

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

**APPLICATION OF COLGATE OPERATING, LLC
FOR COMPULSORY POOLING, AND NON-
STANDARD SPACING AND PRORATION UNIT IN
EDDY COUNTY, NEW MEXICO**

CASE NO.

**APPLICATION FOR COMPULSORY POOLING, AND NON-STANDARD
SPACING AND PRORATION UNIT**

COLGATE OPERATING, LLC applies for an order pooling all mineral interests within the Bone Spring Formation, underlying the S/2 of Section 22, Township 19 South, Range 28 East, NMPM and Section 28, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above referenced horizontal spacing unit to the following four initial wells:

A. **Rincon 22 State 123H**

SHL: 1380 feet from the South line and 263 feet from the West line, (Unit L) of Section 22, Township 19 South, Range 28 East, NMPM.
BHL: 1613 feet from the South line and 100 feet from the East line, (Unit I) of Section 22, Township 19 South, Range 28 East, NMPM.
Completion Target: 2nd Bone Spring Sand at approx 7400 feet TVD.
Well Orientation: West to East
Completion Location expected to be: standard
Spacing Unit: N/2 S/2 of Section 22;

B. **Rincon 22 State 133H**

SHL: 1335 feet from the South line and 263 feet from the West line, (Unit L) of Section 22, Township 19 South, Range 28 East, NMPM.
BHL: 1713 feet from the South line and 100 feet from the East line, (Unit I) of Section 22, Township 19 South, Range 28 East, NMPM.
Completion Target: 3rd Bone Spring Sand at approx 8700 feet TVD.
Well Orientation: West to East
Completion Location expected to be: standard
Spacing Unit: N/2 S/2 of Section 22;

C. **Rincon 22 State 124H**

SHL: 1290 feet from the South line and 263 feet from the West line, (Unit M) of Section 22, Township 19 South, Range 28 East, NMPM.
 BHL: 330 feet from the South line and 100 feet from the East line, (Unit P) of Section 22, Township 19 South, Range 28 East, NMPM.
 Completion Target: 2nd Bone Spring Sand at approx 7500 feet TVD.
 Well Orientation: West to East
 Completion Location expected to be: standard
 Spacing Unit: S/2 S/2 of Section 22;

D. **Rincon 22 State 134H**

SHL: 1245 feet from the South line and 263 feet from the West line, (Unit M) of Section 22, Township 19 South, Range 28 East, NMPM.
 BHL: 430 feet from the South line and 100 feet from the East line, (Unit P) of Section 22, Township 19 South, Range 28 East, NMPM.
 Completion Target: 3rd Bone Spring Sand at approx 8700 feet TVD.
 Well Orientation: West to East
 Completion Location expected to be: standard
 Spacing Unit: S/2 S/2 of Section 22.

3. Because the proposed wells will be continuously drilled and completed, Applicant requests an extension of the time period to drill and complete the initial wells from 120 days to 365 days.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

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

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and the proposed spacing unit.

WHEREFORE, Applicant, requests after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted interests in this horizontal spacing unit;
- B. Approving four initial horizontal wells in this spacing unit;
- C. Authorizing an extension of the 120-day requirement to drill and complete the initial wells on this horizontal spacing unit;
- D. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision while drilling and after completing, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and;
- G. Imposing a 200% charge for risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

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