

**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. 21465**

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

**CASE NO. 21466**

**Examiner Docket: October 8, 2020**

**COLGATE'S EXHIBITS**

**Dakota 32 State Fed Com 123H  
Dakota 32 State Fed Com 133H  
Dakota 32 State Fed Com 124H  
Dakota 32 State Fed Com 134H**



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  
                 B-2      Tract Map with WIs and ORRIs  
                 B-3      Well Proposal Letter

No. 21465  
                 B.4-65 Application  
                 B.5-65 C102s  
                 B.6-65 Authorizations for Expenditures

No. 21466  
                 B.4-66 Application  
                 B.5-66 C102s  
                 B.6-66 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 September 17, 2020  
                 D-2      Certified Mail Log / Report October 5, 2020  
                      Certified Mail Log / Notice September 17, 2020  
                 D-3      Affidavit of Publication

Earl E. DeBrine, Jr.  
Lance D. Hough



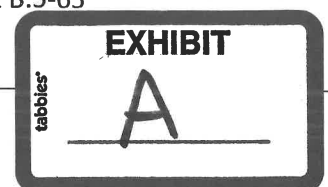
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# COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

<b>Case: 21465</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date</b>	<b>October 8, 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. 21465
Entries of Appearance/Intervenors:	
Well Family	Dakota
<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:	Winchester, Bone Spring, West Pool (Code 97569)
Well Location Setback Rules:	Latest Statewide Horizontal Rules Apply
Spacing Unit Size:	Approximately 320 Acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 Acres
Building Blocks:	Quarter Quarter Sections
Orientation:	East to West
Description: TRS/County	N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<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.2
<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.4-65 and Exhibit B.5-65





Well #1	<p>Dakota 32 State Fed Com 123H  SHL: 1343 feet from the South line and 300 feet from the East line, NE/4 SE/4 of Section 32, Township 19 South, Range 28 East, NMPM, Eddy County.  BHL: 1675 feet from the South line and 10 feet from the West line, NW/4 SW/4 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County.</p> <p>Completion Target: 2nd Bone Spring at approx 7,455 feet TVD.  Well Orientation: East to West  Completion Location expected to be: standard</p>
Well #2	<p>Dakota 32 State Fed Com 133H  SHL: 1388 feet from the South line and 300 feet from the East line, NE/4 SE/4 of Section 32, Township 19 South, Range 28 East, NMPM, Eddy County.  BHL: 1681 feet from the South line and 10 feet from the West line, NW/4 SW/4 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County.</p> <p>Completion Target: 3rd Bone Spring at approx 8,630 feet TVD.  Well Orientation: East to West  Completion Location expected to be: standard</p>
Horizontal Well First and Last Take Points	Exhibit B.5-65
Completion Target (Formation, TVD and MD)	Exhibit B; Exhibit B.3; Exhibit B.4-65; 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.6-65 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.2
Tract List (including lease numbers and owners)	Exhibit B.2
Pooled Parties (including ownership type)	Exhibit B.2
Unlocatable Parties to be Pooled	Exhibit B.2; Exhibit D.2



Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit B.3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.2
Chronology of Contact with Non-Joined Working Interests	Exhibit B.1
Overhead Rates In Proposal Letter	Exhibit B.3
Cost Estimate to Drill and Complete	Exhibit B.6-65 for AFEs
Cost Estimate to Equip Well	Exhibit B.6-65 for AFEs
Cost Estimate for Production Facilities	Exhibit B.6-65 for AFEs
<b>Geology</b>	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibits B.5-65, 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.5-65
Tracts	Exhibit B.2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.2
General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibits C.2 through C.10
Structure Contour Map - Subsea Depth	Exhibits C.4 and C.6
Cross Section Location Map (including wells)	Exhibit C.2
Cross Section (including Landing Zone)	Exhibits C.7 through C.10
<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</b> (Attorney or Party Representative):	Lance Hough
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	10/6/2018



# COMPULSORY POOLING APPLICATION CHECKLIST


ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

<b>Case: 21466</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date</b>	<b>October 8, 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. 21466
Entries of Appearance/Intervenors:	
Well Family	Dakota
<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:	Winchester, Bone Spring, West Pool (Code 97569)
Well Location Setback Rules:	Latest Statewide Horizontal Rules Apply
Spacing Unit Size:	Approximately 320 Acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 Acres
Building Blocks:	Quarter Quarter Sections
Orientation:	East to West
Description: TRS/County	S/2 S/2 of Section 32 and S/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<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.2
<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.4-66 and Exhibit B.5-66



Well #1	<p>Dakota 32 State Fed Com 124H  SHL: 1253 feet from the South line and 300 feet from the East line, SE/4 SE/4 of Section 32, Township 19 South, Range 28 East, NMPM, Eddy County.  BHL: 355 feet from the South line and 10 feet from the West line, SW/4 SW/4 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County.</p> <p>Completion Target: 2nd Bone Spring at approx 7,455 feet TVD.  Well Orientation: East to West  Completion Location expected to be: standard</p>
Well #2	<p>Dakota 32 State Fed Com 134H  SHL: 1298 feet from the South line and 300 feet from the East line, SE/4 SE/4 of Section 32, Township 19 South, Range 28 East, NMPM, Eddy County.  BHL: 355 feet from the South line and 10 feet from the West line, SW/4 SW/4 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County.</p> <p>Completion Target: 3rd Bone Spring at approx 8,630 feet TVD.  Well Orientation: East to West  Completion Location expected to be: standard</p>
Horizontal Well First and Last Take Points	Exhibit B.5-66
Completion Target (Formation, TVD and MD)	Exhibit B; Exhibit B.3; Exhibit B.4-66; 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.6-66 for AFEs
Requested Risk Charge	200%; see Exhibit B
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Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit B.3
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C-102	Exhibitc B.5-66
Tracts	Exhibit B.2
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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</b> (Attorney or Party Representative):	Lance Hough
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	10/6/2018



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

CASE NO. 21465

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

CASE NO. 21466

**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

- a. **Exhibit B.1**, which is a summary of communications with non-joined working interest owners that is common to all the proposed wells within the subject applications;
- b. **Exhibit B.2**, which contains a lease tract map outlining the tracts in both of the proposed units, a list of the working interest owners in the proposed units with their respective percentage of interest and whether they are being pooled, and a list of overriding royalty interest owners in the proposed units; and
- c. **Exhibit B.3**, which is a sample well proposal letter sent to each of the working interest owners seeking their voluntary participation in all of the proposed wells that provides overhead and administrative rates of \$8,000/month during drilling and \$800/month while producing.

7. **Case No. 21465**



- a. In its Application, Colgate seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the **Dakota 32 State Fed Com 123H** and **Dakota 32 State Fed Com 133H** wells, to be horizontally drilled. The Application is attached hereto as **Exhibit B.4-65**.
- b. Attached as **Exhibit B.5-65** are the C-102s for the proposed wells. The wells will develop the Winchester, Bone Spring, West Pool (Pool code 97569). The producing interval for the wells will be orthodox and comply with the Division's set back requirements, as the first and last take points will be no closer than 100' from the proposed unit boundary and the completed lateral will be no closer than 330' from the proposed unit boundary.
- c. Attached as **Exhibit B.6-65** is the Authorization for Expenditure for the proposed well. The estimated cost of the **Dakota 32 State Fed Com 123H** well set forth therein is \$6,112,461, and the estimated cost of the **Dakota 32 State Fed Com 133H** well set forth therein is \$6,430,297. These estimated costs are fair and reasonable, and are comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

8. **Case No. 21466**

- a. In its Application, Colgate seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 S/2 of Section 32 and S/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the **Dakota 32 State Fed Com 124H** and **Dakota 32 State Fed Com 134H** wells, to be horizontally drilled. The Application is attached hereto as **Exhibit B.4-66**.
- b. Attached as **Exhibit B.5-66** are the C-102s for the proposed wells. The wells will develop the Winchester, Bone Spring, West Pool (Pool code 97569). The producing interval for the wells will be orthodox and comply with the Division's set back requirements, as the first and last take points will be no closer than 100' from the proposed unit boundary and the completed lateral will be no closer than 330' from the proposed unit boundary.
- c. Attached as **Exhibit B.6-66** is the Authorization for Expenditure for the proposed wells. The estimated cost of the **Dakota 32 State Fed Com 124H** well set forth therein is \$6,112,461 and the estimated cost of the **Dakota 32 State Fed Com 134H** well set forth therein is \$6,430,297. These estimated costs are fair and reasonable,



and are comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

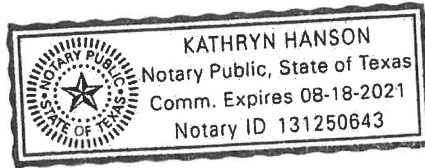
9. There are no depth severances within the two proposed Bone Spring spacing units.
10. Colgate requests overhead and administrative rates of \$8,000/month during drilling and \$800/month while producing. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico and consistent with the rates awarded by the Division in 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  
Mark Hajdik

SUBSCRIBED AND SWORN to before me this 5 day of October 2020 by Mark Hajdik.

SEAL



Kathryn Hanson  
Notary Public  
My commission expires: 8/18/21



## Communication Timeline

**August 6, 2020** – Initial proposals sent for Dakota 32 State Fed Com wells

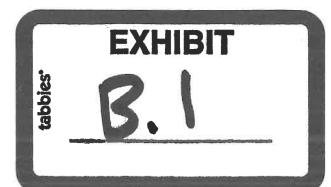
**September 2020** – Discussed plans for participation with Penroc

**August - Present, 2020** – Finalizing plans to acquire Oxy's interest

**August - Present, 2020** – Finalizing plans to acquire Devon's interest

**September 2020** – Discussed plans for participation with Mexco Energy

**October 4, 2020** – As of this date a number of the parties have not reached final resolution with participation nor have the deals to acquire finalized







Via Certified Mail

August 6, 2020

RE: Dakota 32 State Fed Com Well Proposals  
S/2 of Sec. 32 & S/2 Sec. 31, T19S-28E, Bone Spring Formation  
Eddy County, New Mexico

To whom it may concern:

Colgate Production, LLC ("Colgate"), hereby proposes the drilling of four (4) wells, the Dakota 32 State Fed Com 123H, 124H, 133H, and 134H at the following approximate locations:

Dakota 32 State Fed Com 123H

SHL: To be located at a legal location in Units I/P of Section 32-19S-28E

BHL: To be located at a legal location in Unit L3 Section 31-19S-28E

TVD: 7,455'

TMD: Approximately 17,655'

Targeted Interval: 2<sup>nd</sup> Bone Spring

Total Cost: See attached AFE

Dakota 32 State Fed Com 124H

SHL: To be located at a legal location in Units I/P of Section 32-19S-28E

BHL: To be located at a legal location in Unit L4 of Section 31-19S-28E

TVD: 7,455'

TMD: Approximately 17,655'

Targeted Interval: 2<sup>nd</sup> Bone Spring

Total Cost: See attached AFE

Dakota 32 State Fed Com 133H

SHL: To be located at a legal location in Units I/P of Section 32-19S-28E

BHL: To be located at a legal location in Unit L3 of Section 31-19S-28E

TVD: 8,630'

TMD: Approximately 18,830'

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

Total Cost: See attached AFE

Dakota 32 State Fed Com 134H

SHL: To be located at a legal location in Units I/P of Section 32-19S-28E

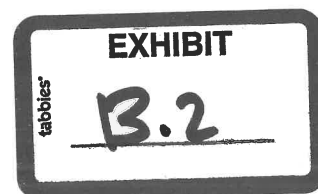
BHL: To be located at a legal location in Unit L4 of Section 31-19S-28E

TVD: 8,630'

TMD: Approximately 18,830'

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

Total Cost: See attached AFE





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

- 100%/200%/200% non-consent provisions
- \$8,000/\$800 drilling and producing rates
- Colgate Operating, LLC named as Operator

Please indicate your election to participate in the drilling and completion of the proposed wells in the space provided below. Please sign and return one copy of this letter, a signed copy of the previously proposed AFE, and your geologic well requirements.

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

If you have any questions regarding this matter, please give me a call at 432-257-3886 or via email at [mhajdik@colgateenergy.com](mailto: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 Dakota 32 State Fed Com 123H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Dakota 32 State Fed Com 123H.

\_\_\_\_\_ I/We hereby elect to participate in the Dakota 32 State Fed Com 124H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Dakota 32 State Fed Com 124H.

\_\_\_\_\_ I/We hereby elect to participate in the Dakota 32 State Fed Com 133H.

\_\_\_\_\_ I/We hereby elect NOT to participate in the Dakota 32 State Fed Com 133H.

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\_\_\_\_\_ I/We hereby elect NOT to participate in the Dakota 32 State Fed Com 134H.

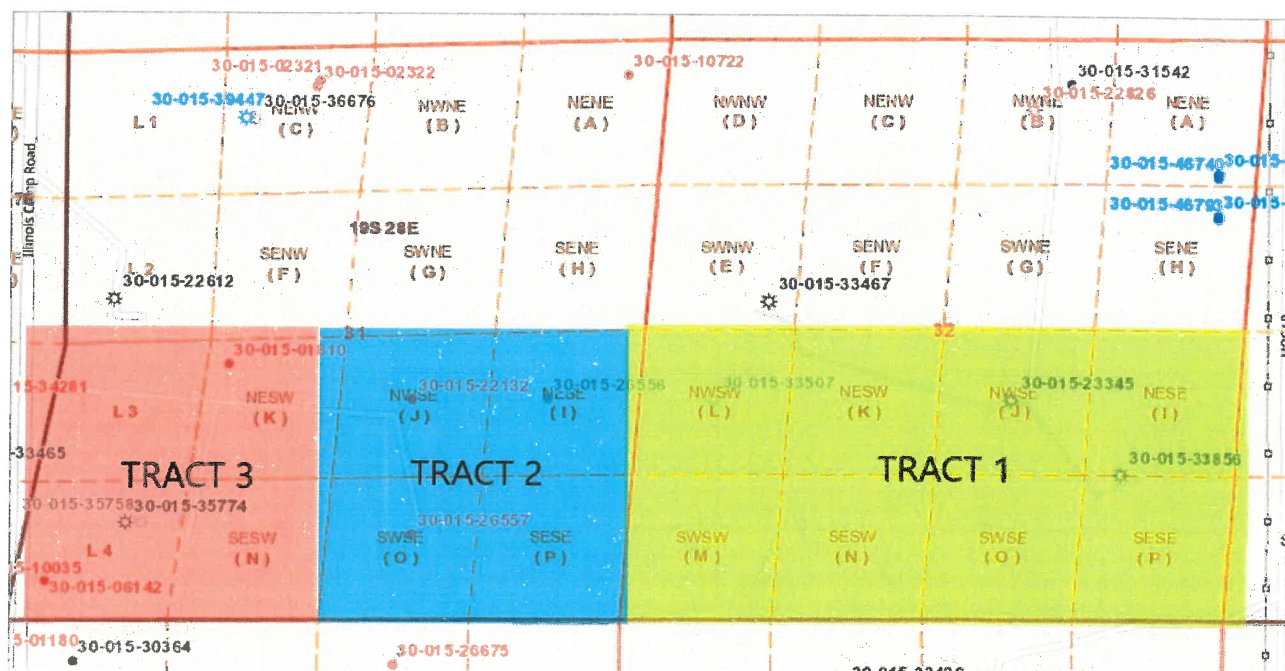
Working Interest Owner: \_\_\_\_\_

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

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



WI OWNER	TRACT	NET	WI	FORCE POOL INTEREST
Colgate Production, LLC	1	320	50.00%	Operator
Oxy USA Inc.	2	160	25.00%	Yes
Devon Energy	2	113.95	17.80%	Yes
Mexco Energy	2	12.6	1.97%	Yes
Penroc Oil	2	7.78	1.22%	Yes
Sabinal Energy	2	25.67	4.01%	Yes





ORRI OWNER
The Board of Regents of The University of Texas System, for use and benefit of The University of Texas M.D. Anderson Cancer Center
Presbyterian Healthcare Foundation
Presbyterian Village North Foundation
Karen Johnston, SSP
Pecas Management, LP
Mary Overstreet a/k/a Mary Merritt,
Laurance Merritt, SSP
Tim Lilley and wife, Tashina Lilley
Escondido Oil and Gas, LLC
BriLi, LLC
Mark Wilson Family Partnership, LP
Ergodic Resources, LLC
Abuelo, LLC
Thomas A. Crow, Trustee of the Mark E. Boling Revocable Trust
Silverhair, LLC
Loco Hills Production Company LLC
Gayle Martin & Richard Lantz



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

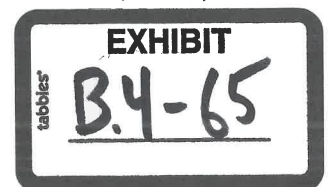
**APPLICATION OF COLGATE OPERATING, LLC  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

CASE NO. 21465

**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 standard horizontal spacing unit underlying the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Colgate states as follows:

1. Colgate is an interest owner in the subject lands and has a right to drill a well thereon.
2. Colgate seeks to dedicate the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, Bone Spring standard horizontal spacing unit.
3. Colgate plans to drill the following horizontal wells in a westerly direction to a depth sufficient to test the Bone Spring formation:
  - a. The **Dakota 32 State Fed Com 123H** well is a horizontal well with a surface location on the boundary of the NE/4 SE/4 (Unit I) and the SE/4 SE/4 (Unit P) in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the NW/4 SW/4 (Unit L) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 7,400' to the Bone Spring formation.
  - b. The **Dakota 32 State Fed Com 133H** well is a horizontal well with a surface location on the boundary of the NE/4 SE/4 (Unit I) and the SE/4 SE/4 (Unit P)





in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the NW/4 SW/4 (Unit L) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation.

4. These wells will be located within the Winchester, Bone Spring, West Pool (Pool code 97569) and will comply with the Division's statewide setback requirements.

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

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

WHEREFORE, Colgate requests that this case is set for hearing before an Examiner of the Oil Conservation Division on October 8, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 320-acre, more or less, standard horizontal spacing unit in the Bone Spring formation comprised of the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a standard horizontal spacing unit within the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

C. Designating Colgate as operator of this unit and the wells to be drilled thereon;



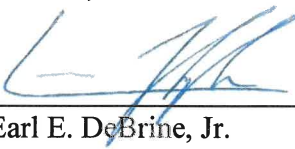
D. Authorizing Colgate to recover its costs of drilling, completing and equipping the wells;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: 

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

W3828499.DOCX



**Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the **Dakota 32 State Fed Com 123H** and **Dakota 32 State Fed Com 133H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19 miles southeast of Artesia, New Mexico.



Revised August 1, 2011

Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

## OIL CONSERVATION DIVISION

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

### 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., Aztec, N.M. 87410  
Phone: (505) 334-8178 Fax: (505) 334-8170

**DISTRICT IV**

**1220 S. St. Francis Dr., Santa Fe, N.M. 87505**  
**Phone: (505) 476-3480 Fax: (505) 476-3482**

# WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			6 Well Number
		Dakota 32 State Fed Com			123H
7 OGRID No.		8 Operator Name			9 Elevation
		Colgate Operating, LLC			3341

<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>I</b>	<b>32</b>	<b>19 S</b>	<b>28 E</b>		<b>1343</b>	<b>South</b>	<b>300</b>	<b>East</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
L	31	19 S	28 E		1675	South	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**

**Legend:**

- = Surface Location
- = Bottom Hole Location
- △ = First Take Point (FTP)
- = Last Take Point (LTP)
- ⊕ = Found 1941 USGLO Brass Cap
- ⊙ = Found Monument

**FIRST TAKE POINT**  
 NAD 83 NMSPC ZONE 3001  
 1675' FSL, 100' FEL  
 SEC. 32, T19S, R28E  
 Y= 587316.94 N  
 X= 585209.87 E  
 LAT.= 32.6145045° N  
 LONG.= 104.1908457° W

**BOTTOM HOLE LOCATION**  
 NAD 83 NMSPC ZONE 3001  
 Y= 587258.77 N  
 X= 574834.89 E  
 LAT.= 32.6143783° N  
 LONG.= 104.2245414° W

**LAST TAKE POINT**  
 NAD 83 NMSPC ZONE 3001  
 1675' FSL, 100' FWL  
 SEC. 31, T19S, R28E  
 Y= 587259.27 N  
 X= 574926.94 E  
 LAT.= 32.6143795° N  
 LONG.= 104.2242424° W

**SURFACE LOCATION**  
 NAD 83 NMSPC ZONE 3001  
 Y= 586983.29 N  
 X= 584987.91 E  
 LAT.= 32.6135882° N  
 LONG.= 104.1915680° W

**17 OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this 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 plot 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.

**6/16/20**

Date of Survey \_\_\_\_\_

Signature and Seal of Professional Surveyor \_\_\_\_\_

**17078**

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

**tabbies:**

## EXHIBIT

B.5-65



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

DISTRICT II  
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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>Dakota 32 State Fed Com</b>	<sup>6</sup> Well Number <b>133H</b>
<sup>7</sup> GRID No.	<sup>8</sup> Operator Name <b>Colgate Operating, LLC</b>	<sup>9</sup> Elevation <b>3341</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>I</b>	<b>32</b>	<b>19 S</b>	<b>28 E</b>		<b>1388</b>	<b>South</b>	<b>300</b>	<b>East</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>L</b>	<b>31</b>	<b>19 S</b>	<b>28 E</b>		<b>1681</b>	<b>South</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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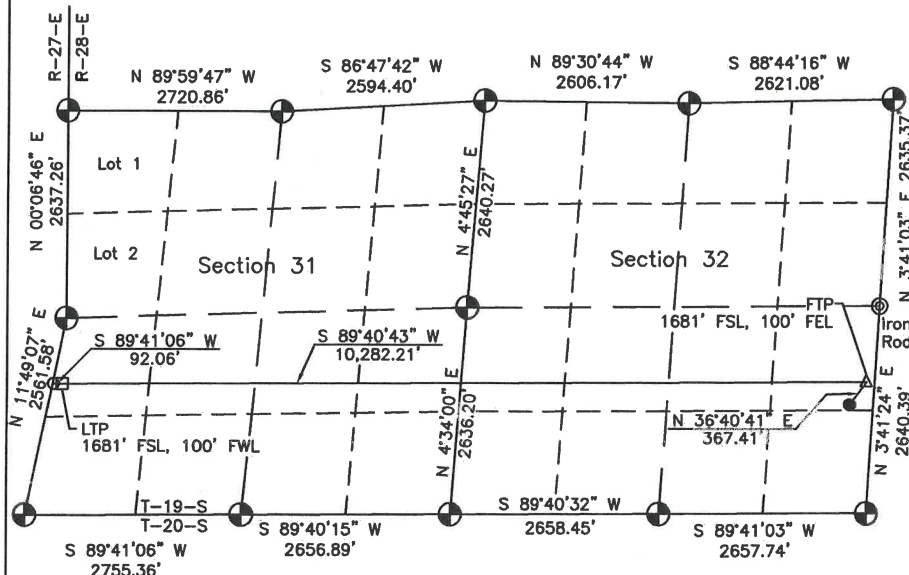
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
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16

Legend:

- = Surface Location
- = Bottom Hole Location
- △ = First Take Point (FTP)
- = Last Take Point (LTP)
- ⊙ = Found 1941 USGLO Brass Cap
- ⊙ = Found Monument

FIRST TAKE POINT  
NAD 83 NMSPC ZONE 3001  
1681' FSL, 100' FEL  
SEC. 32, T19S, R28E  
Y= 587322.94 N  
X= 585210.25 E  
LAT.= 32.6145210° N  
LONG.= 104.1908444° W



BOTTOM HOLE LOCATION  
NAD 83 NMSPC ZONE 3001  
Y= 587264.77 N  
X= 574836.15 E  
LAT.= 32.6143948° N  
LONG.= 104.2245373° W

LAST TAKE POINT  
NAD 83 NMSPC ZONE 3001  
1681' FSL, 100' FWL  
SEC. 31, T19S, R28E  
Y= 587265.28 N  
X= 574928.20 E  
LAT.= 32.6143960° N  
LONG.= 104.2242383° W

SURFACE LOCATION  
NAD 83 NMSPC ZONE 3001  
Y= 587028.27 N  
X= 584990.79 E  
LAT.= 32.6137119° N  
LONG.= 104.1915584° W

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this 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 \_\_\_\_\_

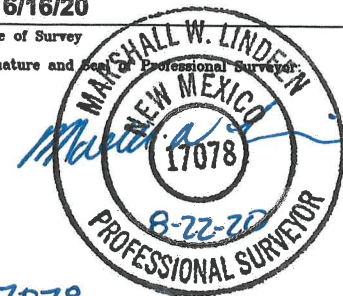
18 SURVEYOR CERTIFICATION

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.

6/16/20

Date of Survey

Signature and Seal of Professional Surveyor



17078  
Certificate Number



# Colgate Energy

300 N. Marienfeld St., Ste. 1000 Midland TX 79701  
Phone (432) 695-4257 • Fax (432) 695-4063

## ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8/5/2020	AFE NO.:	0
WELL NAME:	Dakota 32 State Fed Com 123H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/TVD:	17655 / 7455
COUNTY/STATE:	Eddy	LATERAL LENGTH:	10,200
Colgate WI:		DRILLING DAYS:	20.6
GEOLOGIC TARGET:	2nd Bone Spring	COMPLETION DAYS:	16

REMARKS: Drill and Complete 60 stages in the 2nd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
<b>INTANGIBLE COSTS</b>				
1 Land / Legal / Regulatory	\$ 35,000	\$ -	\$ -	\$ 35,000
2 Location, Surveys & Damages	150,000	13,000	10,000	173,000
4 Freight / Transportation	55,500	36,750	-	92,250
5 Rental - Surface Equipment	55,800	150,450	4,640	210,890
6 Rental - Downhole Equipment	68,799	56,000	-	124,799
7 Rental - Living Quarters	35,546	45,700	5,200	86,446
10 Directional Drilling, Surveys	188,350	-	-	188,350
11 Drilling	475,824	-	-	475,824
12 Drill Bits	81,000	-	-	81,000
13 Fuel & Power	67,053	210,000	-	277,053
14 Cementing & Float Equip	155,000	-	-	155,000
16 Perforating, Wireline, Slickline	-	260,750	8,000	268,750
17 High Pressure Pump Truck	-	10,000	-	10,000
18 Completion Unit, Swab, CTU	-	150,000	12,040	162,040
20 Mud Circulation System	83,144	-	-	83,144
21 Mud Logging	19,499	-	-	19,499
22 Logging / Formation Evaluation	6,494	8,000	-	14,494
23 Mud & Chemicals	98,516	308,000	-	406,516
24 Water	28,193	505,932	-	534,125
25 Stimulation	-	720,000	-	720,000
26 Stimulation Flowback & Disp	-	94,000	-	94,000
28 Mud / Wastewater Disposal	96,938	63,000	-	159,938
30 Rig Supervision / Engineering	95,975	79,600	9,800	185,375
32 Drig & Completion Overhead	7,725	-	-	7,725
35 Labor	108,500	30,500	10,000	149,000
54 Proppant	-	436,156	-	436,156
95 Insurance	32,632	-	-	32,632
97 Contingency	97,274	154,242	5,968	257,484
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>2,042,761</b>	<b>3,332,080</b>	<b>65,648</b>	<b>5,440,489</b>
<b>TANGIBLE COSTS</b>				
60 Surface Casing	\$ 9,590	\$ -	\$ -	\$ 9,590
61 Intermediate Casing	69,726	-	-	69,726
62 Drilling Liner	-	-	-	-
63 Production Casing	238,396	-	-	238,396
64 Production Liner	-	-	-	-
65 Tubing	-	-	30,911	30,911
66 Wellhead	64,000	-	48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	80,000	80,000
73 Compressor	-	-	-	-
74 Installation Costs	-	-	35,000	35,000
75 Surface Pumps	-	-	5,000	5,000
76 Downhole Pumps	-	-	4,950	4,950
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	-	-	60,000	60,000
85 Communications / SCADA	-	-	-	-
86 Instrumentation / Safety	-	-	-	-
<b>TOTAL TANGIBLES &gt;</b>	<b>403,712</b>	<b>0</b>	<b>268,261</b>	<b>671,972</b>
<b>TOTAL COSTS &gt;</b>	<b>2,446,473</b>	<b>3,332,080</b>	<b>333,909</b>	<b>6,112,461</b>

### PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	
Completions Engineer:	Brady Adams	CRM
Production Engineer:	Levi Harris	

### Colgate Energy APPROVAL:

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

EXHIBIT

tabbies' B.6-65



## Colgate Energy

300 N. Marienfeld St., Ste. 1000 Midland TX 79701  
Phone (432) 695-4257 • Fax (432) 695-4063

### ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8/5/2020	AFE NO.:	0
WELL NAME:	Dakota 32 State Fed Com 133H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/TVD:	18,830 / 8,630
COUNTY/STATE:	Eddy	LATERAL LENGTH:	10,200
Colgate WI:		DRILLING DAYS:	23.25
GEOLOGIC TARGET:	3rd Bone Spring	COMPLETION DAYS:	16

REMARKS: Drill and Complete 60 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	150,000	13,000	10,000	173,000
4 Freight / Transportation	55,500	36,750	-	92,250
5 Rental - Surface Equipment	62,354	150,450	4,640	217,444
6 Rental - Downhole Equipment	68,799	56,000	-	124,799
7 Rental - Living Quarters	38,583	45,700	5,200	89,483
10 Directional Drilling, Surveys	237,200	-	-	237,200
11 Drilling	521,597	-	-	521,597
12 Drill Bits	112,500	-	-	112,500
13 Fuel & Power	75,679	210,000	-	285,679
14 Cementing & Float Equip	155,000	-	-	155,000
16 Perforating, Wireline, Slickline	-	260,750	8,000	268,750
17 High Pressure Pump Truck	-	10,000	-	10,000
18 Completion Unit, Swab, CTU	-	150,000	12,040	162,040
20 Mud Circulation System	91,730	-	-	91,730
21 Mud Logging	21,725	-	-	21,725
22 Logging / Formation Evaluation	8,296	8,000	-	16,296
23 Mud & Chemicals	108,356	308,000	-	414,356
24 Water	28,426	543,228	-	571,654
25 Stimulation	-	720,000	-	720,000
26 Stimulation Flowback & Disp	-	94,000	-	94,000
28 Mud / Wastewater Disposal	96,938	73,000	-	169,938
30 Rig Supervision / Engineering	108,322	79,600	9,800	197,722
32 Drlg & Completion Overhead	8,719	-	-	8,719
35 Labor	108,500	30,500	10,000	149,000
54 Proppant	-	490,676	-	490,676
95 Insurance	34,810	-	-	34,810
97 Contingency	106,302	159,333	5,968	271,602
99 Plugging & Abandonment	-	-	-	-
TOTAL INTANGIBLES >	2,232,334	3,438,986	65,648	5,736,968
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 9,590	\$ -	\$ -	\$ 9,590
61 Intermediate Casing	69,726	-	-	69,726
62 Drilling Liner	-	-	-	-
63 Production Casing	254,308	-	-	254,308
64 Production Liner	-	-	-	-
65 Tubing	-	-	36,356	36,356
66 Wellhead	64,000	-	48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	80,000	80,000
73 Compressor	-	-	-	-
74 Installation Costs	-	-	35,000	35,000
75 Surface Pumps	-	-	5,000	5,000
76 Downhole Pumps	-	-	4,950	4,950
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	-	-	60,000	60,000
85 Communications / SCADA	-	-	-	-
86 Instrumentation / Safety	-	-	-	-
TOTAL TANGIBLES >	419,623	0	273,706	693,329
TOTAL COSTS >	2,651,957	3,438,986	339,354	6,430,297

#### PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	CRM
Completions Engineer:	Brady Adams	
Production Engineer:	Levi Harris	

#### Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	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 confirmed as callings 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 spud.



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

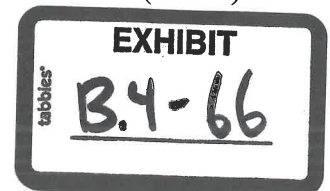
**APPLICATION OF COLGATE OPERATING, LLC  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

CASE NO. 21466

**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 standard horizontal spacing unit underlying the S/2 S/2 of Section 32 and S/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Colgate states as follows:

1. Colgate is an interest owner in the subject lands and has a right to drill a well thereon.
2. Colgate seeks to dedicate the S/2 S/2 of Section 32 and S/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, Bone Spring standard horizontal spacing unit.
3. Colgate plans to drill the following horizontal wells in a westerly direction to a depth sufficient to test the Bone Spring formation:
  - a. The **Dakota 32 State Fed Com 124H** well is a horizontal well with a surface location on the boundary of the NE/4 SE/4 (Unit I) and the SE/4 SE/4 (Unit P) in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the SW/4 SW/4 (Unit M) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 7,500' to the Bone Spring formation.
  - b. The **Dakota 32 State Fed Com 134H** well is a horizontal well with a surface location on the boundary of the NE/4 SE/4 (Unit I) and the SE/4 SE/4 (Unit P)





in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the SW/4 SW/4 (Unit M) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation.

4. These wells will be located within the Winchester, Bone Spring, West Pool (Pool code 97569) and will comply with the Division's statewide setback requirements.

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

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

WHEREFORE, Colgate requests that this case is set for hearing before an Examiner of the Oil Conservation Division on October 8, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 320-acre, more or less, standard horizontal spacing unit in the Bone Spring formation comprised of the S/2 S/2 of Section 32 and S/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a standard horizontal spacing unit within the S/2 S/2 of Section 32 and S/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

C. Designating Colgate as operator of this unit and the wells to be drilled thereon;



D. Authorizing Colgate to recover its costs of drilling, completing and equipping the wells;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: 

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

W3828508.DOCX



**Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 S/2 of Section 32 and S/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the **Dakota 32 State Fed Com 124H** and **Dakota 32 State Fed Com 134H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19 miles southeast of Artesia, 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., Aztec, 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) 476-3480 Fax: (505) 476-3482

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102

Revised August 1, 2011

Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>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>Dakota 32 State Fed Com</b>	<sup>6</sup> Well Number <b>124H</b>
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name <b>Colgate Operating, LLC</b>	<sup>9</sup> Elevation <b>3341</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>P</b>	<b>32</b>	<b>19 S</b>	<b>28 E</b>		<b>1253</b>	<b>South</b>	<b>300</b>	<b>East</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>M</b>	<b>31</b>	<b>19 S</b>	<b>28 E</b>		<b>355</b>	<b>South</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

18

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

**FIRST TAKE POINT**  
NAD 83 NMSPC ZONE 3001  
355' FSL, 100' FEL  
SEC. 32, T19S, R28E  
Y= 585996.45 N  
X= 585124.70 E  
LAT.= 32.6108752° N  
LONG.= 104.1911280° W

**17 OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this 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.

6/16/20  
Date of Survey  
Signature and Seal of Professional Surveyor \_\_\_\_\_

**17078**  
Certificate Number

**EXHIBIT**  
**B.5-66**

**BOTTOM HOLE LOCATION**  
NAD 83 NMSPC ZONE 3001  
Y= 585937.22 N  
X= 574558.36 E  
LAT.= 32.6107466° N  
LONG.= 104.2254439° W

**LAST TAKE POINT**  
NAD 83 NMSPC ZONE 3001  
355' FSL, 100' FWL  
SEC. 31, T19S, R28E  
Y= 585937.73 N  
X= 574650.41 E  
LAT.= 32.6107477° N  
LONG.= 104.2251449° W

**SURFACE LOCATION**  
NAD 83 NMSPC ZONE 3001  
Y= 586893.37 N  
X= 584982.10 E  
LAT.= 32.6133411° N  
LONG.= 104.1915873° W



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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  
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<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>Dakota 32 State Fed Com</b>	<sup>6</sup> Well Number <b>134H</b>
<sup>7</sup> GRID No.	<sup>8</sup> Operator Name <b>Colgate Operating, LLC</b>	<sup>9</sup> Elevation <b>3341</b>

<sup>10</sup> Surface Location

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<b>P</b>	<b>32</b>	<b>19 S</b>	<b>28 E</b>		<b>1298</b>	<b>South</b>	<b>300</b>	<b>East</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>M</b>	<b>31</b>	<b>19 S</b>	<b>28 E</b>		<b>355</b>	<b>South</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

16

**Legend:**

- = Surface Location
- = Bottom Hole Location
- △ = First Take Point (FTP)
- = Last Take Point (LTP)
- ⊙ = Found 1941 USGLO Brass Cap
- ⊙ = Found Monument

**FIRST TAKE POINT**  
NAD 83 NMSPC ZONE 3001  
355' FSL, 100' FEL  
SEC. 32, T19S, R28E  
Y= 585996.45 N  
X= 585124.70 E  
LAT.= 32.6108752° N  
LONG.= 104.1911280° W

**17 OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this 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.

6/16/20  
Date of Survey

Signature and Seal of Professional Surveyor

**MARSHALL W. LINDEEN**  
NEW MEXICO  
17078  
8-22-20  
PROFESSIONAL SURVEYOR

17078  
Certificate Number

**BOTTOM HOLE LOCATION**  
NAD 83 NMSPC ZONE 3001  
Y= 585937.22 N  
X= 574558.36 E  
LAT.= 32.6107466° N  
LONG.= 104.2254439° W

**LAST TAKE POINT**  
NAD 83 NMSPC ZONE 3001  
355' FSL, 100' FWL  
SEC. 31, T19S, R28E  
Y= 585937.73 N  
X= 574650.41 E  
LAT.= 32.6107477° N  
LONG.= 104.2251449° W

**SURFACE LOCATION**  
NAD 83 NMSPC ZONE 3001  
Y= 586938.24 N  
X= 584984.94 E  
LAT.= 32.6134644° N  
LONG.= 104.1915778° W



# Colgate Energy

300 N. Marienfeld St., Ste. 1000 Midland TX 79701  
Phone (432) 695-4257 • Fax (432) 695-4063

## ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8/5/2020	AFE NO.:	0
WELL NAME:	Dakota 32 State Fed Com 124H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/TVD:	17655 / 7455
COUNTY/STATE:	Eddy	LATERAL LENGTH:	10,200
Colgate WI:		DRILLING DAYS:	20.6
GEOLOGIC TARGET:	2nd Bone Spring	COMPLETION DAYS:	16

REMARKS: Drill and Complete 60 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	150,000	13,000	10,000	173,000
4 Freight / Transportation	55,500	36,750		92,250
5 Rental - Surface Equipment	55,800	150,450	4,640	210,890
6 Rental - Downhole Equipment	68,799	56,000		124,799
7 Rental - Living Quarters	35,546	45,700	5,200	86,446
10 Directional Drilling, Surveys	188,350			188,350
11 Drilling	475,824			475,824
12 Drill Bits	81,000			81,000
13 Fuel & Power	67,053	210,000		277,053
14 Cementing & Float Equip	155,000			155,000
16 Perforating, Wireline, Slickline	-	260,750	8,000	268,750
17 High Pressure Pump Truck	-	10,000		10,000
18 Completion Unit, Swab, CTU	-	150,000	12,040	162,040
20 Mud Circulation System	83,144			83,144
21 Mud Logging	19,499			19,499
22 Logging / Formation Evaluation	6,494	8,000		14,494
23 Mud & Chemicals	98,516	308,000		406,516
24 Water	28,193	505,932		534,125
25 Stimulation	-	720,000		720,000
26 Stimulation Flowback & Disp	-	94,000		94,000
28 Mud / Wastewater Disposal	96,938	63,000		159,938
30 Rig Supervision / Engineering	95,975	79,600	9,800	185,375
32 Drig & Completion Overhead	7,725	-		7,725
35 Labor	108,500	30,500	10,000	149,000
54 Proppant		436,156		436,156
95 Insurance	32,632			32,632
97 Contingency	97,274	154,242	5,968	257,484
99 Plugging & Abandonment	-			-
<b>TOTAL INTANGIBLES &gt;</b>	<b>2,042,761</b>	<b>3,332,080</b>	<b>65,648</b>	<b>5,440,489</b>

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
60 Surface Casing	\$ 9,590	\$	\$	\$ 9,590
61 Intermediate Casing	69,726			69,726
62 Drilling Liner	-			-
63 Production Casing	238,396			238,396
64 Production Liner	-			-
65 Tubing	-		30,911	30,911
66 Wellhead	64,000		48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-		-	-
69 Production Vessels	-		-	-
70 Flow Lines	-		-	-
71 Rod string	-		-	-
72 Artificial Lift Equipment	-		80,000	80,000
73 Compressor	-		-	-
74 Installation Costs	-		35,000	35,000
75 Surface Pumps	-		5,000	5,000
76 Downhole Pumps	-		4,950	4,950
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	-		60,000	60,000
85 Communications / SCADA	-		-	-
86 Instrumentation / Safety	-		-	-
<b>TOTAL TANGIBLES &gt;</b>	<b>403,712</b>	<b>0</b>	<b>268,261</b>	<b>671,972</b>
<b>TOTAL COSTS &gt;</b>	<b>2,446,473</b>	<b>3,332,080</b>	<b>333,909</b>	<b>6,112,461</b>

### PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	CRM
Completions Engineer:	Brady Adams	
Production Engineer:	Levi Harris	

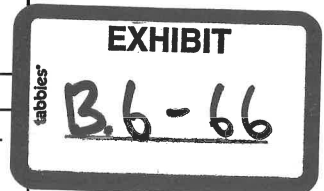
### Colgate Energy APPROVAL:

Co-CEO	WH	Co-CEO	JW	VP - Operations	CRM
VP - Land & Legal	BG	VP - Geosciences	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 constrained 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 spend.





## Colgate Energy

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Phone (432) 695-4257 • Fax (432) 695-4063

### ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	8/5/2020	AFE NO.:	0
WELL NAME:	Dakota 32 State Fed Com 134H	FIELD:	Winchester; Bone Spring
LOCATION:	Parkway	MD/TVD:	18,830 / 8,630
COUNTY/STATE:	Eddy	LATERAL LENGTH:	10,200
Colgate WI:		DRILLING DAYS:	23.25
GEOLOGIC TARGET:	3rd Bone Spring	COMPLETION DAYS:	16

REMARKS: Drill and Complete 60 stages in the 3rd Bone Spring formation. AFE includes D&C, flowback & initial ESP install.

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
<b>INTANGIBLE COSTS</b>				
1 Land / Legal / Regulatory	\$ 35,000	\$ -	\$ -	\$ 35,000
2 Location, Surveys & Damages	150,000	13,000	10,000	173,000
4 Freight / Transportation	55,500	36,750	-	92,250
5 Rental - Surface Equipment	62,354	150,450	4,640	217,444
6 Rental - Downhole Equipment	68,799	56,000	-	124,799
7 Rental - Living Quarters	38,583	45,700	5,200	89,483
10 Directional Drilling, Surveys	237,200	-	-	237,200
11 Drilling	521,597	-	-	521,597
12 Drill Bits	112,500	-	-	112,500
13 Fuel & Power	75,679	210,000	-	285,679
14 Cementing & Float Equip	155,000	-	-	155,000
16 Perforating, Wireline, Slickline	-	260,750	8,000	268,750
17 High Pressure Pump Truck	-	10,000	-	10,000
18 Completion Unit, Swab, CTU	-	150,000	12,040	162,040
20 Mud Circulation System	91,730	-	-	91,730
21 Mud Logging	21,725	-	-	21,725
22 Logging / Formation Evaluation	8,296	8,000	-	16,296
23 Mud & Chemicals	106,356	308,000	-	414,356
24 Water	28,426	543,228	-	571,654
25 Stimulation	-	720,000	-	720,000
26 Stimulation Flowback & Disp	-	94,000	-	94,000
28 Mud / Wastewater Disposal	96,938	73,000	-	169,938
30 Rig Supervision / Engineering	108,322	79,600	9,800	197,722
32 Drig & Completion Overhead	8,719	-	-	8,719
35 Labor	108,500	30,500	10,000	149,000
54 Proppant	-	490,676	-	490,676
95 Insurance	34,810	-	-	34,810
97 Contingency	106,302	159,333	5,968	271,602
99 Plugging & Abandonment	-	-	-	-
<b>TOTAL INTANGIBLES &gt;</b>	<b>2,232,334</b>	<b>3,438,986</b>	<b>65,648</b>	<b>5,736,968</b>
<b>TANGIBLE COSTS</b>				
60 Surface Casing	\$ 9,590	\$ -	\$ -	\$ 9,590
61 Intermediate Casing	69,726	-	-	69,726
62 Drilling Liner	-	-	-	-
63 Production Casing	254,308	-	-	254,308
64 Production Liner	-	-	-	-
65 Tubing	-	-	36,356	36,356
66 Wellhead	64,000	-	48,900	112,900
67 Packers, Liner Hangers	22,000	-	3,500	25,500
68 Tanks	-	-	-	-
69 Production Vessels	-	-	-	-
70 Flow Lines	-	-	-	-
71 Rod string	-	-	-	-
72 Artificial Lift Equipment	-	-	80,000	80,000
73 Compressor	-	-	-	-
74 Installation Costs	-	-	35,000	35,000
75 Surface Pumps	-	-	5,000	5,000
76 Downhole Pumps	-	-	4,950	4,950
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	-	-	60,000	60,000
85 Communications / SCADA	-	-	-	-
86 Instrumentation / Safety	-	-	-	-
<b>TOTAL TANGIBLES &gt;</b>	<b>419,623</b>	<b>0</b>	<b>273,706</b>	<b>693,329</b>
<b>TOTAL COSTS &gt;</b>	<b>2,651,957</b>	<b>3,438,986</b>	<b>339,354</b>	<b>6,430,297</b>

#### PREPARED BY Colgate Energy:

Drilling Engineer:	Steven Segrest	CRM
Completions Engineer:	Brady Adams	
Production Engineer:	Levi Harris	

#### Colgate Energy APPROVAL:

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



**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. 21465

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

CASE NO. 21466

**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 **Dakota 32 State Fed Com 123H, 124H, 133H, and 134H** 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 Dakota project area, in proximity to the Capitan Reef within the Delaware Basin, for the Bone Spring horizontal spacing units that are the subject of these applications.
- b. **Exhibit C.2** is a Cross-Section Locator Map. This map identifies the cross-section running from A-A' with the cross-section well names and a black line in proximity to the Proposed Wells. It also identifies the Proposed Wells with well names and red or orange lines.
- c. **Exhibit C.3** is a Gunbarrel/Lateral Trajectory Diagram. This diagram identifies the wells within the Dakota development plan. It displays the **Dakota 32 State Fed Com 123H** and **124H** wells in the Second Bone Spring formation with orange circles, and the **Dakota 32 State Fed Com 133H** and **134H** wells in the Third Bone Spring formation with red circles. The proposed units are identified together in green in the reference map in the bottom right.
- d. **Exhibit C.4** is a Second Bone Spring Structure Map on the base of the Second Bone Spring formation. This map identifies the **Dakota 32 State Fed Com 123H** and **124H** wells with an orange line. It also identifies the location of the cross-section running from A-A' in proximity to the Proposed Wells. This map shows that the structure slightly dips to the southeast.
- e. **Exhibit C.5** is a Second Bone Spring Isopach Map. It shows the gross thickness of the Second Bone Spring interval ranges from 75 ft to 125 ft, and is fairly uniform



across the proposed units at 100 ft. 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 **Dakota 32 State Fed Com 133H** and **134H** wells with red lines. It also identifies the location of the cross-section running from A-A' in proximity to the Proposed Wells. This map shows that the structure slightly dips to the east southeast.
- g. **Exhibit C.7** is a Third Bone Spring Isopach Map. It shows the gross thickness of the Third Bone Spring interval ranges from 350 ft to 400 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 **Dakota 32 State Fed Com 123H** and **124H** wells. The target zone for the well is the Second Bone Spring Formation, and that zone is consistent across the unit. The planned well-path is indicated by an orange dashed line.
- j. **Exhibit C.10** is a detailed view of the Target Zone within Stratigraphic Cross Section for the **Dakota 32 State Fed Com 133H** and **134H** 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.

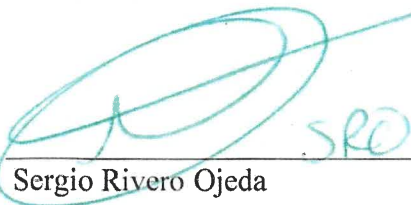
5. Based upon my study as illustrated in these exhibits, knowledge of the geology in this area, and education and training, it is my expert opinion that:

- 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.

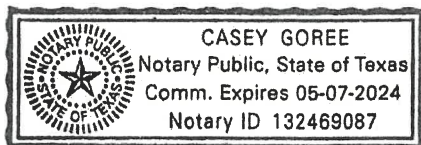
6. The preferred well orientation in this area is E-W. This is due to the fact that regional max horizontal stress orientation in this area is approximately N-S.

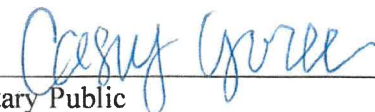
7. The producing interval for each of these wells will be orthodox and will comply with the Division's set back requirements.

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 6TH day of October 2020 by Sergio Rivero Ojeda, on behalf of Colgate Operating, LLC.



  
Notary Public

My commission expires: 05-07-2024



THE UNITED STATES OF AMERICA

DEPARTMENT OF JUSTICE

OFFICE OF THE ATTORNEY GENERAL

WASHINGTON, D. C.

IN RE: [Illegible Name]

Case No. [Illegible Number]

[Illegible Text]

[Illegible Text]

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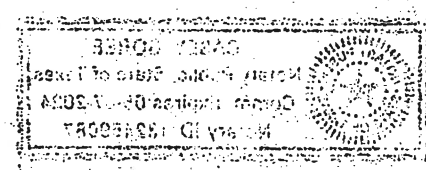
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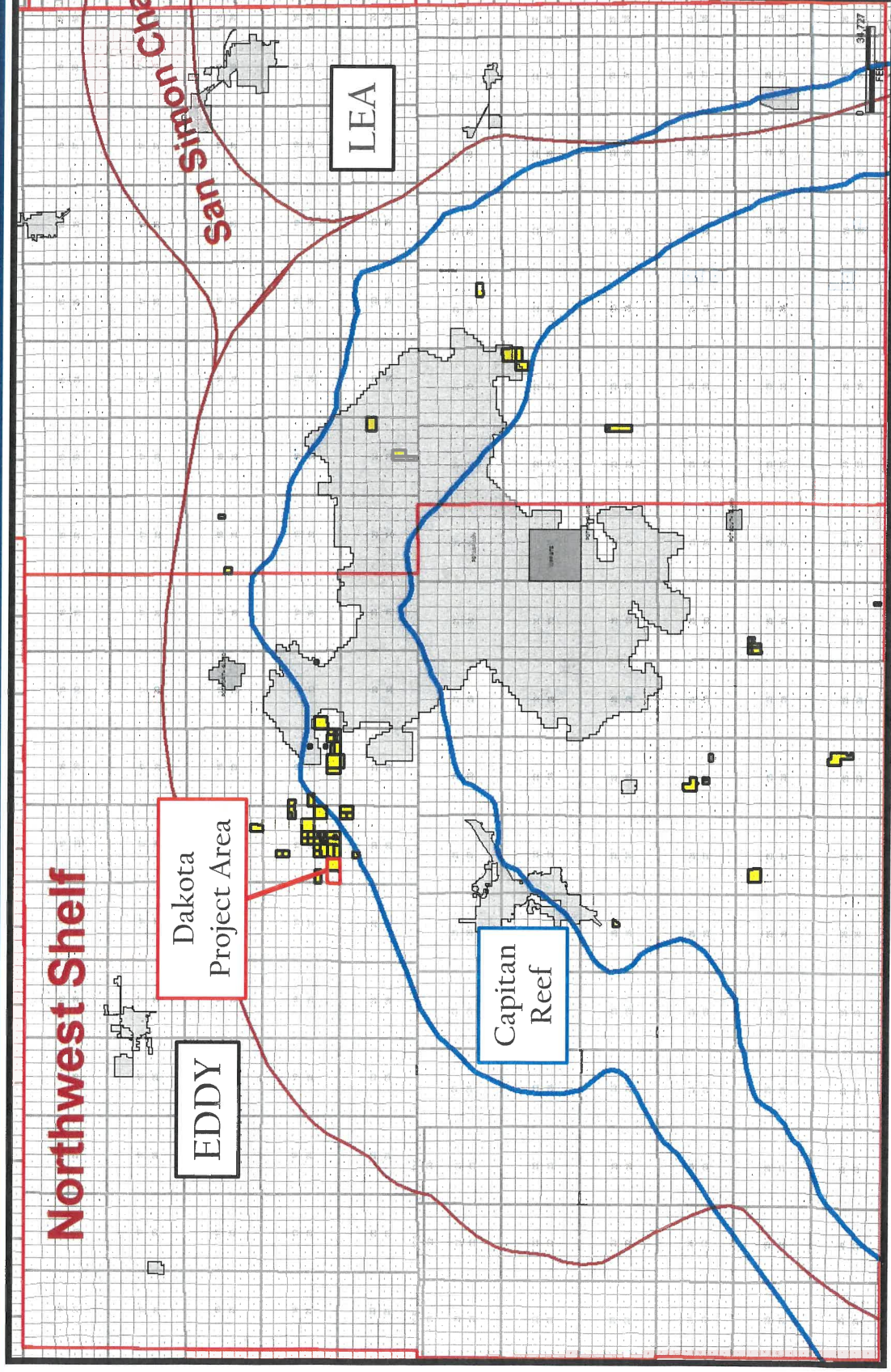
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# Dakota 32 State Fed Com: Regional Locator Map



Colgate Energy

EXHIBIT

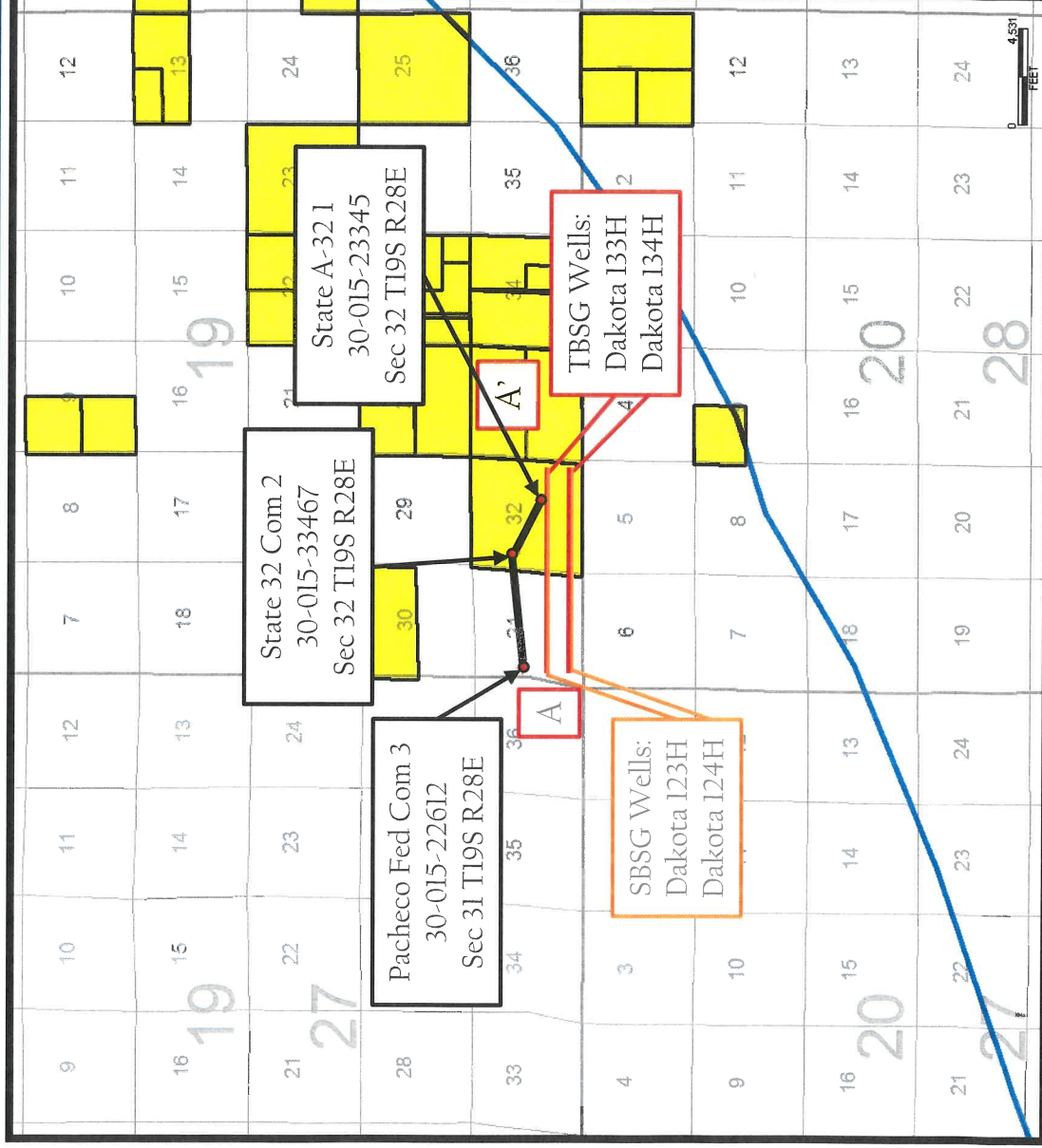
C.1

tabbles

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



Colgate Energy

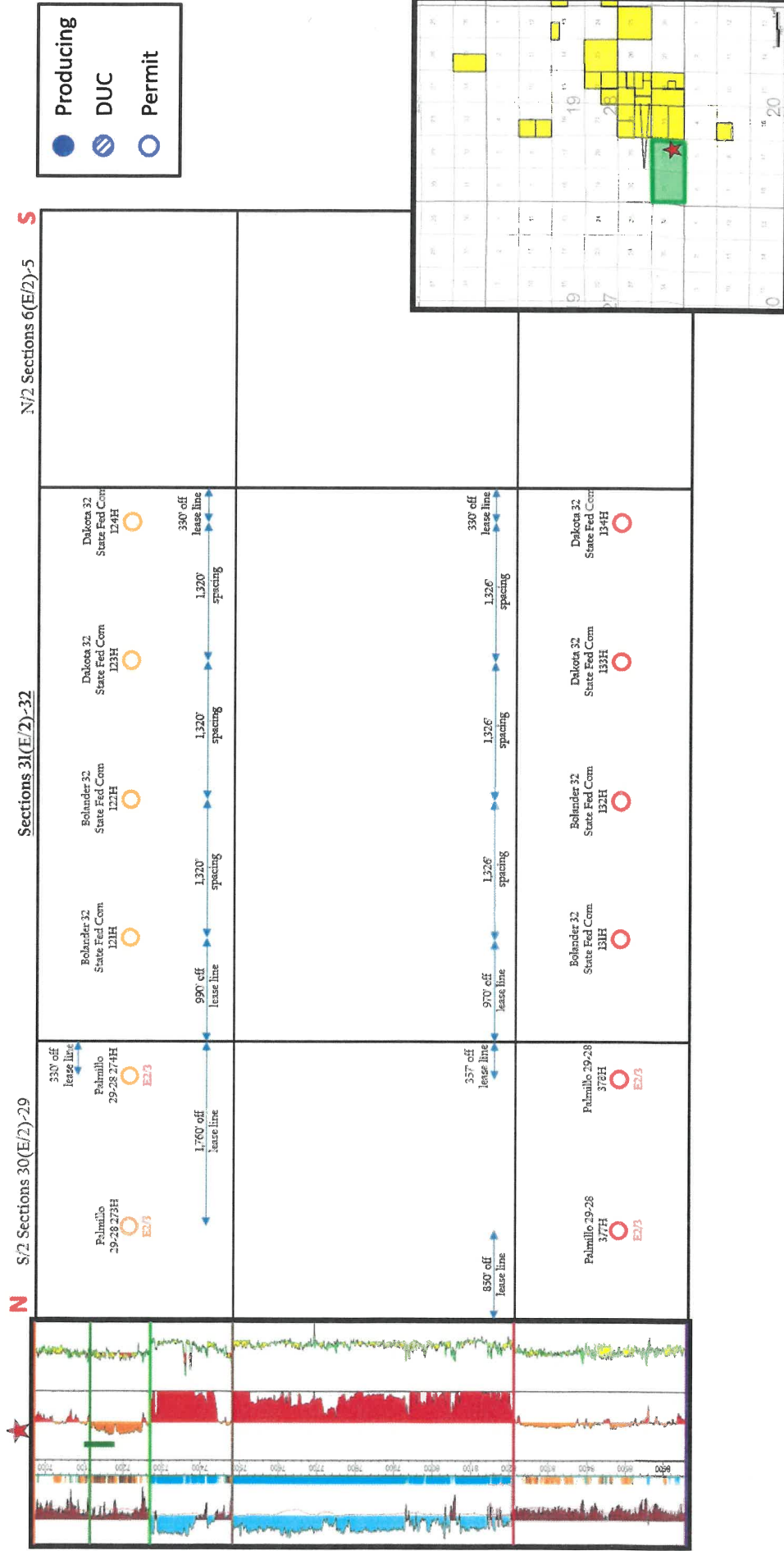
EXHIBIT

C.2

Tables

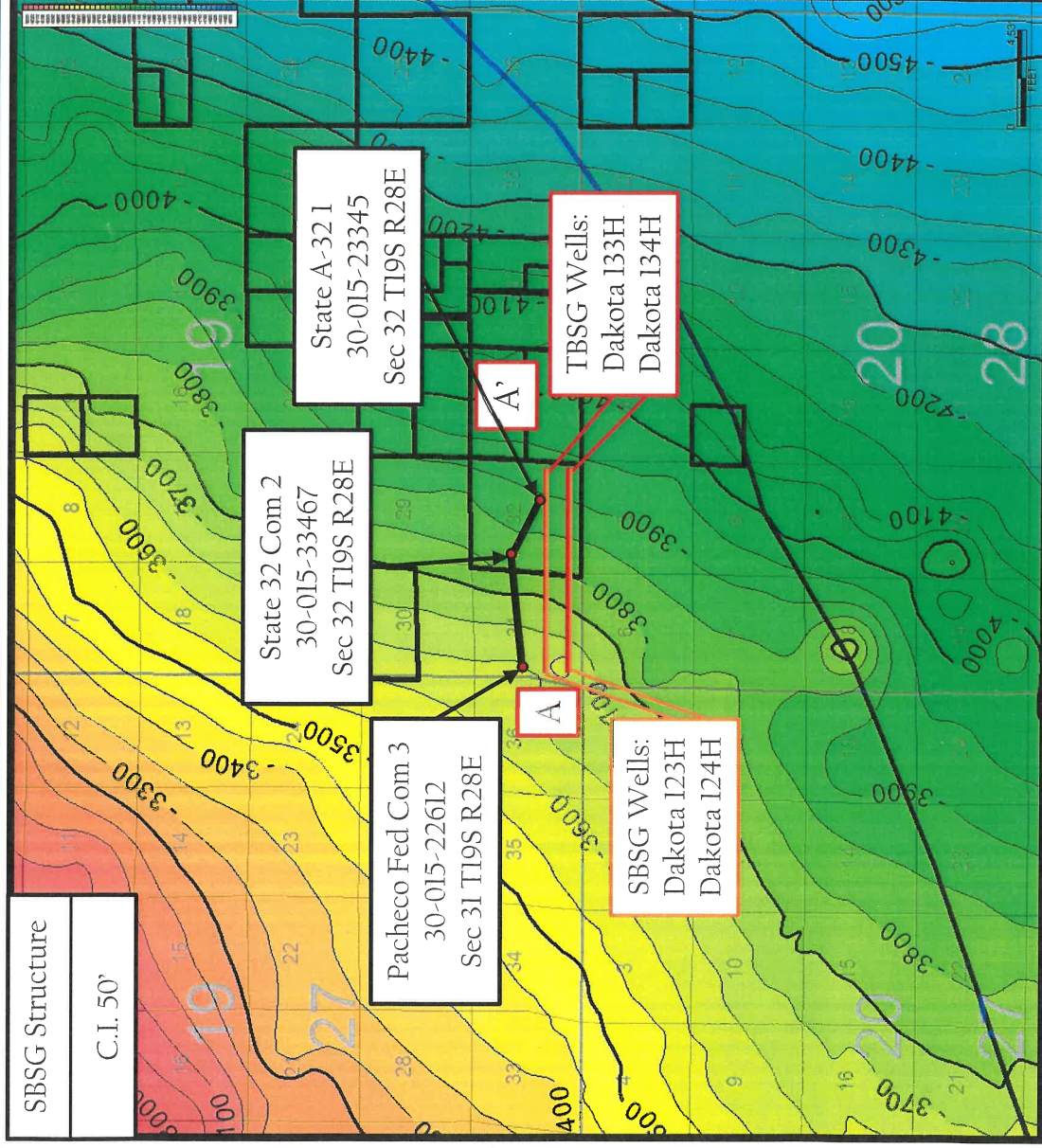


# Dakota 32 State Fed Com: SBSG-TBSG Gun Barrel Development



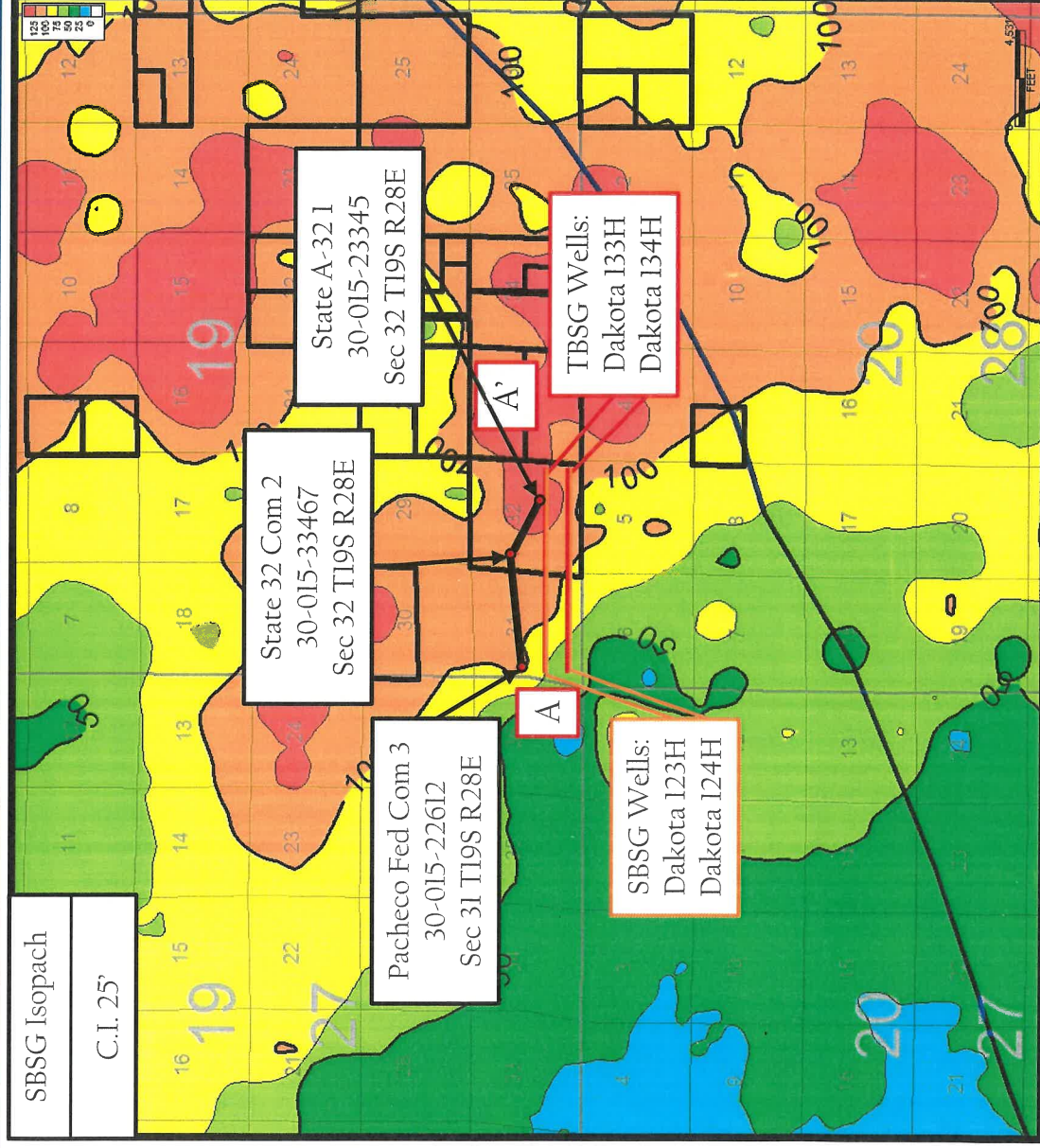


# Dakota 32 State Fed Com: SBSG Structure Map





# Dakota 32 State Fed Com: SBSG Isopach Map



Colgate Energy

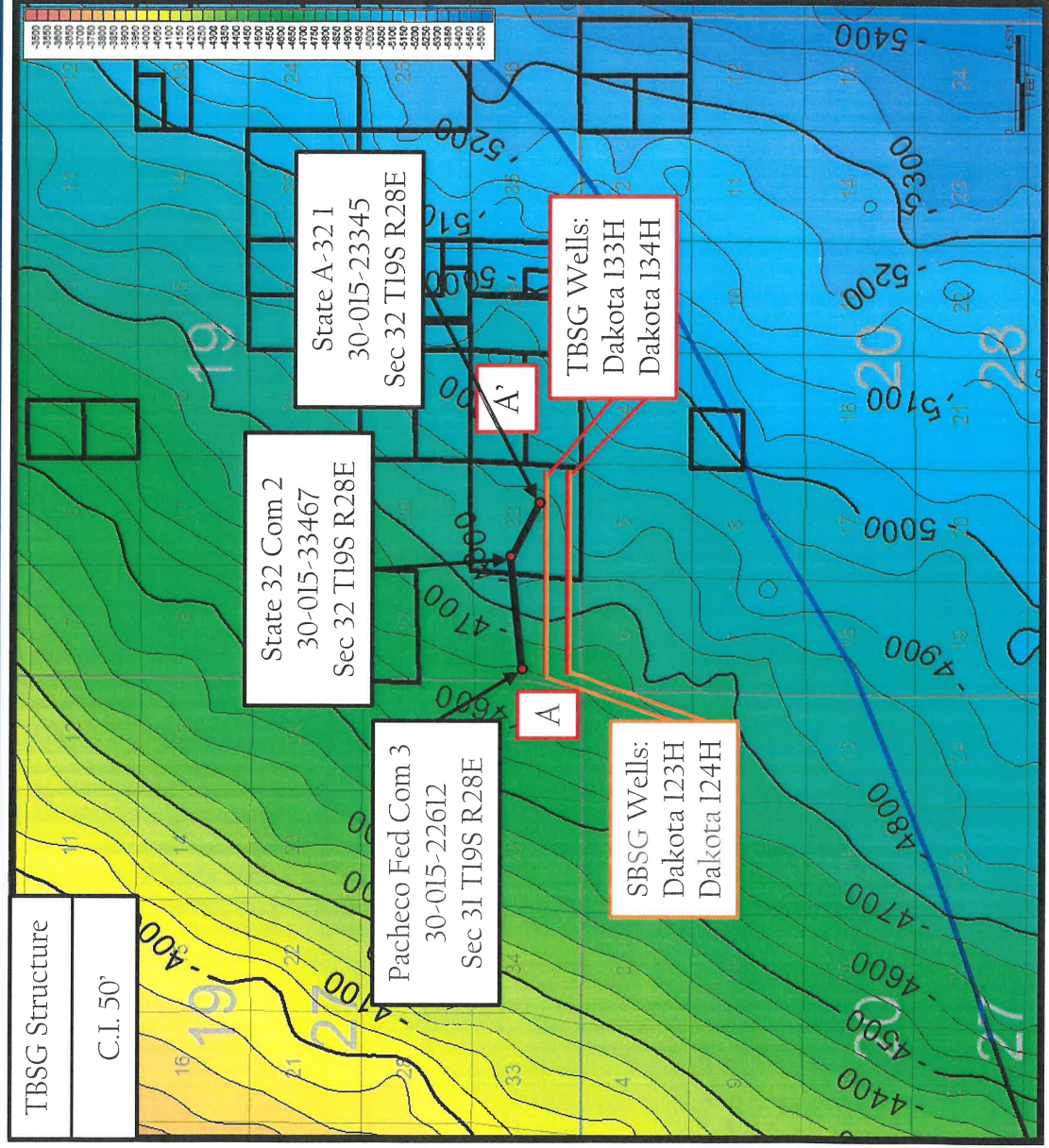
EXHIBIT

C.5

tables

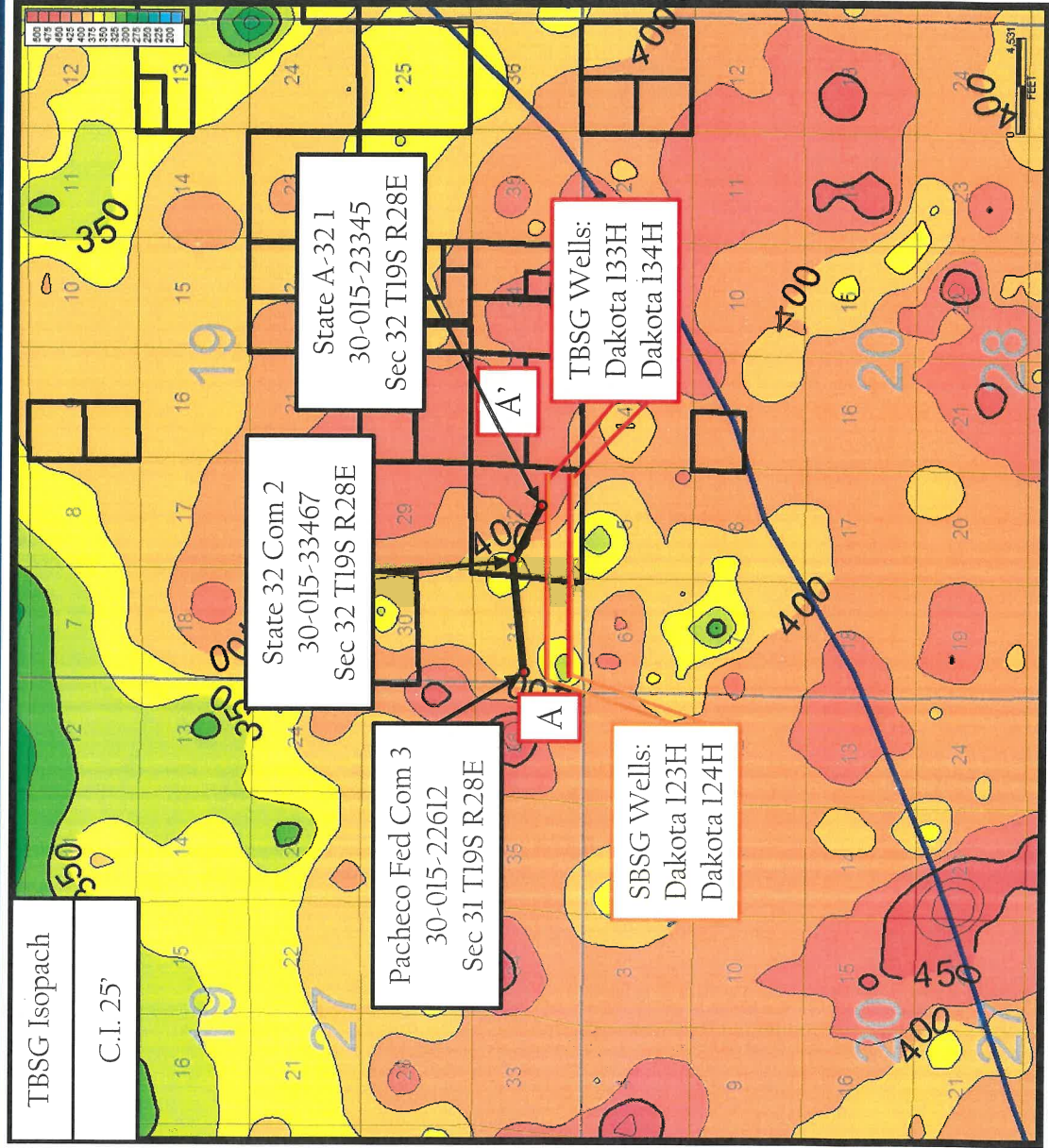


# Dakota 32 State Fed Com: TBSG Structure Map





# Dakota 32 State Fed Com: TBSG Isopach Map





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

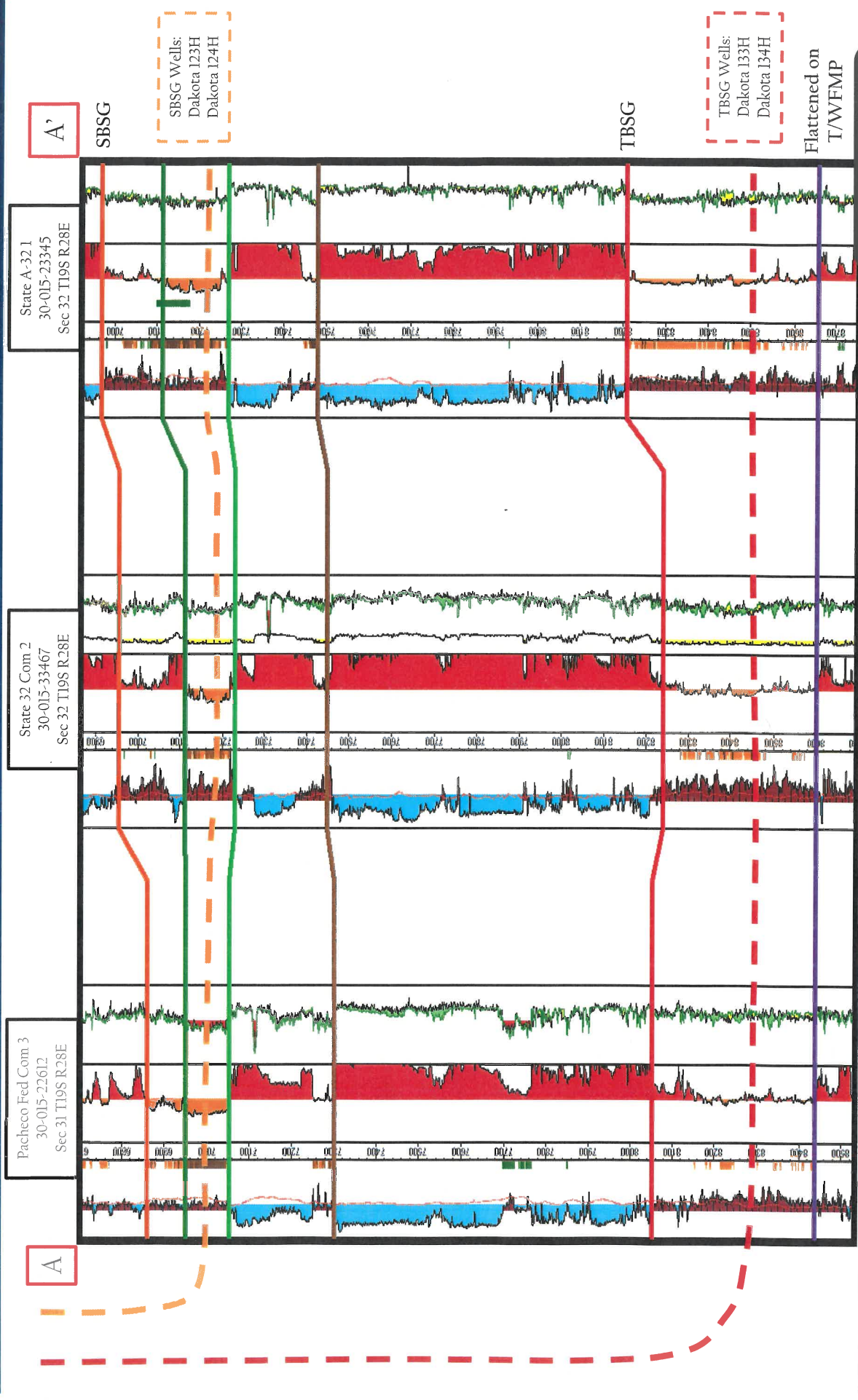
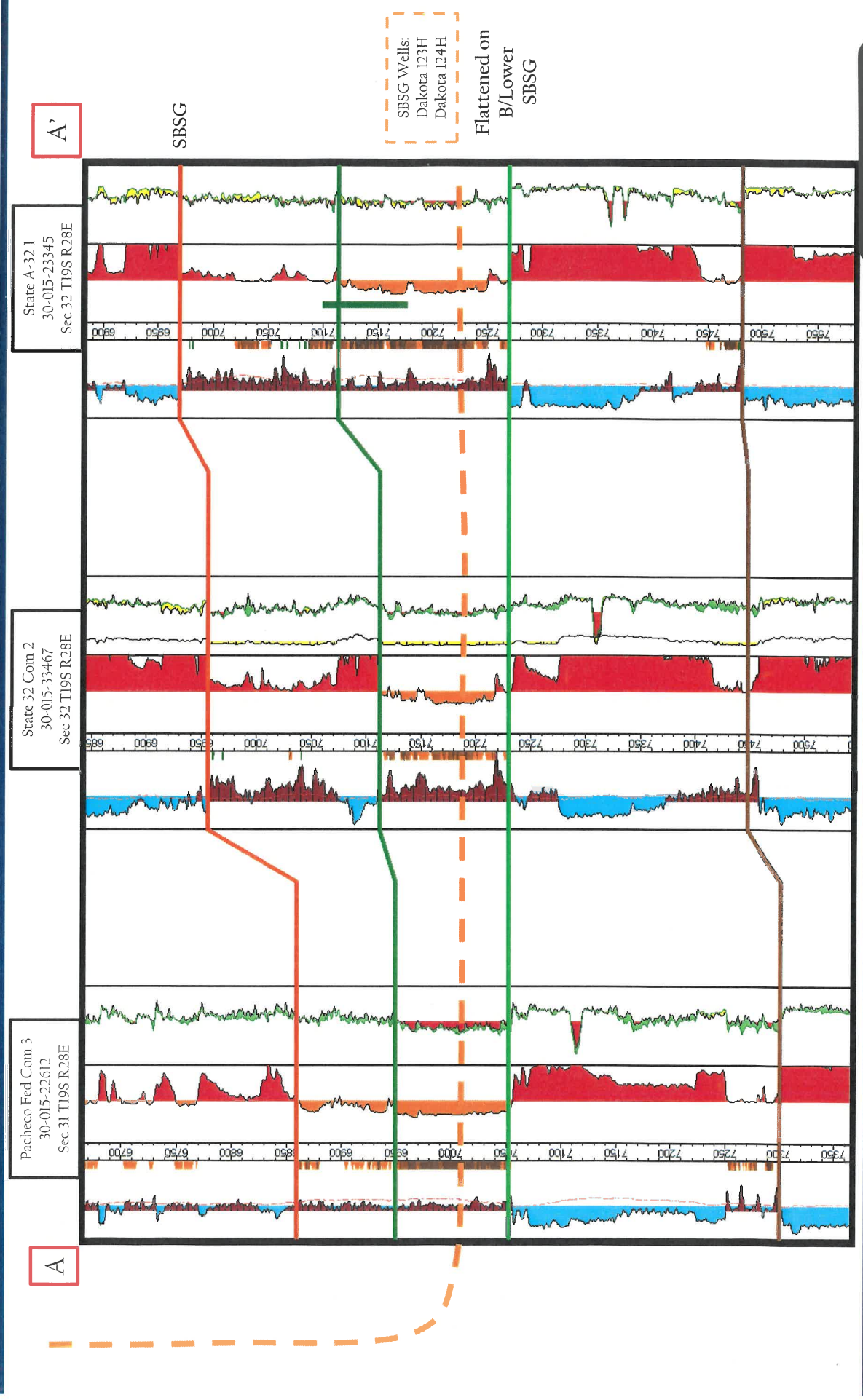


EXHIBIT  
C.8

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# Dakota 32 State Fed Com: Cross-Section A-A' (SBSG)



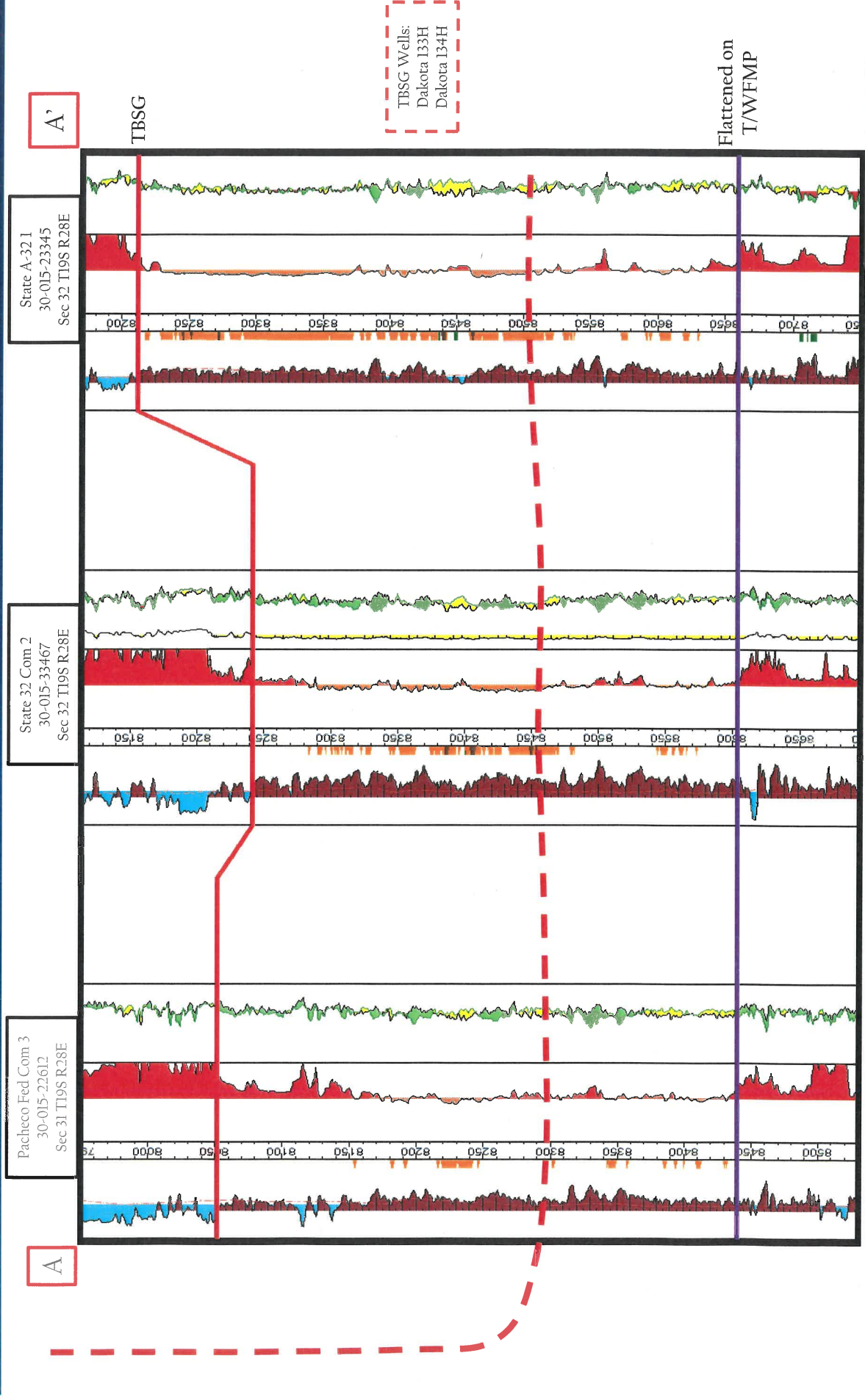
EXHIBIT

C.9

CONFIDENTIAL



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



CONFIDENTIAL

EXHIBIT

C.10

tables



**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. 21465

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

CASE NO. 21466

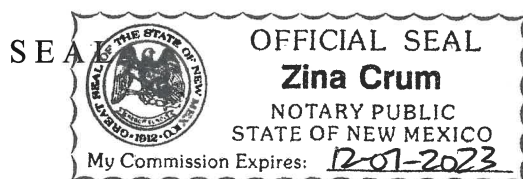
**AFFIDAVIT OF LANCE D. HOUGH**

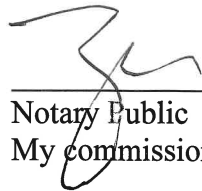
STATE OF NEW MEXICO            )  
  )ss.  
COUNTY OF BERNALILLO        )

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 5<sup>th</sup> day of October 2020 by Lance D. Hough.



  
\_\_\_\_\_  
Notary Public  
My commission expires: 12-01-2023







September 17, 2020

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

**VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

TO: AFFECTED PARTIES

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

**Case No. 21465: Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the **Dakota 32 State Fed Com 123H** and **Dakota 32 State Fed Com 133H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19 miles southeast of Artesia, New Mexico.

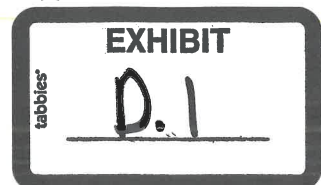
**Case No. 21466: Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 S/2 of Section 32 and S/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the **Dakota 32 State Fed Com 124H** and **Dakota 32 State Fed Com 134H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be

Modrall Sperling  
Roehl Harris & Sisk P.A.

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New Mexico 87102

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
www.modrall.com





AFFECTED PARTIES

Colgate / Dakota 32 State Fed Com 123H, 124H, 133H, and 134H

September 17, 2020

Page 2

considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19 miles southeast of Artesia, New Mexico.

These applications have been set for hearing before a Division Examiner at **8:15 a.m. on October 8, 2020**. During the COVID-19 Public Health Emergency, the hearing will be conducted remotely. Instructions to appear can be found at <http://www.emnrd.state.nm.us/OCD/documents/10-08OCDHearing.pdf> or under "OCD NOTICES" at <http://www.emnrd.state.nm.us/OCD/hearings.html>. As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

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

Sincerely,



Lance D. Hough  
*Attorney for Applicant*

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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 standard horizontal spacing unit underlying the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Colgate states as follows:

1. Colgate is an interest owner in the subject lands and has a right to drill a well thereon.
  2. Colgate seeks to dedicate the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, Bone Spring standard horizontal spacing unit.
  3. Colgate plans to drill the following horizontal wells in a westerly direction to a depth sufficient to test the Bone Spring formation:
    - a. The **Dakota 32 State Fed Com 123H** well is a horizontal well with a surface location on the boundary of the NE/4 SE/4 (Unit I) and the SE/4 SE/4 (Unit P) in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the NW/4 SW/4 (Unit L) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 7,400' to the Bone Spring formation.
    - b. The **Dakota 32 State Fed Com 133H** well is a horizontal well with a surface location on the boundary of the NE/4 SE/4 (Unit I) and the SE/4 SE/4 (Unit P)
-



in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the NW/4 SW/4 (Unit L) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation.

4. These wells will be located within the Winchester, Bone Spring, West Pool (Pool code 97569) and will comply with the Division's statewide setback requirements.

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

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

WHEREFORE, Colgate requests that this case is set for hearing before an Examiner of the Oil Conservation Division on October 8, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 320-acre, more or less, standard horizontal spacing unit in the Bone Spring formation comprised of the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a standard horizontal spacing unit within the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico;

C. Designating Colgate as operator of this unit and the wells to be drilled thereon;



D. Authorizing Colgate to recover its costs of drilling, completing and equipping the wells;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: 

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

W3828499.DOCX



**Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the **Dakota 32 State Fed Com 123H** and **Dakota 32 State Fed Com 133H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19 miles southeast of Artesia, New Mexico.



**STATE OF NEW MEXICO  
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**APPLICATION OF COLGATE OPERATING, LLC  
FOR COMPULSORY POOLING,  
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    - b. The **Dakota 32 State Fed Com 134H** well is a horizontal well with a surface location on the boundary of the NE/4 SE/4 (Unit I) and the SE/4 SE/4 (Unit P)
-



in Section 32, Township 19 South, Range 28 East, NMPM, Eddy County, and an intended bottom hole location in the SW/4 SW/4 (Unit M) of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County. This well is proposed to be drilled vertically to a depth of approximately 8,600' to the Bone Spring formation.

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C. Designating Colgate as operator of this unit and the wells to be drilled thereon;



D. Authorizing Colgate to recover its costs of drilling, completing and equipping the wells;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: 

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

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**Application of Colgate Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 S/2 of Section 32 and S/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the **Dakota 32 State Fed Com 124H** and **Dakota 32 State Fed Com 134H** wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19 miles southeast of Artesia, New Mexico.



## Transaction Report Details - CertifiedPro.net

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9314869904300075184999	2020-09-17 1:37 PM	Mexco Energy Corporation		P.O. Box 10502	Midland	TX	79702	Undelivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184982	2020-09-17 1:37 PM	Sabhan Energy Operating, LLC		1780 Hughes Blvd. Suite 1200	The Woodlands	TX	77380	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184975	2020-09-17 1:37 PM	Devon Energy Production Company, LP.		333 West Sheridan Avenue	Oklahoma City	OK	73102	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184968	2020-09-17 1:37 PM	Gayle Martin & Richard Lantz		P.O. Box 1880	Block Canyon City	AZ	85324	Delivered	Return Receipt - Electronic, Certified Mail	09-24-2020
9314869904300075184951	2020-09-17 1:37 PM	Loco Hills Production Company LLC		P.O. Box 779	Artesia	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	09-29-2020
9314869904300075184944	2020-09-17 1:37 PM	Silverhair, LLC		1301 Lewis Road	Artesia	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184937	2020-09-17 1:37 PM	Thomas A. Crow	for Mark E. Bolling Revocable Trust	8210 Louisiana Boulevard NE, Suite B	Albuquerque	NM	87113	Undelivered - To Be Returned	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184920	2020-09-17 1:37 PM	Abuelo, LLC		21 Cook Drive	Artesia	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184913	2020-09-17 1:37 PM	Ergodic Resources, LLC		P.O. Box 2021	Roswell	NM	88202	Undelivered	Return Receipt - Electronic, Certified Mail	09-24-2020
9314869904300075184906	2020-09-17 1:37 PM	The Board of Regents Univ. Texas System	re Texas M.D. Anderson Cancer Ctr	P.O. Box 551	Midland	TX	79702	Delivered	Return Receipt - Electronic, Certified Mail	09-24-2020
9314869904300075184890	2020-09-17 1:37 PM	Mark D. Wilson, et al.		4501 Greentree Blvd.	Midland	TX	79707	Delivered	Return Receipt - Electronic, Certified Mail	09-25-2020
9314869904300075184883	2020-09-17 1:37 PM	Brili, LLC		2135 Sedona Hills Parkway	Las Cruces	NM	88011	Undelivered - Forwarded	Return Receipt - Electronic, Certified Mail	09-23-2020
9314869904300075184876	2020-09-17 1:37 PM	Escondido Oil and Gas, LLC		P.O. Box 51390	Midland	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	09-22-2020
9314869904300075184869	2020-09-17 1:37 PM	Tim Lilley and wife, Tashina Lilley		4873 Raintree Circle	Parker	CO	80134	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184852	2020-09-17 1:37 PM	Laurance Merritt, SSP		221 S. Lomita Avenue	Ojai	CA	93023	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184845	2020-09-17 1:37 PM	Mary Overstreet a/k/a Mary Merritt		3009 Helen Street	Orlando	FL	32804	Undelivered	Return Receipt - Electronic, Certified Mail	10-02-2020
9314869904300075184838	2020-09-17 1:37 PM	Pecas Management, LP		3138 Quail Valley East Drive	Missouri City	TX	77489	To be Returned	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184821	2020-09-17 1:37 PM	Karen Johnston, SSP		2017 Quail Hollow Run	Carlsbad	NM	88220	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184814	2020-09-17 1:37 PM	Presbyterian Village North Foundation		8600 Skyline Drive - #1212	Dallas	TX	75243	Undelivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184807	2020-09-17 1:37 PM	Presbyterian Healthcare Foundation		8440 Walnut Hill Lane, Suite 800	Dallas	TX	75231	Delivered	Return Receipt - Electronic, Certified Mail	09-21-2020
9314869904300075184791	2020-09-17 1:37 PM	Oxy USA, Inc.		5 Greenway Plaza, Suite 110	Houston	TX	77046	Undelivered	Return Receipt - Electronic, Certified Mail	09-21-2020

EXHIBIT

D.2

tabbles



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

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
09/17/2020

Firm Mailing Book ID: 195716

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0075 1848 91	Oxy USA, Inc. 5 Greenway Plaza, Suite 110 Houston TX 77046	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
2	9314 8699 0430 0075 1848 07	Presbyterian Healthcare Foundation 8440 Walnut Hill Lane, Suite 800 Dallas TX 75231	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
3	9314 8699 0430 0075 1848 14	Presbyterian Village North Foundation 8600 Skyline Drive - #1212 Dallas TX 75243	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
4	9314 8699 0430 0075 1848 21	Karen Johnston, SSP 2017 Quail Hollow Run Carlsbad NM 88220	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
5	9314 8699 0430 0075 1848 38	Pecas Management, LP 3138 Quail Valley East Drive Missouri City TX 77489	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
6	9314 8699 0430 0075 1848 45	Mary Overstreet a/k/a Mary Merritt 3009 Helen Street Orlando FL 32804	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
7	9314 8699 0430 0075 1848 52	Laurance Merritt, SSP 221 S. Lomita Avenue Ojai CA 93023	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
8	9314 8699 0430 0075 1848 69	Tim Lilley and wife, Tashina Lilley 4873 Raintree Circle Parker CO 80134	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
9	9314 8699 0430 0075 1848 76	Escondido Oil and Gas, LLC P.O. Box 51390 Midland TX 79710	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
10	9314 8699 0430 0075 1848 83	BriLi, LLC 2135 Sedona Hills Parkway Las Cruces NM 88011	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
11	9314 8699 0430 0075 1848 90	Mark D. Wilson, et al. 4501 Greentree Blvd. Midland TX 79707	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
12	9314 8699 0430 0075 1849 06	The Board of Regents Univ. Texas System re Texas M.D. Anderson Cancer Ctr P.O. Box 551 Midland TX 79702	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
13	9314 8699 0430 0075 1849 13	Ergodic Resources, LLC P.O. Box 2021 Roswell NM 88202	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
14	9314 8699 0430 0075 1849 20	Abuelo, LLC 21 Cook Drive Artesia NM 88210	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
15	9314 8699 0430 0075 1849 37	Thomas A. Crow for Mark E. Boling Revocable Trust 8210 Louisiana Boulevard NE, Suite B Albuquerque NM 87113	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice



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

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
09/17/2020

Firm Mailing Book ID: 195716

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
16	9314 8699 0430 0075 1849 44	Silverhair, LLC 1301 Lewis Road Artesia NM 88210	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
17	9314 8699 0430 0075 1849 51	Loco Hills Production Company LLC P.O. Box 779 Artesia NM 88211	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
18	9314 8699 0430 0075 1849 68	Gayle Martin & Richard Lantz P.O. Box 1880 Block Canyon City AZ 85324	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
19	9314 8699 0430 0075 1849 75	Devon Energy Production Company, L.P. 333 West Sheridan Avenue Oklahoma City OK 73102	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
20	9314 8699 0430 0075 1849 82	Sabinan Energy Operating, LLC 1780 Hughes Blvd. Suite 1200 The Woodlands TX 77380	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
21	9314 8699 0430 0075 1849 99	Mexco Energy Corporation P.O. Box 10502 Midland TX 79702	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
22	9314 8699 0430 0075 1850 02	Penroc Oil Corporation 1515 West Calle Sur Street Hobbs NM 88240	\$1.20	\$3.55	\$1.70	\$0.00	10091-0009 Dakota Notice
<b>Totals:</b>			<b>\$26.40</b>	<b>\$78.10</b>	<b>\$37.40</b>	<b>\$0.00</b>	
<b>Grand Total:</b>						<b>\$141.90</b>	

List Number of Pieces  
Listed by Sender

Total Number of Pieces  
Received at Post Office

Postmaster:  
Name of receiving employee

Dated:

22





**Affidavit of Publication**

Ad # 0004383000

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**MODRALL SPERLING**  
POBOX 2168

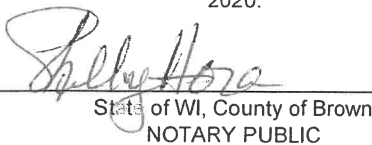
**ALBUQUERQUE, NM 87103**

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:

09/19/2020

  
Legal Clerk

Subscribed and sworn before me this September 19,  
2020:

  
State of WI, County of Brown  
NOTARY PUBLIC

8-25-23

My commission expires

**SHELLY HORA**  
Notary Public  
State of Wisconsin

Ad # 0004383000

PO #:

# of Affidavits 1

**This is not an invoice**

CASE NO. 21465: Notice to all affected parties, as well as their heirs and devisees, of Oxy USA, Inc.; Presbyterian Healthcare Foundation; Presbyterian Village North Foundation; Karen Johnston, SSP; Pecos Management, LP; Mary Overstreet a/k/a Mary Merritt; Laurance Merritt, SSP; Tim Lilley and wife, Tashina Lilley; Escondido Oil and Gas, LLC; Brili, LLC; Mark D. Wilson, et al.; The Board of Regents Univ. Texas System; Ergodic Resources, LLC; Abuelo, LLC; Thomas A. Crow; Silverhair, LLC; Loco Hills Production Company LLC; Gayle Martin & Richard Lantz; Devon Energy Production Company, L.P.; Sabinal Energy Operating, LLC; Mexco Energy Corporation; and Penroc Oil Corporation of Colgate Operating, LLC's Application for compulsory pooling, Eddy County, New Mexico. The State of New Mexico through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on October 8, 2020 to consider this application. Due to state building closures during the COVID-19 Public Health Emergency, the hearing will be conducted remotely. You may access the instructions to appear at <http://www.emnrd.state.nm.us/OCD/documents/10-08OCDHearing.pdf> or under "OCD NOTICES" at <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the N/2 S/2 of Section 32 and N/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the Dakota 32 State Fed Com 123H and Dakota 32 State Fed Com 133H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19 miles southeast of Artesia, New Mexico.

CASE NO. 21466: Notice to all affected parties, as well as their heirs and devisees, of Oxy USA, Inc.; Presbyterian Healthcare Foundation; Presbyterian Village North Foundation; Karen Johnston, SSP; Pecos Management, LP; Mary Overstreet a/k/a Mary Merritt; Laurance Merritt, SSP; Tim Lilley and wife, Tashina Lilley; Escondido Oil and Gas, LLC; Brili, LLC; Mark D. Wilson, et al.; The Board of Regents Univ. Texas System; Ergodic Resources, LLC; Abuelo, LLC; Thomas A. Crow; Silverhair, LLC; Loco Hills Production Company LLC; Gayle Martin & Richard Lantz; Devon Energy Production Company, L.P.; Sabinal Energy Operating, LLC; Mexco Energy Corporation; and Penroc Oil Corporation of Colgate Operating, LLC's Application for compulsory pooling, Eddy County, New Mexico. The State of New Mexico through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on October 8, 2020 to consider this application. Due to state building closures during the COVID-19 Public Health Emergency, the hearing will be conducted remotely. You may access the instructions to appear at <http://www.emnrd.state.nm.us/OCD/documents/10-08OCDHearing.pdf> or under "OCD NOTICES" at <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring standard horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring standard horizontal spacing unit underlying the S/2 S/2 of Section 32 and S/2 S/2 of Section 31, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard spacing unit will be dedicated to the Dakota 32 State Fed Com 124H and Dakota 32 State Fed Com 134H wells, to be horizontally drilled. The producing intervals for these wells will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Colgate as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19 miles southeast of Artesia, New Mexico.  
#4383000, Current Argus, Sept. 19, 2020

