

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

**IN THE MATTER OF CATAMOUNT ENERGY PARTNERS (CEP) APPLICATION FOR  
APPROVAL OF COMPULSORY POOLING, SAN JUAN AND RIO ARRIBA COUNTIES,  
NEW MEXICO**

**CASE 22973 NAVAJO LAKE 32-6-11 No. 1 Well**

**QUINTANA TRACT OWNER (PARCEL No. 89) NOTICE OF INTENT TO PROVIDE OWNER  
INPUT INTO FINAL COMPULSORY POOLING AGREEMENT TERMS**

**Time requirement – less than 10 minutes**

**I. INTRODUCTION**

Owners of Quintana Tract (OWNERS) gives notice that their representative, Miguel R Sanchez, will provide OWNERS feedback at the hearing in this matter scheduled for August 4, 2022 before the New Mexico Oil Conservation Division to ensure fair and equitable terms are provided if the Compulsory pooling application is approved by NM OCD.

The Quintana Tract is located within the Applicants Compulsory Pooling area application, and is 4.68 acres more or less, located at Township 32N, Range 6W, NMPM, Section 12 in the SESENW quadrant, as detailed as Parcel No. 89 in the Order Confirming Title from the US District Court of New Mexico for the District of New Mexico, Civil Action No. 4204, Dated November 24, 1961, recorded December 13, 1961 at Reception No. 47431 and a Declaration of Taking Dated October 17, 1961, issued by the Court in Civil Action No. 4204.

The OWNERS of record are Cleofas Sanchez and Ursula Gallegos, as heirs of Natividad Chavez, sole heir of the Quintana Tract aforementioned.

**II. DISCUSSION**

OWNERS have engaged with CEP's representative previously have been unable to reach a voluntary agreement primarily because the CEP's penalty terms (300%) were not competitive with the State statutory requirements for a maximum penalty of 200%.

Additionally, the lease arrangement offered by CEP(1/8 royalty, 3 year term, limited to Fruitland Coal) included a negligible bonus (\$50/net acre) in exchange for relinquishing participation rights (working interests).

As such, OWNERS consider that CEP's failure to acquire voluntary participation was a primary objective in order to secure at no cost, mineral interests in horizons

not targeted by the planned well and preclude OWNER participation in the CEP development.

**III. OWNERS INPUT TO COMPULSORY POOLING ORDER**

We request that the final ORDER include the following:

- A. Specify and limit to the target horizon – Fruitland Coal with no inclusion of other horizons.
- B. 30 day notice period to OWNERS for voluntary participation in the development prior to application of any “carry” penalties.

**IV. OWNERS WILL HAVE REPRESENTATIVE ATTEND THE MEETING**

Miguel R Sanchez – Son of Cleofas Sanchez and Brother of Ursula Gallegos (OWNERS). Retired after 30 years of employment with ExxonMobil in worldwide (Oman, Venezuela, Nigeria, Papua New Guinea, Dubai, Iraq) and domestic (California, Utah, Colorado) assignments in Upstream Oil and Gas projects.

**V. EXHIBITS**

None – verbal testimony on prior interactions with CEP and provision of any clarifications required for the input offered.

**VI. CONCLUSIONS**

Owners simply request that if COMPULSORY ORDER is approved by NMOCD the ORDER be limited to the Fruitland Coal as per CEP planned development and include reasonable terms that allow OWNERS to participate voluntarily in the development post granting of Order.

**DATED: July 28,2020**

**Miguel R Sanchez on behalf of OWNERS  
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