

H8KB2-200707-C-107B CTB-960

Revised March 23, 2017

RECEIVED: 7/7/20	REVIEWER: DM	TYPE: CTB	APP NO: pDM2018935166
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Catena Resources Operating, LLC**OGRID Number:** 328449**Well Name:** Multiple wells, see attached**API:** Multiple wells, see attached**Pool:** AIRSTRIP; BONE SPRING**Pool Code:** 960

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC☒ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☐ Offset operators or lease holdersB. ☒ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☐ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐

Notice Complete

☐Application
Content
Complete

3) CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

ROBERT SWANN

Print or Type Name

Signature

Date

7/6/2020

Phone Number

210-775-6993

 e-mail Address
 RSWANN@CATENARES.COM



State of New Mexico
Oil Conservation Division
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

RE: Request for Commingle of Airstrip; Bone Spring.
Buttercup 35 State Com 1H -Sec 35, T18S, R34E
API #30-025-40634
Buttercup 35 State Com 2H -Sec 35, T18S, R34E
API #30-025-40642
Buttercup 36 State Com 1H -Sec 36, T18S, R34E
API #30-025-40640
Buttercup 36 State Com 2H -Sec 35, T18S, R34E
API #30-025-40641
Pool 960 Airstrip; Bone Spring
Lease Numbers: VB-1199, VB-1210, L0-4883, VB-1889

Dear Mr. McClure:

Please find the attached OCD Form C-107B application for Surface Commingling for the aforementioned wells.

The working interest, royalty interest, and overriding interest owners are not identical; and notification has been sent via certified mail (please see attached).

Should you have any questions or need further assistance, please do not hesitate to contact me.
(210-907-7181)

A handwritten signature in black ink that reads 'Caitlin Hart' with a stylized flourish at the end.

Caitlin Hart
Lease Analyst
Catena Resources
chart@catenares.com
210-907-7181





July 6, 2020

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Interest Owners

RE: Request for Commingle of Airstrip; Bone Spring.
Buttercup 35 State Com 1H -Sec 35, T18S, R34E
API #30-025-40634
Buttercup 35 State Com 2H -Sec 35, T18S, R34E
API #30-025-40642
Buttercup 36 State Com 1H -Sec 36, T18S, R34E
API #30-025-40640
Buttercup 36 State Com 2H -Sec 35, T18S, R34E
API #30-025-40641
Pool 960 Airstrip; Bone Spring
Lease Numbers: VB-1199, VB-1210, L0-4883, VB-1889

All:

This is to advise you that Catena Resources Operating, LLC, is filing an application with the New Mexico Oil Conservation Division ("NMOCD") seeking approval to permit a Commingling of production for the above listed wells.

A copy of our application submitted to the division is attached.

Any objections or requests that a hearing should be held regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe office within 20 days from the date of this letter.

Please contact the undersigned at (210) 907-7181 should you have any questions or need anything further.

Sincerely,

Catena Resources Operating, LLC

A handwritten signature in black ink, appearing to read 'Caitlin Hart', with a stylized flourish at the end.

Caitlin Hart
Lease Analyst
chart@catenares.com



E-Certified Mailing List

Commingle Mailing Reference: **Buttercup 35 1H & 2H, Buttercup 36 1H & 2H**

Respondent Name/ Address	E Certified Mailing Number:
COG Operating LLC 600 W Illinois Ave Midland, TX 79701	9414 7118 9956 3171 0709 97
T.H. McElvain Oil & Gas LLC 1600 Stout Street, Suite 500 Denver, CO 8020	9414 7118 9956 3171 0516 75
Concho Oil & Gas LLC P.O. Box 849929 Dallas, TX 75284	9414 7118 9956 3171 8115 83
Nestegg Energy Corp P.O. Box 210 Artesia, NM 88211	9414 7118 9956 3171 8781 66
State of New Mexico P.O. Box 1148 Santa Fe, NM 87504	9414 7118 9956 3171 8233 64
Slash Exploration LP P.O. Box 1973 Roswell, NM 88202	7414 7118 9956 3171 8595 47
Otter Creek P.O. Box 1557 Sealy, TX 77474	9414 7118 9956 3171 8692 32
Williamson Enterprises P.O. Box 32570 Santa Fe, NM 87594	9414 7118 9956 3171 8615 64
David J Sorenson PO Box 1453 Roswell, NM 88202	9414 7118 9956 3171 8096 65

Armstrong Energy Corporation

PO Box 1973

Roswell, NM 88202

9414 7118 9956 3171 3138 96

Arrow Exploration Company TTEE

6532 Crown Forest Dr

Plano, TX 75024

9414 7118 9956 3171 3716 12

Chimney Rock Oil & Gas LLC

PO Box 1973

Roswell, NM 88202

9414 7118 9956 3171 3559 33

JKV Corporation

8601 W Cross Dr. Suite F5 208

Littleton, CO 80123

9414 7118 9956 3171 2740 98

Rocking H Holdings LTD

3571 Far West Blvd PMD 100

Austin, TX 78731

9414 7118 9956 3171 2202 48

The Taurus Corporation

PO BOX 1477

Little Elm, TX 75068

9414 7118 9956 3171 2660 86

District I

1625 N. French Drive, Hobbs, NM 88240

District II

811 S. First St., Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV1220 S. St Francis Dr. Santa Fe, NM
87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-107-B

Revised August 1, 2011

OIL CONSERVATION DIVISION1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Catena Resources Operating, LLC

OPERATOR ADDRESS: 18402 US Hwy 281 N, Suite 258, San Antonio, Texas 78259

APPLICATION TYPE:

☒ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)
LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling ☒ Yes
☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Airstrip ; Bone Spring (960)					
Airstrip ; Bone Spring (960)					
Airstrip ; Bone Spring (960)					
Airstrip ; Bone Spring (960)					

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.
 (4) Measurement type: ☒ Metering ☐ Other (Specify)
 (5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code. Airstrip; Bone Spring 960
 (2) Is all production from same source of supply? ☒ Yes ☐ No
 (3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
 (4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E. see attached

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☒ Yes ☐ No
 (2) Include proof of notice to all interest owners. See attached

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location. See attached
 (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. See attached
 (3) Lease Names, Lease and Well Numbers, and API Numbers. See attached

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: _____

TITLE: _____

DATE: _____

TYPE OR PRINT NAME: _____

TELEPHONE NO.: _____

E-MAIL ADDRESS: _____

Anthony Riggan

ariggan@catenares.com

7-1-20

210-428-6144

Application for a Central Tank Battery

Proposal for the Butter Cup CTB

Catena Resources Operating, LLC is requesting approval for a Central Tank Battery for the following wells:

State Lease:

Well Name	Location	API#	Pool 960	BOPD	MCFPD	BTU
Butter Cup 35 State Com 1H	P-35-18S-34E	30-025-40634	Air Strip; Bone Spring	16.4	16.9	1321

State Lease:

Well Name	Location	API#	Pool 960	BOPD	MCFPD	BTU
Butter Cup 35 State Com 2H	I-35-18S-34E	30-025-40642	Air Strip; Bone Spring	11.2	10.1	1321

State Lease:

Well Name	Location	API#	Pool 960	BOPD	MCFPD	BTU
Butter Cup 36 State Com 1H	P-35-18S-34E	30-025-40640	Air Strip; Bone Spring	28.3	14	1321

State Lease:

Well Name	Location	API#	Pool 960	BOPD	MCFPD	BTU
Butter Cup 36 State Com 2H	I-35-18S-34E	30-025-40641	Air Strip; Bone Spring	29	22.5	1321

Communization Agreements have been submitted for each well.

Attached is a map that displays the federal leases and well locations.

Oil & Gas Metering:

The central tank battery is located on the Butter Cup 35 State Com 1H and Butter Cup 36 State com 1H pad, located in Sec. I-35-18S-34E in Lea County, New Mexico.

The Butter Cup 35 State Com 1H, Butter Cup 35 State Com 2H, Butter Cup 36 State Com 1H, and Butter Cup 36 State Com 2H production will flow into a production header, where it can be directed into 1 of 4 2-phase separators and then into a dedicated Heater/Treater (4 on location). Two of these heater Treaters are dedicated to gathering well test data with a Micro Motion Coriolis Meter to meter the oil, a flow meter to meter the water, and gas allocation meter to meter the gas. Gas is measured individually from each Tester at Meters 67749064 and 67749095 and then measured through allocation meters 67733074 and 67733066. All 4 wells will be rotated through the test vessels to remain up to date with all necessary well tests.

The Butter Cup CTB has six oil tanks that all wells will utilize and 2 water tanks.

Oil production will be allocated based on the Micro Motion Coriolis Meter for each well. These meters will be proven, as per API, NMOCD, and BLM specifications, semi-annually thereafter, the factor obtained will be used to allocate the production volumes. Gas production for these wells will be allocated on a daily basis using the gas allocation meters. The gas production from each allocation meter will commingle and flow through the allocation meters 67733074 and 67733066. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

Process and Flow Descriptions:

The flow of produced fluids is shown in detail on the enclosed facility diagram, along with a description of each vessel and map which shows the lease boundaries, communization agreement boundaries, and location of wells, facility, and gas sales meter. The proposed commingling is appropriate based on the BLM's guidance in IM 2013-152. The proposed commingling will maximize the ultimate recovery of oil and/or gas from the federal leases and will reduce environmental impacts by minimizing surface disturbance and emissions. The proposed commingling will reduce operating expenses, as well as, not adversely affect federal royalty income, production accountability, or the distribution of royalty.

Signed: _____

Printed Name: _____

Title: _____

Date: _____

Anthony Riggan
 Printed Name: Anthony Riggan
 Title: VP of operations
 Date: 7-1-2020

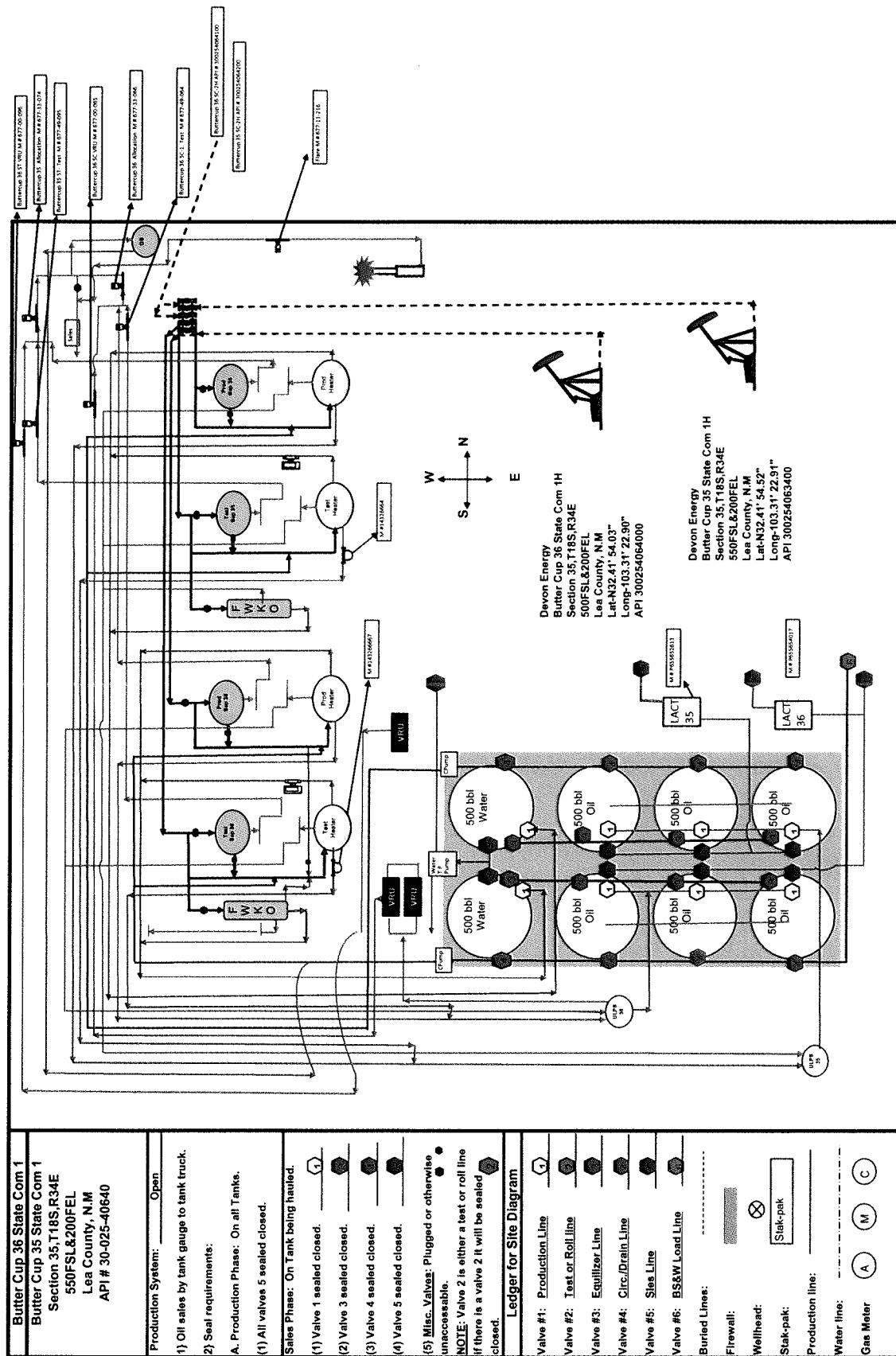
API: 30-025-40634 Well Name: Butter Cup 35 State Com 1H Location: P-35-18S-34E 550FSL 200FEL Pool Name: Airstrip; Bone Spring (960)				
Date	Oil	Gravity	Gas	BTU
June 2020	16.4		16.9	1321

API: 30-025-40642 Well Name: Butter Cup 35 State Com 2H Location: I-35-18S-34E 1550FSL 250FEL Pool Name: Airstrip; Bone Spring (960)				
Date	Oil	Gravity	Gas	BTU
June 2020	11.2	38	10.1	1321

API: 30-025-40640 Well Name: Butter Cup 36 State Com 1H Location: P-35-18S-34E 500FSL 200FEL Pool Name: Airstrip; Bone Spring (960)				
Date	Oil	Gravity	Gas	BTU
June 2020	28.3	38.3	14	1321

API: 30-025-40641 Well Name: Butter Cup 36 State Com 2H Location: I-35-18S-34E 1600FSL 250FEL Pool Name: Airstrip; Bone Spring (960)				
Date	Oil	Gravity	Gas	BTU
June 2020	29	38.3	22.5	1321

[illegible]



Oil and Water are set 4 up front 35 and 4 in back are 36.
 36#2 Heater is down. Firetube @ Ironhouse 19
 36-1 & 36 #2 share heater #1
 36 #2 train (heater and 2b) going to Omega
 35#1, 35#2 are other heaters and switch to test heater back and forth
 Not using FWKOs

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Devon Energy Production Company, L.P.
Buttercup 36 State Com Well No. 1H
S2S2 Section 36, Township 18 South, Range 34 East, Lea County, New Mexico
Bone Spring

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement, dated March 19 2013, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 22nd day of April, 2013.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

NEW MEXICO STATE LAND OFFICE**CERTIFICATE OF APPROVAL****COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO**

**Devon Energy Production Company, L.P.
Butter Cup 35 State Com Well No. 1H
S2S2 Section 35, Township 18 South, Range 34 East, Lea County, New Mexico
Bone Spring**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement, dated **October 30, 2012**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, 1, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **26th day of December, 2012**.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico