

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: 21459

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

OCTOBER 8, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, HEARING OFFICER FELICIA ORTH and TECHNICAL EXAMINERS LEONARD LOWE and KURT SIMMONS on Thursday, October 8, 2020, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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Albuquerque, NM 87102
505-843-9241

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A P P E A R A N C E S

For the Applicant:

KAITLYN LUCK
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, NM 87501
505-954-7286

I N D E X

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| CASE CALLED | |
| SUMMARY OF CASE AND EXHIBITS | 03 |
| TAKEN UNDER ADVISEMENT | 06 |
| REPORTER CERTIFICATE | 07 |

E X H I B I T I N D E X

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| | Admitted |
| All Exhibits and Attachments | 06 |

1 HEARING EXAMINER ORTH: Let's move to matter
2 21459. The applicant is Catena Resources. This is a
3 compulsory pooling application. The well name is Mariner.
4 Who here from Holland & Hart is appearing on behalf of the
5 applicant?

6 MS. LUCK: Good morning again. Kaitlyn Luck with
7 the Santa Fe office of Holland & Hart on behalf of the
8 applicant in this case, Catena Resources Operating LLC.

9 HEARING EXAMINER ORTH: Good morning. And I see
10 that Marathon entered an appearance. Who is here from
11 Modrall Sperling?

12 MS. BENNETT: Good morning, Madam Examiner. I'm
13 hoping you can hear me. I'm having audio issues. This is
14 Deana Bennett on behalf of Marathon.

15 HEARING EXAMINER ORTH: I can hear you quite
16 clearly, thank you. Let's pause to see if there are any
17 other appearances this morning.

18 (No audible response)

19 HEARING EXAMINER ORTH: I hear nothing.

20 Ms. Bennett, do you object to Ms. Luck proceeding
21 by affidavit?

22 MS. BENNETT: No, Marathon, does not object to
23 Ms. Luck proceeding by affidavit, but Marathon is entering
24 its appearance in this case to reserve its right to seek de
25 novo review if necessary.

1 HEARING EXAMINER ORTH: Thank you very much. Ms.
2 Luck, please go ahead.

3 MS. LUCK: Thank you. In this case Catena
4 understood that Marathon wasn't opposed to proceeding by
5 affidavit, so on Tuesday Catena filed its exhibits for this
6 hearing, which include the standard land and geology
7 affidavits, as well as the compulsory pooling application
8 checklist and a copy of the file application.

9 Starting with Catena Exhibit A, that's the
10 affidavit of Robert Swann who's the landman in this case.
11 He provides that he has testified before the Division
12 before.

13 And in this case Catena is seeking an order
14 pooling all uncommitted interest in the Wolfcamp formation
15 in a 640-acre spacing unit underlying the E/2 of Section 6
16 and 7 in Township 19 South, Range 35 East in Lea County, New
17 Mexico.

18 This is a single well project at this point and
19 Catena intends to dedicate the spacing unit to the Mariner
20 193507 1H well. This is also a proximity tract well,
21 and the landman affidavit reflects that the well will be
22 pooling in the proximity tract acreage.

23 These are all the same (unclear) exhibits
24 including a C-102, a tract and unit map reflecting the
25 interest to be pooled in this case, and a well proposal

1 letter and AFE that was sent to the working interest owners,
2 as well as a chronology of contact with the uncommitted
3 interest owners.

4 Next, Catena Exhibit B is the affidavit of Vince
5 Smith. He is the geologist on this project. He's also
6 testified before the Division before, and he provides the
7 standard exhibits including a structure map, a cross section
8 map and cross section.

9 Finally Catena Exhibits C and D are the notice
10 affidavit and notice of publication that reflect that notice
11 of this hearing was perfected and Catena properly provided
12 notice to the interest owners of this pooling hearing.

13 So with that, I move the admission of Catena
14 Exhibits A through D and request that Case 21459 be taken
15 under advisement.

16 HEARING EXAMINER ORTH: Thank you, Ms. Luck. Mr.
17 Simmons, do you have any questions?

18 TECHNICAL EXAMINER SIMMONS: It's me. If this is
19 a proximity case that's bringing in -- what are the extra
20 units that are being brought into this spacing unit?

21 MS. LUCK: Yeah. So this is a spacing unit
22 that's dedicated to the E/2 of Section 6 and 7, and so the
23 Mariner 1H well is going to remain within 330 feet of
24 the -- sorry -- it's the W/2 of the E/2 of Section 6 and 7,
25 so would include that offsetting acreage of the horizontal

1 spacing unit.

2 TECHNICAL EXAMINER SIMMONS: Okay. I think I
3 gotcha now. You said it was a Wolfcamp, and those are
4 typically gas wells that require 320, so I was trying to
5 understand how a single well needed proximity -- okay, I
6 think I understand. No more questions.

7 MS. LUCK: Yeah. So this well is located in the
8 Scharb Wolfcamp pool, and that's that 40 acre pool in Lea
9 County, so it's little different on this one.

10 TECHNICAL EXAMINER SIMMONS: Got you. Thank you.
11 No more questions.

12 HEARING EXAMINER ORTH: Thank you, Mr. Simmons.
13 Thank you, Ms. Luck. Your exhibits are admitted and 21459
14 will be taken under advisement.

15 (Exhibits admitted.)

16 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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

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

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of poor to good quality.

17 Dated this 8th day of October 2020.

18

/s/ Irene Delgado

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

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