

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

**APPLICATION OF NOVO OIL & GAS  
NORTHERN DELAWARE, LLC  
FOR APPROVAL OF 600-ACRE  
NON-STANDARD SPACING UNIT,  
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 N.M. Stat. Ann. § 70-2-17, for an order approving 600-acre, more or less, non-standard spacing unit in the Wolfcamp formation comprised of the SW/4 SW/4 of Section 3, SW/4 and S/2 SE/4 of Section 4 and S/2 of Section 5, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, Novo states:

1. Novo is the designated operator for an existing non-standard horizontal spacing unit approved by the Division in Order No. R-20249, embracing the SW/4 and S/2 SE/4 of Section 4 and S/2 of Section 5, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Order No. 20249 originally was approved as a standard horizontal spacing unit but became non-standard as a result of Division Order No. R-21194 which excluded the N/2 SE/4 of Section 4 of Township 23 South, Range 29E, NMPM from the horizontal spacing unit approved by Order R-20249. Novo subsequently drilled the three wells provided for in Order No. R-20249.

2. Novo acquired additional acreage located in SW/4 SW/4 of Section 3, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico which it seeks to include to form an approximately 600-acre non-standard horizontal spacing unit for the Wolfcamp formation that will expand the existing communitization agreement.

3. Unless this tract is included in the existing horizontal spacing unit, the tract would be stranded causing waste. Within the proposed non-standard spacing unit, Novo intends to drill the following well within Purple Sage; Wolfcamp (Gas)(Pool Code 98220) which will further develop the Wolfcamp formation underlying each of the 40-acre tracts comprising the proposed non-standard spacing unit:

- The **Rana Salada Fed Com 504 213H well** to be horizontally drilled from a surface location in the SW/4 SW/4 of Section 6, T23S, R29E, to a bottom hole location in the SW/4 SW/4 of Section 3.

4. Novo seeks to minimize surface disturbance by consolidating facilities and commingling production from existing and future wells in the expanded proposed non-standard spacing unit.

5. The Bureau of Land Management has informed Novo that it will approve an expanded Communitization Agreement for the Wolfcamp formation underlying the acreage comprising the proposed non-standard spacing unit, once the proposed Rana Salada Fed Com, 504 213H well is completed as a producing well.

6. To allow the existing and permitted wells to be dedicated to the acreage subject to the expanded Communitization Agreement, Novo requires approval of corresponding non-standard spacing unit in the Wolfcamp formation.

7. Division Rules contemplate and encourage oil and gas development, where possible, in enlarged areas of common ownership to minimize surface disturbance and to

promote efficient well spacing. *See, e.g.*, 19.15.16.7.P NMAC; 19.15.16.15.B(8) NMAC and 19.15.16.15.C(7) NMAC.

8. Approval of this application will prevent waste and allow Novo to efficiently locate surface facilities; reduce surface disturbance; consolidate roads, tanks and pipelines; and promote effective well spacing.

9. Approval of this application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Novo requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 7, 2022 and that after notice and hearing as required by law, the Division enter an order granting this application.

Respectfully submitted,

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

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

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**Application of Novo Oil & Gas Northern Delaware LLC for approval of a 600-acre non-standard spacing unit, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order approving a non-standard 600-acre, more or less, horizontal spacing unit comprised of the SW/4 SW/4 of Section 3, SW/4 and S/2 SE/4 of Section 4 and S/2 of Section 5, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Said horizontal spacing unit will be dedicated to the existing wells approved by Order No. R-20249 and the following well:

- The **Rana Salada Fed Com 504 213H** to be horizontally drilled from a surface location in the SW4/SW4 of Section 6, T23S, R28E, to a bottom hole location in the SW/4 SW/4 of Section 6.