

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

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

Application of Catena Resources
Operating, LLC, for Compulsory
Pooling, Lea County, New Mexico 21460

Application of Catena Resources
Operating, LLC, for Compulsory
Pooling, Lea County, New Mexico 21483

REPORTER'S TRANSCRIPT OF PROCEEDINGS

STATUS CONFERENCE

THURSDAY, AUGUST 19, 2021

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, Kathleen Murphy,
Technical Examiner, on August 19, 2021, via Webex
Virtual Conferencing Platform hosted by New Mexico
Department of Energy, Minerals and Natural Resources

Reported by: Mary Therese Macfarlane.
New Mexico CCR #122
PAUL BACA COURT REPORTERS
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A P P E A R A N C E S

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1 (Time noted 8:31 a.m.)

2 EXAMINER BRANCARD: I'll call Cases 13 and 14,
3 21460, 21483, Catena Resources.

4 MR. PADILLA: Mr. Examiner, Ernest L. Padilla
5 for Catena Resources. We are ready to finalize this case
6 today. It won't take long.

7 We have a supplemental affidavit from
8 Catena's Landman Cato Clark, who has been qualified as an
9 expert landman.

10 EXAMINER BRANCARD: Let's see how far we get
11 with this.

12 COG Operating, who is here?

13 MS. MUNDS-DRY: Good morning, Mr. Examiner.
14 Ocean Munds-Dry for COG Operation, LLC, and we have no
15 objection to Mr. Padilla proceeding as he proposes.

16 EXAMINER BRANCARD: Thank you.

17 Matador.

18 MR. BRUCE: Yes, Mr. Examiner. Jim Bruce
19 representing Matador, and Matador has no objections to
20 Catena proceeding.

21 EXAMINER BRANCARD: All right. Well, Mr. Bruce,
22 perhaps you could clarify for me. Our records show that
23 Matador has competing applications 21578, 21579. They
24 were supposed to be heard today and then they got put off
25 to October.

1 MR. BRUCE: Yes. They have agreed to terms and
2 were simply finalizing a deal.

3 EXAMINER BRANCARD: Okay. So you're --

4 (Note: Reporter interruption - sound drop.)

5 EXAMINER BRANCARD: Well, that's not good. I
6 simply agreed with Mr. Bruce, and then I asked Mr. Padilla
7 to proceed with introducing any additional evidence at
8 this time.

9 Mr. Padilla.

10 MR. PADILLA: What we have today is a
11 Supplemental Affidavit by Cato Clark. He was qualified as
12 a landman at a previous hearing, so we -- I think it was a
13 couple of weeks ago.

14 But what he has done, he has recalculated
15 the numbers and the ownership interest that Catena has in
16 the proposed prospects in Cases 21460 and 21483.

17 You may recall that there happened to be an
18 unleased 40-acre tract that we had to defer the hearing
19 till today in order to try to get the 40-acre tract from
20 the Commissioner of Public Lands. Catena was successful
21 in doing that, and so everything is leased up.

22 And at that time also there were a couple
23 of mineral interest owners, small ones, that needed to be
24 leased up. They are all leased up now. We did not have
25 to file for publication in Lea County simply because we

1 got all the green cards back. What we filed in April is
2 still intact, included the Compulsory Pooling Checklist.
3 Those haven't changed.

4 So the numbers, the tract changes, for
5 example on the tract maps, obviously are updated to
6 show -- and that is on page -- the tract map for -- that
7 would be on page 5, simply shows that Tract 7 has a lease,
8 Catena has 100 percent.

9 The AFD has also been supplemented. There
10 may have been small changes, I can't speak to exactly what
11 the changes are, but Mr. Clark is on the line if you
12 desire to ask him any questions.

13 But this application is now complete
14 because that 40-acre tract has been obtained from the
15 Commissioner of Public Lands.

16 With that I offer Exhibit Supplemental
17 Affidavit into the record.

18 EXAMINER BRANCARD: Thank you, Mr. Padilla.

19 Ms. Munds-Dry, any questions or objections?

20 MS. MUNDS-DRY: Sorry. Had a hard time getting
21 that button on.

22 No questions, no objections. Thank you.

23 EXAMINER BRANCARD: Mr. Bruce.

24 MR. BRUCE: No questions and no objections.

25 Thank you.

1 EXAMINER BRANCARD: Ms. Murphy, any questions of
2 Catena?

3 MS. MURPHY: No questions.

4 EXAMINER BRANCARD: Mr. Padilla, there is that
5 one little tract that has a certain number of unleased
6 acreage, but now you're saying it's all been leased?

7 MR. PADILLA: Yes.

8 EXAMINER BRANCARD: Okay. And so do you have --
9 are the names of the leased parties in your material and
10 you have provided them Notice?

11 MR. PADILLA: Yes, sir. I mean, if they've --
12 if they've gotten -- if they are leased up, they certainly
13 have Notice. I mean, it's not -- well, earlier we did,
14 already submitted the Notice Letter in April to all of the
15 interest owners. There was a problem with some
16 communications with some of those small interest owners,
17 but they have all been notified, and they have all been
18 leased up.

19 EXAMINER BRANCARD: Okay. Because your map just
20 shows one tract with a certain percentage that says
21 "Open".

22 MR. PADILLA: Oh, that's -- the one tract, that
23 was the State Land Office tract, but the revised one now
24 shows 100 percent with Catena because they obtained that
25 lease.

1 MR. CLARK: Mr. Commissioner, this is Cato Clark
2 with Catena. Can you hear me?

3 EXAMINER BRANCARD: Yeah. Hang on.

4 Can we swear in your witness, Mr. Padilla?
5 Do you want him to speak?

6 MR. PADILLA: Yes, I'd like for him to be sworn.

7 EXAMINER BRANCARD: Okay. Mr. Clark, can you
8 raise your right hand?

9 (Whereupon Cato Clark, Landman for Catena
10 Resources OperatinG was duly sworn by the
hearing examiner.

11 EXAMINER BRANCARD: Please proceed if you can
12 help us with this. Help me, I guess.

13 MR. CLARK: Yes. In Case 21460, we do have a
14 small group of unleased mineral owners still listed on
15 that exhibit for the Wolfcamp 640 unit. Those lease
16 owners were given Notice back in April, and we've agreed
17 to terms on a lease. They have the leases in hand and
18 I've been told they'll be signed and back to me next week.
19 Since I didn't have them in hand, that's why I left them
20 on the exhibit.

21 EXAMINER BRANCARD: Okay. I see.

22 So that exhibit is correct. It still is
23 unleased at this point.

24 MR. CLARK: That's correct. But they have
25 agreed to terms and have the leases in hand.

1 EXAMINER BRANCARD: And otherwise, as
2 Mr. Padilla indicated, they were all provided Notice early
3 on?

4 MR. CLARK: Yes. They were provided proposals
5 back in April which were already submitted to the
6 Commission.

7 EXAMINER BRANCARD: Thank you. That clarifies
8 my concern.

9 MR. CLARK: You're welcome.

10 EXAMINER BRANCARD: Ms. Murphy, did you have any
11 follow-up?

12 MS. MURPHY: I do not. Thank you.

13 EXAMINER BRANCARD: EXAMINER BRANCARD: All
14 right. Are there any other interested persons for Cases
15 21460 and 21483? (Note: Pause.) Hearing none, the
16 offered exhibits will be admitted and these two cases will
17 be taken under advisement. Thank you.

18 MR. PADILLA: Thank you.

19 (Time noted 8:38 a.m.)

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1 STATE OF NEW MEXICO)
2) SS
3 COUNTY OF TAOS)

4
5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, August
8 19, 2021, the proceedings in the above-captioned matter
9 were taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 foregoing pages are a true and correct transcription to
12 the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18 /s/ Mary Macfarlane

19 _____
20 MARY THERESE MACFARLANE, CCR
21 NM Certified Court Reporter No. 122
22 License Expires: 12/31/2021
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25