

**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 XTO DELAWARE BASIN, LLC
TO AMEND ORDER NO. R-20568, *ETC.*, EDDY
COUNTY, NEEW MEXICO.**

Case No. 20918

**APPLICATION OF XTO DELAWARE BASIN, LLC
TO AMEND ORDER NO. R-20249, *ETC.*, EDDY
COUNTY, NEEW MEXICO.**

Case No. 20919

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

XTO Delaware Basin, LLC

APPLICANT'S ATTORNEY

Gary Larson

OPPONENT

Novo Oil & Gas Northern Delaware LLC

OPPONENT'S ATTORNEY

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

Attention: Brandon Patrick

STATEMENT OF THE CASE

APPLICANT

Case No. 20918: By Order No. R-20568 Novo Oil & Gas Northern Delaware, LLC ("Novo") pooled all mineral interests in the Bone Spring formation below 8773 feet subsurface in a horizontal spacing unit comprised of the N/2S/2 of Section 4 and the N/2S/2 of Section 5, Township 23 South, Range 29 East, NMPM.

Case No. 20919: By Order No. R-20249 Novo pooled all mineral interests in the Wolfcamp formation in a horizontal spacing unit comprised of the S/2 of Section 4 and the S/2 of Section 5, Township 23 South, Range 29 East, NMPM.

XTO Delaware Basin, LLC (“XTO”) seeks to amend the orders to exclude the N/2SE/4 of Section 4 from the pooling orders. That tract is within the Big Eddy Unit.

OPPONENT

Novo properly obtained the pooling orders, and worked in good faith with XTO to pool and develop the subject acreage. XTO was kept fully informed of Novo’s plans for developing the subject acreage **since November 2017**. XTO did not object to the pooling applications, and in fact **XTO never entered an appearance in either pooling application**. Thus, it is foreclosed from amending the pooling orders.

In addition, the well units are in the Oil-Potash Area, and Novo filed for and obtained a Development Area from the BLM, to which XTO did not object.

Novo’s development plan is designed to prevent waste and maximize economic returns to the interest owners in the well units. Furthermore, there is no statute, case law, or Division order which bars the pooling of unit acreage with non-unit acreage.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBIT

OPPONENT

WITNESSES

EST. TIME

EXHIBIT

Brandon Patrick
(landman)

1 hour 30 min.

Approx. 4

Michael Hale
(geoscientist)

15 min.

Approx. 8

Kyle Hoover
(reservoir engineer)

15 min.

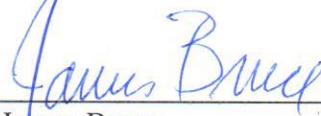
Approx. 6

PROCEDURAL MATTERS

The cases should be consolidated for hearing.

Novo will be filing a motion to dismiss these applications.

Respectfully submitted,



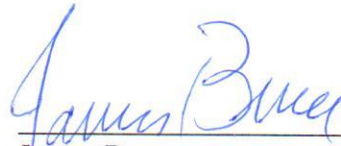
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Attorney for Novo Oil & Gas Northern
Delaware LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 5th day of December, 2019 by e-mail:

Gary Larson
glarson@hinklelawfirm.com


James Bruce