

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING AUGUST 06, 2020**

CASE No. 21353

ALPHA 183533 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 NOS. 21353


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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21353	APPLICANT'S RESPONSE
Date: August 4, 2020	
Applicant	Catena Resources Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Catena Resources Operating, LLC (OGRID No. 328449)
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:	Marathon Oil Permian, LLC
Well Family	Alpha 183533 1H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp Formation
Pool Name and Pool Code:	Scharb;Wolfcamp (55640)
Well Location Setback Rules:	Statewide horizontal oil well rules
Spacing Unit Size:	480-acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal well spacing unit
Size (Acres)	480 acres, more or less
Building Blocks:	quarter-quarter sections
Orientation:	North to South
Description: TRS/County	SW/4 of Section 33, T-18-S, R-35-E and W/2 of Section 4, T-19-S, R-35-E, NMPPM, 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	E/2 SW/4 of Section 33 ad E/2 W/2 of Section 4
Proximity Defining Well: if yes, description	Alpha 183533 1H
Applicant's Ownership in Each Tract	Exhibit A-3
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	Alpha 183533 1H (API # Pending) SHL: 2450' FSL & 1270' FWL (Unit L), Sec. 33, T18S, R35E BHL: 100' FSL & 1270' FWL (Unit M), Sec. 4, T19S, R35E Completion target: Wolfcamp Well orientation: North to South Completion location: expected to be standard
Horizontal Well First and Last Take Points	See Exhibit A-1
Completion Target (Formation, TVD and MD)	See Exhibit B
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800

Justification for Supervision Costs	See Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit D
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit A-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit A-2
Well Orientation (with rationale)	Exhibit B-3
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit A-2
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-1
Cross Section (including Landing Zone)	Exhibit B-2
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):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	
Date:	4-Aug-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. 21353

APPLICATION

Catena Resources Operating, LLC ("Applicant") (OGRID No. 328449), 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 Wolfcamp formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 33, Township 18 South, Range 35 East, and the W/2 of Section 4, Township 19 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 **Alpha 183533 1H Well** to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 33 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 4.
3. The completed interval for the proposed well will remain within 330 feet of the E/2 SW/4 of Section 33 and E/2 W/2 of Section 4 to include this offsetting acreage in a standard horizontal well spacing unit.
4. 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.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. 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 July 23, 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 wells 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

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

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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 NOS. 21353

AFFIDAVIT OF ROBERT SWANN

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. The uncommitted parties have not indicated any opposition to this pooling application, and therefore I do not expect any opposition at the hearing
5. Catena seek an order pooling all uncommitted interests in the Wolfcamp formation [Scharb; Wolfcamp Pool (55640)] underlying a standard 480-acre horizontal spacing unit comprised of the comprised of the SW/4 of Section 33, Township 18 South, Range 35 East, and the W/2 of Section 4, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.
6. Catena seeks to initially dedicate this spacing unit to the proposed **Alpha 183533 1H** well to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 33 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 4. The completed interval for

the proposed well will remain within 330 feet of the E/2 SW/4 of Section 33 and E/2 W/2 of Section 4 to include this offsetting acreage in a standard horizontal well spacing unit.

7. **Exhibit A-1** contains the Form C-102 for the proposed well.

8. **Exhibit A-2** is a general location map outlining the acreage being pooled and the lateral trajectory of the proposed well. The acreage is comprised of state lands.

9. **Exhibit A-3** identifies the tracts of land comprising the proposed spacing unit, the working interest ownership in each tract and their respective interest in the horizontal spacing unit. The mineral owners that remain to be pooled are highlighted on Exhibit A-3.

10. No ownership depth severances exist within in the Wolfcamp formation underlying the subject acreage.

11. Catena has conducted a diligent search of company records, county records, telephone directories and conducted computer searches to locate contact information for each of the mineral owners that it seeks to pool.

12. **Exhibit A-4** contains a sample of the letter and AFE for the proposed well sent to the working interest owners that Catena has been able to locate. The costs reflected on the AFE are consistent with what Catena and other operators have incurred for drilling similar horizontal wells in the area in this formation.

13. **Exhibit A-5** contains a chronology of the contacts with the uncommitted mineral owners Catena was able to locate. Catena has made a good faith effort to obtain voluntary joinder of these owners in the proposed wells.

14. Catena requests overhead and administrative rates of \$8,000 per month for drilling and \$800 per month for a producing well. These rates are consistent with the rates charged by Catena and other operators for similar wells in this area.

15. I have provided the law firm of Holland and Hart, LLP, with the names and addresses (where available) of the mineral owners that Catena seeks to pool and instructed that they be notified of this hearing.

16. Exhibits A-1 through A-5 were prepared by me or compiled under my direction from company business records.

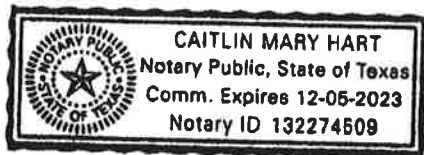
FURTHER AFFIANT SAYETH NAUGHT



ROBERT SWANN

STATE OF TEXAS)
)
COUNTY OF BEXAR)

SUBSCRIBED and SWORN to before me this 4th day of AUGUST 2020 by Robert Swann.



NOTARY PUBLIC

My Commission Expires:

12/05/2023

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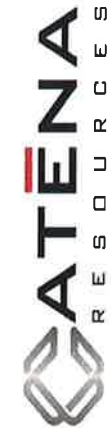
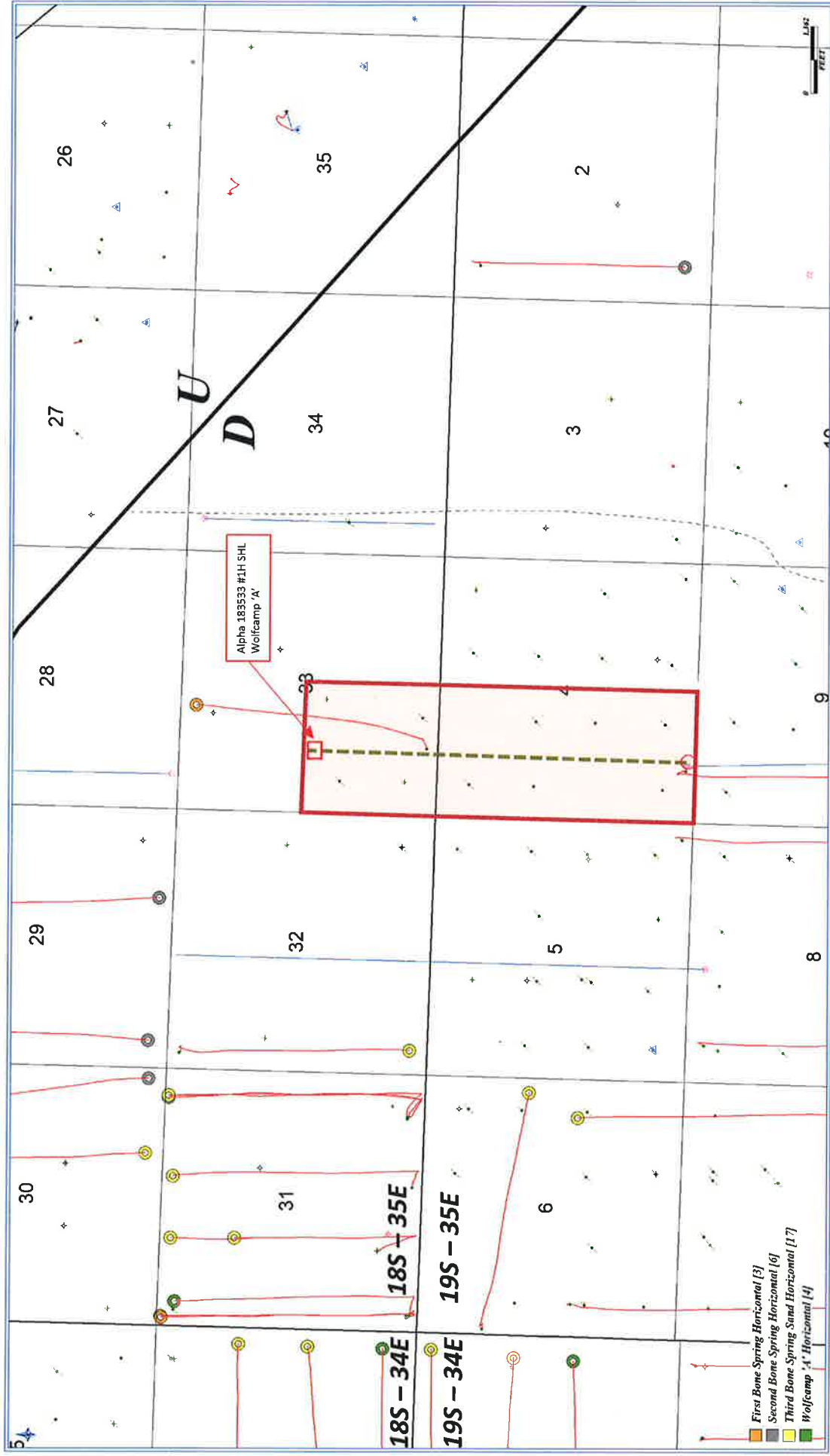
State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

Case No. 21353

Alpha 183533 #1H

Locator Map



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A2

Submitted by: Catena Resources Operating, LLC

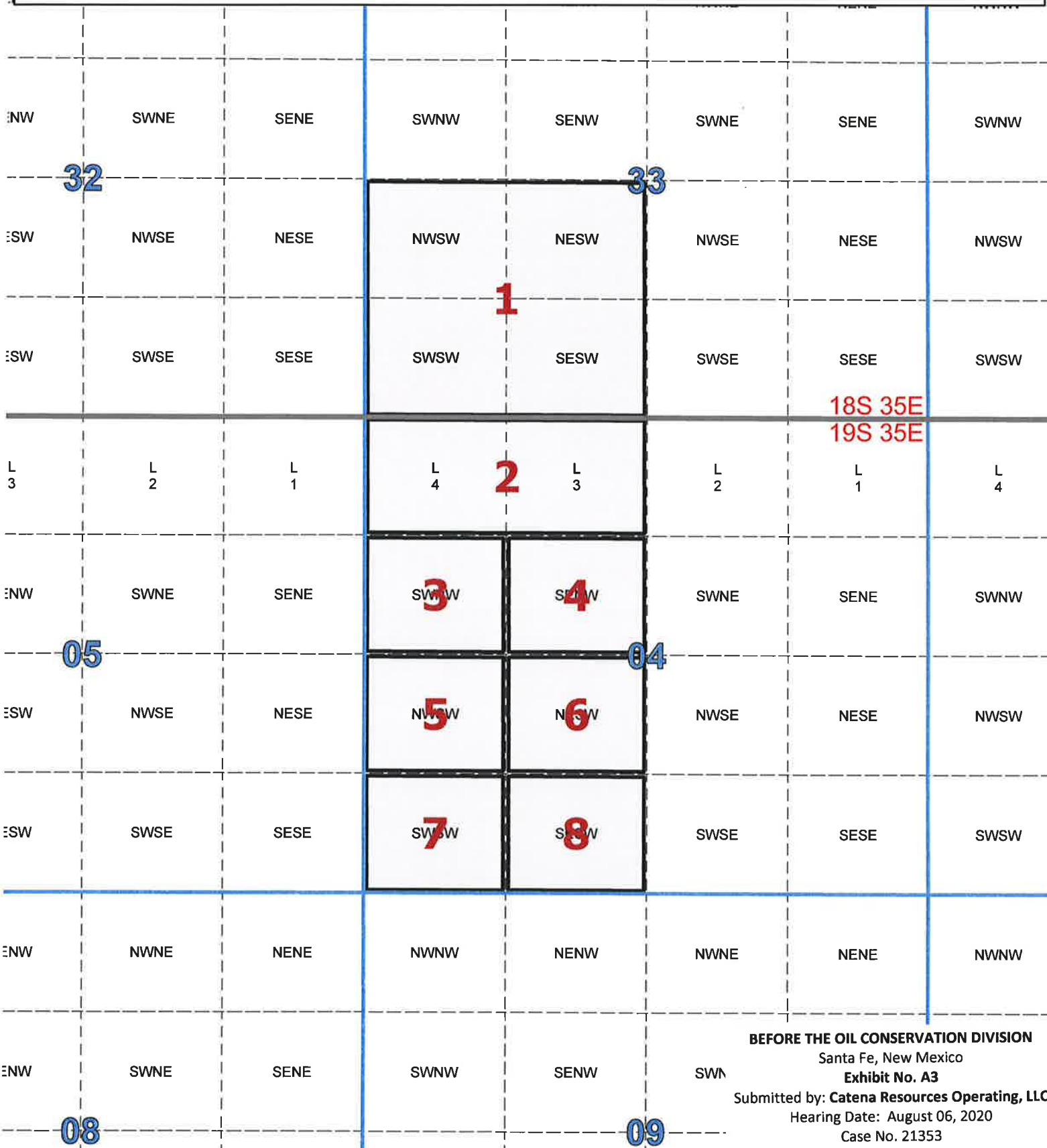
Hearing Date: August 06, 2020

Case No. 21353

Catena Resources Operating, LLC

Alpha 183533 1H - Wolfcamp

Case No. 21353



Unit Size		Alpha 183533 1H - Wolfcamp - Case No. 21353			
479.4					
WI Owner		Tract No	Tract Gross	Tract WI	Tract NMA
Catena Resources Operating		1	160	93.75%	150.000
Catena Resources Operating		3	40	100.00%	40.000
Catena Resources Operating		4	40	100.00%	40.000
Catena Resources Operating		7	40	100.00%	40.000
Catena Resources Operating		8	40	100.00%	40.000
T.H. McElvain Oil & Gas, LLLP		1	160	6.25%	10.000
Marathon Oil Permian LLC		2	79.4	100.00%	79.400
Marathon Oil Permian LLC		5	40	100.00%	40.000
Marathon Oil Permian LLC		6	40	100.00%	40.000
Tract Totals					479.400

WI Owner		Unit WI	Unit NMA
Catena Resources Operating		64.66%	310.000
T.H. McElvain Oil & Gas, LLLP		2.09%	10.000
Marathon Oil Permian LLC		33.25%	159.400
Unit Totals		100.00%	479.400



June 10, 2020

Via Certified Mail

Marathon Oil Company
P.O. Box 2069
Houston, TX 77252
713-629-6600

Re: **Alpha 183533 1H Well Proposal**
Wolfcamp Formation
SW/4 of Section 33 T18S, 35E, and W/2 of Section 4, T19S, R35E
Lea County, New Mexico

Alpha 183533 2H Well Proposal
Wolfcamp Formation
SW/4 of Section 33 T18S, 35E, and W/2 of Section 4, T19S, R35E
Lea County, New Mexico

Ladies and Gentlemen,

Catena Resources Operating, LLC ("Catena") as Operator hereby proposes to drill the following wells to a depth sufficient to test the Wolfcamp and Bone Spring formations:

Well Name	SHL Section 33	BHL Section 4	Spacing Unit 480 Acres	Target TVD	Estimated TMD
Alpha 183533 1H Wolfcamp Formation	FSL: 2450' FWL: 1270'	FSL: 100' FWL: 1270'	SW/4 of Section 33, T18S, 35E and W/2 of Section 4, T19S, R35E	10,590'	18,246'
Alpha 183533 2H Bone Spring Formation	FSL: 2450' FWL: 1370'	FSL: 100' FEL: 1270'	SW/4 of Section 33, T18S, 35E and W/2 of Section 4, T19S, R35E	9,180'	16,836'

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 April 16, 2020 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

18402 US Hwy 281 N
Suite 258
San Antonio, TX 78259



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A4

Submitted by: **Catena Resources Operating, LLC**
Hearing Date: August 06, 2020
Case No. 21353

the enclosed AFE's and return to me. We are happy to furnish you with a proposed Joint Operating Agreement upon request. 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

		WELL COST ESTIMATE				AFE NO.	
		WELL NAME: Alpha 183533 1H LOCATION: 1.6 sec, lateral, Lea County, NM COUNTY / ST: Wolfcamp OBJECTIVE:		DATE: 16-Apr-20 START DATE: COMPLETE DATE: ORIGINAL: * SUPPLEMENT:			

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 Pit - Construction	31004	\$90,000	32004	\$0		\$0	\$90,000
Roads & Location / Reserve Pit - Reclamation	31005		32005	\$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	\$230,676	32008	\$0		\$0	\$230,676
Drilling - Daywork	31010	\$674,646		\$0		\$0	\$674,646
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	\$67,772
Drill Bits	31016	\$103,000	32011	\$0		\$0	\$103,000
Directional Equipment / Oyo Surveys	31016	\$266,326	32012	\$0		\$0	\$266,326
Downhole Tool / Stabilization Rental	31017	\$67,076	32013	\$14,000		\$0	\$81,076
Mud / Chemicals	31018	\$222,658	32014	\$601,600		\$0	\$824,058
Fuel / Power	31019	\$116,482	32015	\$471,600		\$0	\$588,282
Water Supply Well, equipment	31020	\$3,603	32016	\$0		\$0	\$0
Water / Water Hauling	31021		32017	\$816,660		\$0	\$816,660
Offsite Water & Cuttings Disposal	31022	\$284,770	32018	\$30,600		\$0	\$315,270
Transportation / Hauling	31023	\$31,000	32019	\$0	33009	\$16,000	\$46,000
Inspection / Tubular Testing	31024	\$101,000	32020	\$0		\$0	\$101,000
Laydown Machine / Casing Crew / Tongs	31025	\$62,190	32021	\$0		\$0	\$62,190
Cementing, Float Equipment & Services	31026	\$65,072	32022	\$0		\$0	\$65,072
Mud Logging	31027	\$35,343		\$0		\$0	\$35,343
Logging - Open Hole	31028		32023	\$0		\$0	\$0
Logging - Cased Hole	31029		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		32026	\$16,000		\$0	\$16,000
Equipment Rental	31033	\$163,809	32027	\$236,000		\$0	\$399,809
Pumping Services/Rental	31034		32028	\$21,000		\$0	\$0
Acidizing & Fracturing	31035		32029	\$2,479,000		\$0	\$2,479,000
Coil Tubing Unit	31036		32030	\$120,000		\$0	\$120,000
Flow Testing, Swabbing	31037		32031	\$96,676		\$0	\$96,676
Fishing / Slicktrack Services	31038		32032	\$0		\$0	\$0
Nipple Up / BOPE Testing	31039	\$6,400	32033	\$23,000		\$0	\$29,400
Overhead	31040	\$8,000	32034	\$19,600		\$0	\$27,600
Wellsite Consulting Services/Supervision	31041	\$170,628	32035	\$153,950	33003	\$20,000	\$344,578
Engineering / Geological / Lab Service Tracers and diagnostics	31042	\$25,000	32036	\$35,600		\$16,000	\$76,600
Roustabout / Contract Labor	31043	\$8,480	32037	\$0	33004	\$160,000	\$168,480
Welding Services	31044	\$5,120	32038	\$0		\$0	\$5,120
Insurance	31045	\$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
6.5% Contingency (8% Taxes on Casing included in casing cost)	31049	\$141,973	32043	\$311,200		\$10,600	\$463,673
NON-Op Drilling Intangible	31050		32044	\$0		\$0	\$0
Pipeline Installation / Interconnect	31051		32045	\$0	33008	\$0	\$0
TOTAL INTANGIBLE COSTS		\$2,981,422		\$5,969,386		\$220,600	\$9,171,307

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			32101	\$430,000			\$430,000
Casing Tie Back			32102				
Liner Hanger Assembly			32103				
Tubing			32104	\$61,426			\$61,426
Casing Equipment - OHMS / Etc.			32105	\$31,200			\$31,200
Wellhead Equipment	31105	\$62,000	32106	\$27,000			\$79,000
Pumping Unit / Prime Mover / Base			32107	\$0	33101	\$0	\$0
Rods / Pony Rods / Sinker Bars			32108	\$0	33102	\$0	\$0
Artificial Lift Other - Gas Lift			32109	\$14,000	33103	\$0	\$14,000
Wellhead Equipment Completions - Production Tree			32110	\$42,000	33104	\$0	\$42,000
Tanks / Tank Steps / Stairs			32111	\$0	33105	\$66,000	\$66,000
Gas Treating / Dehydration Equipment			32112	\$0	33106	\$0	\$0
Separation Equipment, Heater Treater			32113	\$0	33107	\$68,200	\$68,200
Surface Pumps			32114	\$0	33108	\$3,000	\$3,000
Filters			32115	\$0	33109	\$0	\$0
Buildings			32116	\$0	33110	\$0	\$0
Interconnect Piping / Manifolds / Headers			32117	\$0	33111	\$60,000	\$60,000
Flowlines / Connections / Valves			32118	\$0	33112	\$46,960	\$46,960
Automation / Instruments / Controls / Analyzers			32119	\$0	33113	\$16,000	\$16,000
Electrical Equipment / Generators			32120	\$0	33114	\$62,000	\$62,000
Compressor & Related Equipment			32121	\$0	33115	\$0	\$0
Metering Equipment, LACT Unit			32122	\$0	33116	\$104,000	\$104,000
Chemical Equipment / Cathodic Protection			32123	\$0	33117	\$0	\$0
Subsurface Equipment - Packer, Plugs, TAC			32124	\$11,000	33118	\$0	\$11,000
Safety / EH&S Equipment			32125	\$4,000	33119	\$36,000	\$40,000
NON-OP Drilling Intangible			32126	\$0	33120	\$0	\$0
Transfer/SWD Pumps & Equipment			32127	\$0	33121	\$19,060	\$19,060
Flare / Combustor			32128	\$0	33122	\$32,000	\$32,000
Miscellaneous	31108		32128	\$24,410	33123	\$0	\$24,410
Contingency Costs	31107	\$11,690	32130	\$31,031	33124	\$0	\$42,721
TOTAL TANGIBLE COSTS		\$246,490		\$676,066		\$603,220	\$1,424,776
TOTAL WELL COSTS		\$3,226,912		\$6,645,451		\$723,720	\$10,596,083

Prepared by: Travis Salinas
Title: 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.

other 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, LLC – Discussion Timeline

Wells

Alpha 183533 1H

Catena's conversations with Marathon began on December 6, 2019. From that time on, multiple emails, phone calls, proposals and letters were exchanged. The main contact at Marathon is Jeff Broussard and as of August 3, 2020, dealings with Marathon are ongoing.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A5

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

Hearing Date: August 06, 2020

Case No. 21353

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 NOS. 21353

AFFIDAVIT OF VINCE SMITH

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 matter and I have conducted a geologic study of the lands in the subject area.
4. Catena is initially targeting the 'A' interval of the Wolfcamp formation. **Exhibit B-1** is a subsea structure map that I prepared for this interval with 25-foot contours. The proposed horizontal well spacing unit is highlighted in red and the initial well is depicted with a dashed line. The structure map shows the Wolfcamp formation dipping gently to the south. The dark line between the notations "D" and "U" represents a deeper structure that caused the shallower formations to sit high. The notations "D" and "U" refer to "downthrown" and "upthrown" side of the deep structure faulting. The structure appears consistent across the proposed spacing unit and I do not observe any faulting, pinch outs, or other geologic impediments to drilling horizontal wells in this area.
5. **Exhibit B-1** also shows a cross-section line in red running north to south reflecting four wells penetrating the Wolfcamp formation that I used to construct a stratigraphic cross-section

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B

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

Hearing Date: August 06, 2020

Case No. 21353

from A to A'. These wells contain good logs and I consider them representative of the geology in the subject area.

6. **Exhibit B-2** is a stratigraphic cross-section that I prepared using the logs from the wells noted on Exhibit B-1. Each well in the cross-section contains the gamma ray in the first track, resistivity in the second track and porosity curves in the third track. The initial target interval is labeled and marked. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing unit.

7. Based on my geologic study, the Wolfcamp formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will be productive and contribute proportionately to the production from the well.

8. **Exhibit B-3** shows the orientation of the wells drilled in the Wolfcamp and Bone Spring formation in the surrounding area. 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.

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

10. **Exhibits B-1** through **B-3** were either prepared by me or compiled under my direction and supervision.

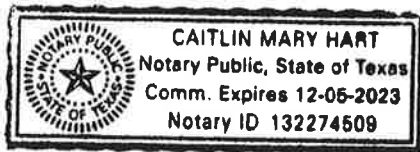
FURTHER AFFIANT SAYETH NOT



VINCE SMITH

STATE OF TEXAS)
)
COUNTY OF BEXAR)

SUBSCRIBED and SWORN to before me this 4 day of AUGUST 2020 by Vince Smith.



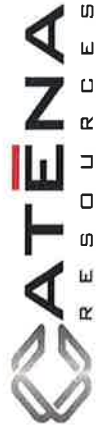
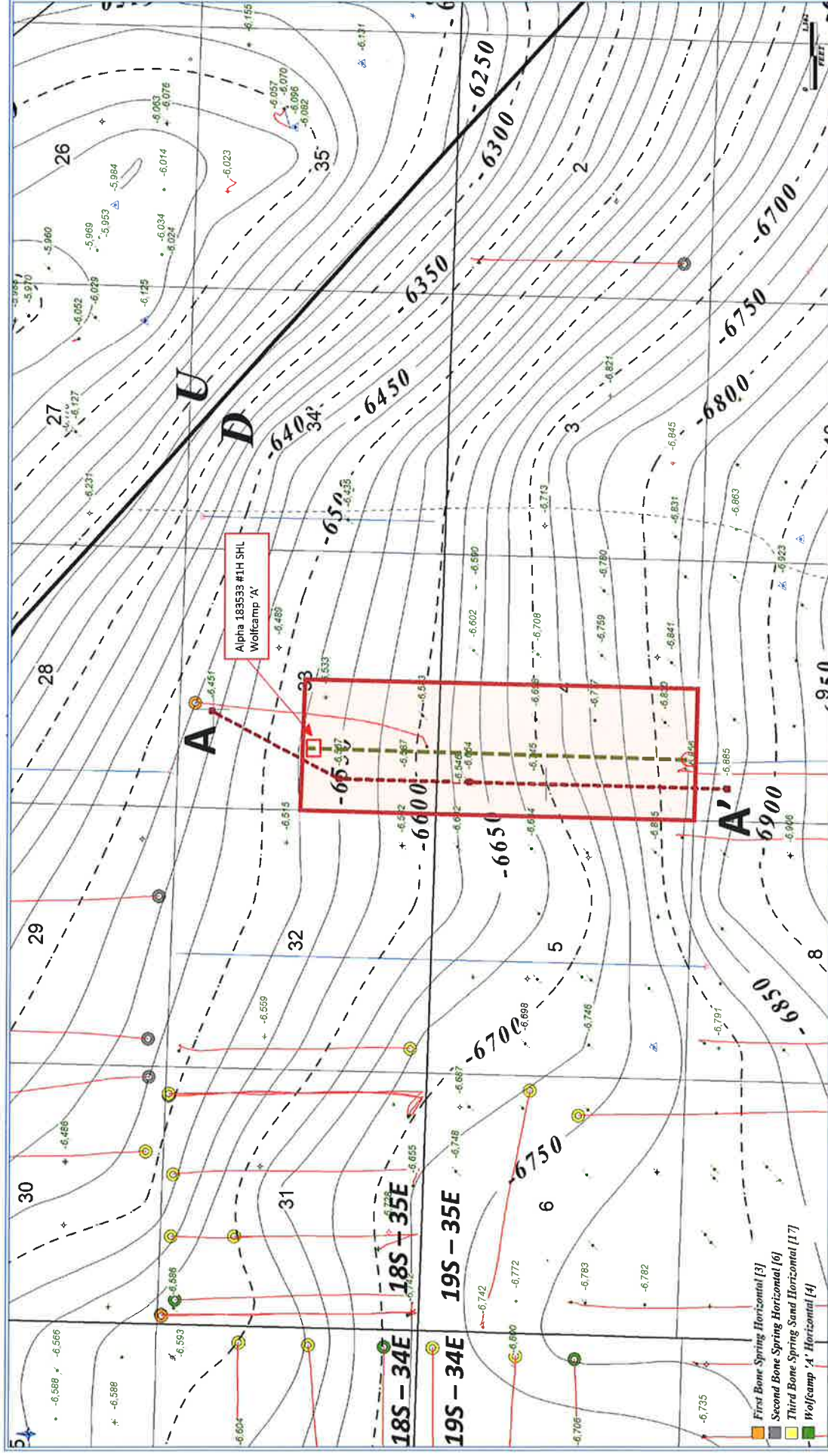
Caitlin Mary Hart
NOTARY PUBLIC

My Commission Expires:

12/05/2023

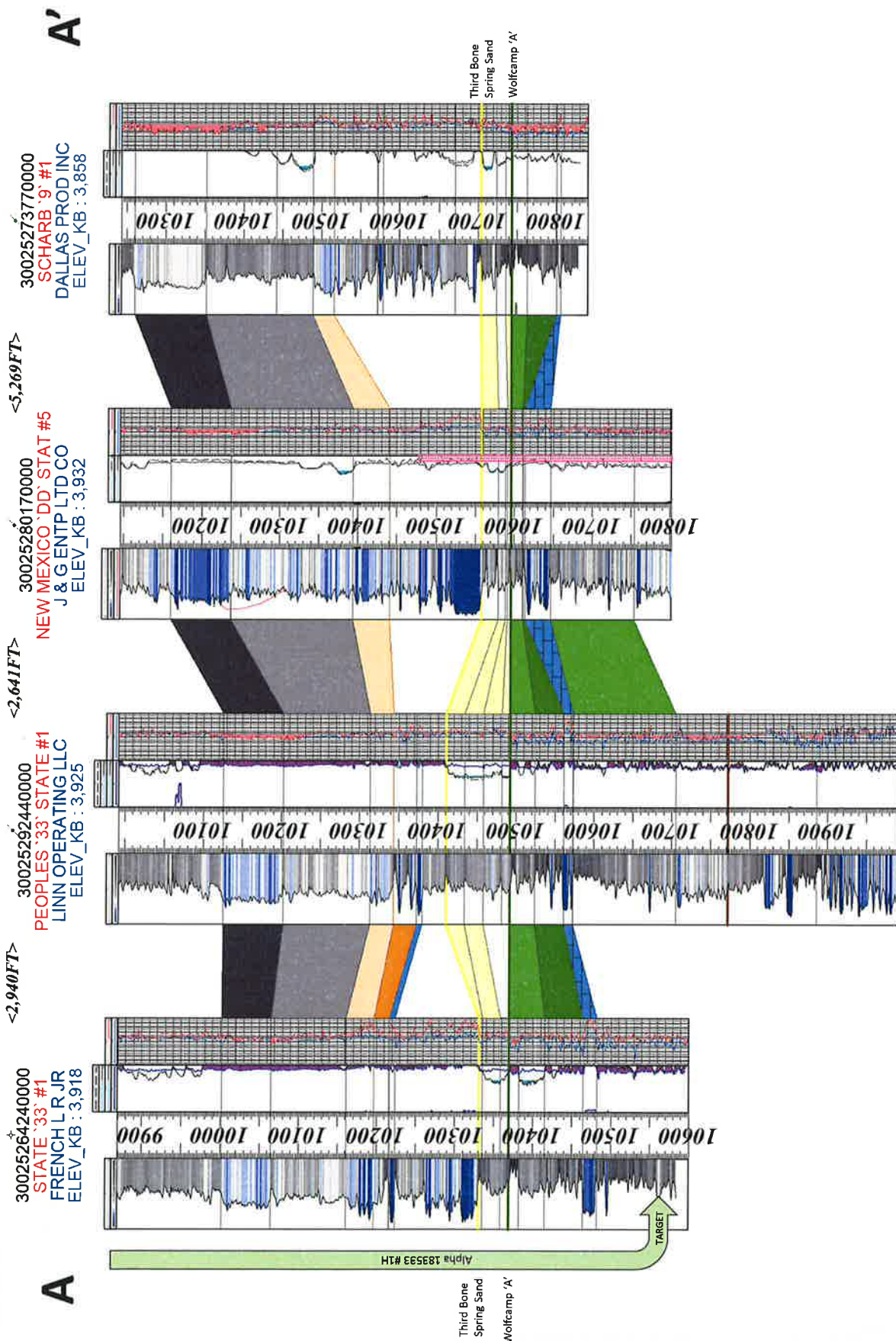
Wolfcamp 'A'

Subsea Structure

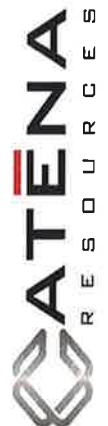


Contour Interval = 25'

Wolfcamp 'A' Datum Cross Section

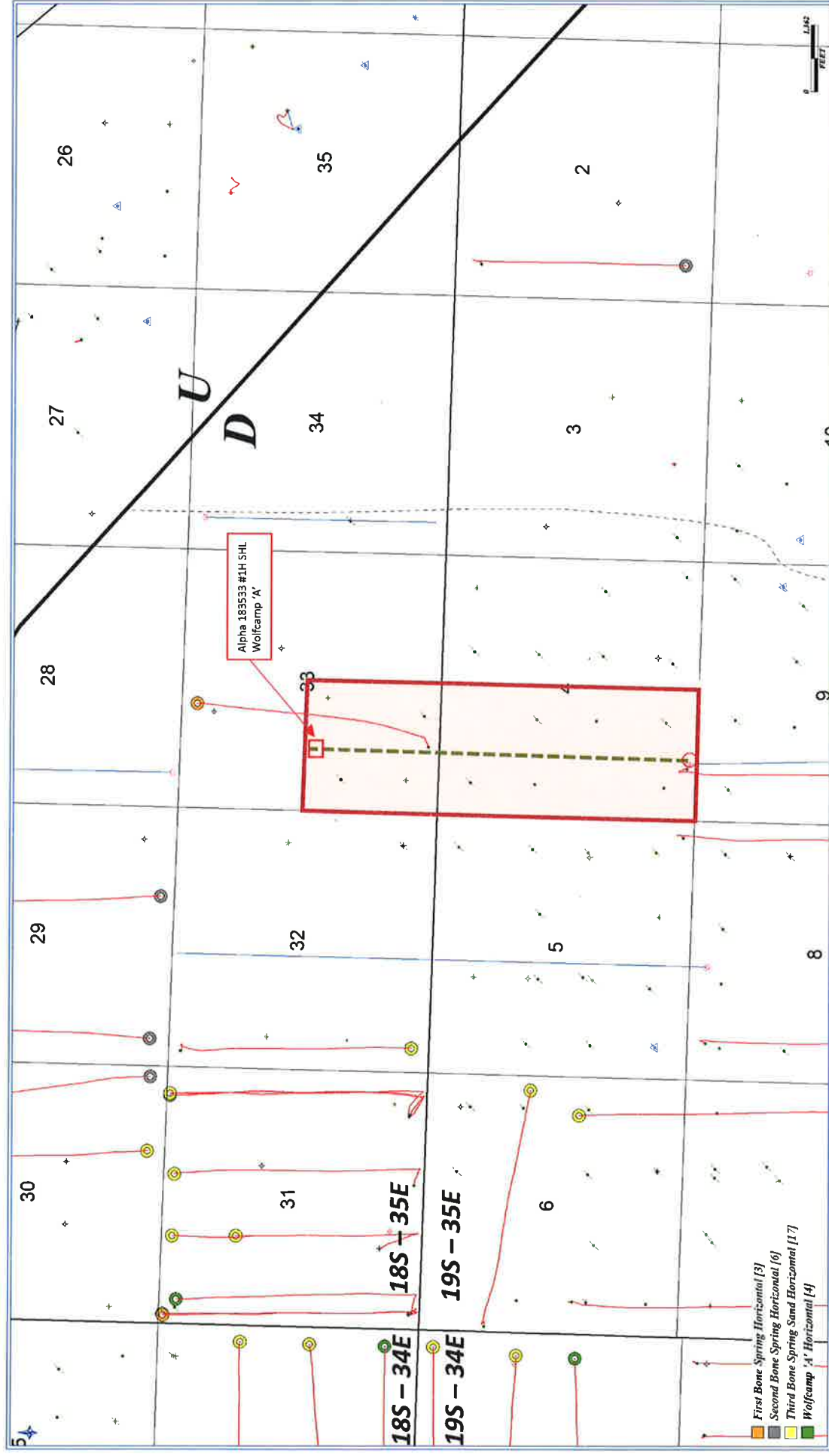


BEFORE THE OIL CONSERVATION DIVISION
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Submitted by: Catena Resources Operating, LLC
Hearing Date: August 06, 2020
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Alpha 183533 #1H

Locator Map



BEFORE THE OIL CONSERVATION DIVISION

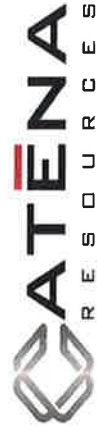
Santa Fe, New Mexico

Exhibit No. B3

Submitted by: Catena Resources Operating, LLC

Hearing Date: August 06, 2020

Case No. 21353





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

July 17, 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.
Alpha 183533 1H Well

Ladies & Gentlemen:

This letter is to advise you that COG Operating Inc. has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on August 6, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. 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 subsequently challenging this matter.

During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the Oil Conservation Division "OCD Hearings" website at <http://www.emnrd.state.nm.us/OCD/announcements.html>.

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,

A handwritten signature in blue ink, appearing to read "Michael H. Feldewert".

Michael H. Feldewert
ATTORNEY FOR CATENA RESOURCES OPERATING,
LLC

Case Nos. 21353-21354 Postal Delivery Report

9414811898765825959704	Marathon Oil Permian LLC	P.O. Box 2069	Houston	TX	77252	Your item was delivered at Jul 22 in HOUSTON, TX 77210.
9414811898765825959797	Loy G. Fletcher	P.O. Box 852	Artesia	NM	88211	Returned
9414811898765825959742	Exxon Corporation	5959 Las Colinas Blvd	Irving	TX	75039	In Transit, Arriving Late at Jul 26 in ,
9414811898765825959780	Linn Energy Holdings, LLC	600 Travis Street, Suite 5100	Houston	TX	77002	Your item was delivered at Jul 21 in HOUSTON, TX 77002.
9414811898765825959735	Maynard Oil Company	8080 N. Central Expressway, Suite 660	Dallas	TX	75206	Awaiting Delivery Scan at Jul 23 in ,

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).

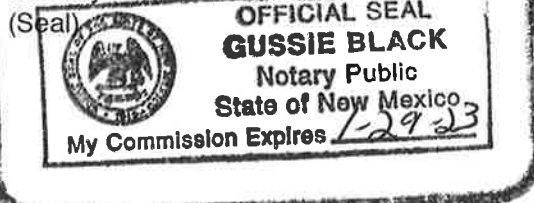
Beginning with the issue dated
July 21, 2020
and ending with the issue dated
July 21, 2020.


Publisher

Sworn and subscribed to before me this
21st day of July 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 NOTICE
July 21, 2020

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The remote electronic public hearing will be conducted remotely on the following case. The hearing will be conducted on **Thursday, August 6, 2020, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <http://www.emnrd.state.nm.us/OCD/hearings.html> or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us. Documents filed in the case may be viewed at <http://ocdimage.emnrd.state.nm.us/Imaging/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 a hearing, contact Marlene Salvidrez at Marlene.Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than **Monday, July 27, 2020.**

Persons may view and participate in the hearings through the following link and as indicated below:

Meeting number: 968 329 152
Password: YQe6KZBe3n6
<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mb3ddb90721ccc17207709b8c71dc2ac1>

Join by video system
Dial 968329152@nmemnrd.webex.com
You can also dial 173.243.2.68 and enter your meeting number.

Join by phone
+1-408-418-9388 United States Toll
Access code: 968 329 152

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.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All overriding royalty interest owners and pooled parties, including: Marathon Oil Permian LLC; Loy G. Fletcher, his heirs and devisees; Exxon Corporation; Linn Energy Holdings, LLC; Maynard Oil Company; and Paul Butts, Jr., his heirs and devisees.

Case No. 21353: 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 Wolfcamp formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 33, Township 18 South, Range 35 East, and the W/2 of Section 4, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is to be initially dedicated to the proposed **Alpha 183533 1H Well** to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 33 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 4. The completed interval for the proposed well will remain within 330 feet of the E/2 SW/4 of Section 33 and E/2 W/2 of Section 4 to include this offsetting acreage in a standard horizontal well spacing unit. 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 20 miles West of Hobbs, New Mexico.
#35660

67100754

00244550

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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. D

Submitted by: **Catena Resources Operating, LLC**
Hearing Date: August 06, 2020
Case No. 21353