

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING SEPTEMBER 1, 2022**

CASE NO. 22996

Crocubot Fed 26 135H and 131H Wells

EDDY COUNTY, NEW MEXICO



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

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

CASE NO. 22996

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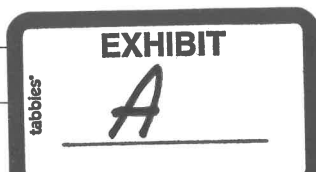
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- Exhibit C.6: Stratigraphic Cross Section w/ Cross-Section Reference Map


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



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	<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

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

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

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

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

CASE NO. 22996

SELF AFFIRMED DECLARATION OF PETER SCHMIDT

Peter Schmidt hereby states and declares as follows:

1. I am over the age of 18, I am a landman for Novo Oil & Gas Northern Delaware, LLC (“Novo”), and I have personal knowledge of the matters stated herein.

2. I graduated from the University of Oklahoma in December of 2011 with a B.B.A. in Energy Management and Finance. While in school, I worked as a title landman for Land Services, Inc. (2010), and then as a land intern for Devon Energy Corporation (2011). Upon graduation in 2011, I joined Devon Energy Corporation as a professional landman within Devon’s Permian Basin (Texas) division, where I negotiated and implemented various contracts and agreements and managed a drilling program for roughly 2.5 years. In 2014, I joined Chesapeake Energy Corporation and served as a professional landman overseeing development in Teas and Oklahoma for over 6 years. I joined Novo in March of 2021 as a senior landman and have continued to oversee development in Texas and New Mexico. A copy of my resume is attached as

Exhibit B.8.

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

4. I am familiar with the application filed by Novo in this case, which is attached as

Exhibit B.1.

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



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

7. The purpose of the application is to force pool all uncommitted interests into the horizontal spacing unit described below, and in the wells to be drilled in the unit.

8. No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the well.

9. In this case, Novo seeks an order from the Division pooling all uncommitted mineral interests within a 160-acre, more or less, Bone Spring horizontal spacing unit underlying the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

10. This spacing unit will be dedicated to the **Crocubot Fed 26 135H and Crocubot Fed 26 131H** wells to be horizontally drilled.

11. Attached as **Exhibit B.2** is the proposed C-102s for the wells.

12. The C-102s identify the proposed surface hole location, first take point, and bottom hole location of each well. The C-102s also identify the pool and pool code.

13. The wells will develop the CULEBRA BLUFF; BONE SPRING, SOUTH pool (Pool code 15011).

14. This pool is an oil pool with 40-acre building blocks.

15. This pool is governed by the state-wide horizontal well rules. The producing interval for the wells will be orthodox and will comply with the Division's set back requirements.

16. There are no depth severances within the proposed spacing unit.

17. **Exhibit B.3** includes a lease tract map outlining the unit being pooled. Exhibit B.3 also includes the parties being pooled, the nature, and the percent of their interests.

18. I have conducted a diligent search of the public records in the county where the wells are located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed the working interest owners well proposals, including an Authorization for Expenditure.

19. In my opinion, Novo has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

20. **Exhibit B.4** is a summary of my contacts with the working interest owners.

21. **Exhibit B.5** is a sample of a well proposal letter that was sent to all working interest owners. The proposal letter identifies the proposed surface hole and bottom hole locations and approximate TVD/MD for the well.

22. **Exhibit B.6** contains the Authorization for Expenditure for the proposed wells. The estimated cost of the wells set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

23. Novo requests overhead and administrative rates of \$8000.00/month for drilling a well and \$800.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. Novo requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

24. Novo requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

25. Novo requests that it be designated operator of the well.

26. Novo respectfully requests that this case be heard and that an order be issued as expeditiously as possible due to an impending deadline for Novo to drill the wells in this acreage.

27. The parties Novo is seeking to pool were notified of this hearing.

28. **Exhibit B.7** is an affidavit of notice prepared by counsel for Novo that shows the parties who were notified of this hearing and the status of whether they received notice.

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

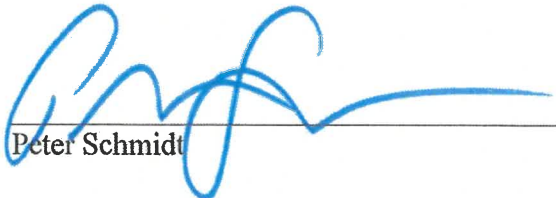
30. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

31. In my opinion, the granting of this application is in the interests of conservation 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: August 30, 2022


Peter Schmidt

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

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

CASE NO. 22996

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo” or “Applicant”) (OGRID No. 372920), through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation 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. In support of this application, Novo states as follows:

1. Novo is a working interest owner in the proposed horizontal spacing unit and has a right to drill a well thereon.
2. Novo seeks to dedicate the W/2W/2 of Section 26, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 160-acre, more or less, Bone Spring standard horizontal spacing unit.
3. Novo plans to drill the **Crocubot Fed 26 135H** and **Crocubot Fed 26 131H** wells to a depth sufficient to test the Bone Spring formation. These wells will be horizontally drilled and will be drilled at orthodox locations under the Division’s rules.



4. Novo sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. Novo respectfully requests that this case be heard and that an order be issued as expeditiously as possible due to an impending deadline for Novo to drill the wells in this acreage.

WHEREFORE, Novo requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 1, 2022, and after notice and hearing as required by law, the Division enter its order as expeditiously as possible:

A. Creating an approximated 160-acre, more or less, standard horizontal spacing unit in the Bone Spring formation comprised of the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico;

C. Designating Novo as operator of the horizontal spacing unit and the wells to be drilled thereon;

D. Authorizing Novo to recover its costs of drilling, equipping and completing the wells;

E. 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

F. Imposing a 200% charge for the risk assumed by Novo in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of wells.

Respectfully submitted,

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

By: Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.

Deana M. Bennett

Bryce H. Smith

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

edebrine@modrall.com

dbennett@modrall.com

bsmith@modrall.com

Attorneys for Novo Oil & Gas Northern Delaware, LLC

CASE NO. _____: **Application of Novo Oil & Gas Northern Delaware, LLC for compulsory pooling, Eddy County, New Mexico.** Novo Oil & Gas Northern Delaware, LLC seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The spacing unit will be dedicated to the **Crocubot Fed 26 135H** and **Crocubot Fed 26 131H** wells, to be horizontally drilled. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Novo as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles north of Loving, New Mexico.

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, N.M. 87505
Phone: (505) 476-3480 Fax: (505) 476-3482

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, N.M. 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 15011		³ Pool Name CULEBRA BLUFF; BONE SPRING, SOUTH	
⁴ Property Code		⁵ Property Name Crocubot Fed 26		⁶ Well Number 135H	
⁷ OGRID No. 372920		⁸ Operator Name Novo Oil & Gas Northern Delaware, LLC		⁹ Graded Elevation 3105	

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	35	22 S	28 E		1130	North	2440	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	26	22 S	28 E		10	North	330	West	Eddy

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

BOTTOM HOLE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 498787.70 N
X= 623947.04 E
LAT.= 32.3709532° N
LONG.= 104.0657582° W

LAST TAKE POINT
NAD 83 NMSPC ZONE 3001
100' FNL, 330' FWL
SEC. 26, T22S, R28E
Y= 498697.70 N
X= 623946.42 E
LAT.= 32.3707058° N
LONG.= 104.0657610° W

FIRST TAKE POINT
NAD 83 NMSPC ZONE 3001
100' FSL, 330' FWL
SEC. 26, T22S, R28E
Y= 493619.39 N
X= 623911.37 E
LAT.= 32.3567467° N
LONG.= 104.0659156° W

SURFACE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 492404.23 N
X= 626056.18 E
LAT.= 32.3533916° N
LONG.= 104.0589797° W

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

07/30/21

Date of Survey
Plat Revised: 11/28/21
Signature and Seal of **MARSHALL W. LINDEN**

17078
Certificate Number

EXHIBIT
B.2

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, N.M. 88210
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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
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Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 15011		³ Pool Name CULEBRA BLUFF; BONE SPRING, SOUTH	
⁴ Property Code		⁵ Property Name Crocubot Fed 26			⁶ Well Number 131H
⁷ GRID No. 372920		⁸ Operator Name Novo Oil & Gas Northern Delaware, LLC			⁹ Elevation 3086

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	35	22 S	28 E		175	North	1012	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	26	22 S	28 E		10	North	330	West	Eddy

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

BOTTOM HOLE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 498787.70 N
X= 623947.04 E
LAT.= 32.3709532° N
LONG.= 104.0657582° W

LAST TAKE POINT
NAD 83 NMSPC ZONE 3001
100' FNL, 330' FWL
SEC. 26, T22S, R28E
Y= 498697.70 N
X= 623946.42 E
LAT.= 32.3707058° N
LONG.= 104.0657610° W

FIRST TAKE POINT
NAD 83 NMSPC ZONE 3001
100' FSL, 330' FWL
SEC. 26, T22S, R28E
Y= 493619.39 N
X= 623911.37 E
LAT.= 32.3567467° N
LONG.= 104.0659156° W

SURFACE LOCATION
NAD 83 NMSPC ZONE 3001
Y= 493349.19 N
X= 624598.58 E
LAT.= 32.3559992° N
LONG.= 104.0636922° W

Legend:

- = Surface Location
- = Bottom Hole Location
- △ = First Take Point (FTP)
- = Last Take Point (LTP)
- ⊕ = Found 1943 USGLO Brass Cap
- ⊙ = Found 1942 USGLO Brass Cap
- ⊗ = Found 1916 USGLO Brass Cap

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

07/30/21

Date of Survey
Plat Revised: 11/22/21
Signature and Seal of Registered Surveyor:

17078

Certificate Number

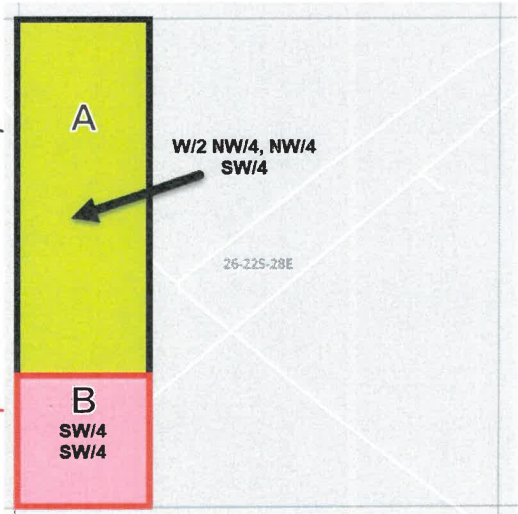


Ownership Overview – Crocubot Fed 26 Unit

Tract A
 Federal Lease NMNM67979
 W/2 NW/4, NW/4 SW/4 26-22S-28E
 Covering **120 acres**, more or less
 Novo Oil & Gas Northern Delaware, LLC owns 100% WI

Owner	Tract	Net Acres	WI in Unit
Novo Oil & Gas Northern Delaware, LLC	A	120	75.00%
MRC Delaware Resources, LLC*	B	38.4	24.00%
Nadel and Gussman Capitan, LLC*	B	1.6	1.00%
		160	100.00%

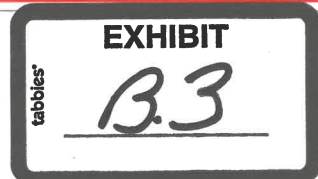
Tract B
 Federal Lease NMNM67979
 SW/4 SW/4 26-22S-28E
 Covering **40 acres**, more or less
 MRC Delaware Resources, LLC owns 96% WI
 Nadel and Gussman Capitan, LLC owns 4% WI



Tract A: W/2 NW/4, NW/4 SW/4 26-22S-28E
 Tract B: SW/4 SW/4 26-22S-28E

WI OWNERS
 Novo
 MRC/N&G

*Working Interest Owners to be Pooled





Status of Uncommitted Parties

Committed Parties (75.00%) – Tract A

75.00% - Novo Oil & Gas Northern Delaware, LLC

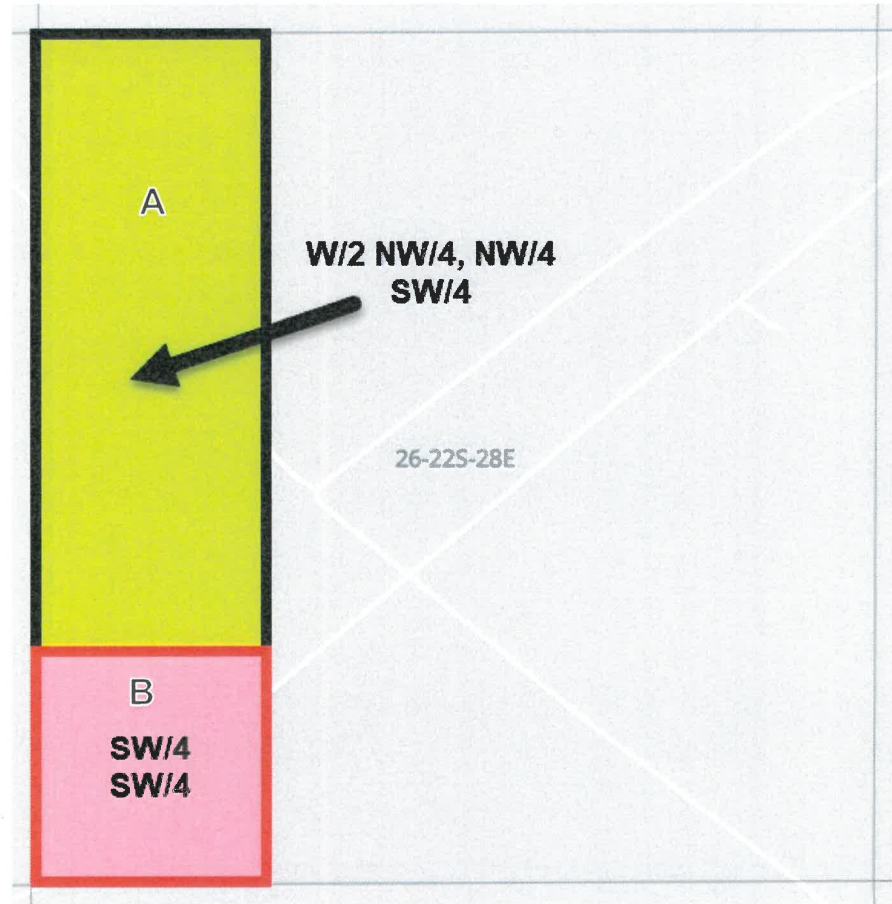
Uncommitted Parties (25.00%) – Tract B

24.00% - MRC Delaware Resources, LLC

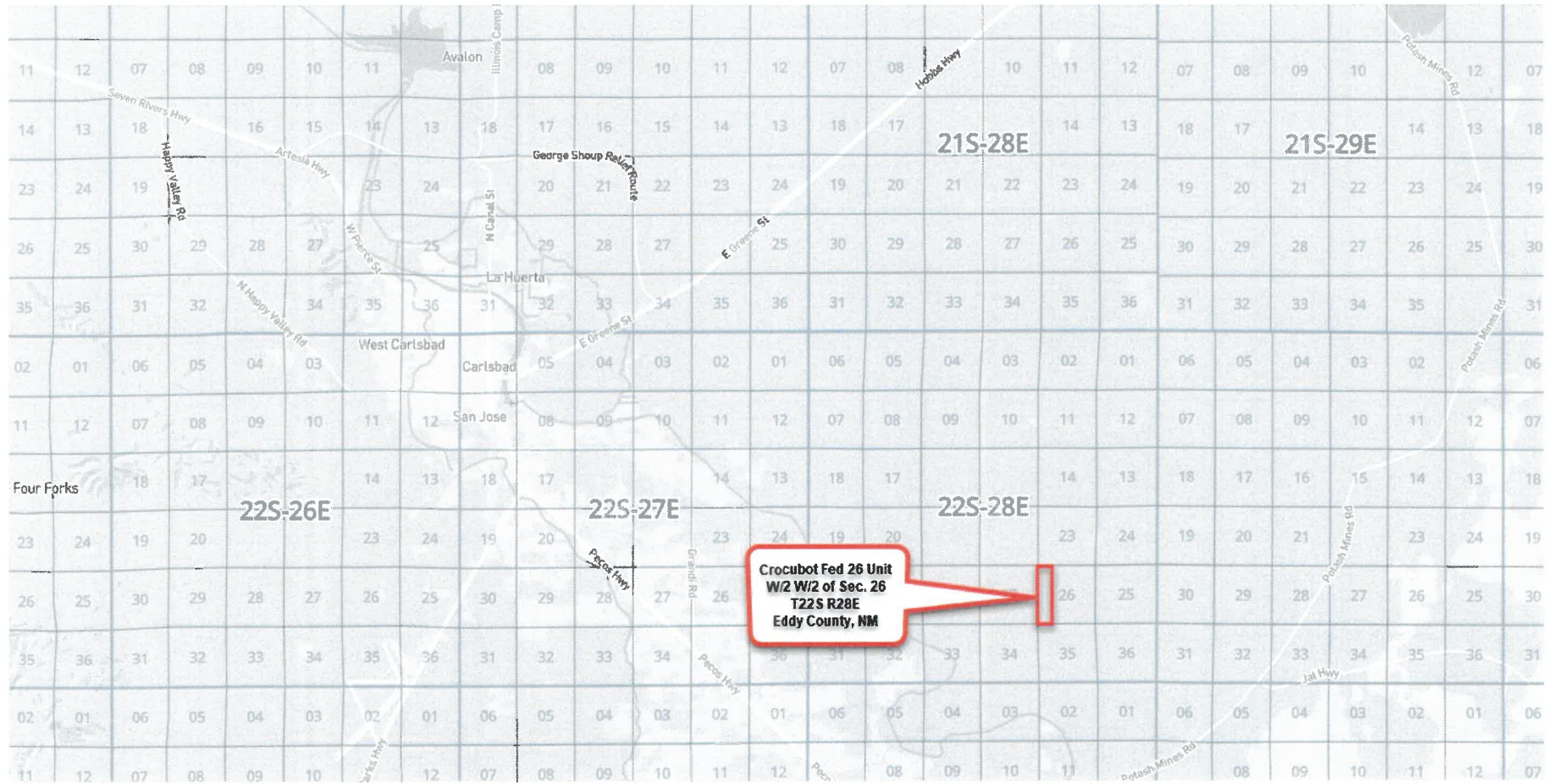
Status: *Novo provided form of Operating Agreement*

1.00% - Nadel and Gussman Capitan, LLC

Status: *Novo provided form of Operating Agreement*



Locator Map



Parties to Be Pooled

Case No. 22996

Name	Interest
MRC Delaware Resources, LLC	WIO
Nadel and Gussman Capitan, LLC	WIO

Summary of Attempted Contacts – MRC Delaware Resources, LLC

Date of Email/Phone Call	MRC Contact	Topic
2/10/2022	Sara Hartsfield, David Johns	Novo proposes possible trade option
2/17/2022	Sara Hartsfield	Discussion of trade proposal
3/4/2022	Sara Hartsfield	Discussion of trade proposal
3/8/2022	Sara Hartsfield	Discussion of trade proposal
3/14/2022	Sara Hartsfield	Discussion of trade proposal
3/15/2022	Sara Hartsfield	Discussion of MRC counteroffer to trade proposal
3/17/2022	Sara Hartsfield	Novo proposes alternative trade option
4/25/2022	Sara Hartsfield	Novo follows up on MRC's interest in trade
5/12/2022	Sara Hartsfield, Chris Carleton	In-person discussion regarding trade proposal, other matters
8/11/2022	Chris Carleton	Discussion of trade proposal, MRC proposes alternative trade option
8/12/2022	Sara Hartsfield	Recap of discussion with Chris Carleton from prior day
8/17/2022	David Johns	MRC requests JOA
8/19/2022	David Johns	MRC requests information regarding proposed wells, Novo answers them
8/23/2022	David Johns	Novo provides JOA form
8/25/2022	Chris Carleton	Novo declines MRC's trade proposal
8/26/2022	Nick Weeks	MRC asks question about Novo's proposed wells
8/29/2022	Nick Weeks	Novo answers MRC's question from 8/26



Summary of Attempted Contacts – Nadel & Gussman Capitan, LLC

Date of Email/Phone Call	N&G Contact	Topic
1/19/2022	Kevin DeLay/ Joey Stauffer	Inquired as to whether N&G would participate or consider selling
1/25/2022	Joey Stauffer	Discussion regarding N&G's desire to wait to entertain participating or selling after it reviews well proposals
2/4/2022	Joey Stauffer	Sent digital copy of well proposals; Inquired as to whether N&G would participate or consider selling
2/7/2022	Joey Stauffer	Confirmation of N&G's WI and NRI
2/8/2022	Joey Stauffer	Provided details on nature of the sliding scale royalty burdening leasehold
3/10/2022	Joey Stauffer	Further inquiry on N&G's desire to participate or sell
3/23/2022	Joey Stauffer	Provided divestiture options per N&G's request, further discussion regarding effect of sliding scale royalty
5/17/2022	Joey Stauffer	Discussion regarding N&G's interest in participating vs. selling
8/25/2022	Joey Stauffer	Further inquiry as to whether N&G would like to sign a JOA in lieu of pooling
8/29/2022	Joey Stauffer	N&G requests JOA form, Novo provides



Peter Schmidt
Senior Landman
Novo Oil & Gas Northern Delaware, LLC
1001 West Wilshire Blvd, Suite 206
Oklahoma City, Oklahoma 73116
Office: 405.849.5207
pschmidt@novoog.com

February 2nd, 2022

MRC Delaware Resources, LLC
5400 LBJ Freeway, Ste. 1500
Dallas, TX 75240

Via E-Mail (shartsfield@matadorresources.com) and Federal Express

Re: Well Proposals
W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M.
Eddy County, New Mexico

Proposed Wells:

- Crocubot Fed 26 135H (First Bone Spring)
- Crocubot Fed 26 215H (First Bone Spring)
- Crocubot Fed 26 131H (Third Bone Spring)
- Crocubot Fed 26 132H (Third Bone Spring)
- Crocubot Fed 26 211H (Wolfcamp XY)
- Crocubot Fed 26 212H (Wolfcamp XY)
- Crocubot Fed 26 231H (Wolfcamp B)
- Crocubot Fed 26 232H (Wolfcamp B)

Dear Working Interest Owner:

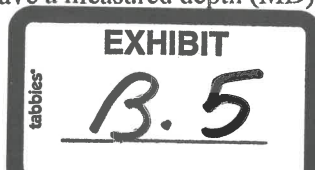
Novo Oil & Gas Northern Delaware, LLC ("Novo") as Operator hereby proposes the drilling, completion, and equipping of the nine (9) following described Crocubot Fed 26 wells located in the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

The estimated cost of drilling, testing, completing, and equipping of each of the Proposed Wells is itemized on corresponding Authority for Expenditures ("AFE") included herewith. Novo's records reflect that MRC Delaware Resources, LLC ("Matador") owns a 38.4 net acre leasehold interest in the SW/4 SW/4 of Section 26, representing a 12.00% working interest in the corresponding 320-acre spacing unit for each of the Proposed Wells.

Proposed Well - Crocubot Fed 26 135H (First Bone Spring)

SHL: 1,130' FNL, 2,440' FWL of Section 35 Township 22 South, Range 28 East
First take point: 100' FSL, 330' FWL of Section 26, Township 22 South, Range 28 East
Last take point: 100' FNL, 330' FWL of Section 26, Township 22 South, Range 28 East
BHL: 10' FNL, 330' FWL of Section 26, Township 22 South, Range 28 East

The W/2 of Section 26 will be dedicated to the well as its 320-acre spacing unit. The well will be drilled to an approximate true vertical depth (TVD) of 7,317 feet subsurface to evaluate the First Bone Spring formation. The proposed well will have a measured depth (MD) of approximately 13,234 feet.



Well Proposals 2.02.22 – Crocubot Fed 26
W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M. (320 acres)
Eddy County, NM

Proposed Well - Crocubot Fed 26 215H (First Bone Spring)

SHL: 1,130' FNL, 2,480' FWL of Section 35 Township 22 South, Range 28 East
First take point: 330' FSL, 1,870' FWL of Section 26, Township 22 South, Range 28 East
Last take point: 330' FNL, 1,870' FWL of Section 26, Township 22 South, Range 28 East
BHL: 130' FNL, 1,870' FWL of Section 26, Township 22 South, Range 28 East

The W/2 of Section 26 will be dedicated to the well as its 320-acre spacing unit. The well will be drilled to an approximate true vertical depth (TVD) of 7,346 feet subsurface to evaluate the First Bone Spring formation. The proposed well will have a measured depth (MD) of approximately 12,628 feet.

Proposed Well - Crocubot Fed 26 131H (Third Bone Spring)

SHL: 175' FNL, 1,012' FWL of Section 35 Township 22 South, Range 28 East
First take point: 100' FSL, 330' FWL of Section 26, Township 22 South, Range 28 East
Last take point: 100' FNL, 330' FWL of Section 26, Township 22 South, Range 28 East
BHL: 10' FNL, 330' FWL of Section 26, Township 22 South, Range 28 East

The W/2 of Section 26 will be dedicated to the well as its 320-acre spacing unit. The well will be drilled to an approximate true vertical depth (TVD) of 9,512 feet subsurface to evaluate the Third Bone Spring formation. The proposed well will have a measured depth (MD) of approximately 15,093 feet.

Proposed Well - Crocubot Fed 26 132H (Third Bone Spring)

SHL: 175' FNL, 1,092' FWL of Section 35 Township 22 South, Range 28 East
First take point: 100' FSL, 2,178' FWL of Section 26, Township 22 South, Range 28 East
Last take point: 100' FNL, 2,178' FWL of Section 26, Township 22 South, Range 28 East
BHL: 10' FNL, 2,178' FWL of Section 26, Township 22 South, Range 28 East

The W/2 of Section 26 will be dedicated to the well as its 320-acre spacing unit. The well will be drilled to an approximate true vertical depth (TVD) of 9,527 feet subsurface to evaluate the Third Bone Spring formation. The proposed well will have a measured depth (MD) of approximately 15,153 feet.

Proposed Well - Crocubot Fed 26 211H (Wolfcamp XY)

SHL: 175' FNL, 1,052' FWL of Section 35 Township 22 South, Range 28 East
First take point: 330' FSL, 1,254' FWL of Section 26, Township 22 South, Range 28 East
Last take point: 330' FNL, 1,254' FWL of Section 26, Township 22 South, Range 28 East
BHL: 130' FNL, 1,254' FWL of Section 26, Township 22 South, Range 28 East

The W/2 of Section 26 will be dedicated to the well as its 320-acre spacing unit. The well will be drilled to an approximate true vertical depth (TVD) of 9,664 feet subsurface to evaluate the Wolfcamp XY formation. The proposed well will have a measured depth (MD) of approximately 14,847 feet.

Proposed Well - Crocubot Fed 26 212H (Wolfcamp XY)

SHL: 175' FNL, 1,112' FWL of Section 35 Township 22 South, Range 28 East
First take point: 330' FSL, 1,518' FWL of Section 26, Township 22 South, Range 28 East
Last take point: 330' FNL, 1,518' FWL of Section 26, Township 22 South, Range 28 East

Well Proposals 2.02.22 – Crocubot Fed 26
W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M. (320 acres)
Eddy County, NM

BHL: 130' FNL, 1,518' FWL of Section 26, Township 22 South, Range 28 East

The W/2 of Section 26 will be dedicated to the well as its 320-acre spacing unit. The well will be drilled to an approximate true vertical depth (TVD) of 9,679 feet subsurface to evaluate the Wolfcamp XY formation. The proposed well will have a measured depth (MD) of approximately 14,873 feet.

Proposed Well - Crocubot Fed 26 231H (Wolfcamp B)

SHL: 175' FNL, 1,032' FWL of Section 35 Township 22 South, Range 28 East
First take point: 330' FSL, 330' FWL of Section 26, Township 22 South, Range 28 East
Last take point: 330' FNL, 330' FWL of Section 26, Township 22 South, Range 28 East
BHL: 130' FNL, 330' FWL of Section 26, Township 22 South, Range 28 East

The W/2 of Section 26 will be dedicated to the well as its 320-acre spacing unit. The well will be drilled to an approximate true vertical depth (TVD) of 10,364 feet subsurface to evaluate the Wolfcamp B formation. The proposed well will have a measured depth (MD) of approximately 15,625 feet.

Proposed Well - Crocubot Fed 26 232H (Wolfcamp B)

SHL: 175' FNL, 1,072' FWL of Section 35 Township 22 South, Range 28 East
First take point: 330' FSL, 1,870' FWL of Section 26, Township 22 South, Range 28 East
Last take point: 330' FNL, 1,870' FWL of Section 26, Township 22 South, Range 28 East
BHL: 130' FNL, 1,870' FWL of Section 26, Township 22 South, Range 28 East

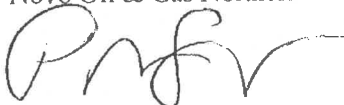
The W/2 of Section 26 will be dedicated to the well as its 320-acre spacing unit. The well will be drilled to an approximate true vertical depth (TVD) of 10,384 feet subsurface to evaluate the Wolfcamp B formation. The proposed well will have a measured depth (MD) of approximately 15,660 feet.

Novo respectfully requests that Matador complete the ballot portion of this letter as set forth below indicating Matador's election as to whether it will participate in the Proposed Wells and return a copy of this letter with ballot pages included to the attention of the undersigned within thirty (30) days from receipt of this letter. In the event Matador should elect to participate in the Proposed Wells, please obtain the proper execution on behalf of Matador of the enclosed AFEs and return them with Matador's election. Additional copies of the AFEs are enclosed for your records.

Upon receipt of the executed AFE's, Novo will send you its proposed Operating Agreement for execution. Should you have any questions regarding the above, please contact me by phone at 405-849-5207 or by e-mail at pschmidt@novoog.com.

Sincerely,

Novo Oil & Gas Northern Delaware, LLC



Peter Schmidt
Senior Landman

Well Proposals 2.02.22 – Crocubot Fed 26
W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M. (320 acres)
Eddy County, NM

Participation Ballot

Proposed Wells:

Crocubot Fed 26 135H

- Participate** in the Crocubot Fed 26 135H
- Not Participate** in the Crocubot Fed 26 135H

Crocubot Fed 26 215H

- Participate** in the Crocubot Fed 26 215H
- Not Participate** in the Crocubot Fed 26 215H

Crocubot Fed 26 131H

- Participate** in the Crocubot Fed 26 131H
- Not Participate** in the Crocubot Fed 26 131H

Crocubot Fed 26 132H

- Participate** in the Crocubot Fed 26 132H
- Not Participate** in the Crocubot Fed 26 132H

Crocubot Fed 26 211H

- Participate** in the Crocubot Fed 26 131H
- Not Participate** in the Crocubot Fed 26 131H

Crocubot Fed 26 212H

- Participate** in the Crocubot Fed 26 131H
- Not Participate** in the Crocubot Fed 26 131H

Well Proposals 2.02.22 – Crocubot Fed 26
W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M. (320 acres)
Eddy County, NM

Crocubot Fed 26 231H

_____ **Participate** in the Crocubot Fed 26 131H

_____ **Not Participate** in the Crocubot Fed 26 131H

Crocubot Fed 26 232H

_____ **Participate** in the Crocubot Fed 26 131H

_____ **Not Participate** in the Crocubot Fed 26 131H

The foregoing elections are made on behalf of:

MRC Delaware Resources, LLC

By: _____

Printed Name: _____

Title: _____

Date: _____

ACCT. CODE		DESCRIPTION OF EXPENDITURE		COST ESTIMATE			
IDC	ICC	TDC	TOC	DRILLING	COMPLETIONS	FACILITIES	TOTAL
WELL INTANGIBLE COSTS							
301	501			\$25,000.00			\$25,000.00
302	502			\$50,000.00			\$50,000.00
303	503			\$40,000.00			\$40,000.00
304	504			\$201,250.00			\$201,250.00
305	505						\$0.00
306	506				\$125,000.00		\$125,000.00
307	507						\$0.00
308	508			\$50,000.00			\$50,000.00
309	509			\$110,000.00			\$110,000.00
310	510			\$50,000.00			\$50,000.00
311	511			\$35,000.00	\$150,000.00		\$205,000.00
312	512			\$72,000.00	\$260,000.00		\$332,000.00
313	513			\$75,000.00			\$75,000.00
314	514						\$0.00
315	515			\$90,000.00	\$90,000.00		\$180,000.00
316	516			\$10,000.00			\$10,000.00
317	517						\$0.00
318	518			\$90,000.00			\$90,000.00
319	519				\$125,000.00		\$125,000.00
320	520						\$0.00
321	521						\$0.00
322	522						\$0.00
323	523						\$0.00
324	524				\$300,000.00		\$300,000.00
325	525				\$85,000.00		\$85,000.00
326	526			\$40,250.00	\$75,000.00		\$115,250.00
327	527				\$40,000.00		\$40,000.00
328	528						\$0.00
329	529				\$250,000.00		\$250,000.00
330	530			\$100,000.00	\$160,000.00		\$260,000.00
331	531						\$0.00
332	532			\$8,000.00			\$8,000.00
333	533			\$15,000.00			\$15,000.00
334	534						\$0.00
335	535						\$0.00
336	536						\$0.00
337	537			\$10,000.00			\$10,000.00
338	538						\$0.00
339	539						\$0.00
340	540						\$0.00
341	541						\$0.00
342	542			\$15,000.00	\$30,000.00		\$45,000.00
343	543			\$10,000.00	\$5,000.00		\$15,000.00
344	544						\$0.00
345	545						\$0.00
346	546				\$2,000.00		\$2,000.00
347	547						\$0.00
348	548						\$0.00
349	549						\$0.00
350	550				\$400,000.00		\$400,000.00
351	551						\$0.00
352	552						\$0.00
353	553						\$0.00
354	554						\$0.00
355	555						\$0.00
356	556						\$0.00
357	557						\$0.00
358	558						\$0.00
359	559						\$0.00
360	560						\$0.00
361	561						\$0.00
362	562						\$0.00
363	563						\$0.00
364	564						\$0.00
365	565						\$0.00
366	566						\$0.00
367	567						\$0.00
368	568						\$0.00
369	569						\$0.00
370	570						\$0.00
371	571						\$0.00
372	572						\$0.00
373	573						\$0.00
374	574						\$0.00
375	575						\$0.00
376	576						\$0.00
377	577						\$0.00
378	578						\$0.00
379	579						\$0.00
380	580						\$0.00
381	581						\$0.00
382	582						\$0.00
383	583						\$0.00
384	584						\$0.00
385	585						\$0.00
386	586						\$0.00
387	587						\$0.00
388	588						\$0.00
389	589						\$0.00
390	590						\$0.00
391	591						\$0.00
392	592						\$0.00
393	593						\$0.00
394	594						\$0.00
395	595						\$0.00
396	596						\$0.00
397	597						\$0.00
398	598						\$0.00
399	599						\$0.00
400	600						\$0.00
401	601			\$25,000.00			\$25,000.00
402	602			\$25,000.00			\$25,000.00
403	603						\$0.00
404	604			\$126,000.00			\$126,000.00
405	605			\$283,500.00			\$283,500.00
406	606						\$0.00
407	607						\$0.00
408	608			\$40,000.00			\$40,000.00
409	609						\$0.00
410	610						\$0.00
411	611						\$0.00
412	612						\$0.00
413	613						\$0.00
414	614						\$0.00
415	615						\$0.00
416	616						\$0.00
417	617						\$0.00
418	618						\$0.00
419	619						\$0.00
420	620						\$0.00
421	621						\$0.00
422	622						\$0.00
423	623						\$0.00
424	624						\$0.00
425	625						\$0.00
426	626						\$0.00
427	627						\$0.00
428	628						\$0.00
429	629						\$0.00
430	630						\$0.00
431	631						\$0.00
432	632						\$0.00
433	633						\$0.00
434	634						\$0.00
435	635						\$0.00
436	636						\$0.00
437	637						\$0.00
438	638						\$0.00
439	639						\$0.00
440	640						\$0.00
441	641						\$0.00
442	642						\$0.00
443	643						\$0.00
444	644						\$0.00
445	645						\$0.00
446	646						\$0.00
447	647						\$0.00
448	648						\$0.00
449	649						\$0.00
450	650						\$0.00
451	651						\$0.00
452	652						\$0.00
453	653						\$0.00
454	654						\$0.00
455	655						\$0.00
456	656						\$0.00
457	657						\$0.00
458	658						\$0.00
459	659						\$0.00
460	660						\$0.00
461	661						\$0.00
462	662						\$0.00
463	663						\$0.00
464	664						\$0.00
465	665						\$0.00
466	666						\$0.00
467	667						\$0.00
468	668						\$0.00
469	669						\$0.00
470	670						\$0.00
471	671						\$0.00
472	672						\$0.00
473	673						\$0.00
474	674						\$0.00
475	675						\$0.00
476	676						\$0.00
477	677						\$0.00
478	678						\$0.00
479	679						\$0.00
480	680						\$0.00
481	681						\$0.00
482	682						\$0.00
483	683						\$0.00
484	684						\$0.00
485	685						\$0.00
486	686						\$0.00
487	687						\$0.00
488	688						\$0.00
489	689						\$0.00
490	690						\$0.00
491	691						\$0.00
492	692						

ACCT. CODE		DESCRIPTION OF EXPENDITURE				COST ESTIMATE			
IDC	ICC	TDC	TOC		DRILLING	COMPLETIONS	FACILITIES	TOTAL	
WELL INTANGIBLE COSTS									
301	501			SURVEY/PERMITS/DAMAGES	\$25,000.00			\$25,000.00	
302	502			LOCATION & ROAD	\$67,500.00			\$67,500.00	
303				RIG MOVE	\$40,000.00			\$40,000.00	
304				DRILLING - FOOTAGE				\$0.00	
305	505			DRILLING - DAYWORK	\$220,000.00			\$220,000.00	
	506			COMPLETION/WORKOVER RIG		\$125,000.00		\$125,000.00	
	507			COIL TUBING/SMA/SBRNG UNIT				\$0.00	
	508			SUCKLINE/SWAB-NG				\$0.00	
309	509			BITS	\$60,000.00			\$60,000.00	
310	510			DIRECTIONAL SERVICES	\$90,000.00			\$90,000.00	
311	511			CASING CREW	\$80,000.00			\$80,000.00	
312	512			TOOL & EQUIPMENT RENTAL	\$70,000.00	\$150,000.00		\$220,000.00	
313	513			FUEL & POWER	\$94,500.00	\$275,000.00		\$369,500.00	
314				DIESEL - BASE FOR MUD	\$75,000.00			\$75,000.00	
315	515			MUD LOGGING & GEOLOGIST				\$0.00	
316	516			DISPOSAL, RESTORATION & BACKFILL	\$80,000.00	\$80,000.00		\$160,000.00	
317	517			TRUCKING	\$35,000.00			\$35,000.00	
	518			TESTING				\$0.00	
318	518			CEMENTING	\$110,000.00			\$110,000.00	
320	520			PERFORATING		\$125,000.00		\$125,000.00	
	521			CASED HOLE LOGS				\$0.00	
322	522			DOWNHOLE TOOLS & SERVICE	\$20,000.00	\$45,000.00		\$65,000.00	
323	523			SCIENCE & DIAGNOSTICS				\$0.00	
	524			FORMATION STIMULATION		\$360,000.00		\$360,000.00	
326	526			CONSULTING SERVICES/SUPERVISION	\$50,000.00	\$85,000.00		\$135,000.00	
327	527			CONTRACT LABOR / SERVICES		\$75,000.00		\$75,000.00	
328	528			OTHER LABOR		\$40,000.00		\$40,000.00	
329	529			OVERHEAD				\$0.00	
330	530			WATER - FRESH	\$20,000.00	\$300,000.00		\$320,000.00	
331	531			FLUIDS & CHEMICALS	\$100,000.00	\$150,000.00		\$250,000.00	
332	532			CORING & ANALYSIS	\$8,000.00	\$10,000.00		\$18,000.00	
333	533			COMMUNICATIONS				\$0.00	
334	534			POP TESTING		\$10,000.00		\$10,000.00	
335	535			CO2/NITROGEN	\$15,000.00			\$15,000.00	
336	536			FISHING TOOLS & SERVICES				\$0.00	
337	537			INSPECTIONS	\$10,000.00			\$10,000.00	
338				WIRELINE SERVICES				\$0.00	
339	539			ENGINEERING & GEOLOGY - FIELD				\$0.00	
340	540			ENGINEERING & GEOLOGY - OFFICE				\$0.00	
341				MULTISHOT & GYRO				\$0.00	
342				RE-ENTRY SERVICES				\$0.00	
343	543			CAMPS & TRAILERS	\$15,000.00	\$30,000.00		\$45,000.00	
344	544			SAFETY EQUIPMENT & H2S	\$10,000.00	\$5,000.00		\$15,000.00	
345				CONTINGENCY				\$0.00	
346	546			INSURANCE				\$0.00	
347	547			MISCELLANEOUS				\$0.00	
348	548			OUTSIDE OPERATED				\$0.00	
349	549			BARO				\$0.00	
350	550			SAND LOGISTICS		\$300,000.00		\$300,000.00	
351	551			VACUUM TRUCK				\$0.00	
352	552			WATER - BRINE				\$0.00	
	550			FACILITY TRUCKING				\$0.00	
	561			FACILITY VACUUM TRUCK				\$0.00	
	562			FACILITY CONSULTING SER/SUPERVISION				\$0.00	
	563			FACILITY CONTRACT LABOR / SER.				\$0.00	
	564			FACILITY SURFACE RENTAL				\$0.00	
				S&I-OPS				\$0.00	
TOTAL WELL INTANGIBLE COSTS					\$1,306,000.00	\$2,165,000.00	\$0.00	\$3,471,000.00	
WELL TANGIBLE COSTS									
	401			CASING - CONDUCTOR	\$25,000.00			\$25,000.00	
	402			CASING - SURFACE	\$25,000.00			\$25,000.00	
	403			CASING - SALT STRONG	\$0.00			\$0.00	
	404	604		CASING - INTERMEDIATE	\$470,000.00			\$470,000.00	
	405	605		CASING - PRODUCTION/LINER	\$450,000.00			\$450,000.00	
	406	606		SUBSURFACE EQUIPMENT				\$0.00	
	407			PRODUCTION TUBING				\$0.00	
	608			SUBSURFACE PUMPING EQUIPMENT				\$0.00	
	409	609		WELLHEAD EQUIPMENT	\$40,000.00			\$40,000.00	
	610			FLOWLINES			\$100,000.00	\$100,000.00	
	611			SURFACE PUMPING EQUIPMENT				\$0.00	
	412	612		LINER HANGER & ASSOC EQUIP			\$400,000.00	\$400,000.00	
	613			VALVES & FITTINGS				\$0.00	
	614			INSTRUMENTATION & ELECTRICAL				\$0.00	
	615			RODS				\$0.00	
	417	617		TRUCKING				\$0.00	
	420			RE-ENTRY EQUIPMENT			\$500,000.00	\$500,000.00	
	634			PRODUCTION EQUIPMENT				\$0.00	
	447			MISCELLANEOUS				\$0.00	
	449	649		OUTSIDE OPERATED				\$0.00	
	649			TANGIBLE EQUIP-ACQUISITIONS				\$0.00	
TOTAL TANGIBLE COSTS					\$1,010,000.00	\$0.00	\$1,000,000.00	\$2,010,000.00	
TOTAL ESTIMATED WELL COST					\$2,316,000.00	\$2,165,000.00	\$1,000,000.00	\$5,471,000.00	

PREPARED BY: Alex Bourdais/Aaron Cottle Sector Operations Engineer DATE: 1/23/2022
 OPERATOR APPROVAL: [Signature] COO DATE: 1-27-2022
 OPERATOR APPROVAL: [Signature] CEO or CFO DATE: 1/28/22

PARTNER COMPANY NAME: _____ DATE: _____
 PARTNER APPROVAL: _____
 TITLE: _____

The costs of this AFE are estimates only. Participants in this project agree to pay their proportions share of the actual costs.

ACCT. CODE		DESCRIPTION OF EXPENDITURE				COST ESTIMATE			
IOG	ICC	TDG	TCC		DRILLING	COMPLETIONS	FACILITIES	TOTAL	
NOVO OIL & GAS NORTHERN DELAWARE, LLC AUTHORIZATION FOR EXPENDITURE 1001 West Wiltshire, Suite 208 Oklahoma City, Oklahoma 73116 405-286-4391									
WELL NAME		Crosbot Fed 26 1324		AFE TYPE	Development		AFE NUMBER	2015172	
LATERAL LOCATION		107 FSL & 2.176 FVL 26-22S-28E		FIELD	Third Bone Spring		PROPERTY NUMBER	30015-10172	
SURFACE LOCATION		17S FNL & 1.092 FVL 26-22S-28E		FORMATION	Eddy		DRILLING DAYS	14	
BOTTOM-HOLE LOCATION		107 FNL & 2.176 FVL 26-22S-28E		COUNTY	Eddy		DEPTH (TVD/TMD)	9527/15153'	
							STATE	NM	
PROJECT DESCRIPTION: Drilling, Completion & Facilities costs for Novo SK Third Bone Spring horizontal well.									
WELL INTANGIBLE COSTS									
301	501			SURVEY/PERMITS/DAMAGES	\$25,000.00			\$25,000.00	
302	502			LOCATION & ROAD	\$67,500.00			\$67,500.00	
303				FG MOVE	\$40,000.00			\$40,000.00	
304				DRILLING - FOOTAGE				\$0.00	
305	505			DRILLING - DAYWORK	\$220,000.00			\$220,000.00	
306	506			COMPLETION/WORKOVER FKG		\$125,000.00		\$125,000.00	
307	507			COL TUBING/SNUBBING LIMIT				\$0.00	
308	508			SUCKLINE/SWABBING				\$0.00	
309	509			BITS	\$60,000.00			\$60,000.00	
310	510			DIRECTIONAL SERVICES	\$90,000.00			\$90,000.00	
311	511			CASING CREW	\$80,000.00			\$80,000.00	
312	512			TOOL & EQUIPMENT RENTAL	\$70,000.00	\$150,000.00		\$220,000.00	
313	513			FUEL & POWER	\$94,500.00	\$275,000.00		\$369,500.00	
314	514			DIESEL - BASE FOR MUD	\$75,000.00			\$75,000.00	
315	515			MUD LOGGING & GEOLOGIST	\$80,000.00	\$50,000.00		\$130,000.00	
316	516			DISPOSAL, RESTORATION & BACKFILL	\$36,000.00			\$36,000.00	
317	517			TRUCKING				\$0.00	
318	518			TESTING	\$110,000.00			\$110,000.00	
319	519			CEMENTING		\$125,000.00		\$125,000.00	
320	520			PERFORATING				\$0.00	
321	521			CASED HOLE LOGS	\$20,000.00	\$45,000.00		\$65,000.00	
322	522			DOWN-HOLE TOOLS & SERVICE				\$0.00	
323	523			SCIENCE & DIAGNOSTICS		\$380,000.00		\$380,000.00	
324	524			FORMATION STIMULATION	\$50,000.00	\$85,000.00		\$135,000.00	
325	525			CONSULTING SERVICES/SUPERVISION		\$76,000.00		\$76,000.00	
326	526			CONTRACT LABOR / SERVICES		\$40,000.00		\$40,000.00	
327	527			OTHER LABOR				\$0.00	
328	528			OVERHEAD	\$20,000.00	\$300,000.00		\$320,000.00	
329	529			WATER - FRESH	\$100,000.00	\$150,000.00		\$250,000.00	
330	530			FLUIDS & CHEMICALS				\$0.00	
331	531			CORINGS & ANALYSIS	\$8,000.00	\$10,000.00		\$18,000.00	
332	532			COMMUNICATIONS	\$15,000.00	\$10,000.00		\$25,000.00	
333	533			POP TESTING				\$0.00	
334	534			CO2/NITROGEN				\$0.00	
335	535			FISHING TOOLS & SERVICES	\$10,000.00			\$10,000.00	
336	536			INSPECTIONS				\$0.00	
337	537			WIRELING SERVICES				\$0.00	
338	538			ENGINEERING & GEOLOGY - FIELD				\$0.00	
339	539			ENGINEERING & GEOLOGY - OFFICE				\$0.00	
340	540			MULTISHOT & GYRO				\$0.00	
341	541			RE-ENTRY SERVICES	\$15,000.00	\$30,000.00		\$45,000.00	
342	542			CAMPS & TRAILERS	\$10,000.00	\$5,000.00		\$15,000.00	
343	543			SAFETY EQUIPMENT & HDS				\$0.00	
344	544			CONTINGENCY				\$0.00	
345	545			INSURANCE				\$0.00	
346	546			MISCELLANEOUS				\$0.00	
347	547			OUTSIDE OPERATED				\$0.00	
348	548			SAND		\$300,000.00		\$300,000.00	
349	549			BAND LOGISTICS				\$0.00	
350	550			VACUUM TRUCK				\$0.00	
351	551			WATER - BRINE				\$0.00	
352	552			FACILITY TRUCKING				\$0.00	
353	553			FACILITY VACUUM TRUCK				\$0.00	
354	554			FACILITY CONSULTING SER/SUPERVISION				\$0.00	
355	555			FACILITY CONTRACT LABOR / SER.				\$0.00	
356	556			FACILITY SURFACE RENTAL				\$0.00	
357	557			S/M-OPS				\$0.00	
TOTAL WELL INTANGIBLE COSTS					\$1,306,000.00	\$2,155,000.00	\$0.00	\$3,461,000.00	
WELL TANGIBLE COSTS									
401				CASING - CONDUCTOR	\$25,000.00			\$25,000.00	
402				CASING - SURFACE	\$25,000.00			\$25,000.00	
403				CASING - SALT STRONG	\$470,000.00			\$470,000.00	
404	604			CASING - INTERMEDIATE	\$450,000.00			\$450,000.00	
405	605			CASING - PRODUCTION / LINER				\$0.00	
406	606			SUBSURFACE EQUIPMENT				\$0.00	
407	607			PRODUCTION TUBING				\$0.00	
408	608			SUBSURFACE PUMPING EQUIPMENT	\$40,000.00			\$40,000.00	
409	609			WELLHEAD EQUIPMENT		\$100,000.00		\$100,000.00	
410	610			FLOWLINES				\$0.00	
411	611			SURFACE PUMPING EQUIPMENT				\$0.00	
412	612			LINER HANGER & ASSOC EQUIP		\$400,000.00		\$400,000.00	
413	613			VALVES & FITTINGS				\$0.00	
414	614			INSTURV/VENTATION & ELECTRICAL				\$0.00	
415	615			ROPS				\$0.00	
416	616			TRUCKING				\$0.00	
417	617			RE-ENTRY EQUIPMENT		\$500,000.00		\$500,000.00	
418	618			PRODUCTION EQUIPMENT				\$0.00	
419	619			MISCELLANEOUS				\$0.00	
420	620			OUTSIDE OPERATED				\$0.00	
421	621			TANGIBLE EQUIP-ACQUISITIONS				\$0.00	
TOTAL TANGIBLE COSTS					\$1,010,000.00	\$0.00	\$1,000,000.00	\$2,010,000.00	
TOTAL ESTIMATED WELL COST					\$2,316,000.00	\$2,155,000.00	\$1,000,000.00	\$5,471,000.00	

PREPARED BY: Alex Bourland (Aron Catley) Senior Operations Engineer DATE: 1/25/2022
 OPERATOR APPROVAL: [Signature] COO DATE: 1-27-2022
 OPERATOR APPROVAL: [Signature] CEO or CFO DATE: 1/27/22

PARTNER COMPANY NAME: _____ DATE: _____
 PARTNER APPROVAL: _____
 TITLE: _____

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

NOVO OIL & GAS NORTHERN DELAWARE, LLC											
AUTHORIZATION FOR EXPENDITURE											
1001 West Windsor, Suite 306 Oklahoma City, Oklahoma 73118 405-288-4391											
WELL NAME		Circobot Fed 28 212H		AFE TYPE		Development		AFE NUMBER 2015174			
LATERAL LOCATION		130' FNL & 1.518' FVL 28-22S-22E		FIELD		Wolfcamp XY		PROPERTY NUMBER 30015-10174			
SURFACE LOCATION		175' FNL & 1.112' FVL 35-22S-22E		FORMATION		Wolfcamp XY		DRILLING DAYS 14			
BOTTOM-HOLE LOCATION		130' FNL & 1.518' FVL 28-22S-22E		COUNTY		Eddy		DEPTH (TVD/TMD) 9679/114873'			
								STATE NM			
PROJECT DESCRIPTION Drilling, Completion & Facilities costs for Novo OK Wolfcamp XY horizontal well.											
ACCT. CODE				DESCRIPTION OF EXPENDITURE				COST ESTIMATE			
IDC	ICC	TDC	TOC					DRILLING	COMPLETIONS	FACILITIES	TOTAL
PREFIX	500	PREFIX	600	WELL INTANGIBLE COSTS							
301	501			SURVEY/PERMITS/DAMAGES				\$25,000.00			\$25,000.00
302	502			LOCATION & ROAD				\$67,500.00			\$67,500.00
303				RIG MOVE				\$40,000.00			\$40,000.00
304				DRILLING - FOOTAGE							\$0.00
305	505			DRILLING - DAYWORK				\$254,000.00			\$254,000.00
	506			COMPLETION/WORKOVER RIG					\$125,000.00		\$125,000.00
	507			COIL TUBING/SUBSING UNIT							\$0.00
	508			SLICKLINE/SWABING							\$0.00
309	509			BITE				\$70,000.00			\$70,000.00
310	510			DIRECTIONAL SERVICES				\$90,000.00			\$90,000.00
311	511			CASING CREW				\$90,000.00			\$90,000.00
312	512			TOOL & EQUIPMENT RENTAL				\$70,000.00	\$150,000.00		\$220,000.00
313	513			FUEL & POWER				\$94,500.00	\$275,000.00		\$369,500.00
314				DIESEL - BASE FOR MUD				\$75,000.00			\$75,000.00
315	515			MUD LOGGING & GEOLOGIST					\$50,000.00		\$50,000.00
316	516			DISPOSAL, RESTORATION & BACKFILL				\$90,000.00			\$90,000.00
317	517			TRUCKING				\$36,000.00			\$36,000.00
	518			TESTING							\$0.00
319	519			CEMENTING				\$120,000.00			\$120,000.00
320	520			PERFORATING					\$125,000.00		\$125,000.00
	521			CASED HOLE LOGS							\$0.00
322	522			DOWNHOLE TOOLS & SERVICE				\$20,000.00	\$45,000.00		\$65,000.00
323	523			SCIENCE & DIAGNOSTICS							\$0.00
324	524			FORMATION STIMULATION					\$380,000.00		\$380,000.00
325	525			CONSULTING SERVICES/SUPERVISION				\$58,000.00	\$85,000.00		\$143,000.00
327	527			CONTRACT LABOR / SERVICES					\$75,000.00		\$75,000.00
328	528			OTHER LABOR					\$40,000.00		\$40,000.00
329	529			OVERHEAD							\$0.00
330	530			WATER - FRESH				\$20,000.00	\$300,000.00		\$320,000.00
331	531			FLUIDS & CHEMICALS				\$120,000.00	\$150,000.00		\$270,000.00
332	532			CORING & ANALYSIS							\$0.00
333	533			COMMUNICATIONS				\$8,000.00	\$10,000.00		\$18,000.00
334	534			BOP TESTING					\$10,000.00		\$10,000.00
335	535			CO/NITROGEN				\$15,000.00			\$15,000.00
336	536			FISHING TOOLS & SERVICES							\$0.00
337	537			INSPECTIONS				\$10,000.00			\$10,000.00
338				WIRELINE SERVICES							\$0.00
339	539			ENGINEERING & GEOLOGY - FIELD							\$0.00
340	540			ENGINEERING & GEOLOGY - OFFICE							\$0.00
341				MULTISHOT & CYRO							\$0.00
342				RE-ENTRY SERVICES							\$0.00
343	543			CAMPS & TRAILERS				\$15,000.00	\$30,000.00		\$45,000.00
344	544			SAFETY EQUIPMENT & H2S				\$10,000.00	\$5,000.00		\$15,000.00
345				CONTINGENCY							\$0.00
346	546			INSURANCE							\$0.00
347	547			MISCELLANEOUS							\$0.00
348	548			OUTSIDE OPERATED							\$0.00
349	549			SAND							\$0.00
350	550			SAND LOGISTICS					\$300,000.00		\$300,000.00
351	551			VACUUM TRUCK							\$0.00
352	552			WATER - BRINE							\$0.00
	550			FACILITY TRUCKING							\$0.00
	561			FACILITY VACUUM TRUCK							\$0.00
	562			FACILITY CONSULTING/SERVICES/SUPERVISION							\$0.00
	563			FACILITY CONTRACT LABOR / SER							\$0.00
	564			FACILITY SURFACE RENTAL							\$0.00
	565			SIN-OPS							\$0.00
TOTAL WELL INTANGIBLE COSTS							\$1,388,000.00	\$2,155,000.00	\$0.00	\$3,543,000.00	
WELL TANGIBLE COSTS											
	401			CASING - CONDUCTOR				\$25,000.00			\$25,000.00
	402			CASING - SURFACE				\$25,000.00			\$25,000.00
	403			CASING - BOLT STRIKING							\$0.00
	404	604		CASING - INTERMEDIATE				\$570,000.00			\$570,000.00
	405	605		CASING - PRODUCTION / LINER				\$468,000.00			\$468,000.00
	406	606		SUBSURFACE EQUIPMENT							\$0.00
	607			PRODUCTION TUBING							\$0.00
	608			SUBSURFACE PUMPING EQUIPMENT				\$40,000.00			\$40,000.00
	609	609		WELLHEAD EQUIPMENT					\$100,000.00		\$100,000.00
	610			FLOWLINES							\$0.00
	611			SURFACE PUMPING EQUIPMENT							\$0.00
	412	612		LINER HANGER & ASSOC EQUIP					\$400,000.00		\$400,000.00
	613			VALVES & FITTINGS							\$0.00
	614			INSTUMENTATION & ELECTRICAL							\$0.00
	615			RODS							\$0.00
	417	617		TRUCKING							\$0.00
	420			RE-ENTRY EQUIPMENT					\$500,000.00		\$500,000.00
	634			PRODUCTION EQUIPMENT							\$0.00
	447	647		MISCELLANEOUS							\$0.00
	448	648		OUTSIDE OPERATED							\$0.00
	649			TAXIBLE EQUIP-ACQUISITIONS							\$0.00
TOTAL TANGIBLE COSTS							\$1,128,000.00	\$0.00	\$1,000,000.00	\$2,128,000.00	
TOTAL ESTIMATED WELL COST							\$2,516,000.00	\$2,155,000.00	\$1,000,000.00	\$5,671,000.00	

PREPARED BY: Alex Bourland / Aaron Catlett Senior Operations Engineer DATE: 1/25/2022

OPERATOR APPROVAL: [Signature] COO DATE: 1-27-2022

OPERATOR APPROVAL: [Signature] CEO or CFO DATE: 1/29/22

PARTNER COMPANY NAME: _____ DATE: _____

PARTNER APPROVAL: _____

TITLE: _____

The costs of this AFE are estimates only. Participants in this project agree to pay their proportionate share of the actual costs.

NOVO OIL & GAS NORTHERN DELAWARE, LLC AUTHORIZATION FOR EXPENDITURE 1001 West Yorkshire, Suite 206 Oklahoma City, Oklahoma 73116 405-266-4391															
WELL NAME		Crescent Fd 26 231H				AFE TYPE		Development		AFE NUMBER		2015175			
LATERAL LOCATION		137 FNL & 330 FWL 26-228-28E				FIELD		Wellcamp B		PROPERTY NUMBER		30015-00175			
SURFACE LOCATION		176 FNL & 1.03Z FWL 26-228-28E				FORMATION		Eddy		DRILLING DAYS		14			
BOTTOM-HOLE LOCATION		137 FNL & 330 FWL 26-228-28E				COUNTY		Eddy		DEPTH (TVD/TMD)		10364719625'			
						STATE		NM							
PROJECT DESCRIPTION															
Drilling, Completion & Facilities costs for Novo SX Wellcamp B horizontal well															
ACCT. CODE				DESCRIPTION OF EXPENDITURE								COST ESTIMATE			
IDC	ICC	TDC	TOC									DRILLING	COMPLETIONS	FACILITIES	TOTAL
PREFIX	500	PREFIX	400	WELL INTANGIBLE COSTS											
301	601			SURVEY/PERMITS/DAMAGES								\$25,000.00			\$25,000.00
302	502			LOCATION & ROAD								\$67,500.00			\$67,500.00
303				RIG MOVE								\$40,000.00			\$40,000.00
304				DRILLING - FOOTAGE											\$254,000.00
305	605			DRILLING - DAYWORK								\$254,000.00			\$254,000.00
	506			COMPLETION WORKOVER RIG									\$125,000.00		\$125,000.00
	507			COIL TUBING/SUBBITING UNIT											\$0.00
	508			BUCKLINE/SWABBING											\$0.00
309	609			BITS								\$70,000.00			\$70,000.00
310	610			DIRECTIONAL SERVICES								\$90,000.00			\$90,000.00
311	511			CASING CREW								\$80,000.00			\$80,000.00
312	512			TOOL & EQUIPMENT RENTAL								\$70,000.00	\$150,000.00		\$220,000.00
313	513			FUEL & POWER								\$94,500.00	\$275,000.00		\$369,500.00
314				DIESEL - BASE FOR MUD								\$75,000.00			\$75,000.00
315	515			MUD LOGGING & GEOLOGIST											\$0.00
316	316			DISPOSAL, RESTORATION & BACKFILL								\$90,000.00	\$50,000.00		\$140,000.00
317	517			TRUCKING								\$38,000.00			\$38,000.00
	518			TESTING											\$0.00
319	519			CEMENTING								\$120,000.00			\$120,000.00
320	520			PERFORATING									\$140,000.00		\$140,000.00
	521			CASED HOLE LOGS											\$0.00
322	522			DOWNHOLE TOOLS & SERVICE								\$20,000.00	\$45,000.00		\$65,000.00
323	623			SCIENCE & DIAGNOSTICS											\$0.00
	524			FORMATION STIMULATION									\$380,000.00		\$380,000.00
326	526			CONSULTING SERVICES/SUPERVISION								\$58,000.00	\$85,000.00		\$143,000.00
327	527			CONTRACT LABOR / SERVICES									\$75,000.00		\$75,000.00
328	528			OTHER LABOR								\$40,000.00			\$40,000.00
329	529			OVERHEAD											\$0.00
330	530			WATER - FRESH								\$20,000.00	\$325,000.00		\$345,000.00
331	531			FLUIDS & CHEMICALS								\$120,000.00	\$150,000.00		\$270,000.00
332	532			CORING & ANALYSIS								\$8,000.00			\$8,000.00
333	533			COMMUNICATIONS									\$10,000.00		\$10,000.00
334	534			ROP TESTING									\$10,000.00		\$10,000.00
335	535			CO2/NITROGEN								\$15,000.00			\$15,000.00
336	536			FISHING TOOLS & SERVICES											\$0.00
337	537			INSPECTIONS								\$10,000.00			\$10,000.00
338				WIRELINE SERVICES											\$0.00
339	539			ENGINEERING & GEOLOGY - FIELD											\$0.00
340	540			ENGINEERING & GEOLOGY - OFFICE											\$0.00
341				MULTISHOT & GYRO											\$0.00
342				RE-ENTRY SERVICES											\$0.00
343	543			CAMPS & TRAILERS								\$15,000.00	\$30,000.00		\$45,000.00
344	544			SAFETY EQUIPMENT & H2S								\$10,000.00	\$5,000.00		\$15,000.00
345				CONTINGENCY											\$0.00
346	546			INSURANCE											\$0.00
347	547			MISCELLANEOUS											\$0.00
348	548			OUTSIDE OPERATED											\$0.00
349	549			SAND											\$0.00
350	550			SAND LOGISTICS									\$300,000.00		\$300,000.00
351	551			VACUUM TRUCK											\$0.00
352	552			WATER - BRINE											\$0.00
	550			FACILITY TRUCKING											\$0.00
	551			FACILITY VACUUM TRUCK											\$0.00
	552			FACILITY CONSULTING SER/SUPERVISION											\$0.00
	553			FACILITY CONTRACT LABOR / SER.											\$0.00
	554			FACILITY SURFACE RENTAL											\$0.00
				614-OPS											\$0.00
TOTAL WELL INTANGIBLE COSTS										\$1,388,000.00	\$2,195,000.00	\$0.00	\$3,583,000.00		
WELL TANGIBLE COSTS															
	401			CASING - CONDUCTOR								\$25,000.00			\$25,000.00
	402			CASING - SURFACE								\$25,000.00			\$25,000.00
	403			CASING - BALT STRAYS								\$0.00			\$0.00
	406	604		CASING - INTERMEDIATE								\$570,000.00			\$570,000.00
	406	605		CASING - PRODUCTION / LINER								\$468,000.00			\$468,000.00
	406	606		SUBSURFACE EQUIPMENT											\$0.00
	607			PRODUCTION TUBING											\$0.00
	608			SUBSURFACE PUMPING EQUIPMENT											\$0.00
	409	609		WELLHEAD EQUIPMENT								\$40,000.00			\$40,000.00
	610			FLOWLINES									\$100,000.00		\$100,000.00
	611			SURFACE PUMPING EQUIPMENT											\$0.00
	412	612		LINER HANGER & ASSOC EQUIP											\$0.00
	613			VALVES & FITTINGS									\$400,000.00		\$400,000.00
	614			INSTUMENTATION & ELECTRICAL											\$0.00
	615			ROOS											\$0.00
	417	617		TRUCKING											\$0.00
	420			RE-ENTRY EQUIPMENT									\$500,000.00		\$500,000.00
	634			PRODUCTION EQUIPMENT											\$0.00
	447	647		MISCELLANEOUS											\$0.00
	448	648		OUTSIDE OPERATED											\$0.00
	649			TANGIBLE EQUIP-ACQUISITIONS											\$0.00
TOTAL TANGIBLE COSTS										\$1,128,000.00	\$0.00	\$1,000,000.00	\$2,128,000.00		
TOTAL ESTIMATED WELL COST										\$2,516,000.00	\$2,195,000.00	\$1,000,000.00	\$5,711,000.00		

PREPARED BY: Alex Bourland/Aaron Catlett Senior Operations Engineer DATE: 1/25/2022
 OPERATOR APPROVAL: [Signature] COO DATE: 1-27-2022
 OPERATOR APPROVAL: [Signature] CEO or CFO DATE: 1/28/22

PARTNER COMPANY NAME: _____ DATE: _____
 PARTNER APPROVAL: _____
 TITLE: _____

The users of this AFE are estimated only. Participants in this project agree to pay their proportionate share of the actual costs.

NOVO		NOVO OIL & GAS NORTHERN DELAWARE, LLC AUTHORIZATION FOR EXPENDITURE 1001 West Willshire, Suite 205 Oklahoma City, Oklahoma 73116 405-248-4391					
WELL NAME	Crooket Fed 28 222H	AFE TYPE	Development	AFE NUMBER	2015178		
LATERAL LOCATION	330' FSL & 1.072' FVL 26-22S-21E	FIELD		PROPERTY NUMBER	30015-10178		
SURFACE LOCATION	175' FSL & 1.072' FVL 35-22S-24E	FORMATION	Wellcamp B	DRILLING DAYS	14		
BOTTOM-HOLE LOCATION	130' FSL & 1.872' FVL 26-22S-28E	COUNTY	Eddy	DEPTH (TVD/TMD)	10334'/1566'		
				STATE	NM		
PROJECT DESCRIPTION	Drilling, Completion & Facilities costs for Novo SK Wellcamp B horizontal well.						
ACCT. CODE		DESCRIPTION OF EXPENDITURE		COST ESTIMATE			
IDC	IOC	TDC	TOC	DRILLING	COMPLETIONS	FACILITIES	TOTAL
PREFIX	500	PREFIX	400	600			
WELL INTANGIBLE COSTS							
301	501						\$25,000.00
302	502						\$67,500.00
303							\$40,000.00
304							\$0.00
305	505						\$254,000.00
	506						\$125,000.00
	507						\$125,000.00
	508						\$0.00
309	509						\$70,000.00
310	510						\$90,000.00
311	511						\$80,000.00
312	512						\$220,000.00
313	513						\$369,500.00
314							\$75,000.00
315	515						\$9.00
316	516						\$140,000.00
317	517						\$36,000.00
	518						\$0.00
319	519						\$120,000.00
320	520						\$140,000.00
	521						\$0.00
322	522						\$65,000.00
323	523						\$0.00
324	524						\$380,000.00
325	525						\$143,000.00
326	526						\$75,000.00
327	527						\$40,000.00
328	528						\$0.00
329	529						\$345,000.00
330	530						\$270,000.00
331	531						\$0.00
332	532						\$18,000.00
333	533						\$10,000.00
334	534						\$15,000.00
335	535						\$0.00
336	536						\$10,000.00
337	537						\$0.00
338							\$0.00
339	539						\$0.00
340	540						\$0.00
341							\$0.00
342							\$0.00
343	543						\$45,000.00
344	544						\$15,000.00
345							\$0.00
346	546						\$0.00
347	547						\$0.00
348	548						\$0.00
349	549						\$0.00
350	550						\$300,000.00
351	551						\$0.00
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361	561						\$0.00
362	562						\$0.00
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365	565						\$0.00
366	566						\$0.00
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381	581						\$0.00
382	582						\$0.00
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397	597						\$0.00
398	598						\$0.00
399	599						\$0.00
400	600						\$0.00
TOTAL WELL INTANGIBLE COSTS				\$1,388,000.00	\$2,195,000.00	\$0.00	\$3,583,000.00
WELL TANGIBLE COSTS							
401							\$25,000.00
402							\$25,000.00
403							\$0.00
404	604						\$570,000.00
405	605						\$468,000.00
406	606						\$0.00
407	607						\$0.00
408	608						\$0.00
409	609						\$40,000.00
410	610						\$100,000.00
411	611						\$0.00
412	612						\$0.00
413	613						\$400,000.00
414	614						\$0.00
415	615						\$0.00
416	616						\$0.00
417	617						\$0.00
418	618						\$0.00
419	619						\$0.00
420	620						\$500,000.00
421	621						\$0.00
422	622						\$0.00
423	623						\$0.00
424	624						\$0.00
425	625						\$0.00
426	626						\$0.00
427	627						\$0.00
428	628						\$0.00
429	629						\$0.00
430	630						\$0.00
431	631						\$0.00
432	632						\$0.00
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467	667						\$0.00
468	668						\$0.00
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472	672						\$0.00
473	673						\$0.00
474	674						\$0.00
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480	680						\$0.00
481	681						\$0.00
482	682						\$0.00
483	683						\$0.00
484	684						\$0.00
485	685						\$0.00
486	686						\$0.00
487	687						\$0.00
488	688		</				

ACCT. CODE				DESCRIPTION OF EXPENDITURE	COST ESTIMATE			
IDC	ICC	TDG	TCC		DRILLING	COMPLETIONS	FACILITIES	TOTAL
WELL INTANGIBLE COSTS								
301	501			SURVEY/PERMITS/DAMAGES	\$75,000.00			\$75,000.00
302	502			LOCATION & ROAD	\$120,000.00			\$120,000.00
303				RIG MOVE	\$100,000.00			\$100,000.00
304				DRILLING - FOOTAGE				\$0.00
305	505			DRILLING - DAYWORK	\$250,000.00			\$250,000.00
	506			COMPLETION/WORKOVER RIG		\$150,000.00		\$150,000.00
	507			COIL TUBINGS/SUBBITING UNIT				\$0.00
	508			SLICKLINE/SWABBING				\$0.00
309	509			BITS	\$50,000.00			\$50,000.00
310	510			DIRECTIONAL SERVICES	\$104,000.00			\$104,000.00
311	511			CASING CREW	\$40,000.00			\$40,000.00
312	512			TOOL & EQUIPMENT RENTAL	\$51,000.00	\$150,000.00		\$201,000.00
313	513			FUEL & POWER	\$50,100.00	\$450,000.00		\$500,100.00
314				DIESEL - BASE FOR MUD	\$0.00			\$0.00
315	515			MUD LOGGING & GEOLOGIST	\$20,000.00			\$20,000.00
316	516			DISPOSAL, RESTORATION & BACKFILL	\$90,000.00	\$50,000.00		\$140,000.00
317	517			TRUCKING	\$60,000.00			\$60,000.00
	518			TESTING				\$0.00
319	519			CEMENTING	\$115,000.00			\$115,000.00
320	520			PERFORATING		\$140,000.00		\$140,000.00
	521			CASED HOLE LOGS				\$0.00
322	522			DOWNHOLE TOOLS & SERVICE	\$40,000.00	\$45,000.00		\$85,000.00
323	523			SCIENCE & DIAGNOSTICS				\$0.00
	524			FORMATION STIMULATION		\$650,000.00		\$650,000.00
326	526			CONSULTING SERVICES/SUPERVISION	\$58,000.00	\$90,000.00		\$148,000.00
327	527			CONTRACT LABOR / SERVICES	\$42,000.00	\$75,000.00		\$117,000.00
328	528			OTHER LABOR		\$40,000.00		\$40,000.00
329	529			OVERHEAD				\$0.00
330	530			WATER - FRESH	\$60,000.00	\$300,000.00		\$360,000.00
331	531			FLUIDS & CHEMICALS	\$120,000.00	\$185,000.00		\$305,000.00
332	532			CORING & ANALYSIS				\$0.00
333	533			COMMUNICATIONS	\$8,000.00	\$10,000.00		\$18,000.00
334	534			BOP TESTING	\$20,000.00	\$10,000.00		\$30,000.00
335	535			CO2/NITROGEN				\$0.00
336	536			FISHING TOOLS & SERVICES				\$0.00
337	537			INSPECTIONS	\$20,000.00			\$20,000.00
338				WIRELINE SERVICES				\$0.00
339	539			ENGINEERING & GEOLOGY - FIELD				\$0.00
340	540			ENGINEERING & GEOLOGY - OFFICE				\$0.00
341				MULTISHOT & GYRO				\$0.00
342				RE-ENTRY SERVICES				\$0.00
343	543			CAMPS & TRAILERS	\$30,000.00	\$30,000.00		\$60,000.00
344	544			SAFETY EQUIPMENT & H2S	\$10,000.00	\$5,000.00		\$15,000.00
345				CONTINGENCY				\$0.00
346	546			INSURANCE				\$0.00
347	547			MISCELLANEOUS				\$0.00
348	548			OUTSIDE OPERATED				\$0.00
349	549			SAND		\$350,000.00		\$350,000.00
350	550			SAND LOGISTICS		\$225,000.00		\$225,000.00
351	551			VACUUM TRUCK				\$0.00
352	552			WATER - BRINE				\$0.00
	560			FACILITY TRUCKING				\$0.00
	561			FACILITY VACUUM TRUCK				\$0.00
	562			FACILITY CONSULTING SER./SUPERVISION				\$0.00
	563			FACILITY CONTRACT LABOR / SER.				\$0.00
	564			FACILITY SURFACE RENTAL				\$0.00
				SIM-OPS				\$0.00
TOTAL WELL INTANGIBLE COSTS					\$1,533,100.00	\$2,855,000.00	\$0.00	\$4,388,100.00
WELL TANGIBLE COSTS								
	401			CASING - CONDUCTOR	\$40,000.00			\$40,000.00
	402			CASING - SURFACE	\$78,900.00			\$78,900.00
	403			CASING - SALT STRING	\$0.00			\$0.00
	404	604		CASING - INTERMEDIATE	\$220,000.00			\$220,000.00
	405	605		CASING - PRODUCTION / LINER	\$400,000.00			\$400,000.00
	406	606		SUBSURFACE EQUIPMENT				\$0.00
	607			PRODUCTION TUBING		\$250,000.00		\$250,000.00
	608			SUBSURFACE PUMPING EQUIPMENT				\$0.00
	409	609		WELLHEAD EQUIPMENT	\$40,000.00			\$40,000.00
	610			FLOWLINES			\$200,000.00	\$200,000.00
	611			SURFACE PUMPING EQUIPMENT				\$0.00
	412	612		LINER HANGER & ASSOC EQUIP				\$0.00
	613			VALVES & FITTINGS			\$500,000.00	\$500,000.00
	614			INSTURMENTATION & ELECTRICAL				\$0.00
	615			RODS				\$0.00
	417	617		TRUCKING				\$0.00
	420			RE-ENTRY EQUIPMENT				\$0.00
	634			PRODUCTION EQUIPMENT			\$600,000.00	\$600,000.00
	447	647		MISCELLANEOUS				\$0.00
	448	648		OUTSIDE OPERATED				\$0.00
	649			TANGIBLE EQUIP-ACQUISITIONS				\$0.00
TOTAL TANGIBLE COSTS					\$778,900.00	\$250,000.00	\$1,300,000.00	\$2,328,900.00
TOTAL ESTIMATED WELL COST					\$2,312,000.00	\$3,105,000.00	\$1,300,000.00	\$6,717,000.00

PREPARED BY: Alex Bourgeois, Senior Operations Engineer DATE: 8/30/2022

OPERATOR APPROVAL: [Signature] COO DATE: 8/30/22

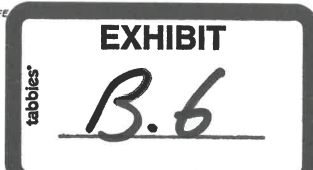
OPERATOR APPROVAL: [Signature] CEO or CFO DATE: 8/30/22

PARTNER COMPANY NAME: _____ DATE: _____

PARTNER APPROVAL: _____

TITLE: _____

The costs of this AFE are an estimate of the actual costs.



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

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

CASE NO. 22996

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:

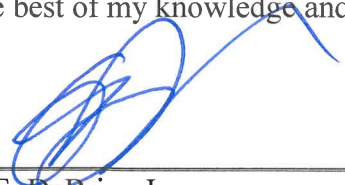
1) The above-referenced Application was provided under a notice letter, dated August 9, 2022, and attached hereto, as Exhibit B.7.3.

2) Exhibit B.7.1 is the mailing list, which shows the notice letter was delivered to the USPS for mailing on August 9, 2022.

3) Exhibit B.7.2 is the certified mailing tracking information as of August 30, 2022, which is automatically compiled by CertifiedPro, the software Modrall Sperling uses to track the mailings. This spreadsheet shows the names and addresses of the parties to whom notice was sent and the status of the mailing.

4) 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: August 30, 2022



Earl E. DeBrine Jr.



Kathleen Allen
Modrall Sperling
500 Fourth St. NW, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
08/09/2022

Firm Mailing Book ID: 231721

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0098 1009 69	MRC Delaware Resources, LLC 5400 LBJ Freeway, Suite 1500 Dallas TX 75240	\$1.68	\$4.00	\$2.00	\$0.00	10309-0002
2	9314 8699 0430 0098 1009 76	Nadel and Gussman Capitan, LLC 15 East 5th Street, Suite 3300 Tulsa OK 74103	\$1.68	\$4.00	\$2.00	\$0.00	10309-0002
Totals:			\$3.36	\$8.00	\$4.00	\$0.00	
Grand Total:						\$15.36	

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
2	2	<i>Laura...</i>	<i>8/9/22</i>



Transaction Report Details - CertifiedPro.net
Firm Mail Book ID= 231721
Generated: 8/30/2022 8:09:21 AM

USPS Article Number	Date Created	Reference Number	Name 1	Address1	City	State	Zip	Postage	Fees	Firm MailBook ID	Mailing Status	Service Options	Batch ID	Mail Delivery Date
9314869904300098100976	2022-08-09 8:54 AM	10309-0002	Nadel and Gussman Capitan, LLC	15 East 5th Street, Suite 3300	Tulsa	OK	74103	1.68	6.00	231721	Delivered	Return Receipt - Electronic, Certified Mail	239370	2022-08-12 1:15 PM
9314869904300098100969	2022-08-09 8:54 AM	10309-0002	MRC Delaware Resources, LLC	5400 LBJ Freeway, Suite 1500	Dallas	TX	75240	1.68	6.00	231721	Delivered	Return Receipt - Electronic, Certified Mail	239370	2022-08-12 9:38 AM

EXHIBIT
B.7.2
tabbles



MODRALL SPERLING

L A W Y E R S

August 9, 2022

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

TO: 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. 22995: Application of Novo Oil & Gas Northern Delaware, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 of Section 26 Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The spacing unit will be dedicated to the **Crocubot Fed 26 211H, Crocubot Fed 26 212H, Crocubot Fed 26 231H, and Crocubot Fed 26 232H** wells, to be horizontally drilled. The wells will be drilled at orthodox locations. The completed interval for the **Crocubot Fed 26 211H** and the **Crocubot Fed 26 212H** wells will be less than 330' from the adjoining tracts to allow inclusion of proximity tracts within the proposed standard horizontal spacing unit. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Novo as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles north of Loving, New Mexico.

CASE NO. 22996: Application of Novo Oil & Gas Northern Delaware, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The spacing unit will be dedicated to the **Crocubot Fed 26 135H and Crocubot Fed 26 131H** wells, to be horizontally drilled. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Novo as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles north of Loving, New Mexico.

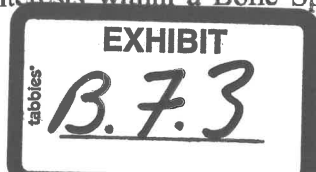
CASE NO. 22997: Application of Novo Oil & Gas Northern Delaware, LLC for compulsory pooling, Eddy County, New Mexico. Novo Oil & Gas Northern Delaware, LLC seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit

Modrall Sperling
Roehi Harris & Sisk P.A.

500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com



MRC Delaware Resources, LLC
Novo / Crocubot Fed 26
August 9, 2022
Page 2

underlying the E/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The spacing unit will be dedicated to the **Crocubot Fed 26 215H** and **Crocubot Fed 26 132H** wells, to be horizontally drilled. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Novo as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles north of Loving, New Mexico.

These applications have been set for hearing before a Division Examiner at **8:15 a.m. on September 1, 2022**. 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.

During the COVID-19 Public Health Emergency, the hearing will be conducted remotely. Instructions to appear can be found at <http://www.emnrd.state.nm.us/OCD/documents/10-08OCDHearing.pdf> or under "OCD NOTICES" at <http://www.emnrd.state.nm.us/OCD/hearings.html>.

Sincerely,

/s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.
Attorney for Applicant

EED/kta/W4474904.DOCX
Enclosures: as stated

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

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

CASE NO. 22995

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo” or “Applicant”) (OGRID No. 372920), through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation 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. In support of this application, Novo states as follows:

1. Novo is a working interest owner in the proposed horizontal spacing unit and has a right to drill a well thereon.
2. Novo seeks to dedicate the W/2 of Section 26, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, Wolfcamp standard horizontal spacing unit.
3. Novo plans to drill the **Crocubot Fed 26 211H, Crocubot Fed 26 212H, Crocubot Fed 26 231H, and Crocubot Fed 26 232H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled and will be drilled at orthodox locations under the Division’s rules.
4. The completed interval for both the **Crocubot Fed 26 211H** and the **Crocubot Fed 26 212H** wells are expected to be less than 330 feet from the adjoining quarter-quarter section

tracts to allow for the inclusion of such offsetting proximity tracts within the proposed spacing unit for the wells under Division Rule 19.15.16.15(B)(1)(b) NMAC.

5. Novo sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Novo respectfully requests that this case be heard and that an order be issued as expeditiously as possible due to an impending deadline for Novo to drill the wells in this acreage.

WHEREFORE, Novo requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 1, 2022, and after notice and hearing as required by law, the Division enter its order as expeditiously as possible:

A. Creating an approximated 320-acre, more or less, standard horizontal spacing unit in the Wolfcamp formation comprised of the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico;

B. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico;

C. Designating Novo as operator of the horizontal spacing unit and the wells to be drilled thereon;

D. Authorizing Novo to recover its costs of drilling, equipping and completing the wells;

E. 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

F. Imposing a 200% charge for the risk assumed by Novo in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of wells.

Respectfully submitted,

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

By: Earl E. DeBrine, Jr.

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Deana M. Bennett

Bryce H. Smith

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Attorneys for Novo Oil & Gas Northern Delaware, LLC

CASE NO. 22995: Application of Novo Oil & Gas Northern Delaware, LLC for compulsory pooling, Eddy County, New Mexico. Novo Oil & Gas Northern Delaware, LLC seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 of Section 26 Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The spacing unit will be dedicated to the **Crocubot Fed 26 211H, Crocubot Fed 26 212H, Crocubot Fed 26 231H, and Crocubot Fed 26 232H** wells, to be horizontally drilled. The wells will be drilled at orthodox locations. The completed interval for the **Crocubot Fed 26 211H** and the **Crocubot Fed 26 212H** wells will be less than 330' from the adjoining tracts to allow inclusion of proximity tracts within the proposed standard horizontal spacing unit. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Novo as operator of the wells, and a 200% charge for risk involved in drilling said well. 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**

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

CASE NO. 22996

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo” or “Applicant”) (OGRID No. 372920), through its undersigned attorneys, hereby makes an application to the Oil Conservation Division (the “Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation 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. In support of this application, Novo states as follows:

1. Novo is a working interest owner in the proposed horizontal spacing unit and has a right to drill a well thereon.
2. Novo seeks to dedicate the W/2W/2 of Section 26, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 160-acre, more or less, Bone Spring standard horizontal spacing unit.
3. Novo plans to drill the **Crocubot Fed 26 135H** and **Crocubot Fed 26 131H** wells to a depth sufficient to test the Bone Spring formation. These wells will be horizontally drilled and will be drilled at orthodox locations under the Division’s rules.

4. Novo sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. Novo respectfully requests that this case be heard and that an order be issued as expeditiously as possible due to an impending deadline for Novo to drill the wells in this acreage.

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CASE NO. 22997 : Application of Novo Oil & Gas Northern Delaware, LLC for compulsory pooling, Eddy County, New Mexico. Novo Oil & Gas Northern Delaware, LLC seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The spacing unit will be dedicated to the **Crocubot Fed 26 215H** and **Crocubot Fed 26 132H** wells, to be horizontally drilled. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Novo as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles north of Loving, New Mexico.



MODRALL SPERLING

L A W Y E R S

August 9, 2022

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. 22995: Application of Novo Oil & Gas Northern Delaware, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 of Section 26 Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The spacing unit will be dedicated to the **Crocubot Fed 26 211H, Crocubot Fed 26 212H, Crocubot Fed 26 231H, and Crocubot Fed 26 232H** wells, to be horizontally drilled. The wells will be drilled at orthodox locations. The completed interval for the **Crocubot Fed 26 211H** and the **Crocubot Fed 26 212H** wells will be less than 330' from the adjoining tracts to allow inclusion of proximity tracts within the proposed standard horizontal spacing unit. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Novo as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles north of Loving, New Mexico.

CASE NO. 22996: Application of Novo Oil & Gas Northern Delaware, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The spacing unit will be dedicated to the **Crocubot Fed 26 135H and Crocubot Fed 26 131H** wells, to be horizontally drilled. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Novo as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles north of Loving, New Mexico.

CASE NO. 22997: Application of Novo Oil & Gas Northern Delaware, LLC for compulsory pooling, Eddy County, New Mexico. Novo Oil & Gas Northern Delaware, LLC seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit

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Nadel and Gussman Capitan, LLC
Novo / Crocubot Fed 26
August 9, 2022
Page 2

underlying the E/2W/2 of Section 26, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The spacing unit will be dedicated to the **Crocubot Fed 26 215H** and **Crocubot Fed 26 132H** wells, to be horizontally drilled. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Novo as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles north of Loving, New Mexico.

These applications have been set for hearing before a Division Examiner at **8:15 a.m. on September 1, 2022**. 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.

During the COVID-19 Public Health Emergency, the hearing will be conducted remotely. Instructions to appear can be found at <http://www.emnrd.state.nm.us/OCD/documents/10-08OCDHearing.pdf> or under "OCD NOTICES" at <http://www.emnrd.state.nm.us/OCD/hearings.html>.

Sincerely,

/s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.
Attorney for Applicant

EED/kta/W4474915.DOCX
Enclosures: as stated

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

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

CASE NO. 22995

APPLICATION

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1. Novo is a working interest owner in the proposed horizontal spacing unit and has a right to drill a well thereon.
2. Novo seeks to dedicate the W/2 of Section 26, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, Wolfcamp standard horizontal spacing unit.
3. Novo plans to drill the **Crocubot Fed 26 211H, Crocubot Fed 26 212H, Crocubot Fed 26 231H, and Crocubot Fed 26 232H** wells to a depth sufficient to test the Wolfcamp formation. These wells will be horizontally drilled and will be drilled at orthodox locations under the Division’s rules.
4. The completed interval for both the **Crocubot Fed 26 211H** and the **Crocubot Fed 26 212H** wells are expected to be less than 330 feet from the adjoining quarter-quarter section

tracts to allow for the inclusion of such offsetting proximity tracts within the proposed spacing unit for the wells under Division Rule 19.15.16.15(B)(1)(b) NMAC.

5. Novo sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Novo respectfully requests that this case be heard and that an order be issued as expeditiously as possible due to an impending deadline for Novo to drill the wells in this acreage.

WHEREFORE, Novo requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 1, 2022, and after notice and hearing as required by law, the Division enter its order as expeditiously as possible:

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C. Designating Novo as operator of the horizontal spacing unit and the wells to be drilled thereon;

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E. 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

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Respectfully submitted,

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Peter A. Schmidt, CPL

MOST RECENT EMPLOYMENT

Chesapeake Energy Corporation

Staff Landman – Brazos Valley Business Unit (Texas)

January 2019 – February 2021

- Coordinated the integration of Eagle Ford asset acquired by merger with WildHorse Resource Development Corp.
- Cleared title and formed units in preparation for development, directed field brokers
- Negotiated and closed lease agreements, lease purchases and divestitures
- Developed appraisal strategy with multi-disciplinary team

Staff Landman – Mid-Continent Business Unit (Oklahoma)

November 2015 – January 2019

- Coordinated the acquisition of over 20,000 leasehold acres by directing field broker efforts, collaborating with a multi-disciplinary team and management to develop strategy, and by negotiating and performing due diligence for acreage trades and lease acquisitions
- Negotiated lease purchase agreements, farmout agreements, data trades, and other contracts
- Managed a drilling program by clearing title, testifying before the Oklahoma Corporation Commission (OCC), preparing OCC applications and negotiating OCC-related letter agreements
- As an appointed liaison between Business Development and the Business Unit, supported corporate A&D efforts by promoting and evaluating acquisition and divestiture opportunities and assisting with seller due diligence and curative. Collaborated with Business Development to divest of over three hundred wells in Oklahoma

Landman II – Exploration (New Ventures)

July 2014 – November 2015

- Managed the acquisition of over 15,000 leasehold acres in a covert leasing play in East Texas via organic leasing and lease purchases
- Analyzed land availability and development opportunities in numerous prospects in multiple states
- Targeted divestiture opportunities, solicited bids, coordinated closings

BAR ADMISSIONS: 2017, Oklahoma

EDUCATION

Oklahoma City University School of Law

August 2013 – May 2017

Juris Doctor (Cum Laude)

- GPA: 3.61; Class Rank: 14/115
- Recipient of *Judge Alfred P. Murrah Sr. Award* presented to a student with outstanding academic performance in graduating class
- CALI Awards (Highest Grade in Class): Legal Research and Writing I and II, Sales and Leases, Family Law
- Faculty Honor Roll: 4 Semesters; Dean's List: 7 Semesters
- Attended night school part-time while working full-time at Chesapeake and Devon

University of Oklahoma

August 2007 – December 2011

Bachelor of Business Administration (With Distinction)

- Majors: Energy Management and Finance; GPA: 3.54

PREVIOUS OIL AND GAS EXPERIENCE

Devon Energy Corporation: Landman II – Permian Basin (Texas)

January 2012 - June 2014

- Negotiated and implemented various contracts and agreements, including oil and gas leases, farmout agreements, joint operating agreements, and confidentiality agreements
- Managed a drilling program by clearing title and ensuring regulatory compliance
- Supervised field broker assignments, including leasing projects and title research

Devon Energy Corporation: Land Intern

Summer 2011

- Created an optimized rig schedule in the Delaware Basin based on prospect lease expirations, lease obligations, play prospectivity, and other factors
- Conducted title research for Midland, TX based broker T. Verne Dwyer Oil and Gas Investments

Land Services, Inc.: Title Landman

Summer 2010

- Researched public records in order to chain title and generate mineral ownership reports

MEMBERSHIPS AND CERTIFICATIONS: American Association of Professional Landmen (*Certified Professional Landman*), Oklahoma City Association of Professional Landmen, Mineral Lawyers Society of Oklahoma City, Permian Basin Landmen's Association



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

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

CASE NO. 22996

SELF AFFIRMED DECLARATION OF MICHAEL HALE

Michael Hale hereby states and declares as follows:

1. I am over the age of 18, I am a geologist for Novo Oil & Gas Northern Delaware, LLC (“Novo”), and have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert petroleum geologist were accepted by the Division as a matter of record.

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.

4. **Exhibit C.1** is a locator map showing the approximate location of the proposed unit in relation to the Capitan Reef. Novo’s Crocubot Fed Com 26 unit is located approximately 6 miles southeast of the closest point.

5. **Exhibit C.2** is a wellbore schematic showing the wells proposed in Case Numbers 22995–22996. The proposed spacing unit in this case is shown in a blue box.

6. **Exhibit C.3** shows Novo’s execution plan, which includes the wells proposed in Case Numbers 22995–22996, including this case. The Crocubot Fed 26 wells are the green dashed lines. Exhibit C.3 also shows producing wells in the surrounding area drilled in the same formations as those proposed in Case Numbers 22995–22996.



7. **Exhibit C.4** is a structure map of the First Bone Spring formation. The proposed spacing unit is identified by a blue box. The Crocubot Fed 26 135H is the green dashed line. The contour interval used this exhibit is 20 feet. This exhibit shows that the structure dips gently to the east.

8. **Exhibit C.5** is structure map of the Third Bone Spring formation. The proposed spacing unit is identified by a blue box. The Crocubot Fed 26 131H well is the green dashed line. The contour interval used this exhibit is 20 feet. This exhibit shows that the structure dips gently to the east.

9. **Exhibit C.6** is a stratigraphic cross section hung near the top of the Second Bone Spring member of the Bone Spring formation. The well logs on the cross-section give a representative sample of the Bone Spring formation in the area. The target zones are identified by arrows and the label "target." I have also identified the approximate location of the proposed wells within the wells I used for the cross-section. **Exhibit C.6** also includes a cross section reference map that identifies three vertical reference wells in the vicinity of the proposed horizontal wells, shown by a line of cross-section running from A to A'.

10. The Third Bone Spring interval thickness is very consistent across the proposed Crocubot Fed Com 26 unit. The First Bone Spring, in my opinion, thins slightly to the north and east, but porosity is very consistent across the interval.

11. I conclude from the maps that:

- a. The horizontal spacing unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.

c. Each quarter quarter section in the proposed unit will contribute more or less equally to production.

12. The preferred well orientation in this area is either north/south or east/west. This is because the S_{Hmax} is at approximately N45E in this area of Eddy County. As shown on Exhibit C.3, there is roughly an equal number of N-S and E-W wells in this area.

13. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

14. In my opinion, the granting of Novo's application is in the interests of conservation and the prevention of waste.

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

[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.

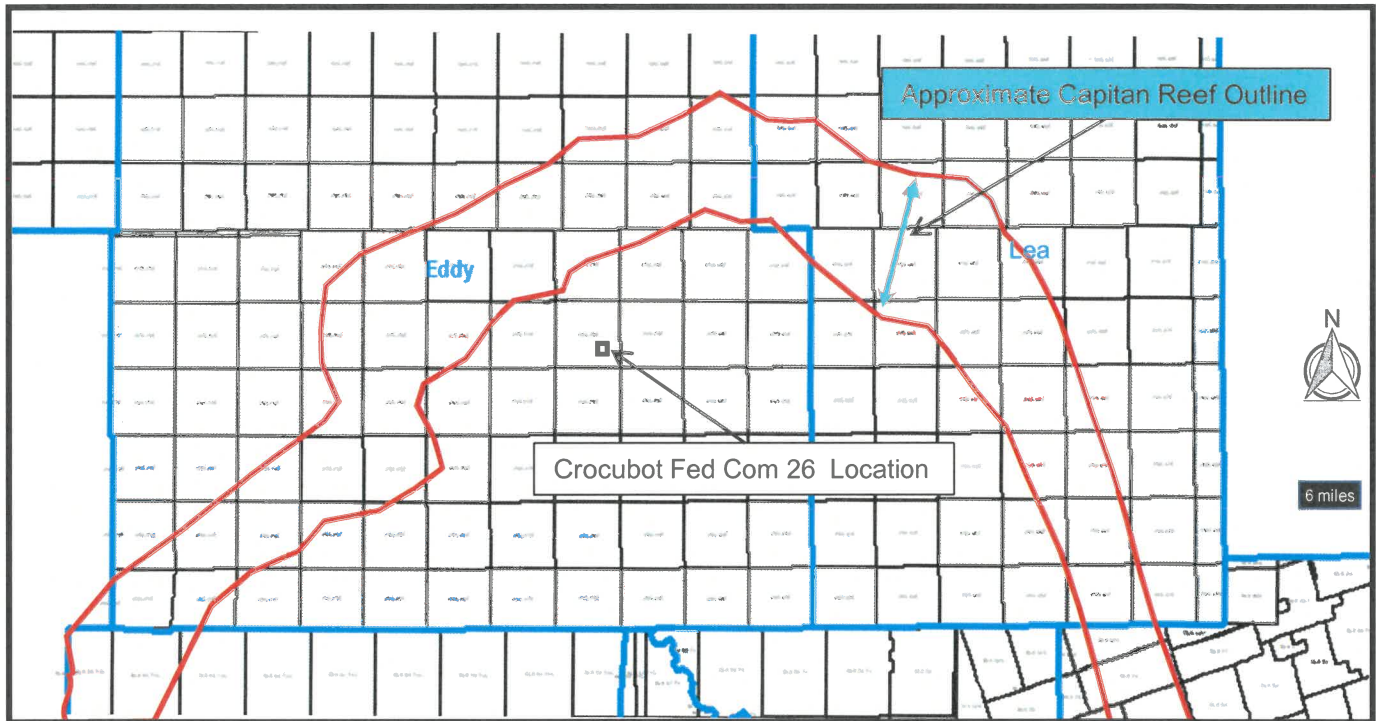
Dated: August 30, 2022



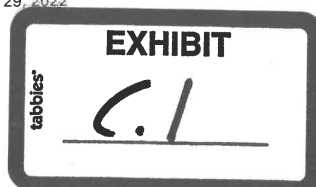
Michael Hale



Crocubot Fed Com 26 Locator Map

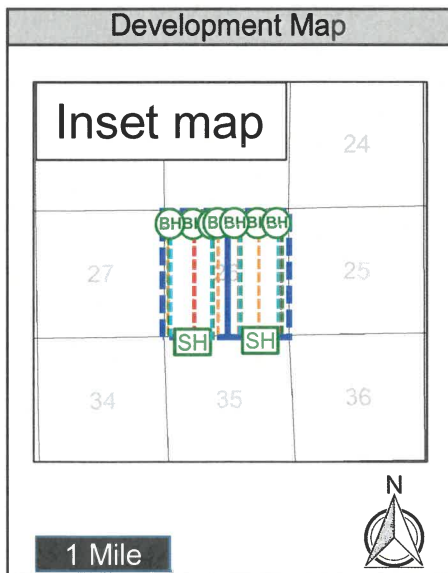
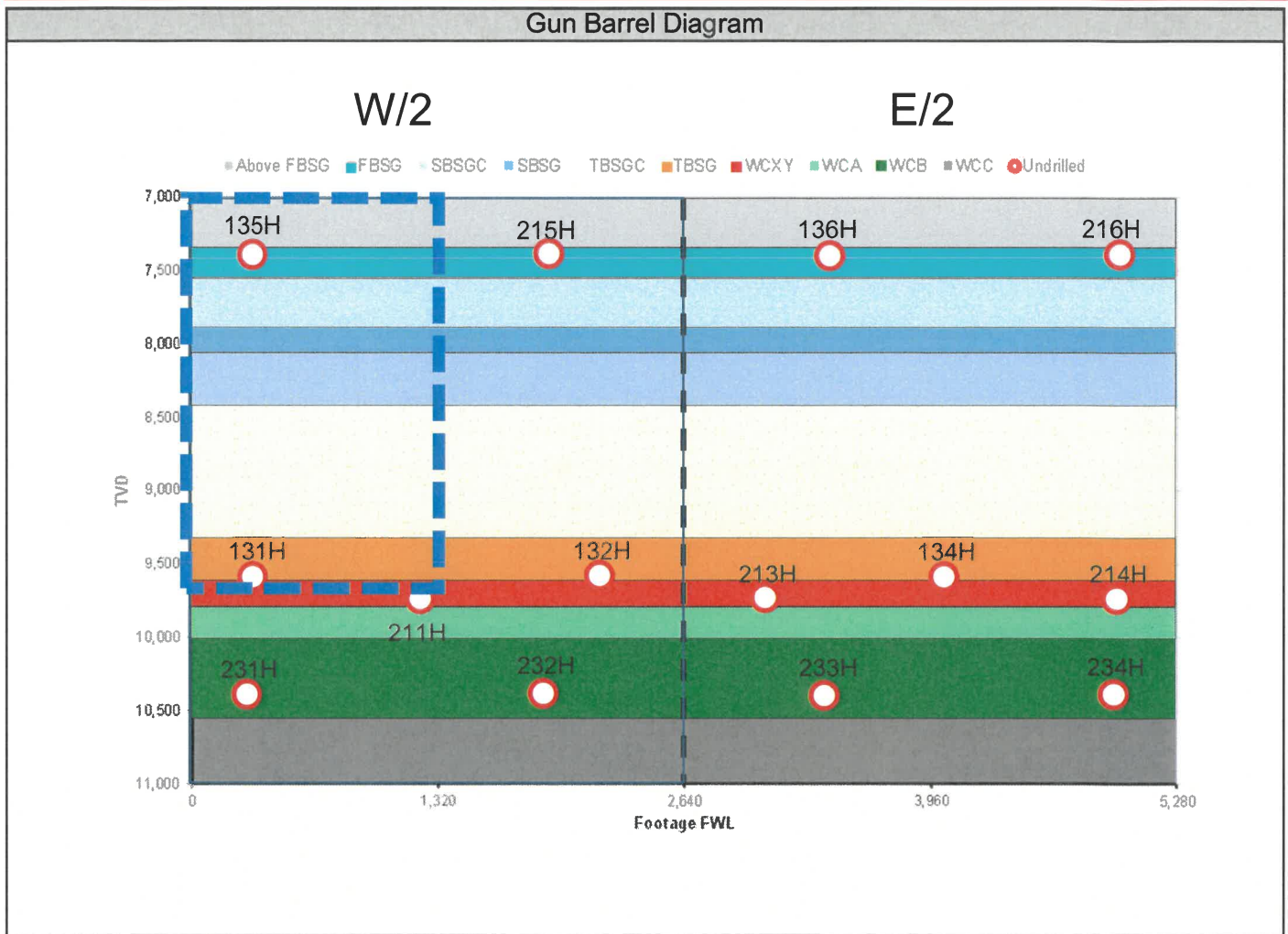


Novo's Crocubot Fed Com 26 pooling application does not lie within the Capitan Reef Outline. Closest approximate point is six miles southeast of outline.





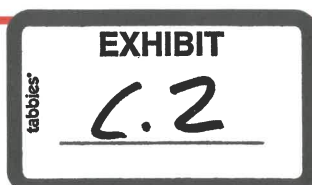
Crocubot Fed Com 26 Gun Barrel Plot (Full development)



Gun Barrel Diagram Legend

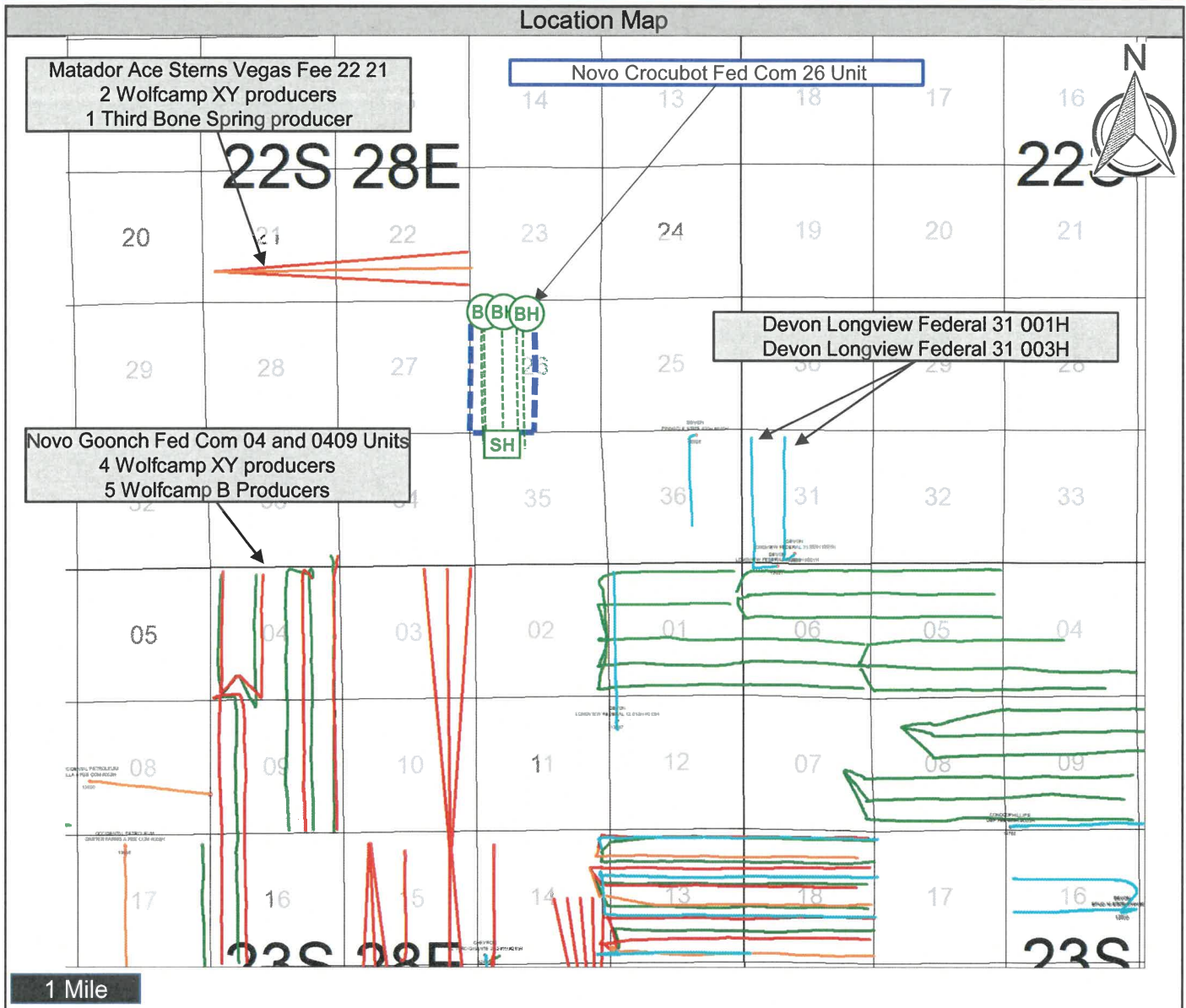
- #H Proposed Wellbore Location and Name
- East/West dividing line

Hearing Details
Novo Oil & Gas Northern Delaware, LLC
Docket Number:
Case Number: 22996
Date:
Exhibit Number:



Crocubot Fed Com 26 Execution Plan

Proposed Wolfcamp B, Wolfcamp XY, Third Bone Spring and First Bone Spring Locations, Section 26-22S-28E



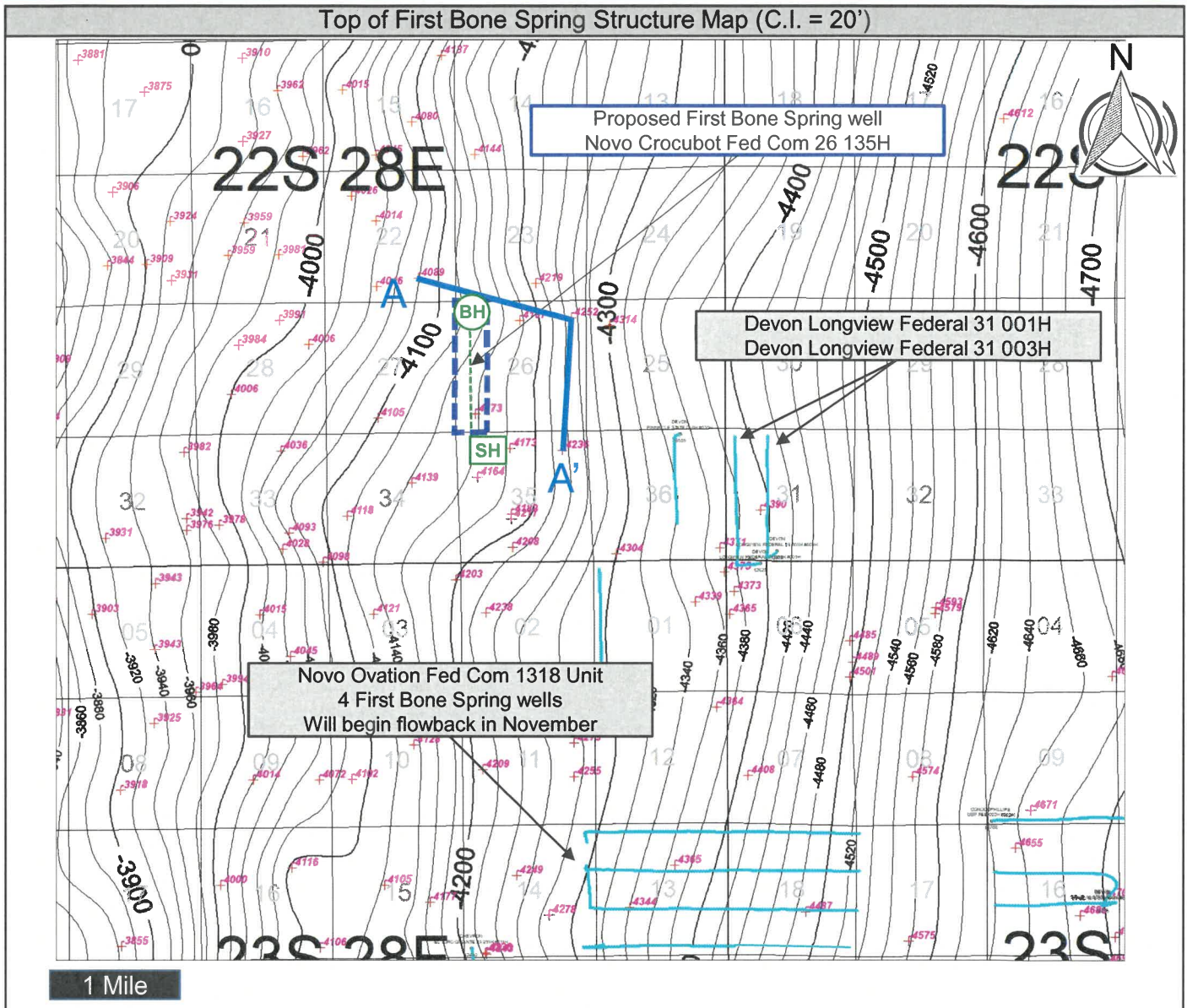
Map Legend	
	Spacing Unit (318.34 ac.)
	Wolfcamp B Producer
	Wolfcamp XY Producer
	Third Bone Spring Producer
	First Bone Spring Producer
	Surface Hole Location
	Novo Proposed Horizontal Locations
	Bottom Hole Location

Hearing Details
Novo Oil & Gas Northern Delaware, LLC
Docket Number:
Case Number:
Date:
Exhibit Number:

A. Exhibit Created by: Michael E. Hale (NOVO VP- Exploration), August 29, 2022

EXHIBIT
 C.3

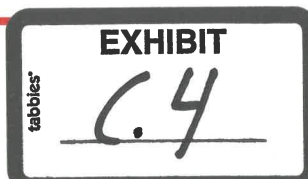
Crocubot Fed Com 26 Top of First Bone Spring Structure Map Third Bone Spring Location, Sections 26-22S-28E



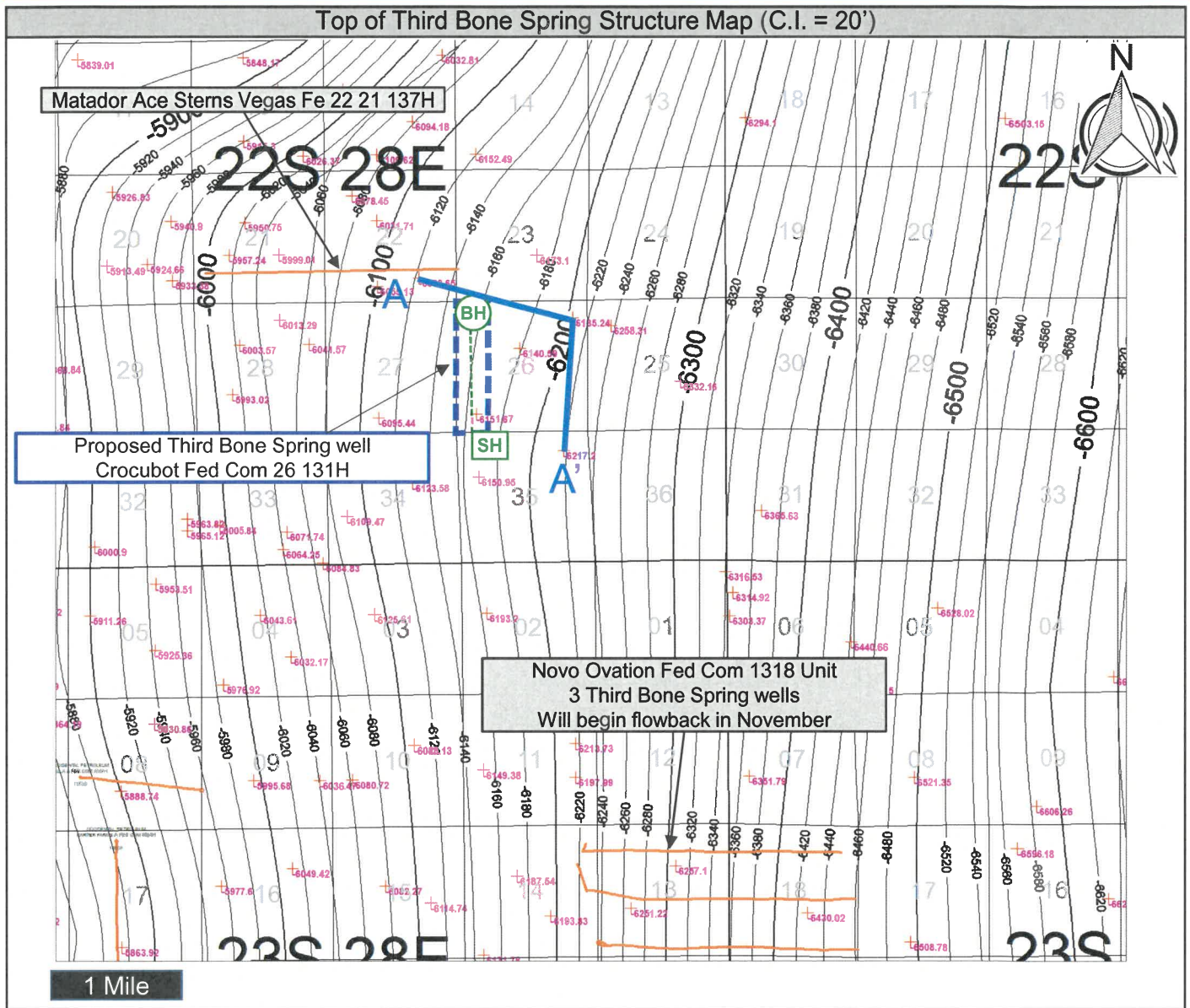
Map Legend	
	Spacing Unit (160 ac.)
	Surface Hole Location
	Novo Horizontal Location
	Bottom Hole Location
	First Bone Spring Producer
	Datum value
	Top First Bone Spring Flow Unit Subsea Structure Contour line – interval 20'

Hearing Details
Novo Oil & Gas Northern Delaware, LLC
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Exhibit Number:

A. Exhibit Created by: Michael E. Hale (NOVO VP- Exploration), August 29, 2022



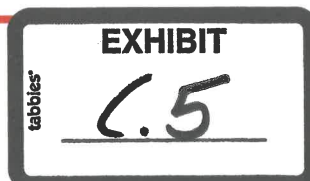
Crocubot Fed Com 26 Top of Third Bone Spring Structure Map Third Bone Spring Location, Sections 26-22S-28E



Map Legend	
	Spacing Unit (160 ac.)
	Surface Hole Location
	Novo Horizontal Location
	Bottom Hole Location
	Third Bone Spring Producer
	Datum value
	Top Third Bone Spring Subsea Structure
	Contour line – interval 20'

Hearing Details
Novo Oil & Gas Northern Delaware, LLC
Docket Number:
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Exhibit Number:

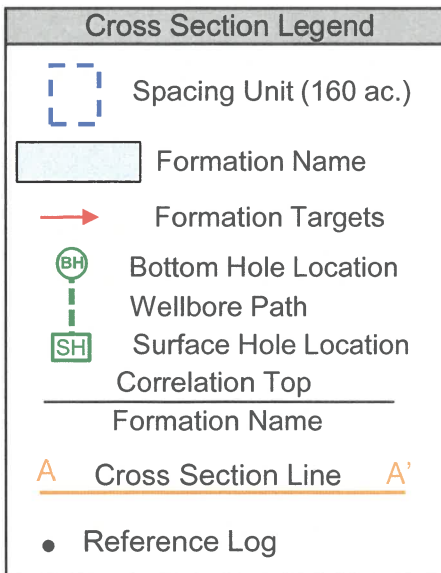
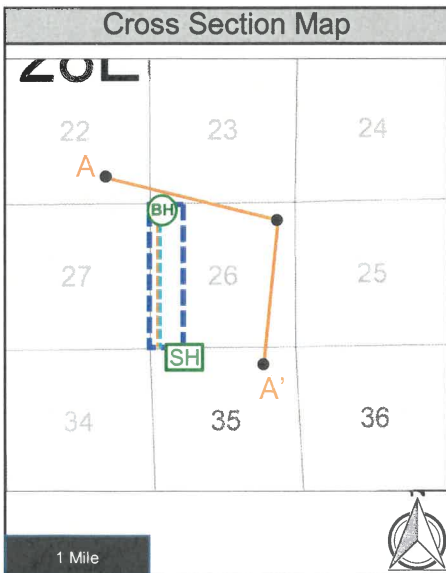
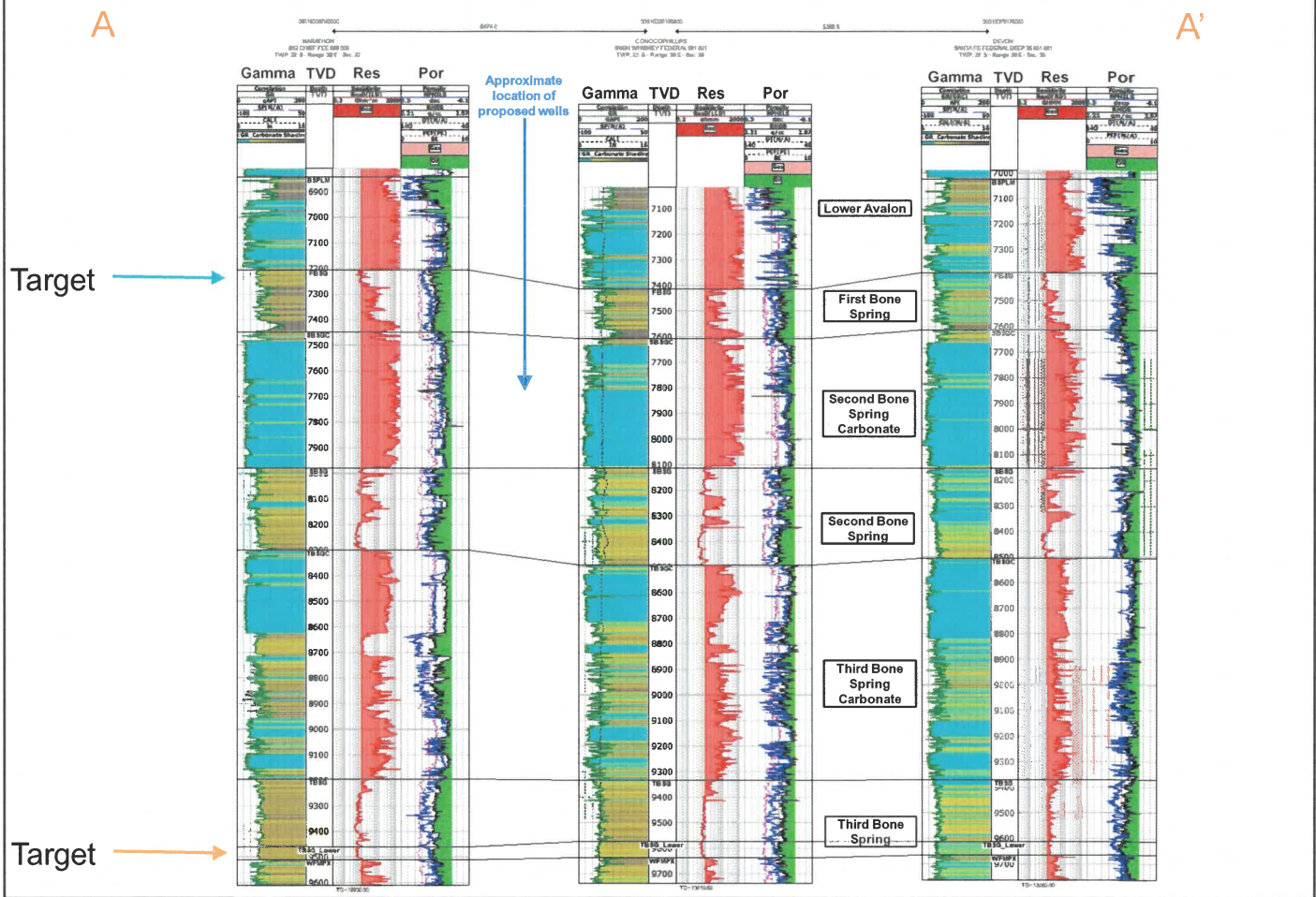
A. Exhibit Created by: Michael E. Hale (NOVO VP- Exploration), August 29, 2022



Crocubot Fed Com 26 Bone Spring Stratigraphic Cross Section First Bone Spring Proposed Locations, Section 26-22S-28E



Bone Spring Stratigraphic Cross Section (Ft) – Top of Second Bone Spring Carbonate (SBSGC) Datum



Novo Oil & Gas Northern Delaware, LLC

Docket Number:

Case Number:

Date:

Exhibit Number:

A. Exhibit Created by: Michael E. Hale (NOVO VP- Exploration), August 29, 2022

