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

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

CASE NOS. 20815, 20816, and 20817

NOVO'S RESPONSE TO OPPOSED MOTION FOR CONTINUANCE

Novo Oil and Gas Northern Delaware, LLC ("Novo") (OGRID No. 372920), applicant in the above-referenced cases, opposes Titus Oil & Gas, LLC's request for a continuance of these cases beyond **October 31, 2019**. Titus seeks a continuance only to delay a hearing on Novo's applications and fails to explain why it has yet to file a competing pooling application. If a continuance is allowed, it should be limited to October 31, 2019, and Titus should be instructed to immediately file its competing pooling application for that hearing date. In support, Novo states:

1. In these three cases, Novo is seeking orders pooling the uncommitted interests in both the Wolfcamp and Bone Spring formations underlying the W/2 of Sections 10 and 15, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

2. On July 30, 2019, Novo sent its well proposal letters to Titus and subsequently engaged in discussions with Titus about development of this acreage. These good faith efforts by Novo included several telephone calls and emails on the development plan, the AFE costs, and offers to purchase Titus's minority interest in the subject acreage.

3. On September 3, 2019, Novo timely filed its pooling applications in these cases to obtain a pooling order after the parties were unable to reach an agreement.

4. The only other party to these proceedings is Chevron U.S.A. Inc. ("Chevron"). Notably, Chevron owns an undivided interest in the *same* lease at Titus, Chevron *supports* Novo's development plans, and Chevron also *opposes* the requested continuance.

5. Novo owns a vast majority of the working interest owner in both the Wolfcamp and Bone Spring formations underlying the W/2 of Sections 10 and 15. Novo owns an 89% working interest in the Wolfcamp formation, while Titus has an undivided interest with Chevron in the remaining 10.23%. Novo also holds approximately 56.2% in the Second Bone Spring formation, Chevron holds 33.5%, and Titus has the remaining 10.2%.

6. While Titus is correct that there is an existing First Bone Spring horizontal well that overlaps a small portion of Novo's proposed spacing units, Novo has already discussed its development plans with the operator of that existing well to reach an agreement regarding the overlapping spacing units.

7. Novo has also been working closely with the BLM to obtain approval of its proposed drill island to site its surface location and has an on-site scheduled for October 24, 2019.

8. The only grounds provided by Titus to support its request for a lengthy continuance is to allow Titus additional time to consider Novo's AFE and to file its own pooling application. However, given the prior discussions between the parties and the months that have elapsed since Novo sent its well proposal letters, it is clear Titus seeks this continuance only for purposes of delay.

9. Moreover, it was only in response to Novo's well proposal letters that Titus sent counterproposals for the same acreage, which were fraught with errors and led to Titus amending its proposals on August 20, 2019. Despite having adequate time since the submission of its well

proposal letters, Titus has not filed any competing pooling applications and cannot provide any explanation for its failure to do so.[1]

10. If Titus intends to file a competing pooling application, it should be required to do so on or before October 1, 2019 so that the competing development proposals can be to be placed on the October 31, 2019 docket and allow the Division to consider these competing development plans as expeditiously as possible.

11. For these reasons, Novo requests the Division set a hearing on this motion on September 30, 2019, deny the requested continuance, require Titus to file any competing pooling applications it intends to file on or by October 1, 2019, and set these cases, as well as any competing cases to be filed by Titus, for hearing on **October 31, 2019**.

Respectfully submitted,

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[1] The Division's Well List indicates that Titus does not operate any producing wells in New Mexico. *See* Well List, OCD Permitting, *available at* https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/Reporting/Wells/WellList.aspx (last visited Sept. 26, 2019).

CERTIFICATE OF SERVICE

I hereby certify that on September 27, 2019, I filed with the Division clerk the foregoing document served a copy to the following counsel of record via Electronic Mail:

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