

**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 NO. 20816

PRE-HEARING STATEMENT

TITUS OIL & GAS, LLC, on behalf of Titus Oil & Gas Production, LLC (“Titus”),
provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT

NOVO OIL & GAS NORTHERN
DELAWARE, LLC

APPLICANT’S ATTORNEY:

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
HOLLAND & HART, LLP
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 (fax)
Email: mfeldewert@hollandhart.com
agrankin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

OPPONENT

TITUS OIL & GAS, LLC

OPPONENT’S OIL & GAS ATTORNEYS:

Sharon T. Shaheen, Esq.
John F. McIntyre, Esq.
MONTGOMERY & ANDREWS, P.A.
P.O. Box 2307

Santa Fe, New Mexico 87504-2307
Telephone: (505) 986-2678
Email: sshaheen@montand.com
jmcintyre@montand.com

OTHER PARTY

CHEVRON U.S.A., INC.

OTHER PARTY'S ATTORNEYS:

Earl E. DeBrine
Lance D. Hough
Modrall Sperling Roehl Harris & Sisk, PA
P.O Box 2168
Albuquerque, NM 87103-2168
(505) 848-1800
edebrine@modrall.com
lance.hough@modrall.com

STATEMENT OF THE CASE

Applicant Novo Oil & Gas Northern Delaware, LLC, seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 10 and 15, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: The Saturninus Fed Com 1510 #122H Well, Saturninus Fed Com 1510 #122H Well, and the Saturninus Fed Com 1510 #132H Well, each of which will be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 15 to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 10.

Titus is owner of an interest in these proposed wells, as well as those proposed by Novo in Case Nos. 20815 and 20817, and has competing proposals for the wells proposed in all of Novo's cases. Titus's applications will be filed shortly, with a request for hearing on the November 14 docket. In this Application and Novo's related applications in Case Nos. 20816 and 20817, Novo

proposes a total of 15 wells to develop the west half of Sections 10 and 15. Novo's combined proposals will result in unnecessary over-development, thereby causing economic loss, waste, and augmentation of risks arising from drilling an excessive number of wells. *See* NMSA 1978, § 70-2-17(B). Additionally, Novo's proposed Saturninus Fed Com 1510 #111H and #112H bisect an already existing First Bone Spring horizontal well, the USP Fee 3 (API# 300-15-37948).

Moreover, Novo's AFEs are highly questionable and need further review – for example, (i) although all of the wells share a surface location, the First and Second Bone Spring wells in the E/2 W/2 are ~\$1.5 million more expensive than First and Second Bone Spring wells in the W/2 W/2 (the wells appear to be the same in all other respects), (ii) Novo's First Bone Spring and Third Bone Spring wells have the same capital estimate but the Third Bone Spring wells are ~2,000 feet deeper in the vertical section, and (iii) all nine (9) of Novo's Wolfcamp wells show the same capital cost but the Wolfcamp B wells are ~1,000 feet deeper than the Wolfcamp XY wells in the vertical section. Finally, Novo failed to negotiate in good faith to reach a voluntary agreement, prior to filing the Application. The Division should therefore deny Novo's applications.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

EST. TIME

EXHIBITS

OPPONENT TITUS OIL & GAS, LLC

WITNESSES

EST. TIME

EXHIBITS

Walter Jones, Landman

20 minutes

4-5

OTHER PARTY CHEVRON U.S.A., INC.

WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

Titus is filing an opposed motion for continuance concurrently with this prehearing statement, requesting that the Division continue the Novo cases to a special hearing date after November 14 or, if not, to the January 23 continued case docket, so that Titus's proposals can be heard at the same time.¹

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/Sharon T. Shaheen

Sharon T. Shaheen

John F. McIntyre

P.O. Box 2307

Santa Fe, New Mexico 87504-2307

Telephone: (505) 982-2678

Email: sshaheen@montand.com

jmcintyre@montand.com

Attorneys for Titus Oil & Gas, LLC

¹ Titus understands that the Division has no continued case dockets set for November and December of 2019, and is therefore requesting the earliest continuance date that appears to be available for its cases. If the Division determines adds another continued case docket in November or December of 2019, Titus will request that all of the applications be heard on that docket.

CERTIFICATE OF SERVICE

I hereby certify that on September 26, 2019, a true and correct copy of the foregoing *Pre-Hearing Statement* was served by electronic mail on the following counsel of record:

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
HOLLAND & HART, LLP
P.O. Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 998-4421
Email: mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

*Attorneys for Novo Oil & Gas Northern
Delaware, LLC*

Earl E. DeBrine
Lance D. Hough
MODRALL SPERLING ROEHL HARRIS & SISK, PA
P.O Box 2168
Albuquerque, NM 87103-2168
(505) 848-1800
edebrine@modrall.com
lance.hough@modrall.com

Attorneys for Chevron U.S.A., Inc.

/s/Sharon T. Shaheen
Sharon T. Shaheen