

**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

**RESPONSE OF NOVO OIL & GAS NORTHERN DELAWARE LLC
IN OPPOSITION TO
MOTIONS FOR CONTINUANCE FILED BY XTO DELAWARE BASIN, LLC**

Novo Oil & Gas Northern Delaware LLC ("Novo"), for its response opposing the motions for continuance filed by XTO Delaware Basin, LLC ("XTO"), states:

I. INTRODUCTION.

Novo has obtained the following pooling orders from the Division:

(a) Order No. R-20568, dated May 29, 2019, pooling 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. This order is the subject of Case No. 20918; and

(b) Order No. R-20249, dated November 27, 2018, pooling 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. This order is the subject of Case No. 20918.

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.

XTO has filed motions to continue the cases to the February 20th Division docket. No reason for XTO's continuance request is stated.

II. FACTS.

A. Novo began preparations to drill the wells which are the subject of these cases in November 2017, immediately after acquiring leasehold interests in the well units. Novo first contacted XTO about its well plans in late November 2017. XTO made no objection to the wells at that time.

B. The subject acreage is in the Oil-Potash Area. In January 2018 Novo proposed the Rana Salada Development Area ("DA") to the Bureau of Land Management ("BLM"). The DA covers the S/2 of Section 4 and the S/2 of Section 5, Township 23 South, Range 29 East, NMPM. XTO was given written notice of the DA proposal, but did not object to the DA. The DA was subsequently approved by the BLM.

C. Novo proposed the subject wells in May 2018. Pooling applications were filed in June 2018, and proper notice to the parties being pooled was given under NMAC 19.15.4.9. During a telephone call on June 21, 2018 XTO's representative stated XTO did not oppose the pooling applications.

D. Hearings on the Wolfcamp application occurred on July 12, 2018 and August 9, 2018. XTO did not enter an appearance in the case at either hearing.

E. Hearings on the Bone Spring application occurred on July 12, 2018, August 9, 2018, and February 21, 2019. XTO did not enter an appearance in the case at any of the hearings.

F. Novo and its leasehold interests are not subject to the Unit Agreement for the Big Eddy Unit.

G. The first Wolfcamp B well in the S/2 of Section 4 and the S/2 of Section 5, Township 23 South, Range 29 East, NMPM (the Rana Salada Fed Com 0504 Well No. 234H) has been drilled and completed.

III. ARGUMENT.

Novo is flowing back the Rana Salada Fed Com 0504 Well No. 234H. It drilled and completed this well pursuant to the BLM-approved DA, the pooling order, and the approved BLM APD. Novo is now waiting on the BLM to approve the Communitization Agreement ("CA") for the Rana Salada 0504 unit. As XTO knows, Novo needs to drill the infill Wolfcamp B wells within the Rana Salada 0504 well unit soon to avoid negative impacts from the "parent-child relationship." XTO's refusal to sign the CA is holding up the BLM's approval. Novo needs an approved CA to complete other federal applications, including off-lease measurement.

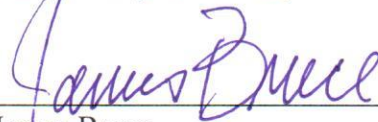
XTO's applications are preventing Novo from obtaining the necessary approvals to prudently operate the just-drilled well. Continuing XTO's cases would unreasonably delay a resolution. Therefore, Novo objects to continuing the cases.

This is a perfect illustration of *why* XTO should have raised its concerns prior to the hearings in Novo's pooling applications *and also* prior to the BLM's approval of the DA. Novo's operations have begun. XTO should have spoken up a long time ago.

IV. NOVO'S REQUESTED RELIEF.

XTO has had two years to review these matters. There's no need to waste two more months on continuing the cases, especially due to the waste issues addressed above. Based on the foregoing, Novo requests that the motions for continuance be denied. Novo also requests that its motion to dismiss be heard and decided on December 12, 2019.

Respectfully submitted,



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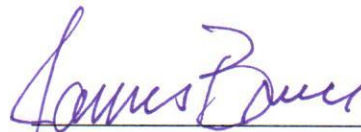
Attorney for Novo Oil & Gas Northern
Delaware LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 9th day of December, 2019 by e-mail:

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