

**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. 22623**

**EXHIBIT INDEX**

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Travis Macha
A-1	Application & Proposed Notice of Hearing
A-2	C-102
A-3	Plat of Tracts, Ownership Interests, Pooled Parties, Unit Recapitulation
A-4	Sample Well Proposal Letter & AFE(s)
A-5	Summary of Communications
A-6	Hearing Notice Letter and Return Receipts
A-7	Affidavit of Publication
Exhibit B	Self-Affirmed Statement of David DaGian
B-1	Regional Locator Map
B-2	Cross Section Location Map (including wells)
B-3	Second Bone Spring - Structure Map
B-4	Third Bone Spring – Structure Map
B-5	Structural Cross Section
B-6	Stratigraphic Cross Section
B-7	Gunbarrel Development Plan

**COMPULSORY POOLING APPLICATION CHECKLIST****ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

<b>Case No.:</b>	<b>22623</b>
<b>Hearing Date:</b>	<b>4/7/2022</b>
Applicant	Colgate Operating, LLC
Designated Operator & OGRID	371449
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors	N/A
Well Family	Boomerang
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	Avalon; Bone Spring East Pool (Code 3713)
Well Location Setback Rules	Statewide
Spacing Unit Size	240-acre
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240-acre
Building Blocks	quarter-quarter
Orientation	Laydown
Description: TRS/County	S/2N/2 of Section 25 and the S/2NE/4 of Section 26, Township 20 South, Range 28 East, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Boomerang 25 Federal Com 122H (API # pending) SHL: 1,324' FNL, 396' FEL (Unit H) of Section 25, T20S-R28E BHL: 2,630' FEL & 1,980' FNL (Unit G) of Section 26, T20S-R28E Completion Target: Bone Spring (Approximately 7853' TVD) Completion status: Standard
Well #2	Boomerang 25 Federal Com 132H (API # pending) SHL: 1,324' FNL, 456' FEL (Unit H) of Section 25, T20S-R28E BHL: 2,630' FEL & 1,650' FNL (Unit G) of Section 26, T20S-R28E Completion Target: Bone Spring (Approximately 8933' TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	8,000
Production Supervision/Month \$	800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit A-1

<i>Received by OCD: 4/5/2022 1:29:20 PM</i>	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-7
<b>Ownership Determination</b>	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-6
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibits B-3, B-4
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-6
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Dana S. Hardy
<b>Signed Name</b> (Attorney or Party Representative):	/s/ Dana S. Hardy
<b>Date:</b>	4/5/2022

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

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

**CASE NO. 22623**

**SELF-AFFIRMED STATEMENT  
OF TRAVIS MACHA**

1. I am a landman at Colgate Operating, LLC (“Colgate”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the land matters involved in the above-referenced case. Copies of Colgate’s application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. Colgate seeks an order pooling all uncommitted interests in the Avalon; Bone Spring East Pool (Code 3713) within the Bone Spring formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the S/2N/2 of Section 25 and the S/2NE/4 of Section 26, Township 20 South, Range 28 East, Eddy County, New Mexico (“Unit”).

5. The Unit will be dedicated to the Boomerang 25 Federal Com 122H and Boomerang 25 Federal Com 132H wells (“Wells”) to be horizontally drilled from a surface hole location in the SE/4NE/4 (Unit H) of Section 25 to a bottom hole location in the SW/4NE/4 (Unit G) of Section 26.

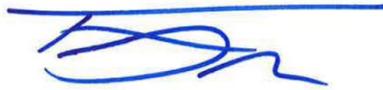
6. The completed intervals of the Wells will be orthodox.

7. **Exhibit A-2** contains the C-102 for the Wells.
8. **Exhibit A-3** contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests Colgate seeks to pool highlighted in yellow.
9. **Exhibit A-4** contains a sample well proposal letter and AFEs sent to working interest owners for the Wells. The estimated costs reflected on the AFEs are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.
10. Colgate has conducted a diligent search of all county public records including phone directories and computer databases.
11. One interest owner Colgate seeks to pool is unlocatable. **See Exhibit A-3.**
12. In my opinion, Colgate made a good-faith effort to reach voluntary joinder of uncommitted interests in the Wells as indicated by the chronology of contact described in **Exhibit A-5.**
13. Colgate requests overhead and administrative rates of \$8,000 per month while the Wells are being drilled and \$800 per month while the Wells are producing. These rates are fair and are comparable to the rates charged by Colgate and other operators in the vicinity.
14. Notice of this application and the Division hearing was timely provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. A sample of the notice letters and associated green cards are attached as **Exhibit A-6.**
15. Notice of this application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-7.**

16. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

17. In my opinion, the granting of Colgate's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

18. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 17 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.



\_\_\_\_\_  
Travis Macha

\_\_\_\_\_  
3/25/2022  
\_\_\_\_\_  
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. 22623

APPLICATION

Pursuant to NMSA § 70-2-17, Colgate Operating, LLC (OGRID No. 371449) (“Applicant”) applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the S/2N/2 of Section 25 and the S/2NE/4 of Section 26, Township 20 South, Range 28 East, Eddy County, New Mexico (“Unit”). In support of its application, Applicant states:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the **Boomerang 25 Federal Com 122H** and **Boomerang 25 Federal Com 132H** wells (“Wells”), which will be horizontally drilled from a surface hole location in the SE/4NE/4 (Unit H) of Section 25 to a bottom hole location in the SW/4NE/4 (Unit G) of Section 26.
3. The completed intervals of the Wells will be orthodox.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has not been able to obtain voluntary agreements from all interest owners.
5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

Colgate Operating, LLC  
Case No. 22623  
Exhibit A1

6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Applicant should be designated the operator of the Wells and Unit.

WHEREFORE, Applicant requests this application be set for hearing on April 7, 2022, and that after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy  
 Dana S. Hardy  
 Michael Rodriguez  
 Jaclyn M. McLean  
 P.O. Box 2068  
 Santa Fe, NM 87504-2068  
 Phone: (505) 982-4554  
 dhardy@hinklelawfirm.com  
 mrodriguez@hinklelawfirm.com  
 jmclean@hinklelawfirm.com  
 Counsel for Colgate Operating, LLC

**Application of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.**

Applicant applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the S/2N/2 of Section 25 and the S/2NE/4 of Section 26, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Boomerang 25 Federal Com 122H and Boomerang 25 Federal Com 132H wells ("Wells") to be horizontally drilled from a surface hole location in the SE/4NE/4 (Unit H) of Section 25 to a bottom hole location in the SW/4NE/4 (Unit G) of Section 26. The completed intervals of the Wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 10.17 miles northeast of Carlsbad, New Mexico.

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<b>1 API Number</b>	<b>2 Pool Code</b>	<b>3 Pool Name</b>
<b>4 Property Code</b>	<b>5 Property Name</b> BOOMERANG 25 FED COM	
<b>6 Well Number</b> 122H	<b>7 OGRID No.</b>	
<b>8 Operator Name</b> COLGATE OPERATING, LLC		<b>9 Elevation</b> 3236'

**10 Surface Location**

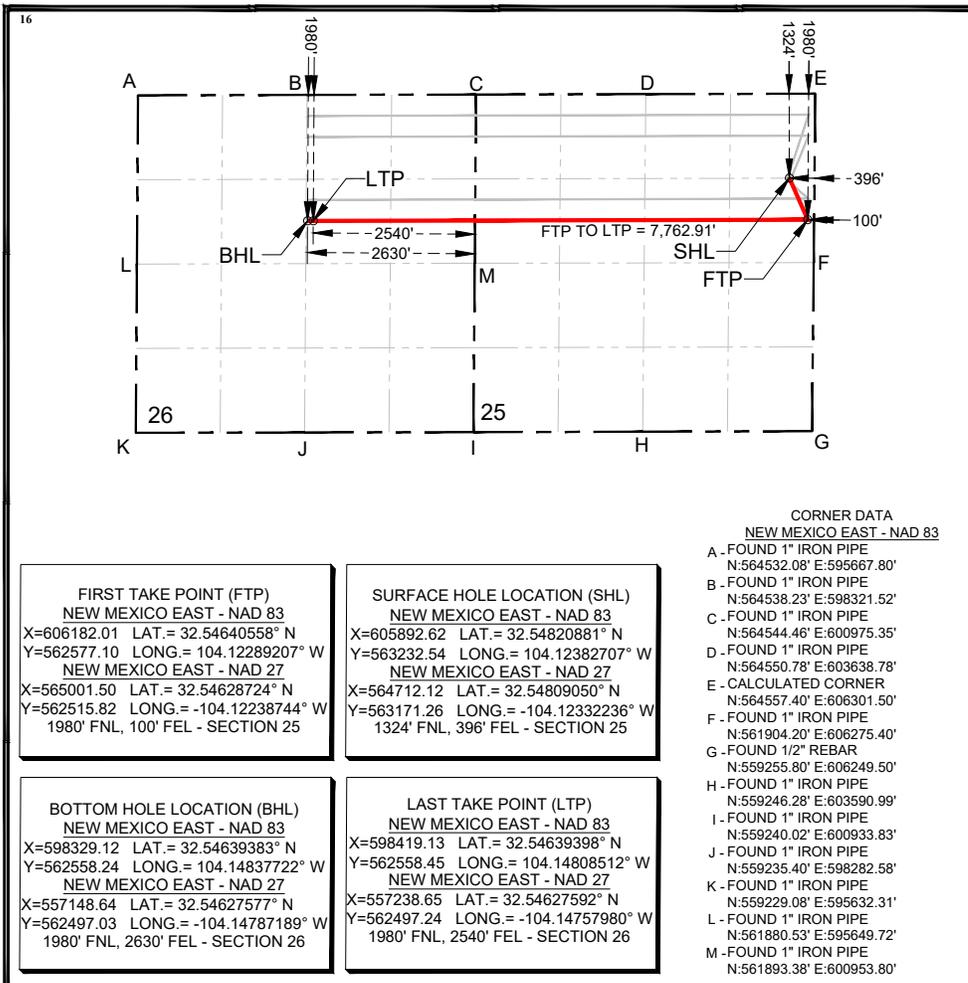
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	25	20-S	28-E		1324'	NORTH	396'	EAST	EDDY

**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
G	26	20-S	28-E		1980'	NORTH	2630'	EAST	EDDY

<b>12 Dedicated Acres</b>	<b>13 Joint or Infill</b>	<b>14 Consolidation Code</b>	<b>15 Order No.</b>

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



**17 OPERATOR CERTIFICATION**

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

Signature \_\_\_\_\_ Date \_\_\_\_\_

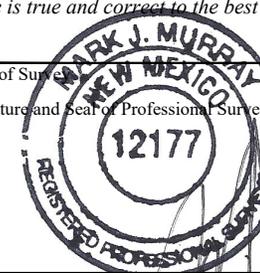
Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

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**18 SURVEYOR CERTIFICATION**

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

Date of Survey \_\_\_\_\_  
Signature and Seal of Professional Surveyor: 

Certificate Number \_\_\_\_\_ 2/3/2022

Colgate Operating, LLC

Case No. 22623

**District I**  
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1220 South St. Francis Dr.  
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Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<b>1 API Number</b>	<b>2 Pool Code</b>	<b>3 Pool Name</b>
<b>4 Property Code</b>	<b>5 Property Name</b> BOOMERANG 25 FED COM	
<b>6 Well Number</b> 132H	<b>7 OGRID No.</b>	
<b>8 Operator Name</b> COLGATE OPERATING, LLC		<b>9 Elevation</b> 3236'

**10 Surface Location**

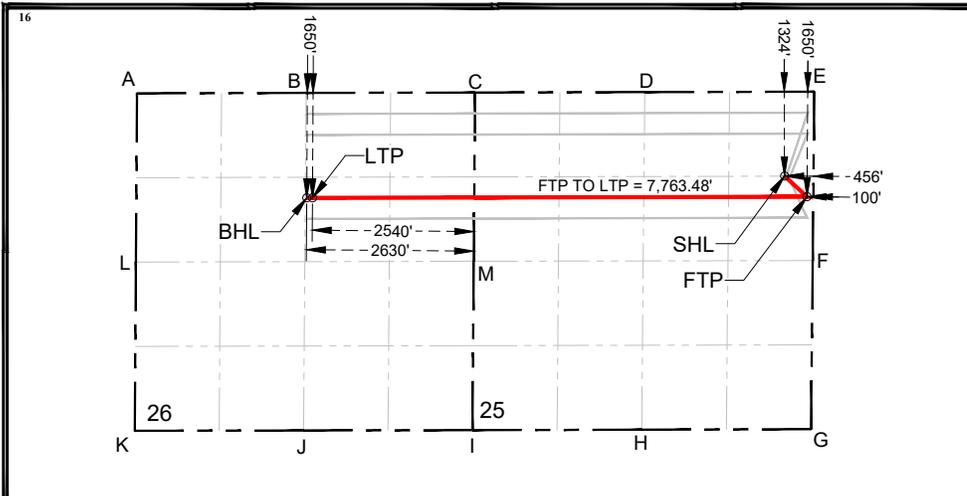
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	25	20-S	28-E		1324'	NORTH	456'	EAST	EDDY

**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
G	26	20-S	28-E		1650'	NORTH	2630'	EAST	EDDY

<b>12 Dedicated Acres</b>	<b>13 Joint or Infill</b>	<b>14 Consolidation Code</b>	<b>15 Order No.</b>

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.



- CORNER DATA  
NEW MEXICO EAST - NAD 83
- A - FOUND 1" IRON PIPE  
N:564532.08' E:595667.80'
  - B - FOUND 1" IRON PIPE  
N:564538.23' E:598321.52'
  - C - FOUND 1" IRON PIPE  
N:564544.46' E:600975.35'
  - D - FOUND 1" IRON PIPE  
N:564550.78' E:603638.78'
  - E - CALCULATED CORNER  
N:564557.40' E:606301.50'
  - F - FOUND 1" IRON PIPE  
N:561904.20' E:606275.40'
  - G - FOUND 1/2" REBAR  
N:559255.80' E:606249.50'
  - H - FOUND 1" IRON PIPE  
N:559246.28' E:603590.99'
  - I - FOUND 1" IRON PIPE  
N:559240.02' E:600933.83'
  - J - FOUND 1" IRON PIPE  
N:559235.40' E:598282.58'
  - K - FOUND 1" IRON PIPE  
N:559229.08' E:595632.31'
  - L - FOUND 1" IRON PIPE  
N:561880.53' E:595649.72'
  - M - FOUND 1" IRON PIPE  
N:561893.38' E:600953.80'

**FIRST TAKE POINT (FTP)**  
NEW MEXICO EAST - NAD 83  
X=606185.26 LAT.= 32.54731268° N  
Y=562907.11 LONG.= 104.12287942° W  
NEW MEXICO EAST - NAD 27  
X=565004.75 LAT.= 32.54719435° N  
Y=562845.82 LONG.= -104.12237477° W  
1650' FNL, 100' FEL - SECTION 25

**SURFACE HOLE LOCATION (SHL)**  
NEW MEXICO EAST - NAD 83  
X=605832.62 LAT.= 32.54820877° N  
Y=563232.41 LONG.= 104.12402179° W  
NEW MEXICO EAST - NAD 27  
X=564652.12 LAT.= 32.54809046° N  
Y=563171.12 LONG.= -104.12351708° W  
1324' FNL, 456' FEL - SECTION 25

**BOTTOM HOLE LOCATION (BHL)**  
NEW MEXICO EAST - NAD 83  
X=598331.80 LAT.= 32.54730092° N  
Y=562888.25 LONG.= 104.14836665° W  
NEW MEXICO EAST - NAD 27  
X=557151.33 LAT.= 32.54718288° N  
Y=562827.03 LONG.= -104.14786130° W  
1650' FNL, 2630' FEL - SECTION 26

**LAST TAKE POINT (LTP)**  
NEW MEXICO EAST - NAD 83  
X=598421.81 LAT.= 32.54730107° N  
Y=562888.46 LONG.= 104.14807456° W  
NEW MEXICO EAST - NAD 27  
X=557241.34 LAT.= 32.54718302° N  
Y=562827.24 LONG.= -104.14756921° W  
1650' FNL, 2540' FEL - SECTION 26

**17 OPERATOR CERTIFICATION**

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

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

**18 SURVEYOR CERTIFICATION**

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

Date of Survey \_\_\_\_\_  
Signature and Seal of Professional Surveyor: \_\_\_\_\_



Certificate Number \_\_\_\_\_

**Land Exhibit: N2S2 - Boomerang Fed Comn 122H & 132H**  
 Section 25: N2S2, Section 26: N2SE, T20S-R28E, Eddy Co., NM

<b>NM-015873</b> RT: Colgate WI: Colgate, et al. See Calc.  <i>E2 Section 26</i>	<b>NM-017103</b> RT: Colgate WI: Colgate, et al. See Calc.  <i>Section 25</i>	<b>NM-017221</b> RT: <u>Oxy*</u> WI: Colgate, et al. See Calc.	<b>NM-017098</b> RT: Zorro, Ard, Javelina WI: Colgate, et al. See Calc.

<b>Boomerang Fed Com 121H &amp; 131H Spacing</b>	
<b>Boomerang Fed Com 122H &amp; 132H Spacing</b>	
<b>Boomerang Fed Com 123H &amp; 133H Spacing</b>	
<i>E2 Section 26</i>	<i>Section 25</i>

Owner	Pooling?	Documents Received			Notes
		Proposal	JOA	Com Agmt	
Colgate Production, LLC	N/A	Y	Y	Y	
Javelina Partners	N	Y	Y	Y	
Zorro Partners	N	Y	Y	Y	
Ard Energy Partners	Y	Y	Y	Y	Requested offer to purchase on 3/23 - provided on 3/23
J&J Energy, LLC	Y	N	N	N	Unlocatable - 2 addresses attempted
XTO Holdings, LLC	Y	Y	Y	Y	

\*Please Note Oxy USA, Inc. is the record title owner of NM-017221 - Oxy has assigned all rights including record title interest unto Colgate. Federal RT assignment HAS been filed with the BLM, they have yet to make the transfer.

Leasehold Ownership						
Tract	Colgate WI	Javelina WI	Zorro WI	Ard WI	J&J WI	XTO WI
Sec 25: NWNW	96.643168%	0.260417%	0.260417%	0.260416%	1.030233%	0.000000%
Sec 25: E2	97.656250%	0.260417%	0.260417%	0.260416%	0.000000%	1.562500%
Sec 25: S2NW, NENW, E2SW	99.218750%	0.260417%	0.260417%	0.260416%	0.000000%	0.000000%
Sec 25: NWSW, SWSW	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Sec 26: E2	99.885375%	0.000000%	0.000000%	0.000000%	0.341500%	0.000000%

Unit Capitulation	
Owner	Working Interest
Colgate Production, LLC	98.860874%
Javelina Partners	0.130209%
Zorro Partners, Ltd.	0.130209%
Ard Energy Partners, Ltd.	0.130208%
J&J Energy, LLC	0.227667%
XTO Holdings, LLC	0.520833%
<b>Total</b>	<b>100.000000%</b>



January 24, 2022

*Via Certified Mail*

Javelina Partners  
616 Texas Street  
Fort Worth, TX 76102

**RE: Boomerang 25 Federal Com – Well Proposals**  
Section 25: All, Section 26: E2, T20S-28E, Bone Spring Formation  
Eddy County, New Mexico

To Whom It May Concern:

Colgate Operating, LLC, as operator for Colgate Production, LLC (“Colgate”), hereby proposes the drilling and completion of the following seven (7) wells, the Boomerang 25 Federal Com 121H, 122H, 123H, 131H, 132H, 133H, and 134H from two well pads at the following approximate locations within Township 20 South, Range 28 East:

- 1. Boomerang 25 Federal Com 121H – North Pad**  
SHL: 1,338’ FNL, 415’ FEL, or at a legal location in unit H of Section 25  
BHL: 2,630’ FEL & 660’ FNL of Section 26  
FTP: 100’ FEL & 660’ FNL of Section 25  
LTP: 2,540’ FEL & 660’ FNL of Section 26  
TVD: 7,853’  
TMD: Approximately 15,638’  
Proration Unit: N2N2 of Section 25, N2NE of Section 26  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See attached AFE
  
- 2. Boomerang 25 Federal Com 122H – North Pad**  
SHL: 1,368’ FNL, 415’ FEL, or at a legal location in unit H of Section 25  
BHL: 2,630’ FEL & 1,980’ FNL of Section 26  
FTP: 100’ FEL & 1,980’ FNL of Section 25  
LTP: 2,540’ FEL & 1,980’ FNL of Section 26  
TVD: 7,853’  
TMD: Approximately 15,638’  
Proration Unit: S2N2 of Section 25, S2NE of Section 26  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See attached AFE

300 N. Marienfeld St., Suite 1000, Midland, Texas 79701  
P: (432) 695-4222 | F: (432) 695-4063  
[www.ColgateEnergy.com](http://www.ColgateEnergy.com)

Colgate Operating, LLC  
Case No. 22623

Boomerang 25 Federal Com Well Proposal

- 3. Boomerang 25 Federal Com 123H – South Pad**  
SHL: 1,500' FSL, 350' FEL, or at a legal location in unit I of Section 25  
BHL: 2,630' FEL & 1,980' FSL of Section 26  
FTP: 100' FEL & 1,980' FSL of Section 25  
LTP: 2,540' FEL & 1,980' FSL of Section 26  
TVD: 7,783'  
TMD: Approximately 15,568'  
Proration Unit: N2S2 of Section 25, N2SE of Section 26  
Targeted Interval: 2<sup>nd</sup> Bone Spring  
Total Cost: See attached AFE
- 4. Boomerang 25 Federal Com 131H – North Pad**  
SHL: 1,398' FNL, 415' FEL, or at a legal location in unit H of Section 25  
BHL: 2,630' FEL & 330' FNL of Section 26  
FTP: 100' FEL & 330' FNL of Section 25  
LTP: 2,540' FEL & 330' FNL of Section 26  
TVD: 8,933'  
TMD: Approximately 16,718'  
Proration Unit: N2N2 of Section 25, N2NE of Section 26  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE
- 5. Boomerang 25 Federal Com 132H – North Pad**  
SHL: 1,428' FNL, 415' FEL, or at a legal location in unit H of Section 25  
BHL: 2,630' FEL & 1,650' FNL of Section 26  
FTP: 100' FEL & 1,650' FNL of Section 25  
LTP: 2,540' FEL & 1,650' FNL of Section 26  
TVD: 8,933'  
TMD: Approximately 16,718'  
Proration Unit: S2N2 of Section 25, S2NE of Section 26  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE
- 6. Boomerang 25 Federal Com 133H – South Pad**  
SHL: 1,470' FSL, 350' FEL, or at a legal location in unit H of Section 25  
BHL: 2,630' FEL & 2,310' FSL of Section 26  
FTP: 100' FEL & 2,310' FSL of Section 25  
LTP: 2,540' FEL & 2,310' FSL of Section 26  
TVD: 8,963'  
TMD: Approximately 16,748'  
Proration Unit: N2S2 of Section 25, N2SE of Section 26  
Targeted Interval: 3<sup>rd</sup> Bone Spring  
Total Cost: See attached AFE

Boomerang 25 Federal Com Well Proposal

7. **Boomerang 25 Federal Com 134H** – South Pad

SHL: 1,440' FSL, 350' FEL, or at a legal location in unit H of Section 25

BHL: 2,630' FEL & 990' FSL of Section 26

FTP: 100' FEL & 990' FSL of Section 25

LTP: 2,540' FEL & 990' FSL of Section 26

TVD: 8,963'

TMD: Approximately 16,748'

Proration Unit: S2S2 of Section 25, S2SE of Section 26

Targeted Interval: 3<sup>rd</sup> Bone Spring

Total Cost: See attached AFE

The locations, TVDs, and targets are approximate and subject to change dependent 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 is enclosed. The Operating Agreement has the following general provisions:

- 100%/300%/300% 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.

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

Thank you for your time and consideration, if you have any questions at all, please don't hesitate to contact me at 432.400.1037 or by email at [tmacha@colgateenergy.com](mailto:tmacha@colgateenergy.com).

Respectfully,



Travis Macha  
Senior Landman

*Enclosures*

Boomerang 25 Federal Com Well Proposal

<b>Well Elections:</b> <i>(Please indicate your responses in the spaces below)</i>		
Well(s)	Elect to Participate	Elect to <u>NOT</u> Participate
Boomerang 25 Federal Com 121H		
Boomerang 25 Federal Com 122H		
Boomerang 25 Federal Com 123H		
Boomerang 25 Federal Com 131H		
Boomerang 25 Federal Com 132H		
Boomerang 25 Federal Com 133H		
Boomerang 25 Federal Com 134H		

Company Name (If Applicable):

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

### Colgate Energy

300 N. Mariefeld St., Ste. 1000 Midland, TX 79701  
 Phone (432) 695-4222 • Fax (432) 695-4063

#### ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	1/24/2022	AFE NO.:	0
WELL NAME:	Boomerang 25 Fed Com 122H	FIELD:	Avalon; Bone Spring
LOCATION:	Section 25, Block T20S-R28E	MD/TVD:	15673' MD / 7853' TVD
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	7,500
Colgate WI:		DRILLING DAYS:	18.2
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	15.6
REMARKS:	Drill a horizontal WCa well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AL install cost		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land/ Legal/ Regulatory	\$ 42,500	\$ -	\$ -	\$ 42,500
2 Location, Surveys & Damages	206,965	13,000	10,000	229,965
4 Freight/ Transportation	32,330	31,500	-	63,830
5 Rental - Surface Equipment	77,620	138,650	6,120	222,390
6 Rental - Downhole Equipment	139,443	30,000	-	169,443
7 Rental - Living Quarters	32,069	40,700	-	72,769
10 Directional Drilling, Surveys	266,895	-	-	266,895
11 Drilling	522,147	-	-	522,147
12 Drill Bits	82,680	-	-	82,680
13 Fuel & Power	129,148	215,000	-	344,148
14 Cementing & Float Equip	188,192	-	-	188,192
15 Completion Unit, Swab, CTU	-	-	12,000	-
16 Perforating, Wireline, Slickline	-	210,500	18,000	228,500
17 High Pressure Pump Truck	-	37,750	-	37,750
18 Completion Unit, Swab, CTU	-	86,800	-	86,800
20 Mud Circulation System	71,336	-	-	71,336
21 Mud Logging	11,697	-	-	11,697
22 Logging/ Formation Evaluation	4,243	6,000	-	10,243
23 Mud & Chemicals	222,789	223,474	-	446,263
24 Water	41,870	329,000	-	370,870
25 Stimulation	-	648,344	-	648,344
26 Stimulation Flowback & Disp	-	104,000	-	104,000
28 Mud/ Wastewater Disposal	156,986	41,000	-	197,986
30 Rig Supervision/ Engineering	80,586	89,700	4,800	175,086
32 Drlg & Completion Overhead	7,125	-	-	7,125
35 Labor	117,766	42,500	20,000	180,266
54 Proppant	-	495,512	-	495,512
95 Insurance	7,836	-	-	7,836
97 Contingency	-	19,450	7,092	26,542
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>2,442,223</b>	<b>3,342,018</b>	<b>78,012</b>	<b>5,966,256</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 60,309	\$ -	\$ -	\$ 60,309
61 Intermediate Casing	73,075	-	-	73,075
62 Drilling Liner	133,379	-	-	133,379
63 Production Casing	390,329	-	-	390,329
64 Production Liner	-	-	-	-
65 Tubing	-	-	55,000	55,000
66 Wellhead	68,900	-	51,200	120,100
67 Packers, Liner Hangers	10,600	-	7,500	18,100
68 Tanks	-	-	16,500	16,500
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	12,500	12,500
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	40,000	40,000
73 Compressor	-	-	42,500	42,500
74 Installation Costs	-	-	-	-
75 Surface Pumps	-	-	5,000	5,000
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	21,000	21,000
78 Gas Conditioning/ Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	-	-
80 Gathering/ Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank/ Facility Containment	-	-	-	-
83 Flare Stack	-	-	-	-
84 Electrical/ Grounding	-	-	55,000	55,000
85 Communications/ SCADA	-	-	-	-
86 Instrumentation/ Safety	-	-	-	-
<b>TOTAL TANGIBLES &gt;</b>	<b>736,592</b>	<b>0</b>	<b>306,200</b>	<b>1,042,792</b>
<b>TOTAL COSTS &gt;</b>	<b>3,178,815</b>	<b>3,342,018</b>	<b>384,212</b>	<b>7,093,844</b>
	\$ 424	\$ 334	\$ 709	

PREPARED BY Colgate Energy:

Drilling Engineer:	SS/RM/PS
Completions Engineer:	Miles Landry
Production Engineer:	Levi Harris

Colgate Energy APPROVAL:

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

NON OPERATING PARTNER APPROVAL:

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

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

### Colgate Energy

300 N. Marienfeld St., Ste. 1000 Midland, TX 79701  
 Phone (432) 695-4222 • Fax (432) 695-4063

#### ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	1/24/2022	AFE NO.:	0
WELL NAME:	Boomerang 25 Federal Com 132H	FIELD:	Avalon; Bone Spring
LOCATION:	Section 25, Block T20S-R28E	MD/TVD:	16768' MD / 8948' TVD
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	7,500
Colgate WI:		DRILLING DAYS:	23.4
GEOLOGIC TARGET:	TBSG	COMPLETION DAYS:	15.6
REMARKS:	Drill a horizontal WCa well and complete with 44 stages. AFE includes drilling, completions, flowback and Initial AL install cost		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land/ Legal/ Regulatory	\$ 42,500	\$	\$	\$ 42,500
2 Location, Surveys & Damages	208,555	13,000	10,000	231,555
4 Freight/ Transportation	32,330	31,500		63,830
5 Rental - Surface Equipment	95,463	138,650	6,120	240,233
6 Rental - Downhole Equipment	139,443	30,000		169,443
7 Rental - Living Quarters	37,294	40,700		77,994
10 Directional Drilling, Surveys	318,018			318,018
11 Drilling	636,811			636,811
12 Drill Bits	82,680			82,680
13 Fuel & Power	163,134	215,000		378,134
14 Cementing & Float Equip	188,192			188,192
15 Completion Unit, Swab, CTU			12,000	
16 Perforating, Wireline, Slickline	-	210,500	18,000	228,500
17 High Pressure Pump Truck	-	37,750		37,750
18 Completion Unit, Swab, CTU	-	86,800		86,800
20 Mud Circulation System	86,657			86,657
21 Mud Logging	16,727			16,727
22 Logging/ Formation Evaluation	7,117	6,000		13,117
23 Mud & Chemicals	269,409	238,210		507,619
24 Water	44,520	353,300		397,820
25 Stimulation	-	717,953		717,953
26 Stimulation Flowback & Disp	-	104,000		104,000
28 Mud/ Wastewater Disposal	156,986	41,000		197,986
30 Rig Supervision/ Engineering	103,736	89,700	4,800	198,236
32 Drlg & Completion Overhead	9,000	-		9,000
35 Labor	117,766	42,500	20,000	180,266
54 Proppant		542,531		542,531
95 Insurance	8,384			8,384
97 Contingency	-	21,539	7,092	28,631
99 Plugging & Abandonment	-			-
<b>TOTAL INTANGIBLES &gt;</b>	<b>2,764,724</b>	<b>3,528,455</b>	<b>78,012</b>	<b>6,598,398</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 60,309	\$	\$	\$ 60,309
61 Intermediate Casing	73,075			73,075
62 Drilling Liner	133,379			133,379
63 Production Casing	417,257			417,257
64 Production Liner	-			-
65 Tubing	-		55,000	55,000
66 Wellhead	68,900		51,200	120,100
67 Packers, Liner Hangers	10,600	-	7,500	18,100
68 Tanks	-		16,500	16,500
69 Production Vessels	-			-
70 Flow Lines	-		12,500	12,500
71 Rod string	-			-
72 Artificial Lift Equipment	-		40,000	40,000
73 Compressor	-		42,500	42,500
74 Installation Costs	-			-
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-			-
77 Measurement & Meter Installation	-		21,000	21,000
78 Gas Conditioning/ Dehydration	-			-
79 Interconnecting Facility Piping	-			-
80 Gathering/ Bulk Lines	-			-
81 Valves, Dumps, Controllers	-			-
82 Tank/ Facility Containment	-			-
83 Flare Stack	-			-
84 Electrical/ Grounding	-		55,000	55,000
85 Communications/ SCADA	-			-
86 Instrumentation/ Safety	-			-
<b>TOTAL TANGIBLES &gt;</b>	<b>763,520</b>	<b>0</b>	<b>306,200</b>	<b>1,069,720</b>
<b>TOTAL COSTS &gt;</b>	<b>3,528,244</b>	<b>3,528,455</b>	<b>384,212</b>	<b>7,758,669</b>
	\$ 470	\$ 353	\$ 776	

PREPARED BY Colgate Energy:

Drilling Engineer:	SS/RM/PS
Completions Engineer:	Miles Landry
Production Engineer:	Levi Harris

Colgate Energy APPROVAL:

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

NON OPERATING PARTNER APPROVAL:

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

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



**Boomerang – Chronology of Communication**

January 24, 2022 – Proposal to all parties sent

February 4, 2022 – Phone Call with Randall Hudson (Javelina Partners) – Not pooling

February 11, 2022 – Received Javelina/Zorro Elections and JOA

February 28, 2022 – Email from Blue Ridge Energy requesting information on interest.

March 3, 2022 - March 14, 2022 – Blue Ridge Energy request for offer for Colgate to purchase interest – Colgate purchases and closes.

March 7, 2022 – March 17, 2022 – BF Energy request for offer for Colgate to purchase interest – Colgate purchases and closes.

March 23, 2022 – Email from Ard Energy Partners requesting offer for Term Assignment from Colgate

March 23-24, 2022 – Emails returned to Ard with an offer for Term Assignment as well as information on interest owned.

March 24, 2022 – Email from XTO requesting info on spud date, completion date, development plan, etc.

March 24, 2022 – Email response to XTO on spud date, completion date, development plan, etc.

\*J&J Energy – Two separate addresses were attempted for delivery of proposal, being returned to sender each time.

300 N. Marienfeld St., Suite 1000, Midland, Texas 79701  
P: (432) 695-4222 | F: (432) 695-4063  
www.ColgateEnergy.com

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. 22623

## NOTICE LETTERS

<b>PARTY</b>	<b>NOTICE LETTER SENT</b>	<b>RETURN RECEIVED</b>
Ard Energy Partners, Ltd. P.O. Box 101027 Fort Worth, TX 76185	03/09/22	03/17/22
BF Energy LLC Attn: Randal Bunes 3504 E. Claremont Ave. Paradise Valley, AZ 85253	03/09/22	03/21/22
Blue Ridge Energy, LLC P.O. Box 26567 Phoenix, AZ 85068	03/09/22	Nothing returned
J&J Energy, LLC 2851 E. Capricorn Place Chandler, AZ 85249	03/09/22	03/21/22-returned as undeliverable-unable to forward
Javelina Partners 616 Texas Street Fort Worth, TX 76102	03/09/22	Nothing returned
XTO Holdings, LLC Attn: Permian Land Department 22777 Springwoods Village Pkwy. Houston, TX 77389	03/09/22	Nothing returned
Zorro Partners, Ltd. 616 Texas Street Fort Worth, TX 76102	03/09/22	Nothing returned

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Certified Mail Fee

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Extra Services & Fees (check box, add fee as appropriate)

- Return Receipt (hardcopy) \$
- Return Receipt (electronic) \$
- Certified Mail Restricted Delivery \$
- Adult Signature Required \$
- Adult Signature Restricted Delivery \$

Postage

\$

Total Postage and Fees

\$

Sent To

Ard Energy Partners, Ltd.  
P.O. Box 101027  
Fort Worth, TX 76185

Street and Apt

City, State, Z.

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions



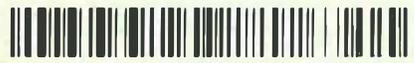
7021 0950 0002 0368 3213

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ard Energy Partners, Ltd.  
P.O. Box 101027  
Fort Worth, TX 76185



9590 9402 5760 0003 2676 68

2. Article Number (Transfer from service label)

7021 0950 0002 0368 3213

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee

*[Handwritten Signature]*

B. Received by (Printed Name) *SO Graf*

C. Date of Delivery *3/14/2022*

D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Insured Mail
  - Insured Mail Restricted Delivery (over \$500)
  - Priority Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

Domestic Return Receipt

7021 0950 0002 0368 3244

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Extra Services & Fees (check box, add fees as appropriate)

Return Receipt (hardcopy) \$ \_\_\_\_\_

Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_

Postage \$ \_\_\_\_\_

**Total Postage and Fees** \$ \_\_\_\_\_

Sent To \_\_\_\_\_

Street and \_\_\_\_\_

City, State \_\_\_\_\_

BF Energy LLC  
Attn: Randal Bunes  
3504 E. Claremont Ave.  
Paradise Valley, AZ 85253

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**SANTA FE MAIN POST OFFICE**  
MAR 09 2022  
87501-9998

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> <i>R. Bunes</i> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>RANDAL BUNES</i></p> <p>C. Date of Delivery <i>3-15</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>BF Energy LLC Attn: Randal Bunes 3504 E. Claremont Ave. Paradise Valley, AZ 85253</p> <p> 9590 9402 5760 0003 2676 37</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
<p>2. Article Number (Transfer from service label)</p> <p>7021 0950 0002 0368 3244</p>	
PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt

7021 0950 0002 0368 3237

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 Return Receipt (hardcopy) \$  
 Return Receipt (electronic) \$  
 Certified Mail Restricted Delivery \$  
 Adult Signature Required \$  
 Adult Signature Restricted Delivery \$  
 Postage \$  
 Total Postage and Fees \$

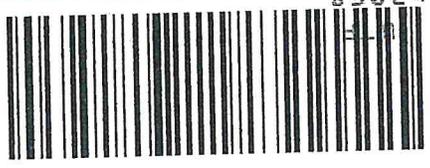
Sent To J&J Energy, LLC  
 Street at 2851 E. Capricorn Place  
 City, Sta Chandler, AZ 85249

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions



**CERTIFIED MAIL®**

**INKLE SHANOR LLP**  
 ATTORNEYS AT LAW  
 POST OFFICE BOX 2068  
 SANTA FE, NEW MEXICO 87504



7021 0950 0002 0368 3237



J&J Energy, LLC  
 2851 E. Capricorn Place  
 Chandler, AZ 85249

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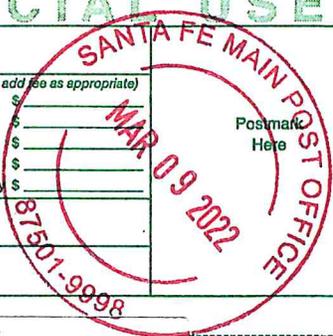
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Houston, TX 77389

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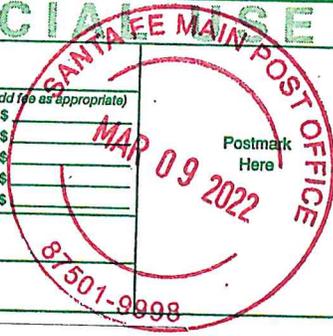
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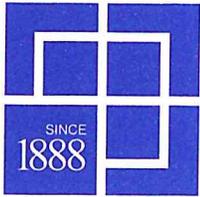
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Zorro Partners, Ltd.  
616 Texas Street  
Fort Worth, TX 76102

City, State, ZIP+4®

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hinklelawfirm.com

**HINKLE SHANOR LLP**

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner  
dhardy@hinklelawfirm.com

March 9, 2022

**VIA CERTIFIED MAIL**  
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**TO ALL INTERESTED PARTIES SUBJECT TO NOTICE**

**Re: Case No. 22623 - Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico.**

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **April 7, 2022** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/oed/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/oed/oedpermitting/>) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing. Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510  
(FAX) 575-623-9332

PO BOX 1720  
ARTESIA, NEW MEXICO 88210  
575-622-6510  
(FAX) 575-746-6316

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
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(FAX) 505-982-8623

# Carlsbad Current Argus.

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## Affidavit of Publication

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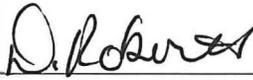
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HINKLE SHANOR LLP  
218 MONTEZUMA

SANTA FE, NM 87501

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 in editions dated as follows:

03/15/2022



Legal Clerk

Subscribed and sworn before me this March 15, 2022:



State of WI, County of Brown  
NOTARY PUBLIC



My commission expires

This is to notify all interested parties, including Javelina Partners; Zorro Partners, Ltd.; Ard Energy Partners, Ltd.; Blue Ridge Energy, LLC; J&J Energy, LLC; BF Energy LLC; XTO Holdings, LLC; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Colgate Operating, LLC (Case No. 22623). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 7, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant applies for an order pooling all uncommitted interests within the Bone Spring formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the S/2N/2 of Section 25 and the S/2NE/4 of Section 26, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Boomerang 25 Federal Com 122H and Boomerang 25 Federal Com 132H wells ("Wells") to be horizontally drilled from a surface hole location in the SE/4NE/4 (Unit H) of Section 25 to a bottom hole location in the SW/4NE/4 (Unit G) of Section 26. The completed intervals of the Wells will be orthodox. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 10.17 miles northeast of Carlsbad, New Mexico. #5172292, Current Argus, March 15, 2022

KATHLEEN ALLEN  
Notary Public  
State of Wisconsin

Ad # 0005172292  
PO #: 5172292  
# of Affidavits 1

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Colgate Operating, LLC  
Case No. 22623

**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. 22623**

**SELF-AFFIRMED STATEMENT  
OF DAVID DAGIAN**

1. I am a geologist at Colgate Operating, LLC (“Colgate”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”), and my credentials as an expert in petroleum geology matters were accepted and made a matter of record.

2. I am familiar with the geological matters that pertain to the above-referenced case.

3. **Exhibit B-1** is a regional locator map that identifies the Boomerang 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.

4. **Exhibit B-2** is a cross section location map for the proposed horizontal spacing unit (“Unit”) within the Bone Spring formation. The approximate wellbore paths for the proposed **Boomerang 25 Fed Com 122H** and **Boomerang 25 Fed Com 132H** wells (“Wells”) are represented by dashed lines. Existing producing wells in the targeted interval are represented by solid lines. 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.

5. **Exhibit B-3** is Second Bone Spring (SBSG) Structure map on the base of the Second Bone Spring formation in TVD subsea with a contour interval of 50 ft. The map identifies

the approximate wellbore path for the **Boomerang 25 Fed Com 122H** proposed SBSG well with an orange dashed line. It also identifies the location of the cross-section running from A-A' in proximity to the proposed well. The data points are indicated by red triangles. The map demonstrates the formation is gently dipping to the east-southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

6. **Exhibit B-4** is Third Bone Spring (TBSG) Structure map on the top of the Third Bone Spring formation in TVD subsea with a contour interval of 50 ft. The map identifies the approximate wellbore path for the **Boomerang 25 Fed Com 132H** proposed TBSG well with a red dashed line. It also identifies the location of the cross-section running from A-A' in proximity to the proposed well. The data points are indicated by red triangles. The map demonstrates the formation is gently dipping to the east-southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

7. **Exhibit B-5** identifies three wells penetrating the targeted interval I used to construct a structural cross-section from A to A'. The structural cross section from west to east shows the regional dip to the East-Southeast for both the SBSG and the TBSG. I used these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology 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 approximate well-path for the proposed wells is indicated by dashed lines to be drilled from east to west across the units.

8. **Exhibit B-6** is a stratigraphic cross-section from A to A' using the representative wells identified on **Exhibit B-5**. It contains gamma ray, resistivity, and porosity logs. The cross section is oriented from west to east and is hung on the top of the Wolfcamp formation. The

proposed landing zone for the Wells is labeled on the exhibit. The approximate well-path for the proposed wells is indicated by dashed lines to be drilled from east to west across the units. This cross-section demonstrates the target interval is continuous across the Unit.

9. **Exhibit B-7** is a gun barrel diagram that shows the **Boomerang 25 Fed Com 122H** well in the Second Bone Spring formation and the **Boomerang 25 Fed Com 132H** well in the Third Bone Spring formation.

10. In my opinion, a laydown orientation for the Wells is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and is the preferred fracture orientation in this portion of the trend.

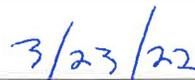
11. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Wells.

12. In my opinion, the granting of Colgate’s application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

13. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

14. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony in paragraphs 1 through 13 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

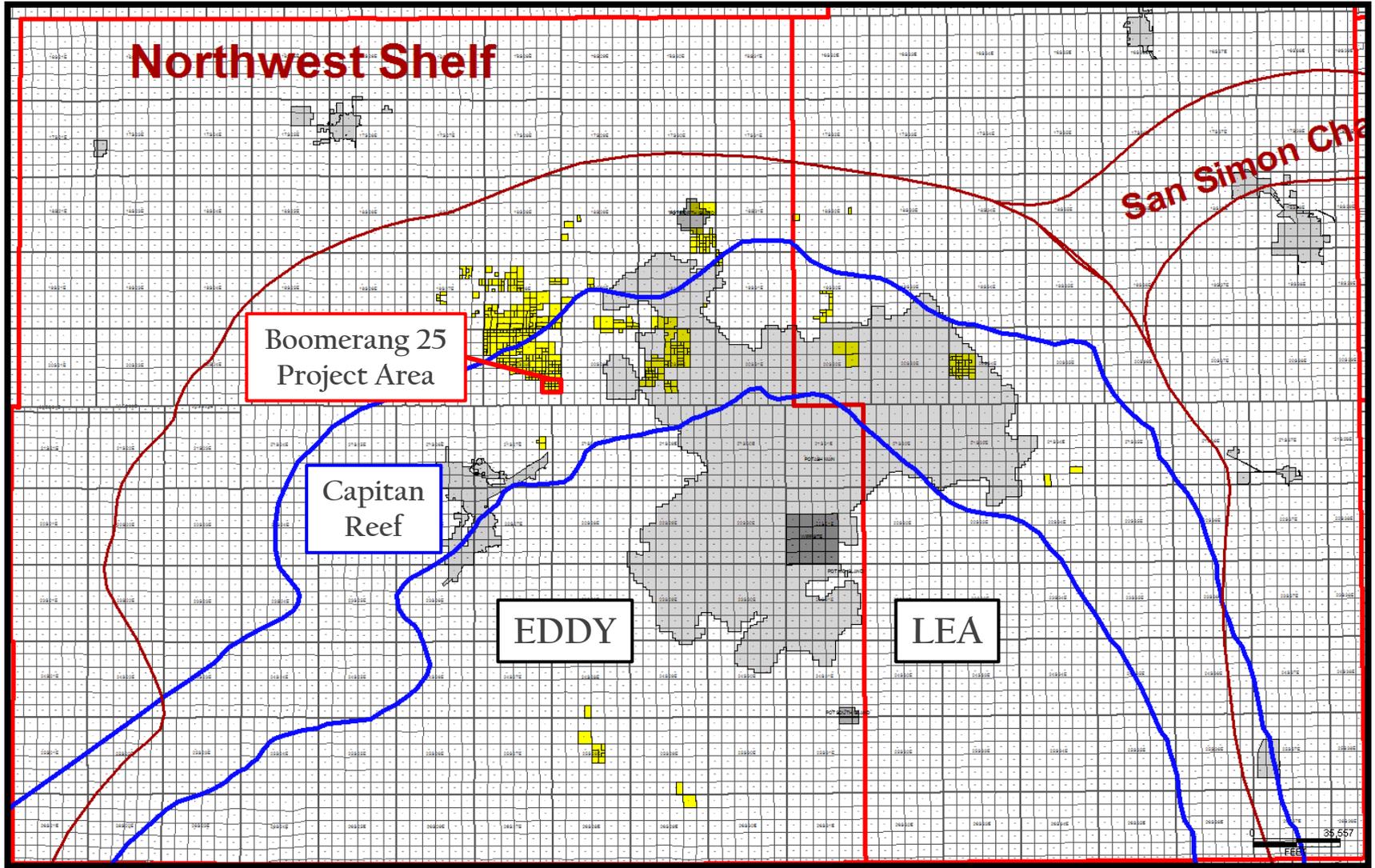
  
\_\_\_\_\_  
David DaGian

  
\_\_\_\_\_  
Date



Compulsory Pooling Hearing – Case No. 22623  
Geology Exhibits  
Boomerang 25 Fed Com 122H & 132H  
4/7/2022

Colgate Operating, LLC  
Case No. 22623  
Exhibit B1

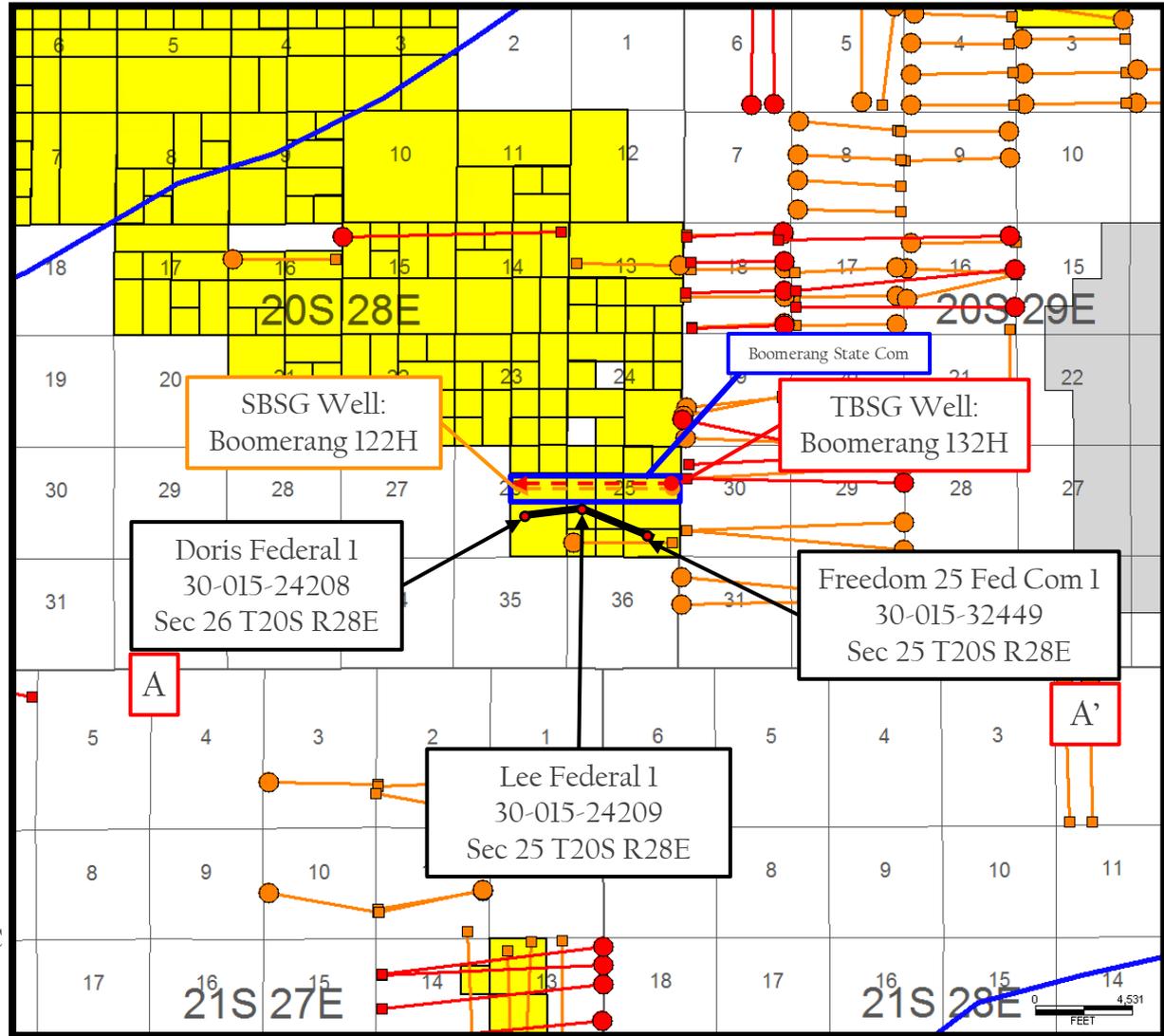


 Colgate Energy

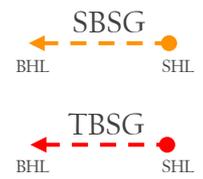
# Cross Section Locator Map

## Boomerang 25 Fed Com 122H & 132H

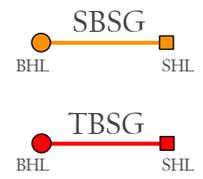
Exhibit B-2



### Proposed Wells



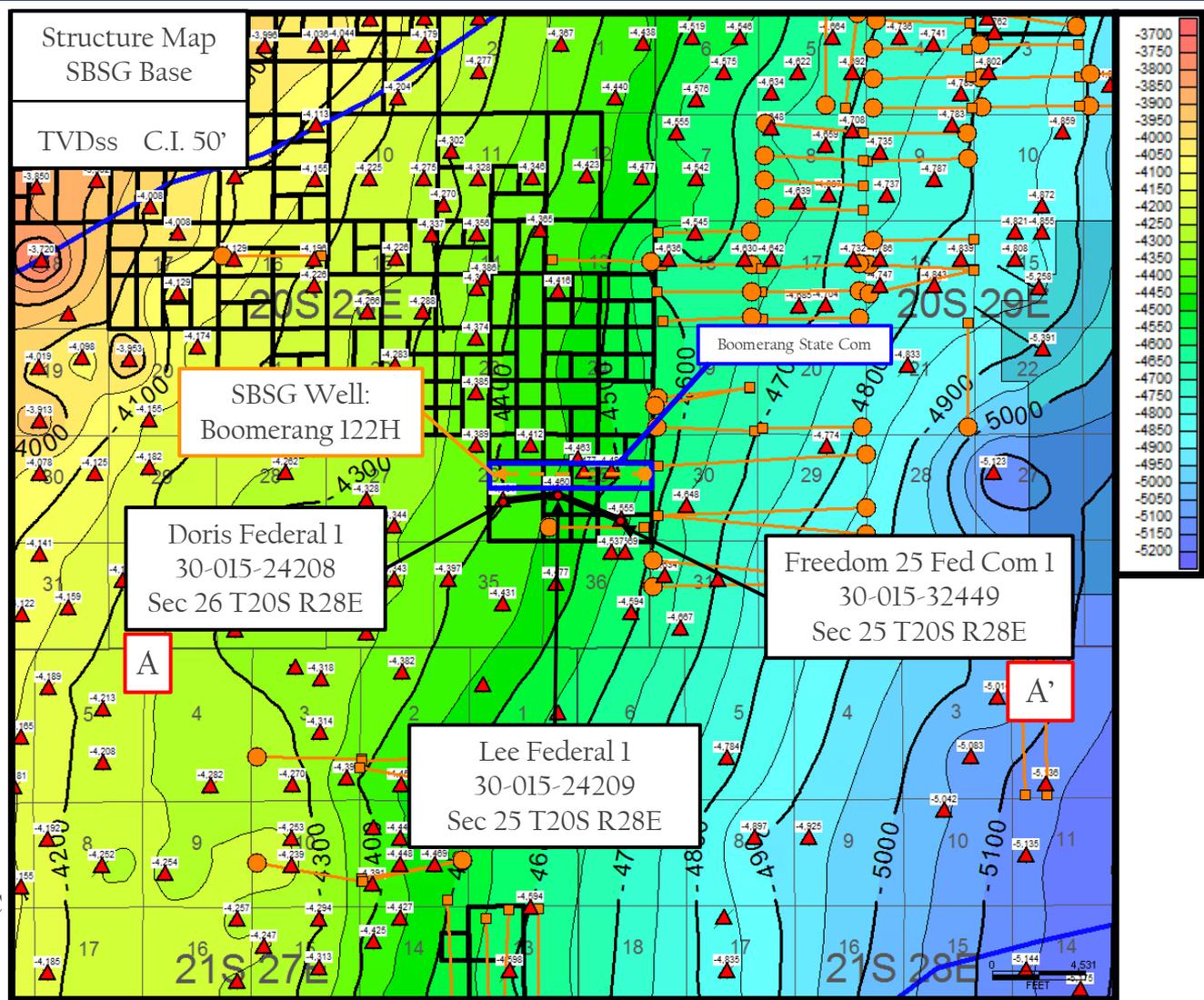
### Producing Wells



Colgate Operating, LLC  
Case No. 22623  
Exhibit B2

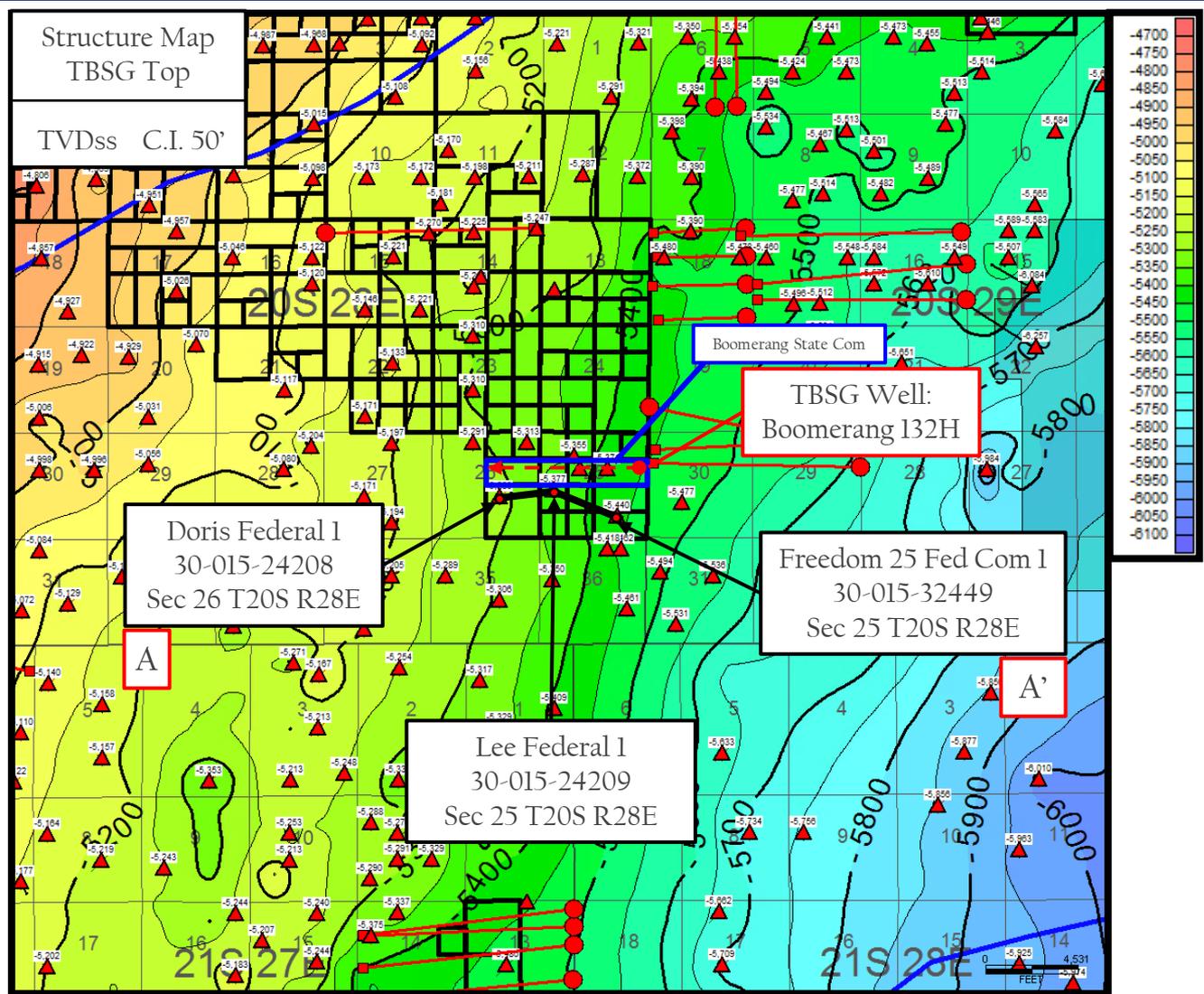
Colgate Energy

### Boomerang 25 Fed Com



Colgate Operating, LLC  
Case No. 22623  
Exhibit B3

Colgate Energy



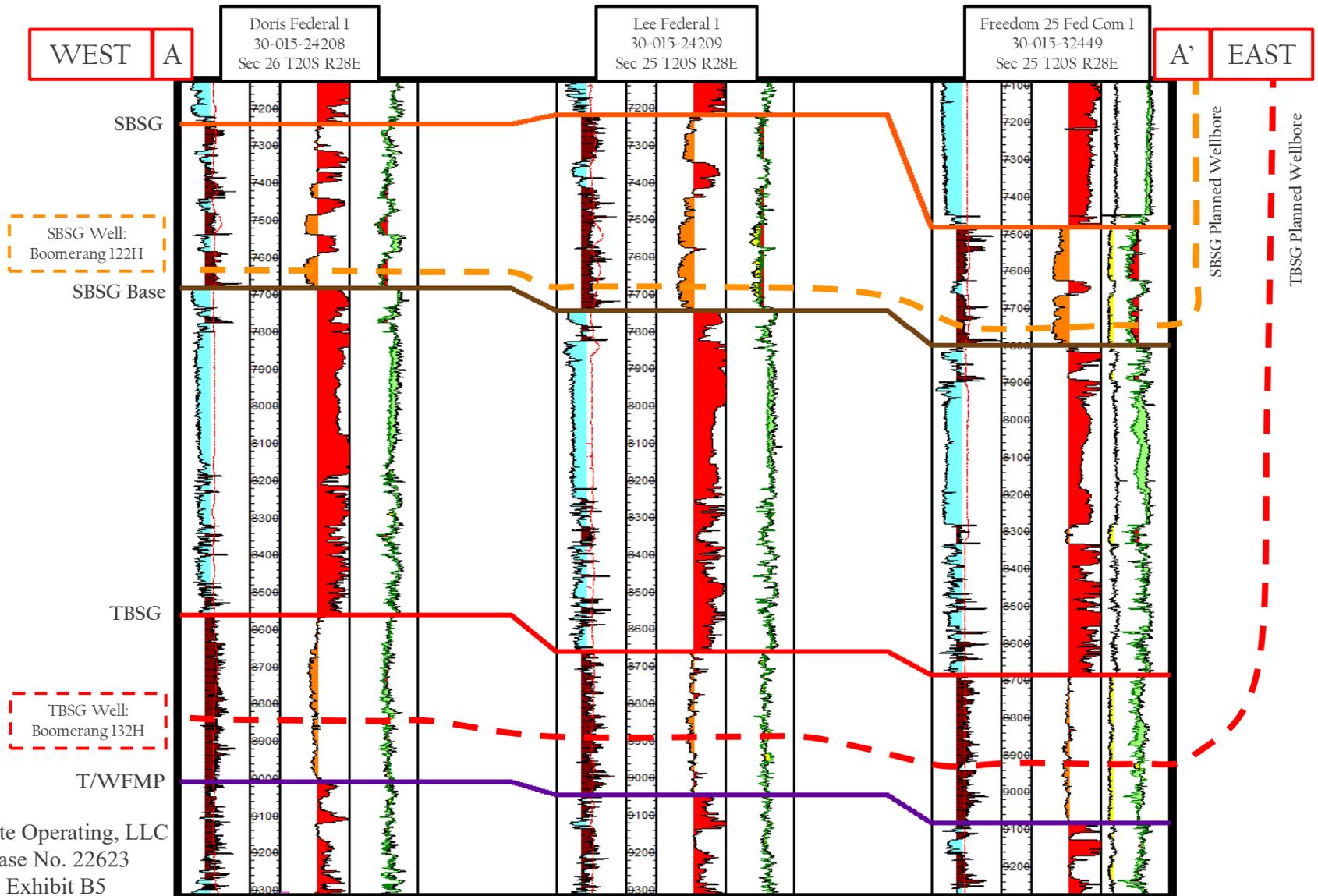
Colgate Operating, LLC  
Case No. 22623  
Exhibit B4

Colgate Energy

# Structural Cross Section A-A' (SBSG and TBSG)

Boomerang 25 Fed Com

Exhibit B-5

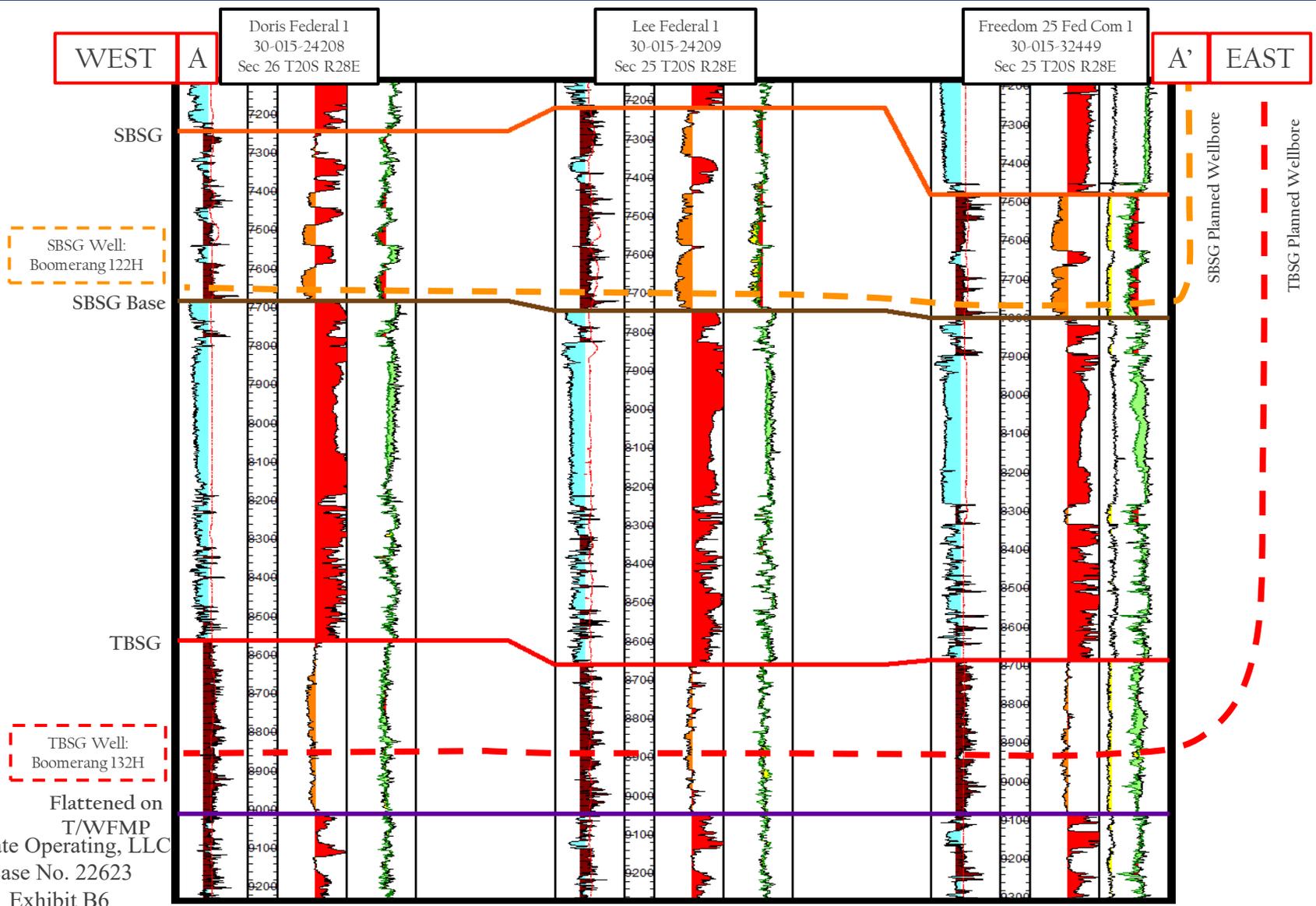


Colgate Operating, LLC  
Case No. 22623  
Exhibit B5

# Section A-A' (SBSG and TBSG)

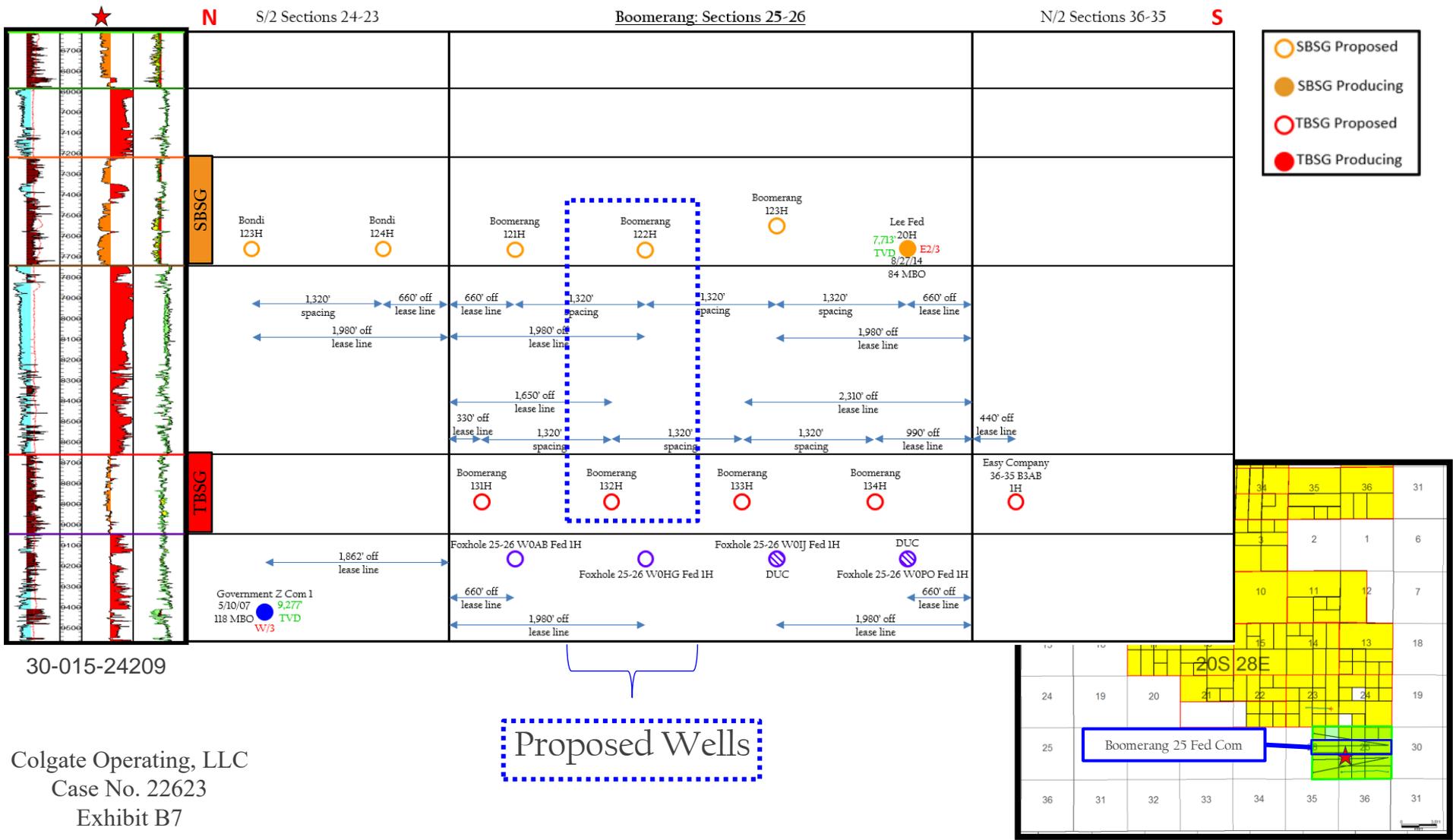
Exhibit B-6

Boomerang 25 Fed Com



# Gun Barrel Development Plan (SBSG and TBSG)

## Boomerang 25 Fed Com



30-015-24209

Colgate Operating, LLC  
Case No. 22623  
Exhibit B7

Proposed Wells