

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

**APPLICATION OF CATENA RESOURCES  
OPERATING, LLC TO POOL ADDITIONAL  
INTERESTS UNDER ORDER NO. R-22131,  
LEA COUNTY, NEW MEXICO**

**CASE NOS. 22860  
ORDER NO. R-22131 (Re-Open)**

**EXHIBIT INDEX**

Exhibit A	Self-Affirmed Statement of Cato Clark
A-1	Application & Proposed Notice of Hearing
A-2	Order No. R-22131
A-3	Plat of Tracts, Ownership Interests, Uncommitted Interests to be Pooled
A-4	Sample Well Proposal Letter and AFEs
A-5	Chronology of Contact
Exhibit B	Affidavit of Dana S. Hardy
B-1	Hearing Notice Letter
B-2	Chart of Notice to All Interested Parties and Certified Mail Receipts
B-3	Affidavit of Publication on June 17, 2022

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DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
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**APPLICATION OF CATENA RESOURCES  
OPERATING LLC TO POOL ADDITIONAL  
INTERESTS UNDER ORDER NO.  
R-22131, LEA COUNTY, NEW MEXICO**

**CASE NO. 22860  
ORDER NO. R-22131 (Re-Open)**

**SELF-AFFIRMED STATEMENT  
OF CATO CLARK**

1. I am the Vice President of Land at Catena Resources Operating, LLC (“Catena”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am familiar with the land matters involved in the above-referenced case. Copies of the application and hearing notice are attached hereto as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. On May 9, 2022, the Division entered Order No. R-22131 (“Order”) in Case No. 22630, which pooled all uncommitted interests in the Scharb; Wolfcamp (Pool Code 55640) within the Wolfcamp formation underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Section 5, Township 19 South, Range 35 East and the E/2 of Section 32, Township 18 South, Range 35 East, Lea County, New Mexico (“Unit”). The Order further dedicated the Unit to the Foxtail E2 05 32 W1 State Com 1H well (“Well”) and designated Applicant as operator of the Unit and the Well.

**Exhibit A**

5. A copy of Order No. R-22131 is attached as **Exhibit A-2**.

6. Since the Order was entered, Catena has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.

7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract, and identifies the additional uncommitted interests to be pooled under the terms of Order No. R-22131, which are highlighted in yellow. All of the interest owners are locatable.

8. **Exhibit A-4** is a sample well proposal letter that I sent to the interest owners.

9. In my opinion, Catena has made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.

10. Catena requests the additional uncommitted mineral interests be pooled under the terms of Order No. R-22131.

11. In my opinion, the granting of Catena's application would serve the interests of conservation and the prevention of waste.

12. The attached exhibits attached were either prepared by me or under my supervision or were compiled from company business records.

13. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 12 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.



Cato Clark



Date

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

**APPLICATION OF CATENA RESOURCES  
OPERATING, LLC TO POOL ADDITIONAL  
INTERESTS UNDER ORDER NO. R-22131,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 22860  
ORDER NO. R-22131 (Re-Open)**

**APPLICATION**

Pursuant to NMSA § 70-2-17, Catena Resources Operating, LLC (“Applicant”) (OGRID No. 328449) files this application with the Oil Conservation Division (“Division”) for the limited purpose of pooling additional uncommitted interests under the terms of Division Order No. R-22131. Applicant states the following in support of its application.

1. On May 9, 2022, the Division entered Order No. R-22131 (“Order”) in Case No. 22630, which pooled all uncommitted interests in the Scharb; Wolfcamp (Pool Code 55640) within the Wolfcamp formation underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Section 5, Township 19 South, Range 35 East and the E/2 of Section 32, Township 18 South, Range 35 East, Lea County, New Mexico (“Unit”). The Order further dedicated the Unit to the Foxtail E2 05 32 W1 State Com 1H well (“Well”) and designated Applicant as operator of the Unit and Well.
2. Since the Order was entered, Applicant has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.
3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional mineral interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from the owners.

**Exhibit A-1**

4. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional uncommitted interests should be pooled into the Unit pursuant to terms of the Order.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Oil Conservation Division on July 7, 2022, and after notice and hearing as required by law, the Division pool the additional interests into the Unit pursuant to the terms of Division Order No. R-22131.

Respectfully submitted,

HINKLE SHANOR LLP

*/s/ Dana S. Hardy* \_\_\_\_\_

Dana S. Hardy

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*Counsel for Catena Resources Operating, LLC*

**Application of Catena Resources Operating, LLC to Pool Additional Interests Under Order No. R-22131, Lea County, New Mexico.** Applicant seeks to pool additional uncommitted interests under the terms of Division Order No. R-22131, which pooled all uncommitted interests in the Scharb; Wolfcamp (Pool Code 55640) within the Wolfcamp formation underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Sections 5 and 32, Township 19 South, Range 35 East, Lea County, New Mexico (“Unit”). The Order further dedicated the Unit to the Foxtail E2 05 32 W1 State Com 1H well (“Well”) and designated Applicant as operator of the Unit and Well. Since the Order was entered, Applicant has identified additional uncommitted interests in the Unit that should be pooled under the terms of the Order. The Well is located approximately 20 miles west of Hobbs, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
CATENA RESOURCES OPERATING, LLC**

**CASE NO. 22630  
ORDER NO. R-22131**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on April 7, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. Catena Resources Operating, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

**Exhibit A-2**

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### **ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

- well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
  25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
  26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
  27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
  28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
  29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR

AES/jag

Date: 5/09/2022

CASE NO. 22630  
ORDER NO. R-22131

Exhibit A

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<i>Page 2 of 42</i>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case No.:</b>	<b>22630</b>
<b>Hearing Date:</b>	<b>4/7/2022</b>
Applicant	Catena Resources Operating, LLC
Designated Operator & OGRID	328449
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Catena Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors	N/A
Well Family	Foxtail E2 05 32 W1 State Com
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent	Scharb; Wolfcamp (55640)
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Scharb; Wolfcamp (55640)
Pool Name and Pool Code	Scharb; Wolfcamp (55640)
Well Location Setback Rules	Standard
Spacing Unit Size	640
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640
Building Blocks	quarter
Orientation	North/South
Description: TRS/County	E2 of Section 5 Township 19 South, Range 35 East and 32, Township 18 South, Range 35 East, Lea County, NM
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	W/2 E/2 of Sections 5 and 32
Proximity Defining Well: if yes, description	Foxtail E2 05 32 W1 State Com 1H
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Foxtail E2 05 32 W1 State Com 1H (API # pending) SHL: 462' FNL & 1103' FEL, Unit A, Section 8, T19S-R35E BHL: 100' FNL & 1649' FEL, Unit B, Section 32, T18S-R35E Completion Target: Wolfcamp (Approx. 10,870' TVD) Well Orientation: South to North
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,500.00
Production Supervision/Month \$	\$850.00
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-7
<b>Ownership Determination</b>	

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CASE NO. 22630  
ORDER NO. R-22131

Land Ownership Elements of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-2
Gross Isopach	Exhibit B-5
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-4
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-2
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-3
Cross Section (including Landing Zone)	Exhibit B-4
<b>Additional Information</b>	
<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):	Dana S. Hardy
<b>Signed Name</b> (Attorney or Party Representative):	/s/ Dana S. Hardy
<b>Date:</b>	4/5/2022

Page 3 of 42

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CASE NO. 22630  
ORDER NO. R-22131

Page 6 of 6

**EXHIBIT A-3**  
**Foxtail E2 05 32 W1 State Com 1H**  
**Proposed Wolfcamp Spacing Unit**  
**Lea County, New Mexico**  
**E2 Sections 5-T19S-R35E & 32-T18S-R35E**

	<u>WI</u>	
Catena Resources Operating (CRO)	84.9569%	
T.H. McElvain Oil & Gas, LLLP (THM)	2.35%	

**Additional Parties to be Pooled**

Jean Ann Pepper Johnson (Unleased)	0.20%
David Cullum Miller (Unleased)	0.20%

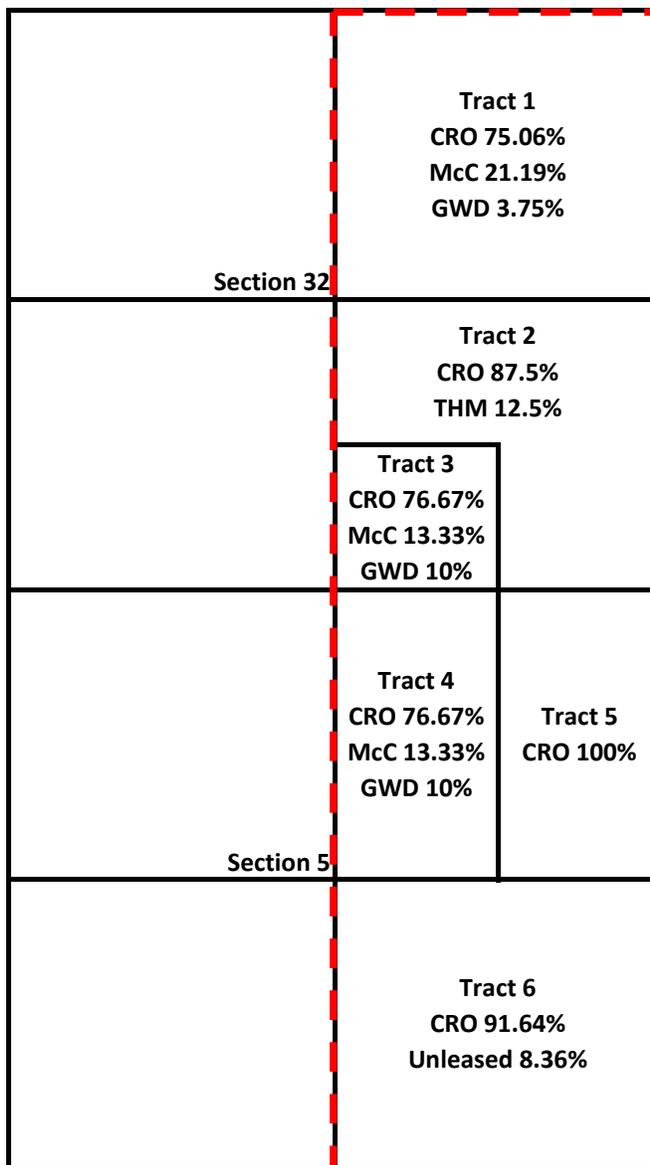
**Uncommitted Parties Pooled under Order R-22131**

McCombs Exploration, LLC (McC)	7.7977%
Great Western Drilling, Ltd. (GWD)	2.8100%
Mary Louise Galbreath (Unleased)	0.2607%
The Brady Family Trust (Unleased)	0.5214%
Coert Holdings 1, LLC (Unleased)	0.8113%
Max W. Coll, II Trust (Unleased)	0.1056%

**Total** **100.00%**

**Tracts**

Tract 1	NE/4	Section 32
Tract 2	N/2 SE/4 & SE/4 SE/4	Section 32
Tract 3	SW/4 SE/4	Section 32
Tract 4	W/2 NE/4	Section 5
Tract 5	E/2 NE/4	Section 5
Tract 6	SE/4	Section 5





4/6/2022

Via Certified Mail:

{Owner Name}  
 {Owner Address}

RE: **Well Proposal**  
 Foxtail E2 32 05 W1 State Com 1H  
 SE/4 Section 5 T19S R35E,  
 SE/4 Section 32 T18S R35E  
 Lea County, NM

Dear Mineral Owner,

Catena Resources Operating, LLC ("Catena") as Operator hereby proposes to drill and operate the captioned horizontal well, as further described in the enclosed AFE, (hereinafter, the "Well"):

Well Name	SHL	BHL	Target Formation	Proposed TVD	Proposed TMD
Foxtail E2 32 05 W1 State Com 1H	300' FNL, 1103' FEL, 8-19S-35E	100' FNL, 1649' FEL, 32-18S-35E	Wolfcamp A	10,870'	22,000'

The Estimated Well Costs for the Well are \$8,694,255.00.

As an alternative to your participation, Catena proposes to offer you an oil & gas lease, the terms of which are described in the Oil & Gas Lease Offer letter dated 4/5/2020, should you so elect.

In any event, Catena respectfully requests you (i) indicate your election by initialing next to one of the three (3) options on the following page, (ii) execute one copy of this letter, and (iii) in the event you elect to participate in the drilling and completion of the Well, execute one copy of the enclosed AFE, and return scans of all of same to the undersigned at the email address reflected below or hardcopies to the letterhead address within 30 days of your receipt hereof. In the event of your participation, Catena will furnish a proposed joint operating agreement upon request.

Should you have any questions regarding the foregoing, please feel free to contact the undersigned at any of the points indicated below.

Best regards,

Cato Clark  
 Vice President, Land  
 Catena Resources Operating, LLC  
 1001 Fannin Street, 22<sup>nd</sup> Floor  
 Houston, TX 77002  
 Direct: 346.200.7894  
[Clark@catenares.com](mailto:Clark@catenares.com)

**Exhibit A-4**



BY ITS INITIALS & EXECUTION IN THE SPACE PROVIDED BELOW, THE UNDERSIGNED:

\_\_\_\_ CONSENTS TO PARTICIPATE TO THE FULL EXTENT OF ITS INTEREST IN THE PROPOSED OPERATION(S) AND BEAR ITS PROPORTIONATE SHARE OF ALL COSTS AND EXPENSES ASSOCIATED THEREWITH

OR

\_\_\_\_ DOES NOT CONSENT TO PARTICIPATE IN THE PROPOSED OPERATION(S)

OR

\_\_\_\_ ELECTS TO EXECUTE AN OIL & GAS LEASE WITH CATENA

{Owner Name}

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

Title: \_\_\_\_\_

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



				WELL COST ESTIMATE				AFE NO.		
				WELL NAME: Foxtail E2 32 05 W1 State Com 1H FIELD NAME: Section 5-T19S-R35E LOCATION: Lea County, NM COUNTY / ST: Lea County, NM OBJECTIVE: Drill 10,000' lateral, Zipper Frac 51 stages and POL with ESP and Building Facility				DATE: 12/3/2021 START DATE: COMPLETE DATE: ORIGINAL: SUPPLEMENT:		
<b>INTANGIBLE COSTS</b>				ACCT	DRILLING	ACCT CODE	COMPLETION	ACCT	FACILITIES	TOTAL
Legal Fees & Title Opinions				9250	\$100,000	9400		9501		\$100,000
Survey/Staking/Permits/Bonds				9251	\$25,000	9401	\$10,000	9502		\$35,000
Row / Surface Damages				9252	\$25,000	9402		9512		\$25,000
Loc Rsrv Pit Construction				9253	\$100,000	9403		9510		\$100,000
Rd & Loc Rsrv Pit Reclamation				9254		9404				\$0
Frac Pond				9255		9405	\$25,000			\$25,000
Gate Guard				9256		9406				\$0
Mouse/Rathole/Conductor				9257	\$25,000					\$25,000
Mobilization / Demobilization				9258	\$135,000	9407				\$135,000
Drilling - Daywork				9259	\$600,000					\$600,000
Drilling - Footage				9260						\$0
Drilling - Turnkey				9261						\$0
Completion/ Snubbing / Wo Unit				9262		9408	\$20,000			\$20,000
Trailer House / Communications				9263	\$15,000	9409				\$15,000
Drill Bits				9264	\$60,000	9410				\$60,000
Directional Equip/Gyro Surveys				9265	\$250,000	9411				\$250,000
Downhole Tool / Stabil Rental				9266	\$35,000	9412	\$65,000			\$100,000
Mud / Chemicals				9267	\$165,000	9413	\$5,000			\$170,000
Fuel / Power				9268	\$150,000	9414	\$40,692			\$190,692
Water Supply Well Equipment				9269		9415				\$0
Water / Water Hauling				9270		9416	\$468,286			\$468,286
Offsite Water/Cutting Disposal				9271	\$80,000	9417	\$45,000			\$125,000
Transportation / Hauling				9272	\$40,000	9418		9509		\$40,000
Inspection/Tubular Testing				9273	\$25,000	9419				\$25,000
Laydown Machine/Cast Crew/Tong				9274	\$25,000	9420				\$25,000
Cement Float Equip & Services				9275	\$150,000	9421				\$150,000
Mud Logging				9276	\$40,000					\$40,000
Logging - Open Hole				9277		9422				#VALUE!
Logging - Cased Hole				9278		9423				\$0
Coring/Analysis Drill Stem Tst				9279						\$0
Perforating				9280		9424				\$0
Wireline / Slickline Services				9281		9425	\$285,500			\$285,500
Equipment Rental				9282	\$160,000	9426	\$223,980	9511		\$383,980
Pumping Services / Rental				9283		9427	\$57,500			\$57,500
Acidizing & Fracturing				9284		9428	\$2,500,000			\$2,500,000
Coil Tubing Unit				9285		9429	\$412,500			\$412,500
Flow Testing Swabbing				9286		9430	\$73,038			\$73,038
Fishing/Sidetrack Services				9287		9431				\$0
Nipple Up / Bope Testing				9288	\$20,000	9432				\$20,000
Overhead				9289		9433				\$0
Wellsite Consult Serv/Supervis				9290	\$105,000	9434	\$93,557	9503		\$198,557
Eng/Geo/Lab Trace Diagnostics				9291	\$50,000	9435		9515		\$50,000
Roustabout / Contract Labor				9292	\$120,000	9436	\$20,000	9504		\$140,000
Welding Services				9293	\$15,000	9437				\$15,000
Insurance				9294		9438		9505		\$0
Miscellaneous				9295		9439	\$100,000	9506		\$100,000
P&A Costs				9296		9440				\$0
Safety / Eh&S				9297		9441		9507		\$0
Contingency				9298		9442	\$133,202	9514		\$133,202
Non-Op Drilling Intangible				9299		9443		9513		\$0
Pipeline Install/ Interconnect				9300		9444		9508		\$0
Facility Installation							\$175,000			\$175,000
TBD										\$0
TBD										\$0
TBD										\$0
TBD										\$0
<b>TOTAL INTANGIBLE COSTS</b>					<b>\$2,515,000</b>		<b>\$4,753,255</b>		<b>\$0</b>	<b>\$7,268,255</b>
<b>TANGIBLE COSTS</b>				ACCT	DRILLING	ACCT CODE	COMPLETION	ACCT	FACILITIES	TOTAL
Conductor	Size	Feet	\$/Ft	9350						\$0
Surface Casing	13-3/8"	2,000	\$56.00	9351	\$112,000					\$112,000
1st Intermediate Casing / Liner	9-5/8"	4,000	\$39.00	9352	\$156,000					\$156,000
2nd Intermediate Casing / Liner				9353						\$0
Production Casing / Liner	5-1/2"	21,000	\$22.00		\$462,000	9451				\$462,000
Casing Tie Back						9452				\$0
Liner Hanger Assembly						9453				\$0
Tubing						9454	\$60,000			\$60,000
Casing Equipment - OHMS / Etc.					\$15,000	9455				\$15,000
Wellhead Equipment				9354	\$65,000	9456				\$65,000
Pumping Unit / Prime Mover / Base						9457		9521		\$0
Rods / Pony Rods / Sinker Bars						9458		9522		\$0
Artificial Lift Other - ESP						9459	\$50,000	9523		\$50,000
Wellhead Equipment Completions - Production Tree						9460		9524		\$0
Tanks / Tank Steps / Stairs						9461	\$200,000	9525		\$200,000
Gas Treating / Dehydration Equipment						9462		9526		\$0
Separation Equipment, Heater Treater						9463	\$100,000	9527		\$100,000
Surface Pumps						9464		9528		\$0
Filters						9465		9529		\$0
Buildings						9466		9530		\$0
Interconnect Piping / Manifolds / Headers						9467		9531		\$0
Flowlines / Connections / Valves						9468	\$25,000	9532		\$25,000
Automation / Instruments / Controls / Analyzers						9469	\$50,000	9533		\$50,000
Electrical Equipment / Generators						9470		9534		\$0
Compressor & Related Equipment						9471		9535		\$0
Metering Equipment, LACT Unit						9472		9536		\$0
Chemical Equipment / Cathodic Protection						9473		9537		\$0
Subsurface Equipment - Packer, Plugs, TAC						9474		9538		\$0
Safety / EH&S Equipment						9475		9539		\$0
NON-OP Drilling Intangible						9476		9540		\$0
Transfer/SWD Pumps & Equipment						9477	\$25,000	9541		\$25,000
TBD						9478		9542		\$0
Miscellaneous				9355		9479	\$106,000	9543		\$106,000
Contingency Costs				9356		9480		9544		\$0
<b>TOTAL TANGIBLE COSTS</b>					<b>\$810,000</b>		<b>\$616,000</b>		<b>\$0</b>	<b>\$1,426,000</b>
<b>TOTAL WELL COSTS</b>					<b>\$3,325,000</b>		<b>\$5,369,255</b>		<b>\$0</b>	<b>\$8,694,255</b>
Prepared by _____ Title: _____ Date: _____				This AFE is only an estimate. By returning one signed copy, you agree to pay your share of the actual costs incurred.						
Extra Expense Insurance <input type="checkbox"/> I elect to be covered by Operator's Extra Expense insurance and pay my proportionate share of the premium. <input type="checkbox"/> I elect to purchase my own well control insurance policy.				If this box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.						
Joint Owner Interest: _____ Amount: _____										
Joint Owner Name: _____ Signature: _____										

**Exhibit A-5**

**Catena Resources Operating, LLC – Foxtail E2 32 05 W1 State Com 1H Discussion Timeline**

**Unleased - Unleased Mineral Interest Owners**

Catena Resources Operating, LLC sought to pool The Avis Miller Trust in Case 22860, but was then notified after we filed for pooling that the Trust was dissolved, and the assets were distributed to 12 beneficiaries in February of 2022. Catena sent well proposals on April 6th, 2022, to the 12 beneficiaries. At such time, Catena also sent lease offers and have signed oil and gas leases with 10 of the beneficiaries and has made every effort to initiated communication and lease negotiation with the remaining 2 unleased mineral interest owners which is ongoing.

**Exhibit A-5**

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

APPLICATION OF CATENA RESOURCES  
OPERATING LLC TO POOL ADDITIONAL  
INTERESTS UNDER ORDER NO.  
R-22131, LEA COUNTY, NEW MEXICO

CASE NO. 22860  
ORDER NO. R-22131 (Re-Open)

SELF-AFFIRMED STATEMENT  
OF DANA S. HARDY

1. I am attorney in fact and authorized representative of Catena Resources Operating, LLC, the Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit B-1**.

3. The above-referenced Application was provided, along with the Notice Letter, to the recipients listed in **Exhibit B-2**. Exhibit B-2 also provides the date each Notice Letter was sent and the date each return was received and includes copies of the certified mail green cards and white slips as supporting documentation for proof of mailing.

4. On June 17, 2022, I caused a notice to be published to all interested parties in the Hobbs News-Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News-Sun, along with a copy of the notice publication, is attached as **Exhibit B-3**.

5. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 4 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my signature below.

/s/ Dana S. Hardy  
Dana S. Hardy

July 2, 2022  
Date

**Exhibit B**



hinklelawfirm.com

**HINKLE SHANOR LLP**  
ATTORNEYS AT LAW  
PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner  
dhardy@hinklelawfirm.com

June 3, 2022

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS**

**Re: Case No. 22860 - Application of Catena Resources Operating, LLC to Pool Additional Interests Under Order No. R-22131, Lea County, New Mexico.**

To whom it may concern:

This letter is to advise you that Catena Resources Operating, LLC filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on **July 7, 2022** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or electronically submitted to [ocd.hearings@state.nm.us](mailto:ocd.hearings@state.nm.us) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

**Exhibit B-1**

PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
505-982-4554  
(FAX) 505-982-8623

7601 JEFFERSON ST NE • SUITE 180  
ALBUQUERQUE, NEW MEXICO 87109  
505-858-8320  
(FAX) 505-858-8321

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

**APPLICATION OF CATENA RESOURCES  
OPERATING, LLC TO POOL ADDITIONAL  
INTERESTS UNDER ORDER NO. R-22131,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 22860  
ORDER NO. R-22131 (Re-Open)**

**Notice Letter List**

<b>PARTY</b>	<b>NOTICE LETTER SENT</b>	<b>RETURN RECEIVED</b>
Jean Ann Pepper Johnson 401 North Broad Street Galesburg, IL 61401	06/03/22	06/14/22
David Cullum Miller 502 W. 16th Street Houston, TX 77008-3602	06/03/22	Per USPS Tracking:  06/10/22 In transit to next facility.

**Exhibit B-2**

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
 Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

OFFICIAL USE

SANTA FE, NM 87501  
JUN 03 2022  
USPS

Certified Mail Fee \$ \_\_\_\_\_

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ \_\_\_\_\_

Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_

Postage \$ \_\_\_\_\_

Total Postage and Fees \$ \_\_\_\_\_

Sent To

Jean Ann Pepper Johnson  
 401 North Broad Street  
 Galesburg, IL 61401

22860 Catena Foxtail WC

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7021 0950 0002 0370 8510

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <span style="font-family: cursive; font-size: 1.2em;">Jean A. Johnson</span> <input type="checkbox"/> Agent  <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <span style="font-family: cursive; font-size: 1.2em;">Jean A. Johnson</span> C. Date of Delivery <span style="font-family: cursive; font-size: 1.2em;">6/7/2022</span></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes                  If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p style="text-align: center; padding: 10px;">                 Jean Ann Pepper Johnson                  401 North Broad Street                  Galesburg, IL 61401             </p> <p style="text-align: right; font-size: 0.8em;">22860 Catena Foxtail WC</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
<p>2. Article Number (Transfer from service label)</p> <p style="font-size: 1.2em; font-weight: bold;">7021 0950 0002 0370 8510</p>	
<p>9590 9402 6746 1074 3816 25</p>	
<p>PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt</p>	

702J 0950 0002 0370 8503

<b>U.S. Postal Service™</b>	
<b>CERTIFIED MAIL® RECEIPT</b>	
<i>Domestic Mail Only</i>	
For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a> ®.	
<b>OFFICIAL USE</b>	
Certified Mail Fee	\$ _____
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$ _____
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ _____
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ _____
Postage	\$ _____
<b>Total Postage and Fees</b>	\$ _____
<b>Sent To</b>	
David Cullum Miller	_____
502 W. 16th Street	_____
Houston, TX 77008-3602	_____
22860 Catena Foxtail WC	_____
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	



# Affidavit of Publication

# Exhibit B-3

STATE OF NEW MEXICO  
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
June 17, 2022  
and ending with the issue dated  
June 17, 2022.

  
\_\_\_\_\_  
Publisher

Sworn and subscribed to before me this  
17th day of June 2022.

  
\_\_\_\_\_  
Business Manager

My commission expires  
January 29, 2023  
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

**LEGAL NOTICE**  
June 17, 2022

This is to notify all interested parties, including Jean Ann Pepper Johnson; David Cullum Miller; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Catena Resources Operating, LLC (Case No. 22860). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on July 7, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant applies for an order pooling additional uncommitted interests under the terms of Division Order No. R-22131, which pooled all uncommitted interests in the Scharb; Wolfcamp (Pool Code 55640) within the Wolfcamp formation underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Sections 5 and 32, Township 19 South, Range 35 East, Lea County, New Mexico ("Unit"). The Order further dedicated the Unit to the Foxtail E2 05 32 W1 State Com 1H well ("Well") and designated Applicant as operator of the Unit and Well. Since the Order was entered, Applicant has identified additional uncommitted interests in the Unit that should be pooled under the terms of the Order. The Well is located approximately 20 miles west of Hobbs, New Mexico.  
#37766

02107475

00267835

GILBERT  
HINKLE, SHANOR LLP  
PO BOX 2068  
SANTA FE, NM 87504