

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

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

CASE NOS. 21354, 21356

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

PRE-HEARING PROCEEDINGS

THURSDAY, SEPTEMBER 24, 2020

This matter came on for hearing before the
New Mexico Oil Conservation Division, Felicia Orth,
Hearing Examiner, Kathleen Murphy and Scott Cox,
Technical Examiners, via the Cisco Webex Video
Conferencing Platform

Reported by: Mary T. Macfarlane, CCR
PAUL BACA PROFESSIONAL COURT REPORTERS
500 4TH STREET NW, SUITE 105
Albuquerque, NM 87102
(505) 843-9241

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

For CATENA RESOURCES OPERATING, LLC:

Kaitlyn luck, Esq.
Holland & Hart
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 954-7286
kaluck@hollandhart.com

FOR MARATHON OIL PERMIAN:

Deana Bennett, Esq.
Modrall, Sperling
500 4th Street NW, Suite 1000
Albuquerque, NM 87102
(505) 848-1834
deana.bennett@modrall.com

C O N T E N T S

CASE NO. 21354	PAGE
CASE CALLED:	4
PRESENTATION BY MS. LUCK:	6
ROBERT SWANN (Landman)	6
VINCE SMITH (Geologist)	7
INQUIRY BY TECHNICAL EXAMINER MURPHY:	7
TAKEN UNDER ADVISEMENT:	8

E X H I B I T I N D E X

CASE NO. 21354	PAGE
A Affidavit of Robert Swann (Landman) (With attached Exhibits A-1 through A-6)	8
B Affidavit of Vince Smith (Geologist) (With attached Exhibits B-1, B-2)	8
C Notice Affidavit	8

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C O N T E N T S

CASE NO. 21356	PAGE
CASE CALLED:	8
ROBERT SWANN (Landman)	9
VINCE SMITH (Geologist)	9
INQUIRY BY TECHNICAL EXAMINER MURPHY:	
TAKEN UNDER ADVISEMENT:	11

I N D E X O f E X H I B I T S

CASE NO. 21356	ADMITTED
A Affidavit of Robert Swann (Landman) (With attached Exhibits A-1 through A-6)	11
B Affidavit of Vince Smith (Geologist) (With attached Exhibits B-1, B-2)	11
C Notice Affidavit	11

1 (Time noted 8:35 a.m.)

2 HEARING EXAMINER ORTH: Let me move then to
3 matters 21354 and 21356. The Applicant is Catena
4 Resources in each case. They are Compulsory Pooling
5 Applications. 21354 relates to a well named Alpha 1835;
6 21356 relates to a well named Ball 1835.

7 Who here is from Holland & Hart on behalf
8 of the Applicant?

9 MS. LUCK: Madam Examiner, Kaitlyn Luck with the
10 Santa Fe office of Holland & Hart on behalf of the
11 Applicant in these two cases, Catena Resources Operating,
12 LLC.

13 HEARING EXAMINER ORTH: Thank you.

14 I see that Marathon Oil has entered an
15 appearance. Who here is from Modrall Sperling on behalf
16 of Marathon?

17 MS. BENNETT: Good morning, Madam Examiner.
18 This is Deana Bennett on behalf of Marathon Oil Permian,
19 LLC, in these two Catena matters.

20 HEARING EXAMINER ORTH: All right. Thank you.
21 Let me pause a moment to see if there are any other
22 appearances. No?

23 Will this matter be presented by affidavit?
24 What are we doing this morning?

25 MS. LUCK: Yes. Catena intends to present both

1 of these cases by affidavit, and I would like to just note
2 that they involve different acreages, so I would like to
3 present them separately just for that reason.

4 But it's our understanding that Marathon
5 doesn't object to the presentation of the cases by
6 affidavit.

7 HEARING EXAMINER ORTH: Ms. Bennett?

8 MS. BENNETT: Madam Examiner, that's accurate.
9 Marathon does not object to the presentation of these two
10 cases by affidavit, but Marathon is entering its
11 appearance to preserve its right to apply for a de novo
12 overview if necessary. In both cases.

13 HEARING EXAMINER ORTH: Thank you, Ms. Bennett.

14 If you would then, please, Ms. Luck. And I
15 called them together because they seemed related when I
16 looked at the documents, but please, I did notice
17 obviously the wells were different. So please proceed
18 with your presentations.

19 MS. LUCK: Thank you. In case 21354 Catena
20 Resources seeks approval of a standard horizontal spacing
21 unit and pooling of the southwest quarter of Section 33 in
22 Township 18 South, Range 35 East, and the west half of
23 Section 4 in Township 19 South, Range 35 East, in Lea
24 County, New Mexico.

25 This spacing unit will be approximately 480

1 acres in the Bone Spring Formation. The pool code and
2 pool name is Scharb Bone Spring 55610, and spacing will be
3 dedicated to a single well, the Alpha 183533 2H well,
4 which will also be a proximity tract well pooling in the
5 east half of the southwest corner of Section 33 and the
6 east half of the west half of Section 4.

7 On Tuesday, Catena filed its packet of
8 exhibits, which included the Compulsory Pooling
9 Application Checklist in the filed application for this
10 case.

11 With that packet of exhibits is Catena
12 Exhibit A, which is the affidavit of Robert Swann, the
13 landman for Catena. He has previously testified before
14 the Division and he provides the standard exhibits for the
15 spacing unit. His affidavit also reflects that this
16 spacing unit includes an overlapping spacing unit and so
17 Notice was provided to the interest owners in the
18 overlapping spacing unit, and Catena did not receive any
19 objections to that Overlapping Spacing Unit Letter.

20 Exhibit B is the affidavit of Vince Smith,
21 who is the geologist geologist for this project. He
22 includes the standard geology exhibits which reflect that
23 the development of this horizontal well in the Bone Spring
24 formation is in the interests of conservation, the
25 prevention of waste and the protection of correlative

1 rights.

2 Then finally as Catena Exhibits C and D
3 Catena provides proof that Notice of this hearing was
4 perfected on all parties to be pooled in this case, and
5 also that Notice of the hearing was published, and
6 directed by name to the interest owners to be pooled, in
7 the newspaper in the county where the wells are located.

8 With that I would move the admission of
9 Catena Exhibits A through D and request that this case
10 being taken under advisement, unless there are any
11 questions.

12 HEARING EXAMINER ORTH: All right. Thank you.

13 Ms. Bennett, do you have questions?

14 MS. BENNETT: Thank you, Madam Examiner. I do
15 not.

16 HEARING EXAMINER ORTH: All right. Thank you.

17 Ms. Murphy, do you have questions?

18 TECHNICAL EXAMINER MURPHY: Just a quick
19 question. On page 13 you have the recapitulation table.
20 And there's eight tracts in the spacing unit?

21 MS. LUCK: That's correct.

22 TECHNICAL EXAMINER MURPHY: I'm sorry, what?

23 MS. LUCK: Sorry. That's correct. There are
24 eight tracts.

25 TECHNICAL EXAMINER MURPHY: So you're seeking to

1 pull Marathon, Maynard Oil and Linn Energy?

2 MS. LUCK: That is correct.

3 TECHNICAL EXAMINER MURPHY: And they're using
4 proximity tract.

5 MS. LUCK: Yes. So the Alpha 2H well is located
6 within 330 feet of the, uh -- what we know as the
7 affidavit that it's the east half of the southwest corner
8 of Section 33 and the east half of the west half of
9 Section 4.

10 TECHNICAL EXAMINER MURPHY: Okay. All right. I
11 have no more questions. Thank you.

12 MS. LUCK: Thank you.

13 HEARING EXAMINER ORTH: Thank you. Ms. Luck,
14 your exhibits are admitted and the matter will be taken
15 under advisement, if you would like to move to the next
16 matter.

17 MS. LUCK: Thank you, Madam Examiner.

18 In this case, Case No. 21356 Catena
19 Resources Operating seeks approval of compulsory pooling
20 in a horizontal spacing unit in the Bone Spring Formation,
21 comprising 640 acres in the east half of Sections 20
22 and 29, Township 18 South, Range 35 East in Lea County,
23 New Mexico.

24 This well -- sorry. The spacing unit will
25 be dedicated to the Ball 183529 2H well. And again in

1 this case the Ball 2H well is a proximity tract well which
2 will be pooling in the west half of the east half of
3 Sections 20 and 29. The well will be located in the
4 Scharb Bone Spring pool, Pool Code 55610.

5 On Tuesday Catena filed its exhibits for
6 this case, including the Compulsory Pooling Application
7 Checklist and the filed copy of the Application. Together
8 with those documents are Catena Exhibits A through C,
9 which Catena Exhibit A is the affidavit of Robert Swann.
10 Again his affidavit includes the standard land exhibits,
11 which also include records that Catena provided Notice of
12 the overlapping spacing unit in this case to the affected
13 parties in the existing spacing unit.

14 I also want to note that on -- sorry,
15 yesterday, September 23rd, Catena filed an Amended Exhibit
16 A-3, and that just reflects the parties that Catena seeks
17 to pool in this case and each of the interest owners in
18 the four tracts. So in this case Catena is only seeking
19 to pool Marathon Oil, as reflected on that amended
20 exhibit.

21 Next, Catena B is the affidavit of Vince
22 Smith, who is the geologist for this project, and he
23 provides the standard geology exhibits which reflect that
24 the development of this well inn the bone spring formation
25 is in the interest of conservation, the prevention of

1 waste and the protection of correlative rights.

2 And then finally Catena Exhibit C reflects
3 that Notice of this hearing was provided to the parties to
4 be pooled and Notice was perfected.

5 So with that, I would move the admission of
6 Catena Exhibits A through C and request this case be taken
7 under advisement.

8 HEARING EXAMINER ORTH: Thank you, Ms. Luck.

9 Ms. Bennett, do you have questions?

10 MS. BENNETT: No questions. Thank you.

11 HEARING EXAMINER ORTH: Thank you.

12 Ms. Murphy, do you have questions?

13 TECHNICAL EXAMINER MURPHY: Just a quick
14 question. It says just, is it three tracts, and you're
15 only seeking to pool Marathon on that third tract.

16 MS. LUCK: I just want to clarify. We filed an
17 amended Exhibit A-3. It reflects there are four tracts
18 and we're seeking to pool only Marathon on that tract, and
19 they are in both tracts 2 and 3.

20 TECHNICAL EXAMINER MURPHY: And so is the --
21 does the exhibit say it's an amended exhibit?

22 MS. LUCK: Yes. And I submitted it to the
23 Division yesterday. But I can reforward that email, if
24 you would like. We noticed that there was an error on
25 that exhibit so we submitted an amended exhibit.

1 TECHNICAL EXAMINER MURPHY: Okay. I might not
2 have gotten it yet, so send that again and I'll make sure.

3 MS. LUCK: Okay. I will do that.

4 TECHNICAL EXAMINER MURPHY: You pool the wells
5 go straight across a fault. That's kind of neat to see on
6 page 12.

7 I have no more questions. Thanks.

8 HEARING EXAMINER ORTH: All right. Thank you,
9 Ms. Murphy.

10 If there are no other questions, Ms. Luck
11 your exhibits are admitted and the matters will be taken
12 under advisement.

13 MS. LUCK: Thank you

14 (Time noted 8:41 a.m.)

15

16

17

18

19

20

21

22

23

24

25

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

4
5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, September
8 24, 2020, the proceedings in the above-captioned matter
9 were taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 foregoing pages are a true and correct transcription to
12 the best of my ability and control.

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

18 /s/ Mary Macfarlane
19 _____

20 MARY THERESE MACFARLANE, CCR
21 NM Certified Court Reporter No. 122
License Expires: 12/31/2020

22
23
24
25