

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

**APPLICATION OF COLGATE OPERATING,
LLC TO AMEND ORDER NOS. R-22324 &
R-22326, LEA COUNTY, NEW MEXICO.**

**CASE NO. _____
ORDER NOS. R-22324
R-22326**

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, Colgate Operating, LLC (“Colgate”) (OGRID No. 371449) files this application with the Oil Conservation Division (“Division”) seeking an order: (1) amending Order Nos. R-22324 and R-22326 to establish a 640-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Sections 17 and 20, Township 20 South, Range 34 East, Lea County, New Mexico (“Unit”); and (2) pooling uncommitted interests in the Bone Spring and Harkey formations underlying the Unit. In support of this application, Colgate states the following.

1. On October 20, 2022, the Division entered Order No. R-22324 in Case No. 22866. Order No. R-22324: pooled all uncommitted interests in the Bone Spring and Harkey formations (Lea; Bone Spring South Pool (Code 37580)) underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Section 17 and the E/2 NW/4 and NE/4 SW/4 of Section 20, Township 20 South, Range 34 East, Lea County, New Mexico; dedicated the Unit to the Robin Federal Com 112H, 123H, 124H, 172H, and 132H wells; and designated Colgate as operator of the Unit and Wells.

2. On October 20, 2022, the Division entered Order No. R-22326 in Case No. 22868. Order No. R-22326: pooled all uncommitted interests in the Bone Spring and Harkey formations (Lea; Bone Spring South Pool (Code 37580)) underlying a 280-acre, more or less, standard

horizontal spacing unit comprised of the W/2 W/2 of Section 17 and the W/2 NW/4 and NW/4 SW/4 of Section 20, Township 20 South, Range 34 East, Lea County, New Mexico; dedicated the Unit to the Robin Federal Com 111H, 121H, 122H, 171H, and 131H wells; and designated Colgate as operator of the Unit and Wells.

3. As a result of the acquisition of a federal lease covering the S/2 SW/4 of Section 20, Colgate proposes to extend the lateral length of the wells and consolidate the two spacing units into one spacing unit to maximize oil recovery, prevent waste, and protect correlative rights.

4. The Robin Federal Com 112H, 123H, 134H, 172H, and 132H wells will be drilled from surface hole locations in the NE/4 SW/4 (Unit K) of Section 20 to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 17.

5. The Robin Federal Com 111H, 121H, 122H, 171H, and 131H wells will be drilled from surface hole locations in the NW/4 SW/4 (Unit L) of Section 20 to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 17.

6. The Robin Federal Com 131H well will be located within 330' of the quarter-quarter section line separating the W/2 W/2 and E/2 W/2 of Sections 17 and 20 to allow for the creation of a standard 640-acre horizontal spacing unit.

7. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.

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

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Amending Order No. R-22324 and Order No. R-22326 to establish a 640-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Sections 17 and 20, Township 20 South, Range 34 East, Lea County, New Mexico;
- B. Pooling all uncommitted interests in the Unit;
- C. Designating Applicant as the operator of the Unit and the horizontal 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, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge 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,

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