

**APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 22957

POST HEARING ORDER

1) Novo is in violation of Statutes and Rules 19.15.5.9 Compliance:

Novo has \$75,000 in financial assurances with U.S. Specialty Insurance Company and is currently operating 61 active wells.

Operating 61 wells requires \$125,000 in financial assurances and requires immediate corrective action.

Novo is in violation of Statutes and Rules 19.15.5.9 B. Inactive wells:

API: 30-015-23389

Novo does not have any kind or sort of financial assurance to have an inactive well that has been inactive for 4 years and requires immediate corrective action.

Also requires agreed compliance with the Division and plans in place with the Division to plug the well or get the well back in operations.

19.15.14.10 The director: deny permits to drill:

If the applicant is not in compliance with 19.15.5.9. In determining whether to grant or deny the permit, the director or the director's designee shall consider such factors as whether the non-compliance with 19.15.5.9 is caused by the operator not meeting the financial assurances requirements of 19.15.8, being subject to a division or to a division or commission order finding the operator to be in violation of an order requiring corrective action.

2) Novo dismissed cases #22615 and #22874:

Under the dismissal (1-year) rule for dismissal of cases.

Novo should not be allowed to commence drilling or applying to drill for (1 year) in this same section and location, using case #22957.

4) 19.15.5.10 Enforcement:

The Division has Obligations and Duties to protect from alleged violations that are causing an imminent danger to public health or safety or a significant environmental harm to the public.

Novo contributes to air pollution and air contamination and is also violating the clean air act of 1970.

Novo Gas Leaks:

2021: 50,330 MCF LEAKED IN (1) YEAR

2022: 400,752 MCF LEAKED IN (10) MONTHS

Novo air pollution and air contamination is getting significantly worse as their drilling projects commence, and this is only what Novo is reporting the quantities and number of leaks to be.

Novo is causing significantly major air pollution and air contamination off of their 61 active wells, and with greater concern; is that no violations and penalties enforced is causing the problem to significantly get worse.

Significantly above and beyond the average of major oil companies that are creating air pollution and air contamination that are operating many hundreds of active wells.

5) Division issues Notice of Violations and Civil penalties to Novo on:

February 14, 2021

Novo has civil penalties in the amount of \$142,800 dollars for failure to file operator's monthly production reports.

Since informal review and resolution had not been reached in the 30 day time period, and the time to do so has now passed.

The division has obligations and duties to enforce a hearing that must commence immediately to determine a final order for the violations and penalties, all must be paid no later than 30 days after final order. The division should of done this 90 days after the notice of violations.

Novo has obligations and duties for having such violations and to pay such penalties with interest, that are due to the State and the Division for having such Notice of Violations.

The Division has obligations and duties to enforce and collect penalties with interest. The Division must not be wasteful of their resources investigating and then not collecting such penalties with interest. Valuable Division personnel time went into such an investigation and audit in investigating Novo for the Notice of Violations.

Novo not paying their Civil penalties will set a precedence for operators to not Pay penalties and not to be Penalized for failure to file monthly reports.

The Oil Conservation Division, consider failing to timely file production reports as required to be a serious violation that undermines OCD's ability to ensure that operators are accurately reporting volumes that impact the State's Accounting and Revenue.

House Bill 546, was fought vigorously to get passed, for OCD, to enable OCD more enforcement powers and enforce civil penalties for violators.

“The Oil Conservation Division is committed to making sure that oil and gas industry is acting responsibly and this rule going into effect provides another enforcement tool, said Oil Conservation Division Director Adrienne Sandoval. This rule is another example of the great strides EMNRD and the State of New Mexico area making towards a more sustainable future”.

Thanks to the diligent work of the Division personnel, Adrienne Sandoval and OCD personnel, state the violations demonstrate that OCD takes all compliance obligations very Seriously.

NMOCD enforcing and not collecting civil penalties is wasteful of their resources and Defeats the purpose of House Bill 546 and the time and effort our legislators spent to pass such bill.

Especially when Big Major Oil Companies that can afford to pay, are not paying their penalties.

Novo Oil Revenue for 2021: \$120,000,000 Million Dollars

10) 19.15.14.6 Objective,

To require an operator to obtain a permit and approval prior to commencing drilling.

19.15.5.8 Permit to Drill

An operator is required to obtain a permit approved by the division prior to commencing drilling.

19.15.16.15 Drilling and Production

An operator shall not commence the drilling of a horizontal oil or gas well until the operator has obtained a compulsory pooling order from the division for an appropriate horizontal spacing unit.

Novo states their was reason for drilling the well in case #22957, before applying for the pooling order and before the division granting approval.

Novo statement on their late application, signed under oath, to having a time limit on a lease to drill a well that was about to expire. Novo decided to put their own interests above our Legislators and NMOCD, Violating and Infringing on the Statues, Policy, Rules, and The Oil and Gas Act.

With further research one lease was found that Dowling signed a lease to Llano Natural Resources LLC on March 13, 2019 that had a (3) year primary term.

Llano Natural Resources LLC assigned their lease to 806 Resources LLC.

806 Resources LLC assigned over the lease to Novo Minerals LP on May 10, 2022.

The lease was expired on March 13, 2022. The lease was expired before Novo purchased the lease and for Novo to use an expired lease as means to drill a well before applying, while intentionally misleading the division on an application that Novo signed under oath and sworn affidavit

Novo's attorney is Adam Rankin with Holand and Hart and Mr. Rankin made statements from their client, that Novo had obtained over 40 leases in this section.

After further research there is only 26 leases. 25 leases came from the Montoya family heirs in 12 acres and the other is Dowling owning 10% of 160 acres or less and adding to 16 acres or less and Novo purchasing half her interest that accounts for 8 acres or less. Both together totaling way less than 20 acres, since the big family of the Montoya family have not all been purchased.

Drilling the well before getting proper approval or applying shows Novo, Infringed and Violated the NMOCD Statutes, Rules, Policy, The Oil and Gas Act, and breach of the Fifth Amendment.

Penalties are appropriate and must be enforced from the Division and Attorney General.

70-2-28 If any person violates, threatens to violate, any Statute with Respect to the conservation of oil and gas, or both, or any Provision, or any Rule, Regulation or order made, the division through the Attorney General will bring suit against such person or operator for penalties, if any are applicable, and to restrain such person from continuing such violation or from carrying out the threat of violation. In such suit the division may obtain injunctions, prohibitory and mandatory, including temporary restraining orders and temporary injunctions, as the fact may warrant.

70-2-31 Any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order will be subject to a civil penalty or each violation. In the case of continuing violations, each day of violations constitutes a separate violation.

The penalties are recoverable by a civil suit filed by the Attorney General in the name and on behalf of the commission or the Division in the district court of the county in which the defendant resides or in which any defendant resides if there be more than one defendant or in the district court of any county in which the violation occurred.

It is unlawful if the person knowingly and willfully violates any provision of the Oil and Gas Act or any Rule, regulation or order of the Commission or the Division or do any of the following for the purpose of evading or violating the Oil and Gas Act or any rule, regulation or order of the Commission or the Division issued pursuant to that act:

- Make any false entry or statement in a report required by the Oil and Gas Act or by any rule, regulation or order of the Commission or Division.

-Make or cause to be made any false entry in any record, account or memorandum required by the Oil and Gas Act or by any rule, regulation or order of the Commission or Division.

- Omit or cause to be omitted from any such record, account or memorandum full, true and correct entries,

-remove from this state or destroy, mutilate, alter or falsify any such record, account or memorandum.

70-2-31 A person who performs any of the above is subject to a criminal penalty that may include a fine of up to \$5,000 dollars or imprisonment for a term not exceeding 3 years or both.

11) 19.15.5.11 Enforce ability of permits and administrative orders:

A person who conducts an activity pursuant to a permit, administrative order or other authorization or approval from the division shall comply with every term, condition, and provision of the permit, administrative order, authorization or approval.

12) Proper Notifications: Novo never gave me any notification of the pooling hearings, in other cases #22615, #22874 and the recent case #22957. Novo Not notifying me is infringement on my rights, the Statutes, Rules, Policy, The Oil and Gas Act, and the Fifth Amendment of the Constitution.

Looking closely at the case #22957 application, where Novo states they sent mail to certain address. Address that I don't live at and I don't own.

One was sent to a dilapidated property.

2 of them were sent to a post office in Santa Fe, N.M. and awaiting my pickup.

I don't live in Santa Fe, N.M.

One was sent to an attorney in Hobbs, N.M. after hours when his office is closed. An attorney who does not represent me. I called the secretary of the firm and was told they received nothing.

All while I was in contact with Brandon Patrick of a possible purchase of my interest. Brandon Patrick never mentioned he needed to send, or he was sending me notice of any pooling hearings.

Novo had bad faith efforts to keep me from appearing at the pooling hearing and infringement on my rights and a Violation of the the Fifth Amendment Right of the Constitution.

13) Novo mislead the division on the application stating owner percentages:

Novo statement is I own 0.47% interest, When my ownership in the pooled acreage is 7.04%

Novo claims purchasing a 0.3% interest from Slaton Resources II LLC, then presented a deed purchasing "All interests in 640 acres" of the section with no statement of the interest percentage.

Findings of further research in this interest purchase by Novo from Slaton:

The Interest came from a Joe M. Aguilar and Manuel M. Aguilar whom each own half of a 0.5% interest from Esther M. Aguilar who died September 22,2019; their mother, and her share of the interest in the originally divided 12 acre piece of land, divided between 9 brothers and sisters of the late Paul T. Montoya the father of the 9.

Joe and Manuel Aguilar both filed an affidavit of heir ship to claim their mother; Esther M. Aguilar interest and to be divided between both Joe and Manuel Aguilar equally receiving 0.25% each.

Joe and Manuel Aguilar both then assigned their interests to Marke Exploration Inc.

Marke Exploration Inc. then assigned 95% of the 0.5% interest to Clide Oil Corporation amounting to 0.475%, and Leaving Marke exploration Inc. holding 0.025% interest, and Marke Exploration Inc. then assigned to Slaton Resources II LLC the remaining 0.025%, and Slaton Resources II LLC then assigned to Novo Minerals LP the remaining interest of 0.025%. This is misleading to the Division on documents that are signed under oath. Misleading indeed, 0.025% is far from being 0.3%

Novo also states they have 92.83 % of the pooled area. The only leases found researching Novo title and deeds is 2 pieces of land adding up to far less than 20 acres and coming from the Montoya family heirs and a Ms. Dowling. Novo has not purchased all the Montoya family heirs so any percentage is far less to be exact. Less than 20 acre does not add up to 92.83% of a pooling unit area.

14) Novo must forfeit the money and proceeds to a Trustee for distribution: Novo has mislead the division and infringed on the Statues, Rules, Policy, The Oil and Gas Act, and the Fifth Amendment of the Constitution.

The Division has duties and obligations, requiring great attention, and by allowing Novo to commence collecting all money and proceeds would be premature, reckless, and will cause future gross negative consequences to all affected parties;

- A Trustee must be issued to handle all money and proceeds from the well in case #22957, to distribute money and proceeds to Royalty owners and interest owners with proof and production, and the Trustee to distribute to Novo, Only what Novo is entitled to with proof and production.

Holding any remaining money and proceeds in an account in an escrow for heirs to have ability to come forward to receive any money and proceeds any heirs are entitled to with proof and production.

15) Novo on NMOCD record has mislead both their own attorneys: Julia Broggi and Adam Rankin, Both respected attorneys of Santa Fe, N.M, in cases #22615 and #22957.

Julia Broggi withdrawal from the case shows her integrity. Adam Rankin trying to counsel Novo is respectable, but is damaging to his respected reputation in Santa Fe, N.M to continue to follow Novo's misleading path. Adam Rankin signed a sworn affidavit stating all facts in the application to be true. After

further research it shows such facts were not true and very misleading.

16) The Division must Respect the Good Integrity and Better Judgment of NMOCD permit regulator, The Division must deny the 200% penalty costs and all costs of the well, since the well was already drilled before applying with the division and approval being granted from the Division.

To enable the opportunity for interest and royalty owners to recover or receive with out any expense what so ever in their just and fair share of both oil and gas.

17) 19.15.5.10 Enforcement:

Novo having Numerous Violations, Requires Sanctions, a Stay on All Wells, Termination of Authorization to Transport Oil and Gas, Civil Penalties with Interest, Suspension, Cancellations, Termination of All Permits, and any other remedy authorized by law.

Until All such Numerous Violations are back into Compliance and All Penalties are Paid.

18) Novo infringement and recalcitrant behavior towards the NMOCD Statues, Compulsory pooling Statutes, Drilling Statutes, Rules, Policy, and The Oil and Gas Act that are designed by our Legislators, to prevent recalcitrant behavior and bad faith efforts from the operator.

Legislators have set them in place for everyone to follow.

If the NMOCD Statutes, Compulsory pooling Statutes, Drilling Statutes, Rules, Policy, The Oil and Gas Act are all not followed then the purpose of having them are Defeated.

Setting a precedence for future bad behavior, Recalcitrant, and bad faith efforts from operators.

I'm further requesting for Novo to forfeit all interest to my 7.04%

I'm further requesting a Trustee in Eddy County to handle all money and proceeds from the well to be distributed to Royalty, Interest owners, and to Novo.

I'm further requesting to deny Novo 200% penalty costs in the well.

I'm further requesting the Required Sanctions, a Stay on All Wells, Termination of Authorization to Transport Oil and Gas, Civil Penalties with Interest, Suspension, Cancellations, Termination of All Permits, and any other remedy authorized by law.

Until All of Novo Numerous Violations are back into Compliance and All Penalties are Paid.

All Penalties and other remedy authorized by law from the Attorney General are to be determined and necessary in this matter. The Division has duties and obligations to bring forth Novo to the Attorney General for further investigating, with respect to the Statues, Rules, Policy, and The Oil and Gas Act that were violated and infringed in this matter.

I can provide any further information and documentation to all statements herein.

I further appreciate the Divisions and personnel's, time and due-diligent efforts in further investigating the matters brought fourth.

**Respectfully,
J R Samaniego**