

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
and to amend Order R-21492, Lea County,
New Mexico

Case Nos. 22717
22718

TRANSCRIPT OF PROCEEDINGS

May 5th, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq., Hearing Examiner, Dean McClure, Technical Examiner, on May 5th, 2022 via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department

REPORTED BY: SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC
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A P P E A R A N C E S

For Catena Resources Operating, LLC:

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BY: DANA S. HARDY

For COG Operating, LLC:

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BY: ELIZABETH A. RYAN

I N D E X

| | |
|------------------------------|-------|
| Cases called | 3:1 |
| Summary of case and exhibits | 3:21 |
| Taken under advisement | 10:12 |
| Court Reporter's Certificate | 11:1 |

1 (Time noted at 9:25 a.m.)

2 EXAMINER BRANCARD: With that, I call Case 22717,
3 Catena Resources Operating.

4 MS. HARDY: Mr. Examiner, Dana Hardy again on
5 behalf of Catena Resources Operating.

6 EXAMINER BRANCARD: COG Operating?

7 MS. RYAN: Yes. We are -- let's see, it is COG
8 Operating only, and this -- and Beth Ryan again. Thank you.

9 EXAMINER BRANCARD: Thank you. So, Ms. Hardy, is
10 this case separate from the one that's coming after it?

11 MS. HARDY: Mr. Examiner, I think I would like to
12 present them together because I think that will allow me to
13 explain better what is going on with these applications.

14 EXAMINER BRANCARD: Good. We like to know what's
15 going on.

16 Ms. Ryan, any objections?

17 MS. RYAN: No, sir.

18 EXAMINER BRANCARD: Are there any other interested
19 persons then for Cases 22717, 22718?

20 Hearing none, Ms. Hardy, may please proceed.

21 MS. HARDY: Thank you. The Division previously
22 entered Order Number R-21492 in Case 21459, and that order
23 pooled uncommitted interest in the Wolfcamp formation
24 underlying a 640-acre standard horizontal spacing unit
25 comprised of the E/2 of Sections 6 and 7, Township 19 South,

1 Range 35 East in Lea County. That order dedicated the unit
2 to the Mariner 193507 1H well, which was a proximity tract
3 well. Since that order was issued, Catena has revised its
4 development plans.

5 In Case 22718, Catena seeks to amend the order so that
6 the unit consists of a 320-acre standard horizontal spacing
7 unit comprised of the W/2 of the E/2 of Sections 6 and 7,
8 Township 19 South, Range 35 East, and proposes to dedicate
9 the unit to the Mariner W2E2 06 07 W1 State Com 1H well.
10 And so in that case, Catena requests that the Division issue
11 an order reducing the size of the approved spacing unit from
12 640 acres to 320 acres, amending the location of the initial
13 well approved by the order, and pooling additional interest
14 owners under that order.

15 And then in Case 22717, Catena seeks an order pooling
16 interest in the Wolfcamp formation underlying a 320-acre
17 unit comprised of the E/2 of the W/2 of Sections 6 and 7,
18 Township 19 South, Range 35 East, and the unit will be
19 dedicated to the Mariner E2W2 06 07 W1 State Com 1H well.

20 Our exhibits in each case include the affidavit of
21 landman Cato Clark and geologist Catherine Henry.
22 Mr. Clark's exhibits include the standard land materials;
23 the land ownership information is provided in Exhibit A3,
24 which also identifies the pooled parties. Ms. Henry's
25 exhibits include a project location map, structure map,

1 cross-section and gross isopach map. Exhibit C is my notice
2 affidavit, which includes the hearing notice letter, chart
3 summarizing the notice information, the return receipts, and
4 the affidavits of publication.

5 With that, unless there are questions, I request that
6 the exhibits be admitted into the record and that the cases
7 be taken under advisement.

8 EXAMINER BRANCARD: Thank you.

9 Ms. Ryan, questions?

10 MS. RYAN: No questions. Thank you.

11 EXAMINER BRANCARD: Mr. McClure, questions?

12 TECHNICAL EXAMINER McCLURE: Mr. Brancard, I don't
13 have any questions here either. Thank you.

14 EXAMINER BRANCARD: You're welcome. All right.

15 So you had the E/2 under one order, you're now carving that
16 in half, but then you're going to do the W/2 -- the E/2 of
17 the W/2 -- actually, that way, in another order. So the E/2
18 of the E/2 gets dropped completely; is that correct?

19 MS. HARDY: So we have the E/2 W/2, and then we
20 also have -- I believe that's correct, Mr. Examiner.

21 EXAMINER BRANCARD: Okay. So my big question on
22 your amendment is, in notifying people, are the interests in
23 the entire E/2 the same so that you notified everybody who's
24 in the E/2?

25 MS. HARDY: So I believe we did. Yes.

1 section, Sections 6 and 7?

2 THE WITNESS: Yeah, they were given notice
3 previously.

4 EXAMINER BRANCARD: I mean, for this amendment.

5 THE WITNESS: For this amendment, no, we did not
6 notify the people that -- I think there's one or two parties
7 that are probably in the E/2 E/2. They were not a party to
8 the original pooling, no. They were inadvertently left off
9 the original pooling, so they're not parties that were ever
10 pooled.

11 EXAMINER BRANCARD: I'm not sure what that means.
12 They were --

13 THE WITNESS: When we -- when the previous
14 management team did the pooling for the E/2, there were some
15 parties in the E/2 E/2 that their title -- they were not
16 aware they had an ownership, so they were not named or
17 noticed in the original pooling for the E/2, so --

18 EXAMINER BRANCARD: Okay. So they were not
19 pooled. Okay. I understand.

20 THE WITNESS: They were not pooled. So everyone
21 that was pooled in the original pooling was noticed --

22 EXAMINER BRANCARD: Okay.

23 THE WITNESS: -- of the amendment of pooling.

24 EXAMINER BRANCARD: All right. Thank you. I
25 appreciate that. I wanted to make sure that if somebody was

1 no longer part of a unit, they understood they were no
2 longer part of a unit.

3 THE WITNESS: Yes, sir. From the original
4 pooling, that's correct.

5 EXAMINER BRANCARD: Right. All right. Thank you.

6 And so, Ms. Hardy, it's -- your notice said that this
7 is additional interest owners under 22718, but I'm only
8 seeing two interest owners. Who's additional?

9 THE WITNESS: Mr. Examiner, XTO was not named in
10 the original pooling. They were one of the ones that were
11 subsequently identified as having an ownership.

12 EXAMINER BRANCARD: Okay. Excellent. Thank you.

13 THE WITNESS: You're welcome.

14 EXAMINER BRANCARD: All right. Are there any
15 other interested persons, then, for Cases 22717 or 22718?

16 TECHNICAL EXAMINER McCLURE: Mr. Brancard, if I
17 may, I guess I was misreading the checklist on the 22717.
18 For some reason, I was reading them both as being in the
19 E/2. I guess my question for Ms. Hardy would be, I guess,
20 how are these two related, then, just because of the family
21 name or the well name? Because the W/2 of the E/2 was -- or
22 excuse me; the E/2 of the W/2 was never part of the original
23 order, correct?

24 MS. HARDY: That's correct.

25 TECHNICAL EXAMINER McCLURE: Like Mr. Brancard

1 said, he was dropped off the E/2 of the E/2.

2 MS. HARDY: Right, so that's why we have two
3 applications, Mr. Examiner. One is to pool what was not
4 pooled originally, and the other one was to decrease the
5 size of the E/2 spacing unit.

6 TECHNICAL EXAMINER McCLURE: Exactly.

7 MS. HARDY: That's right.

8 TECHNICAL EXAMINER McCLURE: I guess what my
9 question was, was you mentioned that the two cases, I guess,
10 are related. I guess I wasn't -- originally I thought that
11 we were cutting the original case into two different cases,
12 I guess, so that's not the case, then.

13 MS. HARDY: That's correct, right, it's the same
14 well family and --

15 TECHNICAL EXAMINER McCLURE: I gotcha.

16 MS. HARDY: -- less in acreage.

17 TECHNICAL EXAMINER McCLURE: So then essentially,
18 originally, there was going to be a well in the E/2 of the
19 E/2, and now there's no longer going to be a well drilled.
20 Is that kind of the crux of what we're getting at here?

21 MS. HARDY: The original well in the E/2 was a
22 proximity tract well, so it was incorporating -- you know,
23 it was on the quarter-quarter, near the quarter-quarter
24 line, so it incorporated the entire E/2, and they have moved
25 the well to the --

1 TECHNICAL EXAMINER McCLURE: West too far.

2 MS. HARDY: To the west.

3 TECHNICAL EXAMINER McCLURE: I gotcha. So now
4 they can no longer bring in -- okay. I'm understanding
5 completely now. Thank you.

6 I have no other questions. Mr. Brancard, you were
7 muted if you were talking.

8 EXAMINER BRANCARD: I was, to myself. Are there
9 any other interested persons in Cases 22717, 22718?

10 And, Ms. Ryan, COG is okay with all this?

11 MS. RYAN: We are.

12 EXAMINER BRANCARD: Thank you. With that, the
13 exhibits in each of these cases, 22717 and 22718, will be
14 admitted, and the cases will be taken under advisement.
15 We've heard them together, but I think we'll need to issue
16 separate orders, I think that's correct.

17 MS. HARDY: I think that's correct. Thank you,
18 Mr. Examiner.

19 (Proceedings concluded at 9:38 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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REPORTER'S CERTIFICATE

I, SHANON R. MYERS, New Mexico Certified Court Reporter, CCR #275, do hereby certify that I reported the foregoing virtual proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings to the best of my ability.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this case.

I FURTHER CERTIFY that the virtual proceeding was of extremely poor to good quality.

Dated this 2nd day of June 2022.

/s/ Shanon R. Myers

SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC
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