

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20174

APPLICATION

Novo Oil & Gas Northern Delaware, LLC applies for an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2 of Section 9 and the E/2 of Section 16, Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the E/2 of Section 9 and the E/2 of Section 16, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to test the Wolfcamp formation:
 - (a) The Sarissa Fed. Com. 0916 Well No. 234H, a horizontal well with a surface location in the SE/4 of adjoining Section 4, a first take point in the NW/4NE/4 of Section 9, and a last take point in the SW/4SE/4 of Section 16;
 - (b) The Sarissa Fed. Com. 0916 Well No. 235H, a horizontal well with a surface location in the SE/4 of adjoining Section 4, a first take point in the NE/4NE/4 of Section 9, and a last take point in the SE/4SE/4 of Section 16; and
 - (c) The Sarissa Fed. Com. 0916 Well No. 236H, a horizontal well with a surface location in the SE/4 of adjoining Section 4, a first take point in the NE/4NE/4 of Section 9, and a last take point in the SE/4SE/4 of Section 16.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2 of Section 9 and the E/2 of Section 16 for the purposes set forth herein.

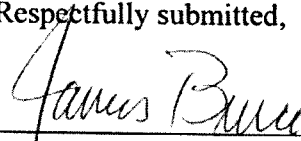
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the E/2 of Section 9 and the E/2 of Section 16, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the E/2 of Section 9 and the E/2 of Section 16 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 9 and the E/2 of Section 16;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost thereof among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Novo Oil & Gas Northern
Delaware, LLC

PROPOSED ADVERTISEMENT

Case No. _____: Application of Novo Oil & Gas Northern Delaware, LLC for compulsory pooling, Eddy County, New Mexico. Novo Oil & Gas Northern Delaware, LLC applies for an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2 of Section 9 and the E/2 of Section 16, Township 26 South, Range 27 East, NMPM. The unit will be dedicated to (i) the Sarissa Fed. Com. 0916 Well No. 234H, a horizontal well with a first take point in the NW/4NE/4 of Section 9 and a last take point in the SW/4SE/4 of Section 16, (ii) the Sarissa Fed. Com. 0916 Well No. 235H, a horizontal well with a first take point in the NE/4NE/4 of Section 9 and a last take point in the SE/4SE/4 of Section 16, and (iii) the Sarissa Fed. Com. 0916 Well No. 236H, a horizontal well with a first take point in the NE/4NE/4 of Section 9 and a last take point in the SE/4SE/4 of Section 16. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 11-1/2 miles south-southeast of Black River Village, New Mexico.