

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

TRANSCRIPT OF PROCEEDINGS

May 5, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq., Hearing Examiner, Dean McClure, Technical Examiner, on May 5, 2022 via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department

REPORTED BY: SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC
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A P P E A R A N C E S

For Novo Oil & Gas Northern Delaware, LLC:

HOLLAND & HART, LLP
P.O. Box 2208
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(505) 988-4421
jbroggi@hollandhart.com

BY: JULIE BROGGI

Also Present:

Mr. Samaniego

I N D E X

Case called	3:1
Summary of case and exhibits	3:19
Taken under advisement	9:11
Court Reporter's Certificate	11:1

1 (Time noted as 8:45 a.m.)

2 EXAMINER BRANCARD: We can move now to some
3 continued cases. We'll start with Item Number 40, case
4 22615, Novo Oil & Gas, Holland & Hart.

5 MR. RANKIN: Good morning, Mr. Examiner.

6 MS. BROGGI: Sorry, Adam. I was having a hard
7 time unmuting myself.

8 Mr. Examiner, Julie Broggi, with the office of
9 Holland & Hart, on behalf of the applicant.

10 EXAMINER BRANCARD: Thank you. Any other
11 appearances in Case 22615?

12 MR. SAMANIEGO: Yes, Mr. Brancard, Samaniego
13 (phonetic).

14 EXAMINER BRANCARD: Okay, Mr. Samaniego. All
15 right. When we left this case a month ago, there was one
16 party, Slaton, I believe, that had not been notified, and
17 was given until today to deal with that situation.

18 Ms. Broggi, please inform us as to where we are.

19 MS. BROGGI: Thank you, Mr. Examiner. Yes, as you
20 correctly recall, we presented the case back on April 7th,
21 2022. And at that time, we moved into admission our land
22 and geology exhibits along with our notice exhibits, and we
23 asked the Division to continue the case for the express
24 purpose of giving notice to one working interest owner,
25 which was Slaton Resources, and in the interim, Novo has

1 reached an agreement with Slaton Resources, and actually,
2 they acquired their interest. So at this time, we have
3 submitted, on Tuesday, an exhibit that is marked as
4 Exhibit E, and it's an affidavit from the landman, Brandon
5 Patrick. We have an updated ownership exhibit, which is
6 attached as Exhibit E1, and you will see that that exhibit
7 shows that Novo is no longer seeking to pool Slaton
8 Resources in Case Number 22615, and also shows a copy of the
9 deed by which Novo acquired Slaton Resources' interest. So
10 today we're asking the Court to take into the record
11 Exhibit E, Novo Exhibit E, and then eventually to take the
12 case under advisement today.

13 EXAMINER BRANCARD: Thank you.

14 Mr. Samaniego, I believe you may have some comments.
15 You are not officially a party to this case, but I will give
16 you, let's see, three minutes to give us your comments on
17 this case.

18 MS. SAMANIEGO: Novo purchased from Slaton a
19 working interest on the original pooling that happened back
20 in -- I believe '8- -- '80 something and the original
21 pooling was for the Morrow zone, so if they've got a working
22 interest in that well, it's only related to the Morrow
23 formation because that's the working interest in the
24 original well. To use a working interest to claim Wolfcamp
25 and Bone Springs is -- it's -- yeah, that's not possible,

1 you know. And Novo still hasn't obtained lease agreements
2 with the mineral owners for the Wolfcamp and the Bone
3 Spring, so if they have a working interest, a .03 percent
4 working interest, it's going to be to that Morrow formation.

5 EXAMINER BRANCARD: Okay. Did you -- please
6 continue if you have other comments on this case,
7 Mr. Samaniego.

8 MR. SAMANIEGO: Yeah, make them get lease
9 agreements for the Wolfcamp and the Bone Spring if that's
10 where they plan to drill and frack. You know, and they
11 don't own the original lease. I think Marathon owns that.
12 It hasn't even been released, so for them to own a working
13 interest, it's going to be to that original deep well,
14 nothing to the Wolfcamp or Bone Springs.

15 EXAMINER BRANCARD: And, Mr. Samaniego, I will
16 allow Novo to respond, but first I'd like you to finish
17 whatever other comments you might have on this case.

18 MR. SAMANIEGO: Okay. Well, let's proceed and let
19 me see if I have something else to say with some of the
20 comments from Ms. Broggi or from you.

21 EXAMINER BRANCARD: All right.

22 Ms. Broggi, did you want to respond to Mr. Samaniego's
23 comment about Slaton's interest, Slaton's interest. Sorry.

24 MS. BROGGI: Mr. Examiner, I would just make the
25 point again that Mr. Samaniego doesn't have any standing in

1 this case. He doesn't own any interest in the west half of
2 Section 7. He may own an interest in the east half of
3 Section 7, and perhaps that may come up in a later case,
4 but, you know, Novo has presented all of its evidence, has
5 reached agreement with the working interest owners that it
6 could and is seeking to pool the interest owners that wasn't
7 able to reach an agreement, and Mr. Samaniego is not among
8 those interest owners.

9 MR. SAMANIEGO: Ms. Broggi and Novo --

10 EXAMINER BRANCARD: Mr. Samaniego, let me just
11 finish here. I don't know if you can find the document, but
12 the document is on our website. It's a mineral deed from
13 Slaton Resources to Novo Minerals, and it transfers all of
14 what Slaton -- all of mineral interest that Slaton owns as
15 such.

16 MR. SAMANIEGO: That's a working interest in the
17 south half of that section, a working interest in the south
18 half of that section of the old pooling that happened.
19 That's a .03 percent and 320 acres, so, yes, it does involve
20 me. If you're going to claim that south -- the south half
21 of -- that 3 percent working interest in the south half,
22 that affects me.

23 EXAMINER BRANCARD: Well, that's not what's being
24 pooled right now, so --

25 MR. SAMANIEGO: I've contested saying that they

1 need to get proper lease agreements. A working interest in
2 a Morrow well doesn't justify having a lease to drill the
3 Wolfcamp and the Bone Spring.

4 EXAMINER BRANCARD: Thank you. Do you have other
5 comments, then, on Case 22615?

6 MR. SAMANIEGO: Well, let's keep talking about it
7 and see if I can think of something else.

8 EXAMINER BRANCARD: Well, but this is your
9 opportunity now, Mr. Samaniego, because there's other
10 evidence --

11 MR. SAMANIEGO: It affects me because it's an old
12 pooling for the south half, and -- so the .03 percent
13 working interest in the south half, it affects me, and they
14 have to get lease agreements with the mineral owners if they
15 want the Bone Spring and the Wolfcamp. The original --
16 their original pooling for that zone was the Morrow. That's
17 a working interest in that Morrow well.

18 EXAMINER BRANCARD: Thank you.

19 MR. SAMANIEGO: It doesn't justify them to get the
20 Wolfcamp and the Bone Spring.

21 EXAMINER BRANCARD: Ms. Broggi, did you have any
22 further comments?

23 MS. BROGGI: I really just want to emphasize again
24 that we have looked into it and Mr. Samaniego does not own
25 an interest in the -- in this area, this acreage, and that,

1 at your direction, the landman for Novo, Patrick -- Brandon
2 Patrick, did speak with Mr. Samaniego in between last
3 month's hearing and this month's hearing.

4 MR. SAMANIEGO: Ms. Broggi, what is your working
5 interest -- what -- what section or what lease does that
6 working interest pertain to that you're claiming?

7 MS. BROGGI: I mean, at this time, Mr. Examiner,
8 I'd ask that if Mr. Samaniego's looking for further,
9 additional information about these cases, of which my
10 understanding is he's received a lot of information and has
11 been in communication with Novo, I would ask you to reach
12 out to Novo directly, Mr. Samaniego, because at this time,
13 it is Novo's position that we have put on the evidence that
14 we need to for this pooling case, and we would ask that
15 Exhibit E be taken into the record and that Case 22615 be
16 taken under advisement.

17 EXAMINER BRANCARD: Thank you.

18 MR. SAMANIEGO: Just answer the question,
19 Ms. Broggi, what does the .03 percent working interest of
20 Slaton pertain to?

21 MS. BROGGI: Mr. Examiner, I don't know if you
22 want me to address this directly. I mean, Mr. Samaniego,
23 this is really a question for you to speak with Mr. Patrick
24 about.

25 MR. SAMANIEGO: It affects me. It affects me.

1 You're claiming an old pooling, a working interest in an old
2 pooling. What working interest does your interest you
3 bought pertain to?

4 MS. BROGGI: Mr. Samaniego, I mean, my
5 understanding is that you don't own an interest in this
6 acreage.

7 MR. SAMANIEGO: I do. It affects me. The
8 .03 percent working interest Novo's claiming was from an old
9 pooling. What old pooling does that .03 percent working
10 interest pertain to?

11 EXAMINER BRANCARD: All right. Thank you. I
12 think we have the information we need to move ahead with
13 this case, so I'm going to admit Exhibit E into the record
14 and we're going to take --

15 MR. SAMANIEGO: I want to ask for it to be to a
16 status conference.

17 EXAMINER BRANCARD: Case 22615 will be taken under
18 advisement. Thank you all.

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

20 MR. SAMANIEGO: I request for it to be moved to a
21 status conference.

22 EXAMINER BRANCARD: Mr. Samaniego, you have never
23 provided us with any evidence that you have an interest in
24 this spacing unit, so this case is being taken under
25 advisement.

1 MR. SAMANIEGO: The old pooling is the south half
2 of Section 7, the south half of Section 7. That's what the
3 original pooling of that .03 percent working interest --
4 that's what they're claiming. That affects me.

5 EXAMINER BRANCARD: And they're not -- they're
6 only --

7 MR. SAMANIEGO: So if you're granting them the
8 lease --

9 EXAMINER BRANCARD: The pooling is only the west
10 half of the section, Mr. Samaniego.

11 MR. SAMANIEGO: It pertains to all of it. If
12 they're going --

13 EXAMINER BRANCARD: Thank you.

14 (Proceedings concluded at 8:55 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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REPORTER'S CERTIFICATE

I, SHANON R. MYERS, New Mexico Certified Court Reporter, CCR #275, do hereby certify that I reported the foregoing virtual proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings to the best of my ability.

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

I FURTHER CERTIFY that the virtual proceeding was of extremely poor to good quality.

Dated this 2nd day of June 2022.

/s/ Shanon R. Myers

SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC
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