

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

**APPLICATION OF NOVO OIL & GAS NORTHERN
DELAWARE, LLC, TO AMEND THE SPACING UNIT
UNDER THE TERMS OF ORDER NO. R-21209,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 21974
ORDER NO. R-21209-B**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on July 1, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. On April 9, 2020, OCD issued Order R-21209 to Novo Oil & Gas Northern Delaware, LLC (“Operator”), to pool the uncommitted oil and gas interests within the specified spacing unit (“Unit”).
2. R-21209 was amended by order R-21209-A, entered April 13, 2021, which extended the time to commence drilling and/or completing operations until April 9, 2022. Operator now seeks to further amend R-21209 by reducing the proposed well bores to one and a half miles each and the spacing unit to a standard 240 acres, more or less.
3. Operator provided evidence that it gave notice of the Application and the hearing to the previously unidentified interest owner.
4. Operator presented evidence through affidavits in support of the Application.
5. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Amending the length of the well bores and size of the spacing unit will not adversely affect the pooled interest owners.

11. The pooling of interest owners in the amended Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
12. This Order affords the interest owners the opportunity to produce their just and equitable share of the oil or gas in the pool.

ORDER

13. The well bores and spacing unit are hereby amended to conform to the checklist appended as Exhibit "A" attached hereto.
14. Order R-21209 and R-21209-A shall otherwise remain in full force and effect.
15. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR
AES/kms

Date: 7/08/2021

Exhibit "A"

Received by OCD: 6/29/2021 5:54:21 PM

Page 3 of 103

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21974	APPLICANT'S RESPONSE
Date: July 1, 2021	
Applicant	Novo Oil & Gas Northern Delaware, LLC
Designated Operator & OGRID (affiliation if applicable)	372920
Applicant's Counsel:	Holland & Hart, LLP
Case Title	APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC TO AMEND ORDER NOS. R-21209 & R-21209-A, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	Saturninus wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring formation
Pool Names and Pool Codes:	Laguna Salado; Bone Spring Pool (Pool code 96721)
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	240-acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240-acres, more or less
Building Blocks:	quarter-quarter sections
Orientation:	North/South
Description: TRS/County	W/2 SW/4 of Section 10, and the W/2 W/2 of Section 15, Township 23 South, Range 29 East, NMPPM, Eddy County, New Mexico
<p>BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A Submitted by: Novo Oil & Gas, LLC Hearing Date: July 01, 2021 Case Nos. 21974-21976</p>	
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	Yes, only from a depth of 7,839 feet to the base of the Bone Spring formation
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C-3

Released to Imaging: 6/30/2021 9:07:32 AM

Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	<p>Saturninus Fed Com 1510 #121H well (API No. 30-015-pending) SHL:Unit M of Section 15, Township 23 South, Range 29 East, NMMPM. BHL:Unit L of Section 10, Township 23 South, Range 29 East, NMMPM.</p> <p>Completion Target: Bone Spring Well Orientation:north/south Completion Location expected to be:standard</p>
Well #2	<p>Saturninus Fed Com 1510 #131H well (API No. 30-015-pending) SHL:261 feet from the South line and 460 feet from the West line (Unit M) of Section 15, Township 23 South, Range 29 East, NMMPM. BHL:2510 feet from the South line and 330 feet from the West line (Unit L) of Section 10, Township 23 South, Range 29 East, NMMPM.</p> <p>Completion Target: Bone Spring Well Orientation:north/south Completion Location expected to be:standard</p>
Horizontal Well First and Last Take Points	Exhibit C-5
Completion Target (Formation, TVD and MD)	Exhibit C-5
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit E
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-4
Tract List (including lease numbers and owners)	Exhibit C-3
Pooled Parties (including ownership type)	Exhibit C-4
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A

Joinder	
Sample Copy of Proposal Letter	Exhibit C-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-6
Overhead Rates In Proposal Letter	Exhibit C-5
Cost Estimate to Drill and Complete	Exhibit C-5
Cost Estimate to Equip Well	Exhibit C-5
Cost Estimate for Production Facilities	Exhibit C-5
Geology	
Summary (including special considerations)	See Case No. 21038
Spacing Unit Schematic	See Case No. 21038
Gunbarrel/Lateral Trajectory Schematic	See Case No. 21038
Well Orientation (with rationale)	See Case No. 21038
Target Formation	See Case No. 21038
HSU Cross Section	See Case No. 21038
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-4
General Location Map (including basin)	See Case No. 21038
Well Bore Location Map	See Case No. 21038
Structure Contour Map - Subsea Depth	See Case No. 21038
Cross Section Location Map (including wells)	See Case No. 21038
Cross Section (including Landing Zone)	See Case No. 21038
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Kaitlyn A. Luck
Signed Name (Attorney or Party Representative):	