

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

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

APPLICATION OF NOVO OIL AND GAS CASE NO. 20185
NORTHERN DELAWARE, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 10th, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
 KATHLEEN MURPHY, TECHNICAL EXAMINER
 LEONARD LOWE, TECHNICAL EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

 This matter came on for hearing before the
New Mexico Oil Conservation Division, William V. Jones,
Chief Examiner; Kathleen Murphy and Leonard Lowe,
Technical Examiners; and David K. Brooks, Legal
Examiner, on Thursday, January 10th, 2019, at the New
Mexico Energy, Minerals and Natural Resources
Department, Wendell Chino Building, 1220 South St.
Francis Drive, Porter Hall, Room 102, Santa Fe, New
Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
 New Mexico CCR #20
 Paul Baca Professional Court Reporters
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 (505) 843-9241

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APPEARANCES

FOR APPLICANT NOVO OIL AND GAS NORTHERN DELAWARE, LLC:

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EXHIBITS OFFERED AND ADMITTED

Novo Oil & Gas Northern Delaware, LLC Exhibit Numbers 1 through 3	7
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1 (2:07 p.m.)

2 EXAMINER JONES: Call Case 20185,
3 application of Novo Oil & Gas Northern Delaware, LLC for
4 compulsory pooling in Eddy County, New Mexico.

5 Call for appearances.

6 MS. KESSLER: Mr. Examiners and
7 Ms. Examiner, Jordan Kessler, from the Santa Fe office
8 of Holland & Hart, on behalf of the Applicant, Novo.

9 EXAMINER JONES: Okay. Any other
10 appearances in this case? This is Case Number 20185.

11 MS. KESSLER: We're presenting this case by
12 affidavit, and if you would turn to Exhibit 1, this is
13 the affidavit of the landman, Brandon Patrick. He
14 states in paragraph five that in this case he's seeking
15 to compulsory pool the Wolfcamp Formation, Purple Sage;
16 Wolfcamp Gas Pool, in the 640-acre spacing unit
17 comprised of the east half of Sections 4 and 9 in 23
18 South, 28 East, Eddy County, and that'll be dedicated to
19 the Goonch Fed Com 0409 #214H well.

20 Attached to his affidavit as Exhibit A is a
21 C-102 of the proposed well. This is a draft C-102.
22 It's been submitted to the BLM but not yet approved.

23 Exhibit B shows the interest owners, but
24 the working interest owners and the overriding royalty
25 interest owners on the second page that he's seeking to

1 pool. These are all working interest owners with whom
2 he has had contact, and that's set forth in his
3 affidavit. This also includes a well-proposal letter
4 and AFE, and all of those costs are in line with other
5 wells in the area.

6 Exhibit 2 is a geology affidavit from
7 Mr. Michael Hale. He attaches a handful of exhibits.
8 He's not been accepted before as a certified -- his
9 credentials as an expert petroleum geologist have not
10 previously been approved, so he sets forth his
11 credentials as an expert in petroleum geology and
12 attaches, as Exhibit A, his resume. He's had over 11
13 years of experience in oil and gas.

14 He's also included a structure map of the
15 top of the Wolfcamp. They're targeting the X-Y. He
16 includes a gross isopach map, a cross section. And then
17 all of these exhibits go to show that the Wolfcamp
18 Formation X-Y is suitable for development and
19 particularly note that the target is X-Y and the well
20 will be drilled north to south.

21 Exhibit 3 is an affidavit from my office
22 signed by Mr. Rankin. As my colleague previously noted,
23 there was an issue with the holidays for notice, and so
24 we're asking that this case also be continued to January
25 24th. Notice has been sent and will be perfected at

1 that hearing. There will be no additional exhibits.

2 EXAMINER JONES: Was Ascent actually bought
3 by Novo or just changed their name? Is that what
4 happened?

5 MR. BRUCE: Ascent is still --

6 EXAMINER JONES: Still there?

7 MR. BRUCE: (Indicating.)

8 EXAMINER JONES: This guy just worked for
9 Ascent and now is a VP of Novo.

10 MS. KESSLER: Mr. Examiner, unless there
11 are questions that I can answer through the affidavit, I
12 would ask that these cases -- excuse me -- that the
13 exhibits be entered into the record and the case be
14 continued to January 24th.

15 EXAMINER BROOKS: Okay. The land exhibits
16 are 1A, 1B and 1C?

17 EXAMINER JONES: Yes, Eddy County,
18 Wolfcamp, Purple Sage; Wolfcamp.

19 EXAMINER BROOKS: It's Purple Sage. That
20 isn't filled in on the C-102.

21 MS. KESSLER: No, Mr. Examiner. It's not.
22 It's pointed out in paragraph 5 of the affidavit.

23 EXAMINER BROOKS: And you've got an
24 ownership plat, and you've got the ownership broken down
25 by -- by percentages of working interests, which are

1 not -- now, wait. I thought you said -- this is not the
2 case where you had only one working interest owner,
3 right?

4 MS. KESSLER: That was the prior case.

5 EXAMINER BROOKS: That was the prior case.
6 That's the trouble with doing too many cases.

7 So you've got a lot of working interest
8 owners, but they're all broken out by tract on Exhibit
9 B, looks like.

10 MS. KESSLER: Yes. That's right.

11 EXAMINER BROOKS: And Exhibit C is just a
12 notice letter. You sent notice to everybody?

13 MS. KESSLER: Exhibit C is a well-proposal
14 letter, Mr. Examiner. The notice exhibit is included as
15 my colleague's affidavit, Exhibit 3.

16 EXAMINER BROOKS: Okay. You sent a notice
17 to -- you sent notice to all the working interest
18 owners?

19 MS. KESSLER: That's correct, and the
20 overriding royalty interest owners.

21 EXAMINER BROOKS: And the overrides.
22 What land type is this?

23 MS. KESSLER: As you can see in Exhibit B,
24 there are two federal leases and one fee lease.

25 EXAMINER BROOKS: Okay. Very good. Thank

1 you. I think that covers everything I need to ask.

2 EXAMINER JONES: The 8,000 and 800 sounds
3 good.

4 So with that, we'll admit the exhibits in
5 Case Number 20185 and continue it to January 24.

6 (Novo Oil & Gas Northern Delaware, LLC
7 Exhibit Number 1 through 3 are offered and
8 admitted into evidence.)

9 (Case Number 20185 concludes, 2:13 p.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO
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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 31st day of January 2019.
21

22
23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
25 New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters