

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

**APPLICATION OF NOVO OIL & GAS
NORTHERN DELAWARE LLC TO AMEND
ORDER NO. R-21092-A TO EXCLUDE THE
SECOND BONE SPRING INTERVAL, 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, to amend compulsory pooling Order No. R-21092-A to exclude the Second Bone Spring interval from the standard 635.40-acre, more or less, horizontal well spacing unit created thereunder, comprised of the N/2 of Section 13, Township 23 South, Range 28 East, and irregular Section 18, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, Novo states:

1. Division Order No. No. R-21092, entered on February 12, 2020, in Case No. 20886, created a standard 320-acre horizontal well spacing unit comprised of the N/2 of Section 13, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. The order dedicated the proposed **Ovation Fed Com 13 #131H, #132H, and #135H Wells** to the spacing unit and designated Novo as operator.

2. After entry of Order R-21092, Applicant determined that it was prudent to include the N/2 equivalent of said irregular Section 18 into this standard horizontal spacing unit to allow for the drilling of two-mile wells and filed an application to amend the order.

3. On December 24, 2020, the Division issued Order R-21092-A, also under Case No. 20886, to expand the 320-acre spacing unit to include the N/2 of irregular Section 18, Township

23 South, Range 29 East, creating a 635.40-acre, more or less, horizontal well spacing unit consisting of the N/2 of said Sections 13 and 18 (the "Unit").

4. Order No. R-21092-A further pooled uncommitted interests in the Bone Spring formation in the Culebra Bluff; Bone Spring, South Pool [Pool Code 15011] in the Unit and dedicated the following proposed initial wells to the Unit:

- The **Ovation Fed Com 13 #131H Well** to be horizontally drilled from a surface location in the NE/4 of Section 14, T23S, R28E, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 13; and
- The **Ovation Fed Com 13 #132H Well** and the **Ovation Fed Com 13 #135H Well**, both of which will be horizontally drilled from a common surface location in the NE/4 of Section 14, T23S, R28E, to bottom hole locations in the SE/4 NE/4 (Unit H) of Section 13. The completed interval for the **Ovation Fed Com 13 #132H Well** will remain within 330 feet of the N/2 N/2 of Section 13 to allow inclusion of these proximity tracts in a standard 320-acre horizontal well spacing comprised of the N/2 of Section 13.

5. Division Order No. No. R-21092-B, entered on December 7, 2021, in Case No. 22350, extended the deadlines to drill and complete the designated wells under the terms and conditions of Order R-21902-A until December 24, 2022.

6. Since Order No. R-21092-B was entered, Applicant has determined that there is an existing horizontal well completed and producing in the Second Bone Spring interval within the proposed spacing unit in the Culebra Bluff; Bone Spring, South Pool [Pool Code 15011] that is operated by OXY USA Inc, the Bank 18 Fed Com #1H well (API No. 30-015-41447). OXY's well is dedicated to a 160-acre, more or less, horizontal well spacing unit comprised of the N/2 N/2 of irregular Section 18. The OXY well is completed in the Second Bone Spring interval.

7. Accordingly, Applicant now seeks to exclude the Second Bone Spring interval from Order R-21092-A and its 635.4-acre, more or less, horizontal spacing unit so that it may separately drill and develop the other intervals of the Bone Spring formation. Specifically, Novo requests that the Second Bone Spring interval at a stratigraphic equivalent of 7,575 feet measured depth to 8,442 feet measured depth, as defined in the neutron density log, dated June 7, 197, recorded in the HF 13 Com #001C well (API 30-015-21138), be excluded from the pooling order. The remainder of the Bone Spring formation in the Culebra Bluff; Bone Spring Pool (15011) will remain dedicated to the spacing unit.

8. Applicant requests that all other terms and provisions under Order No. R-21092-A and Order R-21092-B remain unchanged and in full force and effect.

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

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 3, 2022, and, after notice and hearing as required by law, the Division approve this Application.

Respectfully submitted,

HOLLAND & HART LLP

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**ATTORNEYS FOR NOVO OIL & GAS NORTHERN
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CASE _____: **Application of Novo Oil & Gas Northern Delaware LLC to amend Order No. R-21092-A to exclude the Second Bone Spring Interval, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order amending compulsory pooling Order No. R-21092-A to exclude the Second Bone Spring interval from the standard 635.40-acre, more or less, horizontal well spacing unit created thereunder, comprised of the N/2 of Section 13, Township 23 South, Range 28 East and irregular Section 18, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Specifically, Novo requests that the Second Bone Spring interval at a stratigraphic equivalent of 7,575 feet measured depth to 8,442 feet measured depth, as defined in the neutron density log, dated June 7, 197, recorded in the HF 13 Com #001C well (API 30-015-21138), be excluded from the pooling order. All other terms and provisions under Order No. R-21092-A and Order R-21092-B will remain unchanged and in full force and effect. Said area is located approximately 3 miles east of Loving, New Mexico.