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

**CASE NO. 22798** 

#### **EXHIBIT INDEX**

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Travis Macha				
A-1	Application & Proposed Notice of Hearing				
A-2	C102s for Wells				
A-3	Plat of Tracts, Ownership Interests, Uncommitted Interests to be Pooled				
A-4	Sample Well Proposal Letter and AFEs				
A-5	Chronology of Contact				
Exhibit B	Self-Affirmed Statement of David DaGian				
B-1	Regional Locator Map				
B-2	Cross-Section Locator Map				
B-3	Second Bone Spring – Structure Map				
B-4	Structural Cross-Section				
B-5	Stratigraphic Cross-Section				
B-6	Gun Barrel Development Plan				
Exhibit C	Affidavit of Dana S. Hardy				
C-1	Sample Notice Letter to All Interested Parties				
C-2	Chart of Notice to All Interested Parties and Certified Mail Receipts				

C-3 Affidavit of Publication for May 12, 2022

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### COMPULSORY POOLING APPLICATION CHECKLIST

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

Case No.:	22798
Hearing Date:	6/2/2022
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	MRC Permian Company; Sabinal Energy Operating, LLC
Well Family	Bondi 24 Fed Com
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring Formation
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	top of the Bone Spring Formation to base of Second Bone Spring
	Formation
Pool Name and Pool Code	Avalon; Bone Spring, East Pool (Code 3713)
Well Location Setback Rules	Standard
Spacing Unit Size	320
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320
Building Blocks	quarter-quarter
Orientation	East/West
Description: TRS/County	N/2 S/2 of Sections 23 and 24, Township 20 South, Range 28 East,
	Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	Yes 5,250' to 7,624'
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Well(s)	
Name & API (if assigned), surface and bottom hole location,	Add wells as needed
footages, completion target, orientation, completion status	
(standard or non-standard)	
Well #1	Bondi 24 Fed Com 123H (API # pending)
	SHL: 1,325' FSL & 378' FEL, Unit I, Section 24, T20S-R28E
	BHL: 1980' FSL & 10' FWL, Unit L, Section 23, T20S-R28E
	Completion Target: 2nd Bone Spring (Approx. 7,740' TVD)
	Well Orientation: East to West
	Standard Spacing
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000.00
Production Supervision/Month \$	\$800.00
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
· -	
Notice of Hearing	Exhibit A-1
Notice of Hearing Proposed Notice of Hearing Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-1 Exhibit C-2

Received by OCD: 5/31/2022 8:15:10 AM Ownership Determination	Page 4 of
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
Ownership Depth Severance (including percentage above &	
below)	Exhibit A
Joinder	
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
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-2
Gross Isopach	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibits B-4, B-5
Depth Severance Discussion	Exhibit A
Forms, Figures and Tables	
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-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibits B-4, B-5
Additional Information	
CERTIFICATION: I hereby certify that the information	
provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	5/31/2022

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

CASE NO. 22798

#### SELF-AFFIRMED STATEMENT OF TRAVIS MACHA

1. I am a Senior 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 the 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. In this case, Colgate seeks an order pooling all uncommitted interests from the top of the Bone Spring Formation to the base of the Second Bone Spring Formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 S/2 of Sections 23 and 24, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit").

5. A depth severance exists in the Bone Spring Formation within the Unit. Accordingly, Colgate seeks to pool uncommitted interests from the top of the Bone Spring Formation at a stratigraphic equivalent of approximately 5,250' MD to the base of the Second Bone Spring Formation at a stratigraphic equivalent of approximately 7,624' MD as observed on the Government AA #1 well log (API 30-015-21286).

> Colgate Operating LLC Case No. 22798 Exhibit A

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6. The Unit will be dedicated to the **Bondi 24 Fed Com 123H** well ("Well") to be horizontally drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 24 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 23. The completed interval of the Well will be orthodox. The well is located in the Avalon; Bone Spring, East Pool (Code 3713).

7. **Exhibit A-2** contains the C-102 for the Well.

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. All interest owners Colgate seeks to pool are locatable.

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

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15. 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.

16. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 15 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

5/16/2022

Date

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

#### **APPLICATION**

Pursuant to NMSA § 70-2-17, Colgate Operating, LLC ("Applicant") applies for an order pooling all uncommitted interests from the top of the Bone Spring Formation to the base of the Second Bone Spring Formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 S/2 of Sections 23 and 24, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). In support of its application, Applicant states the following.

1. Applicant (OGRID No. 371449) is a working interest owner in the Unit and has the right to drill wells thereon.

2. The Unit will be dedicated to the **Bondi 24 Fed Com 123H** well ("Well") to be horizontally drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 24 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 23.

3. The completed interval of the Well will be orthodox.

4. A depth severance exists in the Bone Spring Formation within the Unit. Accordingly, Applicant seeks to pool uncommitted interests from the top of the Bone Spring Formation at a stratigraphic equivalent of approximately 5,250' MD to the base of the Second Bone Spring Formation at a stratigraphic equivalent of approximately 7,624' MD as observed on the Government AA #1 well log (API 30-015-21286).

Colgate Operating LLC Case No. 22798 Exhibit A-1 5. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.

6. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

WHEREFORE, Applicant requests this application be set for hearing on June 2, 2022, and that after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- E. Approving the actual operating charges and costs of supervision 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 Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

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Respectfully submitted,

#### HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy Jaclyn McLean P.O. Box 2068 Santa Fe, NM 87504-2068 Phone: (505) 982-4554 dhardy@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 from the top of the Bone Spring Formation to the base of the Second Bone Spring Formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 S/2 of Sections 23 and 24, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Bondi 24 Fed Com 123H well to be horizontally drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 24 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 23. A depth severance exists in the Bone Spring Formation within the Unit. Accordingly, Applicant seeks to pool uncommitted interests from the top of the Bone Spring Formation at a stratigraphic equivalent of approximately 5,250' MD to the base of the Second Bone Spring Formation at a stratigraphic equivalent of approximately 7,624' MD as observed on the Government AA #1 well log (API 30-015-21286). Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 11.12 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 B11 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

<u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV 1220 S. St. Francis Dr. Sar

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

1 /	API Number	er 2 Pool Code 3 Pool Name									
			3713 Avalon, Bone Spring, East Pool					1			
4 Property	Code				5 Propert	y Name			6 Well Number		
					BONDI 24 F	FED COM				123H	
7 OGRID	No.				8 Operato	or Name				9 Elevation	
371449					COLGATE EN	ERGY LLC				3240.72'	
	<sup>10</sup> Surface Location										
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County	
Ι	24	20-S	28-E		1325'	SOUTH	378'	EAST EDDY			
			<sup>11</sup> Bo	ttom Ho	le Location	If Different Fro	m Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County	
L	23	20-S 28-E 1980' SOUTH 10' WEST EDDY					EDDY				
12 Dedicated Acre	12 Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No.										
L											

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.



#### Land Exhibit: N2S2 - Bondi Fed Com 123H Section 23 & 24: N2S2, T2OS-R28E, Eddy Co., NM

NM-018293 RT: Colgate <i>, Tanos*,</i> Sabinal WI: Colgate, et al. See Calc. <i>Sliding Scale</i>			Section 23		LC-0050797 LLJ Ventures, LLO Igate, et al. See C <i>Sliding Scale</i>		Section 24
NM-017220 RT: Colgate WI: Colgate, et al.		RT: WI: Colgate	- <b>0067684</b> Colgate e, et al. See Calc. <i>ling Scale</i>	<b>NM-134864</b> RT: Colgate WI: Colgate	<b>NM-139844</b> RT: MRC WI: MRC	NM-1	00255
NM-058964 RT: Colgate WI: Colgate, et al.	NM-008941 RT: Colgate WI: Colgate, et al.					RT: Co WI: Co	
NM-082993 RT: Colgate WI: Colgate, et al.		NM-017099 RT: Colgate WI: Colgate, et al.	NM-015003 RT: Colgate WI: Colgate, et al.	<b>NM-139845</b> RT: MRC WI: MRC			

Bondi Federal C	om 121H Spacing
Bondi Federal C	om 122H Spacing
Bondi Federal C	om 123H Spacing
Bondi Federal C	om 124H Spacing

		Documents Sent		ent	
Owner	Pooling?	Proposal	JOA	Com Agmt	Notes
Colgate Production, LLC	N/A	Y	Y	Y	
Javelina Partners	Ν	Y	Y	Y	Executed All Docs
Zorro Partners	Ν	Y	Y	Y	Executed All Docs
Ard Energy Partners	Y	Y	Y	Y	
Pony Oil Capital	Y	Y	Y	Y	
Lindy's Living Trust	Y	Y	Y	Y	
Delmnar Hudson Lewis LT	Y	Y	Y	Y	
Josephine Hudson Trust	Y	Y	Y	Y	
Davoil, Inc.	Y	Y	Y	Y	Com Agreement signature outstanding
Great Western Drilling	Y	Y	Y	Y	Com Agreement signature outstanding
MRC Permian Co.	Ν	Y	Y	Y	
LLJ Ventures, LLC	Y	Y	Y	Y	Sold WI - Still owns RT
Sabinal Energy	Y	Y	Y	Y	
Tanos Energy Holdings	Ν	Ν	Ν	Y	No WI - only RT

\*Please Note Oxy USA, Inc. has assigned all rights and interest unto Colgate Production, LLC. Record title transfers are processing with the BLM

Leasehold Ownership						
Owner	Sec 23: All	Sec 24: E2NE, SE, SESW, SWNE, SWNW	Sec 24: N2NW, NWNE, N2SW	Sec 24: SENW, SWSW		
Colgate Production, LLC	96.289392%	100.00000%	72.916667%	0.00000%		
Javelina Partners	0.00000%	0.00000%	3.949653%	0.00000%		
Zorro Partners	0.00000%	0.00000%	2.126736%	0.00000%		
Ard Energy Partners	0.00000%	0.00000%	1.595052%	0.00000%		
Pony Oil Capital	0.00000%	0.00000%	12.500000%	0.00000%		
Lindy's Living Trust	0.00000%	0.00000%	3.190104%	0.00000%		
Delmnar Hudson Lewis LT	0.00000%	0.00000%	3.190104%	0.00000%		
Josephine Hudson Trust	0.00000%	0.00000%	0.531684%	0.00000%		
Davoil, Inc.	1.158065%	0.00000%	0.00000%	0.00000%		
Great Western Drilling	2.101885%	0.00000%	0.00000%	0.00000%		
MRC Permian Co.	0.00000%	0.00000%	0.00000%	100.00000%		
LLJ Ventures, LLC	0.00000%	0.00000%	0.00000%	0.00000%		
Sabinal Energy	0.450658%	0.00000%	0.00000%	0.00000%		
Tanos Energy Holdings	0.00000%	0.000000%	0.00000%	0.00000%		

Unit Capitulation				
Owner	Working Interest			
Colgate Production, LLC	91.3738630%			
Pony Oil Capital	3.1250000%			
Javelina Partners	0.9874130%			
Lindy's Living Trust	0.7975260%			
Delmar Hudson Lewis Trust	0.7975260%			
Zorro Partners, Ltd.	0.5316840%			
Ard Energy Partners, Ltd.	0.3987630%			
Josephine T. Hudson Trust	0.1329210%			
Sabinal Energy	0.2253290%			
Davoil, Inc.	0.5790330%			
Great Western Drilling Ltd.	1.0509430%			
MRC Permian Co.	0.000000%			
Total	100.000000%			

Colgate Operating LLC Case No. 22798 Exhibit A-3



May 19, 2022

Via Certified Mail

Sabinal Energy Operating, LLC 1780 Hughes Landing Blvd, Suite 1200 The Woodlands, TX 77380

#### RE: Bondi 24 Federal Com – Well Proposals

Section 23: All, Section 24: All, 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 four (4) wells, the Bondi 24 Federal Com 121H, 122H, 123H, and 124H from two well pads at the following approximate locations within Township 20 South, Range 28 East:

- Bondi 24 Federal Com 121H North Pad SHL: 611' FNL & 522' FEL or at a legal location within Unit A of Section 24 BHL: 10' FWL & 660' FNL of Section 23 FTP: 100' FEL & 660' FNL of Section 24 LTP: 100' FWL & 660' FNL of Section 23 TVD: 7,758' TMD: Approximately 15,543' Proration Unit: N2N2 of Sections 23 and 24 Targeted Interval: 2<sup>nd</sup> Bone Spring Total Cost: See attached AFE
- 2. Bondi 24 Federal Com 122H North Pad

SHL: 612' FNL & 552' FEL or at a legal location within Unit A of Section 24
BHL: 10' FWL & 1,980' FNL of Section 23
FTP: 100' FEL & 1,980' FNL of Section 24
LTP: 100' FWL & 1,980' FNL of Section 23
TVD: 7,757'
TMD: Approximately 15,542'
Proration Unit: S2N2 of Sections 23 and 24
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

Colgate Operating LLC Case No. 22798 Exhibit A-4 Bondi 24 Federal Com Well Proposal

#### Bondi 24 Federal Com 123H – South Pad SHL: 1,325' FSL & 378' FEL or at a legal location within Unit I of Section 24 BHL: 10' FWL & 1,980' FSL of Section 23 FTP: 100' FEL & 1,980' FSL of Section 24 LTP: 100' FWL & 1,980' FSL of Section 23 TVD: 7,740' TMD: Approximately 15,525' Proration Unit: N2S2 of Sections 23 and 24 Targeted Interval: 2<sup>nd</sup> Bone Spring Total Cost: See attached AFE

#### 2. Bondi 24 Federal Com 124H – South Pad SHL: 1,326' FSL & 408' FEL or at a legal location within Unit I of Section 24 BHL: 10' FWL & 660' FSL of Section 23 FTP: 100' FEL & 660' FSL of Section 24 LTP: 100' FWL & 660' FSL of Section 23 TVD: 7,740' TMD: Approximately 15,525' Proration Unit: S2S2 of Sections 23 and 24 Targeted Interval: 2<sup>nd</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.

Bondi 24 Federal Com Well Proposal

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.

Respectfully,

Travis Macha Senior Landman

Enclosures

Well Elections: (Please indicate your responses in the spaces below)						
Well(s)	Elect to Participate	Elect to <u>NOT</u> Participate				
Bondi 24 Federal Com 121H						
Bondi 24 Federal Com 122H						
Bondi 24 Federal Com 123H						
Bondi 24 Federal Com 124H						

Company Name (If Applicable):

By:	
Printed Name:	
Date:	

#### **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:	2/15/2022	AFE NO.:	1
WELL NAME:	Bondi 24 Federal Com 123H	FIELD:	Avalon; Bone Spring
LOCATION:	Section 24, Block T20S-R28E	MD/TVD:	18085' MD / 7765' TVD
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000
Colgate WI:	91.37%	DRILLING DAYS:	19.7
GEOLOGIC TARGET:	SBSG	COMPLETION DAYS:	18.6
	Drill a horizontal WCa well and complet	e with 44 stages. AFE includes drilling, completions,	flowback and Initial AL
REMARKS:	install cost		

INTANCIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
INTANGIBLE COSTS Land / Legal / Regulatory \$	42,500	5	<b>c</b>	42,50
Location, Surveys & Damages	207,283	13,000	10,000	230,28
Freight / Transportation	32,330	31,500	20,000	63,83
Rental - Surface Equipment	84,757	155,000	6,120	245,87
Rental - Downhole Equipment	137,058	30,000		167,05
Rental - Living Quarters	33,172	43,700		76,87
0 Directional Drilling, Surveys	281,798	<u>·</u>		281,79
1 Drilling	545,325			545,32
2 Drill Bits	82,680			82,68
3 Fuel & Power	135,945	290,000		425,94
4 Cementing & Float Equip	188,192			188,19
5 Completion Unit, Swab, CTU			12,000	
6 Perforating, Wireline, Slickline	-	282,875	18,000	300,8
7 High Pressure Pump Truck	-	46,000		46,0
8 Completion Unit, Swab, CTU	-	86,800	·	86,8
0 Mud Circulation System	75,746			75,74
1 Mud Logging	13,163			13,10
2 Logging / Formation Evaluation	5,081	6,000		11,08
3 Mud & Chemicals	250,634	288,966		539,6
4 Water	42,400	437,000		479,4
5 Stimulation	-	648,344		648,3
6 Stimulation Flowback & Disp	<u> </u>	105,500		105,5
8 Mud / Wastewater Disposal	156,986	44,000		200,9
0 Rig Supervision / Engineering	87,335	103,200	4,800	195,3
2 Drlg & Completion Overhead	7,500	-	4,000	7,5
5 Labor	117,766	50,000	20,000	187,7
4 Proppant	117,700	660,683	20,000	660,6
5 Insurance	9,042	000,000		9,0
7 Contingency	-	19,450	7,092	26,5
9 Plugging & Abandonment		19,400	1,052	20,3
TOTAL INTANGIBLES >	2,536,695	3,342,018	78,012	5,966,2
TOTAL INTANGIBLES >				
	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
TANGIBLE COSTS	0313	C0313	00313	
	60,309	\$	\$	
0 Surface Casing \$ 1 Intermediate Casing	73,075	\$	\$	73,0
1 Intermediate Casing 2 Drilling Liner	73,075 133,379	\$	\$\$	73,0 133,3
1 Intermediate Casing 2 Drilling Liner 3 Production Casing	73,075	\$	\$	73,0 133,3
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner	73,075 133,379 449,645 -	\$ 	\$	73,0 133,3 449,6
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing	73,075 133,379 449,645 -	\$	\$\$	73,0 133,3 449,6 
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead	73,075 133,379 449,645 - - 68,900	\$	51,200	73,0 133,3 449,6 
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers	73,075 133,379 449,645 -	\$ 	51,200 7,500	73,0 133,3 449,6 55,0 120,1 18,1
11 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers 8 Tanks	73,075 133,379 449,645 - - 68,900	\$	51,200	73,0 133,3 449,6 55,0 120,1 18,1
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers 8 Tanks 9 Production Vessels	73,075 133,379 449,645 - - 68,900	\$	51,200 7,500	73,0 133,3 449,6 55,0 120,1 18,1
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers	73,075 133,379 449,645 - - - - - - - - - - - - - - - - - - -	\$	51,200 7,500	73,0 133,3 449,6 55,0 120,1 18,1 16,5
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers 8 Tanks 9 Production Vessels 0 Flow Lines 1 Rod string	73,075 133,379 449,645 - - - - - - - - - - - - -	\$	51,200 7,500 16,500	73,0 133,3 449,6 55,0 120,1 18,1 16,5
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers 8 Tanks 9 Production Vessels	73,075 133,379 449,645 - - - - - - - - - - - - -	\$	51,200 7,500 16,500	73,0 133,3 449,6 55,0 120,1 18,1 16,5 - 12,5
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers 8 Tanks 9 Production Vessels 0 Flow Lines 1 Rod string 2 Artificial Lift Equipment	73,075 133,379 449,645 - - - 68,900 10,600 - -	\$	51,200 7,500 16,500 12,500	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 - 12,5 - - - - - - - - - - - - - - - - - - -
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers 8 Tanks 9 Production Vessels 0 Flow Lines 1 Rod string 2 Artificial Lift Equipment 3 Compressor	73,075 133,379 449,645 - - - 68,900 10,600 - -	\$	51,200 7,500 16,500 12,500 40,000	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 - 12,5 - - - - - - - - - - - - - - - - - - -
1 Intermediate Casing         2 Drilling Liner         3 Production Casing         4 Production Liner         5 Tubing         6 Wellhead         7 Packers, Liner Hangers         8 Tanks         9 Production Vessels         0 Flow Lines         1 Rod string         2 Artificial Lift Equipment         3 Compressor         4 Installation Costs	73,075 133,379 449,645	\$	51,200 7,500 16,500 12,500 40,000	73,0 133,3 449,6 5,0 120,1 18,1 16,5 12,5 
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers 8 Tanks 9 Production Vessels 0 Flow Lines 1 Rod string 2 Artificial Lift Equipment 3 Compressor 4 Installation Costs 5 Surface Pumps	73,075 133,379 449,645	\$	51,200 7,500 16,500 12,500 40,000 42,500	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 
1 Intermediate Casing         2 Drilling Liner         3 Production Casing         4 Production Liner         5 Tubing         6 Wellhead         7 Packers, Liner Hangers         8 Tanks         9 Production Vessels         0 Flow Lines         1 Rod string         2 Artificial Lift Equipment         3 Compressor         4 Installation Costs         5 Surface Pumps         6 Downhole Pumps	73,075 133,379 449,645	\$	51,200 7,500 16,500 12,500 40,000 42,500	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 40,0 40,0 42,5 5,0 5,0
1 Intermediate Casing         2 Drilling Liner         3 Production Casing         4 Production Liner         5 Tubing         6 Wellhead         7 Packers, Liner Hangers         8 Tanks         9 Production Vessels         0 Flow Lines         1 Rod string         2 Artificial Lift Equipment         3 Compressor         4 Installation Costs         5 Surface Pumps         6 Downhole Pumps         7 Measurement & Meter Installation	73,075 133,379 449,645	\$	51,200 7,500 16,500 12,500 40,000 42,500 5,000	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 40,0 40,0 42,5 5,0 5,0
1 Intermediate Casing         2 Drilling Liner         3 Production Casing         4 Production Liner         5 Tubing         6 Wellhead         7 Packers, Liner Hangers         8 Tanks         9 Production Vessels         0 Flow Lines         1 Rod string         2 Artificial Lift Equipment         3 Compressor         4 Installation Costs         5 Surface Pumps         6 Downhole Pumps         7 Measurement & Meter Installation         8 Gas Conditioning / Dehydration	73,075 133,379 449,645	\$	51,200 7,500 16,500 12,500 40,000 42,500 5,000	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 40,0 40,0 42,5 5,0 5,0
1 Intermediate Casing         2 Drilling Liner         3 Production Casing         4 Production Liner         5 Tubing         6 Wellhead         7 Packers, Liner Hangers         8 Tanks         9 Production Vessels         0 Flow Lines         1 Rod string         2 Artificial Lift Equipment         3 Compressor         4 Installation Costs         5 Surface Pumps         6 Downhole Pumps         7 Measurement & Meter Installation         8 Gas Conditioning / Dehydration         9 Interconnecting Facility Piping	73,075 133,379 449,645	\$	51,200 7,500 16,500 12,500 40,000 42,500 5,000	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 40,0 40,0 42,5 5,0 5,0
1 Intermediate Casing         2 Drilling Liner         3 Production Casing         4 Production Liner         5 Tubing         6 Wellhead         7 Packers, Liner Hangers         8 Tanks         9 Production Vessels         0 Flow Lines         1 Rod string         2 Artificial Lift Equipment         3 Compressor         4 Installation Costs         5 Surface Pumps         6 Downhole Pumps         7 Measurement & Meter Installation         8 Gas Conditioning / Dehydration         9 Interconnecting Facility Piping         0 Gathering / Bulk Lines	73,075 133,379 449,645	\$	51,200 7,500 16,500 12,500 40,000 42,500 5,000	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 40,0 40,0 42,5 5,0 5,0
1 Intermediate Casing         2 Drilling Liner         3 Production Casing         4 Production Liner         5 Tubing         6 Wellhead         7 Packers, Liner Hangers         8 Tanks         9 Production Vessels         0 Flow Lines         1 Rod string         2 Artificial Lift Equipment         3 Compressor         4 Installation Costs         5 Surface Pumps         6 Downhole Pumps         7 Measurement & Meter Installation         8 Gas Conditioning / Dehydration         9 Interconnecting Facility Piping         0 Gathering / Bulk Lines         1 Valves, Dumps, Controllers	73,075 133,379 449,645	\$	51,200 7,500 16,500 12,500 40,000 42,500 5,000	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 40,0 40,0 42,5 5,0 5,0
1 Intermediate Casing         2 Drilling Liner         3 Production Casing         4 Production Liner         5 Tubing         6 Wellhead         7 Packers, Liner Hangers         8 Tanks         9 Production Vessels         0 Flow Lines         1 Rod string         2 Artificial Lift Equipment         3 Compressor         4 Installation Costs         5 Surface Pumps         6 Downhole Pumps         7 Measurement & Meter Installation         8 Gas Conditioning / Dehydration         9 Interconnecting Facility Piping         0 Gathering / Bulk Lines         1 Valves, Dumps, Controllers         2 Tank / Facility Containment	73,075 133,379 449,645	\$	51,200 7,500 16,500 12,500 40,000 42,500 5,000	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 40,0 40,0 42,5 5,0 5,0
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers 8 Tanks 9 Production Vessels 0 Flow Lines 1 Rod string 2 Artificial Lift Equipment 3 Compressor 4 Installation Costs 5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Installation 8 Gas Conditioning / Dehydration 9 Interconnecting Facility Piping 0 Gathering / Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Flare Stack	73,075 133,379 449,645	\$ 	51,200 7,500 16,500 12,500 40,000 42,500 5,000 21,000	73,( 133,2 449,( 55,( 120,1 18,1 16,5 12,7 13,7 12,7 12,7 12,7 12,7 12,7 12,7 12,7 12,7 13,7 12,
1 Intermediate Casing         2 Drilling Liner         3 Production Casing         4 Production Liner         5 Tubing         6 Wellhead         7 Packers, Liner Hangers         8 Tanks         9 Production Vessels         0 Flow Lines         1 Rod string         2 Artificial Lift Equipment         3 Compressor         4 Installation Costs         5 Surface Pumps         6 Downhole Pumps         7 Measurement & Meter Installation         8 Gas Conditioning / Dehydration         9 Interconnecting Facility Piping         0 Gathering / Bulk Lines         1 Valves, Dumps, Controllers         2 Tank / Facility Containment         3 Flare Stack         4 Electrical / Grounding	73,075 133,379 449,645	\$ 	51,200 7,500 16,500 12,500 40,000 42,500 5,000	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 40,0 40,0 42,5 - - - - - - - - - - - - -
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers 8 Tanks 9 Production Vessels 0 Flow Lines 1 Rod string 2 Artificial Lift Equipment 3 Compressor 4 Installation Costs 5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Installation 8 Gas Conditioning / Dehydration 9 Interconnecting Facility Piping 0 Gathering / Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Flare Stack 4 Electrical / Grounding 5 Communications / SCADA	73,075 133,379 449,645	\$	51,200 7,500 16,500 12,500 40,000 42,500 5,000 21,000	73,0 133,3 449,6 55,0 120,1 18,1 16,5 12,5 40,0 40,0 42,5 - - - - - - - - - - - - -
1 Intermediate Casing         2 Drilling Liner         3 Production Casing         4 Production Liner         5 Tubing         6 Wellhead         7 Packers, Liner Hangers         8 Tanks         9 Production Vessels         0 Flow Lines         1 Rod string         2 Artificial Lift Equipment         3 Compressor         4 Installation Costs         5 Surface Pumps         6 Downhole Pumps         7 Measurement & Meter Installation         8 Gas Conditioning / Dehydration         9 Interconnecting Facility Piping         0 Gathering / Bulk Lines         1 Valves, Dumps, Controllers         2 Tank / Facility Containment         3 Flare Stack         4 Electrical / Grounding         5 Communications / SCADA         6 Instrumentation / Safety	73,075 133,379 449,645	\$ 	51,200 7,500 16,500 12,500 40,000 42,500 5,000 21,000 55,000	73,0 133,3 449,6 55,0 120,1 18,1 16,5 
1 Intermediate Casing 2 Drilling Liner 3 Production Casing 4 Production Liner 5 Tubing 6 Wellhead 7 Packers, Liner Hangers 8 Tanks 9 Production Vessels 0 Flow Lines 1 Rod string 2 Artificial Lift Equipment 3 Compressor 4 Installation Costs 5 Surface Pumps 6 Downhole Pumps 7 Measurement & Meter Installation 8 Gas Conditioning / Dehydration 9 Interconnecting Facility Piping 0 Gathering / Bulk Lines 1 Valves, Dumps, Controllers 2 Tank / Facility Containment 3 Flare Stack 4 Electrical / Grounding 5 Communications / SCADA	73,075 133,379 449,645	\$ 	51,200 7,500 16,500 12,500 40,000 42,500 5,000 21,000	>         600,3           73,0         133,3           449,6         -           -         55,00           120,11         18,11           16,55         -           -         120,71           -         - <tr td=""></tr>

PREPARED BY	Colgate	Energy:
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0 07					
Drilling Engineer: Completions Engineer: Production Engineer:	SS/RM/PS Miles Landry Levi Harris				
Colgate Energy APPROVAL:					
Co-CEO		Co-CEO		VP - Operations	
	WH		JW		CRM
VP - Land & Legal		VP - Geosciences			
	BG		SO		
ION OPERATING PARTNER	APPROVAL:				

Tax ID: Working Interest (%): Company Name: \_\_\_\_\_ Signed by: Date: Approval: Yes Title: No (mark one) where 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 ement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionalely for Operator's well the date of spud. item or the total cost of the project. 1 and well costs under the terms of the on approv

may not be constru-including, legal, cu



#### **Bondi – Chronology of Communication**

February 23, 2022 – Proposal to all parties sent

March 15, 2022 – Correspondence with Great Western (their request for JOA changes – All changes accepted and made by Colgate)

March 24, 2022 – Correspondence with Pony Oil Capital who purchased LLJ Venture's interest – provided them updated exhibit A for JOA as well as Com Agreement

March 25, 2022 - Correspondence with Davoil indicating their participation

March 28, 2022 - Correspondence with Zorro and Javelina Partners discussing depths and future operations

March 29, 2022 - Proposal remailed to Josephine T. Hudson Trust (Updated Address)

April 26, 2022 – Supplemental letter sent to all parties correcting the TMD (total measured depth)

May 9, 2022 – Correspondence with Sabinal providing general development plans

May 13, 2022 – Correspondence with Zorro and Javelina – they also send in JOA signatures and participation elections the same day

Colgate Operating LLC Case No. 22798 Exhibit A-5

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

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

**CASE NO. 22798** 

#### 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 Bondi 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 path for the proposed Bondi 24 Fed Com 123H well ("Well") targeting the Second Bone Spring (SBSG) is represented by the dashed line. 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 well.

5. **Exhibit B-3** is a 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

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Colgate Operating, LLC Case No. 22798 Exhibit B the approximate wellbore path for the **Bondi 24 Fed Com 123H** proposed 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, pinchouts, or geologic impediments to developing the targeted intervals with horizontal wells.

6. **Exhibit B-4** 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 the SBSG. 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 zone for the proposed well is the Second Bone Spring formation, which is consistent across the units. The approximate well-path for the proposed well is indicated by dashed line to be drilled from east to west across the units.

7. **Exhibit B-5** is a stratigraphic cross-section from A to A' using the representative wells identified on **Exhibit B-4**. 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 Well is labeled on the exhibit. The approximate well-path for the proposed well is indicated by dashed line to be drilled from east to west across the units. This cross-section demonstrates the target interval is continuous across the Unit.

8. Exhibit B-6 is a gun barrel diagram that shows the Bondi 24 Fed Com 123H well in the Second Bone Spring formation.

9. In my opinion, a laydown orientation for the Well 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.

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Based on my geologic study of the area, the targeted interval underlying the Unit is 10. suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Well.

In my opinion, the granting of Colgate's application will serve the interests of 11. conservation, the protection of correlative rights, and the prevention of waste.

The exhibits attached hereto were either prepared by me or under my supervision 12. or were compiled from company business records.

I understand this Self-Affirmed Statement will be used as written testimony in this 13. case. I affirm my testimony in paragraphs 1 through 12 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

5/24/22 Date



2

Croiss . Section Protection Map Bondi 24 Fed Com 123H

Colgate Operating, LLC Case No. 22798 Exhibit B-2





Proposed Wells

SBSG

SBSG

SHL

SHL

BHL

BHL





# Second Bone Spring Market Spring Bondi 24 Fed Com 123H

Colgate Operating, LLC Case No. 22798 Exhibit B-3





Structure Map -3600 -4,48 -3650 SBSG Base -3700 -4,478 -4,5 -3750 -3800 -3850 -3900 TVDss C.I. 50' 4,367 -4,438 4.738 -4.741 -3950 4.576 -4000 -4,440 -4050 -4100 4,859 -4150 Government AA Com 2 Government AA l -4200 -4250 **Control Point** -4,78 30-015-33283 30-015-21286 -4300 -4,872 -4350 Sec 23 T20S R28E Sec 23 T20S R28E TVDss -4400 4,821-4,85 -4450 -4500 G -4550 -4600 Ω -4650 -4700 250 Bondi Fed Com -4750 -4800 20 -4850 -4900 **Proposed Wells** -3,913 -4950 -5000 -4,774 -4,248 -5050 SBSG -5.123 -5100 SBSG Well: 29 -5150 BHL SHL Bondi 123H -5200 -4,198 -4,260 37 -4,397 334/ -4,343 Liberty 25 Federal 1 159 -4,304 4,122 -4,321 -4,341 30-015-32204 Sec 25 T20S R28E A' -4,382 4.318 -4,189 **Producing Wells** -5.014 5000 ₹600. 2000-4 4>00 5100 00 4,314 <sup>4900</sup>. SBSG -5,083 -4,208 -4,282 -5, 36 BHL SHL 4,541 -4,925 -4,446 9 -5,135 -4.448 -4.469 4,239 -4,254 4,531 Colgate Energy



Colgate Operating, LLC Case No. 22798 Exhibit B-4









**GerrivBar PEP 1984/2005** philenter Plan Bondi 24 Fed Com 123H

Colgate Operating, LLC Case No. 22798 Exhibit B-6





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

CASE NO. 22798

#### SELF-AFFIRMED STATEMENT OF DANA S. HARDY

1. I am attorney in fact and authorized representative of Colgate Operating LLC, the Applicant herein.

- 2. I am familiar with the Notice Letter attached as **Exhibit C-1** and caused the Notice Letter to be sent to the parties set out in the chart attached as **Exhibit C-2**.
- 3. The above-referenced Application was provided, along with the Notice Letters, to the recipients listed in Exhibit C-2.
- 4. Exhibit C-2 also provides the date each Notice Letter was sent and the date each return was received. Copies of the certified mail green cards and white slips are also attached as Exhibit C-2 as supporting documentation for proof of mailing and the information provided on Exhibit C-2.
- 5. On May 12, 2022, I caused a notice to be published to all interested parties in the Carlsbad Current Argus. An Affidavit of Publication from the Legal Clerk of the Carlsbad Current Argus, along with a copy of the notice publication, is attached as **Exhibit C-3**.

/s/ Dana S. Hardy Dana S. Hardy \_\_\_\_<u>5/27/2002</u>\_\_\_\_\_ Date

> Colgate Operating, LLC Case No. 22798 Exhibit C

HINKLE SHANOR LLP

ATTORNEYS AT LAW PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623

May 4, 2022

WRITER:

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

#### VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

#### TO ALL PARTIES ENTITLED TO NOTICE

## Re: Case Nos. 22796, 22797, 22798, 22799 - Applications of 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 **June 2, 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: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>. 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/ocd/ocdpermitting/) 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

Colgate Operating, LLC Case No. 22798 Exhibit C-1

Enclosure

PO BOX 10 ROSWELL, NEW MEXICO 88202 575-622-6510 (FAX) 575-623-9332 Released to Imaging: 5/31/2022 10:05:45 AM PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623 7601 JEFFERSON ST NE - SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321

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

Case Nos. 22796-22799

#### NOTICE LETTERS

PARTY	NOTICE LETTER SENT	<b>RETURN RECEIVED</b>
Ard Energy Partners, Ltd. PO Box 101027 Fort Worth, TX 76185	05/04/22	05/12/22
Davoil, Inc. P.O. Box 122269 Fort Worth, TX 76121	05/04/22	05/12/22
Delmar Hudson Lewis Living Trust P.O. Box 830308 Dallas, TX 75283	05/04/22	05/17/22
Great Western Drilling Ltd. P.O. Box 1659 Midland, TX 79702	05/04/22	05/11/22
Javelina Partners 616 Texas Street Fort Worth, TX 76102	05/04/22	05/17/22
Josephine T. Hudson Testamentary Trust FBO J. Terrell Ard Frost Bank, Trustee PO Box 1600 San Antonio, Texas 78296	05/04/22	05/12/22
Lindy's Living Trust 6300 Ridglea Place, Suite 1005A Fort Worth, TX 76116	05/04/22	05/18/22 Return to Sender. Not deliverable as addressed
LLJ Ventures, LLC P.O. Box 3188 Roswell, NM 88202 Attn: Larry Marker	05/04/22	05/11/22

Colgate Operating, LLC Case No. 22798 Exhibit C-2

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

Case Nos. 22796—22799

#### NOTICE LETTERS

Mewbourne Oil Company 500 West Texas, Suite 1020 Midland, Texas 79701	05/04/22	05/17/22
MRC Permian Company 5400 LBJ Fwy, Suite 1500 Dallas, TX 75240	05/04/22	05/25/22
Oxy USA WTP, LP (Transfer to Colgate has been submitted to BLM) 5 Greenway Plaza, Suite 110 Houston, TX 77046	05/04/22	05/10/22
Pony Oil Capital 3100 Monticello Ave., Suite 500 Dallas, TX 75205	05/04/22	No response. USPS status: In transit to next facility 05/11/22.
Sabinal Energy Operating, LLC 1780 Hughes Landing Blvd, Suite 1200 The Woodlands, TX 77380	05/04/22	05/10/22
Tanos Energy Holdings II LLC (They do not own a WI) 821 E Southeast Loop 323, Suite 400 Tyler, TX 75701	05/04/22	05/10/22
Zorro Partners, Ltd. 616 Texas Street Fort Worth, TX 76102	05/04/22	05/12/22



00-9047

See Re

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON	DELIVERY
<ul> <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>	A. Signature X B. Received by (Printed Name)	C. Date of Delivery
1. Article Addressed to: Delmar Hudson Lewis Living Trust	D. Is delivery address different from If YES, enter delivery address	
P.O. Box 830308 Dallas, TX 75283		

se for Instructions

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#### Received by OCD: 5/31/2022 8:15:10 AM



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVER	RY
<ul> <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> <li>Article Addressed to:</li> <li>Davoil, Inc.</li> <li>P.O. Box 122269</li> </ul>	A. Signature X A Market by (Printed Name) C. Me bellu Burg D. Is delivery address different from item 17 If YES, enter delivery address below:	Agent Addressee Date of Delivery
Fort Worth, TX 76121 Colgate/Bondi	13	



PS Form 3811, July 2020 PSN 7530-02-000-9053

Domestic Return Receipt





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#### Received by OCD: 5/31/2022 8:15:10 AM



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<ul> <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 mailplece, or on the front if space permits.</li> <li>Article Addressed to:         <ul> <li>Josephine T. Hudson Testamentary Trust FBO J. Terrell Ard Frost Bank, Trustee</li> <li>Colgate/Bondi PO Box 1600</li> </ul> </li> </ul>	A. Signature X B. Received by (Rrinted Name) Segue Lioita D. Is delivery address different from If YES, enter delivery address	
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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
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1. Article Addressed to: LLJ Ventures, LLC P.O. Box 3188 Roswell, NM 88202 Attn: Larry Marker Colgate/Bondi	D. Is delivery address different from item 1? If YES, enter delivery address below: No
9590 9402 6746 1074 2331 15 2. Article Number (Transfer from service label) 21 0750 0002 0368 7444	3. Service Type       □ Priority Mali Express®         □ Adult Signature       □ Registered Malit™         □ Adult Signature Restricted Delivery       □ Registered Malit™         □ Certified Mail®       □ Belivery         □ Certified Mail®       □ Signature Confirmation™         □ Collect on Delivery       □ Signature Confirmation™         □ Collect on Delivery       □ Signature Confirmation™         □ Collect on Delivery       □ Signature Confirmation™         □ Collect Son       □ Signature Confirmation         □ Collect Son       □ Signature         □ Signature       □ Signature         □ Signature       □ Signature         □ Signature       □ Signature         □ Signature       □ Signature

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# Carisbad Current Argus.

Affidavit of Publication Ad # 0005250885 This is not an invoice

### 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:

05/12/2022

Legal Clerk

Subscribed and sworn before me this May 12, 2022:

State of WI, County of Brown NOTARY PUBLIC

27

My commission expires

KATHLEEN ALLEN Notary Public State of Wisconsin

Ad # 0005250885 PO #: 5250885 # of Affidavits1

This is not an invoice

This is to notify all interested parties, including Pony Oil Capi-tal; Oxy USA WTP, LP; Tanos En-ergy Holdings II LLC; Javelina Partners; Josephine T. Hudson Testamentary Trust FBO J. Ter-rell Ard, Frost Bank, Trustee; Davcil, Inc.; MRC Permian Com-pany; Sabinal Energy Operating, LLC; LLJ Ventures, LLC; Lindy's Living Trust; Delmar Hudson Lewis Living Trust; Ard Energy Partners, Ltd.; Zorro Partners, Ltd.; Great Western Drilling Ltd.; Mewbourne Oil Company; and Mewbourne Oil Company; and their successors and assigns, that the New Mexico Oil Conserva-tion Division will conduct a hearthe New Mexico Oil Conserva-tion Division will conduct a hear-ing on an application submitted by Colgate Operating, LLC (Case No. 22798). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be con-ducted remotely. The hearing will be conducted on June 2, 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://ww w.e.m.nrd.state.nm.us /OCD/hearings.html. Applicant applies for an order pooling all uncommitted interests from the top of the Bone Spring Forma-tion to the base of the Second Bone Spring Formation underly-ing a 320-arce, more or less, standard horizontal spacing unit comprised of the N/2 S/2 of Sec-tions 23 and 24, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Bondi 24 Fed Com 123H well to be horizontally drilled from a surface hole location in the NE/4 SE/4 (Unit 1) of Section 24 to a bottom hole location in the NW4 SW/4 (Unit L) of Section 23. A depth severance exists in the Bone Spring Formation with-in the Unit. Accordingly, Appli-23. A depth severance exists in the Bone Spring Formation with-in the Unit. Accordingly, Appli-cant seeks to pool uncommitted interests from the top of the Bone Spring Formation at a stratigraphic equivalent of ap-proximately 5,250' MD to the base of the Second Bone Spring Formation at a stratigraphic base of the Second Bone Spring Formation at a stratigraphic equivalent of approximately 7,624' MD as observed on the Government AA #1 well log (API 30-015-21286). Also to be con-sidered will be the cost of drill-ing and completing the Well and the allocation of the costs, the operator of the Well, and a 200% charge for the risk in-volved in drilling and complet-ing the Well. The Well is located approximately 11.12 miles northeast of Carlsbad, New Mexico. Mexico. #5250885, Current Argus, May 12, 2022

> Colgate Operating, LLC Case No. 22798 Exhibit C-3