

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATIONS OF NOVO OIL AND GAS NORTHERN
DELAWARE, LLC FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

CASE NOS. 21037-21040

**APPLICATIONS OF TITUS OIL & GAS PRODUCTION, LLC, FOR
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NOS. 20833-20835

NOVO's CONSOLIDATED PRE-HEARING STATEMENT

Novo Oil and Gas Northern Delaware, LLC ("Novo") submits this Consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

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Titus Oil & Gas Production, LLC

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APPLICANT'S STATEMENT OF CASE

These consolidated cases involve competing pooling applications filed by Novo and Titus Oil & Gas ("Titus) for standup horizontal well spacing units in the Bone Spring and Wolfcamp formations underlying the W/2 of Sections 10 and 15, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. **Novo owns roughly 90% of the working interest in the subject acreage**, while Titus only controls about 10% of the working interest.

An ownership depth severance exists in the Bone Spring formation at 7,839 feet underlying the S/2 SW/4 of Section 10. In addition, the S/2 SW/4 of Section 10 is currently dedicated to the USP Fee No. 3 well (30-015-37948), a laydown horizontal well in the First Bone Spring interval operated by COG Operating, LLC. In consultation with COG Operating, Novo has filed the following pooling applications to address COG's existing well and the ownership depth severance in the S/2 SW/4 of Section 10:

- In Case No. 21037, Novo seeks an order pooling all uncommitted interests in the First Bone Spring Interval of the Bone Spring formation [Laguna Salado; Bone Spring Pool (96721)] from a depth of 7,702 feet to 7,839 feet underlying a standard 160-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Section 15. Novo intends to initially dedicate this spacing unit to the **Saturninus Fed Com 15 #111H** well to be drilled from a common well pad in the SW/4 SW/4 (Unit M) of Section 15 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 15. This spacing unit will avoid the existing COG operated First Bone Spring well in the S/2 SW/4 of Section 10.
- In Case No. 21038, Novo seeks an order pooling all uncommitted interests in the Bone Spring formation [Laguna Salado; Bone Spring Pool (96721)] from a depth of 7,839 feet to the base of the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Sections 10 and 15. Novo intends

to initially dedicate this spacing unit to the **Saturninus Fed Com 1510 #121H** well (targeting the 2nd Bone Spring interval) and the **Saturninus Fed Com 1510 #131H** well (targeting the 3d Bone Spring interval) to be drilled from a common well pad in the SW/4 SW/4 (Unit M) of Section 15 to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 10. This application excludes the 1st Bone Spring interval above 7,839 feet to avoid the existing COG operated First Bone Spring well and to address the ownership depth severance in the S/2 SW/4 of Section 10.

- In Case No. 21039, Novo seeks an order pooling all uncommitted interests in the Bone Spring formation [Laguna Salado; Bone Spring Pool (96721)] from a depth of 7,839 feet to the base of 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. Novo intends to initially dedicate this spacing unit to the **Saturninus Fed Com 1510 #122H** well (targeting the 2nd Bone Spring interval) and the **Saturninus Fed Com 1510 #132H** well (targeting the 3d Bone Spring interval) to be drilled from a common well pad 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. This application excludes the 1st Bone Spring interval above 7,839 feet to avoid the existing COG operated First Bone Spring well and to address the ownership depth severance in the S/2 SW/4 of Section 10
- In Case No. 21040, Novo seeks an order pooling all uncommitted interests in the Wolfcamp formation [Purple Sage Wolfcamp Gas Pool (98220)] underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 10 and 15. Novo intends to initially dedicate this spacing unit to the following proposed wells:
 - The **Saturninus Fed Com 1510 #211H Well** (targeting the WCXY), the **Saturninus Fed Com 1510 #212H Well** (targeting the WCXY), the **Saturninus**

Fed Com 1510 #221H Well (targeting the WCA), the **Saturninus Fed Com 1510 #231H Well** (targeting the WCB) and the **Saturninus Fed Com 1510 #232H Well** (targeting the WCB), 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 NW/4 NW/4 (Unit D) of Section 10.

- The **Saturninus Fed Com 1510 #215H Well** (targeting the WCXY), the **Saturninus Fed Com 1510 #222H Well** (targeting the WCA), the **Saturninus Fed Com 1510 #225H Well** (targeting the WCA) and the **Saturninus Fed Com 1510 #235H Well** (targeting the WCB), each of which will be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 15 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 10.

Novo's applications not only address the existing horizontal well and the ownership depth severance in the subject acreage but allows for the efficient and effective development of its acreage in the W/2 of Sections 10 and 15 with minimal surface disturbance.

Titus, which controls only about 10% of the working interest in the subject acreage, has filed competing pooling applications that seek to create the following spacing units:

- Under Case 20833, Titus seeks to create and operate a 320-acre spacing unit in the Bone Spring formation underlying the W/2 W/2 of Sections 10 and 15.
- Under Case 20834, Titus seeks to create and operate a 320-acre spacing unit in the Bone Spring formation underlying the E/2 W/2 of Sections 10 and 15.
- Under Case 20835, Titus seeks to create and operate a 640-acre spacing unit in the Wolfcamp formation underlying the W/2 of Sections 10 and 15.

Titus is not only a minority owner in the subject acreage, but its applications fail to account for COG's existing First Bone Spring well and the ownership depth severance in the S/2 SW/4 of

Section 10. Novo will also show that Titus' initial wells are not located to efficiently and effectively develop the subject acreage.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Brandon Patrick, Landman	Approx. 20	Approx. 8
Michael Hale, Geologist	Approx. 15	Approx. 5
Kyle Hoover, Engineer	Approx 20	Approx. 5

PROCEDURAL MATTERS

Novo Cases 20137-20140 and Titus Cases 20833-20835 should be consolidated for hearing since they involve the same acreage.

Respectfully submitted,

HOLLAND & HART LLP



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CERTIFICATE OF SERVICE

I hereby certify that on February 13, 2020, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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