<del></del>		
Cathering / Bulk Lines	Cathering / Bulk Lines	Interconnecting Facility Piping						
Tank	Tank / Facility Containment Flare Stack Electrical / Grounding Communications/ SUCADA Instrumentation / Safety  TOTAL TANGIBLES > 368,996	Gathering / Bulk Lines						
Direction   Grounding	Flare Stack	Valves, Dumps, Controllers					<del></del>	
Electrical / Grounding   St. Communications / SCADDA   Instrumentation / Safety   TOTAL TANGIBLES > 368,996   O   268,261   637,256	Security							
Company Name	Communications   SCADA	Flare Stack						
Instrumentation   Safety	Communications / Stafety					60,000	PILIDIT	
TOTAL TANGIBLES   368,996   0   268,261   637,256     TOTAL COSTS   2,318,188   2,604,575   333,909   5,256,671     ARED BY Colgate Energy:    Drilling Engineer:   Steven Segrest   Completions Engineer:   Brady Adams   CRM     Production Engineer:   Levi Harris     Levi Harris	TOTAL TANGIBLES   368,996	Communications / SCADA						
TOTAL COSTS > 2,318,188 2,604,575 333,909 5,256,671  ARED BY Colgate Energy:  Drilling Engineer: Steven Segrest Completions Engineer: Beatly Adams Production Engineer: Levi Harris  Exercised Production Engineer: Levi Harris  Co-CEO	TOTAL COSTS > 2,318,188							
TOTAL COSTS > 2,318,188	TOTAL COSTS > 2,318,188 2,604,575 333,909 5,256,671  ARED BY Colgate Energy:  Drilling Engineer: Steven Segrest Completions Engineer: Brady Adams CRM Production Engineer: Levi Harris  E Energy APPROVAL:  CO-CEO CO-CEO WH JW CRM CRM  VP - Land & Legal SG SO  DEFERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID:  Signed by: Date:  Title: Approval: Yes No (mark one)		OTAL TANGIBLES >	368,996	0	268.261	637 256	
ARED BY Colgate Energy:  Drilling Engineer: Steven Segrest Completions Engineer: Beady Adams CRM Production Engineer: Levi Harris  Ete Energy APPROVAL:  Co-CEO VP - Operations CRM VP - Operations CRM VP - Land & Legal VP - Geosciences SO  DPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID: Signed by: Date:	ARED BY Colgate Energy:  Drilling Engineer: Steven Segrest Completions Engineer: Brady Adams CRM Production Engineer: Levi Harris  E Energy APPROVAL:  Co-CEO		TOTAL COSTS >	2,318,188	2,604.575			
Drilling Engineer: Steven Segrest Completions Engineer: Beaty Adams CRM Production Engineer: Levi Harris  te Energy APPROVAL:  Co-CEO VP - Operations CRM VP - Land & Legal BG VP - Geosciences SO  EXHIBIT  OPERATING PARTNER APPROVAL:  Signed by: Date: Tax ID: Signed by: Date:	Drilling Engineer: Steven Segrest Completions Engineer: Brady Adams Production Engineer: Levi Harris  E Energy APPROVAL:  CO-CEO	ARED BY Colores Essen			. ,		Sym30,071	
Completions Engineer: Production Engineer: Levi Harris  te Energy APPROVAL:  Co-CEO	Completions Engineer: Production Engineer: Production Engineer: Levi Harris  E Energy APPROVAL:  Co-CEO  WH  VP - Geosciences  BG  VP - Geosciences  SO  EXHIBIT  DEFRATING PARTNER APPROVAL:  Company Name: Signed by: Title: Approval: Yes No (mark one)							
Production Engineer:   Lev   Harris	Production Engineer:   Levi Harris     Levi Harris   Levi Harris   Levi Harris     Levi Harris	Drilling Engineer: S	teven Segrest					
Production Engineer:   Lev   Harris	Production Engineer:   Levi Harris     Levi Harris   Levi Harris   Levi Harris     Levi Harris	Completions Engineer:	Brady Adams		CRM			I.
Co-CEO	Co-CEO		•					
Co-CEO	Co-CEO							J
VP - Land & Legal WH JW CRM  VP - Geosciences SO  EXHIBIT  DEFERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID: Signed by: Date:	VP - Land & Legal WH JW CRM  VP - Geosciences SO  DPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID:  Signed by: Date:  Title: Approval: Yes No (mark one)							7
VP - Land & Legal VP - Geosciences SO  EXHIBIT  DPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID: Signed by: Date:	VP - Land & Legal NP - Geosciences SO  PPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID;  Signed by: Date:  Title: Approval: Yes No (mark one)	Co-CEO	TATE .	Co-CEO		VP - Operation	is	
VP - Land & Legal VP - Geosciences  BG SO  EXHIBIT  OPERATING PARINER APPROVAL:  Company Name: Working Interest (%): Tax ID:  Signed by: Date:	VP - Land & Legal	3/D * 3.4	WH			-		L
DOPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID: \$ 8.6-6	DPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID;  Signed by: Date: No (mark one)	VP - Land & Legal		VP - Geoscience				
Company Name:   Working Interest (%):   Tax ID:	No (mark one)   PERATING PARTNER APPROVAL:    Company Name:   Working Interest (%):   Tax ID:		8G		SO			
Company Name: Working Interest (%):	No (mark one)   PERATING PARTNER APPROVAL:    Company Name:   Working Interest (%):   Tax ID:							EXHIBIT
Signed by: Date:	Date:	OPERATING PARTNER AP	PROVAL:					_
Signed by: Date:	Date:	Company Name			Working Internation			
Signed by: Date:	Date:				working interest (%):	Tax ID	1:	
	Title: Approval: Yes No (mark one)							
	No (mark one)	Signed by:			Date:			100

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

### ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDI

16 Perforating Witerline, Stickline   150,000   150,00	DATE	£ 10£ 10000				
DOCUMENT   Market					AFE NO.:	0
Control Cont			Com 131H		FIELD: Wi	nchester: Bone Spring
ATTRIAL LENGTHS		Parkway				
Column   C	COUNTY/STATE:	Eddy				
April   Apri	Colgate WI:	0.00%				
Detail and Complete 45 stages in the Paul Rose Systems (command. AEE inclusion DAC, 60 mbback & traits in SIST install.)	GEOLOGIC TARGET					
DITLANGRIE COSTS	ololodie matobi,	ord borie spring			COMPLETION DAYS:	14
DITLANGRIE COSTS	REMARKS:	Drill and Complete 45	stages in the 3rd Bone	Spring formation. AFE in	cludes D&C, flowback & ir	nitial ESP install.
Description   Costs						
Tasail Prizigal Regulatory   SAUDET   TASAID	INTANGIRLE	OSTS				
1 Leaching, Surveys & Disnages		.0313		COSTS	COSIS	COSTS
4 Integral Principal Content   20,000   10,000		es			5	35,700
					10,000	173,000
6						
7					4,640	
10   Delicing Surveys						
11 Defiling		VS.		43,300	5,200	
25 Dotal Street   100,000   100,00		,				
13 Faul & Forester   13 Faul & Forester   14 Camerating & Part Staping   15,000,000   15,000,0			102,000			
16 Carmoning & Hant Equip   150,000	13 Fuel & Power			157 500		
15 Perforcing, Wireling, Stiechter   107,000   200,000	14 Cementing & Float Equip			107,500		
1   Mag.   Pressure Funny Track	16 Perforating, Wireline, Slick.	line		197.DKI	81110	
18	17 High Pressure Pump Truck				0,000	
20 Mod Circulation System	18 Completion Unit, Swab, CT	.TU			77000	
22 Mode Lagging	20 Mud Circulation System		85,250		12,040	
22 Logging   Formation Evaluation   23.55	21 Mud Logging				_	
23 Mod & Chranicals		tion		8.000		
28 Votes	23 Mud & Chemicals				-	
Signaturalisation   Supplied	24 Water					
28-SHIRLIARD   28-S						443,806
25 May   Vastlewater Disposal   99,038   71,000   71,758   71,75						
20   Signer   Signe			96,938			
22 Dig & Completion Overhead   7697	30 Kig Supervision / Engineeri	ng			9 800	
15 Labor		ad			2,000	
Stropper	35 Labor			27,500	TOTOTAL	
Salastrance   Subsect					20,000	
TOTAL INTANGIBLES   2,105,485   2,676,414   5,56,48   4,484,427			30,058			
TOTAL INTANGIBLES			100,303	123,020	5.968	
TANGIBLE COSTS	99 Plugging & Abandonment					100,00
TANCIBLE COSTS		TOTAL INTANGIBLES >	2,106,365	2.676.414	65 648	4 040 455
TANGIBLE COSTS			DRILING			
Substance   Subs	TANGIBLE COS	STS				
Si Intermediate Casing		310		C0313	COSIS	119-11
20 Delling Liner				·	3	
## Production Liner	52 Drilling Liner					69,726
## Production Lines   ## Production Lines	53 Production Casing		219,592		4	-
Second   S	4 Production Liner					219,592
Sevent   S	5 Tubing				27. 37.	
	6 Wellhead		64.000			
	7 Packers, Liner Hangers					
10   Not string	8 Tanks		7		3,500	25,500
1 Rod string						
2. Attificial Lift Equipment   SULDO						
3 Compressor				-		
South   Sout					80.000	
Surface Pumps			-			00,000
Solution	4 Installation Costs				35,000	25 000
1			1.00			
Neasurement & Meter Installation	5 Surface Pumps					
9 Interconnecting Facility Piping 0 Cathering J Walt Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Flare Stack 4 Electrical / Grounding 5 Communications / SCADA 6 Instrumentation / Safety  TOTAL TANGIBLES > 384,907 0 273,706 658,613  TOTAL COSTS > 2,491,272 2,676,414 339,354 5,507,040  ARED BY Colgate Energy:  Drilling Engineer: Steven Segrest Completions Engineer: Brady Adams Production Engineer: Levi Harris  Total Cocco WH VP - Land & Legal BG VP - Geosciences  OPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID: Signed by: Date: Title: Approval: Yes Date:  Title: Approval: Yes Date:  Post Contained the state of the s	5 Surface Pumps 6 Downhole Pumps					
### Company Name:    Company Name:	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal	lation				4,950
Valves, Dumps, Controllers	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat	tion				4,950
2 Tank / Facility Containment   3   3   3   3   4   3   4   5   5   5   5   5   5   5   5   5	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir	tion				4,950
3 Flare Stack	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines	tion				4,950
### Communications / SCADIA   SURVEY   SCADIA   SURVEY   STOTAL TANGIBLES   SA,907   O	5 Surface Pumps  5 Muranter Pumps  6 Measurement & Meter Instal  8 Gas Conditioning / Dehydrat  9 Interconnecting Facility Pipir  0 Gathering / Bulk Lines  1 Valves, Dumps, Controllers	tion	•			4,950
Content	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment	tion				4,950
TOTAL TANGIBLES   384,907   0   273,706   658,613     TOTAL COSTS   2,491,272   2,676,414   339,354   5,507,040     ARED BY Colgate Energy:    Drilling Engineer:   Steven Segrest   Completions Engineer:   Brady Adams   CRM     Production Engineer:   Levi Harribs   CRM     WH	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering Pathk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Hare Stack	tion				4,950
TOTAL TANGIBLES   384,907   0   273,706   658,613     TOTAL COSTS   2,491,272   2,676,414   339,354   5,507,040     ARED BY Colgate Energy:	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Hare Stack 4 Electrical / Grounding	tion			4,950	4,950
TOTAL COSTS > 2,491,272 2,676,414 339,384 5,507,040  ARED BY Colgate Energy:  Drilling Engineer: Steven Segrest Completions Engineer: Brady Adams CRM Production Engineer: Levi Harris  Tet Energy APPROVAL:  CO-CEO VP - Operations CRM  VP - Land & Legal SG SO  OPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID:  Signed by: Date: Title: Approval: Yes No (mark one)	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 0 Gathering / Bulk Lines 2 Tank / Facility Controllers 2 Tank / Facility Containment 3 Hare Stack 4 Electrical / Grounding 5 Communications / SCADA	tion			4,950	4,950
TOTAL COSTS > 2,491,272 2,676,414 339,354 5,507,040  ARED BY Colgate Energy:  Drilling Engineer: Steven Segrest Brady Adams CRM Production Engineer: Levi Harris  The Energy APPROVAL:  Co-CEO Co-CEO VP - Operations CRM  VP - Land & Legal SG SO  OPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID:  Signed by: Date:  Title: Approval: Yes No (mark one)	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Hare Stack 4 Electrical / Grounding	tion ng			4,950	4,950
ARED BY Colgate Energy:  Drilling Engineer: Steven Segrest Completions Engineer: Brady Adams Levi Harris CRM  The Energy APPROVAL:  CO-CEO	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 0 Gathering / Bulk Lines 2 Tank / Facility Controllers 2 Tank / Facility Containment 3 Hare Stack 4 Electrical / Grounding 5 Communications / SCADA	tion ng	384,907	0	60,000	60,000
Drilling Engineer: Completions Engineer: Production Engineer: Levi Harris  CO-CEO  CO-CEO  WH  VP - Geosciences  BG  OPERATING PARTNER APPROVAL:  Company Name: Signed by: Date: Title:  Approval:  Yes  No. (mark one)	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 0 Gathering / Bulk Lines 2 Tank / Facility Controllers 2 Tank / Facility Containment 3 Hare Stack 4 Electrical / Grounding 5 Communications / SCADA	tion  TOTAL TANGIBLES >			60,000	60,000 
Completions Engineer: Production Engineer: Levi Flarris  CRM  Levi Flarris  CRM  Levi Flarris  CRM  VP - Operations  WH  VP - Land & Legal BG  VP - Geosciences SO  OPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Signed by: Date: Title: Approval: Yes No (mark one)	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering/ Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Hare Stack 8 Electrical / Grounding 5 Communications / SCADA 6 Instrumentation / Safety	TOTAL TANGIBLES >			60,000	60,000 
Completions Engineer: Production Engineer: Levi Flarris  CRM  Levi Flarris  CRM  Levi Flarris  CRM  VP - Operations  WH  VP - Land & Legal BG  VP - Geosciences SO  OPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Signed by: Date: Title: Approval: Yes No (mark one)	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 0 Gathering / Bulk Lines 2 Tank / Facility Controllers 2 Tank / Facility Containment 3 Hare Stack 4 Electrical / Grounding 5 Communications / SCADA	TOTAL TANGIBLES >			60,000	60,000 
Production Engineer: Levi Harris  the Energy APPROVAL:  Co-CEO	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Flare Stack 4 Electrical / Grounding 5 Communications / SCADA 6 Instrumentation / Safety	TOTAL TANGIBLES > TOTAL COSTS >			60,000	60,000 
Co-CEO	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering/ Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Hare Stack 8 Electrical / Grounding 5 Communications / SCADA 6 Instrumentation / Safety  ARED BY Colgate Energy:  Drilling Engineer:	TOTAL TANGIBLES > TOTAL COSTS >		2,676,414	60,000	60,000 
Co-CEO	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 10 Gathering/ Bulk Lines 11 Valves, Dumps, Controllers 2 Tank/ Facility Containment 3 Flare Stack 4 Electrical / Grounding 5 Communications / SCADA 5 Instrumentation / Safety  ARED BY Colgate Energy:  Drilling Engineer: Completions Engineer:	TOTAL TANGIBLES > TOTAL COSTS >  Steven Segrest Brady Adams		2,676,414	60,000	60,000 
WH VP - Land & Legal VP - Geosciences  BG VP - Geosciences  OPERATING PARTNER APPROVAL:  Company Name: Working Interest (%):	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering/ Bulk Lines 2 Tank/ Facility Controllers 2 Tank/ Facility Containment 3 Hare Stack 4 Electrical / Grounding 5 Communications / SCADA 6 Instrumentation / Safety  ARED BY Colgate Energy:  Drilling Engineer: Completions Engineer:	TOTAL TANGIBLES > TOTAL COSTS >  Steven Segrest Brady Adams		2,676,414	60,000	60,000 
WH VP - Land & Legal VP - Geosciences  BG VP - Geosciences  OPERATING PARTNER APPROVAL:  Company Name: Working Interest (%):	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Hare Stack 4 Electrical / Grounding 5 Communications / SCADA 6 Instrumentation / Safety  Drilling Engineer: Completions Engineer: Production Engineer:	TOTAL TANGIBLES > TOTAL COSTS >  Steven Segrest Brady Adams		2,676,414	60,000	60,000 
VP - Land & Legal VP - Geosciences  BG VP - Geosciences  SO  OPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID:  Signed by: Date:  Title: Approval: Yes No (mark one)	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 10 Gathering / Bulk Lines 12 Tank / Facility Containment 3 Hare Stack 4 Electrical / Grounding 5 Communications / SCADA 6 Instrumentation / Safety  ARED BY Colgate Energy:  Drilling Engineer: Completions Engineer: Production Engineer:	TOTAL TANGIBLES > TOTAL COSTS >  Steven Segrest Brady Adams	2,491,272	2,676,414	4,950 	60,000 
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OPERATING PARTNER APPROVAL:  Company Name: Working Interest (%): Tax ID:  Signed by: Date:  Title: Approval:   Yes No. (mark one)	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering/ Butk Lines 1 Valves, Dumps, Controllers 2 Tank/ Facility Containment 3 Hare Stack 4 Electrical/ Grounding 5 Communications/ SCADA 6 Instrumentation / Safety  Part of the Companies  Completions Engineer: Completions Engineer: Production Engineer: the Energy APPROVAL:	TOTAL TANGIBLES > TOTAL COSTS > Steven Segrest Brady Adams Levi Harris	<b>2,491,272</b> Co-Ci	<b>2,676,414</b> CRM  FO	4,950 	60,000 
Company Name:         Working Interest (%):	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering/ Butk Lines 1 Valves, Dumps, Controllers 2 Tank/ Facility Containment 3 Hare Stack 4 Electrical/ Grounding 5 Communications/ SCADA 6 Instrumentation / Safety  Part of the Companies  Completions Engineer: Completions Engineer: Production Engineer: the Energy APPROVAL:	TOTAL TANGIBLES > TOTAL COSTS >  Steven Segrest Brady Adams Levi Harris	<b>2,491,272</b> Co-Ci	<b>2,676,414</b> CRM  FO	4,950 	60,000 
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Company Name:         Working Interest (%):	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering/ Butk Lines 1 Valves, Dumps, Controllers 2 Tank/ Facility Containment 3 Hare Stack 4 Electrical/ Grounding 5 Communications/ SCADA 6 Instrumentation / Safety  Part of the Companies  Completions Engineer: Completions Engineer: Production Engineer: the Energy APPROVAL:	TOTAL TANGIBLES > TOTAL COSTS >  Steven Segrest Brady Adams Levi Harris	<b>2,491,272</b> Co-Ci	2,676,414  CRM  30  JW	4,950 	60,000 
Signed by:  Date:  Title:  Approval:   Yes	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering / Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Hare Stack 4 Electrical / Grounding 5 Communications / SCADA 6 Instrumentation / Safety  Drilling Engineer: Completions Engineer: Completions Engineer: Production Engineer: the Energy APPROVAL:  Co-CEO  VP-Land & Legal	TOTAL TANGIBLES > TOTAL COSTS >  Sheven Segrest Brady Adams Levi Harris  WH	<b>2,491,272</b> Co-Ci	2,676,414  CRM  30  JW	4,950 	60,000 
Signed by:  Date:  Title:  Approval:   Yes	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering/ Bulk Lines 1 Tank/ Facility Containment 3 Hare Stack 4 Electrical/ Grounding 5 Communications/ SCADA 6 Instrumentation/ Safety  PARED BY Colgate Energy:  Drilling Engineer: Completions Engineer: Production Engineer: Production Engineer: Co-CEO  VP-Land & Legal  OPERATING PARTNER A	TOTAL TANGIBLES > TOTAL COSTS >  Sheven Segrest Brady Adams Levi Harris  WH	<b>2,491,272</b> Co-Ci	2,676,414  CRM  30  JW	4,950 	60,000 
Title: Approval: Yes No (mark one)	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering/ Bulk Lines 1 Tank/ Facility Containment 3 Hare Stack 4 Electrical/ Grounding 5 Communications/ SCADA 6 Instrumentation/ Safety  PARED BY Colgate Energy:  Drilling Engineer: Completions Engineer: Production Engineer: Production Engineer: Co-CEO  VP-Land & Legal  OPERATING PARTNER A	TOTAL TANGIBLES > TOTAL COSTS >  Sheven Segrest Brady Adams Levi Harris  WH	<b>2,491,272</b> Co-Ci	2,676,414  CRM  GO	4,950 	60,000 60,000 658,613 5,507,040
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	5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Instal. 8 Gas Conditioning / Dehydrat 9 Interconnecting Facility Pipir 0 Gathering/ Butk Lines 2 Tank/ Facility Controllers 2 Tank/ Facility Controllers 3 Hare Stack 4 Electrical / Grounding 5 Communications / SCADA 6 Instrumentation / Safety  Drilling Engineer: Completions Engineer: Production Engineer: Production Engineer: the Energy APPROVAL:  CO-CEO  VP - Land & Legal  OPERATING PARTNER A  Company Name:	TOTAL TANGIBLES > TOTAL COSTS >  Sheven Segrest Brady Adams Levi Harris  WH	<b>2,491,272</b> Co-Ci	2,676,414  CRM  SO  JW  res  SO  Working Interest (%):	4,950 	60,000 60,000 658,613 5,507,040
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## STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

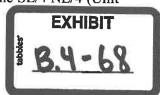
APPLICATION OF COLGATE OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

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 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. 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 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 A)



- 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.

 $\mathbf{R}\mathbf{v}$ 

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 1
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
DISTRICT II

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. 67505 Phone: (505) 476-3460 Fex: (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

<sup>1</sup> API Number	<sup>8</sup> Pool Code	<sup>8</sup> Pool Name
<sup>4</sup> Property Code	Property Name Bolander 32 State Fed Con	Well Number
OGRID No.	*Operator Name  Colgate Operating, LLC	* Elevation 3372

<sup>10</sup> Surface Location

UL or lot no.		Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	32	19 \$	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
Dedicated Acres	8		18 Joint or	Infill 14 Co	nsolidation Code	<sup>18</sup> 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 Locati  △ = First Take Point (F  □ = Last Take Point (L'  ⊕ = Found 1941 USGLO  Brass Cap  ⊚ = Found Monument	TP) IP)	FIRST TAKE POINT  NAD 83 NMSPC ZONE 3C01  2285' FNL, 100' FEL  SEC. 32, 719S, R28E  Y= 588615.70 N  X= 585293.59 E  LAT.= 32.6180742' N  LONG.= 104.1905681' W	I tra
2720.86'  2720.86'  Lot 1  Lot 2  Section 31  LTP  2285' FNL, 100' FWL	88'01'11" W 10,195.99'    0 2	Section 32   Secti	P E I have some corrections of the correction of the corrections of the correction of the corrections of the correction of the
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= 575099.10 E LAT.= 32.6176280' N LONG.= 104.2236794' W	SURFACE LOCATION  NAD 83 NMSPC ZONE 3001  Y= 589509.68 N  X= 585150.68 E  LAT.= 32.6205320° N  LONG.= 104.1910284° W	Ci

### 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.

lignature	Date
rinted Name	
-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 m or under my supervision, and that the same is true and correct to the best of my belief.

### 6/16/20

	Alle married for
Date of Survey Plat Revised: 6/20 Signature and Sea	SO SHALL W.
	EW MEYORE
ym	W(17678)
12	8-22-70
(	8-22-70 AL SURVEDING

Certificate Number

EXHIBIT

B.5-68

DISTRICT I 1625 N. French Dr., Hobbs, N.M. 68240 Phone: (575) 393-5161 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) 334-8170

DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, N.M. 87505 Phone: (505) 478-3460 Fax: (505) 478-3482

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

<sup>4</sup> API Number	<sup>2</sup> Pool Code	<sup>9</sup> Pool Name
Property Code	<sup>6</sup> Property Name  Bolander 32 State Fe	Well Number
OGRID No.	*Operator Name Colgate Operating,	* Elevation
	<sup>10</sup> Surface Loca	

OB OL TOU HO.	section	Iomnanib	Kange	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	i
Н	32	19 S	28 E		1343	North	300	East	Eddy	
			11 Bott	om Hole	Location 1	f Different Fro	m Surface			L

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
Dedicated Acre	8		13 Joint or	Infill 16 Cor	nsolidation Code	86 Order No.			Lady

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED

OR A NON-STANDARD UNIT HAS BEEN APPROVED I	BY THE DIVISION
Legend:	17 OPERATOR CERTIFICATION  I hereby certify that the information contained herein is frue and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased winered 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 wineral or working interest, or to a substitute position.
W N 89'59'47" W S 86'47'42" W N 89'30'44" W S 88'44'16" W 2606.17' 2621.08'	voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature Date
Section 31   Section 32   Sec	Printed Name  E-mail Address  18 SURVEYOR CERTIFICATION
2271' FNL, 100' FEL. Rod	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 frue and correct to the best of my belief.
T-19-S T-20-S S 89'40'15" W 2658.45' S 89'41'03" W 2657.74'	Date of Survey Plat Bevised: 8/26/20   ALL W. L// Plat Bevised: 8/26/20   MLL W. L// Signature and Seel of Professional Surveyor  MEX
LAST TAKE POINT   NAD 83 NMSPC ZONE 3001   2271 FNL, 100' FWL   SEC. 31, T19S, R28E   Y= 588455.29 N   X= 575009.13 E   LAT.= 32.6176668' N   LONG.= 104.2239715' W   LONG.= 104.2236792' W   LAT.= 32.6206559' N   LONG.= 104.2236792' W   LAT.= 32.6206559' N   LONG.= 104.1910190' W   LAT.= 32.6176668' N   LONG.= 104.1910190' W   LAT.= 32.6206559' N   LONG.= 104.1910190' W   LAT.= 32.62065	Certificate Number

Colgate Energy 303 W. Wall St., Midland TX 79701

DATE:			ORIZATION FOR EXPEN		
/ELL NAME:	6/26/2020	0 48877		AFE NO.:	0
	Bolander 32 State Fed	Com 122H		FIELD: W	inchester; 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
EMARKS:	Drill and Complete 45	stages in the 2nd Bone S	Spring formation. AFE in	ncludes D&C, flowback & ;	initial ESP install.
Tamp . a see -		DRILLING	COMPLETION	PRODUCTION	TOTAL
INTANGIBL Land / Legal / Regulatory		COSTS	COSTS	COSTS	COSTS
Land / Cegai / Regulatory Location, Surveys & Dam		35,000	\$	\$	<b>3</b> 35 000
Freight / Transportation		55,500	13,000	TÜ,000	173,000
5 Kental - Surface Equipme	ent .	51,471	35,250 133,650		90,750
6 Rental - Downhole Equip		68,799	50,000	4,640	189,761
7 Rental - Living Quarters		33,540	43,300	5,200	118,799
10 Directional Drilling, Sur	veys	176,100		5,200	82,040 176,100
11 Drilling		445,596			445,596
12 Drill Bits		81,000	( <u> </u>		81,000
13 Fuel & Power		61,357	157,500		218,857
14 Cementing & Float Equi 16 Perforating, Wireline, Sl		155,000			155,000
17 High Pressure Pump Tru	ek		197,000	8,000	205,000
18 Completion Unit, Swab,	CTU		10,000		10,000
20 Mud Circulation System		77,474	100,000	12,040	112,040
21 Mud Logging		18,029			77,474
22 Logging / Formation Eva	fuation	5,304	8,000		18,029
23 Mud & Chemicals		85,956	228,500		13,304 314,456
24 Water		28,039	387,764		415,803
25 Stimulation	tv		540,000	-	540,000
26 Stimulation Flowback &			87,500		87,500
28 Mud/Wastewater Dispo 30 Rig Supervision/Engine		96,938	71,000		167,938
52 Drig & Completion Over		87,822	70,000	9,800	167,622
55 Labor		7,069			7,069
4 Proppant		108,500	27,500	10,000	146,000
5 Insurance		27,880	325,012		325,012
7 Contingency		92,819	119,599	5,968	27,880
9 Plugging & Abandonmer	nt			2,700	218,385
	TOTAL INTANGIBLES	1,949,192	2,604,575	65,648	4.610.45
		DRILLING			4,619,415
TANGIBLE O	COSTS	COSTS	COMPLETION COSTS	PRODUCTION	TOTAL
Surface Casing		\$ 9,590	C0318	COSTS	COSTS
I Intermediate Casing		69,726			\$ 9,590
2 Drilling Liner		07,720			69,726
Production Casing		203,680			
Production Liner					203,680
Tubing				30,911	30,911
6 Wellhead		64,000		48,900	112,900
7 Packers, Liner Hangers		22,000	-	3,500	25,500
Tanks Production Vessels					
Flow Lines					
Rod string		<u>:</u>		V	
Artificial Lift Equipment					
Compressor			-	80,000	80,000
Installation Costs			((	35,000	
Surface Pumps				5,000	35,000
Downhole Pumps				4,950	5,000 4,950
Measurement & Meter Ins				4,,,,	*2,700
Gas Conditioning / Dehyo	Iration				
Interconnecting Facility Pi	ping				
) Gathering / Bulk Lines Valves, Dumps, Controlle	_				
Tank/Facility Containme			2		-
Flare Stack			7		
Electrical / Grounding			( <del></del>		-
Communications/SCAD/	1			60,000	60,000
Instrumentation / Safety					
	TOTAL TANGIBLES >	368,996		268,261	/****
	TOTAL COSTS >	2,318,188	2,604,575	333,909	637,256
			-, 4,070	J. J	5,256,671
ARED BY Colgate Energ	ry:				
ARED BY Colgate Energ					
Drilling Engineer:	Steven Segrest				
Drilling Engineer: Completions Engineer:	Steven Segrest Brady Adams		CRM		
Drilling Engineer:	Steven Segrest Brady Adams		CRM		
Drilling Engineer: Completions Engineer: Production Engineer:	Steven Segrest Brady Adams		CRM		
Drilling Engineer: Completions Engineer: Production Engineer:	Steven Segrest Brady Adams	Co OTE			
Drilling Engineer: Completions Engineer: Production Engineer: te Energy APPROVAL:	Steven Segrest Brady Adams Levi Harris	Co-CE(	o	VP - Operation	
Drilling Engineer: Completions Engineer: Production Engineer: te Energy APPROVAL: Co-CEO	Steven Segrest Brady Adams Levi Harris		Э	VP - Operation	ısCRM
Drilling Engineer: Completions Engineer: Production Engineer: te Energy APPROVAL:	Steven Segrest Brady Adams Levi Harris WH	Co-CB( VP - Geoscience	)	VP - Operation	
Drilling Engineer: Completions Engineer: Production Engineer: te Energy APPROVAL: Co-CEO	Steven Segrest Brady Adams Levi Harris		Э	VP - Operation	
Drilling Engineer: Completions Engineer: Production Engineer: te Energy APPROVAL: Co-CEO	Steven Segrest Brady Adams Levi Harris WH		)	VP - Operation	
Drilling Engineer: Completions Engineer: Production Engineer: e Energy APPROVAL: Co-CEO	Steven Segrest Brady Adams Levi Harris WH		)	VP - Operation	
Drilling Engineer: Completions Engineer: Production Engineer: e Energy APPROVAL: Co-CEO VP - Land & Legal	Steven Segrest Brady Adams Levi Harris WH BG		)	VP - Operation	
Drilling Engineer: Completions Engineer: Production Engineer: Energy APPROVAL: Co-CEO VP - Land & Legal	Steven Segrest Brady Adams Levi Harris WH BG	VP - Geoscience	o jw s so		CRM
Drilling Engineer: Completions Engineer: Production Engineer: Production Engineer: Co-CEO	Steven Segrest Brady Adams Levi Harris WH BG	VP - Geoscience	)	VP - Operation	CRM

No (mark one)

# 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 132H			inchester; Bone Sprin
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 ARE in	cludes D&C, flowback & i	airial ECD (and the
	Dim and Complete 15	DRILLING	COMPLETION		
INTANGIBL		COSTS	COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory		\$ 35,000	5	5	\$ 35,000
2 Location, Surveys & Dam 4 Freight / Transportation	ages	150,000	13,000	10,000	173,000
5 Rental - Surface Equipme	ont.	55,500	35,250		90,750
6 Rental - Downhole Equip		68,799	133,650 50,000	4,640	195,697
7 Rental - Living Quarters		36,291	43,300	5,200	118,799 84,791
10 Directional Drilling, Sur	veys	213,100		5,200	213,100
11 Drilling 12 Drill Bits		487,051			487,051
13 Fuel & Power		102,000			102,000
14 Cementing & Float Equi	p	69,169 155,000	157,500		226,669
16 Perforating, Wireline, SI		130,000	197,000	8,000	155,000
17 High Pressure Pump Tru	tck		10,000	0,000	205,000 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 Eva 23 Mud & Chemicals	luation	6,936	8,000		14,936
23 Mud & Chemicals 24 Water		93,796	228,500		322,296
25 Stimulation		28,250	415,556 540,000		443,806
26 Stimulation Flowback &			87,500	-	540,000
28 Mud/Wastewater Dispo	sal	96,938	71,000		87,500 167,938
30 Rig Supervision / Engine		99,004	70,000	9,800	178,804
32 Drlg & Completion Over	head	7,969			7,969
15 Labor i4 Proppant		108,500	27,500	10,000	146,000
4 Proppant 5 Insurance		30,058	365,639		365,639
7 Contingency		700,303	723,020		30,058
9 Plugging & Abandonme	nt	- 100,303	123,020	5,968	229,291
	TOTAL INTANGIBLES >	2,106,365	2,676,414	65,648	4,848,427
		DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE (	COSTS	COSTS	COSTS	COSTS	COSTS
1 Intermediate Casing	,	69,726	5	2	\$ 9,590
2 Drilling Liner		09,720			69,726
3 Production Casing		219,592			219,592
4 Production Liner		-			217,392
5 Tubing		16.		36,356	36,356
6 Wellhead		64,000		48,900	112,900
7 Packers, Liner Hangers 8 Tanks		22,000		3,500	25,500
9 Production Vessels					
0 Flow Lines					
1 Rod string		-			
2 Artificial Lift Equipment			-	80,000	80,000
3 Compressor		(*)			
4 Installation Costs 5 Surface Pumps				35,000	35,000
6 Downhole Pumps				5,000	5,000
7 Measurement & Meter In:	stallation			4,950	4,950
6 Gas Conditioning / Dehy					120
Interconnecting Facility P					
Gathering / Bulk Lines				·	
l Valves, Dumps, Controlle					
Tank/Facility Containme	ent			-	
Flare Stack				<del></del>	-
Electrical / Grounding				60,000	60,000
5 Communications / SCAD. 5 Instrumentation / Safety	n.				
	TOTAL TANGUM PO	204 005			
	TOTAL TANGIBLES > TOTAL COSTS >	384,907 2,491,272	2,676,414	273,706 339,354	658,613
		-7-7-12-	2,070,111	337,33%	5,507,040
ARED BY Colgate Ener	gy:				
Drilling Engineer	: Steven Segrest				
Completions Engineer			CRM		
Production Engineer					
te Energy APPROVAL:					
Co-CEC		Co-C		VP - Operatio	
VP - Land & Lega		VP - Geoscien	JW		CRM
	BG	+1 - Geoscien	SO		
OPERATING PARTNE	R APPROVAL:				
OPERATING PARTNE Company Name			Working Interest (%)	Т 1	D:
Company Name			Working Interest (%):	Tax I	D:
			Working Interest (%):	Tax I	D:
Company Name Signed by:			Date:		
Signed by			Date:	Yes	D:No (mark one)

### 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

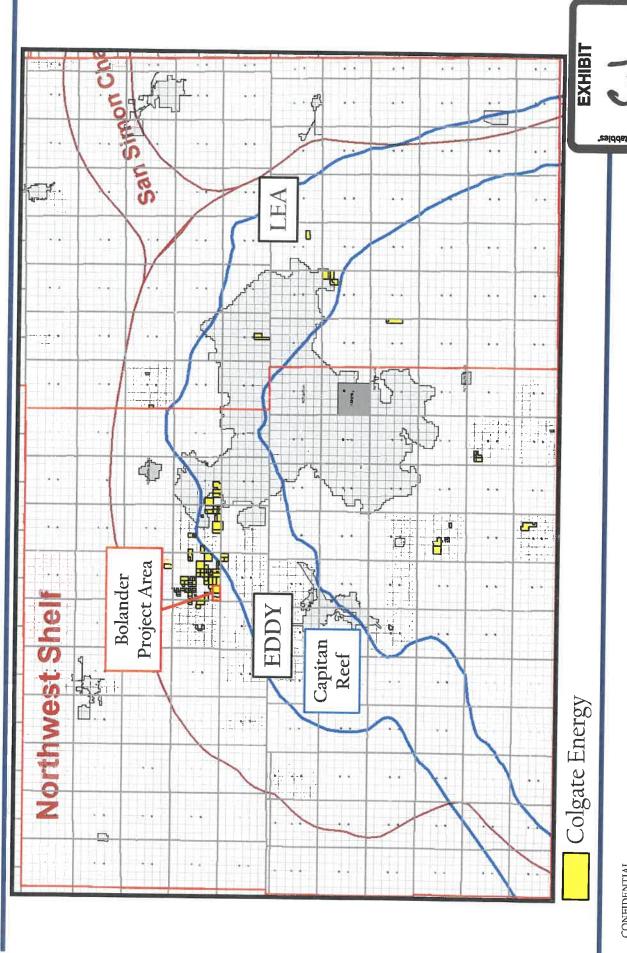
SUBSCRIBED AND SWORN to before me this 18th day of January 2021 by Sergio Rivero Ojeda, on behalf of Colgate Operating, LLC.

Notary Public

My commission expires: 8/18/21

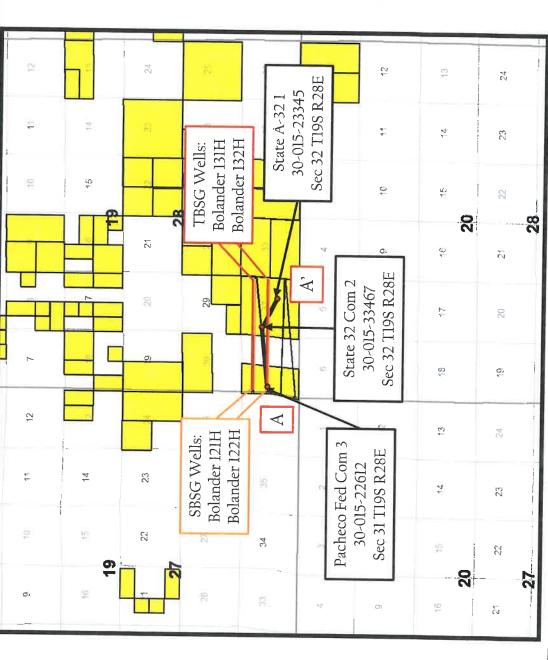


# Bolander 32 State Fed Com: Regional Locator Map ( COLGATE



## Bolander 32 State Fed Com: Cross-Section Locator Map





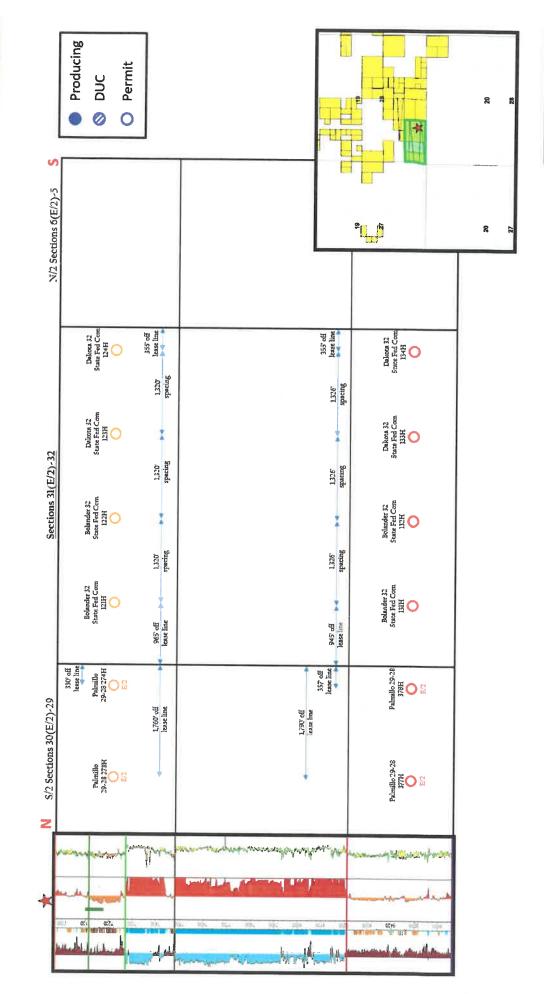
Colgate Energy

EXHIBIT

tabbles"

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

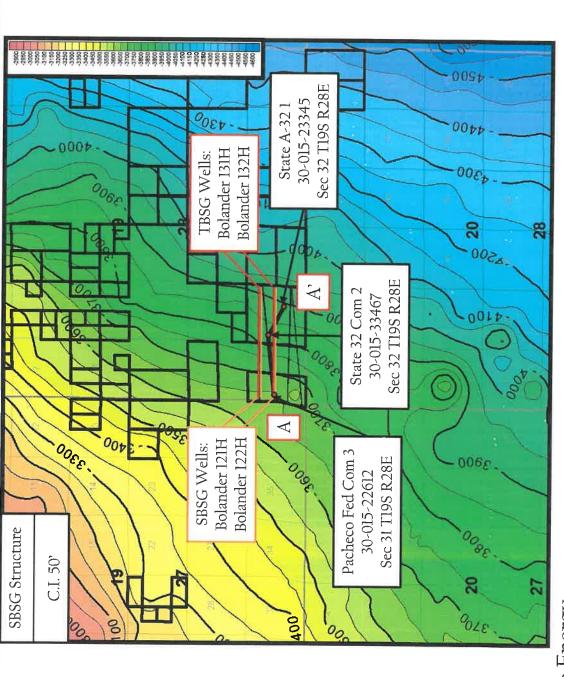






### Bolander 32 State Fed Com: SBSG Structure Map

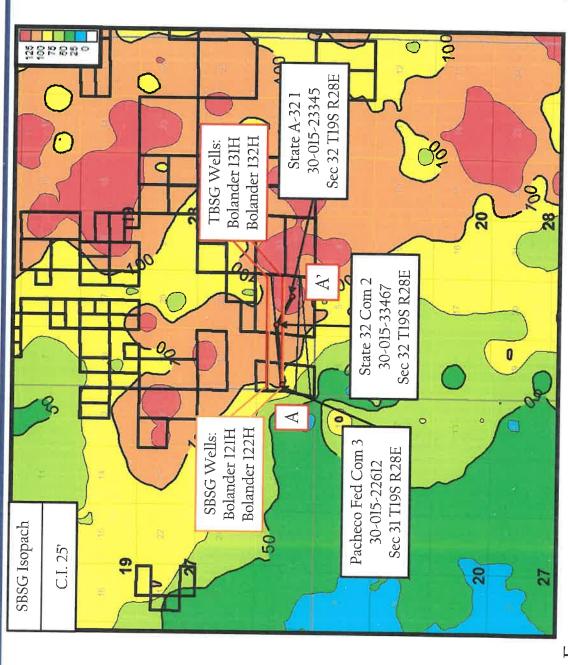




Colgate Energy

### Bolander 32 State Fed Com: SBSG Isopach Map

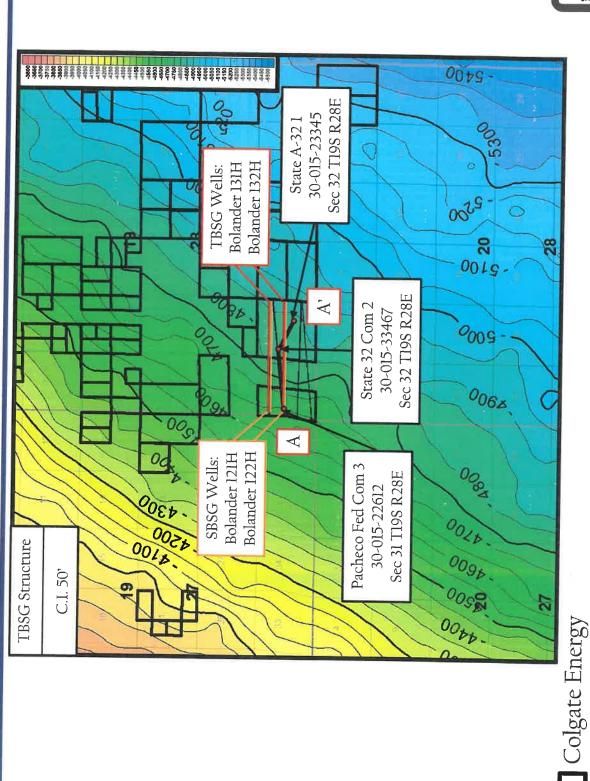




Colgate Energy

### Bolander 32 State Fed Com: TBSG Structure Map

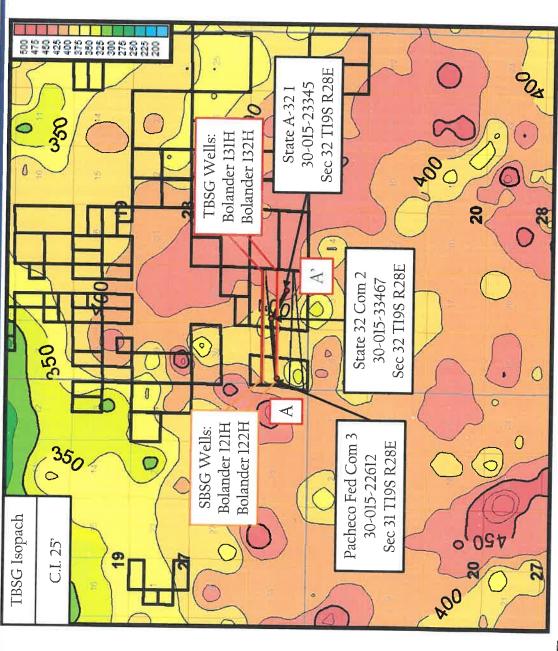




CONFIDENTIAL

### Bolander 32 State Fed Com: TBSG Isopach Map

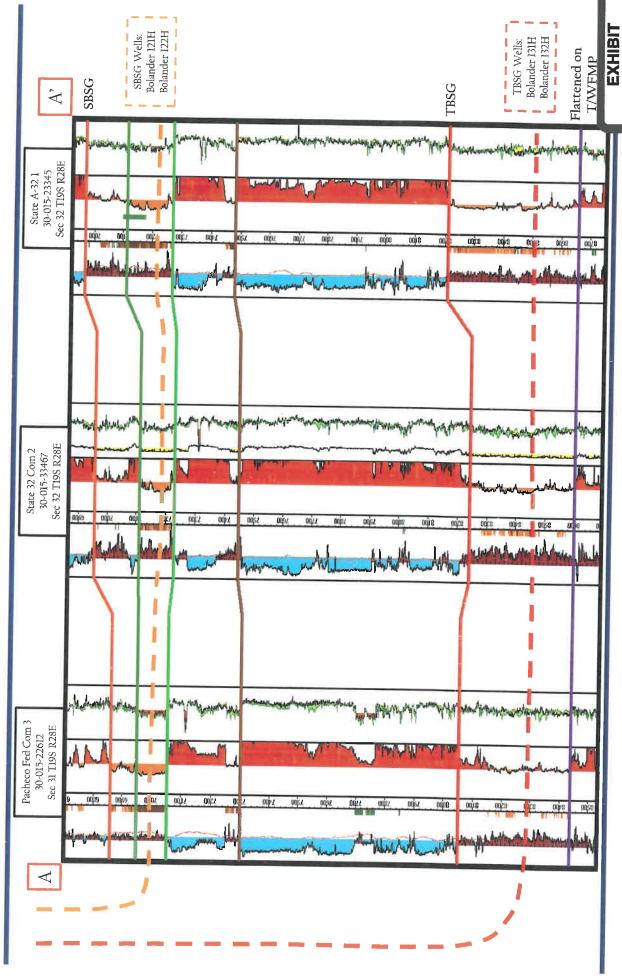




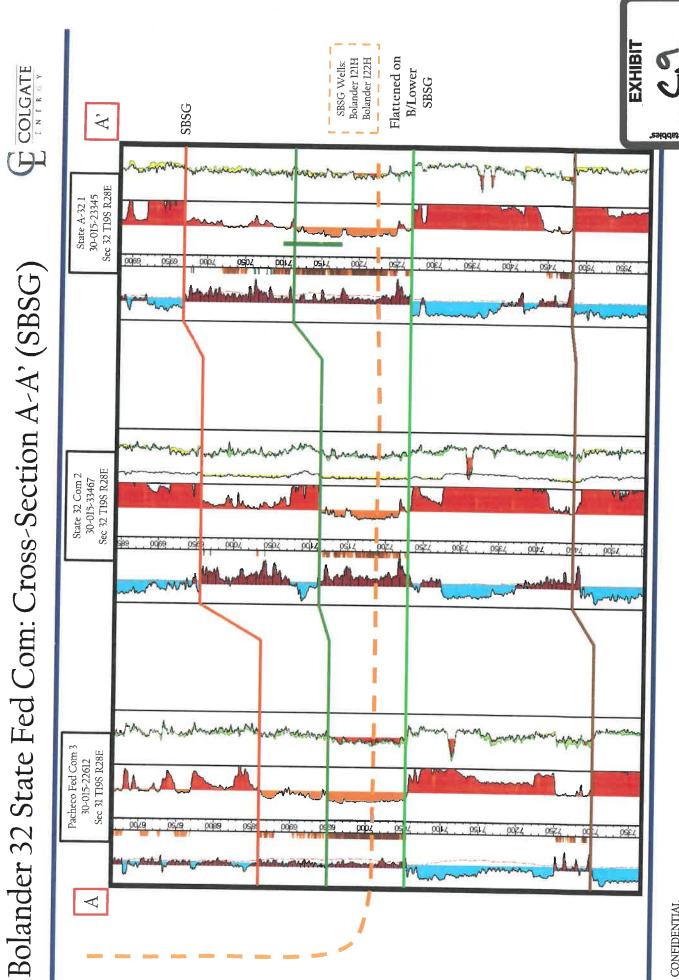
Colgate Energy

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





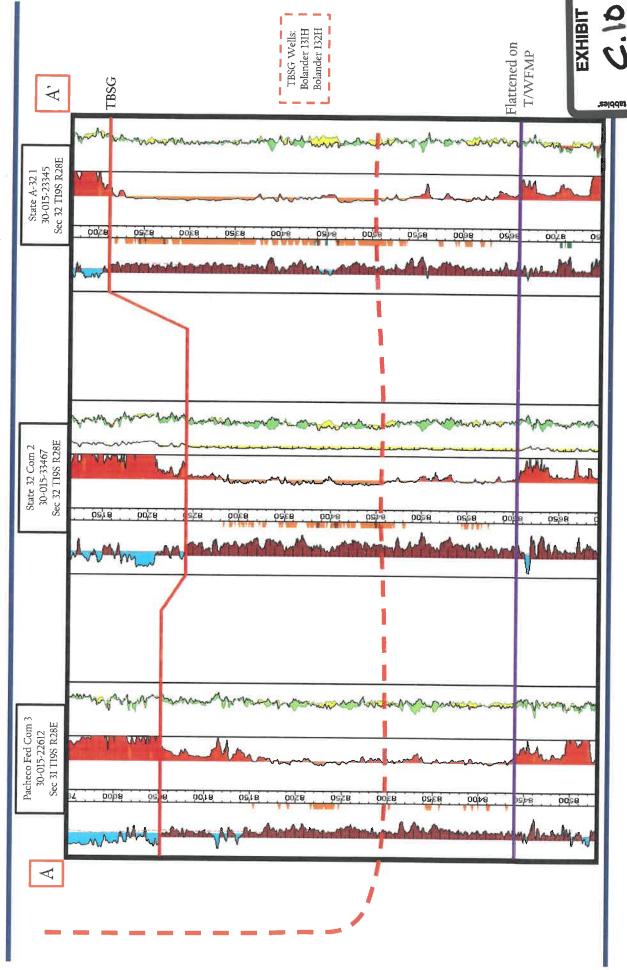
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CONFIDENTIAL

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





### 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 abovereferenced 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.

SEAI

OFFICIAL SEAL Zina Crum My Commission Expires:

Notary Public

My commission expires: Dec 01, 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

EXHIBIT D. 1

### 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,

Lance D Hough

Attorney for Applicant

EED/ldh/W3834931.DOCX Enclosures: as stated

Zina Crum Modrall 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

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Page 1 2020 Walz CertifiedPro.net PS Form 3877

Type of Mailing: CERTIFIED MAIL 09/17/2020

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

Firm Mailing Book ID: 195717

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee R	RR Fee	Rest.Del.Fee	Reference Contents
16 9	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 9	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 9	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
9 61	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 9	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 9	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 9.	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 9.	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	80.00	10091-0004 Bolander Notice
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USPS Article Number	Date Created	Name 1	Name 2	Address1	Ė	State	dig.	State Zip Mailing Status	Service Options	Mail Delivery Date
9314869904300075185361	2020-09-17 1:38 PM Crown Oil Partners, VI, LLC	artners, VI, LLC	Crump Energy Partners, III, LLC	P.O. Box 50820	Midland	ř	79710		Return Receipt - Electronic, Certified Mail	
9314869904300075185354	2020-09-17 1:38 PM Marathon Oil Permian	il Permian		5555 San Felipe Street	Houston	ř	1 9502	Delivered F	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185347	2020-09-17 1:38 PM Penroc Oil Corporation	orporation		1515 West Calle Sur Street	Hobbs	Σ	38240 C	Delivered R	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185330	2020-09-17 1:38 PM Mexco Energy Corporation	gy Corporation		P.O. Box 10502	Midland	ř	79702	Delivered R	Return Receipt - Electronic, Certified Mail	10-06-2020
9314869904300075185323	2020-09-17 1:38 PM Sabinan Energy Operating, LLC	rgy Operating, LLC		1780 Hughes Blvd. Suite 1200	The Woodlands	¥	77380	Delivered R	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185316	2020-09-17 1:38 PM Devon Energy Production Company, L.P.	yy Production Company, L.P.		333 West Sheridan Avenue	Oklahoma City	ŏ	73102	Delivered R	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185309	2020-09-17 1:38 PM Gayle Martin & Richard Lantz	າ & Richard Lantz		P.O. Box 1880	Block Canyon City	AZ	85324	Delivered R	Return Receipt - Electronic, Certified Mail	09-24-2020
9314869904300075185293	2020-09-17 1:38 PM Loco Hills Production Company LLC	oduction Company LLC		P.O. Box 779	Artesia	Z Z	88211 [	Delivered R	Return Receipt - Electronic, Certified Mail	09-29-2020
9314869904300075185286	2020-09-17 1:38 PM Silverhair, LLC	ų		1301 Lewis Road	Artesia	M	88210	Delivered R	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185279	2020-09-17 1:38 PM Thomas A. Crow	row	for Mark E. Boling Revocable Trust	8210 Louisiana Boulevard NE, Suite B	Albuquerque	Σ	87113	Delivered R	Return Receipt - Electronic, Certified Mail	
9314869904300075185262	2020-09-17 1:38 PM Abuelo, LLC			21 Cook Drive	Artesia	MM	88210	Delivered R	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185255	2020-09-17 1:38 PM Ergodic Resources, LLC	urces, LLC		P.O. Box 2021	Roswell	ΣN	88202 L	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300075185248	2020-09-17 1:38 PM The Board of Regents Univ. Texas System	f Regents Univ. Texas System	re Texas M.D. Anderson Cancer Ctr	P.O Box 551	Midland	ř	79702	Delivered R	Return Receipt - Electronic, Certifled Mail	09-24-2020
9314869904300075185231	2020-09-17 1:38 PM Mark Wilson Family Partnership	Family Partnership		P.O. Box 2415	Midland	ř	79702	Delivered R	Return Receipt - Electronic, Certifled Mail	09-23-2020
9314869904300075185224	2020-09-17 1:38 PM BriLi, LLC			2135 Sedona Hills Parkway	Las Cruces	ΣN	88011 L	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300075185200	2020-09-17 1:38 PM Escondido Oil and Gas, LLC	il and Gas, LLC		P.O. Box 51390	Midland	ř	79710	Delivered	Return Receipt - Electronic, Certified Mail	09-23-2020
9314869904300075185194	2020-09-17 1:38 PM Tim Lilley and wife, Tashina Lilley	d wife, Tashina Lilley		4873 Raintree Circle	Parker	8	80134 C	Delivered R	Return Receipt - Electronic, Certified Mail	09-22-2020
9314869904300075185187	2020-09-17 1:38 PM Laurance Merritt, SSP	erritt, SSP		221 S. Lomita Avenue	Ojai	5	93023	Delivered R	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185170	2020-09-17 1:38 PM Mary Overstreet a/k/a Mary Merritt	reet a/k/a Mary Merritt		3009 Helen Street	Orlando	교	32804 C	Delivered R	Return Receipt - Electronic, Certified Mail	10-15-2020
9314869904300075185163	2020-09-17 1:38 PM Pecas Management, LP	gement, LP		3138 Quail Valley East Drive	Missouri City	¥	77489 D	Delivered R	Return Receipt - Electronic, Certified Mail	10-15-2020
9314869904300075185156	2020-09-17 1:38 PM Karen Johnston, SSP	ton, SSP		2017 Quail Hollow Run	Carlsbad	MM	88220	Delivered R	Return Receipt - Electronic, Certified Mail	10-02-2020
9314869904300075185149	2020-09-17 1:38 PM Presbyterian Village North Foundation	Village North Foundation		8600 Skyline Drive - #1212	Dallas	¥	75243 L	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300075185132	2020-09-17 1:38 PM Presbyterian Healthcare Foundation	Healthcare Foundation		8440 Walnut Hill Lane, Suite 800	Dallas	¥	75231	Delivered R	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075185125	2020-09-17 1:38 PM Oxy USA, Inc.			5 Greenway Plaza, Suite 110	Houston	ř	77046 0	Delivered R	Return Receipt - Electronic, Certified Mail	

### Carisb d Current Argus.

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,

State of WI, County of Brown

**NOTARY PUBLIC** 

My commission expires

SHELLY HORA

Ad # 0004383029 # 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; Pecas Management, LP; Mary Overstreet afk/a Mary Merritt; Laurance Merritt, SSP; Tim 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 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 an

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; 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; 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 Octo 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/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 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 operato

#4383029, Current Argus, Sept. 19, 2020