

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

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

Application of Novo Oil & Gas Northern
Delaware, LLC to Amend Order Nos. 21209
and 21209-A, Eddy County, New Mexico Case No. 21974

Application of Novo Oil & Gas Northern
Delaware, LLC to Amend Order Nos. 21210
and 21210-A, Eddy County, New Mexico Case No. 21975

Application of Novo Oil & Gas Northern
Delaware, LLC to Amend Order Nos. 21211
and 21211-A, Eddy County, New Mexico Case No. 21976

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

JULY 1, 2021

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, and John Garcia,
Technical Examiner, on July 1, 2021, via the Webex
Virtual Conferencing Platform hosted by the New
Mexico Department of Energy, Minerals and Natural
Resources.

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

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A P P E A R A N C E S

FOR NOVO OIL & GAS NORTHERN DELAWARE, LLC:

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1 (Time noted 9:11 a.m.)

2 EXAMINER BRANCARD: With that I would like to
3 call Cases 9, 10 and 11: 21974, 21975, 21976, Novo Oil &
4 Gas.

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

9 EXAMINER BRANCARD: Thank you.

10 Any other interested persons in Cases
11 21974, 21975, 21976?

12 Hearing none, you may proceed, Ms. Luck.

13 MS. LUCK: Thank you.

14 Novo understood that there would be no
15 objection to these three cases proceeding today, and Novo
16 filed its exhibits on Tuesday.

17 The exhibit packets start off with the
18 checklist for each of the cases as A, followed by Exhibit
19 B, which are copies of the applications.

20 Then Novo's Exhibit C is the affidavit of
21 Brandon Patrick, who is the landman for these three cases.
22 He has testified before the Division before and he is
23 familiar with these applications filed by Novo.

24 In each of these cases Novo originally
25 applied for and received approval for two-mile standard

1 horizontal spacing units, and those are Division Orders
2 R-21209, R-21210, and R-21211, and each of those Orders,
3 along with the accompanying subsequent Orders are attached
4 as Novo Exhibit C-1.

5 (Inaudible) of each of those Orders, Novo
6 has determined that it would be prudent to develop
7 a-mile-and-a-half laterals in this area, and so Novo has
8 decided to exclude the northwest quarter of Section 10
9 from this development. The northwest quarter of Section
10 10 is 100 percent owned by Novo, and for that reason Novo
11 is the only party affected by this change in the spacing.
12 So, again, Novo is moving from two-mile wells to
13 a-mile-and-a-half wells, and they are seeking approval of
14 the changed spacing for all three cases.

15 In the first case, 21974, Novo is seeking
16 approval of a 240-acre standard horizontal spacing unit in
17 the west half of the southwest quarter of Section 10 and
18 the west half/west half of Section 15, and this is all in
19 Township 23 South, 29 East, in Eddy County, New Mexico.

20 In the next case, 21975, Novo is likewise
21 seeking approval of a 240-acre standard horizontal spacing
22 unit in the east half of the southwest quarter of Section
23 10 and the east half of the west half of Section 15 in the
24 same township and range in Eddy County.

25 Both of these first two cases are pooling

1 the interest in the Bone Spring Formation in the Laguna
2 Salado Bone Spring pool, that's 96721, and Novo is only
3 pooling from a depth of 7839 to the base of the Bone
4 Spring.

5 Mr. Patrick's affidavit explains the
6 initial wells that are dedicated to both of those cases in
7 the Bone Spring which are the Saturninus Fed Com 1510
8 wells.

9 And then in the third case Novo is,
10 likewise, seeking a smaller spacing unit in that case, so
11 that's Case 21976, but this is as Wolfcamp spacing unit so
12 Novo is seeking for approval of a 480-acre horizontal
13 spacing unit comprised of the southwest quarter of Section
14 10 and the west half of Section 15.

15 Again this project will be repeated in the
16 Wolfcamp Formation in the Purple Sage Wolfcamp Gas Pool,
17 and that pool code is 98220. And Mr. Patrick's affidavit
18 explains the initial wells that will be dedicated to this
19 spacing unit.

20 Novo also recently received approvals to
21 extend the drilling deadlines under each of these Orders,
22 and so his affidavit explains that the drilling deadline
23 under the Orders has already been extended to April 9,
24 2022, and Novo intends to drill these wells within THAT
25 time.

1 Attached to his affidavit he provides
2 copies of the C-102s as well as a Tract and Unit Map
3 providing the interest owners that Novo seeks to pool into
4 these smaller spacing units.

5 He also provides a copy of Well Proposal
6 Letters and chronology of his contacts with the
7 uncommitted interest owners.

8 And Novo has not submitted a new geology
9 packet because Novo would like to incorporate the geology
10 from the original cases, and those cases are referenced in
11 Mr. Patrick's affidavit, as well as the caption on the
12 documents that were submitted on Tuesday.

13 Finally, Novo's Exhibits D and E are the
14 Notice information for these three cases that reflect that
15 Novo provided Notice to the uncommitted interest owners
16 that are pooled in these cases, and that Novo continues to
17 seek to pool into these smaller spacing units.

18 So with that I would move the admission of
19 Novo's Exhibits A through E and request that these three
20 cases be taken under advisement.

21 EXAMINER BRANCARD: Thank you.

22 Mr. Garcia, questions?

23 EXAMINER GARCIA: I have one question.

24 Will the reduction of the size leave any
25 stranded acreage?

1 MR. LUCK: No. In terms of the acreage that's
2 being taken out of the spacing, Mr. Patrick's affidavit --
3 I'm trying to get back to that -- explains in paragraph 3,
4 excuse me, paragraph 4 of his affidavit, so paragraph 4 of
5 Exhibit C explains that Novo's only excluding the
6 northwest quarter of Section 10, which is 100 percent
7 owned by Novo, and Novo has other plans to develop that
8 acreage.

9 EXAMINER GARCIA: Okay. Thank you.

10 EXAMINER BRANCARD: Thank you. Well, Mr. Garcia
11 stole my question.

12 So your exhibit packets are complete, Ms.
13 Luck?

14 MS. LUCK: Yes, sir.

15 EXAMINER BRANCARD: Thank you.

16 Once again, are there any other interested
17 persons for Cases 21974, 21975, or 21976? (Note: Pause.)

18 Hearing none, the exhibits will be admitted
19 and these three cases will be taken under advisement.

20 Thank you.

21 (Time noted 9:16 a.m.)

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1 STATE OF NEW MEXICO)
2 : SS
3 COUNTY OF TAOS)

4
5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, July 1,
8 2021, the proceedings in the above-captioned matter were
9 taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 foregoing pages are a true and correct transcription to
12 the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18 /s/ Mary Macfarlane
19 _____

20 MARY THERESE MACFARLANE, CCR
21 NM Certified Court Reporter No. 122
License Expires: 12/31/2021

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