

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 272385

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address Catena Resources Operating, LLC 18402 US Hwy 281 N San Antonio, TX 78259		2. OGRID Number 328449
4. Property Code 326109		3. API Number 30-025-46376
5. Property Name FIGARO		6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	7	19S	36E	1	335	N	470	W	Lea

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	7	19S	36E	1	335	N	470	W	Lea

9. Pool Information

SCHARB;WOLFCAMP, SOUTHEAST	55650
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3829
16. Multiple N	17. Proposed Depth 10600	18. Formation Wolfcamp	19. Contractor	20. Spud Date 11/1/2019
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	1900	1430	0
Int1	12.25	9.6225	40	4100	880	0
Prod	8.75	5.5	20	10600	1390	3600

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	3000	Shaffer
Double Ram	5000	5000	Shaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. Signature: Printed Name: Electronically filed by Robert Swann Title: Email Address: rswann@catenares.com Date: 9/17/2019	<div style="text-align: center;">OIL CONSERVATION DIVISION</div> Approved By: Paul F Kautz Title: Geologist Approved Date: 9/19/2019 Expiration Date: 9/19/2021 Conditions of Approval Attached
Phone: 210-775-6993	

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-	² Pool Code 55650	³ Pool Name Scharb; Wolfcamp, Southeast
⁴ Property Code	⁵ Property Name FIGARO	⁶ Well Number 1
⁷ OGRID No. 328127	⁸ Operator Name CATENA RESOURCES OPERATING, LLC	⁹ Elevation 3829.5

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	7	19 S	36 E		335	NORTH	470	WEST	LEA

¹¹ 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
								WEST	LEA

¹² Dedicated Acres 37.14	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

		<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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.</p> <p>Signature: Brian Wood Date: 9-16-19</p> <p>Printed Name: brian@permitswest.com</p> <p>E-mail Address: 505 466-8120</p>	
<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>AUGUST 28, 2019</p> <p>Date of Survey: 12797</p> <p>Signature and Seal of Professional Surveyor: </p> <p>Certificate Number: 12797 Survey No. 7537</p>			

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GAS CAPTURE PLAN

Date: 9/19/2019

☒ Original

Operator & OGRID No.: [328449] Catena Resources Operating, LLC

☐ Amended - Reason for
Amendment: _____

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
FIGARO #001	30-025-46376	D-7-19S-36E	0335N 0470W	150	Flared	

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to DCP OPERATING COMPANY, LP and will be connected to DCP OPERATING COMPANY, LP Low Pressure gathering system located in Lea County, New Mexico. It will require 3800' of pipeline to connect the facility to Low Pressure gathering system. Catena Resources Operating, LLC provides (periodically) to DCP OPERATING COMPANY, LP a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Catena Resources Operating, LLC and DCP OPERATING COMPANY, LP have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at DCP OPERATING COMPANY, LP Processing Plant located in Sec. 01, Twn. 19S, Rng. 35E, Lea County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on DCP OPERATING COMPANY, LP system at that time. Based on current information, it is Catena Resources Operating, LLC's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

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Form APD Comments

Permit 272385

PERMIT COMMENTS

Operator Name and Address: Catena Resources Operating, LLC [328449] 18402 US Hwy 281 N San Antonio, TX 78259		API Number: 30-025-46376
		Well: FIGARO #001

Created By	Comment	Comment Date
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Form APD Conditions

Permit 272385

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Santa Fe, NM 87505

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: Catena Resources Operating, LLC [328449] 18402 US Hwy 281 N San Antonio, TX 78259	API Number: 30-025-46376
	Well: FIGARO #001

OCD Reviewer	Condition
pkautz	Will require a directional survey with the C-104
pkautz	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --
pkautz	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water
pkautz	1)- The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud 2)- Drilling Sundries Form C-103 (Casing and Cement test are to be submitted within 10 days 3)- Completion Reports & Logs are to be submitted within 45 days 4)- Deviation / Directional Drill Survey are to be filed with or prior to C-104
pkautz	It is the operator's responsibility to monitor cancellation dates of approved APDs. APD's are good for 2 years and may be extended for one year. Only one 1 year extension will be granted if submitted by C-103 before expiration date. After expiration date or after a 1 year extension must submit new APD. If an APD expires and if site construction has occurred, site remediation is required.
pkautz	Stage Tool 1) Must notify OCD Hobbs Office prior to running Stage Tool at 5753703186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe.