

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING OCTOBER 5, 2023**

**CASE No. 23806
Order No. R-22411; R-22411-A
(Amend)**

EDDY COUNTY, NEW MEXICO



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

**APPLICATION OF NOVO OIL
& GAS NORTHERN DELAWARE,
TO AMEND ORDER NO. R-22411,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23806
ORDER NO. R-22411; R-22411-A
(AMEND)**

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- Exhibit 1: Application
- Exhibit 2: Order No. R-22411
- Exhibit 3: Order No. R-22411-A

Tab B: Declaration of Earl E. DeBrine, Jr.

- Exhibit 1: Notice Letters
- Exhibit 2: Copies of Certified Mail Receipts and Returns

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

APPLICATION OF NOVO OIL
& GAS NORTHERN DELAWARE,
TO AMEND ORDER NO. R-22411,
EDDY COUNTY, NEW MEXICO

CASE NO. 23806
ORDER NO. R-22411; R-22411-A
(AMEND)

SELF-AFFIRMED DECLARATION

Peter Schmidt hereby states and declares as follows:

1. I am over the age of 18, I am a land professional for Novo Oil & Gas Northern Delaware, LLC ("Novo") and I have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division ("Division") and I have been qualified by the Division as an expert petroleum landman.

2. My area of responsibility at Novo includes the area of Eddy County in New Mexico.

3. I am familiar with the application filed by Novo in this case, which is attached as **Exhibit 1**.

4. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced application.

5. I am familiar with the status of the lands that are subject to this application.

6. The purpose of the application is to amend Order No. R-22411, attached as **Exhibit 2**, to allow for a one-year extension of time to commence drilling the initial well under the Order.

7. Order No. R-22411 (the "Order") pooled uncommitted interest owners in a 160-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

8. Order No. R-22411 designated Novo as the operator of the wells and the unit.

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Exhibit A

9. On December 8, 2022, the Division entered Order No. R-22411-A amending Order No. R-2241 to include a new Exhibit A Compulsory Pooling Application Checklist. A copy of the order is attached as **Exhibit 3**.

10. Order No. R-22411 ¶ 19 states: "The Operator shall commence drilling the Well(s) within one (1) year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well."

11. Order No. R-21410 ¶ 20 states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown."

12. Good cause exists for Novo's request for an extension of time. This is Novo's first request for an extension of time, and additional time is needed for Novo to commence drilling. Novo's plan to develop this acreage was delayed because in June of 2023 its corporate parent was a party to a sales transaction, which resulted in a delay of its drilling schedule for the wells under the Order.

13. Novo is in good standing under the statewide rules and regulations.

14. Under the Order, Novo would be required to commence drilling the initial well by December 5, 2023.

15. Novo asks that the deadline to commence drilling the initial well be extended for a year from December 5, 2023 to December 5, 2024.

16. The attachments to this declaration were prepared by me, or compiled from company business records, or were prepared at my direction.

I. In my opinion, the granting of this application is in the interests of conservation, the protection of correlative rights, and the prevention of waste.

[Signature page follows]

I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: September 26, 2023


Peter Schmidt

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

**APPLICATION OF NOVO OIL
& GAS NORTHERN DELAWARE,
TO AMEND ORDER NO. R-22411,
EDDY COUNTY, NEW MEXICO**

CASE NO. 23806
ORDER NOS. R-22411; R-22411-A
(Amend)

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo”) (OGRID No. 372920), through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) for the limited purpose of amending Order No. 22411-A (the “Order”) to allow for an extension of time for Novo to commence drilling the initial well under the Order. In support of this application, Novo states as follows:

1. On August 2, 2022, Novo filed an application (Case No. 22996) seeking to pool uncommitted interests in the Bone Spring underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.
2. On December 5, 2022, the Division entered Order No. R-22411 in Case No. 22996, which pooled uncommitted interest owners in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, dedicated to 2 wells within the horizontal spacing unit.
3. On December 8, 2022, the Division entered Order No. 22411-A amending Order 22411 to include a new Exhibit A Compulsory Pooling Application Checklist.
4. Order No. R-22411 designated Novo as the operator of the wells and the unit.

Exhibit A-1

5. Order No. R-22411, ¶ 19 states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

6. Further, Order No. R-22411, ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

7. Under Order No. R-22411, Novo would be required to commence drilling the initial well by December 5, 2023.

8. Novo hereby requests that Order No. R-22411 be amended to allow Novo additional time to commence drilling the initial well under the Order from December 5, 2023 to December 5, 2024.

9. Good cause exists for Novo’s request for an extension of time. Novo’s plan to develop this acreage was delayed because in June of 2023 its corporate parent was a party to a sales transaction which resulted in a delay of its drilling schedule for the well under Order No. R-22411.

WHEREFORE, Novo requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-22411 to extend the time for Novo to commence drilling the initial well under the Order for one year, through December 5, 2024; and

B. Incorporate all other provisions of Order No. R-22411.

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.

Deana Bennett

Yarithza Pena

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Attorneys for Novo Oil & Gas Northern Delaware, LLC

W4826825.DOCX

CASE NO. _____: (Amend) Application of Novo Oil & Gas Northern Delaware, LLC to Amend Order No. R-22411, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-22411 as amended by Order No. 22411-A to allow for a one-year extension of time to commence drilling the initial well under Order No. R-22411, which pooled uncommitted interest owners in a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. Said area is located approximately 6 miles north of Loving, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
NOVO OIL & GAS NORTHERN DELAWARE, LLC**

**CASE NO. 22996
ORDER NO. R-22411**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on September 1, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Novo Oil & Gas Northern Delaware, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

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ORDER NO. R-22411

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well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 12/05/2022

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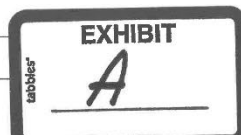
Exhibit A

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COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 22996	APPLICANT'S RESPONSE
Date: September 1, 2022	
Applicant	Novo Oil & Gas Northern Delaware, LLC
Designated Operator & OGRID (affiliation if applicable)	Novo Oil & Gas Northern Delaware, LLC (372920)
Applicant's Counsel:	Modrall, Sperling, Roehl, Harris & Sisk, P.A. (Earl E. DeBrine, Jr., Deana M. Bennett, and Bryce H. Smith)
Case Title:	Application of Novo Oil & Gas Northern Delaware, LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	MRC Delaware Resources, LLC Michael H. Feldewert Adam G. Rankin Julia Broggi Paula M. Vance HOLLAND & HART, LLP Post Office Box 2208 Santa Fe, New Mexico 87504 TEL: (505) 988-4421 FAX: (505) 983-6043 Facsimile mfeldewert@hollandhart.com agrarkin@hollandhart.com jbroggi@hollandhart.com pmvance@hollandhart.com
Well Family	Crocubot
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	CULEBRA BLUFF; BONE SPRING, SOUTH pool (Pool code 15011)
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	40 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 acres
Building Blocks:	160 acres
Orientation:	North-South

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Description: TRS/County	W/2W/2 of Section 26, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit B.3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Exhibit B.2
Well #1	Crocubot Fed 26 135H API: Not yet assigned SHL: 1,130 feet from the North line and 2,440 feet from the West line, Section 35, Township 22 South, Range 28 East, NMPM, Eddy County. BHL: 10 feet from the North line and 330 feet from the West line, Section 26, Township 22 South, Range 28 East, NMPM, Eddy County. Completion Target: Bone Spring. Well Orientation: North/South. Completion location: Expected to be standard. See also Exhibit B.2 for C-102.
Well #2	Crocubot Fed 26 131H API: Not yet assigned SHL: 175 feet from the North line and 1,012 feet from the West line, Section 35, Township 22 South, Range 28 East, NMPM, Eddy County. BHL: 10 feet from the North line and 330 feet from the West line, Section 26, Township 22 South, Range 28 East, NMPM, Eddy County. Completion Target: Bone Spring. Well Orientation: North/South. Completion location: Expected to be standard. See also Exhibit B.2 for C-102.
Horizontal Well First and Last Take Points	Exhibit B.2

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Well #1	Crocubot Fed 26 135H FTP: 100 feet from the South line and 330 feet from the West Line, Section 26, Township 22 South, Range 28 East, NMPM, Eddy County. LTP: 100 feet from the North line and 330 feet from the West line of Section 26, Township 22 South, Range 28 East, NMPM, Eddy County.
Well #2	Crocubot Fed 26 131H FTP: 100 feet from the South line and 330 feet from the West Line, Section 26, Township 22 South, Range 28 East, NMPM, Eddy County. LTP: 100 feet from the North line and 330 feet from the West line of Section 26, Township 22 South, Range 28 East, NMPM, Eddy County.
Completion Target (Formation, TVD and MD)	See Exhibit B.5.
Well #1	Crocubot Fed 26 135H Formation: First Bone Spring TVD: Approximately 7,317' MD: Approximately 13,234'
Well #2	Crocubot Fed 26 131H Formation: Third Bone Spring TVD: Approximately 9,512' MD: Approximately 15,093'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	See Exhibit B, Paragraph 23
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	See Exhibits B.1 and B.7
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B.7
Proof of Published Notice of Hearing (10 days before hearing)	N/A
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B.3
Tract List (including lease numbers and owners)	Exhibit B.3
Pooled Parties (including ownership type)	Exhibit B.3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A

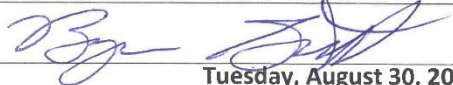
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Joinder	
Sample Copy of Proposal Letter	Exhibit B.5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.3
Chronology of Contact with Non-Joined Working Interests	Exhibit B.4
Overhead Rates In Proposal Letter	See Exhibit B, Para 23.
Cost Estimate to Drill and Complete	Exhibit B.6
Cost Estimate to Equip Well	Exhibit B.6
Cost Estimate for Production Facilities	Exhibit B.6
Geology	
Summary (including special considerations)	Exhibits C.2 and C.3
Spacing Unit Schematic	Exhibits C.2 and C.3
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.2
Well Orientation (with rationale)	Exhibit C.3; Exhibit C, ¶ 12
Target Formation	Exhibit C.6
HSU Cross Section	Exhibit C.6
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit B.2
Tracts	Exhibit B.3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.3
General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibit C.2
Structure Contour Map - Subsea Depth	Exhibits C.4 and C.5
Cross Section Location Map (including wells)	Exhibit C.6
Cross Section (including Landing Zone)	Exhibit C.6
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Bryce H. Smith
Signed Name (Attorney or Party Representative):	
Date:	Tuesday, August 30, 2022

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
NOVO OIL & GAS NORTHERN DELAWARE, LLC**

**CASE NO. 22996
ORDER NO. R-22411-A**

NUNC PRO TUNC ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having determined that an error occurred in Order R-22411 in this matter, which requires correction, issues the following *Nunc Pro Tunc* Order.

FINDINGS OF FACT

1. Order R-22411, dated December 5, 2022, ("Order") contains an incorrect Exhibit A.

ORDER

2. Exhibit A to the Order is replaced by the attached Exhibit A.
3. The corrections are effective *nunc pro tunc* as of the date of the Order.
4. All other provisions of the Order remain in full force and effect.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 12/08/2022

Exhibit A

<div>Received by OCD: 9/1/2022 2:08:45 PM</div> <div>Page 3 of 6</div> COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 22996	APPLICANT'S RESPONSE
Date: September 1, 2022	
Applicant	Novo Oil & Gas Northern Delaware, LLC
Designated Operator & OGRID (affiliation if applicable)	Novo Oil & Gas Northern Delaware, LLC (372920)
Applicant's Counsel:	Modrall, Sperling, Roehl, Harris & Sisk, P.A. (Earl E. DeBrine, Jr., Deana M. Bennett, and Bryce H. Smith)
Case Title:	Application of Novo Oil & Gas Northern Delaware, LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	MRC Delaware Resources, LLC Michael H. Feldewert Adam G. Rankin Julia Broggi Paula M. Vance HOLLAND & HART, LLP Post Office Box 2208 Santa Fe, New Mexico 87504 TEL: (505) 988-4421 FAX: (505) 983-6043 Facsimile mfeldewert@hollandhart.com agrankin@hollandhart.com jbroggi@hollandhart.com pmvance@hollandhart.com
Well Family	Crocubot
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	CULEBRA BLUFF; BONE SPRING, SOUTH pool (Pool code 15011)
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	160 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 acres
Building Blocks:	40 acres
Orientation:	North-South

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 ORDER NO. R-22411-A

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<p>Received by: ACTR 9/1/2022 2:08:45 PM</p>	<p>Page 4 of 6</p> <p>W/2W/2 of Section 26, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico</p>
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit B.3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Exhibit B.2
Well #1	<p>Crocubot Fed 26 135H API: Not yet assigned SHL: 1,130 feet from the North line and 2,440 feet from the West line, Section 35, Township 22 South, Range 28 East, NMPM, Eddy County. BHL: 10 feet from the North line and 330 feet from the West line, Section 26, Township 22 South, Range 28 East, NMPM, Eddy County. Completion Target: Bone Spring. Well Orientation: North/South. Completion location: Expected to be standard. See also Exhibit B.2 for C-102.</p>
Well #2	<p>Crocubot Fed 26 131H API: Not yet assigned SHL: 175 feet from the North line and 1,012 feet from the West line, Section 35, Township 22 South, Range 28 East, NMPM, Eddy County. BHL: 10 feet from the North line and 330 feet from the West line, Section 26, Township 22 South, Range 28 East, NMPM, Eddy County. Completion Target: Bone Spring. Well Orientation: North/South. Completion location: Expected to be standard. See also Exhibit B.2 for C-102.</p>
Horizontal Well First and Last Take Points	Exhibit B.2

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ORDER NO. R-22411-A


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Received by OCD: 9/1/2022 2:08:45 PM	Crocubot Fed 26 135H FTP: 100 feet from the South line and 330 feet from the West Line, Section 26, Township 22 South, Range 28 East, NMPM, Eddy County. LTP: 100 feet from the North line and 330 feet from the West line of Section 26, Township 22 South, Range 28 East, NMPM, Eddy County.	Page 5 of 6
Well #2	Crocubot Fed 26 131H FTP: 100 feet from the South line and 330 feet from the West Line, Section 26, Township 22 South, Range 28 East, NMPM, Eddy County. LTP: 100 feet from the North line and 330 feet from the West line of Section 26, Township 22 South, Range 28 East, NMPM, Eddy County.	
Completion Target (Formation, TVD and MD)	See Exhibit B.5.	
Well #1	Crocubot Fed 26 135H Formation: First Bone Spring TVD: Approximately 7,317' MD: Approximately 13,234'	
Well #2	Crocubot Fed 26 131H Formation: Third Bone Spring TVD: Approximately 9,512' MD: Approximately 15,093'	
AFE Capex and Operating Costs		
Drilling Supervision/Month \$	\$8,000	
Production Supervision/Month \$	\$800	
Justification for Supervision Costs	See Exhibit B, Paragraph 23	
Requested Risk Charge	200%	
Notice of Hearing		
Proposed Notice of Hearing	See Exhibits B.1 and B.7	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B.7	
Proof of Published Notice of Hearing (10 days before hearing)	N/A	
Ownership Determination		
Land Ownership Schematic of the Spacing Unit	Exhibit B.3	
Tract List (including lease numbers and owners)	Exhibit B.3	
Pooled Parties (including ownership type)	Exhibit B.3	
Unlocatable Parties to be Pooled	N/A	
Ownership Depth Severance (including percentage above & below)	N/A	

Released to Imaging: 9/1/2022 2:20:33 PM

Received by OCD: 9/1/2022 2:08:45 PM

Page 6 of 6

Joinder	
Sample Copy of Proposal Letter	Exhibit B.5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.3
Chronology of Contact with Non-Joined Working Interests	Exhibit B.4
Overhead Rates In Proposal Letter	See Exhibit B, Para 23.
Cost Estimate to Drill and Complete	Exhibit B.6
Cost Estimate to Equip Well	Exhibit B.6
Cost Estimate for Production Facilities	Exhibit B.6
Geology	
Summary (including special considerations)	Exhibits C.2 and C.3
Spacing Unit Schematic	Exhibits C.2 and C.3
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.2
Well Orientation (with rationale)	Exhibit C.3; Exhibit C, ¶ 12
Target Formation	Exhibit C.6
HSU Cross Section	Exhibit C.6
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit B.2
Tracts	Exhibit B.3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.3
General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibit C.2
Structure Contour Map - Subsea Depth	Exhibits C.4 and C.5
Cross Section Location Map (including wells)	Exhibit C.6
Cross Section (including Landing Zone)	Exhibit C.6
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Bryce H. Smith
Signed Name (Attorney or Party Representative):	
Date:	Thursday, September 1, 2022

Released to Imaging: 9/1/2022 2:20:33 PM

CASE NO. 22996
ORDER NO. R-22411-A

Page 5 of 5

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

**APPLICATION OF NOVO OIL
& GAS NORTHERN DELAWARE,
TO AMEND ORDER NO. R-22411,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23806
ORDER NOS. R-22411; R-22411-A
(Amend)**

SELF-AFFIRMED DECLARATION OF EARL E. DEBRINE, JR.

Earl E. DeBrine Jr., attorney in fact and authorized representative of Novo Oil & Gas Northern Delaware, LLC, the Applicant herein, declares as follows:

- 1) The above-referenced Application was provided under notice letters dated September 13, 2023, attached hereto, as Exhibit B-1.
- 2) Exhibit B-2 are copies of the certified mail white post-marked receipts, which show the notice letter was delivered to the USPS for mailing on September 13, 2023, along with the certified mailing green cards, which show the names and addresses of the parties to whom notice was sent and the status of the mailing.
- 3) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: October 3, 2023.



Earl E. DeBrine Jr.

W4859777.DOCX



MODRALL SPERLING

L A W Y E R S

September 13, 2023

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Earl E. DeBrine, Jr.
Tel: 505.848.1810
edebrine@modrall.com

TO: U.S. Department of the Interior
Bureau of Land Management
301 Dinosaur Trail
Santa Fe, NM 87508

This letter is to advise you that Novo Oil & Gas Northern Delaware, LLC has filed the enclosed applications with the New Mexico Oil Conservation Division:

CASE NO. 23805: (Amend) Notice to all affected parties, as well as their heirs and devisees, United States of America, BLM, MRC Delaware Resources, LLC and Nadel and Gussman Capitan, LLC of Novo Oil & Gas Northern Delaware, LLC's Application to Amend Order No. R-22410, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at **8:15 a.m. on October 5, 2023** to consider this application. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-22410 to allow for a one-year extension of time to commence drilling the initial well under Order No. R-22410, which pooled uncommitted interest owners in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. Said area is located approximately 6 miles north of Loving, New Mexico.

CASE NO. 23806: (Amend) Notice to all affected parties, as well as their heirs and devisees, United States of America, BLM, MRC Delaware Resources, LLC and Nadel and Gussman Capitan, LLC of Novo Oil & Gas Northern Delaware, LLC's Application to Amend Order No. R-22411, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at **8:15 a.m. on October 5, 2023** to consider this application. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-22411 as amended by Order No. 22411-A to allow for a one-year extension of time to commence drilling the initial well under Order No. R-22411, which pooled uncommitted interest owners in a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. Said area is located approximately 6 miles north of Loving, New Mexico.

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Bureau of Land Management
September 13, 2023
Page 2

These applications have been set for hearing before a Division Examiner at **8:15 a.m. on October 5, 2023**. This hearing is subject to continuance by the Division to a subsequent docket date. As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in this case at a later date. If you desire to appear in these cases and present evidence, then you are required to comply with the filing requirements set forth in the Prehearing Order for such cases, a copy of which is enclosed.

The hearing will be conducted remotely on October 5, 2023. To participate in the electronic hearing, see the posted docket for the hearing date at: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Earl E. DeBrine, Jr.", with a stylized flourish extending to the right.

Earl E. DeBrine, Jr.
Attorney for Applicant

EED/hta/W4847133.DOCX
Enclosures: as stated

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

**APPLICATION OF NOVO OIL
& GAS NORTHERN DELAWARE,
TO AMEND ORDER NO. R-22411,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23806
ORDER NOS. R-22411; R-22411-A
(Amend)**

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo”) (OGRID No. 372920), through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) for the limited purpose of amending Order No. 22411-A (the “Order”) to allow for an extension of time for Novo to commence drilling the initial well under the Order. In support of this application, Novo states as follows:

1. On August 2, 2022, Novo filed an application (Case No. 22996) seeking to pool uncommitted interests in the Bone Spring underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.
2. On December 5, 2022, the Division entered Order No. R-22411 in Case No. 22996, which pooled uncommitted interest owners in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, dedicated to 2 wells within the horizontal spacing unit.
3. On December 8, 2022, the Division entered Order No. 22411-A amending Order 22411 to include a new Exhibit A Compulsory Pooling Application Checklist.
4. Order No. R-22411 designated Novo as the operator of the wells and the unit.

5. Order No. R-22411, ¶ 19 states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

6. Further, Order No. R-22411, ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

7. Under Order No. R-22411, Novo would be required to commence drilling the initial well by December 5, 2023.

8. Novo hereby requests that Order No. R-22411 be amended to allow Novo additional time to commence drilling the initial well under the Order from December 5, 2023 to December 5, 2024.

9. Good cause exists for Novo’s request for an extension of time. Novo’s plan to develop this acreage was delayed because in June of 2023 its corporate parent was a party to a sales transaction which resulted in a delay of its drilling schedule for the well under Order No. R-22411.

WHEREFORE, Novo requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-22411 to extend the time for Novo to commence drilling the initial well under the Order for one year, through December 5, 2024; and

B. Incorporate all other provisions of Order No. R-22411.

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.

Deana Bennett

Yarithza Pena

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

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deana.bennett@modrall.com

yarithza.pena@modrall.com

Attorneys for Novo Oil & Gas Northern Delaware, LLC

W4826825.DOCX

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

**APPLICATION OF NOVO OIL
& GAS NORTHERN DELAWARE,
TO AMEND ORDER NO. R-22410,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23805
ORDER NO. R-22410
(Amend)**

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo”) (OGRID No. 372920), through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) for the limited purpose of amending Order No. 22410 (the “Order”) to allow for an extension of time for Novo to commence drilling the initial well under the Order. In support of this application, Novo states as follows:

1. On August 2, 2022, Novo filed an application (Case No. 22995) seeking to pool uncommitted interests in the Wolfcamp underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.
2. On December 5, 2022, the Division entered Order No. R-22410 in Case No. 22995, which pooled uncommitted interest owners in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, dedicated to 3 wells within the horizontal spacing unit.
3. Order No. R-22410 designated Novo as the operator of the wells and the unit.

4. Order No. R-22410, ¶ 19 states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

5. Further, Order No. R-22410, ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

6. Under Order No. R-22410, Novo would be required to commence drilling the initial well by December 5, 2023.

7. Novo hereby requests that Order No. R-22410 be amended to allow Novo additional time to commence drilling the initial well under the Order from December 5, 2023 to December 5, 2024.

8. Good cause exists for Novo’s request for an extension of time. Novo’s plan to develop this acreage was delayed because in June of 2023 its corporate parent was a party to a sales transaction which resulted in a delay of its drilling schedule for the well under Order No. R-22410.

WHEREFORE, Novo requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-22410 to extend the time for Novo to commence drilling the initial well under the Order for one year, through December 5, 2024; and

B. Incorporate all other provisions of Order No. R-22410.

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.

Deana Bennett

Yarithza Pena

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yarithza.pena@modrall.com

Attorneys for Novo Oil & Gas Northern Delaware, LLC

W4817703.DOCX



MODRALL SPERLING

L A W Y E R S

September 13, 2023

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Earl E. DeBrine, Jr.
Tel: 505.848.1810
edebrine@modrall.com

TO: Nadel and Gussman Capitan, LLC
15 East 5th Street, Suite 3300
Tulsa OK 74103

This letter is to advise you that Novo Oil & Gas Northern Delaware, LLC has filed the enclosed applications with the New Mexico Oil Conservation Division:

CASE NO. 23805: (Amend) Notice to all affected parties, as well as their heirs and devisees, United States of America, BLM, MRC Delaware Resources, LLC and Nadel and Gussman Capitan, LLC of Novo Oil & Gas Northern Delaware, LLC's Application to Amend Order No. R-22410, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at **8:15 a.m. on October 5, 2023** to consider this application. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-22410 to allow for a one-year extension of time to commence drilling the initial well under Order No. R-22410, which pooled uncommitted interest owners in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. Said area is located approximately 6 miles north of Loving, New Mexico.

CASE NO. 23806: (Amend) Notice to all affected parties, as well as their heirs and devisees, United States of America, BLM, MRC Delaware Resources, LLC and Nadel and Gussman Capitan, LLC of Novo Oil & Gas Northern Delaware, LLC's Application to Amend Order No. R-22411, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at **8:15 a.m. on October 5, 2023** to consider this application. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-22411 as amended by Order No. 22411-A to allow for a one-year extension of time to commence drilling the initial well under Order No. R-22411, which pooled uncommitted interest owners in a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. Said area is located approximately 6 miles north of Loving, New Mexico.

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Nadel and Gussman Capitan, LLC
September 13, 2023
Page 2

These applications have been set for hearing before a Division Examiner at **8:15 a.m. on October 5, 2023**. This hearing is subject to continuance by the Division to a subsequent docket date. As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in this case at a later date. If you desire to appear in these cases and present evidence, then you are required to comply with the filing requirements set forth in the Prehearing Order for such cases, a copy of which is enclosed.

The hearing will be conducted remotely on October 5, 2023. To participate in the electronic hearing, see the posted docket for the hearing date at: <https://www.emnrd.nm.gov/oed/hearing-info/>.

Sincerely,

A handwritten signature in blue ink, appearing to read 'E. DeBrine', with a stylized flourish at the end.

Earl E. DeBrine, Jr.
Attorney for Applicant

EED/hta/W4841669.DOCX
Enclosures: as stated

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

**APPLICATION OF NOVO OIL
& GAS NORTHERN DELAWARE,
TO AMEND ORDER NO. R-22411,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23806
ORDER NOS. R-22411; R-22411-A
(Amend)**

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo”) (OGRID No. 372920), through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) for the limited purpose of amending Order No. 22411-A (the “Order”) to allow for an extension of time for Novo to commence drilling the initial well under the Order. In support of this application, Novo states as follows:

1. On August 2, 2022, Novo filed an application (Case No. 22996) seeking to pool uncommitted interests in the Bone Spring underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.
2. On December 5, 2022, the Division entered Order No. R-22411 in Case No. 22996, which pooled uncommitted interest owners in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, dedicated to 2 wells within the horizontal spacing unit.
3. On December 8, 2022, the Division entered Order No. 22411-A amending Order 22411 to include a new Exhibit A Compulsory Pooling Application Checklist.
4. Order No. R-22411 designated Novo as the operator of the wells and the unit.

5. Order No. R-22411, ¶ 19 states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

6. Further, Order No. R-22411, ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

7. Under Order No. R-22411, Novo would be required to commence drilling the initial well by December 5, 2023.

8. Novo hereby requests that Order No. R-22411 be amended to allow Novo additional time to commence drilling the initial well under the Order from December 5, 2023 to December 5, 2024.

9. Good cause exists for Novo’s request for an extension of time. Novo’s plan to develop this acreage was delayed because in June of 2023 its corporate parent was a party to a sales transaction which resulted in a delay of its drilling schedule for the well under Order No. R-22411.

WHEREFORE, Novo requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-22411 to extend the time for Novo to commence drilling the initial well under the Order for one year, through December 5, 2024; and

B. Incorporate all other provisions of Order No. R-22411.

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.

Deana Bennett

Yarithza Pena

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Attorneys for Novo Oil & Gas Northern Delaware, LLC

W4826825.DOCX

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

**APPLICATION OF NOVO OIL
& GAS NORTHERN DELAWARE,
TO AMEND ORDER NO. R-22410,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23805
ORDER NO. R-22410
(Amend)**

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo”) (OGRID No. 372920), through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) for the limited purpose of amending Order No. 22410 (the “Order”) to allow for an extension of time for Novo to commence drilling the initial well under the Order. In support of this application, Novo states as follows:

1. On August 2, 2022, Novo filed an application (Case No. 22995) seeking to pool uncommitted interests in the Wolfcamp underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.
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8. Good cause exists for Novo's request for an extension of time. Novo's plan to develop this acreage was delayed because in June of 2023 its corporate parent was a party to a sales transaction which resulted in a delay of its drilling schedule for the well under Order No. R-22410.

WHEREFORE, Novo requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-22410 to extend the time for Novo to commence drilling the initial well under the Order for one year, through December 5, 2024; and

B. Incorporate all other provisions of Order No. R-22410.

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.

Deana Bennett

Yarithza Pena

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yarithza.pena@modrall.com

Attorneys for Novo Oil & Gas Northern Delaware, LLC

W4817703.DOCX

MODRALL SPERLING
LAWYERS

September 13, 2023

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTEDEarl E. DeBrine, Jr.
Tel: 505.848.1810
edebrine@modrall.comTO: MRC Delaware Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas TX 75240

This letter is to advise you that Novo Oil & Gas Northern Delaware, LLC has filed the enclosed applications with the New Mexico Oil Conservation Division:

CASE NO. 23805: (Amend) Notice to all affected parties, as well as their heirs and devisees, United States of America, BLM, MRC Delaware Resources, LLC and Nadel and Gussman Capitan, LLC of Novo Oil & Gas Northern Delaware, LLC's Application to Amend Order No. R-22410, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at **8:15 a.m. on October 5, 2023** to consider this application. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-22410 to allow for a one-year extension of time to commence drilling the initial well under Order No. R-22410, which pooled uncommitted interest owners in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. Said area is located approximately 6 miles north of Loving, New Mexico.

CASE NO. 23806: (Amend) Notice to all affected parties, as well as their heirs and devisees, United States of America, BLM, MRC Delaware Resources, LLC and Nadel and Gussman Capitan, LLC of Novo Oil & Gas Northern Delaware, LLC's Application to Amend Order No. R-22411, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at **8:15 a.m. on October 5, 2023** to consider this application. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-22411 as amended by Order No. 22411-A to allow for a one-year extension of time to commence drilling the initial well under Order No. R-22411, which pooled uncommitted interest owners in a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. Said area is located approximately 6 miles north of Loving, New Mexico.

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MRC Delaware Resources, LLC
September 13, 2023
Page 2

These applications have been set for hearing before a Division Examiner at **8:15 a.m. on October 5, 2023**. This hearing is subject to continuance by the Division to a subsequent docket date. As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in this case at a later date. If you desire to appear in these cases and present evidence, then you are required to comply with the filing requirements set forth in the Prehearing Order for such cases, a copy of which is enclosed.

The hearing will be conducted remotely on October 5, 2023. To participate in the electronic hearing, see the posted docket for the hearing date at: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Earl E. DeBrine, Jr.", with a stylized flourish extending from the end.

Earl E. DeBrine, Jr.
Attorney for Applicant

EED/hta/W4841661.DOCX
Enclosures: as stated

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

**APPLICATION OF NOVO OIL
& GAS NORTHERN DELAWARE,
TO AMEND ORDER NO. R-22411,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23806
ORDER NOS. R-22411; R-22411-A
(Amend)**

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo”) (OGRID No. 372920), through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) for the limited purpose of amending Order No. 22411-A (the “Order”) to allow for an extension of time for Novo to commence drilling the initial well under the Order. In support of this application, Novo states as follows:

1. On August 2, 2022, Novo filed an application (Case No. 22996) seeking to pool uncommitted interests in the Bone Spring underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.
2. On December 5, 2022, the Division entered Order No. R-22411 in Case No. 22996, which pooled uncommitted interest owners in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, dedicated to 2 wells within the horizontal spacing unit.
3. On December 8, 2022, the Division entered Order No. 22411-A amending Order 22411 to include a new Exhibit A Compulsory Pooling Application Checklist.
4. Order No. R-22411 designated Novo as the operator of the wells and the unit.

5. Order No. R-22411, ¶ 19 states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

6. Further, Order No. R-22411, ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

7. Under Order No. R-22411, Novo would be required to commence drilling the initial well by December 5, 2023.

8. Novo hereby requests that Order No. R-22411 be amended to allow Novo additional time to commence drilling the initial well under the Order from December 5, 2023 to December 5, 2024.

9. Good cause exists for Novo’s request for an extension of time. Novo’s plan to develop this acreage was delayed because in June of 2023 its corporate parent was a party to a sales transaction which resulted in a delay of its drilling schedule for the well under Order No. R-22411.

WHEREFORE, Novo requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-22411 to extend the time for Novo to commence drilling the initial well under the Order for one year, through December 5, 2024; and

B. Incorporate all other provisions of Order No. R-22411.

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.

Deana Bennett

Yarithza Pena

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Attorneys for Novo Oil & Gas Northern Delaware, LLC

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

**APPLICATION OF NOVO OIL
& GAS NORTHERN DELAWARE,
TO AMEND ORDER NO. R-22410,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 23805
ORDER NO. R-22410
(Amend)**

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo”) (OGRID No. 372920), through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) for the limited purpose of amending Order No. 22410 (the “Order”) to allow for an extension of time for Novo to commence drilling the initial well under the Order. In support of this application, Novo states as follows:

1. On August 2, 2022, Novo filed an application (Case No. 22995) seeking to pool uncommitted interests in the Wolfcamp underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.
2. On December 5, 2022, the Division entered Order No. R-22410 in Case No. 22995, which pooled uncommitted interest owners in a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, dedicated to 3 wells within the horizontal spacing unit.
3. Order No. R-22410 designated Novo as the operator of the wells and the unit.

4. Order No. R-22410, ¶ 19 states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

5. Further, Order No. R-22410, ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

6. Under Order No. R-22410, Novo would be required to commence drilling the initial well by December 5, 2023.

7. Novo hereby requests that Order No. R-22410 be amended to allow Novo additional time to commence drilling the initial well under the Order from December 5, 2023 to December 5, 2024.

8. Good cause exists for Novo’s request for an extension of time. Novo’s plan to develop this acreage was delayed because in June of 2023 its corporate parent was a party to a sales transaction which resulted in a delay of its drilling schedule for the well under Order No. R-22410.

WHEREFORE, Novo requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 5, 2023, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-22410 to extend the time for Novo to commence drilling the initial well under the Order for one year, through December 5, 2024; and

B. Incorporate all other provisions of Order No. R-22410.

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Earl E. DeBrine, Jr.

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Attorneys for Novo Oil & Gas Northern Delaware, LLC

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