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

APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC TO AMEND ORDER NOS. R-21211 & R-21211-A, EDDY COUNTY, NEW MEXICO.

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 to amend Order Nos. R-21211 and 21211-A ("Orders") to approve a standard 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 10, and the W/2 of Section 15, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and pooling all interests under the terms of the Orders. In support of its application, Novo states:

- 1. Division Order No. R-21211, entered on April 9, 2020, in Case No. 21040, created a standard 640-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 10 and 15, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico (the "Unit"), and designated Novo as operator of the Unit.
- 2. Order No. R-21211 further pooled the uncommitted interests in the Wolfcamp formation in the (Purple Sage-Wolfcamp Gas Pool [98220], in the Unit and dedicated the Unit to the following proposed initial wells: (1) the Saturninus Fed Com 1510 #211H well (API No. 30-015-pending), (2) the Saturninus Fed Com 1510 #212H well (API No. 30-015-pending), (3) the Saturninus Fed Com 1510 #221H well (API No. 30-015-pending), (4) the Saturninus Fed Com 1510 #231H well (API No. 30-015-pending), (5) the Saturninus Fed Com 1510 #232H well (API No. 30-015-pending), (6) the Saturninus Fed Com 1510

#215H well (API No. 30-015-pending), (7) the Saturninus Fed Com 1510 #222H well (API No. 30-015-pending), (8) the Saturninus Fed Com 1510 #225H well (API No. 30-015-pending), and (9) the Saturninus Fed Com 1510 #235H well (API No. 30-015-pending).

- 3. Applicant requests that the Orders be re-opened and the approved spacing unit under the order be amended.
- 4. Since the entry of Orders, Applicant has determined it is prudent to drill mile and a half wells in this spacing unit, rather than the two-mile wells initially proposed.
- 5. For that reason, Applicant now seeks to dedicate the standard horizontal spacing unit underlying the SW/4 of Section 10, and the W/2 of Section 15 to the proposed initial wells.
- 6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.
- 7. Approval of this application is in the best interest of conservation, the prevention of waste, and the protection of correlative rights.
- 8. In order to protect correlative rights and to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this standard spacing unit should be pooled, and Applicant should be designated the operator of the initial horizontal well and standard spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 1, 2021, and, after notice and hearing as required by law, the Division enter an order approving the amended spacing unit.

Respectfully submitted,

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