

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 20298

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 20328

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 20329

**CATENA RESOURCES OPERATING, LLC'S EMERGENCY MOTION TO SUSPEND
DRILLING PERMIT ON ACREAGE THAT IS THE SUBJECT OF
COMPETING WELL PROPOSALS PENDING BEFORE THE DIVISION**

Catena Resources Operating, LLC, ("Catena") hereby asks the Division to immediately suspend Mewbourne Oil Company ("Mewbourne") drilling permit(s) on Section 21, Township 19 South, Range 35 East in Lea County, New Mexico ("Section 21"). In support of this request, Catena states as follows:

1. Upon information and belief, Mewbourne intends to spud a well on Section 21 on or about Monday, April 1, 2019.
2. Catena and Mewbourne have competing development plans, both of which include development of Section 21. Catena proposes to develop Sections 16, 21, 28, and 33. Mewbourne proposes to develop only Sections 21 and 28.
3. Applications related to the competing development plans include, but will not be limited to, Mewbourne applications in Case Nos. 20298 (**Charolais 21/28 B2CN State Com. Well No. 1H – Bone Spring**), 20328 (**Charolais 21/28 B2AP State Com. Well No. 1H**), 20329 (**Charolais 21/28 B2BO State Com. Well No. 1H**), and Catena applications filed for the Anchor

19-35-28 State Com Well No. 1H and the **Anchor 19-35-28 State Com Well No. 2H**, on March 7, 2019. In addition, Catena will be filing related applications for the Cable 19-35-16 1H and 2H no later than April 2, 2019.

4. Case No. 20298 was previously set for the March 7, 2019 docket. Catena, however, filed a motion for continuance and the case was continued, ultimately with agreement between the parties, until May 2, 2019. *See* Email, William V. Jones to James Bruce, et al. (Mar. 5, 2019 11:49 am) (“All competing cases in this matter should appear on [the May 2 docket]. We intend to hear the matter on Friday May 3rd.”); Email, James Bruce to William V. Jones (Mar. 5, 2019 1:11 pm) (“Mewbourne will no longer contest a continuance[.]”), attached hereto as Exhibit A.

5. Mewbourne’s development plans, if approved, will result in waste and a violation of Catena’s correlative rights because Section 33, Township 19 South, Range 35 East, which Catena plans to develop, would be stranded from development in an economic and expeditious manner, as Catena would be limited to development by vertical wells or one-mile laterals.

6. Consequently, Mewbourne’s actions in spudding a well in acreage that is the subject of these competing development plans will likely result in waste and a violation of Catena’s correlative rights,

7. The Division has “jurisdiction and authority over all matters relating to the conservation of oil and gas,” NMSA 1978, § 70-2-6(A) (1979); and has a duty to prevent waste and protect correlative rights. NMSA 1978, § 70-2-11(A) (1977); *see Cont’l Oil Co. v. Oil Conservation Comm’n*, 1962-NMSC-062, ¶¶ 26-28, 70 N.M. 310.

8. The Division has inherent authority to suspend a drilling permit. Under the circumstances here, Mewbourne’s spudding of a well in light of the pending applications is an

attempt to circumvent the Division's hearing process and thereby interfere with the Division's authority.

WHEREFORE, Catena asks that the Division suspend Mewbourne's permits in Section 21, Township 19 South, Range 35 East in Lea County, New Mexico until a final order has been entered with respect to each application related thereto.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/ Sharon T. Shaheen
Seth C. McMillan
Sharon T. Shaheen
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873
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Attorneys for Catena Resources Operating, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on March 29, 2019:

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
jamesbruc@aol.com

/s/ Sharon T. Shaheen

Sharon T. Shaheen

From: jamesbruc@aol.com
Sent: Tuesday, March 5, 2019 1:11 PM
To: WilliamV.Jones@state.nm.us; Kaitlyn A. Luck; DavidK.Brooks@state.nm.us; TerryG.Warnell@state.nm.us; Sharon T. Shaheen; David Ortiz; Leonard.Lowe@state.nm.us
Cc: florene.davidson@state.nm.us; Gabriel.Wade@state.nm.us
Subject: Re: Mewbourne / Catena Matter; Mewbourne's Case 20298

Will: Mewbourne will no longer contest a continuance, but wants Catena to release its APDs.

Jim

-----Original Message-----

From: Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>
To: jamesbruc@aol.com <jamesbruc@aol.com>; Kaitlyn A. Luck <Kluck@montand.com>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>; Warnell, Terry G, EMNRD <TerryG.Warnell@state.nm.us>; Sharon T. Shaheen <sshahen@montand.com>; David Ortiz <DOrtiz@montand.com>; Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>
Cc: Davidson, Florene, EMNRD <florene.davidson@state.nm.us>; Wade, Gabriel, EMNRD <Gabriel.Wade@state.nm.us>
Sent: Tue, Mar 5, 2019 11:49 am
Subject: Mewbourne / Catena Matter; Mewbourne's Case 20298

Jim and Kaitlyn,
Thank you for coming in;

Case 20298 and this contested matter is continued to May 2nd
Please propose all competing cases to Florene at least 30 days prior to May 2nd.

All competing cases in this matter should appear on that docket.
We intend to hear the matter on Friday May 3rd.

As always, anyone may petition the director to take the matter directly before the Commission.

Regards,
Will Jones
Engineer/Examiner

From: Jones, William V, EMNRD
Sent: Monday, March 4, 2019 4:48 PM
To: 'jamesbruc@aol.com' <jamesbruc@aol.com>; 'Kaitlyn A. Luck' <Kluck@montand.com>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>; Warnell, Terry G, EMNRD <TerryG.Warnell@state.nm.us>; 'Sharon T. Shaheen' <sshahen@montand.com>; David Ortiz <DOrtiz@montand.com>
Cc: Davidson, Florene, EMNRD <florene.davidson@state.nm.us>; Wade, Gabriel, EMNRD <Gabriel.Wade@state.nm.us>
Subject: Mewbourne Case 20298 etal Prehearing conference 10AM Tuesday at OCD 3rd floor Engineering Conference Room

Jim and Kaitlyn,
See you tomorrow morning at 10am to discuss Catena's Motion to Continue.

Will



From: jamesbruc@aol.com <jamesbruc@aol.com>
Sent: Monday, March 4, 2019 8:19 AM
To: Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>
Subject: [EXT] Re: OCD Case No. 20298 - Motion for Continuance

Will get you a response this afternoon.

-----Original Message-----

From: Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>
To: Kaitlyn A. Luck <Kluck@montand.com>; Sharon T. Shaheen <sshaheen@montand.com>; Seth McMillan <SMcMillan@montand.com>; jamesbruc (jamesbruc@aol.com) <jamesbruc@aol.com>; David Ortiz <DOrtiz@montand.com>
Cc: Warnell, Terry G, EMNRD <TerryG.Warnell@state.nm.us>; Hearings, OCD, EMNRD <OCD.Hearings@state.nm.us>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Sent: Fri, Mar 1, 2019 5:03 pm
Subject: RE: OCD Case No. 20298 - Motion for Continuance

Hi Kaitlyn,
You copied Florene which is the most important person in our office – thank you.
Kathleen and myself are also happy to get your correspondence.

Other folks for case correspondence,
Terry Warnell has been assigned by our acting director to govern/streamline the dockets. His email is above.
David Brooks is our oil and gas attorney and "Motions" should be copied to him: Email is above.

Also you are welcome to ALSO copy the OCD.Hearings@State.NM.US email which is visible to: Myself/Florene/Kathleen.
We are gradually getting this word out about that address – but this will keep changing as we hope to hire more folks soon who may also beg to be copied.

Thanks for the Motion.
We will wait for Mr. Bruce's response.

Will

From: Kaitlyn A. Luck <Kluck@montand.com>
Sent: Friday, March 1, 2019 4:34 PM
To: Davidson, Florene, EMNRD <florene.davidson@state.nm.us>
Cc: Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>; Murphy, Kathleen A, EMNRD <KathleenA.Murphy@state.nm.us>; Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>; 'jamesbruc@aol.com' <jamesbruc@aol.com>; Seth McMillan <SMcMillan@montand.com>; David Ortiz <DOrtiz@montand.com>; Sharon T. Shaheen <sshaheen@montand.com>
Subject: [EXT] OCD Case No. 20298 - Motion for Continuance

Good afternoon OCD:

Attached is Catena Resources Operating, LLC's Motion for Continuance (filed today) along with its Pre-Hearing Statement and Entry of Appearance (filed yesterday), in the above-referenced matter.

Catena requests a hearing on this matter and requests that a pre-hearing conference be held at the Division's earliest convenience. I've copied Mewbourne's counsel on this email.

Thank you and have a nice weekend.

Best,

Kaitlyn



Kaitlyn A. Luck

Attorney at Law
Montgomery & Andrews, P.A.
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Santa Fe, New Mexico 87504-2307
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kluck@montand.com

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From: David Ortiz
Sent: Friday, March 1, 2019 4:19 PM
To: 'jamesbruc@aol.com' <jamesbruc@aol.com>
Cc: Kaitlyn A. Luck <kluck@montand.com>; Seth McMillan <SMcMillan@montand.com>; Sharon T. Shaheen <sshaheen@montand.com>
Subject: OCD Case No. 20298

Mr. Bruce, Attached is Catena's Motion for Continuance regarding the above referenced case, filed today with OCD.

David H. Ortiz
Assistant to Stephen S. Hamilton, Seth C. McMillan, Edmund H. Kendrick
& Matthew A. Zidovsky



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