

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NOS: 21093

APPLICATION OF CATENA RESOURCES OPERATING LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

May 28, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, KATHLEEN MURPHY, DYLAN COSS, SCOTT COX and BAYLEN LAMKIN on Thursday, May 28, 2020, through the New Mexico Energy, Minerals, and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

Reported by: Irene Delgado, NMCCR 253
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A P P E A R A N C E S

For the Applicant:

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I N D E X

CASE CALLED

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Admitted

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1 HEARING EXAMINER ORTH: Moving then to matter 11,
2 this is Case Number 21093, Catena Resource, compulsory
3 pooling application, well named Foxtail 19. Who here is
4 from Holland & Hart for the applicant?

5 MR. RANKIN: Good morning, Madam Examiner. Adam
6 Rankin with the law firm of Holland & Hart in Santa Fe
7 appearing on behalf of the applicant in this case, Catena
8 Resources.

9 HEARING EXAMINER ORTH: All right. Your audio is
10 great.

11 Let's see, Mr. Bruce, are you here for Mewbourne?

12 MR. BRUCE: Yes, I am, and I have no objection to
13 the case proceeding by affidavit.

14 HEARING EXAMINER ORTH: Thank you for that. And
15 Ms. Bradfute, are you here for Marathon?

16 MS. BRADFUTE: Yes, Madam Examiner, and Marathon
17 has no objection to the case proceeding by affidavit.

18 HEARING EXAMINER ORTH: Thank you very much.
19 Please go ahead, Mr. Rankin.

20 MR. RANKIN: Madam Examiner, we submitted on
21 Tuesday an application packet consisting of Exhibits A
22 through F.

23 Exhibit A is the compulsory pooling application
24 checklist.

25 Exhibit B is the application itself.

1 Exhibit C is the land affidavit from Catena's
2 landman who has previously testified before the Division.

3 In this case, Catena is seeking to pool a 320
4 acre standard spacing unit in Lea County, Bone Spring
5 formation. The spacing unit will be comprised of the E/2
6 W/2 of Section 8 and 5 and Section 32 in the adjoining
7 township. Spacing unit will be dedicated to the Foxtail
8 19-35-05 1H well.

9 Mr. Swann is the landman. Included in his
10 application -- or his affidavit, rather -- C-1, Exhibit C-1,
11 which is the C-102 for the proposed well.

12 Exhibit C-2 identifies the tract of land that
13 comprises both spacing units as well as the ownership
14 interest in each tract and on a unit-wide basis.

15 Exhibit C-3 is a copy of the well proposal letter
16 and the AFE to the working interest owners.

17 And Exhibit C-4 is a chronology of contacts and
18 effort to reach agreements for this proposed spacing unit
19 well.

20 Exhibit D is a copy of the land -- rather, than
21 the geology -- geologist's affidavit with his testimony.

22 And Exhibit 7 is demonstrating the proposed well
23 is suitable for development in this acreage.

24 Exhibit E is a copy of the notice letter that was
25 sent out to working interest owners.

1 And Exhibit F is a copy of the affidavit of
2 publication reflecting that notice was published in the
3 newspaper identifying each of the parties by name.

4 In this case, Madam Examiner, Catena is seeking
5 to pool only Marathon, Marathon's working interest, as well
6 as an overriding royalty interest held by Marathon.

7 With that, Madam Examiner, I would ask that
8 Exhibits A through F be admitted into the record.

9 HEARING EXAMINER ORTH: Thank you, Mr. Rankin.
10 Mr. Bruce, do you have questions of Mr. Rankin?

11 MR. BRUCE: No, none.

12 HEARING EXAMINER ORTH: Ms. Bradfute?

13 MS. BRADFUTE: No, I don't have any objection at
14 this point in time. Marathon would like to just state it's
15 preserving its right to seek (unclear audio) after an order
16 is issued by the Division.

17 HEARING EXAMINER ORTH: All right. Thank you.
18 Ms. Murphy, do you have questions of Mr. Rankin?

19 EXAMINER MURPHY: (No audio.)

20 HEARING EXAMINER ORTH: You have to unmute
21 yourself.

22 EXAMINER MURPHY: Sorry. Good morning,
23 Mr. Rankin. On Page 14 there is the summary table. So we
24 have an agreement with McElvain?

25 MR. RANKIN: That's correct. So on that table,

1 the only party that Catena is seeking to pool is Marathon's
2 working interest which comprises the percent of the proposed
3 spacing unit.

4 EXAMINER MURPHY: Okay. Thank you, I have no
5 more questions.

6 HEARING EXAMINER ORTH: Thank you, Ms. Murphy.
7 Let me pause a moment in the event any other technical
8 hearing examiner has a question.

9 TECHNICAL EXAMINER: No, ma'am.

10 HEARING EXAMINER ORTH: Thank you very much,
11 Mr. Rankin. Exhibits A through F are accepted, and the
12 matter is taken under advisement.

13 (Exhibits admitted.)

14 (Taken under advisement.)

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1 STATE OF NEW MEXICO

2 COUNTY OF BERNALILLO

3 REPORTER'S CERTIFICATE

4 I, IRENE DELGADO, New Mexico Certified Court
5 Reporter, CCR 253, do hereby certify that I reported the
6 foregoing virtual proceedings in stenographic shorthand and
7 that the foregoing pages are a true and correct transcript
8 of those proceedings and were reduced to printed form by me
9 to the best of my ability.

10 I FURTHER CERTIFY that I am neither employed by
11 nor related to any of the parties or attorneys in this case
12 and that I have no interest in the final disposition of this
13 case.

14 I FURTHER CERTIFY that the virtual proceeding was
15 of varying quality.

16 Dated this 28th day of May 2020.

17

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-20

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