

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

**APPLICATION OF NOVO OIL & GAS
NORTHERN DELAWARE, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo” or “Applicant”) (OGRID No. 372920), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation from a depth of 7,839 feet to the base of the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 10 and 15, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, Novo states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following two proposed initial wells, both of which will be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 15 to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 10: (1) the **Saturninus Fed Com 1510 #122H Well**, and (2) the **Saturninus Fed Com 1510 #132H Well**.
3. The completed intervals of these wells will comply with statewide setbacks.
4. A depth severance exists in the Bone Spring formation underlying the horizontal spacing unit at a depth of 7,839 feet. Accordingly, Applicant seeks to pool only a portion of

Laguna Salado; Bone Spring (96721), from a depth of 7,839 feet to the base of the Bone Spring formation.

5. Applicant will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all mineral interest owners in the subject spacing unit.

7. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

8. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of these proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 6, 2020, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;

- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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