

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MAY 28, 2020**

CASE NO. 21093

FOXTAIL 19-35-05 1H WELL

LEA COUNTY, NEW MEXICO



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

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

CASE NO. 21093

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21093	APPLICANT'S RESPONSE
Date: May 28, 2020	
Applicant	Catena Resources Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Catena Resources Operating, LLC (OGRID No. 328127)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF CATENA RESOURCES OPERATING, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	Mewbourne Oil Company Marathon Oil Permian LLC
Well Family	Foxtail 19-35-05 1H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	Scharb; Bone Spring (Bone Spring 55610)
Well Location Setback Rules:	Statewide horizontal oil well rules
Spacing Unit Size:	320-acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal well spacing unit
Size (Acres)	320 acres, more or less
Building Blocks:	80 acres
Orientation:	South to North
Description: TRS/County	E/2 W/2 of Section 5, Township 19 South, Range 35 East, and E/2 W/2 of Section 32, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	None
Proximity Tracts: If yes, description	None
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Foxtail 19-35-05 1H (API # Pending) SHL: 2310 feet from the west line, 340 feet from the north line (Unit C), Sec. 8, T19S, R35E, NMPM, Lea County. BHL: 2310 feet from the west line, 100 feet from the north line (Unit C), Sec 32, T19S, R35E, NMPM, Lea County. Completion target: Bone Spring Well orientation: South to North Completion location: expected to be standard
Well #2	
Horizontal Well First and Last Take Points	See Exhibit C-1
Completion Target (Formation, TVD and MD)	See Exhibit C-3

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A

Submitted by: Catena Resources Operating, LLC
Hearing Date: May 28, 2020
Case No. 21093

AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	See Exhibit C-1
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	See Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	See Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	See Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	See Exhibit C-2
Tract List (including lease numbers and owners)	See Exhibit C-2
Pooled Parties (including ownership type)	See Exhibit C-2
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-4
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit C-3
Cost Estimate to Equip Well	Exhibit C-3
Cost Estimate for Production Facilities	Exhibit C-3
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D, D-1 through D-3
HSU Cross Section	Exhibit D, D-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-2
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	26-May-20

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

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

CASE NO. 21093

APPLICATION

Catena Resources Operating, LLC (“Applicant”) (OGRID No. 328127), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre horizontal spacing unit comprised of the E/2 W/2 of Section 5, Township 19 South, Range 35 East, and E/2 W/2 of Section 32, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico. In support Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Foxtail 19-35-05 1H** well to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 8, Township 19 South, Range 35 East to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 32, Township 18 South, Range 35 East. The completed interval for the proposed well will comply with the statewide setback requirements for horizontal oil wells.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.
4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B

Submitted by: **Catena Resources Operating, LLC**

Hearing Date: May 28, 2020

Case No. 21093

5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed well and horizontal spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial well thereon;
- B. Designating Applicant as operator of the horizontal spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Kaitlyn A. Luck

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**ATTORNEYS FOR
CATENA RESOURCES OPERATING, LLC**

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

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

CASE NO. 21093

**AFFIDAVIT OF ROBERT SWANN
IN SUPPORT OF CASE NO. 21093**

Robert Swann, of lawful age and being first duly sworn, declares as follows:

1. My name is Robert Swann. I am a Land Manager with Catena Resources Operating, LLC (“Catena”).

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum land manager have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by Catena in this case, and I am familiar with the status of the lands in the subject area.

4. None of the uncommitted parties has indicated opposition to this pooling application, and therefore I do not expect any opposition at the hearing

5. Catena seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre horizontal spacing unit comprised of the E/2 W/2 of Section 5, Township 19 South, Range 35 East, and E/2 W/2 of Section 32, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.

6. Catena proposes to dedicate the above horizontal spacing unit to the **Foxtail 19-35-05 1H Well** to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 8, Township 19 South, Range 35 East to a bottom hole location in the NE/4 NW/4 (Unit C) of

Section 32, Township 18 South, Range 35 East. The completed interval for the proposed well will comply with the statewide setback requirements for horizontal oil wells.

7. **Exhibit C-1** is a Form C-102 for the proposed well. The pool code for the proposed well is the Scharb; Bone Spring (Pool Code 55610).

8. **Exhibit C-2** identifies the tracts of land comprising the proposed spacing unit. This spacing unit includes State and Fee lands. The Exhibit also identifies the interest owners and their ownership interest in the spacing unit by tract and on a unit-wide basis. Catena seeks to pool the interests of Marathon Oil Permian LLC identified in the exhibit. Marathon Oil Permian LLC owns a working interest and an overriding royalty interest in the proposed spacing unit.

9. Catena sent well proposal letters, along with corresponding AFEs, to the working interest owners. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached hereto as **Exhibit C-3**.

10. There are no depth severances in the Bone Spring formation within the proposed horizontal spacing unit and no unleased mineral interests in the subject acreage.

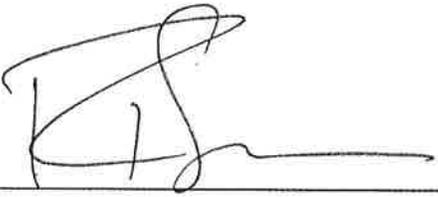
11. Catena has been able to locate contact information for all parties it seeks to pool and has undertaken good faith efforts to reach an agreement with the uncommitted interest owners. A chronology of Catena's contacts with the working interest owners is seeking to pool is attached hereto as **Exhibit C-4**.

12. If Catena reaches an agreement with any of the proposed pool parties before the Division enters an order, I will let the Division know that Catena is no longer seeking to pool that party.

13. I provided the law firm of Holland & Hart LLP a list of names and addresses for the uncommitted interest owners shown. In compiling these addresses, Catena conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches. All interest owners were locatable.

14. Catena seeks approval of overhead and administrative costs at \$8,000/month while drilling and \$800/month while producing. These costs are consistent with what Catena and other operators are charging in this area for these types of wells. Catena respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division in these cases.

15. **Catena Exhibits C-1 through C-4** were either prepared by me or compiled under my direction and supervision.



ROBERT SWANN

STATE OF TEXAS)
)
COUNTY OF BEXAR)

SUBSCRIBED and SWORN to before me this 26 day of May 2020 by Robert Swann.





NOTARY PUBLIC

My Commission Expires:

12/05/2023

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr. Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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		2 Pool Code		3 Pool Name	
		55610		SCHUBB; BONE SPRING	
4 Property Code		5 Property Name			6 Well Number
		FOXTAIL 19-35-05			1H
7 OGRID No.		8 Operator Name			9 Elevation
328127		CATENA RESOURCES OPERATING, LLC			3860.3

10 Surface Location

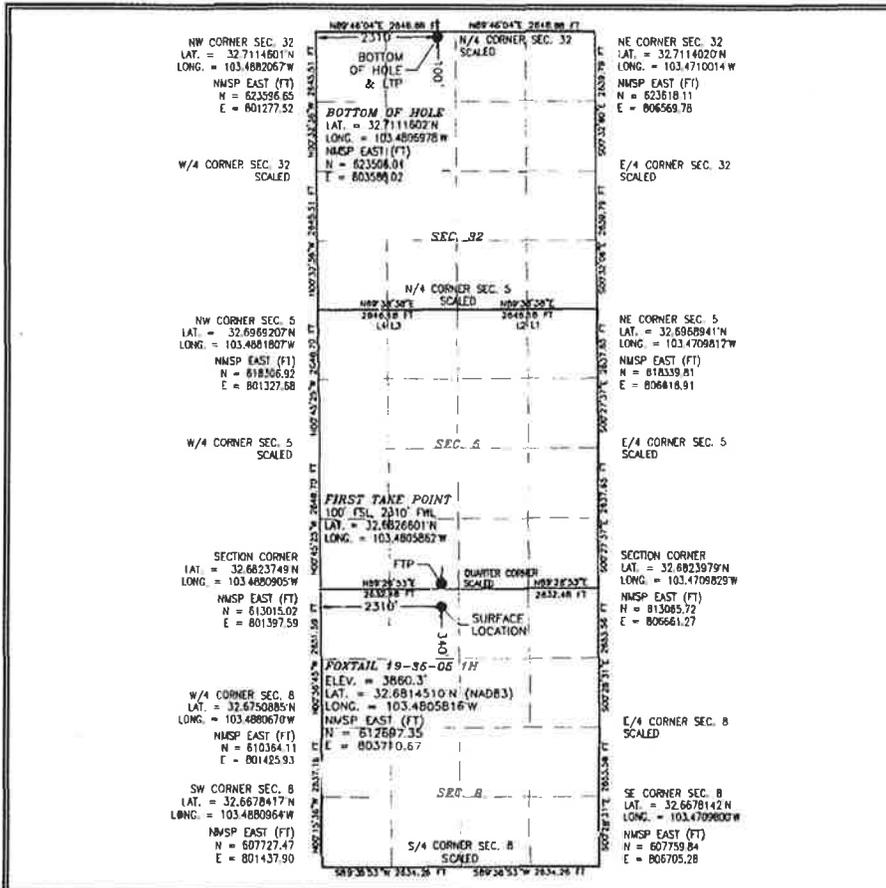
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	8	19 S	35 E		340	NORTH	2310	WEST	LEA

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
C	32	18 S	35 E		100	NORTH	2310	WEST	LEA

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320		COMMUNITARIAN	

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.



16 OPERATOR CERTIFICATION
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.
[Signature] 1/7/2020
Signature Date
ROBERT SWANN
Printed Name
rswann@catenares.com
E-mail Address

17 SURVEYOR CERTIFICATION
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.
JANUARY 7, 2020
Date of Survey
[Signature]
Signature and Seal of Professional Surveyor
Certificate Number: FILED OF PROFESSIONAL SURVEYORS, PLS 12797
SURVEY NO. 7882

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C1

Submitted by: Catena Resources Operating, LLC
Hearing Date: May 28, 2020
Case No. 21093

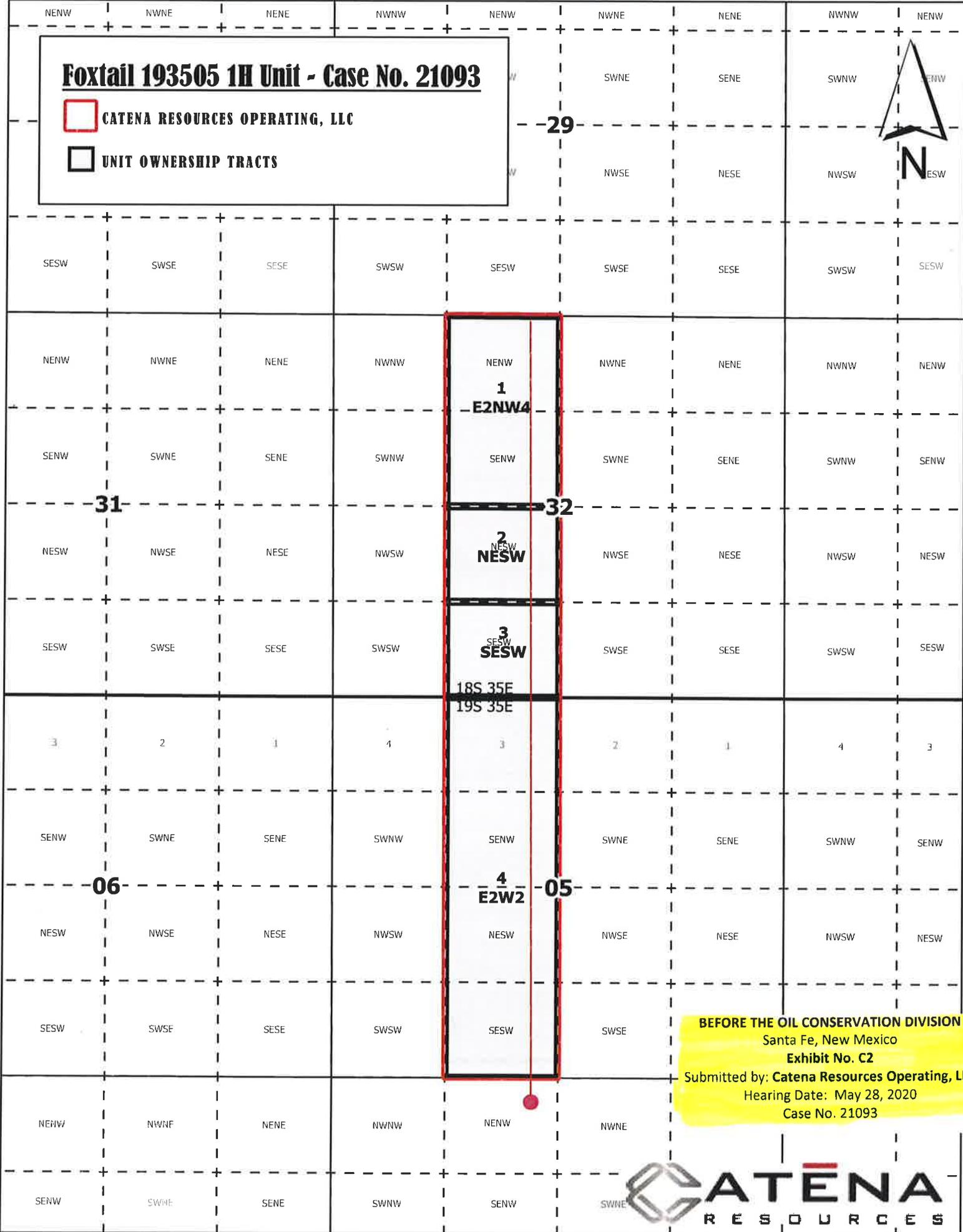
Foxtail 193505 1H Unit - Case No. 21093



CATENA RESOURCES OPERATING, LLC



UNIT OWNERSHIP TRACTS



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C2
Submitted by: **Catena Resources Operating, LLC**
Hearing Date: May 28, 2020
Case No. 21093



Case No. 21093
Foxtail 193505 1H - 320 Acres, being the E2W2 of Section 5, 19S-35E & Section 32, 18S-35E
Bone Springs Formation

320	320 AC - W2E2 - Surface to Bone Spring Formation					
	Working Interest Owner	Tract	Gross	Interest	NMA	WI
	Catena Resources Operating, LLC	1	80.00	93.7500%	75.00	23.438%
	T.H. McElvain Oil & Gas, LLLP	1	80.00	6.2500%	5.00	1.563%
	*Marathon Oil Permian LLC	2	40.00	100.0000%	40.00	12.500%
	Catena Resources Operating, LLC	3	40.00	100.0000%	40.00	12.500%
	Catena Resources Operating, LLC	4	160.00	100.0000%	160.00	50.000%
	Total				320.00	100.000%
	Catena Resources Operating, LLC				275.00	85.938%
	McElvain				5.00	1.563%
	*Marathon Oil Permian LLC				40.00	12.500%
	Final Totals				320.00	100.00%
ORRI Owners						
Marathon Oil Permian LLC						



January 7, 2020

Via Certified Mail

Mewbourne Oil Company
500 W Texas Ave Suite 120
Midland, TX 79701

Re: **Foxtail 193505 1H Well Proposal**
Bone Spring Formation
E2W2 of Section 5 T19S, R35E and Section 32, T18S, R35E
Lea County, New Mexico

Ladies and Gentlemen,

Catena Resources Operating, LLC ("Catena") as Operator hereby proposes to drill the following well to a depth sufficient to test the Bone Spring formation:

Well Name	SHL	BHL	Spacing Unit	Target TVD	Estimated TMD
Foxtail 193505 1H	FSL: 190' Sec. 8 FWL: 2310' Sec. 8	FNL: 100' Sec. 32 FWL: 2310' Sec. 32	E2W2 of Section 5 T19S, R35E and Section 32, T18S, R35E	10,355'	21,054'

These proposed locations and target depths are subject to change depending on any surface or subsurface concerns encountered.

Regarding the above, enclosed for your further handling are our AFE's dated November 16, 2019 for the proposed wells. The AFE's represent an estimate of the costs that will be incurred to drill and complete the wells, but those electing to participate in the wells are responsible for their proportionate share of the actual costs incurred. In the event you elect to participate in the proposed wells, please execute the enclosed AFE's and return to me. We are happy to furnish you with a proposed Joint Operating Agreement upon request, should you be inclined to elect to participate. Please respond within 30 days of receiving this notice. If you do not wish to participate, Catena proposes to acquire your interest via term assignment subject to due diligence and title verification satisfactory to Catena.

Should you have any questions regarding the above, please email me at rswann@catenares.com or call me at (210) 775-6993.

Sincerely,

Catena Resources Operating, LLC

Robert Swann

Land Manager

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C3

Submitted by: **Catena Resources Operating, LLC**

Hearing Date: May 28, 2020

Case No. 21093





WELL COST ESTIMATE

AFE NO.

WELL NAME: Foxhall 163532 DATE: 11/16/2019
 FIELD NAME: LOCATION: 2 sec. lateral, Lea County, NM
 COUNTY/ST: OBJECTIVE: Bone Spring ORIGINAL: SUPPLEMENT: X

INTANGIBLE COSTS	ACCT CODE	DRILLING - 310XX	ACCT CODE	COMPLETION - 320XX	ACCT CODE	FACILITIES - 330XX	TOTAL
Legal Fees / Title Opinion	31001	\$60,000	32001	\$0	33001	\$0	\$60,000
Surveys / Staking / Permits / Bonds / Regulatory	31002	\$25,700	32002	\$0	33002	\$0	\$25,700
ROW / Surface Damages	31003	\$60,000	32003	\$0		\$0	\$60,000
Roads & Location / Reserve PR - Construction	31004	\$90,000	32004	\$0		\$0	\$90,000
Roads & Location / Reserve PR - Reclamation	31006		32006	\$0		\$0	\$0
Frac Pond	31006		32006	\$0		\$0	\$0
Gate Guard	31007		32007	\$0		\$0	\$0
Mouse / Rathole / Conductor	31008	\$19,000		\$0		\$0	\$19,000
Mobilization / Demobilization	31009	\$230,876	32008	\$0		\$0	\$230,876
Drilling - Daywork	31010	\$476,000		\$0		\$0	\$476,000
Drilling - Footage	31011			\$0		\$0	\$0
Drilling - Turnkey	31012			\$0		\$0	\$0
Completion / Snubbing / Workover Unit	31013		32009	\$40,000		\$0	\$40,000
Trailer House / Communications	31014	\$43,672	32010	\$24,200		\$0	\$67,872
Drill Bits	31016	\$86,000	32011	\$0		\$0	\$86,000
Directional Equipment / Gyro Surveys	31018	\$226,000	32012	\$0		\$0	\$226,000
Downhole Tool / Stabilization Rental	31017	\$67,076	32013	\$34,000		\$0	\$101,076
Mud / Chemicals	31018	\$200,000	32014	\$801,600		\$0	\$1,001,600
Fuel / Power	31018	\$104,600	32016	\$471,800		\$0	\$576,400
Water Supply Well, equipment	31020	\$3,600	32018	\$0		\$0	\$3,600
Water / Water Hauling	31021		32017	\$816,660		\$0	\$816,660
Offsite Water & Cuttings Disposal	31022	\$243,868	32018	\$30,600		\$0	\$274,468
Transportation / Hauling	31023	\$31,000	32019	\$0	33009	\$16,000	\$47,000
Inspection / Tubing Testing	31024	\$96,664	32020	\$0		\$0	\$96,664
Laydown Machine / Casing Crew / Tongs	31026	\$69,246	32021	\$0		\$0	\$69,246
Cementing, Float Equipment & Services	31028	\$62,458	32022	\$0		\$0	\$62,458
Mud Logging	31027	\$36,343		\$0		\$0	\$36,343
Logging - Open Hole	31028		32023	\$0		\$0	\$0
Logging - Cased Hole	31028		32024	\$13,000		\$0	\$13,000
Coring & Analysis, Drill Stem Test	31030			\$0		\$0	\$0
Perforating	31031		32025	\$421,200		\$0	\$421,200
Wireline / Slickline Services	31032		32028	\$16,000		\$0	\$16,000
Equipment Rental	31033	\$149,680	32027	\$236,000		\$0	\$385,680
Pumping Services/Rental	31034		32028	\$21,000		\$0	\$21,000
Acidizing & Fracturing	31036		32029	\$2,176,000		\$0	\$2,176,000
Coil Tubing Unit	31036		32030	\$120,000		\$0	\$120,000
Flow Testing, Swabbing	31037		32031	\$96,876		\$0	\$96,876
Fishing / Sidetrack Services	31038		32032	\$0		\$0	\$0
Nipple Up / BOPE Testing	31038	\$6,400	32033	\$23,000		\$0	\$29,400
Overhead	31040	\$9,000	32034	\$19,600		\$0	\$28,600
Wellsite Consulting Services/Supervision	31041	\$169,861	32036	\$163,960	33003	\$20,000	\$353,821
Engineering / Geological / Lab Service/Tracers and diagnostics	31042	\$26,000	32036	\$36,600		\$16,000	\$78,600
Roustabout / Contract Labor	31043	\$6,400	32037	\$0	33004	\$160,000	\$166,400
Welding Services	31044	\$5,120	32038	\$0		\$0	\$5,120
Insurance	31046	\$10,000	32039	\$0	33005	\$0	\$10,000
Miscellaneous	31046		32040	\$0	33006	\$0	\$0
P&A Costs	31047		32041	\$0		\$0	\$0
Safety / EH&S	31048		32042	\$6,610	33007	\$0	\$6,610
5.5% Contingency (8% Taxes on Casing Included in casing cost)	31049	\$141,202	32043	\$311,200		\$10,000	\$462,402
NON-OP Drilling Intangible	31060		32044	\$0		\$0	\$0
Pipeline Installation / Interconnect	31061		32046	\$0	33008	\$0	\$0
TOTAL INTANGIBLE COSTS		\$2,708,624		\$6,666,386		\$220,000	\$9,594,409

TANGIBLE COSTS	ACCT CODE	DRILLING - 311XX	ACCT CODE	COMPLETION - 321XX	ACCT CODE	FACILITIES - 331XX	TOTAL
Conductor	31101						
Surface Casing	31102	\$68,600					\$68,600
1st Intermediate Casing / Liner	31103	\$113,200					\$113,200
2nd Intermediate Casing / Liner	31104						\$0
Production Casing / Liner							\$0
Casing Tie Back			32101	\$373,600			\$373,600
Liner Hanger Assembly			32102				\$0
Tubing			32103				\$0
Casing Equipment - OHMS / Etc.			32104	\$68,600			\$68,600
Wellhead Equipment	31106	\$26,760	32106	\$31,200			\$57,960
Pumping Unit / Prime Mover / Base			32106	\$27,000			\$27,000
Rods / Pony Rods / Sinker Bars			32107	\$0	33101	\$0	\$0
Artificial Lift Other - Gas Lift			32108	\$0	33102	\$0	\$0
Wellhead Equipment Completions - Production Tree			32108	\$14,000	33103	\$0	\$14,000
Tanks / Tank Steps / Stairs			32110	\$42,000	33104	\$0	\$42,000
Gas Treating / Dehydration Equipment			32111	\$0	33105	\$68,000	\$68,000
Separation Equipment, Heater Treater			32112	\$0	33106	\$0	\$0
Surface Pumps			32113	\$0	33107	\$68,200	\$68,200
Risers			32114	\$0	33108	\$3,000	\$3,000
Buildings			32116	\$0	33109	\$0	\$0
Interconnect Piping / Manifolds / Headers			32116	\$0	33110	\$0	\$0
Flowlines / Connections / Valves			32117	\$0	33111	\$60,000	\$60,000
Automation / Instruments / Controls / Analyzers			32118	\$0	33112	\$46,960	\$46,960
Electrical Equipment / Generators			32119	\$0	33113	\$16,000	\$16,000
Compressor & Related Equipment			32120	\$0	33114	\$62,000	\$62,000
Metering Equipment, LACT Unit			32121	\$0	33116	\$0	\$0
Chemical Equipment / Cathodic Protection			32122	\$0	33116	\$104,000	\$104,000
Bubsurface Equipment - Packer, Plugs, TAC			32123	\$0	33117	\$0	\$0
Safety / EH&S Equipment			32124	\$11,000	33118	\$0	\$11,000
NON-OP Drilling Intangible			32126	\$4,000	33118	\$18,000	\$22,000
Transfer/SWD Pumps & Equipment			32128	\$0	33120	\$0	\$0
Flare / Combustor			32127	\$0	33121	\$19,060	\$19,060
Miscellaneous	31108		32128	\$0	33122	\$16,000	\$16,000
Contingency Costs	31107	\$11,690	32130	\$28,060	33123	\$0	\$39,750
TOTAL TANGIBLE COSTS		\$220,240		\$613,670		\$469,220	\$1,303,130
TOTAL WELL COSTS		\$2,928,864		\$6,279,056		\$689,220	\$9,897,140

Prepared by: Traus Salinas Title: Contract Engineer

This AFE is only an estimate. By returning one signed copy, you agree to pay your share of the actual costs incurred.

Extra Expense Insurance I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.
 I elect to purchase my own well control insurance policy.

either box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Signature: _____

CATENA RESOURCES OPERATING – OMEGA WELL PROPOSAL
CATENA – MARATHON DISCUSSION TIMELINE
May 26, 2020

- December 6, 2019: Catena mails multi well proposals/notice. I, Kelley Burch, contact Marathon's Steve Virant and Travis Prewett via email requesting their support, suggesting we meet to discuss and possible deal. No response.
- December 18, 2019: Catena mails one well notice – Omega proposed well, and I email Marathon, Travis and Steve, indicating Catena's desire to drill the Omega well first, and discuss gaining Marathon's support for Omega, then work on a larger deal for other Catena proposed wells.
- December 18, 2019: Jessica Gorman emails wanting more information on the proposed wells. I, Robert Swann, respond on December 18, 2019, stating that Kelley Burch has been talking to Steve Virant and Travis Prewett, and they have been negotiating potential deals.
- December 19, 2019: Steve Virant emails and asked why Catena is proposing one well referencing Omega, after we proposed multi well notice. I, Kelley Burch, respond same day with Catena's desire is to drill Omega first, and drill the others subsequent to Omega. I offer to discuss on phone or meet Marathon in Houston office.
- January 7, 2020: Catena mails single well proposal/notices for the Omega and Foxtail wells.
- Since I, Kelley Burch, don't hear back from Marathon, I send several emails requesting a status of our proposed Omega well, and if Marathon wants to support the well via participation, term assignment, farmout. And offer multiple times to jump on a conference call or meet in their Houston office.

- January 13, 2020: Steve Virant sends email indicating Marathon will not make a decision until they are “force pooled,” and asks why is Catena proposing a 1.75 lateral, that Steve is concerned about stranded acreage. Same day, I, Kelley Burch, respond with “what is a good number to call you” I will explain no stranded acreage. No response from Steve.
- January 22, 2020: I hear from Steve Virant about a no-op asset in another township and range that HighPoint is selling, Marathon operates. Steve proposes we try to buy that asset and trade the HighPoint asset for Marathon acreage in our area of interest. Several emails back and forth on this subject. We requested data from Marathon’s operated wells covering the HighPoint interest, they request a reciprocal for data covering Catena’s Anchor and Cable wells, I respond with yes, but we will need Marathon’s agreement not to contest our well proposals. I get no response.
- February 10, 2020: I get a call from Travis Prewett, he asked about stranded acreage, I explained there would be none as we have one central pad to drill the Omega North, and our Alpha well South, therefore, no stranded acreage.
- February 11, 2020: I email a plat to Travis and Steve, showing our plan so there is no stranded acreage. Plat shows Omega well plan and Alpha to be drilled from same pad, not stranding acreage, if Catena operationally agrees to drill Omega two miles north. No response.
- February 25, 2020: I email Travis and Steve, requesting an update, and if we could get something done as to gaining Marathon’s support for our Omega and Foxtail wells prior to our hearing.
- February 27: We receive an email from Steve, proposing Catena carry Marathon to tanks in the first well in every DSU. Then a subsequent email that Travis is looking at a possible trade proposal. Catena is reviewing the proposal and standing by to hear from Travis on a possible trade proposal.

- April 6, 2020: Travis Prewitt emails Robert Swann proposing the same deal they proposed 3 months ago. Catena declines and asks for a possible trade deal and a possible buy out. Travis responds: "I will get with mgmt. asap and get back to you".
- May 21, 2020: Jeff Broussard emails Robert Swann stating that Travis Prewitt has been transferred to another division and would like to discuss the Foxtail Proposal.
- May 21, 2020: Robert Swann responds and asking for a good time for a phone call to discuss.
- No response from Jeff Broussard as of May 26, 2020 11:00 CST

14725329_v1

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

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

CASE NO. 21093

AFFIDAVIT OF VINCE SMITH
IN SUPPORT OF CASE NO. 21093

Vince Smith, of lawful age and being first duly sworn, declares as follows:

1. My name is Vince Smith. I work for Catena Resources Operating, LLC (“Catena”) as a Geologist.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by Catena in this case, and I have conducted a geologic study of the lands in the subject area.
4. Catena is targeting the Bone Spring formation.
5. **Exhibit D-1** is a locator map. It shows Catena’s acreage in red and the path of the proposed wellbore for the **Foxtail 19-35-05 1H**, with the surface hole and bottom hole locations.
6. **Exhibit D-2** is a subsea structure map that I prepared off the top of the First Bone Spring Sand interval within the Bone Spring formation. The contour interval is 25 feet. The structure map shows the Bone Spring dipping gently to the south. The structure appears consistent across the proposed wellbore path. Based on this subsea structure map, I do not observe any faulting, pinchouts, or other geologic impediments to developing the targeted interval with horizontal wells in this area.

7. Both Exhibits D-1 and D-2 show a cross-section line in red indicating five wells penetrating the Bone Spring formation that I used to construct a stratigraphic cross-section from A to A'. I consider these wells to be representative of the geology in the area.

8. **Exhibit D-3** is a stratigraphic cross-section that I prepared displaying open-hole logs run over the Bone Spring from the five representative wells denoted from A to A'. For each well in the cross-section, the exhibit shows the following logs: gamma ray and resistivity. Three wells have the porosity curves. The proposed target interval is labeled and marked. The logs in the cross-section demonstrate that the target interval within the Bone Spring formation is consistent in thickness across the entire spacing unit.

9. In my opinion, the stand-up orientation of the proposed well is the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.

10. Based on my geologic study, the Bone Spring formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will contribute more-or-less equally to the production from the wellbores.

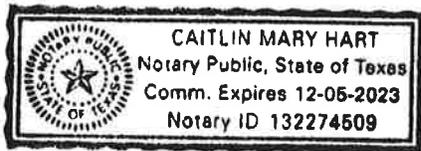
11. In my opinion, the granting of Catena's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

12. **Exhibits D-1 through D-3** were prepared by me.

Vince Smith
VINCE SMITH

STATE OF TEXAS)
)
COUNTY OF BEXAR)

SUBSCRIBED and SWORN to before me this 24 day of May 2020 by Vince Smith.

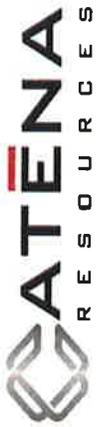
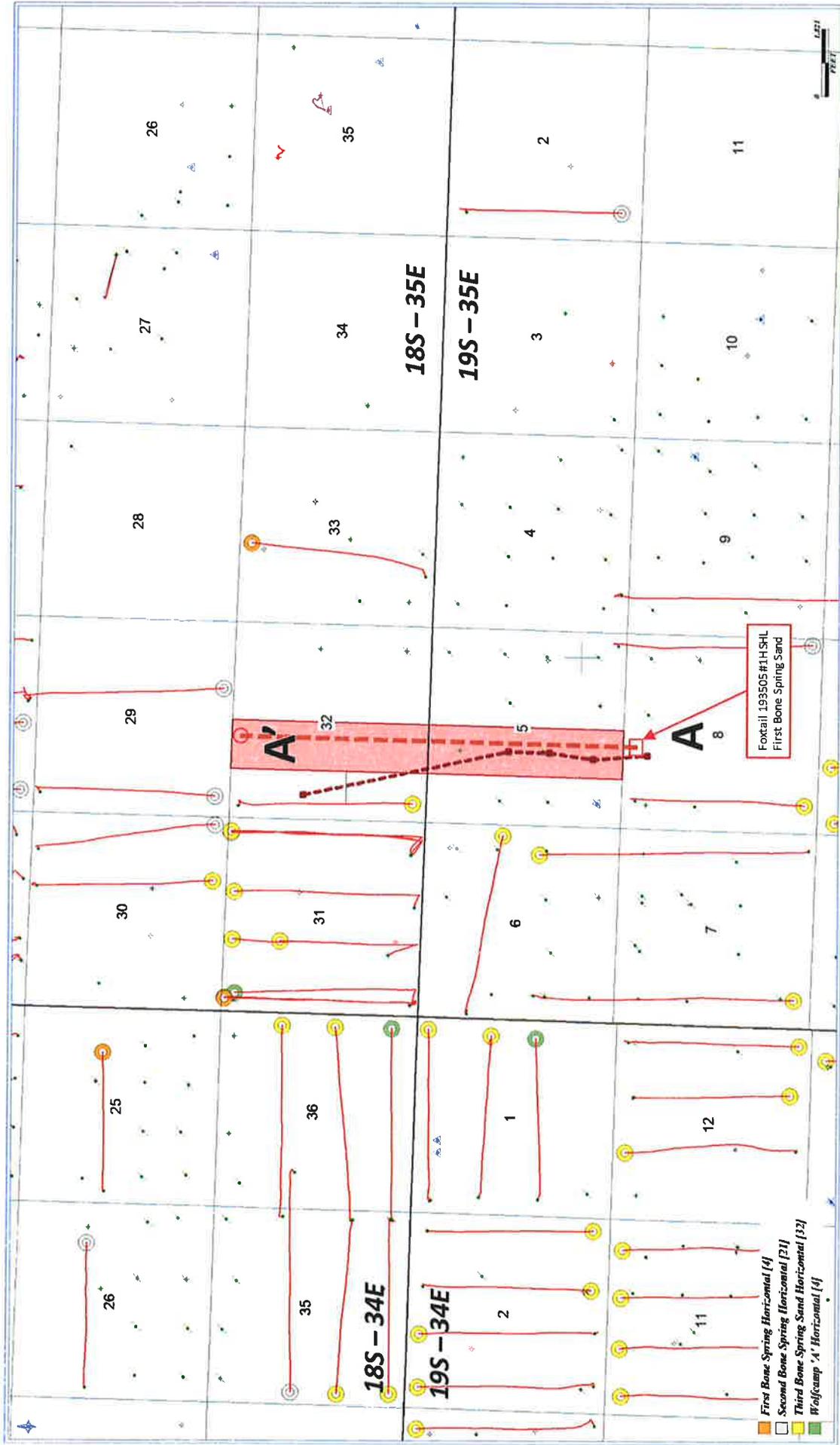


Caitlin Hart
NOTARY PUBLIC

My Commission Expires:
12/05/2023

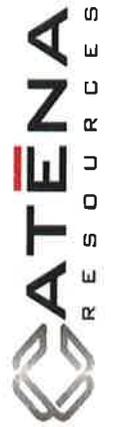
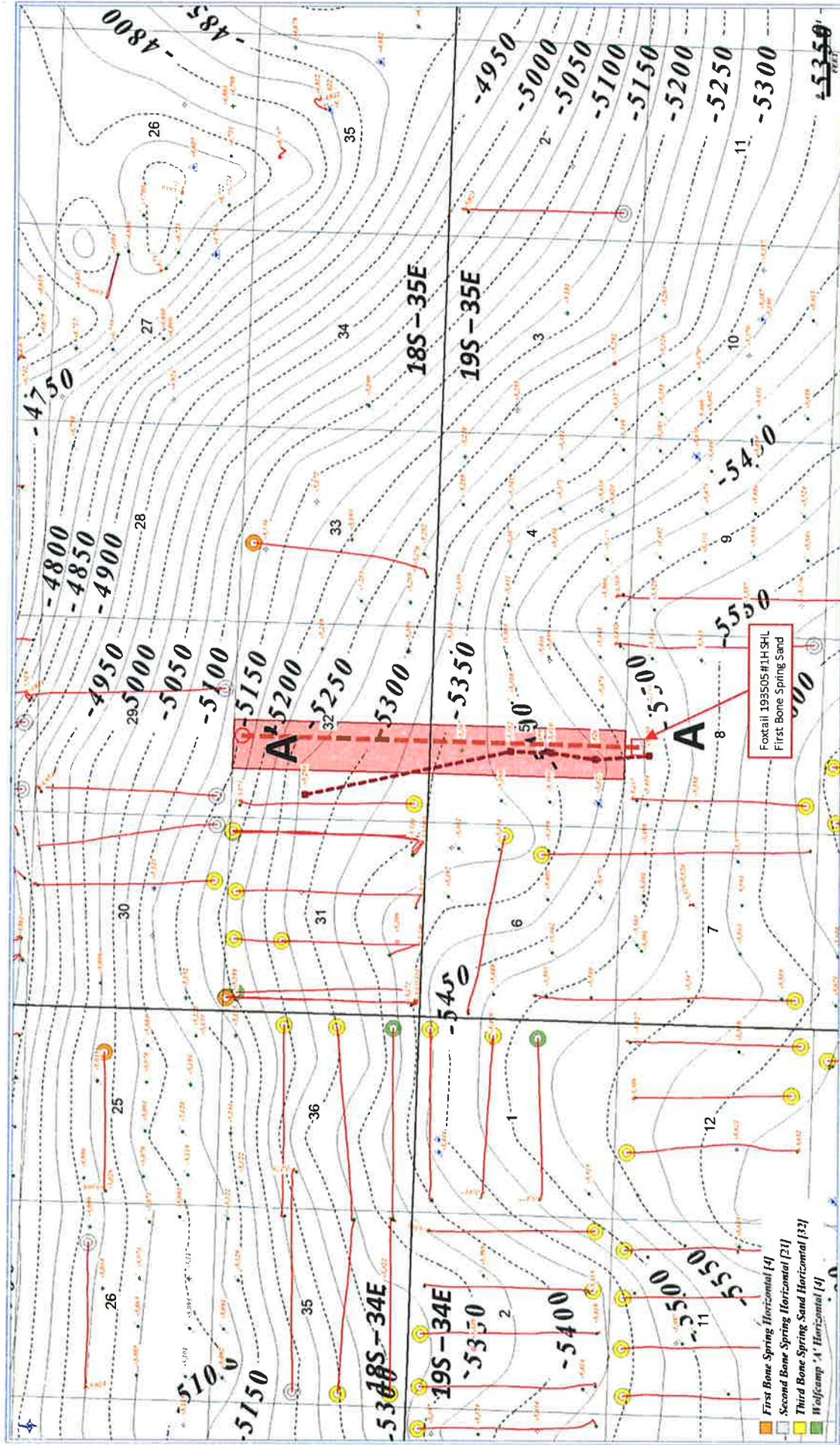
Foxtail 193505 #1H

Locator Map



First Bone Spring Sand

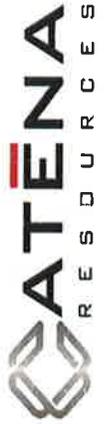
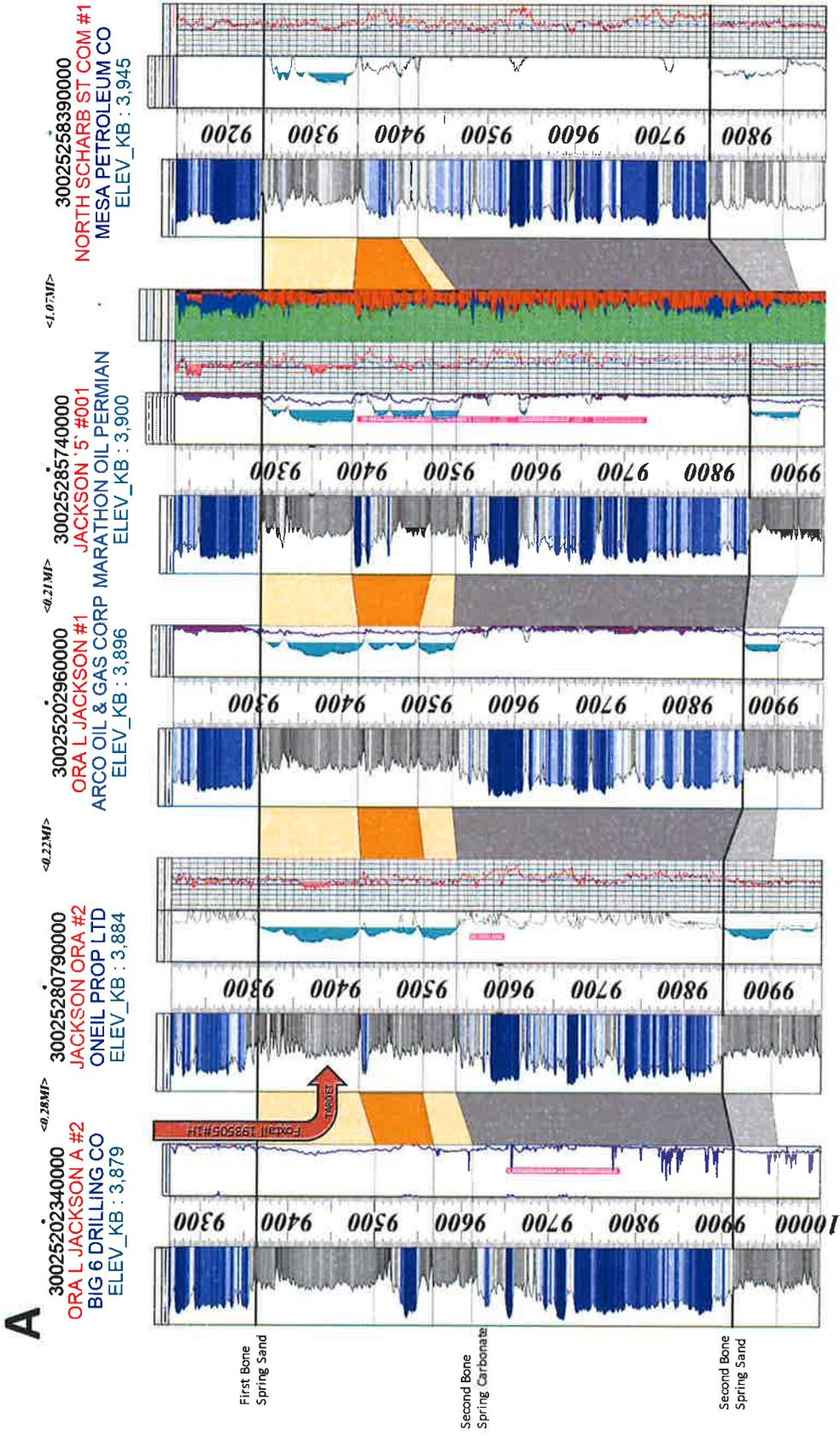
Subsea Structure



First Bone Spring Sand Datum

Cross Section

A'





Michael H. Feldewert
Phone (505) 988-4421
Fax (505) 983-6043
mfeldewert@hollandhart.com

February 14, 2020

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Catena Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico.
Foxtail 19-35-05 1H Well

Ladies & Gentlemen:

This letter is to advise you that Catena Resources Operating, LLC, has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on March 5, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Robert Swann at (210) 775-6993 or at rswann@catenares.com.

Sincerely,


for  Michael H. Feldewert
ATTORNEY FOR CATENA RESOURCES OPERATING, LLC

Catena Foxtail 1H

Case No. 21093 Postal Delivery Report

Tracking Number	Recipient	Status
9214890194038306248634	Mewbourne Oil Company 500 W Texas Ave Suite 120 Midland TX 79701	Delivered Signature Received
9214890194038306248641	Mewbourne Development Corporation 3901 S Broadway Ave Tyler TX 75701	Delivered Signature Received
9214890194038306248658	Mewbourne Development Corporation PO BOX 7698 Tyler TX 75711	Delivered Signature Received
9214890194038306248665	Mewbourne Energy Partners 12-A L P PO BOX 7698 Tyler TX 75711	Delivered Signature Received
9214890194038306248672	Mewbourne Energy 3901 S Broadway Ave Tyler TX 75701	Delivered Signature Received
9214890194038306248689	Mewbourne Energy 500 W Texas Ave Suite 120 Midland TX 79701	Delivered Signature Received
9214890194038306248696	Occidental Permian PO BOX 4294 Houston TX 77210	Delivered Signature Received
9214890194038306248702	Marathon Oil Company PO BOX 2069 Houston TX 77252	Delivered Signature Received
9214890194038306248719	3MG Corporation PO BOX 7698 Tyler TX 75711	Delivered Signature Received
9214890194038306248726	CMW 2000-B Ltd PO BOX 7698 Tyler TX 75711	Delivered Signature Received
9214890194038306248733	CWM 2000-B II Ltd PO BOX 7698 Tyler TX 75711	Delivered Signature Received
9214890194038306248740	McComb Energy 5599 San Felipe St Suite 1200 Houston TX 77056	Delivered Signature Received
9214890194038306248757	Sundown Energy LP 13455 Noel Road Suite 2000 Dallas TX 75240	Return To Sender
9214890194038306248764	PGP Holdings 1 LLC 104 Town Park Drive Kennesaw GA 30144	Return To Sender
9214890194038306248771	Curtis W Mewbourne trustee PO BOX 7698 Tyler TX 75711	Delivered Signature Received
9214890194038306248788	Thomaston LLC 1050 17th Street Suite 2500 Denver CO 80265	Delivered Signature Received



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Catena - Foxtail 1H
Case No. 21093
CM# 106903.0001

Shipment Date: 02/11/2020

Shipped From:

Name: HOLLAND & HART LLP (1)

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	16
Total	16

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0020 2165 58



SR



Firm Mailing Book For Accountable Mail

Affix Stamp Here
(if issued as an international certificate of mailing or for additional copies of this receipt).
Postmark with Date of Receipt.

Check type of mail or service
 Adult Signature Required Priority Mail Express
 Adult Signature Restricted Delivery Registered Mail
 Certified Mail Return Receipt for Merchandise
 Certified Mail Restricted Delivery Signature Confirmation
 Collect on Delivery (COD) Signature Confirmation Restricted Delivery
 Insured Mail
 Priority Mail

Addressee (Name, Street, City, State, & ZIP Code™)

USPS Tracking/Article Number	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
1. 9214 8901 9403 8306 2486 34	0.50	3.55								1.70			
2. 9214 8901 9403 8306 2486 41	0.50	3.55								1.70			
3. 9214 8901 9403 8306 2486 58	0.50	3.55								1.70			
4. 9214 8901 9403 8306 2486 65	0.50	3.55								1.70			
5. 9214 8901 9403 8306 2486 72	0.50	3.55								1.70			
6. 9214 8901 9403 8306 2486 88	0.50	3.55								1.70			
7. 9214 8901 9403 8306 2486 96	0.50	3.55								1.70			
8. 9214 8901 9403 8306 2487 02	0.50	3.55								1.70			

Total Number of Pieces Listed by Sender: 16

Total Number of Pieces Received at Post Office: 16

Postmaster, Per (Name of receiving employee)



Firm Mailing Book For Accountable Mail

Name and Address of Sender

Holland & Hart LLP (1)
110 N Guadalupe St # 1
Santa Fe NM 87501

Affix Stamp Here
*(if issued as an international certificate of mailing or for additional copies of this receipt).
Postmark with Date of Receipt.*

Check type of mail or service

- Adult Signature Required
- Adult Signature Restricted Delivery
- Certified Mail
- Certified Mail Restricted Delivery
- Collect on Delivery (COD)
- Insured Mail
- Priority Mail
- Priority Mail Express
- Registered Mail
- Return Receipt for Merchandise
- Signature Confirmation
- Signature Confirmation Restricted Delivery

USPS Tracking/Article Number

9. 9214 8901 9403 8306 2487 19

10. 9214 8901 9403 8306 2487 26

11. 9214 8901 9403 8306 2487 33

12. 9214 8901 9403 8306 2487 40

13. 9214 8901 9403 8306 2487 57

14. 9214 8901 9403 8306 2487 64

15. 9214 8901 9403 8306 2487 71

16. 9214 8901 9403 8306 2487 88

Addressee (Name, Street, City, State, & ZIP Code™)

3MG Corporation PO BOX 7698 Tyler TX 75711

CMW 2000-B Ltd PO BOX 7698 Tyler TX 75711

CWM 2000-B II Ltd PO BOX 7698 Tyler TX 75711

McComb Energy 5599 San Felipe St Suite 1200 Houston TX 77056

Sundown Energy LP 13455 Noel Road Suite 2000 Dallas TX 75240

PGP Holdings 1 LLC 104 Town Park Drive Kennesaw GA 30144

Curtis W Newbourne Insistee PO BOX 7698 Tyler TX 75711

Thomason LLC 1050 17th Street Suite 2500 Denver CO 80265

Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
0.50	3.55								1.70			
0.50	3.55								1.70			
0.50	3.55								1.70			
0.50	3.55								1.70			
0.50	3.55								1.70			
0.50	3.55								1.70			
0.50	3.55								1.70			
0.50	3.55								1.70			
0.50	3.55								1.70			
0.50	3.55								1.70			

Total Number of Pieces Listed by Sender
16

Postmaster, Per (Name of receiving employee)

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

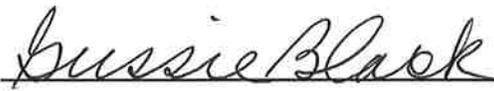
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
February 21, 2020
and ending with the issue dated
February 21, 2020.



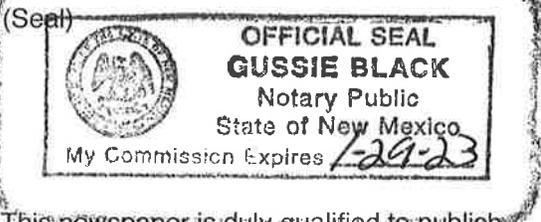
Publisher

Sworn and subscribed to before me this
21st day of February 2020.



Business Manager

My commission expires
January 29, 2023



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL	LEGAL	LEGAL
LEGAL NOTICE FEBRUARY 21, 2020		
STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO		
<p>The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold a public hearing before a hearing examiner on March 5, 2020, 8:15 a.m., in Porter Hall, 1st Floor, Wendell Chino Building, 1220 South St. Francis, Santa Fe, New Mexico. The docket may be viewed electronically on the Division's website, http://www.emnrd.state.nm.us/OCD/hearings.html or obtained from Florene Davidson, OCD Clerk, at (505) 476-3458. Documents filed in the case may be viewed at http://ocdimage.emnrd.state.nm.us/imagin/CaseFileCriteria.aspx. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in the hearing, contact Florene Davidson, OCD Clerk, at (505) 476-3458, or at the New Mexico Relay Network, 1-800-659-1779, no later than February 24, 2020.</p>		
STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following case and notice to the public.		
<p>(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)</p>		
<p>To: All overriding royalty interest owners and pooled parties, including: Mewbourne Oil Company; Mewbourne Development Corporation; Mewbourne Energy Partners 12-A, L.P.; Mewbourne Energy; Occidental Permian; Marathon Oil Company, 3MG Corporation; CMW 2000-B Ltd; CWM 2000-B II, Ltd; McComb Energy; Sundown Energy, LP; PGP Holdings 1, LLC; Curtis W. Mewbourne, Trustee, and Thomaston, LLC.</p>		
<p>Case No. 21093: Application of Catena Resources Operating, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre horizontal spacing unit comprised of the E/2 W/2 of Section 5, Township 19 South, Range 35 East, and E/2 W/2 of Section 32, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is to be initially dedicated to the proposed Foxtail 19-35-05 1H well to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 8, Township 19 South, Range 35 East to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 32, Township 18 South, Range 35 East. The completed interval for the proposed well will comply with the statewide setback requirements for horizontal oil wells. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the well and the proposed horizontal spacing unit, and a 200% charge for risk involved in drilling said well. Said area is located approximately 21 miles East of Hobbs, New Mexico #35218</p>		

67100754

00239657

HOLLAND & HART LLC
PO BOX 2208
SANTA FE,, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. F

Submitted by: **Catena Resources Operating, LLC**

Hearing Date: May 28, 2020

Case No. 21093