

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: 21740 - 21743

APPLICATION OF NOVO OIL & GAS NORTHERN
DELAWARE LLC TO AMEND ORDER NO R-21210,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
APRIL 8, 2021
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER DEAN McCLURE on
Thursday, April 8, 2021, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

MICHAEL FELDEWERT
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

Exhibits and Attachments

1 HEARING EXAMINER BRANCARD: So now we will move
2 on to hearings, and we will start with Number 10 on our
3 list, Case 21470, Novo Oil & Gas, Holland & Hart.

4 MR. FELDEWERT: May I please the examiner,
5 Michael Feldewert with the Santa Fe office of Holland & Hart
6 appearing on the behalf of the applicant. And I will ask
7 that this matter be consolidated with the next three matters
8 on the docket, 21741, 21742 and 21743.

9 HEARING EXAMINER BRANCARD: Thank you. Are there
10 any other appearances in these four cases?

11 (No audible response.)

12 HEARING EXAMINER BRANCARD: Hearing none, Mr.
13 Feldewert, you may proceed with the four cases.

14 MR. FELDEWERT: Thank you. Under these four
15 consolidated cases, Mr. Examiner, Novo seeks to extend the
16 time line to commence drilling under four pooling orders
17 that were issued in April of 2020. And they were for the
18 Saturminus wells in Sections 10 and 15 in 23 South and 29
19 East.

20 What you will see from Mr. Patrick's affidavit
21 which is attached as Exhibit A in our hearing package for
22 these cases is that in April of 2020, the Division approved
23 four spacing units that were configured to avoid existing
24 Bone Spring development in the area.

25 So we actually, in one case, we have a 160 acre

1 spacing unit comprised of the W/2 of the W/2 of Section 15
2 for the First Bone Spring interval only.

3 Then in the remaining three cases you have 320
4 acres horizontal spacing units in Sections 10 and 15 that
5 are essentially from the base of the First Bone Spring Sand
6 to the base of the Bone Spring formation. All of that was
7 done to avoid some existing development in the area, and
8 those spacing units in the order that are involved are
9 described in Mr. Patrick's affidavit.

10 He further notes in his affidavit, which is
11 marked as Exhibit A, that this extension is requested
12 because the BLM has yet to approve the applications to drill
13 that were submitted for these wells back in October of 2020.
14 So the company is still waiting for the BLM to approve the
15 drilling permits.

16 He references -- he notes in his affidavit that
17 Novo is ready to drill these wells once the APDs have been
18 approved. The other important point in his affidavit is
19 that the none of the working interest owners who are still
20 subject to this pooling order have been asked to make an
21 election or pay their share of well costs. There's been no
22 cash call under the pooling orders yet.

23 Novo Exhibit B is an affidavit of notice to the
24 working interest owners who remain subject to these four
25 pooling orders.

1 And Novo Exhibit C is an affidavit of publication
2 directed by name to these working interest owners, primarily
3 because the postal records still indicate that for a couple
4 of them, it says the package is moving within the USPS
5 network. I'm not sure what that means, but that's why we
6 have published notice and attached notice affidavit for all
7 four of these cases.

8 So we ask that Novo Exhibits A, B, C in these
9 cases be admitted into evidence and that the Division enter
10 orders extending the time to commence drilling to April 9,
11 2022 which would be a one year extension of time.

12 HEARING EXAMINER BRANCARD: Okay, thank you. Are
13 there any other interested persons for these four matters?

14 (No audible response.)

15 HEARING EXAMINER BRANCARD: Mr. McClure, do you
16 have any questions of Novo?

17 TECHNICAL EXAMINER McCLURE: I have no questions
18 at this time.

19 HEARING EXAMINER BRANCARD: So we will admit the
20 exhibits as presented and we will take this under
21 advisement, and I assume, Mr. Feldewert, April 9, that means
22 we have to get an order out really fast.

23 MR. FELDEWERT: Well, I understood, Mr. Brancard,
24 that if we filed the application in advance of the
25 termination date, that that would allow the Division time to

1 issue the orders to extend the drilling time.

2 HEARING EXAMINER BRANCARD: Okay. Well, we have
3 actually a case on that issue later on in the docket. You
4 may want want to listen in.

5 MR. FELDEWERT: I would hope the Division could
6 get the orders out in time for the extension to be April 9,
7 2022.

8 HEARING EXAMINER BRANCARD: Thank you. And with
9 that, Cases 21740, 21741, 21742, and 21743 are taken under
10 advisement.

11 MR. FELDEWERT: Thank you.

12 (Exhibits admitted.)

13 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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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 8th day of April 2021.

18

/s/ Irene Delgado

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

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