

**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. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Catena Resources Operating, LLC (“Applicant”) applies for an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a 640-acre, more or less, standard horizontal spacing unit (“Unit”) comprised of the E/2 of Section 5, Township 19 South, Range 35 East and the E/2 of Section 32, Township 18 South, Range 35 East, Lea County, New Mexico. In support of its application, Applicant states:

1. Applicant (OGRID No. 328449) is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the **Foxtail E2 05 32 B1 State Com 1H** well (“Well”), which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 8 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 32.
3. The completed interval of the Well will be within 330’ of the quarter-quarter section line separating the E/2 E/2 and the W/2 E/2 of Sections 5 and 32 to allow for the creation of a standard 640-acre horizontal spacing unit.
4. The completed interval of the Well will be orthodox.
5. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all of the mineral interest owners.
6. The pooling of uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Applicant should be designated the operator of the Well and Unit.

WHEREFORE, Applicant requests this application be set for hearing on April 7, 2022 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- E. 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
- F. Imposing a 200% penalty 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,

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