

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:

CASE NOS: 20886, 20887

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 14, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS LEONARD LOWE, KATHLEEN MURPHY, PHILLIP GOETZE, and LEGAL EXAMINER ERIC AMES, on Thursday, November 14, 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: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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Albuquerque, NM 87102
505-843-9241

1 A P P E A R A N C E S

2 For the Applicant:

3 KAITLYN LUCK
 4 HOLLAND & HART
 5 110 North Guadalupe, Suite 1
 6 Santa Fe, NM 87501
 7 505-954-7286

8 I N D E X

9	CASE NO. 20886 and 20887 CALLED	
10	BRANDON PATRICK (By Affidavit)	03
11	MICHAEL HALE (By Affidavit)	04
12	TAKEN UNDER ADVISEMENT:	07

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14 E X H I B I T I N D E X

15		Admitted
16	Exhibit A and Attachments	05
17	Exhibit B and Attachments	05
18	Exhibit C	05

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1 HEARING EXAMINER LOWE: We will call Case Number
2 20886 and 20887, Novo Oil & Gas for compulsory pooling.
3 Call for appearances.

4 MS. LUCK: Kaitlyn Luck with the Santa Fe office
5 of Holland & Hart on behalf of the applicant.

6 HEARING EXAMINER LOWE: You may proceed.

7 MS. LUCK: Thank you. In these two cases Novo
8 has requested that they be consolidated for purposes of
9 hearing, and we have three affidavits in support of both
10 cases.

11 So first will be the Exhibit A, the affidavit of
12 our landman, Brandon Patrick. And he notes that in both of
13 these cases Novo is seeking pooling for standard 320-acre
14 horizontal spacing units in the N/2 of Section 13, Township
15 23 South, Range 28 East. So Case Number 20886 is their Bone
16 Spring spacing unit in that acreage. And then case Number
17 20887 is the Wolfcamp spacing unit for that N/2 acreage of
18 Section 13.

19 With Mr. Patrick's affidavit, behind Tab A-1,
20 A-2, and A-3 are the C-102s for the Bone Spring wells.

21 His affidavit also notes that the 132H is a
22 proximity tract well which will allow the inclusion of the
23 acreage in the N/2 of the N/2 to create an enlarged spacing
24 unit.

25 His Exhibit A-4 is a tract map showing the

1 parties that Novo seeks to pool in this case. There is also
2 a unit recap and a breakdown of each working interest
3 owner's interest in this acreage, as well as the overriding
4 royalty interest owners that Novo seeks to pool.

5 Behind A-5 are the well proposal letters for the
6 Bone Spring wells, together with the AFE that was sent to
7 the working interest owners.

8 So moving on to Case 20887, behind Tab A-6 are
9 the C-102s for the Wolfcamp wells, and then behind Tab A-7
10 are the tract map and unit breakdown with the working
11 interest owners that Novo seeks to pool in this case, as
12 well as the overriding royalty interest owners.

13 Finally behind A-8 is the well proposal letter
14 for the Wolfcamp wells, together with the AFE. And you will
15 note, in Mr. Patrick's affidavit that they are requesting
16 administrative and overhead costs of 8,000 per month while
17 drilling and 800 while producing.

18 Finally -- not finally, but next is the affidavit
19 of Michael Hale who is the geologist for Novo, and he has
20 prepared exhibits for both cases as well.

21 His B-1 is a project locator map. It shows the
22 path of the proposed wellbore in both the Wolfcamp and the
23 Bone Spring spacing unit. And his B-2 is the block diagram
24 that shows the breakdown of the target intervals where the
25 wells will be developing the Wolfcamp and the Bone Spring in

1 this acreage.

2 His Exhibit B-4 is a subsea structure map --
3 sorry -- B-3 is a subsea structure map for the Bone Spring
4 and reflects the wells producing in the Bone Spring or that
5 will be producing in the Bone Spring.

6 And then his B-4 is the subsea structure map for
7 the Wolfcamp XY.

8 His B-5 is the subsea structure map for the
9 Wolfcamp A, and his B-6 is the structure map for the
10 Wolfcamp B formation.

11 Finally, his B-7 is a stratigraphic cross
12 section, and there is a cross section map on that exhibit
13 that shows where the data points were taken from, and then
14 he also notes on this cross section the target intervals in
15 both the Wolfcamp and the Bone Spring.

16 Finally, Exhibit C is an affidavit by me
17 reflecting that our office provided notice of this hearing
18 to the parties to be pooled, and out of abundance of
19 caution, we also published notice of this hearing to the
20 parties to be pooled, both the working interest owner and
21 overrides in both cases.

22 And with that, I would move the admission of A, B
23 and C into the record in Case Numbers 20886 and 20887.

24 HEARING EXAMINER LOWE: Exhibits A, B and C will
25 be accepted for both cases.

1 (Exhibits A, B and C admitted.)

2 MS. LUCK: Thank you. With that I ask that the
3 case be taken under advisement in both cases.

4 HEARING EXAMINER LOWE: Ms. Murphy?

5 EXAMINER MURPHY: No questions.

6 HEARING EXAMINER LOWE: Mr. Goetze?

7 EXAMINER GOETZE: We are using 40-acre blocks for
8 building?

9 MS. LUCK: That's correct, in the Bone Spring
10 wells. In the Wolfcamp, we're in the Purple Sage Wolfcamp
11 in Eddy County, so the Wolfcamp spacing unit 20887 will be
12 320-acre building blocks.

13 EXAMINER GOETZE: We are using proximity?

14 MS. LUCK: On the Bone Spring wells, correct.
15 And the affidavit of Mr. Patrick notes that the 132H well is
16 the proximity tract well.

17 EXAMINER GOETZE: Is there any discussion as to
18 why he chose this orientation for the Wolfcamp?

19 MS. LUCK: I don't have that information, and
20 there is not any discussion of that in his affidavit.

21 EXAMINER GOETZE: Thank you. That's all I have.

22 MS. LUCK: Thank you.

23 HEARING EXAMINER LOWE: There are 12 wells in
24 what you presented today.

25 MS. LUCK: (Nodding.)

1 HEARING EXAMINER LOWE: I'm sorry, they're pretty
2 much -- are they six, six?

3 MS. LUCK: No. There is three in the Bone Spring
4 and then nine in the Wolfcamp. So in the Wolfcamp wells, we
5 are developing both or all three, the Wolfcamp XY, Wolfcamp
6 A and Wolfcamp B. So each of the Wolfcamp wells, they each
7 fall into different target intervals.

8 HEARING EXAMINER LOWE: Okay. And all these
9 wells are orthodox?

10 MS. LUCK: That's correct. The 132H well is
11 orthodox when you incorporate the tract.

12 HEARING EXAMINER LOWE: That's all I have for
13 questions for now.

14 MS. LUCK: Thank you. So I would ask that both
15 cases be taken under advisement.

16 HEARING EXAMINER LOWE: Cases Number 20886 and
17 20887 will be taken under advisement. Thank you.

18 (Cases 20886 and 20887 taken under advisement.)

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1 STATE OF NEW MEXICO)
)SS
2 COUNTY OF SANTA FE)

3 I, IRENE DELGADO, certify that I reported the
4 proceedings in the above-transcribed pages, that pages
5 numbered 1 through 7 are a true and correct transcript of my
6 stenographic notes and were reduced to typewritten
7 transcript through Computer-Aided Transcription, and that on
8 the date I reported these proceedings I was a New Mexico
9 Certified Court Reporter.

10 Dated at Santa Fe, New Mexico, this 14th day of
11 November 2019.

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Irene Delgado, NMCCR 253
Expires: 12-31-19

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