

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. 21629

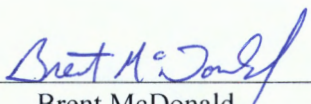
**PRE-HEARING STATEMENT**  
**OF**  
**PROSPERITY BANK F/K/A AMERICAN STATE BANK**  
**AS TRUSTEE OF THE J.M. WELBORN TRUST**

Prosperity Bank f/k/a American State Bank, Trustee of the J.M. Welborn Trust ("Trustee") received a letter from Colgate dated July 10, 2020 notifying the Trustee of the proposed well and indicating that Colgate would be interested in acquiring the Trustee's interest. The Trustee contacted Colgate by e-mail on July 16, 2020. Follow-up e-mails were sent on July 30, 2020 and August 19, 2020. On the latter date, Colgate responded to the Trustee's inquiry. The Trustee sent another e-mail on August 19, 2020 notifying Colgate that the Trustee would be interested in an assignment of the interest held by the Trustee. Colgate promptly responded on the same date and notified the Trustee that there would be a meeting with management to "see what we can offer here." That was the last communication that the Trustee received from Colgate until a letter from Colgate's attorney regarding this Application and the hearing was received on December 21, 2020.

The Trustee has invested time and money in determining a market value for an assignment of the interest. The Trustee does not desire to participate in the well and wishes to reach an agreement with Colgate for an assignment of the interest at a market rate. In its Application, Colgate indicated that it "has been unable to obtain" a voluntary agreement from all interested owners. The Trustee has shown its willingness to assign its interest. Colgate indicated they would make an offer, but to date, an offer has not been received.

Respectfully submitted,

Prosperity Bank f/k/a American State Bank, Trustee  
of the J.M. Welborn Trust

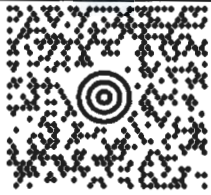
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BILLIE MCMINN  
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PROSPERITY BANK 227  
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0.2 LBS LTR

1 OF 1

**SHIP TO:**  
OIL CONSERVATION DIVISION  
DEPT. OF ENERGY, MINERALS, NAT. RES  
1220 SOUTH ST., FRANCIS DRIVE  
**SANTA FE NM 87505-4225**



**NM 875 0-03**



**UPS NEXT DAY AIR**

TRACKING #: 1Z F7F 455 01 9163 7794

**1**



BILLING: 3RD PARTY

Reference # 1: 311  
Reference # 2: J. M. Welborn



CS 22.0.12. WNTNVS0 39.0A 11/2020\*