

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: 20888, 20889

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  
500 Fourth Street, NW, Suite 105  
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

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9 I N D E X

10 CASE NO. 20888 and 20889 CALLED

11 BRANDON PATRICK (By Affidavit) 03

12 MICHAEL HALE (By Affidavit) 04

13 TAKEN UNDER ADVISEMENT: 06

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

16 Admitted

17 Exhibit A and Attachments 06

18 Exhibit B and Attachments 06

19 Exhibit C 06

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1                   HEARING EXAMINER LOWE: We will call case Number  
2   20888 and 20889, Novo Oil & Gas for compulsory pooling.  
3   Call for appearance.

4                   MS. LUCK: Kaitlyn Luck with the Santa Fe office  
5   Holland & Hart on behalf of the applicant Novo Oil & Gas  
6   LLC. In these two cases, Novo has requested that they be  
7   consolidated for purposes of hearing and we are presenting  
8   exhibits today that apply to both cases.

9                   So starting with Exhibit A, that's the affidavit  
10   of Novo's landman, Brandon Patrick, and it follows the same  
11   general format that the two prior cases where Mr. Patrick's  
12   affidavit includes exhibits for both those cases.

13                  And in these two cases Novo is creating standard  
14   spacing units in the Bone Spring and the Wolfcamp underlying  
15   the S/2 of Section 13 and the S/2 of Section 18. And these  
16   are both in Eddy County, New Mexico.

17                  Section 13 is in Township 23 South, Range 28  
18   East, and Section 18 is in Township 23 South, Range 29 East.

19                  In case 20888, Novo is dedicating the spacing  
20   unit to three wells, again in the Bone Spring, and those  
21   C-102s are found behind Tab A-1. His affidavit notes the  
22   133H well will also be a proximity tract well flowing in the  
23   proximity tracts in the N/2 of the S/2 of these two sections  
24   to create a standard 640-acre spacing unit.

25                  His affidavit reflects there is no depth

1 severances, and then he provides a unit breakdown together  
2 with a tract map behind A-4. He also lists the percentage  
3 of ownership of each working interest owner being pooled, as  
4 well as the overriding royalty interest owners that will be  
5 pooled in this case.

6 His Exhibit A-5 is a well proposal letter for the  
7 first case together with the AFE.

8 And then in case Number 20889, there are, again,  
9 nine wells. And in this set of cases, in this case, the set  
10 of C-102s are found behind Tab A-6. All of the C-102s are  
11 there.

12 And then Exhibit A-7 is a tract and unit  
13 breakdown with the percentage of ownership and the spacing  
14 unit for each working interest owner that's being pooled in  
15 this case, together with the overrides that are being  
16 pooled.

17 And then the final exhibit to his affidavit is  
18 A-8, which is the well proposal letter that was sent to the  
19 working interest owners together with the AFEs.

20 His affidavit notes in these two cases, Novo is  
21 also seeking administrative overhead cost of 8,000 per month  
22 while drilling, and 800 per month while producing.

23 Exhibit B is the affidavit of Michael Hale who is  
24 the geologist of Novo. He then provides the same exhibits  
25 from the past two cases with Exhibit B-1 being the project

1 locator map. It shows the path of the proposed wellbores in  
2 both cases.

3 Exhibit B-2 is the block diagram reflecting  
4 Novo's intended target in the Bone Spring and the Wolfcamp.

5 His Exhibit B-3 is a subsea structure map for the  
6 Third bone Spring.

7 B-4 is a structure map for the Wolfcamp XY with  
8 the wells targeting that interval on the map.

9 His Exhibit B-5 is a structure map for the  
10 Wolfcamp A with the wells producing from that entire  
11 interval noted on the map.

12 And then B-6 is the structure map for the  
13 Wolfcamp B.

14 Finally, Exhibit B-7 is a cross section with a  
15 cross section map inlaid on this exhibit that notes the  
16 proposed target intervals in the Bone Spring Wolfcamp XY, A  
17 and B labeled and marked on the exhibit.

18 And in his opinion they are all prospective for  
19 development and each tract surprisingly has proposed  
20 horizontal spacing unit to be productive and contribute more  
21 or less equally to production from the wellbore.

22 Finally, Exhibit C is an affidavit by me  
23 reflecting that our office provided notice of the parties to  
24 be pooled in both of these cases. We've got the tracking  
25 information, and then we also have included the affidavit

1 requesting that publication was made of both of these cases  
2 in the Carlsbad Current Argus out of an abundance of  
3 caution, and that's because a few of the notice letters  
4 were not indicated as delivered on our tracking information.

5 So with that, I would move the admission of  
6 Exhibits A, B and C into the record in both of these cases.

7 HEARING EXAMINER LOWE: Exhibits A, B and C will  
8 be accepted in both cases.

9 (Exhibits A, B and C admitted.)

10 MS. LUCK: Thank you. If there is nothing  
11 further, I would ask that the cases be taken under  
12 advisement.

13 HEARING EXAMINER LOWE: Ms. Murphy?

14 EXAMINER MURPHY: No questions.

15 HEARING EXAMINER LOWE: Mr. Goetze?

16 EXAMINER GOETZE: No questions.

17 MR. AMES: None.

18 HEARING EXAMINER LOWE: I have no questions as  
19 well.

20 MS. LUCK: Thank you.

21 HEARING EXAMINER LOWE: Case Number 20888 and  
22 20889 will be taken under advisement.

23 MS. LUCK: Thank you.

24 (Cases 20888 and 20889 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 6 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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