

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:

Application of Novo Oil & Gas  
Northern Delaware, LLC for  
Compulsory Pooling, Eddy County,  
New Mexico

Case No. 22615

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, APRIL 7, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, John Garcia Technical Examiner, on Thursday, April 7, 2022, via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department

Reported by: Mary Therese Macfarlane  
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A P P E A R A N C E S

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1 (Time noted 10:25 a.m.)

2 EXAMINER BRANCARD: All right. This is the  
3 hearings of the Oil Conservation Division on April 7,  
4 2022, and we are on our Docket Worksheet Case No. 40.  
5 This is Case 22615, Novo Oil & Gas.

6 Who is here for Novo?

7 MS. BROGGI: Julia Broggi with the Santa Fe  
8 office of Holland & Hart on behalf of the applicant.

9 EXAMINER BRANCARD: Thank you. Are there other  
10 interested parties for Case 22615?

11 MR. SAMANIEGO: Yes, your Honor. Mr. Samaniego.

12 EXAMINER BRANCARD: Mr. Samaniego. Thank you.  
13 Do you represent yourself or do you represent any other  
14 interest owners in this matter?

15 MR. SAMANIEGO: Myself and on behalf of other  
16 parties that own land and minerals here in Eddy County.

17 EXAMINER BRANCARD: Okay. Anyone specific or...

18 MR. SAMANIEGO: I want to hold myself and the  
19 individuals private.

20 EXAMINER BRANCARD: We have a list of unleased  
21 mineral owners here, so I was just wondering which ones of  
22 those you might want to be representing here today.

23 MR. SAMANIEGO: I'd rather not say, because it's  
24 Novo's responsibility to find out who they are, not my  
25 responsibility to give that information to them.

1                   EXAMINER BRANCARD: Okay. Well, it might be  
2 helpful to them if you told them. But anyway.

3                   Anyone else interested here in Case 22615?

4                   Hearing none, I guess we will start with  
5 Novo and then proceed to other comments on this case.

6                   Ms. Broggi.

7                   MS. BROGGI: Thank you, Mr. Examiner.

8                   Just as a preliminary matter we would  
9 object to Mr. Samaniego's participation in this hearing as  
10 he is not a party that Novo is seeking to pool in this  
11 case and he has not properly moved to intervene in this  
12 matter, and based on the information that Novo has  
13 provided me, based on their research Mr. Samaniego does  
14 not own an interest in the west half of Section 7, which  
15 is what is at issue in this case. Our understanding is  
16 that he does own a small interest, and I guess it's the  
17 southeast quarter of that Section 7, so that's not  
18 something that's being affected by what Novo's proposing  
19 today.

20                   MR. SAMANIEGO: I'd like to speak on behalf of  
21 all the interest owners that are in the section that Novo  
22 is using a small working interest to compulsory pool these  
23 minerals off of a plugged well back in 2019. So the fact  
24 that they are using a working interest, a small interest  
25 of a working interest on a plugged well, that they have

1 not done their due diligence on properly leasing minerals  
2 in this section.

3 EXAMINER BRANCARD: Okay. Mr. Samaniego, why  
4 don't we have Novo do its presentation first and then we  
5 can try to address your issues in the respect that they're  
6 relative to this case.

7 Thank you. Ms. Broggi you may proceed with  
8 Novo's case.

9 MS. BROGGI: Thank you, Mr. Examiner.

10 As you may have noticed in the Prehearing  
11 Statement, Novo has changed the name of the family of  
12 wells from Otis Fee 7 which was used in the application,  
13 and has changed the name to Turks Fee 7, which is what you  
14 will see in the evidentiary material we are presenting  
15 today, but there are no other changes other than that  
16 actual name change of the well.

17 Before you you should have the packet of  
18 exhibits. Right up at the top is the Table of Contents,  
19 which you will see that the packet begins with the  
20 Compulsory Pooling Application Checklist, followed by the  
21 Application for Compulsory Pooling that was filed in this  
22 case.

23 And then we've included Novo Exhibit A, an  
24 affidavit from the landman Brandon Patrick, who has  
25 presented testimony that Novo is seeking to pool all of

1 the uncommitted interests in the Wolfcamp Formation. This  
2 is the Purple Sage Formation underlying approximately a  
3 320-acre horizontal spacing unit comprised of the west  
4 half of Section 7, Township 23 South, Range 28 East NMPM,  
5 Eddy County, New Mexico, and they are proposing to drill  
6 five wells, which you will see on page 2 of the affidavit.  
7 They are Turks Fee 07, 211H well, 212H well, 221H well,  
8 231H well and 232H well.

9 And there are a number of exhibits to Mr.  
10 Patrick's affidavit, beginning with Novo Exhibit A-1 which  
11 are the draft C-102s or each of the proposed wells.

12 Behind that is Novo Exhibit A-2, which is  
13 essentially an ownership exhibit, so you will see sort of  
14 a locator map at the front. Novo has identified the  
15 ownership of the various parties by tract.

16 Then the final page is the unit  
17 capitulation, and you will see they have identified the  
18 parties, the committed parties that we are not seeking to  
19 pool and then the 10 or 11 uncommitted parties that Novo  
20 is seeking to pool in this case.

21 Behind that is Novo Exhibit A-3, which are  
22 the Well Proposal letters and the AFEs for the five wells.

23 And finally Exhibit A-4, which is a  
24 Chronology of Contacts with the parties that Novo is  
25 seeking to pool in this case.

1                   Following the land exhibit there is an  
2 affidavit which has been marked as Novo Exhibit B, which  
3 is an affidavit from Michael Hale, a geologist for Novo.  
4 He testifies that they are targeting the Wolfcamp  
5 formation which includes the Wolfcamp XY, the Wolfcamp A  
6 and the Wolfcamp B. And he has a number of geology  
7 exhibits that are attached to his affidavits. Novo  
8 Exhibit B-1 is something that they have termed the  
9 Execution Map, which we would maybe more commonly refer to  
10 as the Locator Map, showing the unit and proposed wells  
11 and then other producing wells in the area.

12                   Then Novo Exhibit B-3 and B-4 -- sorry, B-2  
13 and B-3 are both Structure Maps. The first one is a  
14 Structure Map prepared for the top of Wolfcamp XY and A,  
15 and then the second Structure Map is prepared off the top  
16 of Wolfcamp B.

17                   Then finally the last geology exhibit is  
18 Novo Exhibit B-4, which is the Stratigraphic  
19 Cross-Section. I just want to want point out that this is  
20 based on three representative wells that have been marked  
21 as A to A prime, and that you will see there is a smaller  
22 cross-section map showing those three wells, and that's  
23 sort of an inset to Novo Exhibit E-4.

24                   Two target areas have been marked on that  
25 Stratigraphic Cross-Section.

1                   So with reference to the testimony of the  
2 geologist, you will see that three of the wells, Turks Fee  
3 07 211H, 212H and 221H are targeting that top target where  
4 it's been marked on the exhibit, and that's the Wolfcamp  
5 XY and Wolfcamp A, then the final two wells, Turks Fee 07  
6 231H and 232H are in that second target, the lower target,  
7 and that is for the Wolfcamp B.

8                   Then finally Novo Exhibit C is the Notice  
9 Affidavit from myself showing that Notice of this hearing  
10 was provided to the parties that are identified on that  
11 USPS Notice list. I will tell you that we do need to  
12 continue this hearing, at the end of my presentation I  
13 will ask to continue it, to make it -- just to correct a  
14 Notice issue we are having.

15                   And then in addition Novo Exhibit D is the  
16 Affidavit of Publication of Notice in the Carlsbad Current  
17 Argus.

18                   I will take any questions that you or Mr.  
19 Garcia may have.

20                   EXAMINER BRANCARD: What is the Notice issue?

21                   MS. BROGGI: So one of parties on, what is it,  
22 Novo Exhibit A-2, you will see Slaton Resources. That  
23 party was not identified earlier so we do need to provide  
24 Notice to Slaton Resources of this pooling case.

25                   EXAMINER BRANCARD: May 5th will give you enough

1 time to provide Notice?

2 MS. BROGGI: Yes, Mr. Examiner, I believe so.

3 EXAMINER BRANCARD: Mr. Garcia, questions.

4 EXAMINER GARCIA: No, I have no questions at  
5 this time.

6 So you missed Notice, and we are going to  
7 continue. Is that what it was, Bill?

8 EXAMINER BRANCARD: Yes.

9 EXAMINER GARCIA: I have no questions with the  
10 rest of the case.

11 EXAMINER BRANCARD: So judging from the map that  
12 is on A-3 -- is that right? Or A-2.

13 MS. BROGGI: A-2.

14 EXAMINER BRANCARD: So it's the west half of  
15 Section 7. Novo's interest is in the northwest quarter --  
16 no, sorry, that's Marathon and Fasken in the northwest  
17 quarter, and Novo is in the southwest quarter with  
18 Accelerate and a number of unleased minerals.

19 MS. BROGGI: It's what has been marked as D and  
20 is colored blue.

21 EXAMINER BRANCARD: Yes. And also on the other  
22 side of the highway. I'm just summarizing what I'm  
23 seeing.

24 MS. BROGGI: Yes, right.

25 EXAMINER BRANCARD: So does the highway

1 right-of-way not involve any minerals?

2 MS. BROGGI: I don't know the answer to that  
3 question.

4 EXAMINER BRANCARD: I don't know whose  
5 right-of-way it is, whether it's the State Highway  
6 Department, but I know we've had other cases where people  
7 have pooled the highway department.

8 MS. BROGGI: I think based on --

9 EXAMINER BRANCARD: Maybe because they were  
10 simply not sure --

11 MS. BROGGI: Based on my --

12 EXAMINER BRANCARD: -- they were involved.

13 MS. BROGGI: Sorry, I didn't mean to interrupt  
14 you.

15 Based on my conversation with Mr. Patrick  
16 and (inaudible) I don't believe -- my understanding is  
17 there's no additional interests that need to be pooled  
18 from the State or with regard to the highway. That's my  
19 understanding as of this morning.

20 EXAMINER BRANCARD: All right. I think that's  
21 the questions I have.

22 Mr. Samaniego, would you like to present  
23 your issues here today?

24 MR. SAMANIEGO: Yes.

25 Out in this area it's out in basically

1 farmland and there's not a whole lot of mineral owners.  
2 Not working interest, mineral owners. There's very few,  
3 and I'm one of the few that's out here, and a man here in  
4 Santa Fe and one of the mineral owners out there is in  
5 Albuquerque. So you put a lot of time in your  
6 presentation but you gave no time and effort to go notify  
7 that old lady in Albuquerque. And may I say, she could  
8 use the money from a lease. I've boughten land from her,  
9 I'm good friends with her, and when I met her she was  
10 eating cat food. Cat food. And here it is you're using a  
11 working interest on a plugged well to pool this old lady's  
12 minerals, and myself and the Brantleys. And I see you  
13 got, I guess, surface leasing from Tom Brantley but you  
14 don't got it from the other families of the Brantley  
15 families. They are a big family.

16                   There's little effort to actually obtaining  
17 true leases and a lot of effort into your presentation  
18 today.

19                   EXAMINER BRANCARD: Mr. Samaniego, do you have a  
20 name of this person who you are referring to?

21                   MR. SAMANIEGO: That's Novo's job and that  
22 lady's job to find out.

23                   EXAMINER BRANCARD: Well, Novo has done research  
24 and they have a list of what they are considering pooled  
25 parties today.

1 MR. SAMANIEGO: Then they should know her name.  
2 Prove it.

3 EXAMINER BRANCARD: Well, we have their  
4 information. If you have information that is different  
5 than theirs, I think that would be --

6 (Note: Multiple voices.)

7 MR. SAMANIEGO: When I talked to Novo --  
8 (inaudible) working interest on a plugged well, and they  
9 are compulsory pooling, you know, working interest on a  
10 plugged well. That's what -- and they're proposing --  
11 Patrick is the head land guy for Novo.

12 (Note: Reporter interruption.)

13 EXAMINER BRANCARD: We will get as much of it  
14 down as we can. Thank you. Do you want to start again?

15 Yeah, maybe you should start again, Mr.  
16 Samaniego. Speak slowly and clearly. I know you can get  
17 excited here, but, you know --

18 MR. SAMANIEGO: I'm fighting for my minerals  
19 here along other friends of mine's minerals in this area.  
20 We are fighting for our livelihood down here. I know it  
21 could be fun and games for everybody else but it's our  
22 livelihood here, and we need money just like everyone else  
23 does. You know, it's keeping Eddy County financially  
24 hurt.

25 There's very few mineral owners in this

1 section and Novo is using a working interest, and this is  
2 stated by Brandon Patrick the head of the land department  
3 for Novo, that they are using a working interest on a  
4 plugged well to compulsory pool all these farm -- this  
5 whole area.

6 EXAMINER BRANCARD: Okay.

7 MR. SAMANIEGO: And I'm stating that there is no  
8 proper leasing agreement, no proper leasing agreement  
9 whatsoever to be able to pool these minerals. The Lady,  
10 uh, the lady friend of mine who I purchased property from,  
11 and I paid for it, was eating cat food. Cat food. And  
12 for them to be pooling her minerals without a proper lease  
13 agreement in place using a working interest owner, a  
14 working interest owner on a plugged well.

15 I need the money, she needs the money, all  
16 the other mineral owners in this section need the money.

17 EXAMINER BRANCARD: All right. Thank you, Mr.  
18 Samaniego. I don't know, Ms. Broggi, if you wanted to  
19 respond at all to that.

20 MR. SAMANIEGO: And -- the (inaudible).

21 EXAMINER BRANCARD: Mr. Samaniego --

22 MR. SAMANIEGO: How hard would it be to just go  
23 down to her house in Albuquerque, a quick trip, and get a  
24 lease signed.

25 EXAMINER BRANCARD: Mr. Samaniego, I believe Ms.

1 Broggi is who I am asking to respond at this point.

2 MS. BROGGI: Thank you, Mr. Examiner.

3 I would just say it is difficult for me to  
4 respond to some of Mr. Samaniego's arguments, because I  
5 don't fully understand the basis for them. I would just  
6 reiterate that we don't know him to have any standing to  
7 object here. It doesn't sound like he owns property in  
8 the west half of Section 7, I don't believe he is alleging  
9 he owns property in the west half of Section 7, and I'm  
10 not sure exactly who the woman that he's referring to is.  
11 But, you know, he's not a lawyer that I know of, and I  
12 don't believe that he can represent her interest, assuming  
13 she even has an interest, which again I don't -- I don't  
14 believe she is somebody that we are pooling in this case,  
15 and actually it sounded (inaudible) interest because she  
16 sold it to Mr. Samaniego. So I would object to his  
17 participation.

18 MR. SAMANIEGO: I'd like the names --

19 EXAMINER BRANCARD: Mr. Samaniego, I'm going to  
20 let you have your final comments here on this. If you can  
21 point to specific interests in this west half of  
22 Section 7, that would be helpful. You can summarize your  
23 comments then.

24 MR. SAMANIEGO: I would like to get the names of  
25 the leases that you obtained to get that section.

1 MS. BROGGI: Is that a question directed to me,  
2 Mr. Samaniego?

3 MR. SAMANIEGO: Yes. I want the names of the  
4 people that you went and leased. Not working interests  
5 but I'll take those, too, but the mineral owners that you  
6 went and leased their minerals.

7 MS. BROGGI: Well, Mr. Samaniego, I would say  
8 that maybe this conversation -- it's not relevant to the  
9 case at the moment. I don't believe that you have  
10 standing to --

11 MS. SAMANIEGO: It is relevant. You said that  
12 you have leased it out here, and I'd like to know the  
13 names of the people that you went and leased their  
14 minerals.

15 MS. BROGGI: Well, I don't have that information  
16 with me at --

17 MR. SAMANIEGO: You came prepared, and you said  
18 you did. You said you did do the due diligence and you  
19 did do the leases.

20 MR. BROGGI: So I would just ask that, you know,  
21 you may reach out to the landman that you were speaking to  
22 if you have additional questions.

23 MR. SAMANIEGO: I already have, and he told me  
24 he got a working interest on a plugged well. I'd like the  
25 names of the people that you leased their minerals in this

1 section.

2 EXAMINER BRANCARD: Mr. Samaniego, a working  
3 interest comes out of a lease.

4 MR. SAMANIEGO: It's a plugged well. It's gone.  
5 It's gone, gone, gone.

6 EXAMINER BRANCARD: If the lessor has a problem  
7 with that, they can pursue it.

8 So anyway, thank you. I think that's --

9 MR. SAMANIEGO: You're not going to give me the  
10 names of the lease of the people you leased their  
11 minerals?

12 MS. BROGGI: Mr. Samaniego, if that is directed  
13 to myself, the answer is no. And I'm just counseling  
14 you --

15 MR. SAMANIEGO: Yeah, because you don't have any  
16 leases. That's my case: You don't have any leases.

17 EXAMINER BRANCARD: Ms. Broggi, I would  
18 recommend you have Mr. Patrick reach out to Mr. Samaniego  
19 and try to provide him the information that he needs here.

20 MR. SAMANIEGO: And the other mineral owners in  
21 this section. Because they don't have leases.

22 MS. BROGGI: Thank you, Mr. Examiner. I will do  
23 that, and if you --

24 MR. SAMANIEGO: I protest and say cancel those  
25 permits on the owner's fee or whatever you changed it to

1 now, cancel those permits for not properly leasing  
2 people's minerals down here. That right there is as  
3 factual as you can get.

4 MS. BROGGI: Mr. Examiner, I would just ask at  
5 this time to move the admission of exhibits in the packet,  
6 and then to ask to continue the case until May 5th just to  
7 address that Notice issue.

8 MR. BRANCARD: Okay. The evidence that has been  
9 submitted so far will be admitted and Case 22615 will be  
10 continued to the May 5th hearing date.

11 MR. SAMANIEGO: And lastly I'd like to say: Use  
12 the time from now until then to properly get lease  
13 agreements in place. Not for the pretty packet together  
14 for the hearing. Use the time to get leases put in place.

15 MS. BROGGI: Mr. Samaniego, I will ask Mr.  
16 Patrick to reach out to you.

17 MR. SAMANIEGO: I've talked to him before. It's  
18 a working interest is what he bought, and he's trying to  
19 pool people's lives, the livelihood they have down here,  
20 trying to get it for free out of a working interest of a  
21 gentleman who don't even live here. On a plugged well.

22 EXAMINER BRANCARD: Thank you. I think we are  
23 done with this case. Thank you for your effort, Mr.  
24 Samaniego. Hopefully we can get you some more information  
25 going forward so you have a better understanding what's

1 going on in this section.

2 MR. SAMANIEGO: And a better understanding for  
3 the commissioners in this hearing to know what's going on.

4 EXAMINER BRANCARD: Thank you.

5 We are finished with case 22615.

6 (Note: Cases 22616 and 22617 were heard.)

7 MR. FELDEWERT: Thank you.

8 Mr. Examiner, I do have one additional  
9 request, if I may. And I realize we may be getting close  
10 to a break.

11 You will recall that Ms. Broggi presented a  
12 case for Novo. There's been a development in that case  
13 that I think warrants perhaps just a few minutes to recall  
14 that case because it would alleviate the need to have the  
15 cause heard on May 5th. Essentially they have reached  
16 agreement with the party that had not received the Notice,  
17 so there's no need now to move that case to May 5th.

18 But she can address that, if you would  
19 like.

20 EXAMINER BRANCARD: Ms. Broggi, are you there?

21 MS. BROGGI: Yes, Mr. Examiner. Julia Broggi on  
22 behalf of the applicant Novo. This is Case 22615, No. 40  
23 on your docket worksheet

24 EXAMINER BRANCARD: Yes.

25 MS. BROGGI: So you may recall that I had asked

1 to continue the case until May 5th in order to effect  
2 service on one party that Novo was seeking to pool, and  
3 that was Slaton Resources II, LLC. And I received notice  
4 before lunch that Novo has reached an agreement with  
5 Slaton and therefore are no longer seeking to pool them in  
6 Case 22615; and therefore, you know with your permission  
7 we would ask instead that the case be taken under  
8 advisement and the case not be continued until May 5.

9 EXAMINER BRANCARD: Okay. Could you put that in  
10 a motion?

11 MS. BROGGI: Sure.

12 MR. SAMANIEGO: Hearing Commissioner, I would  
13 like to put in a statement regarding Case 22615.

14 EXAMINER BRANCARD: Mr. Samaniego.

15 MR. SAMANIEGO: Yes. The working interest that  
16 was originally pooled back in I believe the early '80s on  
17 the plugged gas well that's there, that's the south half  
18 of that Section 7. The fact that they're cherrypicking  
19 the west half of that pooled lease, uhm, it makes it -- it  
20 opens precedent to cherrypicking on old pooled acreage  
21 interest when it really opens the doors to them in the  
22 future to pool the whole section using the west half of  
23 the section they are trying pool. And they haven't paid  
24 nobody. The original lease was the south half of that  
25 section and now they are trying to gain the west half with

1 futures of getting the east half, using the south half  
2 original pooling back in the '80s.

3 MR. BRANCARD: Okay. Well, Mr. Samaniego, we'll  
4 take a look at that, and if you have any information let  
5 us know.

6 Otherwise, Ms. Broggi please file a motion  
7 that you would like us to change the status of the case.

8 MS. BROGGI: Okay. Thank you, Mr. Examiner.

9 EXAMINER BRANCARD: Thank you.

10 (Time noted 3:00 p.m.)

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1 STATE OF NEW MEXICO )

2 : ss

3 COUNTY OF TAOS )

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REPORTER'S CERTIFICATE

6

I, MARY THERESE MACFARLANE, New Mexico Reporter

7

CCR No. 122, DO HEREBY CERTIFY that on Thursday, April 7,

8

2022, 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

19

/S/CCR/Mary Therese Macfarlane

20

MARY THERESE MACFARLANE, CCR

21

NM Certified Court Reporter No. 122

22

License Expires: 12/31/2022

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