

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: 21712

APPLICATION OF NOVO OIL & GAS NORTHERN  
DELAWARE LLC TO AMEND ORDER 20578,  
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
March 4, 2021  
Santa Fe, New Mexico

This matter came on for virtual hearing before  
the New Mexico Oil Conservation Division, HEARING OFFICER  
FELICIA ORTH and TECHNICAL EXAMINER BAYLEN LAMKIN on  
Thursday, March 4, 2021, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253  
PAUL BACA PROFESSIONAL COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102  
505-843-9241

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A P P E A R A N C E S

For the Applicant:

KAITLYN LUCK  
HOLLAND & HART  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87501  
505-954-7286

I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS 03

TAKEN UNDER ADVISEMENT 06

REPORTER CERTIFICATE 07

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

Admitted

All Exhibits and Attachments 06

1 HEARING EXAMINER ORTH: Moving then to case  
2 21712, the applicant is Novo Oil & Gas. This is a request  
3 to amend an order. The well name is Goonch. Who is here  
4 from Holland & Hart for Novo?

5 MS. LUCK: Good morning, again. Kaitlyn Luck  
6 with the Santa Fe office of Holland & Hart on behalf of the  
7 applicant, in this case Novo Oil & Gas Northern Delaware  
8 LLC.

9 HEARING EXAMINER ORTH: Good morning. Let me  
10 pause for a moment in the event there are other entries.

11 (No audible response.)

12 HEARING EXAMINER ORTH: No? Please go ahead.

13 MS. LUCK: Thank you. Novo did not anticipate  
14 any opposition to this case proceeding by affidavit, so on  
15 Tuesday exhibits were filed with the Division which includes  
16 Novo Exhibits A through E.

17 Novo Exhibit A is a copy of the application in  
18 this case reflecting that Novo is requesting to amend Order  
19 Number R-20578.

20 The next exhibit is Exhibit B, which is the  
21 affidavit of Brandon Patrick who is the landman of Novo in  
22 this case. He has previously testified before the Division,  
23 and he also testified in the original case, which is Case  
24 Number 21084, which led to the entry of Order 21578.

25 His affidavit reflects that the unit in this

1 case, which is comprised of the W/2 of Section 4 in Township  
2 23 South, Range 28 East in Eddy County, New Mexico, and  
3 pooled the uncommitted interest in the Wolfcamp formation,  
4 and also designated the Goonch Fed Com 211H as the initial  
5 well under the order.

6 The Division director extended this order on May  
7 31 -- excuse me -- on April 7, 2020, and allowed for an  
8 extension of drilling until May 31. Since the entry of that  
9 extension and original order Novo has determined it's  
10 prudent to add an additional well to the spacing unit,  
11 that's the Goonch Fed Com 04-235H well.

12 The API number surface and bond hole locations  
13 are provided in Mr. Patrick's affidavit and are also  
14 reflected on Novo's Exhibit B-1. He also provides a copy of  
15 the well proposal letter as well as a summary chronology of  
16 Novo's effort to reach voluntary joinder with the  
17 uncommitted interest owners.

18 And Mr. Patrick goes on to explain that due to  
19 the decline in prices this year as other operators discussed  
20 during this hearing, that Novo requests not only the  
21 addition of this initial well, the 235H well, but also an  
22 extension of time for one year to allow Novo adequate time  
23 to drill the initial well under the pooling order.

24 Finally in the exhibit packet you've got Novo  
25 Exhibits C and D, which are the notice affidavit and

1 affidavit of publication reflecting that notice of this  
2 application was timely provided to the interest owners  
3 within the unit. And also the actual file exhibit is Novo  
4 Exhibit E which is the pooling application checklist which  
5 provides the notice for both the 211 and 235H wells.

6 And so one last point I would like to mention,  
7 which is noted in Mr. Patrick's affidavit is that, none of  
8 the working interest owners that were pooled under the  
9 initial order have been required to make an election on the  
10 initial well or to pay their share of the cost, and so Novo  
11 feels that it is appropriate to allow for an extension, as  
12 well as the addition of the initial well since none of the  
13 working interest owners have been required to pay costs on  
14 that 211H well yet.

15 So with that I would move the admission of Novo's  
16 Exhibits A through E and request that this case be taken  
17 under advisement.

18 HEARING EXAMINER ORTH: Thank you, Ms. Luck.  
19 Exhibits A through E are admitted. Mr. Lamkin, do you have  
20 any questions?

21 TECHNICAL EXAMINER LAMKIN: I don't have any  
22 questions.

23 HEARING EXAMINER ORTH: All right, thank you.  
24 The matter will be taken under advisement.

25 MS. LUCK: Thank you.

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HEARING EXAMINER ORTH: Thank you.  
(Exhibits admitted.)  
(Taken under advisement.)

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

5

6 I, IRENE DELGADO, New Mexico Certified Court  
7 Reporter, CCR 253, do hereby certify that I reported the  
8 foregoing virtual proceedings in stenographic shorthand and  
9 that the foregoing pages are a true and correct transcript  
10 of those proceedings to the best of my ability.

11 I FURTHER CERTIFY that I am neither employed by  
12 nor related to any of the parties or attorneys in this case  
13 and that I have no interest in the final disposition of this  
14 case.

15 I FURTHER CERTIFY that the Virtual Proceeding was  
16 of poor to good quality.

17 Dated this 4th day of March 2021.

18

/s/ Irene Delgado

19

Irene Delgado, NMCCR 253  
License Expires: 12-31-21

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