

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. 21317

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

CASE NO. 21318

**Examiner Docket: August 20, 2020**

**COLGATE'S EXHIBITS**

**Atlas 18 State Fed Com 122H, 132H  
Atlas 18 State Fed Com 131H**



Earl E. DeBrine, Jr.  
Lance D. Hough

 MODRALL SPERLING

500 Fourth Street NW, Suite 1000  
P. O. Box 2168 / Albuquerque, NM 87103  
Telephone 505.848.1800  
[edebrine@modrall.com](mailto:edebrine@modrall.com)  
[ldh@modrall.com](mailto:ldh@modrall.com)

Exhibit A Compulsory Pooling Application Checklists (2 Checklists)

Exhibit B Affidavit of Mark Hajdik  
B-1 Communication Timeline

No. 21317

B.2-17 Applications  
B.3-17 C102s  
B.4-17 Tract Map with WIs and ORRIs  
B.5-17 Well Proposal Letter  
B.6-17 Authorizations for Expenditures

No. 21318

B.2-18 Applications  
B.3-18 C102s  
B.4-18 Tract Map with WIs and ORRIs  
B.5-18 Well Proposal Letter  
B.6-18 Authorizations for Expenditures

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

Exhibit D Affidavit of Lance D. Hough  
D-1 Hearing Notice August 17, 2020  
D-2 Certified Mail Log / Notice 5/22/20 and 06/09/20  
Certified Mail Log / Report August 17, 2020  
D-4 Affidavit of Publication

Earl E. DeBrine, Jr.  
Lance D. Hough

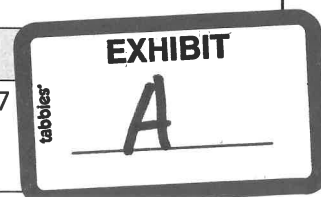
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# COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

<b>Case: 21317</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date</b>	<b>August 20, 2020</b>
Applicant	Colgate Operating LLC
Designated Operator & OGRID (affiliation if applicable)	Colgate Operating, LLC (OGRID 371449)
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF COLGATE OPERATING LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO, CASE NO. 21317
Entries of Appearance/Intervenors:	MRC Permian Company; Cimarex Energy Company on behalf of Magnum Hunter
Well Family	Atlas
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	Scanlon Draw; Bone Spring Pool (Pool Code 55510)
Well Location Setback Rules:	Latest Statewide Horizontal Rules Apply
Spacing Unit Size:	233 Acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	233 Acres
Building Blocks:	Quarter Quarter Sections
Orientation:	East to West
Description: TRS/County	S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, 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
Applicant's Ownership in Each Tract	Exhibit B.4-17
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	See Exhibit B.2-17 and Exhibit B.3-17



Well #1	<p>Atlas 18 State Fed Com 122H  SHL: 1027 feet from the North line and 2197 feet from the West line, NE/4 NW/4 (Unit C) of irregular Section 18, Township 19 South, Range 29 East, NMPM, Eddy County.  BHL: 1960 feet from the North line and 10 feet from the West line, SW/4 NW/4 (Unit E) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County.</p> <p>Completion Target: 2rd Bone Spring at approx 7,600 feet TVD.  Well Orientation: East to West  Completion Location expected to be: standard</p>
Well #2	<p>Atlas 18 State Fed Com 132H  SHL: 1117 feet from the North line and 2196 feet from the West line, NE/4 NW/4 (Unit C) of irregular Section 18, Township 19 South, Range 29 East, NMPM, Eddy County.  BHL: 1960 feet from the North line and 10 feet from the West line, SW/4 NW/4 (Unit E) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, Range 28 East, NMPM, Eddy County.</p> <p>Completion Target: 3rd Bone Spring at approx 8,600 feet TVD.  Well Orientation: East to West  Completion Location expected to be: standard</p>
Horizontal Well First and Last Take Points	Exhibit B.3-17
Completion Target (Formation, TVD and MD)	Exhibit B; Exhibit B.5-17; Exhibit B.2-17; Exhibit C.3 through C.10
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	8,000
Production Supervision/Month \$	800
Justification for Supervision Costs	Exhibit B.6-17 for AFEs
Requested Risk Charge	200%; see Exhibit B
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit D.1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D.2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D.3
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit B; Exhibit B.4-17
Tract List (including lease numbers and owners)	Exhibit B.4-17
Pooled Parties (including ownership type)	Exhibit B.4-17
Unlocatable Parties to be Pooled	Exhibit B.4-17; Exhibit D.2


Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit B.5-17
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.4-17
Chronology of Contact with Non-Joined Working Interests	Exhibit B.1
Overhead Rates In Proposal Letter	Exhibit B.5-17
Cost Estimate to Drill and Complete	Exhibit B.6-17 for AFEs
Cost Estimate to Equip Well	Exhibit B.6-17 for AFEs
Cost Estimate for Production Facilities	Exhibit B.6-17 for AFEs
<b>Geology</b>	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibits B.3-17, C.2, and C.3
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.3
Well Orientation (with rationale)	Exhibit C
Target Formation	Exhibits C.3 through C.10
HSU Cross Section	Exhibits C.7 through C.10
Depth Severance Discussion	Exhibit B
<b>Forms, Figures and Tables</b>	
C-102	Exhibitc B.3-17
Tracts	Exhibit B.4-17
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.4-17
General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibits C.2 through C.10
Structure Contour Map - Subsea Depth	Exhibits C.4 and C.6
Cross Section Location Map (including wells)	Exhibit C.2
Cross Section (including Landing Zone)	Exhibits C.7 through C.10
<b>Additional Information</b>	
Special Provisions/Stipulations	None
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name (Attorney or Party Representative):</b>	Lance Hough
<b>Signed Name (Attorney or Party Representative):</b>	
<b>Date:</b>	8/18/2020

# COMPULSORY POOLING APPLICATION CHECKLIST

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

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<b>Date</b>	<b>August 20, 2020</b>
Applicant	Colgate Operating LLC
Designated Operator & OGRID (affiliation if applicable)	Colgate Operating, LLC (OGRID 371449)
Applicant's Counsel:	Modrall Sperling
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Well Family	Atlas
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	Scanlon Draw; Bone Spring Pool (Pool Code 55510)
Well Location Setback Rules:	Latest Statewide Horizontal Rules Apply
Spacing Unit Size:	233 Acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	233 Acres
Building Blocks:	Quarter Quarter Sections
Orientation:	East to West
Description: TRS/County	N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, 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
Applicant's Ownership in Each Tract	Exhibit B.4-18
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	See Exhibit B.2-18 and Exhibit B.3-18

Well #1	'Atlas 18 State Fed Com 131H SHL: 1027 feet from the North line and 2197 feet from the West line, NE/4 NW/4 (Unit C) of irregular Section 18, Township 19 South, Range 29 East, NMPM, Eddy County. BHL: 700 feet from the North line and 10 feet from the West line, NW/4 NW/4 (Unit D) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County.  Completion Target: 3rd Bone Spring at approx 8,600 feet TVD. Well Orientation: East to West Completion Location expected to be: standard
Horizontal Well First and Last Take Points	Exhibit B.3-18
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Justification for Supervision Costs	Exhibit B.6-18 for AFEs
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Ownership Depth Severance (including percentage above & below)	None
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Sample Copy of Proposal Letter	Exhibit B.5-18
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<b>Geology</b>	
Summary (including special considerations)	Exhibit C

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Cross Section (including Landing Zone)	Exhibits C.7 through C.10
<b>Additional Information</b>	
Special Provisions/Stipulations	None
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name (Attorney or Party Representative):</b>	Lance Hough
<b>Signed Name (Attorney or Party Representative):</b>	
<b>Date:</b>	8/18/2020



**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
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FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

CASE NO. 21317

**APPLICATION OF COLGATE OPERATING, LLC  
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EDDY COUNTY, NEW MEXICO**

CASE NO. 21318

**AFFIDAVIT OF MARK HAJDIK**

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

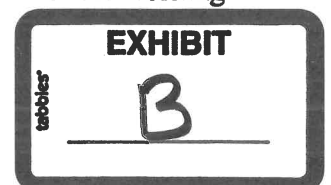
Mark Hajdik, being duly sworn, deposes and states:

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

2. I am familiar with the applications filed by Colgate in the above-referenced cases and the land matters involved. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the above referenced compulsory pooling applications filed by Colgate.

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

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



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

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

6. Below is a description of the facts supporting each of the compulsory pooling applications in the above-referenced cases. For ease of reference, the Exhibits referred to and attached to my affidavit correspond with the last two numerals in the Case number with the exception of **Exhibit B.1**, which is a summary of communications with non-joined working interest owners that is common to all the proposed wells within the subject applications.

7. **Case No. 21317**

- a. In its Application, Colgate seeks an order from the Division: (1) to the extent necessary, approving the creation of a 233-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Atlas 18 State Fed Com 122H and 132H** wells, to be horizontally drilled. The Application is attached hereto as **Exhibit B.2-17**.
- b. Attached as **Exhibit B.3-17** are the C-102 for the proposed wells. The wells will develop the Scanlon Draw; Bone Spring Pool (Pool code 55510). The producing

interval for the wells will be orthodox and comply with the Division's set back requirements, as the first and last take points will be no closer than 100' from the proposed unit boundary and the completed lateral will be no closer than 330' from the proposed unit boundary.

- c. Attached as **Exhibit B.4-17** is a lease tract map outlining the tracts in the proposed unit; a list of the working interest owners in the proposed unit with their respective percentage of interest and whether they are being pooled; and a list of overriding royalty interest owners in the proposed unit.
- d. Attached as **Exhibit B.5-17** is a sample well proposal letter sent to each of the working interest owners seeking their voluntary participation in the proposed wells that provides overhead and administrative rates of \$8,000/month during drilling and \$800/month while producing.
- e. Attached as **Exhibit B.6-17** is the Authorization for Expenditure for the proposed well. The estimated cost of the **Atlas 18 State Fed Com 122H** well set forth therein is \$8,576,463, and the estimated cost of the **Atlas 18 State Fed Com 132H** well set forth therein is \$8,631,833. These estimated cost are fair and reasonable, and are comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico. These estimated costs may decrease depending upon market and service sector conditions at time of spud.

8. **Case No. 21318**

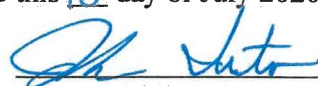
- a. In its Application, Colgate seeks an order from the Division: (1) to the extent necessary, approving the creation of a 233-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Atlas 18 State Fed Com .131H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit B.2-18**.
- b. Attached as **Exhibit B.3-18** is the C-102 for the proposed well. The well will develop the Scanlon Draw; Bone Spring Pool (Pool code 55510). The producing interval for the well will be orthodox and comply with the Division's set back requirements, as the first and last take points will be no closer than 100' from the proposed unit boundary and the completed lateral will be no closer than 330' from the proposed unit boundary.
- c. Attached as **Exhibit B.4-18** is a lease tract map outlining the tracts in the proposed unit; a list of the working interest owners in the proposed unit with their respective percentage of interest and whether they are being pooled; and a list of overriding royalty interest owners in the proposed unit.

- d. Attached as **Exhibit B.5-18** is a sample well proposal letter sent to each of the working interest owners seeking their voluntary participation in the proposed well that provides overhead and administrative rates of \$8,000/month during drilling and \$800/month while producing.
  - e. Attached as **Exhibit B.6-18** is the Authorization for Expenditure for the proposed well. The estimated cost of the **Atlas 18 State Fed Com 131H** well set forth therein is \$8,631,833. This estimated cost is fair and reasonable, and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.
9. There are no depth severances within the two proposed Bone Spring spacing units.
  10. Colgate requests overhead and administrative rates of \$8,000/month during drilling and \$800/month while producing. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico and consistent with the rates awarded by the Division in recent compulsory pooling orders. Colgate requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
  11. Colgate requests the maximum cost plus 200% risk charge be assessed against non-consenting pooled working interest owners.
  12. Colgate requests that it be designated operator of the wells.
  13. Colgate requests that it be allowed a period of one (1) year between when the wells are drilled and when the first well is completed under the order.
  14. The parties Colgate is seeking to pool were notified of this hearing.
  15. Colgate requests that overriding royalty interest owners be pooled.
  16. Based upon my knowledge of the land matters involved in these cases, education and training, it is my expert opinion that the granting of Colgate's applications in these cases is in the interests of conservation and the prevention of waste.
  17. The attachments to my Affidavit were prepared by me or compiled from company business records.

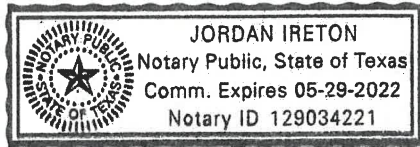
18. Pursuant to Rule 1-011 NMRA, I declare and affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Mark Hajdik

SUBSCRIBED AND SWORN to before me this 16<sup>th</sup> day of July 2020 by Mark Hajdik.

  
\_\_\_\_\_  
Notary Public  
My commission expires: 5-29-22

S E A L



## Communication Timeline

**February 26, 2020** – Initial proposals sent for the Atlas N2N2 spacing unit.

**March 2020** – Resent several proposals that were returned with bad addresses. Obtained successful delivery on a number of the ones that initially failed to be delivered.

**April 22, 2020** – Initial proposals sent for the Atlas S2N2 spacing unit.

**February - July, 2020** – Numerous emails and phone calls with Oxy about acquiring their acreage via trade or cash offers. Formal response never received from Oxy regarding the cash or trade offers. They have also not submitted an election or signed an OA.

**May 2020** – Email and phone discussions with Matador regarding their interest in the wells. Provided technical details and answered various questions, but have not received an election or executed OA to date.

**May – July 2020** – Email and phone discussions with Jim Ball of Trust Q and Vladin regarding their participation. Executed AFEs received, still finalizing terms of the JOA.

**June 2020** – Tierra Encantada, LLC has indicated an intention to participate via email and phone calls, but has not returned an executed draft of the JOA that has been provided.

**June & July 2020** – Various calls and email exchange with HFB investment group. Potentially looking to sell their interest, but no final deal reached as of this time.

**June 2020** – Continuing to work trade options with Magnum Hunter. Not finalized at this time nor have they returned their elections.

**July 2020** – Closed EOG transaction, resolving related EOG matters and acquiring interest from EOG in N2N2 spacing unit.

**August 2020** – Sent follow up emails to Broughton Petroleum but never received a response. Continuing to work trade options with Magnum Hunter and MRC Permian Company.

**August 18, 2020** – As of this date, a number of the parties have refused to accept delivery of their mail or others have not responded either with an election or to an offer to sell.



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EDDY COUNTY, NEW MEXICO**

CASE NO. \_\_\_\_\_

**APPLICATION**

Colgate Operating, LLC (“Colgate”), OGRID Number 371449, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Colgate states as follows:

1. Colgate is an interest owner in the subject lands and has a right to drill a well thereon.
2. Colgate seeks to dedicate the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 233-acre, more or less, Bone Spring horizontal spacing unit.
3. Colgate plans to drill the following horizontal wells in a westerly direction to a depth sufficient to test the Bone Spring formation:
  - a. The **Atlas 18 State Fed Com 122H** well is a horizontal well with a surface location in the NE/4 NW/4 (Unit C) of irregular Section 18, Township 19 South, Range 29 East, NMPM, Eddy County, and an intended bottom hole location in the SW/4 NW/4 (Unit E) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 7,500’ to the Bone Spring formation.



b. The **Atlas 18 State Fed Com 132H** well is a horizontal well with a surface location in the NE/4 NW/4 (Unit C) of irregular Section 18, Township 19 South, Range 29 East, NMPM, Eddy County, and an intended bottom hole location in the SW/4 NW/4 (Unit E) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation.

4. These wells will be located within the Scanlon Draw; Bone Spring Pool (Pool code 55510) and will comply with the Division's statewide setback requirements.

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

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

WHEREFORE, Colgate requests that this case is set for hearing before an Examiner of the Oil Conservation Division on June 11, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 233-acre horizontal spacing unit in the Bone Spring formation comprised of S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;



- C. Designating Colgate as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Colgate to recover its costs of drilling, completing and equipping the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

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

W3750241.DOCX

**Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 233-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Atlas 18 State Fed Com 122H** and **132H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16.5 miles north northeast of Carlsbad, New Mexico.

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

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

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

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

State of New Mexico  
 Energy, Minerals & Natural Resources Department

**OIL CONSERVATION DIVISION**  
 1220 South St. Francis Dr.  
 Santa Fe, N.M. 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate  
 District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>Atlas 18 State Fed Com</b>	
<sup>7</sup> OGRID No.	<sup>6</sup> Operator Name <b>Colgate Operating, LLC</b>	<sup>8</sup> Well Number <b>122H</b> <sup>9</sup> Elevation <b>3380</b>

<sup>10</sup> Surface Location

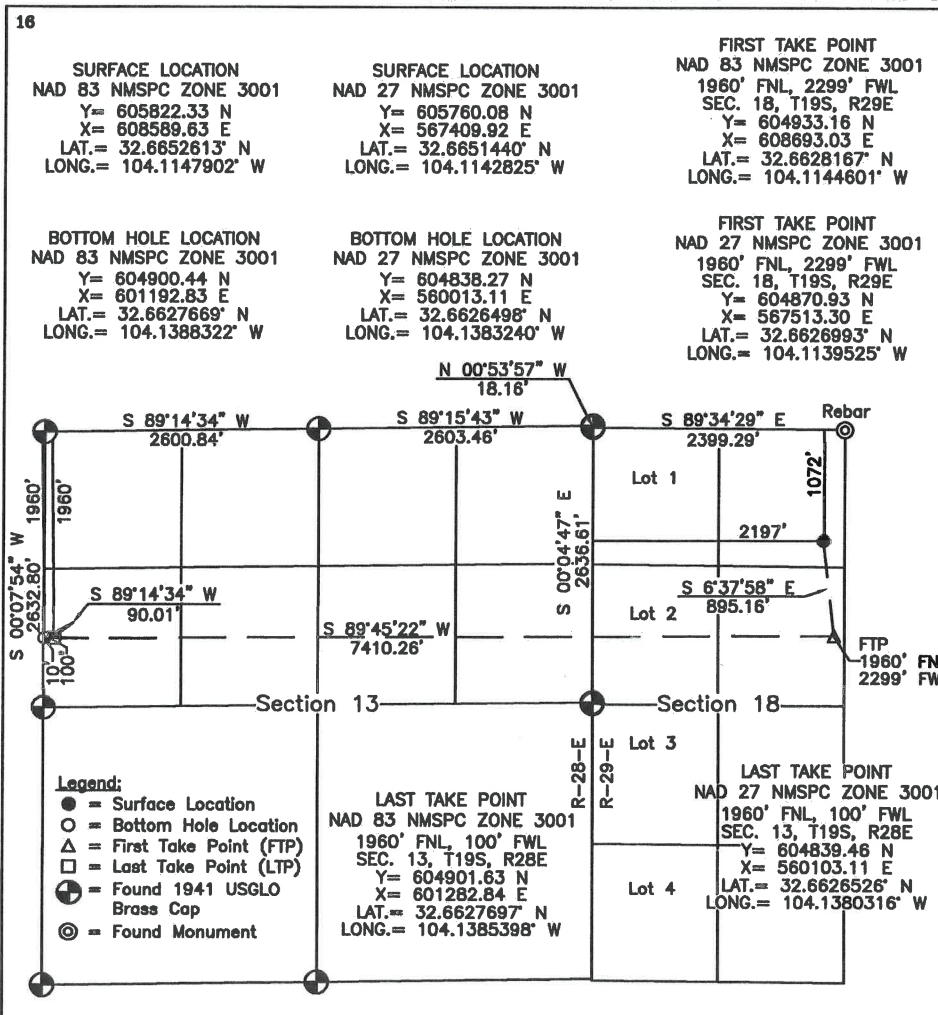
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>C</b>	<b>18</b>	<b>19 S</b>	<b>29 E</b>		<b>1072</b>	<b>North</b>	<b>2197</b>	<b>West</b>	<b>Eddy</b>

<sup>11</sup> 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
<b>E</b>	<b>13</b>	<b>19 S</b>	<b>28 E</b>		<b>1960</b>	<b>North</b>	<b>10</b>	<b>West</b>	<b>Eddy</b>

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

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



**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.

**5/28/20**  
 Date of Survey

Signature and Seal of Professional Surveyor:

**17078**  
 Certificate Number

**EXHIBIT**  
**B.3-17**

**DISTRICT I**  
 1625 N. French Dr., Hobbs, N.M. 88240  
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 811 S. First St., Artesia, N.M. 88210  
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State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102

Revised August 1, 2011

Submit one copy to appropriate  
 District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name Atlas 18 State Fed Com	<sup>6</sup> Well Number 132H
<sup>7</sup> GRID No.	<sup>8</sup> Operator Name Colgate Operating, LLC	<sup>9</sup> Elevation 3381

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	18	19 S	29 E		1117	North	2196	West	Eddy

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	13	19 S	28 E		1960	North	10	West	Eddy

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

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

**16**

**SURFACE LOCATION**  
 NAD 83 NMSPC ZONE 3001  
 Y= 605777.36 N  
 X= 608589.34 E  
 LAT.= 32.6651377° N  
 LONG.= 104.1147914° W

**BOTTOM HOLE LOCATION**  
 NAD 83 NMSPC ZONE 3001  
 Y= 604900.44 N  
 X= 601192.83 E  
 LAT.= 32.6627669° N  
 LONG.= 104.1388322° W

**SURFACE LOCATION**  
 NAD 27 NMSPC ZONE 3001  
 Y= 605715.12 N  
 X= 567409.63 E  
 LAT.= 32.6650204° N  
 LONG.= 104.1142837° W

**BOTTOM HOLE LOCATION**  
 NAD 27 NMSPC ZONE 3001  
 Y= 604838.27 N  
 X= 560013.11 E  
 LAT.= 32.6626498° N  
 LONG.= 104.1383240° W

**FIRST TAKE POINT**  
 NAD 83 NMSPC ZONE 3001  
 1960' FNL, 2299' FWL  
 SEC. 18, T19S, R29E  
 Y= 604933.18 N  
 X= 608693.03 E  
 LAT.= 32.6628167° N  
 LONG.= 104.1144601° W

**FIRST TAKE POINT**  
 NAD 27 NMSPC ZONE 3001  
 1960' FNL, 2299' FWL  
 SEC. 18, T19S, R29E  
 Y= 604870.93 N  
 X= 567513.30 E  
 LAT.= 32.6626993° N  
 LONG.= 104.1139525° W

**LAST TAKE POINT**  
 NAD 27 NMSPC ZONE 3001  
 1960' FNL, 100' FWL  
 SEC. 13, T19S, R28E  
 Y= 604839.46 N  
 X= 560103.11 E  
 LAT.= 32.6626526° N  
 LONG.= 104.1380316° W

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

**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.*

**5/28/20**  
 Date of Survey

Signature and Seal of Professional Surveyor

**17078**  
 Certificate Number

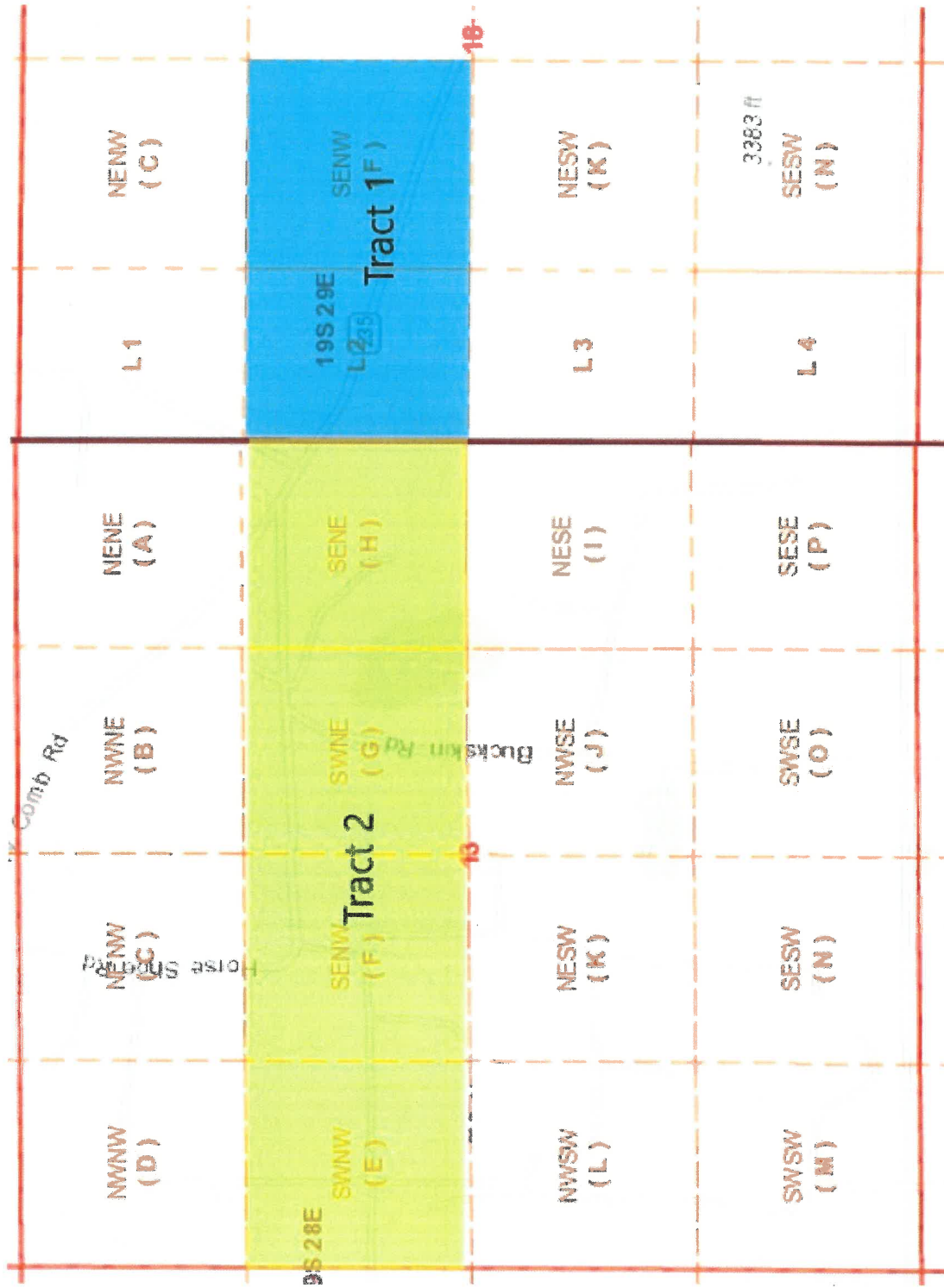


EXHIBIT  
 B4.17  
 tables

WI OWNER	TRACT	NET	WI	FORCE POOL INTEREST
Colgate Production, LLC	1,2	141.88	60.893%	Operator
Broughton Petroleum	2	26.6667	11.445%	Yes
Devon Energy Production Company, LP	1	18.25	7.833%	Yes
Oxy	1	23.69	10.167%	Yes
Magnum Hunter Production, Inc.	1	14.95	6.416%	Yes
Norman L. Stevens, III ("Larry), Trustee of the Norman L. Stevens, Jr., Trust	1	1.0875	0.467%	Yes
MRC Permian Company	1	1.636	0.702%	Yes
Prince Petroleum Company, LTD	1	1.775	0.762%	Yes
Trust Q u/w/o Peggy Yates	1	0.5095	0.219%	Yes
Vladin, LLC	1	0.5095	0.219%	Yes
Dick Blenden	1	0.38	0.163%	Yes
Carolyn Read Bell	1	0.3625	0.156%	Yes
Tierra Encantada	1	0.3625	0.156%	Yes
Ruby Kennedy	1	0.214	0.092%	Yes
Highland Texas Energy Company	1	0.181	0.078%	Yes
Wanda Porter	1	0.1335	0.057%	Yes
C. Lee Anderson	1	0.1275	0.055%	Yes
HFB Investment Company, LP	1	0.0935	0.040%	Yes
Catherine Roach Baker	1	0.0424	0.018%	Yes
Lola Roach Kelly	1	0.0424	0.018%	Yes
Blaine Roach	1	0.0424	0.018%	Yes
Roxanna Lynne Mills	1	0.021	0.009%	Yes
Nancy Sue Howard	1	0.021	0.009%	Yes
Teresa Burnsidis	1	0.021	0.009%	Yes

<b>ORRI OWNERS</b>
Charles L. Parcell, MSU
Elliott Industries L.P.
Elliott-Hall Company L.P.
T.K. Campbell
L.E. Gwaltney
Spencer Sisters Investment
Tejas Group, Ltd, Stream Investments, LLC, Prairie Rose, Inc., et al
Rosemary Ferguson, Trustee of the Ferguson Family Trust
R.W. Scroggins
Wallace H. Scott, Jr.
Velda Gass
Broughton Petroleum, Inc.
Cat Spring Properties



Via Certified Mail

April 22, 2020

RE: Atlas 18 State Fed Com Well Proposals  
The S/2 N2 of Sec. 13 T19S-28E and the S/2 NW/4 of Section 18 T19S-29E  
Bone Spring Formation  
Eddy County, New Mexico

Colgate Production, LLC ("Colgate"), hereby proposes the drilling of two (2) wells, the Atlas 18 State Fed Com 122H and 132H at the following locations:

Atlas 18 State Fed Com 122H  
SHL: Unit C/F (E2 NW) of Section 18-19S-29E  
BHL: 1960' FNL and 10' FWL of Section 13-19S-28E  
TVD: 7,550'  
TMD: 14,804'  
Targeted Interval: 2nd Bone Spring  
Total Cost: See AFE

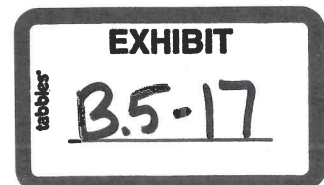
Atlas 18 State Fed Com 132H  
SHL: Unit C/F (E2 NW) of Section 18-19S-29E  
BHL: 1960' FNL and 10' FWL of Section 13-19S-28E  
TVD: 8,590'  
TMD: 15,844'  
Targeted Interval: 3rd Bone Spring  
Total Cost: See AFE

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

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





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

Sincerely,



Mark Hajdik  
Senior Landman

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

Enclosures

Well Elections

---

\_\_\_\_\_ I/We hereby elect to participate in the Atlas 18 State Fed Com 122H  
\_\_\_\_\_ I/We hereby elect NOT to participate in the Atlas 18 State Fed Com 122H

\_\_\_\_\_ I/We hereby elect to participate in the Atlas 18 State Fed Com 132H  
\_\_\_\_\_ I/We hereby elect NOT to participate in the Atlas 18 State Fed Com 132H

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

\_\_\_\_\_  
WI Owner Printed Name

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

# Colgate Energy

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

## ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE: <u>2/27/2020</u>	AFE NO.: <u>0</u>
WELL NAME: <u>Atlas 18 State Fed Com 122H</u>	FIELD: <u>0</u>
LOCATION: <u>NM</u>	MD/TVD: <u>14804 / 7550</u>
COUNTY/STATE: <u>Eddy</u>	LATERAL LENGTH: <u>6,927</u>
Colgate WI: _____	DRILLING DAYS: <u>30</u>
GEOLOGIC TARGET: <u>2nd Bone Spring</u>	COMPLETION DAYS: <u>14</u>

REMARKS: Drill and Complete 47 stages in the 2nd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000	\$ -	\$ -	\$ 35,000
2 Location, Surveys & Damages	220,000	13,000	4,000	237,000
4 Freight / Transportation	25,000	50,250	-	75,250
5 Rental - Surface Equipment	106,863	178,500	12,000	297,363
6 Rental - Downhole Equipment	118,081	50,000	-	168,081
7 Rental - Living Quarters	58,788	42,500	10,000	111,288
10 Directional Drilling, Surveys	294,300	-	-	294,300
11 Drilling	836,350	-	-	836,350
12 Drill Bits	106,000	-	-	106,000
13 Fuel & Power	173,250	352,500	-	525,750
14 Cementing & Float Equip	215,000	-	-	215,000
16 Perforating, Wireline, Slickline	-	343,900	20,000	363,900
17 High Pressure Pump Truck	-	10,000	-	10,000
18 Completion Unit, Swab, CTU	-	70,000	16,500	86,500
20 Mud Circulation System	83,735	-	-	83,735
21 Mud Logging	22,010	-	-	22,010
22 Logging / Formation Evaluation	13,600	8,000	-	21,600
23 Mud & Chemicals	244,922	336,900	-	581,822
24 Water	25,500	597,744	-	623,244
25 Stimulation	-	1,386,500	-	1,386,500
26 Stimulation Flowback & Disp	-	110,000	-	110,000
28 Mud / Wastewater Disposal	104,375	92,000	-	196,375
30 Rig Supervision / Engineering	132,900	64,000	8,000	204,900
32 Drig & Completion Overhead	11,250	-	-	11,250
35 Labor	164,000	12,500	10,000	186,500
95 Insurance	26,647	-	-	26,647
97 Contingency	301,757	302,504	8,050	612,311
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>3,319,328</b>	<b>4,020,798</b>	<b>88,550</b>	<b>7,428,676</b>
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 14,018	\$ -	\$ -	\$ 14,018
61 Intermediate Casing	69,726	-	-	69,726
62 Drilling Liner	167,239	-	-	167,239
63 Production Casing	241,157	-	-	241,157
64 Production Liner	-	-	-	-
65 Tubing	-	-	60,648	60,648
66 Wellhead	77,000	-	75,000	152,000
67 Packers, Liner Hangers	76,000	-	-	76,000
68 Tanks	-	-	80,000	80,000
69 Production Vessels	-	-	125,000	125,000
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	95,000	95,000
73 Compressor	-	-	-	-
74 Installation Costs	-	-	67,000	67,000
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	-	-
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	-	-
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Flare Stack	-	-	-	-
84 Electrical / Grounding	-	-	-	-
85 Communications / SCADA	-	-	-	-
86 Instrumentation / Safety	-	-	-	-
<b>TOTAL TANGIBLES &gt;</b>	<b>645,139</b>	<b>0</b>	<b>502,648</b>	<b>1,147,787</b>
<b>TOTAL COSTS &gt;</b>	<b>3,964,467</b>	<b>4,020,798</b>	<b>591,198</b>	<b>8,576,463</b>

**PREPARED BY Colgate Energy:**

Drilling Engineer:	Rafael Madrid	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Brady Adams	

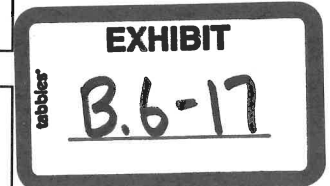
**Colgate Energy APPROVAL:**

Co-CEO _____	Co-CEO _____	VP - Operations _____
VP - Land & Legal _____	VP - Geosciences _____	CRM
WH	JW	
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, creative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of sign-off.



# Colgate Energy

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

## ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE: <u>2/27/2020</u>	AFE NO.: <u>0</u>
WELL NAME: <u>Atlas 18 State Fed Com 132H</u>	FIELD: <u>0</u>
LOCATION: <u>NM</u>	MD/TVD: <u>15844 / 8590</u>
COUNTY/STATE: <u>Eddy</u>	LATERAL LENGTH: <u>6,927</u>
Colgate WI: _____	DRILLING DAYS: <u>30</u>
GEOLOGIC TARGET: <u>3rd Bone Spring</u>	COMPLETION DAYS: <u>14</u>

REMARKS: Drill and Complete 47 stages in the 3rd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000	\$ -	\$ -	\$ 35,000
2 Location, Surveys & Damages	220,000	13,000	4,000	237,000
4 Freight / Transportation	25,000	50,250	-	75,250
5 Rental - Surface Equipment	106,863	178,500	12,000	297,363
6 Rental - Downhole Equipment	118,081	50,000	-	168,081
7 Rental - Living Quarters	58,788	42,500	10,000	111,288
10 Directional Drilling, Surveys	294,300	-	-	294,300
11 Drilling	836,350	-	-	836,350
12 Drill Bits	106,000	-	-	106,000
13 Fuel & Power	173,250	352,500	-	525,750
14 Cementing & Float Equip	215,000	-	-	215,000
16 Perforating, Wireline, Slickline	-	343,900	20,000	363,900
17 High Pressure Pump Truck	-	10,000	-	10,000
18 Completion Unit, Swab, CTU	-	70,000	16,500	86,500
20 Mud Circulation System	83,735	-	-	83,735
21 Mud Logging	22,010	-	-	22,010
22 Logging / Formation Evaluation	13,600	8,000	-	21,600
23 Mud & Chemicals	255,322	336,900	-	592,222
24 Water	25,500	597,744	-	623,244
25 Stimulation	-	1,386,500	-	1,386,500
26 Stimulation Flowback & Disp	-	110,000	-	110,000
28 Mud / Wastewater Disposal	104,375	92,000	-	196,375
30 Rig Supervision / Engineering	132,900	64,000	8,000	204,900
32 Drig & Completion Overhead	11,250	-	-	11,250
35 Labor	164,000	12,500	10,000	186,500
95 Insurance	28,519	-	-	28,519
97 Contingency	302,984	302,504	8,050	613,539
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>3,332,827</b>	<b>4,020,798</b>	<b>88,550</b>	<b>7,442,175</b>
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 14,018	\$ -	\$ -	\$ 14,018
61 Intermediate Casing	69,726	-	-	69,726
62 Drilling Liner	192,167	-	-	192,167
63 Production Casing	258,099	-	-	258,099
64 Production Liner	-	-	-	-
65 Tubing	-	-	60,648	60,648
66 Wellhead	77,000	-	75,000	152,000
67 Packers, Liner Hangers	76,000	-	-	76,000
68 Tanks	-	-	80,000	80,000
69 Production Vessels	-	-	125,000	125,000
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	95,000	95,000
73 Compressor	-	-	-	-
74 Installation Costs	-	-	67,000	67,000
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	-	-
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	-	-
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Flare Stack	-	-	-	-
84 Electrical / Grounding	-	-	-	-
85 Communications / SCADA	-	-	-	-
86 Instrumentation / Safety	-	-	-	-
<b>TOTAL TANGIBLES &gt;</b>	<b>687,010</b>	<b>0</b>	<b>502,648</b>	<b>1,189,658</b>
<b>TOTAL COSTS &gt;</b>	<b>4,019,837</b>	<b>4,020,798</b>	<b>591,198</b>	<b>8,631,833</b>

**PREPARED BY Colgate Energy:**

Drilling Engineer:	Rafael Madrid	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Brady Adams	

**Colgate Energy APPROVAL:**

Co-CEO _____	Co-CEO _____	VP - Operations _____
WH	JW	CRM
VP - Land & Legal _____	VP - Geosciences _____	
BC	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, consents, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of sign.

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

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

CASE NO. \_\_\_\_\_

**APPLICATION**

Colgate Operating, LLC (“Colgate”), OGRID Number 371449, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Colgate states as follows:

1. Colgate is an interest owner in the subject lands and has a right to drill a well thereon.
2. Colgate seeks to dedicate the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 233-acre, more or less, Bone Spring horizontal spacing unit.
3. Colgate plans to drill the **Atlas 18 State Fed Com 131H** well to a depth sufficient to test the Bone Spring formation. This is a horizontal well with a surface location in the NE/4 NW/4 (Unit C) of irregular Section 18, Township 19 South, Range 29 East, NMPM, Eddy County, and an intended bottom hole location in the NW/4 NW/4 (Unit D) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County.



4. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation and laterally in a westerly direction within the formation to the referenced bottom hole location.

5. This well will be located within the Scanlon Draw; Bone Spring Pool (Pool code 55510) and will comply with the Division's setback requirements.

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

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

WHEREFORE, Colgate requests that this case is set for hearing before an Examiner of the Oil Conservation Division on June 11, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximately 233-acre horizontal spacing unit in the Bone Spring formation comprised of N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

- C. Designating Colgate as operator of this unit and the well to be drilled thereon;
- D. Authorizing Colgate to recover its costs of drilling, completing and equipping the well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

By: 

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

W3750149.DOCX

**Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 233-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Atlas 18 State Fed Com 131H** well, to be horizontally drilled. The producing interval for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 16.5 miles north northeast of Carlsbad, New Mexico.

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

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

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

**DISTRICT IV**  
1220 S. St. Francis Dr., Santa Fe, N.M. 87505  
Phone: (505) 478-3480 Fax: (505) 478-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, N.M. 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>Atlas 18 State Fed Com</b>	
<sup>7</sup> GRID No.	<sup>6</sup> Operator Name <b>Colgate Operating, LLC</b>	<sup>8</sup> Well Number <b>131H</b>
		<sup>9</sup> Elevation <b>3382</b>

<sup>10</sup> Surface Location

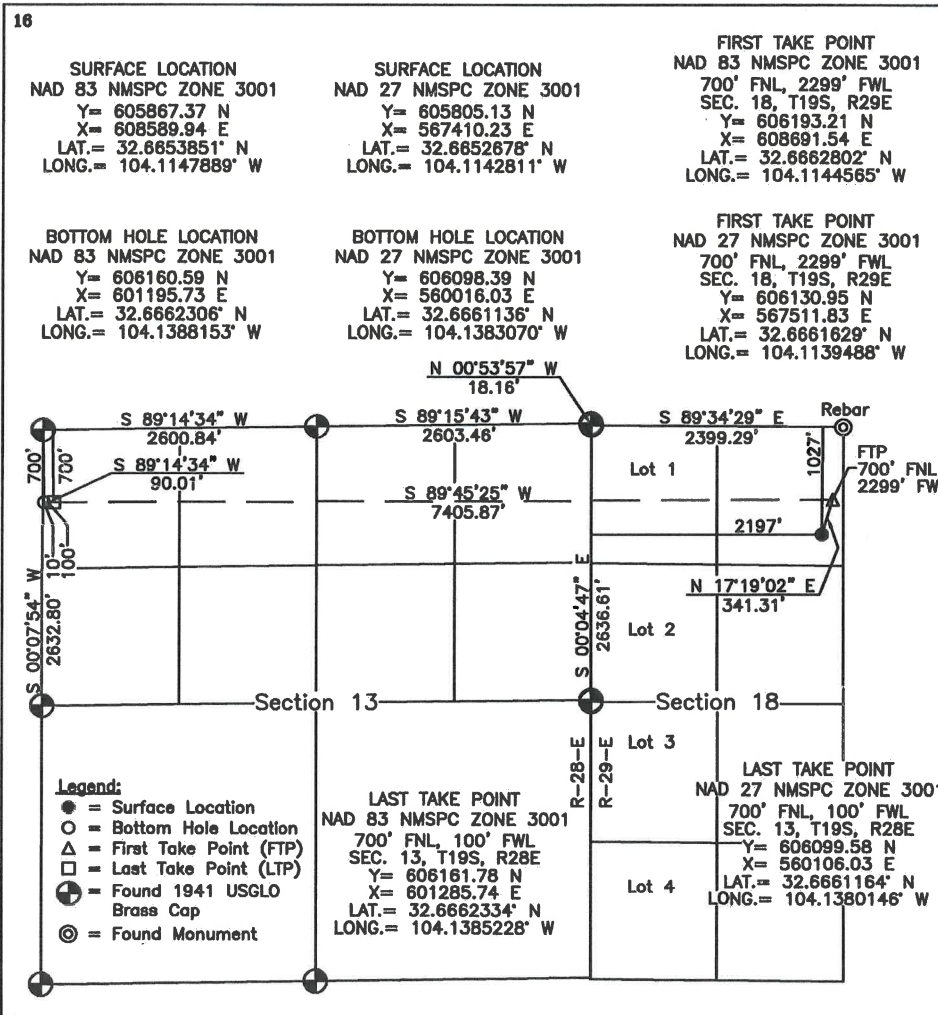
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>C</b>	<b>18</b>	<b>19 S</b>	<b>29 E</b>		<b>1027</b>	<b>North</b>	<b>2197</b>	<b>West</b>	<b>Eddy</b>

<sup>11</sup> 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
<b>D</b>	<b>13</b>	<b>19 S</b>	<b>28 E</b>		<b>700</b>	<b>North</b>	<b>10</b>	<b>West</b>	<b>Eddy</b>

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**



**17 OPERATOR CERTIFICATION**

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

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

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

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

**18 SURVEYOR CERTIFICATION**

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

**5/28/20**  
Date of Survey

Signature and Seal of Professional Surveyor

**MARSHALL W. LARSEN**  
NEW MEXICO  
17078  
7-13-20  
PROFESSIONAL SURVEYOR

**17078**  
Certificate Number

**EXHIBIT**  
**B.3-18**





EXHIBIT  
 B4.18

tabbles

WI OWNER	TRACT	NET	WI	FORCE POOL INTEREST
Colgate Production, LLC	1,2	168.55	72.339%	Operator
Devon Energy Production Company, LP	1	18.25	7.833%	Yes
Oxy	1	23.69	10.167%	Yes
Magnum Hunter Production, Inc.	1	14.95	6.416%	Yes
Norman L. Stevens, III ("Larry), Trustee of the Norman L. Stevens, Jr., Trust	1	1.0875	0.467%	Yes
MRC Permian Company	1	1.636	0.702%	Yes
Prince Petroleum Company, LTD	1	1.775	0.762%	Yes
Trust Q u/w/o Peggy Yates	1	0.5095	0.219%	Yes
Vladin, LLC	1	0.5095	0.219%	Yes
Dick Blenden	1	0.38	0.163%	Yes
Carolyn Read Bell	1	0.3625	0.156%	Yes
Tierra Encantada	1	0.3625	0.156%	Yes
Ruby Kennedy	1	0.214	0.092%	Yes
Highland Texas Energy Company	1	0.181	0.078%	Yes
Wanda Porter	1	0.1335	0.057%	Yes
C. Lee Anderson	1	0.1275	0.055%	Yes
HFB Investment Company, LP	1	0.0935	0.040%	Yes
Catherine Roach Baker	1	0.0424	0.018%	Yes
Lola Roach Kelly	1	0.0424	0.018%	Yes
Blaine Roach	1	0.0424	0.018%	Yes
Roxanna Lynne Mills	1	0.021	0.009%	Yes
Nancy Sue Howard	1	0.021	0.009%	Yes
Teresa Burnsides	1	0.021	0.009%	Yes

<b>ORRI OWNERS</b>
Charles L. Parcell, MSU
Elliott Industries L.P.
Elliott-Hall Company L.P.
T.K. Campbell
L.E. Gwaltney
Spencer Sisters Investment
Tejas Group, Ltd, Stream Investments, LLC, Prairie Rose, Inc., et al
Rosemary Ferguson, Trustee of the Ferguson Family Trust
R.W. Scroggins
Wallace H. Scott, Jr.
Velda Gass
Broughton Petroleum, Inc.
Cat Spring Properties



Via Certified Mail

February 26, 2019

RE: Atlas 18 State Fed Com Well Proposals  
The N/2 N2 of Sec. 13 T19S-28E and the N/2 NW/4 of Section 18 T19S-29E  
Bone Spring Formation  
Eddy County, New Mexico

Colgate Production, LLC ("Colgate"), hereby proposes the drilling of two (2) wells, the Atlas 18 State Fed Com 121H and 131H at the following locations:

Atlas 18 State Fed Com 121H  
SHL: Unit C (NE NW) of Section 18-19S-29E  
BHL: 700' FNL and 10' FWL of Section 13-19S-29E  
TVD: 7,550'  
TMD: 14,804'  
Targeted Interval: 2nd Bone Spring  
Total Cost: See AFE

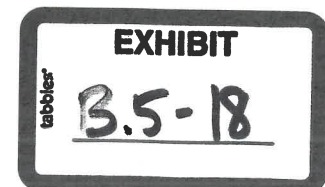
Atlas 18 State Fed Com 131H  
SHL: Unit C (NE NW) of Section 18-19S-29E  
BHL: 700' FNL and 10' FWL of Section 13-19S-28E  
TVD: 8,590'  
TMD: 15,844'  
Targeted Interval: 3rd Bone Spring  
Total Cost: See AFE

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

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



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

Sincerely,



Mark Hajdik  
Senior Landman

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

Enclosures

Well Elections

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\_\_\_\_\_ I/We hereby elect to participate in the Atlas 18 State Fed Com 121H  
\_\_\_\_\_ I/We hereby elect NOT to participate in the Atlas 18 State Fed Com 121H

\_\_\_\_\_ I/We hereby elect to participate in the Atlas 18 State Fed Com 131H  
\_\_\_\_\_ I/We hereby elect NOT to participate in the Atlas 18 State Fed Com 131H

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

\_\_\_\_\_  
WI Owner Printed Name

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

# Colgate Energy

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

## ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	2/27/2020	AFE NO.:	0
WELL NAME:	Atlas 18 State Fed Com 131H	FIELD:	0
LOCATION:	NM	MD/TVD:	15844 / 8590
COUNTY/STATE:	Eddy	LATERAL LENGTH:	6,927
Colgate WI:		DRILLING DAYS:	30
GEOLOGIC TARGET:	3rd Bone Spring	COMPLETION DAYS:	14

REMARKS: Drill and Complete 47 stages in the 3rd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
1 Land / Legal / Regulatory	\$ 35,000	\$ -	\$ -	\$ 35,000
2 Location, Surveys & Damages	220,000	13,000	4,000	237,000
4 Freight / Transportation	25,000	50,250	-	75,250
5 Rental - Surface Equipment	106,863	178,500	12,000	297,363
6 Rental - Downhole Equipment	118,081	50,000	-	168,081
7 Rental - Living Quarters	58,788	42,500	10,000	111,288
10 Directional Drilling, Surveys	294,300	-	-	294,300
11 Drilling	836,350	-	-	836,350
12 Drill Bits	106,000	-	-	106,000
13 Fuel & Power	173,250	352,500	-	525,750
14 Cementing & Float Equip	215,000	-	-	215,000
16 Perforating, Wireline, Slickline	-	343,900	20,000	363,900
17 High Pressure Pump Truck	-	10,000	-	10,000
18 Completion Unit, Swab, CTU	-	70,000	16,500	86,500
20 Mud Circulation System	83,735	-	-	83,735
21 Mud Logging	22,010	-	-	22,010
22 Logging / Formation Evaluation	13,600	8,000	-	21,600
23 Mud & Chemicals	255,322	336,900	-	592,222
24 Water	25,500	597,744	-	623,244
25 Stimulation	-	1,386,500	-	1,386,500
26 Stimulation Flowback & Disp	-	110,000	-	110,000
28 Mud / Wastewater Disposal	104,375	92,000	-	196,375
30 Rig Supervision / Engineering	132,900	64,000	8,000	204,900
32 Drig & Completion Overhead	11,250	-	-	11,250
35 Labor	164,000	12,500	10,000	186,500
95 Insurance	28,519	-	-	28,519
97 Contingency	302,984	302,504	8,050	613,539
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>3,332,827</b>	<b>4,020,798</b>	<b>88,550</b>	<b>7,442,175</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 14,018	\$ -	\$ -	\$ 14,018
61 Intermediate Casing	69,726	-	-	69,726
62 Drilling Liner	192,167	-	-	192,167
63 Production Casing	258,099	-	-	258,099
64 Production Liner	-	-	-	-
65 Tubing	-	-	60,648	60,648
66 Wellhead	77,000	-	75,000	152,000
67 Packers, Liner Hangers	76,000	-	-	76,000
68 Tanks	-	-	80,000	80,000
69 Production Vessels	-	-	125,000	125,000
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	95,000	95,000
73 Compressor	-	-	-	-
74 Installation Costs	-	-	67,000	67,000
75 Surface Pumps	-	-	-	-
76 Downhole Pumps	-	-	-	-
77 Measurement & Meter Installation	-	-	-	-
78 Gas Conditioning / Dehydration	-	-	-	-
79 Interconnecting Facility Piping	-	-	-	-
80 Gathering / Bulk Lines	-	-	-	-
81 Valves, Dumps, Controllers	-	-	-	-
82 Tank / Facility Containment	-	-	-	-
83 Flare Stack	-	-	-	-
84 Electrical / Grounding	-	-	-	-
85 Communications / SCADA	-	-	-	-
86 Instrumentation / Safety	-	-	-	-
<b>TOTAL TANGIBLES &gt;</b>	<b>687,010</b>	<b>0</b>	<b>502,648</b>	<b>1,189,658</b>
<b>TOTAL COSTS &gt;</b>	<b>4,019,837</b>	<b>4,020,798</b>	<b>591,198</b>	<b>8,631,833</b>

**PREPARED BY Colgate Energy:**

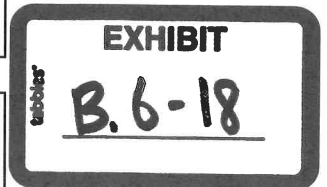
Drilling Engineer:	Rafael Madrid	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Brady Adams	

**Colgate Energy APPROVAL:**

Co-CEO _____	Co-CEO _____	VP - Operations _____
VP - Land & Legal _____	VP - Geosciences _____	CRM _____
WH	JW	BG
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 obligations 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, creative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of sign.

**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. 21317

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

CASE NO. 21318

**AFFIDAVIT OF SERGIO RIVERO OJEDA**

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

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

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

2. My work for Colgate includes the Permian Basin in New Mexico and I have been involved in the study and evaluation of the Bone Spring formation in the area of Eddy County encompassing Colgate’s Atlas 18 State Fed Com 122H, 131H, and 132H wells (*hereinafter* “Proposed Wells”), which are the located within the Bone Spring horizontal spacing units that are the subject of these applications.

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



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

- a. **Exhibit C.1** is a Regional Locator Map identifying the Atlas project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring horizontal spacing units that are the subject of these applications.
- b. **Exhibit C.2** is a Cross-Section Locator Map. This map identifies the cross-section running from A-A' with the cross-section well names and a black line in proximity to the Proposed Wells. It also identifies the Proposed Wells with well names and red or orange lines.
- c. **Exhibit C.3** is a Gunbarrel/Lateral Trajectory Diagram. This diagram identifies the wells within the Black Diamond development plan. It displays the **Atlas 18 State Fed Com 122H** well in the Second Bone Spring formation, and the **Atlas 18 State Fed Com 131H** and **132H** wells in the Third Bone Spring formation. The proposed units are identified together in green in the reference map in the bottom right.
- d. **Exhibit C.4** is a Second Bone Spring Structure Map on the top of the Second Bone Spring formation. This map identifies **Atlas 18 State Fed Com 122H** with an orange line. It also identifies the location of the cross-section running from A-A' in proximity to the Proposed Wells. This map shows that the structure slightly dips to the southeast.
- e. **Exhibit C.5** is a Second Bone Spring Isopach Map. It shows the gross thickness of the Second Bone Spring interval ranges from 75 ft to 100 ft, and is nearly uniform across the proposed units at 100 ft. It also shows the location of cross-section A-A' in proximity to the Proposed Wells.



- f. **Exhibit C.6** is a Third Bone Spring Structure Map on the top of the Third Bone Spring formation. This map identifies the **Atlas 18 State Fed Com 131H and 132H** wells with red lines. It also identifies the location of the cross-section running from A-A' in proximity to the Proposed Wells. This map shows that the structure dips slightly dips to the southeast.
- g. **Exhibit C.7** is a Third Bone Spring Isopach Map. It shows the gross thickness of the Third Bone Spring interval ranges from 325 ft to 375 ft, and is relatively uniform across the proposed unit. It also shows the location of cross-section A-A' in proximity to the Proposed Wells.
- h. **Exhibit C.8** is a Stratigraphic Cross Section hung on the top of the Wolfcamp formation. The well logs on the cross-section give a representative sample of the Bone Spring formation in the area. The target zones for the Proposed Wells are the Second and Third Bone Spring formations, which are consistent across the units. The planned well-path for the Proposed Wells are indicated by orange and red dashed lines.
- i. **Exhibit C.9** is a detailed view of the Target Zone within Stratigraphic Cross Section for the **Atlas 18 State Fed Com 122H** well. The target zone for the well is the Second Bone Spring Formation, and that zone is consistent across the unit. The planned well-path is indicated by an orange dashed line.
- j. **Exhibit C.10** is a detailed view of the Target Zone within Stratigraphic Cross Section for the **Atlas 18 State Fed Com 131H and 132H** wells. The target zone for the wells is the Third Bone Spring Formation, and that zone is consistent across the unit. The planned well-paths are indicated by red dashed lines.

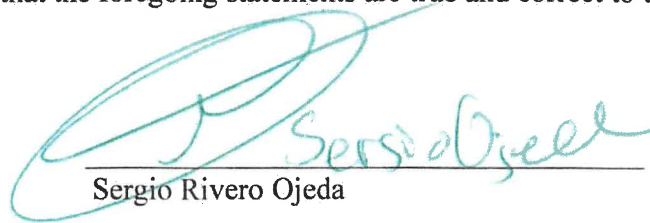
5. Based upon my study as illustrated in these exhibits, knowledge of the geology in this area, and education and training, it is my expert opinion that:

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

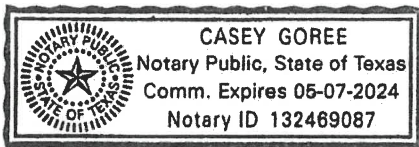
6. The preferred well orientation in this area is E-W. This is due to the fact that regional max horizontal stress orientation in this area is approximately N-S.

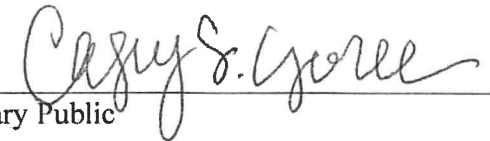
7. The producing interval for each of these wells will be orthodox and will comply with the Division's set back requirements.

8. Pursuant to Rule 1-011 NMRA, I declare and affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct to the best of my knowledge and belief.

  
Sergio Rivero Ojeda

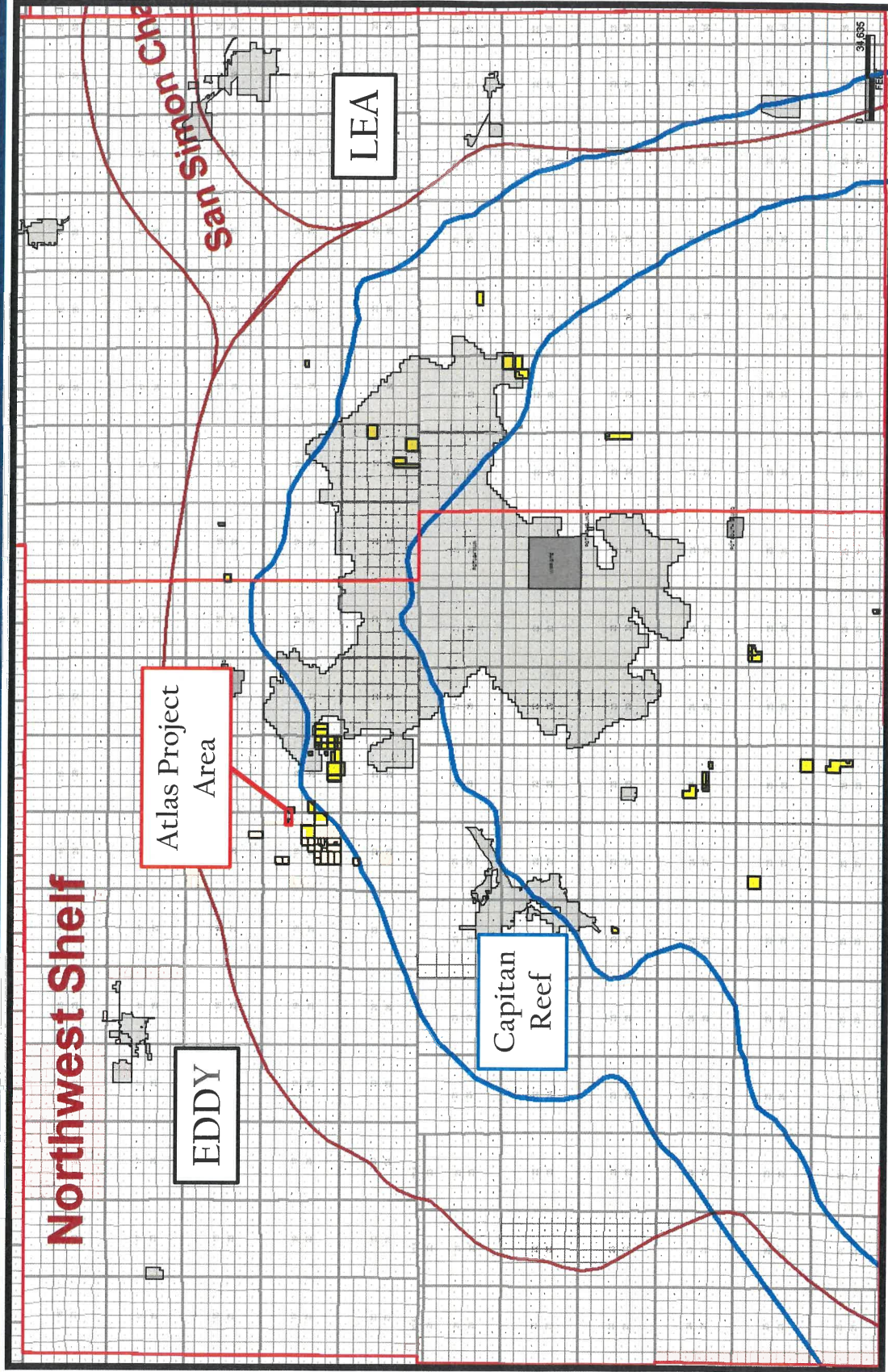
SUBSCRIBED AND SWORN to before me this 10<sup>th</sup> day of July 2020 by Sergio Rivero Ojeda, on behalf of Colgate Operating, LLC.



  
Notary Public

My commission expires: 05-07-2024

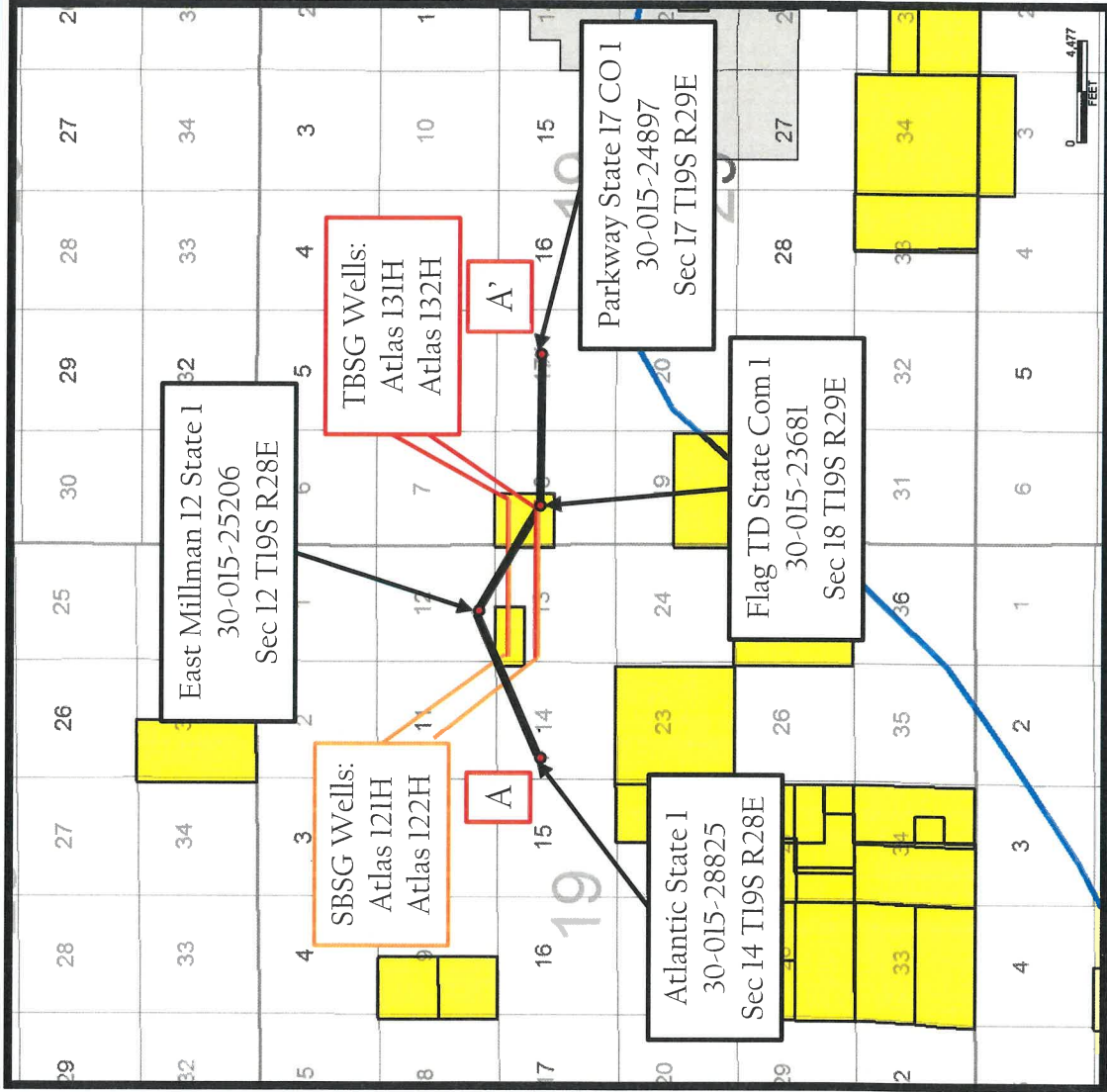
# Atlas 13 State Fed Com: Regional Locator Map



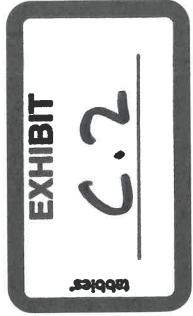
Colgate Energy

EXHIBIT  
**C.1**  
sheets

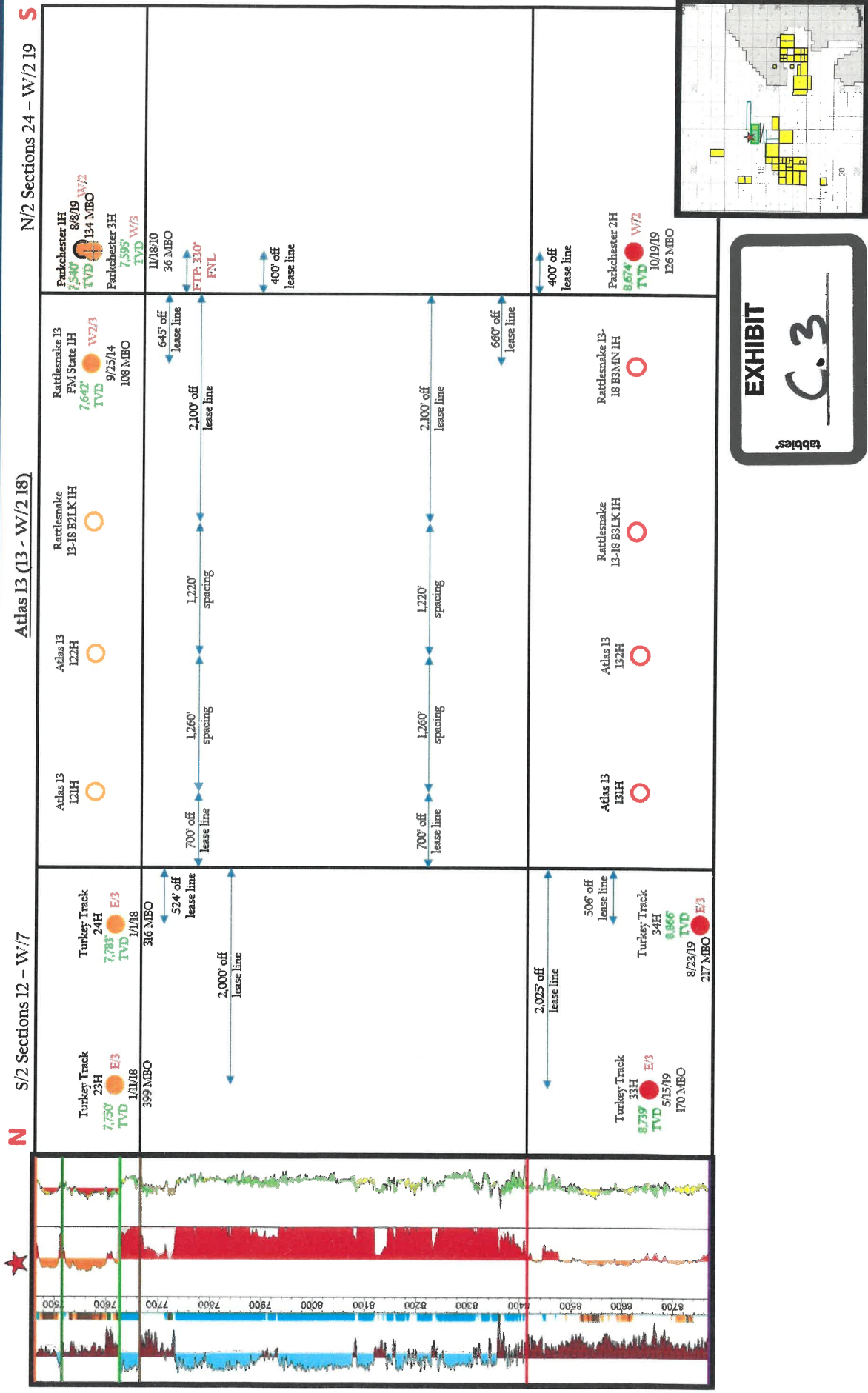
# Atlas 13 State Fed Com: Cross-Section Locator Map



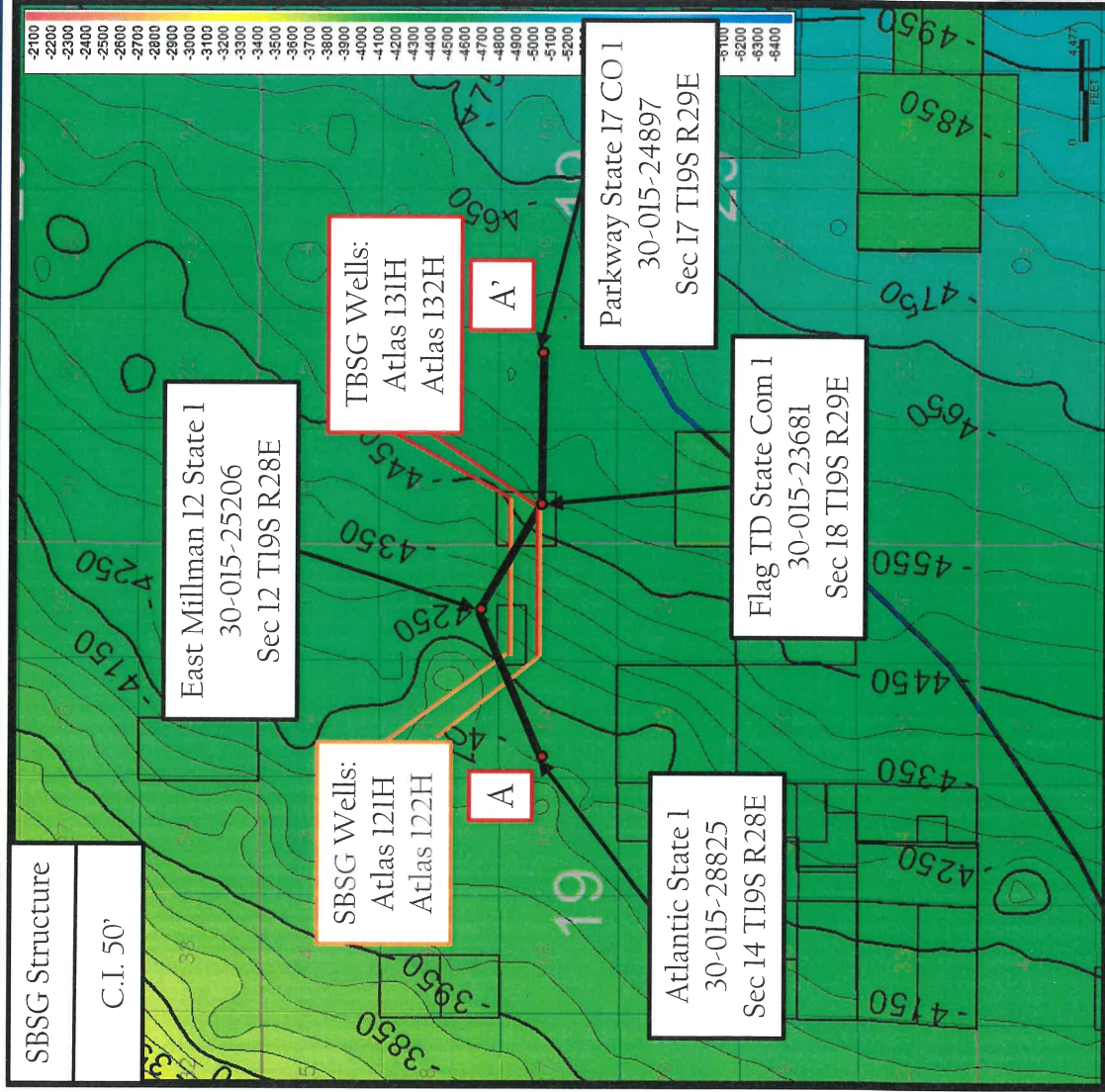
Colgate Energy



# Atlas 13 State Fed Com: SBSG-TBSG Gun Barrel Development



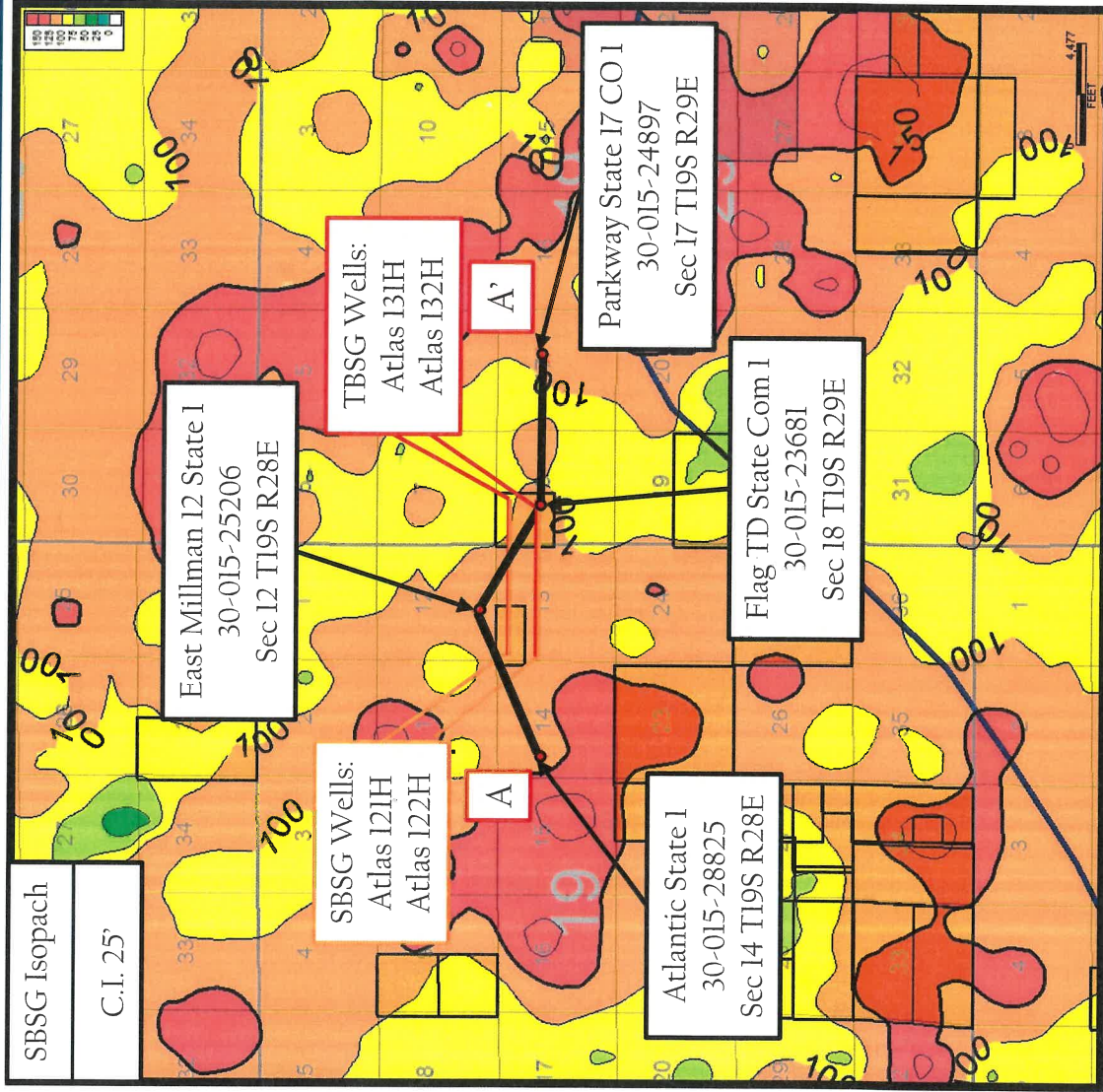
# Atlas 13 State Fed Com: SBSG Structure Map



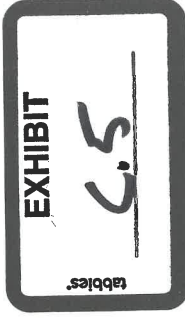
Colgate Energy

EXHIBIT  
C.4

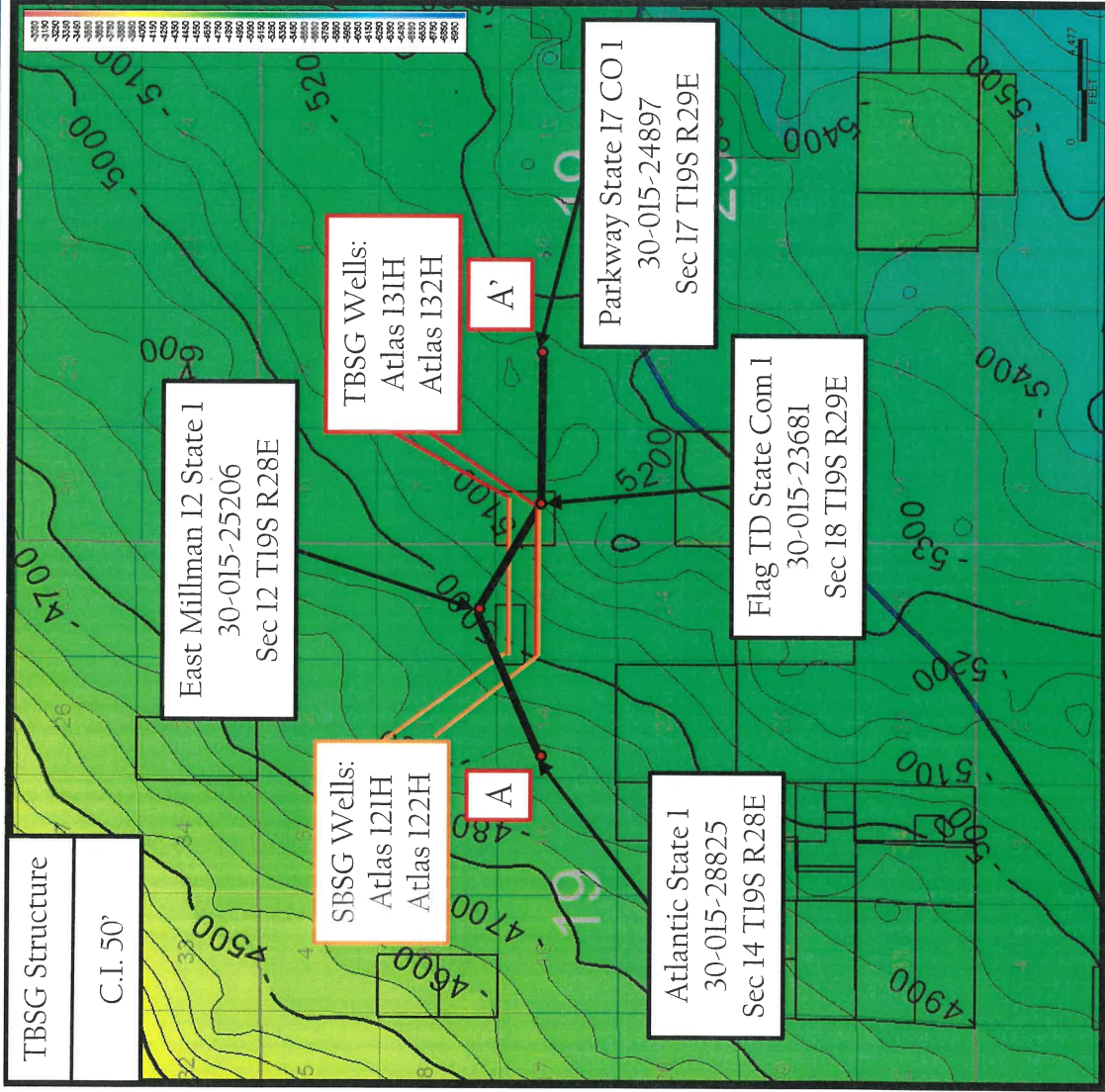
# Atlas 13 State Fed Com: SBSG Isopach Map



Colgate Energy



# Atlas 13 State Fed Com: TBSG Structure Map

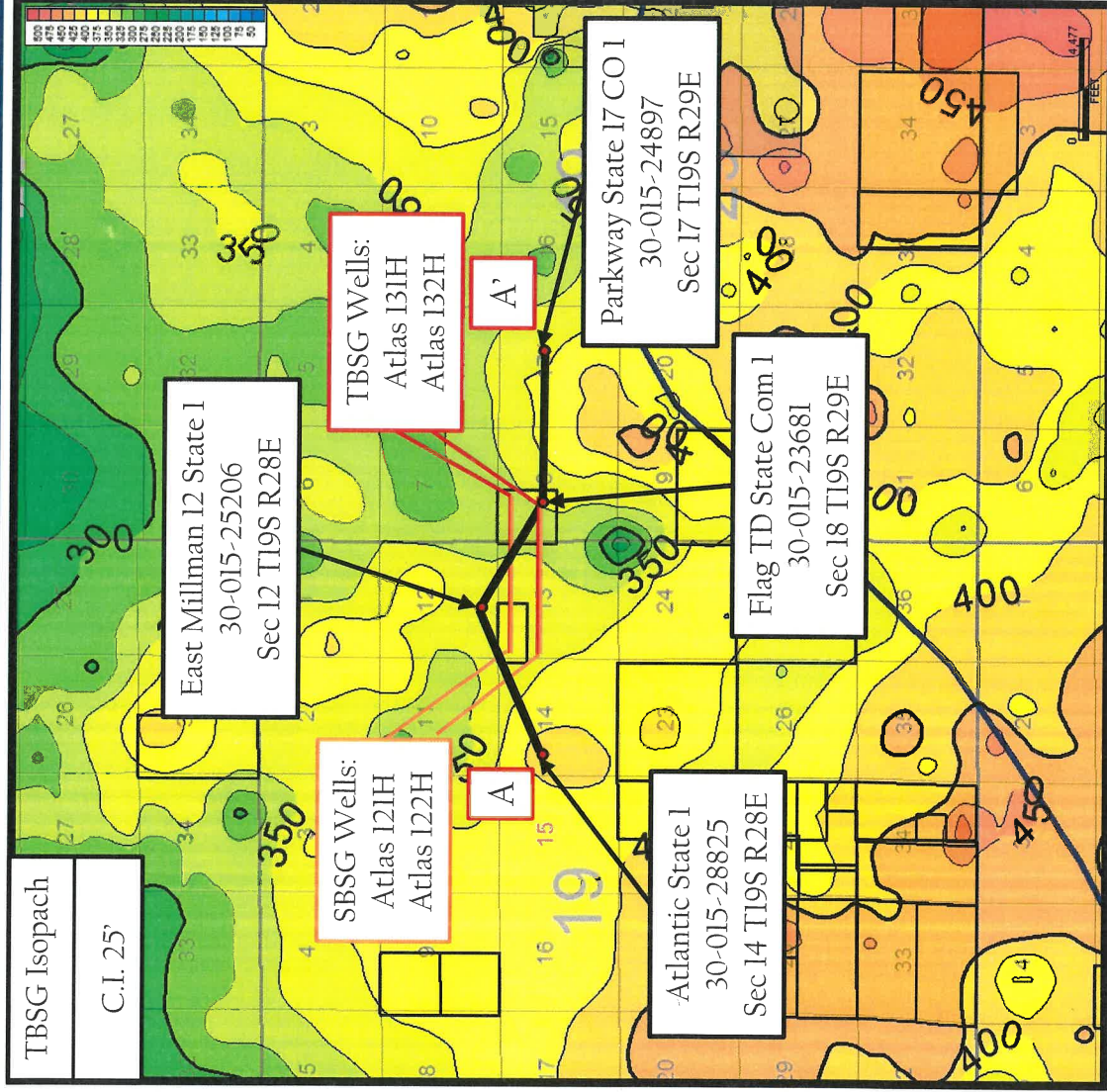


Colgate Energy

EXHIBIT  
C.6



# Atlas 13 State Fed Com: TBSG Isopach Map



Colgate Energy

EXHIBIT  
C.7  
tabbles

# Atlas 13 State Fed Com: Cross-Section A-A'

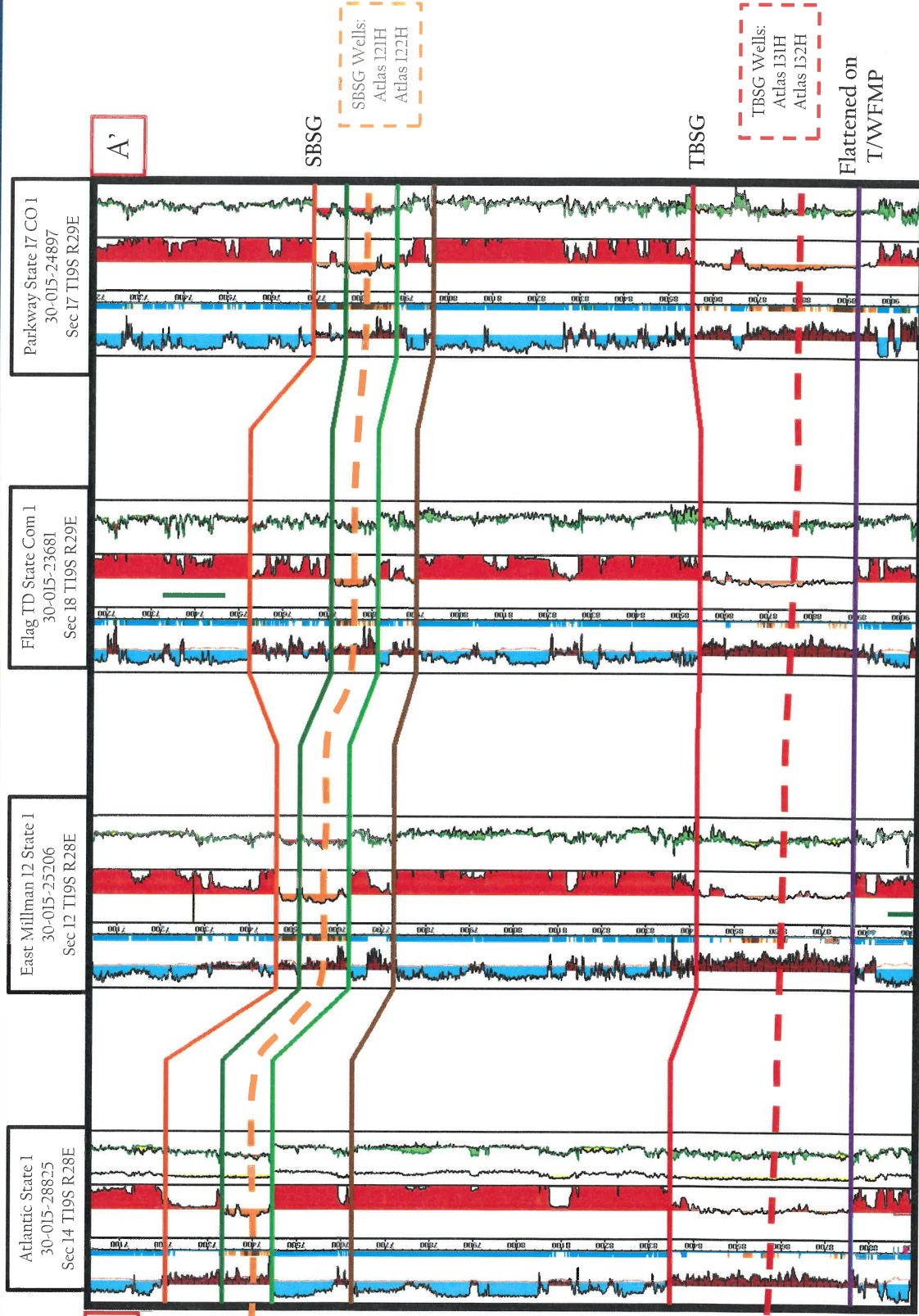
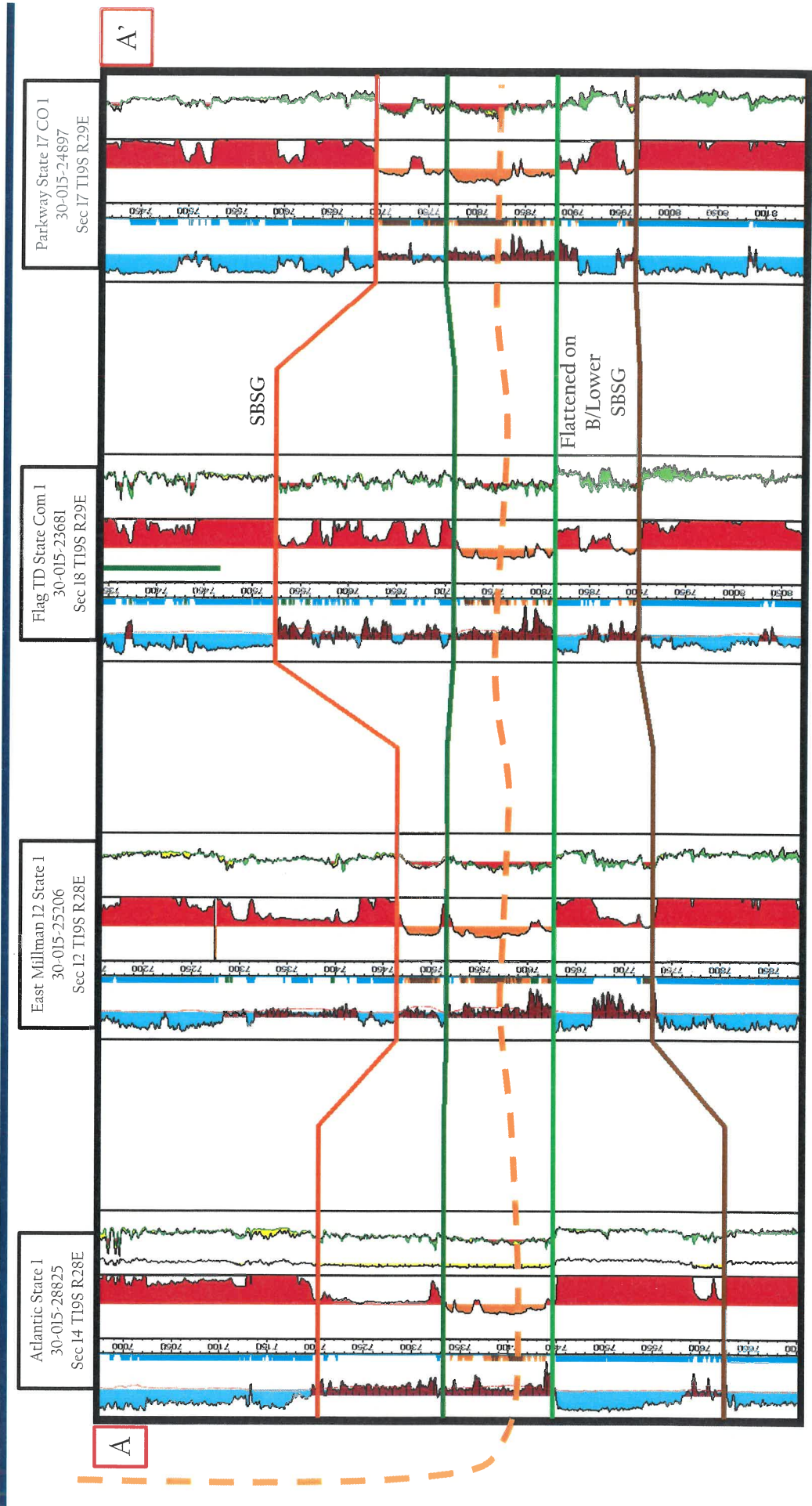


EXHIBIT  
C.8  
Tables

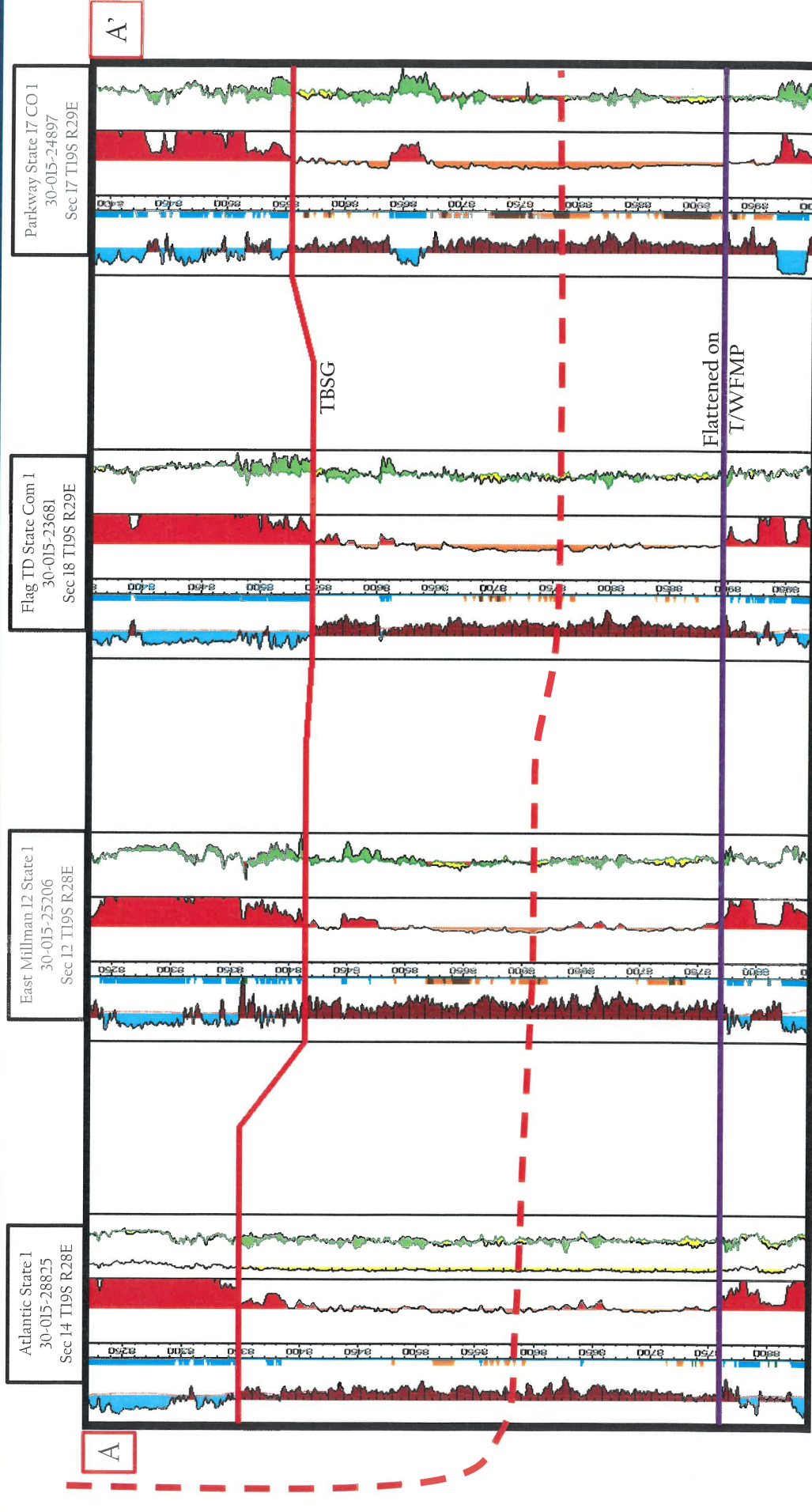
# Atlas 13 State Fed Com: Cross-Section A-A' (SBSG)



SBSG Wells:  
Atlas 121H  
Atlas 122H

**EXHIBIT**  
C.9  
tabbles

# Atlas 13 State Fed Com: Cross-Section A-A' (TBSG)



TBSG Wells:  
Atlas 131H  
Atlas 132H

EXHIBIT  
C.10  
tabbles

**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. 21317

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

CASE NO. 21318

**AFFIDAVIT OF LANCE D. HOUGH**

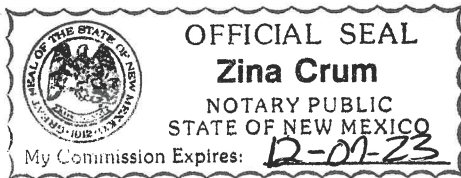
STATE OF NEW MEXICO            )  
  )ss.  
COUNTY OF BERNALILLO        )

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

\_\_\_\_\_  
Lance D. Hough

SUBSCRIBED AND SWORN to before me this 17<sup>th</sup> day of August 2020 by Lance D. Hough.

S E A L



\_\_\_\_\_  
Notary Public  
My commission expires: 12-7-23





MODRALL SPERLING

L A W Y E R S

May 22, 2020

Lance D. Hough  
Tel: 505.848.1826  
Fax: 505.848.9710  
Lance.Hough@modrall.com

**VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

TO: AFFECTED PARTIES

This letter is to advise you that Colgate Operating LLC has filed the enclosed applications with the New Mexico Oil Conservation Division:

**Case No. 21317: Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 233-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Atlas 18 State Fed Com 122H and 132H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16.5 miles north northeast of Carlsbad, New Mexico.

**Case No. 21318: Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 233-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Atlas 18 State Fed Com 131H** well, to be horizontally drilled. The producing interval for this well will be orthodox. Also to be

Modrall Sperling  
Roehl Harris & Sisk P.A.

500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

PO Box 2168  
Albuquerque,  
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Tel: 505.848.1800  
www.modrall.com



AFFECTED PARTIES

Colgate / Atlas 18 State Fed Com 131H, 122H, and 132H

May 22, 2020

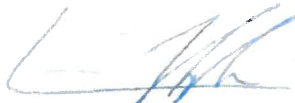
Page 2

considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 16.5 miles north northeast of Carlsbad, New Mexico.

These applications have been set for hearing before a Division Examiner at **8:15 a.m. on June 11, 2020**. Due to state building closures during the COVID-19 Public Health Emergency, the hearing will be conducted remotely. You may access the instruction to appear at <http://www.emnrd.state.nm.us/OCD/documents/06-11OCDHearing.pdf>. As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in these cases, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,



Lance D. Hough  
*Attorney for Applicant*

EED/ldh/W3756875.DOCX

Enclosures: as stated

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

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

CASE NO. \_\_\_\_\_

**APPLICATION**

Colgate Operating, LLC (“Colgate”), OGRID Number 371449, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Colgate states as follows:

1. Colgate is an interest owner in the subject lands and has a right to drill a well thereon.
2. Colgate seeks to dedicate the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 233-acre, more or less, Bone Spring horizontal spacing unit.
3. Colgate plans to drill the **Atlas 18 State Fed Com 131H** well to a depth sufficient to test the Bone Spring formation. This is a horizontal well with a surface location in the NE/4 NW/4 (Unit C) of irregular Section 18, Township 19 South, Range 29 East, NMPM, Eddy County, and an intended bottom hole location in the NW/4 NW/4 (Unit D) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County.



4. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation and laterally in a westerly direction within the formation to the referenced bottom hole location.

5. This well will be located within the Scanlon Draw; Bone Spring Pool (Pool code 55510) and will comply with the Division's setback requirements.

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

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

WHEREFORE, Colgate requests that this case is set for hearing before an Examiner of the Oil Conservation Division on June 11, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximately 233-acre horizontal spacing unit in the Bone Spring formation comprised of N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

- C. Designating Colgate as operator of this unit and the well to be drilled thereon;
- D. Authorizing Colgate to recover its costs of drilling, completing and equipping the well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

By: 

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

W3750149.DOCX

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

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

CASE NO. \_\_\_\_\_

**APPLICATION**

Colgate Operating, LLC (“Colgate”), OGRID Number 371449, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Colgate states as follows:

1. Colgate is an interest owner in the subject lands and has a right to drill a well thereon.
2. Colgate seeks to dedicate the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 233-acre, more or less, Bone Spring horizontal spacing unit.
3. Colgate plans to drill the following horizontal wells in a westerly direction to a depth sufficient to test the Bone Spring formation:
  - a. The Atlas 18 State Fed Com 122H well is a horizontal well with a surface location in the NE/4 NW/4 (Unit C) of irregular Section 18, Township 19 South, Range 29 East, NMPM, Eddy County, and an intended bottom hole location in the SW/4 NW/4 (Unit E) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 7,500’ to the Bone Spring formation.

b. The Atlas 18 State Fed Com 132H well is a horizontal well with a surface location in the NE/4 NW/4 (Unit C) of irregular Section 18, Township 19 South, Range 29 East, NMPM, Eddy County, and an intended bottom hole location in the SW/4 NW/4 (Unit E) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation.

4. These wells will be located within the Scanlon Draw; Bone Spring Pool (Pool code 55510) and will comply with the Division's statewide setback requirements.

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

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

WHEREFORE, Colgate requests that this case is set for hearing before an Examiner of the Oil Conservation Division on June 11, 2020, and after notice and hearing as required by law, the Division enter its order:


A. Creating an approximated 233-acre horizontal spacing unit in the Bone Spring formation comprised of S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

- C. Designating Colgate as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Colgate to recover its costs of drilling, completing and equipping the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

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

W3750241.DOCX

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
 05/22/2020

Firm Mailing Book ID: 189652

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0071 7569 47	EOG Resources, Inc. 5509 Champions Drive Midland TX 79704	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
2	9314 8699 0430 0071 7569 54	Charles L. Parcel, MSU 140 Convent Ct. San Rafael CA 94901	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
3	9314 8699 0430 0071 7569 61	Elliott Industries L.P. P.O. Box 1328 Santa Fe NM 87504	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
4	9314 8699 0430 0071 7569 78	Elliott-Hall Company L.P. P.O. Box 1231 Ogden, Utah UT 84402	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
5	9314 8699 0430 0071 7569 85	Devon Energy Production Company, LP 333 West Sheridan Avenue Oklahoma City OK 73102	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
6	9314 8699 0430 0071 7569 92	OXY NM, LP 5 Greenway Plaza, Suite 110 Houston TX 77046	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
7	9314 8699 0430 0071 7570 05	Prince Petroleum Company, LTD 306 West 7th Street, Suite 701 Fort Worth TX 76102	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
8	9314 8699 0430 0071 7570 12	MRC Permian Company 5400 LBJ Freeway, Suite 1500 Dallas TX 75240	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
9	9314 8699 0430 0071 7570 29	Norman L. Stevens, III ("Larry"), Trustee of the Norman L. Stevens, Jr., Trust c/o Foley Gardere 1000 Louisiana Street, Suite 2000 Houston TX 77002	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
10	9314 8699 0430 0071 7570 36	Vladin, LLC P.O. Box 100 Artesia NM 88211	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
11	9314 8699 0430 0071 7570 43	Dick Blenden, MSU 208 W. Stevens Street Carlsbad NM 88220	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
12	9314 8699 0430 0071 7570 50	Carolyn Read Bell, MSU P.O. Box 3098 Midland TX 79702	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
13	9314 8699 0430 0071 7570 67	Tierra Encantada, LLC P.O. Box 811 Roswell NM 88202	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
14	9314 8699 0430 0071 7570 74	Ruby Kennedy, MSU 1503 Sears Avenue Artesia NM 88201	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
15	9314 8699 0430 0071 7570 81	Highland (Texas) Energy Company 7557 Rambler Road, Suite 918 Dallas TX 75218	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice



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

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Firm Mailing Book ID: 189652

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
16	9314 8699 0430 0071 7570 98	Wanda Porter, MSU 2404 Smedley Road Carlsbad NM 88220	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
17	9314 8699 0430 0071 7571 04	C. Lee Anderson, MSU 122 Country Trace Benton KY 42022	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
18	9314 8699 0430 0071 7571 11	C. Lee Anderson, MSU PO Box 1116 Benton KY 42025	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
19	9314 8699 0430 0071 7571 28	HFB Investment Company, LP 415 West Wall Street, Suite 1300 Midland TX 79701	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
20	9314 8699 0430 0071 7571 35	HFB Investment Company, LP PO BOX 2021 Midland TX 79701	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
21	9314 8699 0430 0071 7571 42	Catherine Roach Baker, MSU 5607 Valley Meadow Arlington TX 76016	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
22	9314 8699 0430 0071 7571 59	Lola Roach Kelly, MSU 4020 Willowrun Lane Arlington TX 76013	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
23	9314 8699 0430 0071 7571 66	Blaine Roach, MSU 4001 Rana Drive #169 Arlington TX 76013	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
24	9314 8699 0430 0071 7571 73	Blaine Roach, MSU 4001 Rana Drive #166 Arlington TX 76013	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
25	9314 8699 0430 0071 7571 80	Roxanna Lynne Mills 104 Panorama Court Trophy Club TX 76262	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
26	9314 8699 0430 0071 7571 97	Roxanna Lynne Mills 8516 Lake Arrowhead Trl McKinney TX 75071	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
27	9314 8699 0430 0071 7572 03	Nancy Sue Howard 1309 Iris Lane Lewisville TX 75057	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
28	9314 8699 0430 0071 7572 10	Nancy Sue Howard 590 Ferguson Dr Lewisville TX 75057	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
29	9314 8699 0430 0071 7572 27	Teresa Burnsides, MSU 301 Wilcrest #3605 Houston TX 77042	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
30	9314 8699 0430 0071 7572 34	Broughton Petroleum, Inc. P.O. Box 1389 Sealy TX 77474	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice



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

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Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
31	9314 8699 0430 0071 7572 41	CHARLES L. PARCELL, MSU 140 CONVENT CT. SAN RAFAEL CA 94901	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
32	9314 8699 0430 0071 7572 58	ELLIOTT INDUSTRIES L.P. P.O. BOX 1328 SANTA FE NM 87504	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
33	9314 8699 0430 0071 7572 65	ELLIOTT-HALL COMPANY L.P. P.O. BOX 1231 OGDEN UT 84402	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
34	9314 8699 0430 0071 7572 72	T.K. CAMPBELL 1212 RAIN TREE DR FORT COLLINS CO 80526	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
35	9314 8699 0430 0071 7572 89	L.E. GWALTNEY PO BOX 2078 LAS CRUCES NM 88004	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
36	9314 8699 0430 0071 7572 96	SPENCER SISTERS INVESTMENT 4002 S. SPRING LOOP ROSWELL NM 88203	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
37	9314 8699 0430 0071 7573 02	TEJAS GROUP, LTD, STREAM INVESTMENTS, LLC PRAIRIE ROSE, INC., ET AL 306 W. 7TH ST., SUITE 701 FORT WORTH TX 76102	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
38	9314 8699 0430 0071 7573 19	ROSEMARY FERGUSON, TRUSTEE OF THE FERGUSON FAMILY TRUST P.O. BOX 10701 MESILLA PARK NM 88047	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
39	9314 8699 0430 0071 7573 26	R.W. SCROGGINS 777 TAYLOR ST # D FORT WORTH TX 76102	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
40	9314 8699 0430 0071 7573 33	WALLACE H. SCOTT, JR. 10205 RIVER PLANTATION AUSTIN TX 79747	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
41	9314 8699 0430 0071 7573 40	VELDA GASS 2507 FONTANA ST ODESSA TX 79763	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
42	9314 8699 0430 0071 7573 57	BROUGHTON PETROLEUM, INC. P.O. BOX 1389 SEALY TX 77474	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
43	9314 8699 0430 0071 7573 64	CAT SPRING PROPERTIES P.O. BOX 450 SEALY TX 77474	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas Notice
<b>Totals:</b>			<b>\$51.60</b>	<b>\$152.65</b>	<b>\$73.10</b>	<b>\$0.00</b>	<b>Grand Total:</b>
							<b>\$277.35</b>



List Number of Pieces Received at Post Office: \_\_\_\_\_  
 Total Number of Pieces Received at Post Office: \_\_\_\_\_  
 Postmaster: \_\_\_\_\_  
 Name of receiving employee: \_\_\_\_\_  
 Dated: \_\_\_\_\_



USPS Article Number	Date Created	Name 1	Name 2	Address1	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300071757364	2020-05-22 9:21 AM	CAT SPRING PROPERTIES		P.O. BOX 450	SEALY	TX	77474	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757357	2020-05-22 9:21 AM	BROUGHTON PETROLEUM, INC.		P.O. BOX 1389	SEALY	TX	77474	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757340	2020-05-22 9:21 AM	VELDA GASS		2507 FONTANA ST	ODESSA	TX	79763	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757333	2020-05-22 9:21 AM	WALLACE H. SCOTT, JR.		10205 RIVER PLANTATION	AUSTIN	TX	79747	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300071757326	2020-05-22 9:21 AM	R.W. SCROGGINS		777 TAYLOR ST # D	FORT WORTH	TX	76102	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300071757319	2020-05-22 9:21 AM	ROSEMARY FERGUSON, TRUSTEE OF	THE FERGUSON FAMILY TRUST	P.O. BOX 10701	MESILLA PARK	NM	88047	Lost	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757302	2020-05-22 9:21 AM	TEJAS GROUP, LTD, STREAM INVESTMENTS, LLC	PRAIRIE ROSE, INC., ET AL	306 W. 7TH ST., SUITE 701	FORT WORTH	TX	76102	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757296	2020-05-22 9:21 AM	SPENCER SISTERS INVESTMENT		4002 S. SPRING LOOP	ROSWELL	NM	88203	Delivered	Return Receipt - Electronic, Certified Mail	06-06-2020
9314869904300071757289	2020-05-22 9:21 AM	L.E. GWALBTEY		1212 RAINTREE DR	FORT COLLINS	CO	80526	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300071757272	2020-05-22 9:21 AM	T.K. CAMPBELL		P.O. BOX 1231	OGDEN	UT	84402	Delivered	Return Receipt - Electronic, Certified Mail	05-27-2020
9314869904300071757265	2020-05-22 9:21 AM	ELLIOTT-HALL COMPANY L.P.		P.O. BOX 1328	SANTA FE	NM	87504	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757258	2020-05-22 9:21 AM	ELLIOTT INDUSTRIES L.P.		140 CONVENT CT.	SAN RAFAEL	CA	94901	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757234	2020-05-22 9:21 AM	CHARLES L. PARCELL, MSU		P.O. Box 1389	Sealy	TX	77474	Delivered	Return Receipt - Electronic, Certified Mail	05-28-2020
9314869904300071757227	2020-05-22 9:21 AM	Broughton Petroleum, Inc.		301 Wilcrest #3605	Houston	TX	77042	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300071757210	2020-05-22 9:21 AM	Nancy Sue Howard		590 Ferguson Dr	Lewisville	TX	75057	Delivered	Return Receipt - Electronic, Certified Mail	05-27-2020
9314869904300071757203	2020-05-22 9:21 AM	Nancy Sue Howard		1309 Iris Lane	Lewisville	TX	75057	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300071757197	2020-05-22 9:21 AM	Roxanna Lynne Mills		8516 Lake Arrowhead Trl	McKinney	TX	75071	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757180	2020-05-22 9:21 AM	Roxanna Lynne Mills		104 Panorama Court	Trophy Club	TX	76262	Delivered	Return Receipt - Electronic, Certified Mail	06-05-2020
9314869904300071757173	2020-05-22 9:21 AM	Blaine Roach, MSU		4001 Rana Drive #166	Arlington	TX	76013	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300071757166	2020-05-22 9:21 AM	Blaine Roach, MSU		4001 Rana Drive #166	Arlington	TX	76013	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300071757159	2020-05-22 9:21 AM	Lola Roach Kelly, MSU		4020 Willowrun Lane	Arlington	TX	76013	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300071757142	2020-05-22 9:21 AM	Catherine Roach Baker, MSU		5607 Valley Meadow	Arlington	TX	76016	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300071757135	2020-05-22 9:21 AM	HFB Investment Company, LP		PO BOX 2021	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	06-04-2020
9314869904300071757128	2020-05-22 9:21 AM	HFB Investment Company, LP		415 West Wall Street, Suite 1300	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757111	2020-05-22 9:21 AM	C. Lee Anderson, MSU		PO Box 1116	Benton	KY	42025	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757104	2020-05-22 9:21 AM	C. Lee Anderson, MSU		122 Country Trace	Benton	KY	42022	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757098	2020-05-22 9:21 AM	Wanda Porter, MSU		2404 Smedley Road	Carlsbad	NM	88220	Delivered	Return Receipt - Electronic, Certified Mail	05-28-2020
9314869904300071757081	2020-05-22 9:21 AM	Highland (Texas) Energy Company		7557 Rambler Road, Suite 918	Dallas	TX	75218	Delivered	Return Receipt - Electronic, Certified Mail	06-08-2020
9314869904300071757074	2020-05-22 9:21 AM	Ruby Kennedy, MSU		1503 Stears Avenue	Artesia	NM	88201	Lost	Return Receipt - Electronic, Certified Mail	
9314869904300071757067	2020-05-22 9:21 AM	Tierra Encantada, LLC		P.O. Box 811	Roswell	NM	88202	Delivered	Return Receipt - Electronic, Certified Mail	06-08-2020
9314869904300071757050	2020-05-22 9:21 AM	Carolyn Read Bell, MSU		P.O. Box 3098	Midland	TX	79702	Delivered	Return Receipt - Electronic, Certified Mail	06-09-2020
9314869904300071757043	2020-05-22 9:21 AM	Dick Blenden, MSU		208 W. Stevens Street	Carlsbad	NM	88220	Delivered	Return Receipt - Electronic, Certified Mail	06-09-2020
9314869904300071757036	2020-05-22 9:21 AM	Viadin, LLC		P.O. Box 100	Artesia	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	05-27-2020
9314869904300071757029	2020-05-22 9:21 AM	Norman L. Stevens, III ("Larry), Trustee of the	Norman L. Stevens, Jr., Trust c/o Foley Gardere	1000 Louisiana Street, Suite 2000	Houston	TX	77002	Delivered	Return Receipt - Electronic, Certified Mail	05-27-2020
9314869904300071757012	2020-05-22 9:21 AM	MRC Permian Company		5400 181 Freeway, Suite 1500	Dallas	TX	75240	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071757005	2020-05-22 9:21 AM	Prince Petroleum Company, LTD		306 West 7th Street, Suite 701	Fort Worth	TX	76102	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071756992	2020-05-22 9:21 AM	OXY NM, LP		5 Greenway Plaza, Suite 110	Houston	TX	77046	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071756985	2020-05-22 9:21 AM	Devon Energy Production Company, LP		333 West Sheridan Avenue	Oklahoma City	OK	73102	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071756978	2020-05-22 9:21 AM	Elliott-Hall Company L.P.		P.O. Box 1231	Ogden, Utah	UT	84402	Delivered	Return Receipt - Electronic, Certified Mail	05-27-2020
9314869904300071756961	2020-05-22 9:21 AM	Elliott Industries L.P.		P.O. Box 1328	Santa Fe	NM	87504	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071756954	2020-05-22 9:21 AM	Charles L. Parcell, MSU		140 Convent Ct.	San Rafael	CA	94901	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020
9314869904300071756947	2020-05-22 9:21 AM	EOG Resources, Inc.		5509 Champions Drive	Midland	TX	79704	Delivered	Return Receipt - Electronic, Certified Mail	05-26-2020

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
 06/09/2020

Firm Mailing Book ID: 190310

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0072 2100 97	Magnum Hunter Production, Inc. 1700 Lincoln Street Suite 3700 Denver CO 80203	\$1.20	\$3.55	\$1.70	\$0.00	10091-0008 Atlas
<b>Totals:</b>			<b>\$1.20</b>	<b>\$3.55</b>	<b>\$1.70</b>	<b>\$0.00</b>	
			<b>Grand Total:</b>				<b>\$6.45</b>

List Number of Pieces Listed by Sender: \_\_\_\_\_  
 Total Number of Pieces Received at Post Office: \_\_\_\_\_  
 Postmaster: \_\_\_\_\_  
 Name of receiving employee: \_\_\_\_\_  
 Dated: \_\_\_\_\_





June 15, 2020

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number:  
**9314 8699 0430 0072 2100 97.**

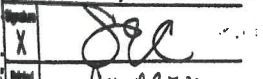
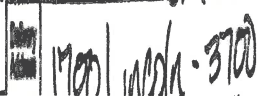
#### Item Details

**Status:** Delivered to Agent for Final Delivery  
**Status Date / Time:** June 11, 2020, 03:13 p.m.  
**Location:** DENVER, CO 80203  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
Return Receipt Electronic  
**Recipient Name:** Magnum Hunter Production Inc

#### Shipment Details

**Weight:** 2.0oz

#### Recipient Signature

Signature of Recipient: (Authorized Agent)	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,  
United States Postal Service®  
475 L'Enfant Plaza SW  
Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 10091-0008 Atlas

**Affidavit of Publication**

Ad # 0004206981

This is not an invoice

MODRALL SPERLING  
POBOX 2168

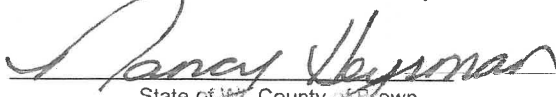
ALBUQUERQUE, NM 87103

I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

05/27/2020

  
Legal Clerk

Subscribed and sworn before me this May 27, 2020:

  
State of WI, County of Brown  
NOTARY PUBLIC

5.15.23

My commission expires

NANCY HEYRMAN  
Notary Public  
State of Wisconsin

CASE NO. 21317: Notice to all affected parties, as well as their heirs and devisees, of EOG RESOURCES, INC.; CHARLES L. PARCELL, MSU; ELLIOTT INDUSTRIES L.P.; ELLIOTT-HALL COMPANY L.P.; DEVON ENERGY PRODUCTION COMPANY, LP; OXY NM, LP; PRINCE PETROLEUM COMPANY, LTD; MRC PERMIAN COMPANY; NORMAN L. STEVENS, III ("LARRY"), TRUSTEE OF THE NORMAN L. STEVENS, JR., TRUST C/O FOLEY GARDERE, VLADIN, LLC; DICK BLENDEM, MSU; CAROLYN READ BELL, MSU; TIERRA ENCANTADA, LLC; RUBY KENNEDY, MSU; HIGHLAND (TEXAS) ENERGY COMPANY; WANDA PORTER, MSU; C. LEE ANDERSON, MSU; C. LEE ANDERSON, MSU; HFB INVESTMENT COMPANY, LP; HFB INVESTMENT COMPANY, LP; CATHERINE ROACH BAKER, MSU; LOLA ROACH KELLY, MSU; BLAINE ROACH, MSU; BLAINE ROACH, MSU; ROXANNA LYNNE MILLS; ROXANNA LYNNE MILLS; NANCY SUE HOWARD; NANCY SUE HOWARD; TERESA BURNSIDES, MSU; BROUGHTON PETROLEUM, INC.; CHARLES L. PARCELL, MSU; ELLIOTT INDUSTRIES L.P.; ELLIOTT-HALL COMPANY L.P.; T.K. CAMPBELL; L.E. GWALTNEY; SPENCER SISTERS INVESTMENT; TEJAS GROUP, LTD, STREAM INVESTMENTS, LLC; PRAIRIE ROSE, INC., ET AL; ROSEMARY FERGUSON, TRUSTEE OF THE FERGUSON FAMILY TRUST; R.W. SCROGGINS; WALLACE H. SCOTT, JR.; VEDA GASS; BROUGHTON PETROLEUM, INC.; CAT SPRING PROPERTIES of Colgate Operating, LLC's Application for compulsory pooling, Eddy County, New Mexico. The State of New Mexico through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on June 11, 2020 to consider this application. Due to state building closures during the COVID-19 Public Health Emergency, the hearing will be conducted remotely. You may access the instruction to appear at <http://www.emnrd.state.nm.us/OCD/documents/06-11OCDHearing.pdf>. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 233-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the S/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Atlas 18 State Fed Com 122H and 132H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately .165 miles north northeast of Carlsbad, New Mexico.  
#4206981, Current Argus, May 27, 2020

Ad # 0004206981  
PO #: CASE NO. 21317  
# of Affidavits 1

This is not an invoice



# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0004206998

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MODRALL SPERLING  
POBOX 2168

ALBUQUERQUE, NM 87103

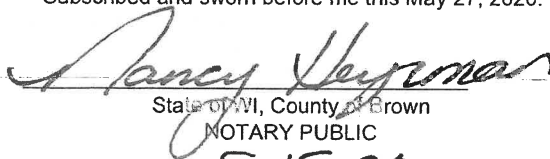
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

05/27/2020



Legal Clerk

Subscribed and sworn before me this May 27, 2020:



State of WI, County of Brown  
NOTARY PUBLIC

5.15.23

My commission expires

CASE NO. 21318: Notice to all affected parties, as well as their heirs and devisees, of EOG RESOURCES, INC.; CHARLES L. PARCELL, MSU; ELLIOTT INDUSTRIES L.P.; ELLIOTT-HALL COMPANY L.P.; DEVON ENERGY PRODUCTION COMPANY, LP; OXY NM, LP; PRINCE PETROLEUM COMPANY, LTD; MRC PERMIAN COMPANY; NORMAN L. STEVENS, III ("LARRY"), TRUSTEE OF THE NORMAN L. STEVENS, JR., TRUST C/O FOLEY GARDERE, VLADIN, LLC; DICK BLENDEEN, MSU; CAROLYN READ BELL, MSU; TIERRA ENCANTADA, LLC; RUBY KENNEDY, MSU; HIGHLAND (TEXAS) ENERGY COMPANY; WANDA PORTER, MSU; C. LEE ANDERSON, MSU; C. LEE ANDERSON, MSU; HFB INVESTMENT COMPANY, LP; HFB INVESTMENT COMPANY, LP; CATHERINE ROACH BAKER, MSU; LOLA ROACH KELLY, MSU; BLAINE ROACH, MSU; BLAINE ROACH, MSU; ROXANNA LYNNE MILLS; ROXANNA LYNNE MILLS; NANCY SUE HOWARD; NANCY SUE HOWARD; TERESA BURNSIDES, MSU; BROUGHTON PETROLEUM, INC.; CHARLES L. PARCELL, MSU; ELLIOTT INDUSTRIES L.P.; ELLIOTT-HALL COMPANY L.P.; T.K. CAMPBELL; L.E. GWALTNEY; SPENCER SISTERS INVESTMENT; TEJAS GROUP, LTD, STREAM INVESTMENTS, LLC; PRAIRIE ROSE, INC., ET AL; ROSEMARY FERGUSON, TRUSTEE OF THE FERGUSON FAMILY TRUST; R.W. SCROGGINS; WALLACE H. SCOTT, JR.; VEDA GASS; BROUGHTON PETROLEUM, INC.; CAT SPRING PROPERTIES of Colgate Operating, LLC's Application for compulsory pooling, Eddy County, New Mexico. The State of New Mexico through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on June 11, 2020 to consider this application. Due to state building closures during the COVID-19 Public Health Emergency, the hearing will be conducted remotely. You may access the instruction to appear at <http://www.em.nrd.state.nm.us/OCD/documents/06-11OCDHearing.pdf>. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 233-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 NW/4 equivalent of irregular Section 18, Township 19 South, Range 29 East and the N/2 N/2 of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Atlas 18 State Fed Com 131H well, to be horizontally drilled. The producing interval for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 16.5 miles north northeast of Carlsbad, New Mexico. #4206998, Current Argus, May 27, 2020

NANCY HEYRMAN  
Notary Public  
State of Wisconsin

Ad # 0004206998  
PO #: CASE NO. 21318  
# of Affidavits 1

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