

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

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION FOR  
THE PURPOSE OF CONSIDERING:**

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

**Case Nos. 21275 (*de novo*) and 21276 (*de novo*)**

**(Division Case Nos. Case Nos. 20916 and 20917)**

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Novo Oil & Gas Northern Delaware LLC ("Novo") as required by the Oil Conservation Commission.

**APPEARANCES**

**APPLICANT**

Novo Oil & Gas Northern Delaware LLC

**APPLICANT'S ATTORNEY**

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attention: Brandon Patrick

**OPPONENT**

BTA Oil Producers, LLC

**OPPONENT'S ATTORNEY\**

Dana Hardy

OXY Y-1 Company

Holland & Hart LLP

**STATEMENT OF THE CASE**

**APPLICANT**

Case No. 21275: Novo applies for an order pooling all mineral interests in the Wolfcamp formation underlying a (proximity tract) horizontal spacing unit comprised of the N/2 of Section 8 and the N/2 of Section 9, Township 23 South, Range 29 East, NMPM. The unit will be dedicated to the Astrodog Fed. Com. 0809 Well Nos. 211H, 212H, 215H, 221H, 222H, 225H,

231H, 232H, and 235H, horizontal wells with first take points in the W/2NW/4 of Section 8 and last take points in the E/2NE/4 of Section 9.

Case No. 21276: Novo applies for an order pooling all mineral interests in the Bone Spring formation (from 8773 feet subsurface as found in the Road Lizard 5 Fed. Com. Well No. 2H [API No. 30-015-39283] to the base of the Bone Spring formation) underlying a (proximity tract) horizontal spacing unit comprised of the N/2 of Section 8 and the N/2 of Section 9, Township 23 South, Range 29 East, NMPM. The unit will be dedicated to the Astrodog Fed. Com. 0809 Well Nos. 131H, 132H, and 135H, horizontal wells with first take points in the W/2NW/4 of Section 8 and last take points in the E/2NE/4 of Section 9.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

#### Issues:

BTA Oil Producers, LLC ("BTA") is the operator of the N/2 of Section 7 and the NW/4 of Section 8 under an operating agreement, and has plans to drill wells thereon. Novo desires to drill Bone Spring and Wolfcamp wells across the N/2 of Section 8 and N/2 of Section 9 to access its reserves in the NE/4 of Section 8 and the N/2 of Section 9. BTA opposes Novo's applications. These lands are in the potash area, and surface use is restricted.

Novo's applications must be granted for the following reasons:

1. Novo's only available surface well locations are on the western edge of the NW/4 of Section 8. It has obtained drill islands from the BLM. The surface locations are acceptable to the potash lessee (Mosaic); other locations are not acceptable to Mosaic.
2. If Novo cannot pool the NW/4 of Section 8 it must drill across ½ mile of unperforated wellbore to drill each of its wells. It has plans to drill dozens of wells.
3. If it cannot pool BTA's acreage, and BTA drills its proposed wells, there is a substantial risk of wellbore collisions and casing collapse, which will cause waste. In addition, well economics will be severely affected.
4. Due to restricted surface locations in the potash area, if Novo cannot drill wells from the NW/4 of Section 8, its acreage will be stranded and reserves will be lost and correlative rights impaired.

#### OPPONENTS

## PROPOSED EVIDENCE

### APPLICANT

#### WITNESSES

Brandon Patrick  
(landman)

#### EST. TIME

40 min.

#### EXHIBIT

Approx. 16

Michael Hale  
(geoscientist)

20 min.

Approx. 12

Alex Bourland  
(operations engineer)

15 min.

Approx. 2

### OPPONENTS

#### WITNESSES

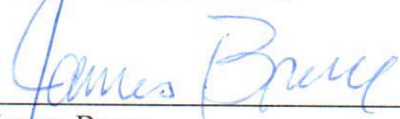
#### EST. TIME

#### EXHIBIT

## PROCEDURAL MATTERS

The cases should be consolidated for hearing.

Respectfully submitted,



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Attorney for Novo Oil & Gas Northern  
Delaware LLC

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 6th day of August, 2020 by e-mail:

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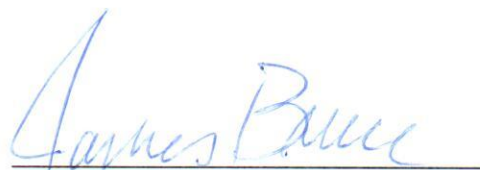
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