

**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. 20459

APPLICATION

Catena Resources Operating, LLC ("Catena"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation in the 640-acre horizontal spacing unit comprised of the E/2 of Sections 16 and 21, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. In support of its application, Catena states:

1. Catena is a working interest owner in the proposed standard horizontal spacing unit ("HSU") and has the right to drill thereon.
2. Catena proposes to dedicate the above-referenced standard horizontal spacing and proration unit for its proposed **Cable 19-35-16 State 2H Well**, to be horizontally drilled from an approximate surface location 225' FNL and 1470' FEL of Section 16 to a bottom hole location 100' FSL and 1650' FEL of Section 21.
3. The completed intervals and first and last take points for this well are within the setbacks required by statewide pool rules.
4. Catena has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the subject HSU.

5. Approval of the standard HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Catena to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Catena should be designated the operator of the proposed HSU.

WHEREFORE, Catena requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 2, 2019, and, after notice and hearing as required by law, that the Division enter an order:

A. Creating a 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of Sections 16 and 21, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted interests in the Bone Spring formation in the standard HSU;

C. Designating the **Cable 19-35-16 State 2H Well** as the defining well for the standard HSU;

D. Designating Catena as operator of this standard HSU and the wells to be drilled thereon;

E. Authorizing Catena to recover its costs of drilling, equipping, and completing the wells;

F. 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

G. Imposing a 200% penalty for the risk assumed by Catena in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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Case No. 20459: ***Application of Catena Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation in the 640-acre spacing unit comprised of the E/2 of Sections 16 and 21, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is to be dedicated to the proposed **Cable 19-35-16 State 2H Well**, to be horizontally drilled from an approximate surface hole location 225' FNL and 1470' FEL of Section 16 to a bottom hole location 100' FSL and 1650' FEL of Section 21. The completed interval and first and last take points for the **Cable 19-35-16 State 2H** well will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 19 miles southwest of Hobbs, New Mexico.