

STATE OF NEW MEXICO.

ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

Application of CATENA RESOURCES  
OPERATING, LLC, for Compulsory  
Pooling, Lea County, New Mexico

Case No.22630

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, APRIL 7, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiners, John Garcia and Philip Goetze, Technical Examiners, on Thursday, April 7, 2022, via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department.

Reported by: Mary Therese Macfarlane  
New Mexico CCR #122  
PAUL BACA COURT REPORTERS  
500 Fourth Street NW, Suite 105  
Albuquerque, New Mexico 87102  
(505) 843-9241

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A P P E A R A N C E S

FOR CATENA RESOURCES OPERATING, LLC:

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1 (Time noted 11:04 a.m.)

2 EXAMINER BRANCARD: All right. Let's move on  
3 then to Cases -- sorry, Case 22630, Catena Resources.

4 MS. HARDY: Dana Hardy, of Hinkle Shanor on  
5 behalf of Catena Resources Operating, LLC.

6 EXAMINER BRANCARD: Any other interested persons  
7 for Case 22630? (Note: Pause.) Hearing none, Ms. Hardy  
8 you may proceed.

9 MS. HARDY Thank you.

10 Catena seeks an order pooling all  
11 uncommitted mineral interests underlying a 640-acre  
12 standard horizontal spacing unit comprised of half of  
13 Sections 5 and 32, and seeks to dedicate the unit to its  
14 Foxtail E-2 05 32 W1 State Com 1H well. This is a  
15 proximity tract spacing unit.

16 We've provided with our exhibits the  
17 Compulsory Pooling Checklist and the Affidavit of Landman  
18 Cato Clark and the affidavit of geologist Evin Kochelek.

19 Mr. Clark's exhibits include the standard  
20 land exhibits. His Plat of Tracts and Ownership  
21 Information is provided in Exhibit A-3, and that exhibit  
22 also identifies the pooled parties.

23 The Notice information, like the prior  
24 case, is presented in Exhibit A-6, and we have the chart  
25 there of the Notices that were sent and the dates that we

1 received the green cards, and our letter dated March 9,  
2 2022, sending out the Notices.

3           And on the green card receipts we received  
4 Notice from all -- we received receipts from all the  
5 parties, other than two of them. We received one of those  
6 back as undeliverable and the other we did not receive the  
7 white card, but we did timely publish notice. And I could  
8 provide an affidavit on the Notice, as we discussed in the  
9 prior case, if that would be helpful, because here we had  
10 talked about it in the landman's affidavit.

11           And on the geology exhibits, Mr. Kochelek  
12 has not previously testified. His credentials are  
13 included in his resume which is provided as Exhibit B-1.  
14 He has also provided a location map, A Cross-Section  
15 Structure Map, and a Stratigraphic Cross-Section, along  
16 with a Gross Isopach Map.

17           So with that, unless there are questions, I  
18 would ask that the exhibits be accepted into the record  
19 and that the case be taken under advisement.

20           EXAMINER BRANCARD: Mr. Garcia, questions?

21           EXAMINER GARCIA: I have no questions.

22           EXAMINER BRANCARD: Ms. Hardy, let's see.

23           Mr. Garcia, I don't have -- The C-102 is  
24 not signed. Is that okay or not okay?

25           EXAMINER GARCIA: So we can ask that it be

1 signed. I was looking at the C-102 because I think it's  
2 interesting it qualified for proximity by one foot across  
3 the entire lateral, so they are really pushing that  
4 proximity tract. But we can ask for a signed one, I guess  
5 is the easy answer.

6 EXAMINER BRANCARD: Okay. I'm noticing, Ms.  
7 Hardy, on your Exhibit A-3, which lists the parties to be  
8 pooled --

9 MS. HARDY: Yes.

10 EXAMINER BRANCARD: -- you're listing Catena as  
11 a party to be pooled.

12 MS. HARDY: Well, they are not being pooled,  
13 so -- I think that the "Parties to be pooled" should have  
14 been under Catena instead of on top.

15 EXAMINER BRANCARD: Would it be possible to get  
16 a revised C-102 that's signed?

17 MS. HARDY: I can certainly ask Catena about  
18 that, and I expect we can provide that.

19 EXAMINER GARCIA: Can I ask a general question,  
20 Mr. Brancard, to I guess kind of to Ms. Hardy but to all  
21 counsel?

22 EXAMINER BRANCARD: Sure.

23 EXAMINER GARCIA: Is there a reason that the  
24 letters to the people, the interest owners, it seems the  
25 supervision rates used to be in them frequently, and it

1 seems they are starting to fall out of those letters. Is  
2 there a real reason behind that or is it just -- I guess I  
3 get confused. It seems simple to add that. Why is it not  
4 in there? Because I believe the checklist even asks is it  
5 in there, and people have been starting to select "No"  
6 more often.

7 MS. HARDY Mr. Garcia, are you referring to the  
8 Well Proposal Letters?

9 EXAMINER GARCIA: Yeah. You know the --

10 MS. HARDY: Yeah.

11 EXAMINER GARCIA: -- reference to Drilling  
12 Supervision, 8,000 a month, Production 800 a month, or  
13 whatever the rate was. But in general counsel has been --  
14 in the applications have been leaving them out. And these  
15 are the letters that go to the interest owners, which  
16 these rates will -- you know, may have (inaudible) on  
17 their decision. They are in the affidavit and they are in  
18 the checklist, but I'm not sure they always see those.

19 MS. HARDY: Mr. Garcia, I think it varies among  
20 operators whether they include those in the Well Proposal  
21 Letters. I think some do and some don't. I see it both  
22 ways.

23 EXAMINER GARCIA: So is it typically the landman  
24 that has been deciding that?

25 MS. HARDY: I think the landmen send out the

1 Well Proposal Letters, yes.

2 EXAMINER GARCIA: I just would be interested in  
3 why they have been left out more often. I guess, I would  
4 recommend if it wasn't, it would be nice.

5 MS. HARDY: Okay. Thank you. I'll mention  
6 that.

7 EXAMINER BRANCARD: All right. So if we could  
8 get an updated Exhibit A-3, just clarifies who is being  
9 actually pooled here;

10 And then if we can get a signed C-102,  
11 because we really need somebody's name on that putting the  
12 well one foot inside the proximity zone. You're right,  
13 Mr. Garcia, that is impressive.

14 EXAMINER GARCIA: That's also assuming these are  
15 perfect 1320 tracts.

16 EXAMINER BRANCARD: Right. Right. Yeah, they  
17 are 329 feet off the line there.

18 Okay. Was there anything else we needed,  
19 then? Ms. Hardy, you were going to provide an affidavit,  
20 then? Notice.

21 MS. HARDY: I will do that in short order, Mr.  
22 Examiner.

23 EXAMINER BRANCARD: Okay. So with that, are  
24 there any other comments on Case 22630? (Note: Pause.)  
25 Hearing none, the exhibits will be admitted into the

1 record and Case 22630 will be taken under advisement,  
2 under the assumption that we are going to get a Notice  
3 Affidavit, a revised Exhibit A-3, and a revised C-102.

4 MS. HARDY: Thank you.

5 EXAMINER BRANCARD: Thank you.

6 (Time noted 11:12 a.m.)

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REPORTER'S CERTIFICATE

I, MARY THERESE MACFARLANE, New Mexico Reporter  
CCR No. 122, DO HEREBY CERTIFY that on Thursday, April 7,  
2022, the proceedings in the above-captioned matter were  
taken before me; that I did report in stenographic  
shorthand the proceedings set forth herein, and the  
foregoing pages are a true and correct transcription to  
the best of my ability and control.

I FURTHER CERTIFY that I am neither employed by  
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rules) any of the parties or attorneys in this case, and  
that I have no interest whatsoever in the final  
disposition of this case in any court.

/S/CCR/Mary Therese Macfarlane  
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