BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW

500 DON GASPAR AVENUE SANTA FE, NEW MEXICO87505-2626 TELEPHONE (505) 983-8545 FACSIMILE (505) 983-8547 www.bwenergylaw.com COLORADO

NEW MEXICO

NORTH DAKOTA

UTAH

WYOMING

CANDACE CALLAHAN

DIRECT: (505) 983-8764

E-MAIL: CCALLAHAN@BWENERGYLAW.COM

October 23, 2018

VIA CERTIFIED MAIL-RETURN RECEIPT

To: Parties on Exhibit "A"

Re: New Mexico Oil Conservation Division Amended Application for Non-Standard Spacing and

Proration Unit and Compulsory Pooling, Case No. 16282

Rana Salada Fed Com 0504 134H well

Dear Ladies and Gentlemen:

This letter is to advise you that Novo Oil & Gas, LLC has filed the enclosed amended application for non-standard spacing and compulsory pooling with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on November 15th, 2018. The hearing will be held in the Oil Conservation Division's Santa Fe Offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an interest owner in the well unit you may be affected by this application, and you may appear and present testimony. Failure to appear at that time and become a part of record will preclude you from challenging the matter at a later date.

A party appearing in a Division case is required by Division Rule 19.15.4.13:B to file a Pre-Hearing Statement four days in advance of a scheduled hearing. This statement must be filed with the Division's Santa Fe office at the above address and should include: the names of the party and its attorney; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned and to the persons listed on Exhibit A.

If you have any questions about this matter, please contact Brandon Patrick at 405-286-4197 or bpatrick@novoog.com.

Very truly yours,

Candace Callahan

Attorney for Novo Oil & Gas, LLC

(16282) Exhibit A

TDY Industries, LLC c/o Bank of America, Agent P. O. Box 830308 Dallas, TX 75283

BTA Oil Producers, LLC 104 South Pecos Midland, Texas 79701

Marathon Oil Permian, LLC 555 San Felipe Street Houston, TX 77056 Attention; Chase Rice

Wells Fargo Bank, NA, Trustee of the John Saleh Charitable Foundation 500 West Texas Avenue Midland, TX 79701

Morris E. Schertz and wife, Holly K. Schertz P.O Box 2588 Roswell, NM 88202

Rolla R. Hinkle II P.O Box 2292 Roswell, NM 88202

NOVO Minerals, LP 105 N, Hudson Ave Ste 500 Oklahoma City, OK 73102

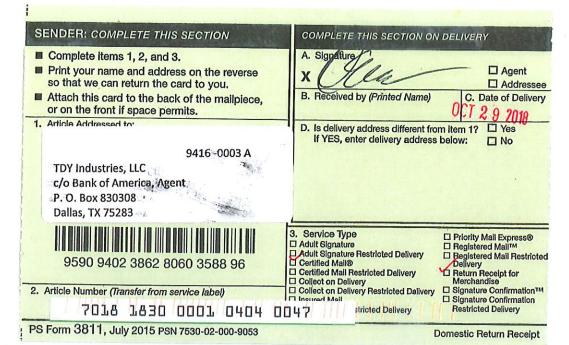
Melinda Mueller Personal Representative of the Estate of Philip B. Withrow P.O Box 616 Stamford, TX 79553 Bureau of Land Management 301 Dinosaur Trail Santa Fe, NM 87508

Destiny Management, Inc. 104 N. Big Spring, Suite 220 Midland, TX 79701

COG Operating LLC 550 W. Texas Avenue Midland, TX 79702

Mesquite SWD, Inc. P.O. Box 1479 Carlsbad, New Mexico 88221

C. Wendel Schoenberger, LP P.O. Box 2604 Midland, Texas 79702



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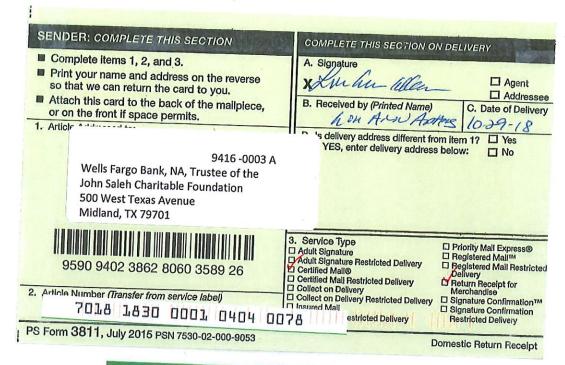
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON	DELIVERY
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BTA Oil Producers, LLC 104 South Pecos Midland, Texas 79701		
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U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only 54 For delivery information, visit our website at www.usps.com® 4040 Certified Mail Fee |S | Extra Services & Fees (check box, add fee as appropriate) | Return Receipt (hardcopy) | S | | Return Receipt (electronic) | S | | Certified Mail Restricted Delivery | Adult Signature Required | Adult Signature Restricted Delivery | Center Control | Center Postmark Here TOOO 1830 Postage Total Postage an 9416 -0003 A BTA Oil Producers, LLC 7018 Sent To **104 South Pecos** Street and Apt. No Midland, Texas 79701 City, State, ZIP+4 See Reverse for Instructions

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9416 -0003 A Marathon Oil Permian, LLC 555 San Felipe Street Houston, TX 77056 Attention: Chase Rice	D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No		
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U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only 4040 Certified Mail Fee Extra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy) 1000 Postmark Return Receipt (electronic) Certified Mall Restricted Delivery Here Adult Signature Required Adult Signature Restricted Delivery \$ Postage 18 Total Postage Sent To 中 9416 -0003 A Morris E. Schertz and wife, Holly K. Schertz Street and Apt. P.O Box 2588 City, State, ZIF Roswell, NM 88202



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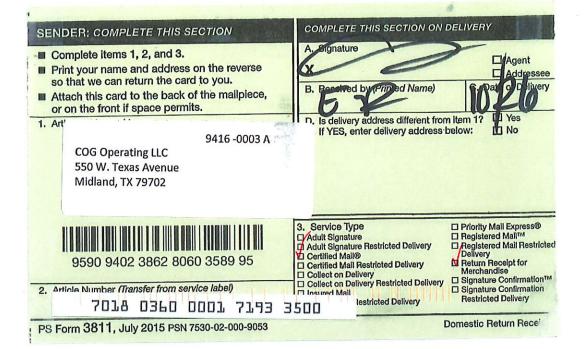
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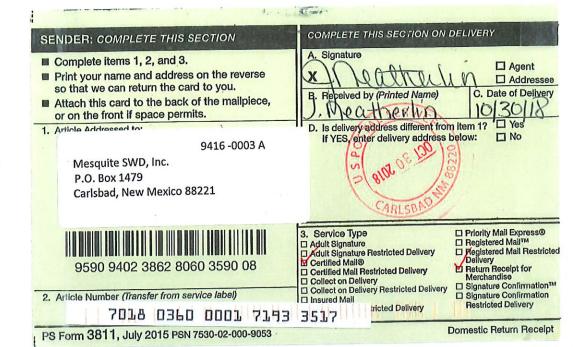
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Status of Mailing October 23rd 2018 "Parties on Exhibit A" Case 16	282					
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AFFIDAVIT OF PUBLICATION

Ad No. 0001266950

BEATTY & WOZNIAK, P.C. 216 SIXTEENTH STREET, SUITE 1100

DENVER CO 80202

I, a legal clerk of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

11/01/18

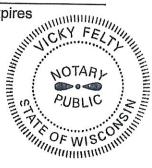
Legal Clerk

Subscribed and sworn before me this 1st of November 2018.

State of WI, County of Brown **NOTARY PUBLIC**

My Commission Expires

ru#:0001266950 # of Affidavits:0.00



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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 a.m. on November 15, 2018 in the Oil Conservation Division's Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner, duly appointed for the hearing. OCD Rule Subsection B of 19.15.4.13 NMAC requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title interest or claim in the following cases and notice to the public (NOTE: All land descriptions herein refer to the New Mexico Principal

Meridian whether or not so stated)
TO: TDY Industries, LLC, BTA Oil Producers,
LLC, Marathon Oil Permian, LLC, Wells Fargo Bank, NA, Trustee of the John Saleh Charitable Foundation, Morris E. Schertz and wife, Holly K. Schertz, Rolla R. Hinkle II, NOVO Minerals, LP, Melinda Mueller Personal Representative of the

Melinda Mueller Personal Representative of the Estate of Philip B. Withrow, Destiny Management, Inc., COG Operating LLC, Mesquite SWD, Inc., C. Wendel Schoenberger, LP Case No. 16282: Amended Application of Novo Oil & Gas Northern Delaware, LLC, the wholly owned subsidiaryof Novo Oil & Gas, LLC, for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 320.00. an order (1) creating a non-standard 320.00 acre, more or less, spacing unit in the Culebra Bluff; Bone Spring, South Pool (15011) limited to all depths below 8,773 feet to the base of the Bone Spring formation, comprised of the S/2S/2 of Section 4 and S/2S/2 of Section 5, Township 23 South, Range 29 East, Eddy County, New Mexico; and (2) pooling all uncommitted mineral interests underlying this prepared ty, New Mexico; and (2) pooling all uncommitted mineral interests underlying this proposed spacing unit. This non-standard unit is to be dedicated to the applicant's Rana Salada Fed Com 0504 134H well which will be horizontally drilled from a surface location in the SE/4SE/4 of Section 6. Township 23 South, Range 29 drilled from a surface location in the SE/4SE/4 of Section 6, Township 23 South, Range 29 East, to a first take-point location in the SW/4SW/4 of Section 5, Township 23 South, Range 29 East, to a bottom hole location in the SE/4SE/4 of Section 4, Township 23 South, Range 29 East. The producing interval will be orthodox. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof, as well as actual location 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 risk involved in drilling the well. Said area is located approximately 5 miles Northeast of Loving, New Mexico co. Pub: Nov. 1, 2018 #1266950

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

AMENDED APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC FOR NON-STANDARD PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16282

AFFIDAVIT OF MICHAEL HALE

Michael Hale of lawful age and being first duly sworn, declares as follows.

- 1. My name is Michael Hale. I work for Novo Oil & Gas, LLC ("Novo") as the Vice President of Exploration. I am responsible for all geologic operations and development of Novo's Delaware Basin assets in Eddy County, NM as well as exploring other oil and gas basins in North America for opportunities.
- 2. I received a Bachelor of Science in Geology and a Master of Science in Geology from East Carolina University in 2004 and 2008, respectively. While in graduate school, I worked on a Petroleum Research Fund (PRF) grant with senior scientists from the National Museum of Natural History, Smithsonian Institution in Washington D.C. I have worked as a geologist in the oil and gas industry for over 11 years. I began my career in 2008, working for Fronterra Geosciences doing primarily resistivity formation image evaluation. After I left Fronterra, I worked as a Geologist for Sandridge Energy, performing both operational and exploration duties in both the Permian Basin and Anadarko Basins. Before coming to Novo, I was Geological Advisor for Ascent Resources, overseeing all work in the Appalachian Basin with a primary focus in Ohio's Utica Shale play. While I have never testified before the New Mexico Oil Conservation

Division (NMOCD), while with Ascent Resources I testified as an expert witness as part of ~10 unitization hearings before the Ohio Department of Natural Resources (ODNR).

- 3. My professional associations are: American Association of Petroleum Geologists (AAPG), West Texas Geological Society (WTGS), Oklahoma City Geological Society (OCGS), Young Professionals in Energy (YPE)
- 4. I am familiar with the application filed by Novo in this case. I am also familiar with the application filed by Novo in Case No. 16283 heard with this case by the Division on July 12, 2018 and August 9, 2018, and with Case No. 16284, all pertaining to offsetting lands within the same Sections 4 and 5, Township 23 South, Range 29 East, Eddy County, New Mexico. I have conducted a geologic study of the Bone Spring formation underlying Sections 4 and 5.
- 5. Novo is targeting the Bone Spring formation (3rd Bone Spring Sand interval) with the proposed Rana Salada Fed Com 134H well. The well will be located in the Culebra Bluff; Bone Spring, South Pool (Pool Code 15011).
- 6. **Exhibit No. 26** is a map view of the execution plan for the 2nd and 3rd Bone Spring Sand in the Rana Salada development block in Sections 4 and 5. The proposed wellbores are denoted by the red dashed lines, with BHL locations depicted by the red circles and SHL depicted with a red box. The proposed horizontal spacing unit for the Rana Salada Fed Com 134H well proposed in this case is depicted by the blue dashed rectangle. The horizontal spacing units proposed in Novo's Case Nos. 16283 and 16284 to be drilled in the 3rd and 2nd Bone Spring, respectively, are depicted by the grey outlined rectangle.
- 7. **Exhibit No. 27** is a subsea structure map that I prepared for the top of the 3rd Bone Spring Sand. The proposed spacing unit is depicted by the blue dashed rectangle. The contour

interval is 50 feet and the proposed wellbore path for the 134H well is depicted by the red dashed line, with the BHL indicated by the red circle and the SHL depicted with a red box. Offset Bone Spring horizontal producers are indicated by blue circles at the BHL and black well paths. The structure map shows that the area is gently dipping from West to East across the map. I do not observe any faulting, pinch-outs, or other geologic impediments or hazards to developing this targeted interval with a horizontal well.

- 8. **Exhibit No. 28** is a gross isopach map I prepared for the 3rd Bone Spring Sand. As in the previous map, the proposed spacing unit is depicted by the blue dashed rectangle, the proposed wellbore path is denoted by the red dashed line, the well BHL is indicated by the red circle and the SHL is depicted with a red box. Existing Bone Spring horizontal producers are indicated by blue circles with black well paths. The contour interval is 25 feet and thickness of the 3rd Bone Spring Sand interval over the Rana Salada development block ranges from approximately 275 feet to 325 feet. Also shown on the map is one line of section for cross-section I prepared to illustrate the consistent and contiguous nature of the 3rd Bone Spring Sand. The orange line (A-A') is an apparent dip section of type wells that penetrate the Bone Spring in and offsetting the Rana Salada development block.
- 9. Exhibit No. 29 is a West to East dip section (A-A') illustrating the three type wells in and offsetting the Rana Salada development block (Longview Deep 31, API 30015376040000, HF 7 Federal Com 1, API 30015285090000, and Carthel Federal 2, API 30015233890000) that penetrate the 3rd Bone Spring Sand with the line of section shown on the inset map. Each well in the cross-section contains gamma ray, resistivity, and porosity logs. The proposed target interval is labeled and depicted by the green shaded box labeled "Target". The cross-section demonstrates

that the targeted interval extends across the proposed spacing and proration unit (i.e. it is laterally continuous) and is consistent in thickness and log character.

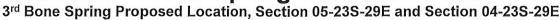
- 10. **Exhibit No. 30** is a Type Log (Carthel Federal 2, API 30015233890000) for the Rana Salada development block illustrating the low porosity limestone barriers existing between the 2nd and 3rd Bone Spring intervals underlying this area.
- 11. In my opinion, the proposed location of the well bore for the 134H well is such that the 3rd Bone Spring Lime barrier will effectively prevent communication between the 2nd and 3rd Bone Spring intervals and fracs for the well proposed in this case will not extend into the 2nd Bone Spring interval.
- 12. In my opinion, there is no preferential stress direction underlying the Rana Salada development area and both north-south and east-west development are acceptable, provided they allow operators to optimally develop their acreage position.
- 13. Based on my geologic study of the area, the Bone Spring formation underlying the subject area is suitable for development by horizontal wells and each quarter-quarter section comprising the proposed spacing and proration unit will contribute more-or-less equally to the production from the wellbore.
- 14. In my opinion, the granting of Novo's application will be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.
- 15. The Exhibits attached to this affidavit were either prepared by me or compiled under my direction and supervision.
 - 16. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NOT.

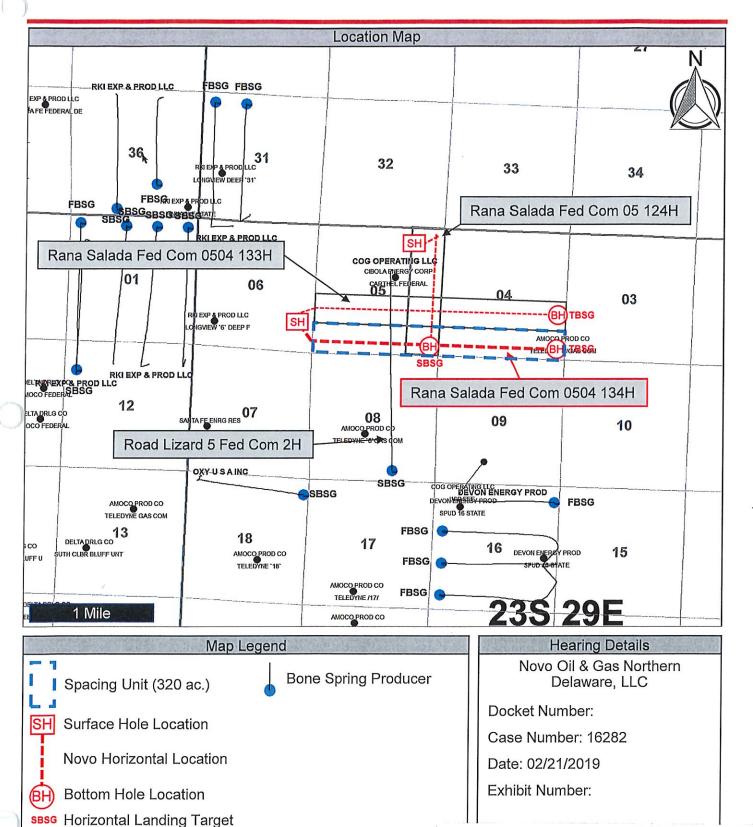
STATE OF OKLAHOMA)
COUNTY OF OKLAHOMA))
SUBSCRIBED and SWORN to b	efore me this 19th day of February 2019 by Michael
Hale.	I .
	NOTARY PUBLIC
My Commission Expires:	MINIMUM MANAGER MANAGE

MICHAEL HALE

Salt Lake - Bone Spring Execution Plan





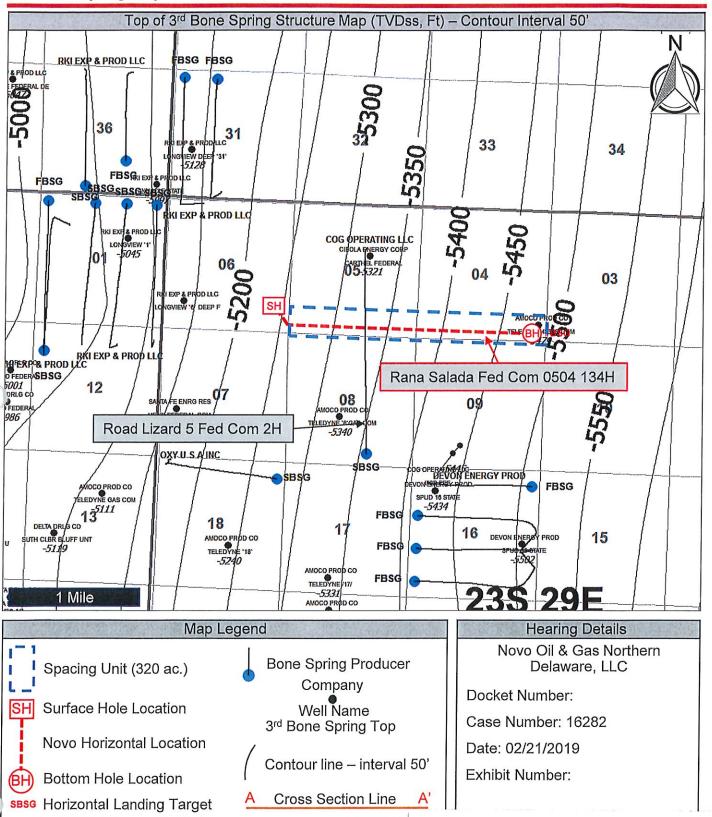


A. Exhibit Created by: Michael E. Hale (NOVO VP-Exploration), January 21, 2018

Salt Lake – Top of 3rd Bone Spring Structure Map



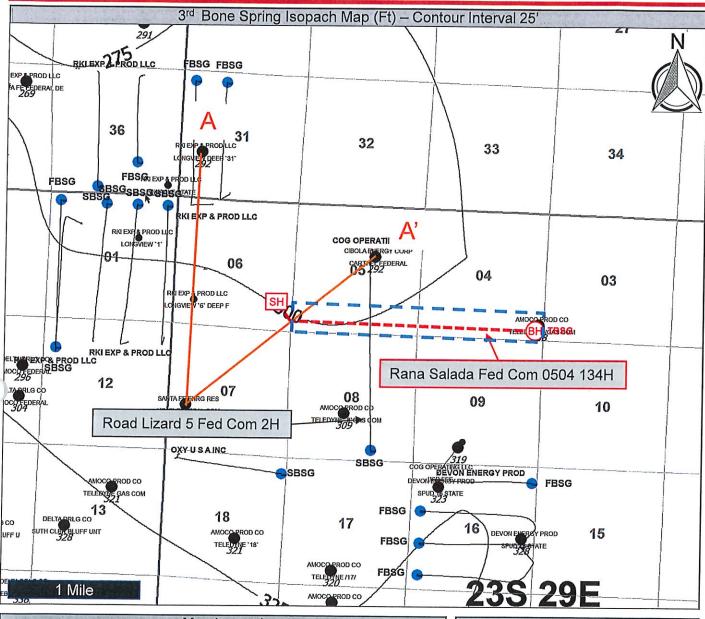
3rd Bone Spring Proposed Location, Section 05-23S-29E and Section 04-23S-29E



A. Exhibit Created by: Michael E. Hale (NOVO VP-Exploration), January 21, 2018

Salt Lake — 3rd Bone Spring Isopach Map 3rd Bone Spring Proposed Location, Section 05-23S-29E and Section 04-23S-29E





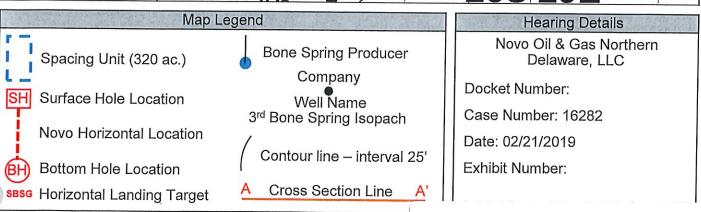
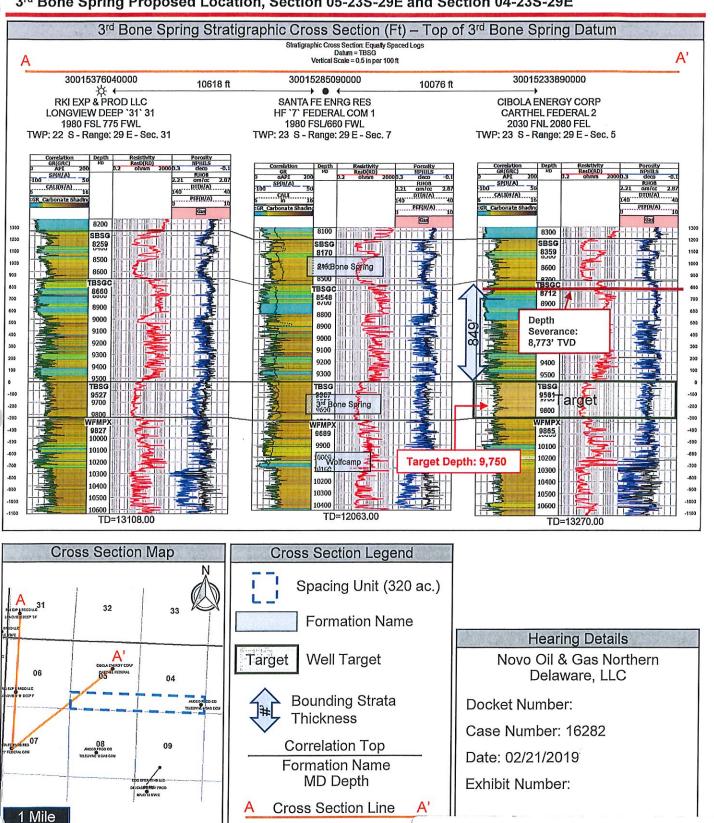


Exhibit Created by: Michael E. Hale (NOVO VP-Exploration), January 21, 2018

Salt Lake – 3rd Bone Spring Stratigraphic Cross NOVO

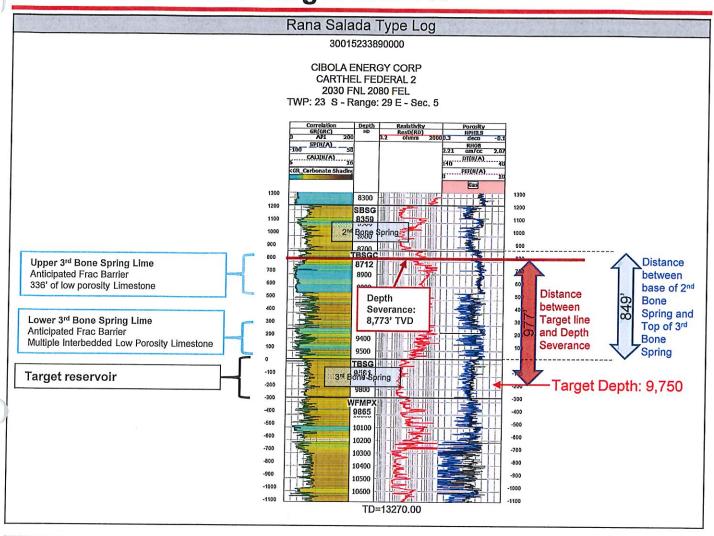


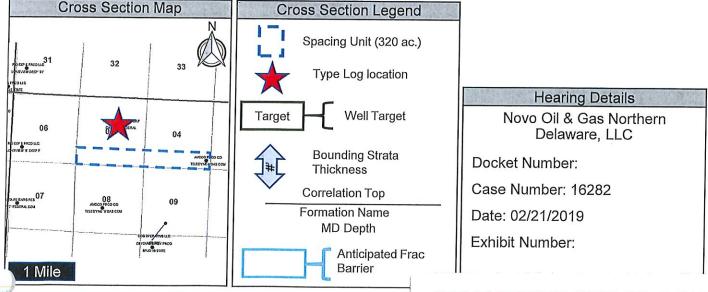
3rd Bone Spring Proposed Location, Section 05-23S-29E and Section 04-23S-29E



Rana Salada Development Block Type Log Frac Barriers and Target Interval







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

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

CASE NO. 16282

AFFIDAVIT OF KURT SHIPLEY

Kurt Shipley, of lawful age and being first duly sworn, declares as follows:

- 1. My name is Kurt Shipley. I am the Vice President of Operations for Novo Oil & Gas Northern Delaware, LLC ("Novo"). My responsibilities at Novo include drilling, completion, facilities and pipeline operations and petroleum engineering duties.
- 2. I received a Bachelor of Science degree in Mechanical Engineering from Texas

 Tech University. I have worked as a petroleum engineer since 1991. Prior to working for Novo,

 I worked for Burlington Resources, Chesapeake Energy, LINN Energy and American Energy

 Partners in New Mexico, Texas and Oklahoma.
- 3. I am familiar with the application filed by Novo in this case. I am also familiar with the application filed by Novo in Case No. 16283. Both this case and Case No. 16283 pertaining to offsetting lands were initially heard July 12, 2018, and on August 9, 2018 to supplement the record. I am also familiar with Novo's Case No. 16284. I have conducted a study of the Bone Spring formation underlying the subject acreage.

- 4. In this case Novo is targeting the 3rd Bone Spring Sand interval with its proposed Rana Salada Fed Com 0504 134H well. The 3rd Bone Spring Sand interval is also the target in Novo's related Case No. 16283.
- 5. The stimulation design for the Rana Salada Fed Com 0504 134H is a slickwater and sand fracture stimulation. The design is intended to control height and maximize fracture half-length.
- 6. Novo's completion team expects the **Rana Salada Fed Com 0504 134H** to stay contained and produce primarily from the 3rd Bone Spring Sand interval due to the following reasons:

<u>Depth Severance justification between depth severance of 8773' subsurface and producing 3rd Bone Spring interval:</u>

- (a) The gross height between the depth severance of 8773' subsurface and the producing 3rd Bone Spring Sand interval is approximately 788 ft and the conductive frac height is not expected to exceed approximately 100 ft.
- (b) Stimulation models suggest that the limestone barrier which exists between 8773' subsurface and the producing 3rd Bone Spring Sand interval will act as a barrier and isolate these intervals; and
- (c) Novo is not aware of any lasting communication effects between these zones in the immediate area.
- (d) Exhibit 31 to this Affidavit is a Type Log for the Carthel Federal 2, API 30015233890000 located in the SW/4NE/4 and W/2SE/4 of Section 5 and W/2E/2 of Section 8,

Township 23 South, Range 29 East, Eddy County, New Mexico. The vertical separation between the Base of the 2nd Bone Spring and the Top of the 3rd Bone Spring is 849 ft and the vertical separation between the Target Line and the Depth Severance is 977 ft. There are 336 ft of frac barriers in the Upper 3rd Bone Spring Lime and multiple frac barriers in the Lower 3rd Bone Spring.

- (e) Exhibit 32 to this Affidavit is a Comparison of Vertical Separation of 2nd and 3rd Bone Spring formations and a map of the wellbore and demonstrates the vertical separation between the 2nd and 3rd Bone Spring formations. There is 788 ft of vertical separation between the Depth Severance at 8773 ft and the Top of the 3rd Bone Spring at 9561 ft. There is 849 ft between the Base of the 2nd Bone Spring at 8712 ft and the Top of the 3rd Bone Spring at 9561 ft.
 - (f) The planned landing point for the proposed well is at 9,750 ft.
- 7. In light of the foregoing, I conclude that the Bone Spring formation existing above the depth severance of 8773' subsurface and the producing 3rd Bone Spring Sand interval will be isolated from each other in the proposed horizontal spacing unit and are not within hydraulic fracture communication.
- 8. In my opinion, the granting of Novo's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.
- 9. The Exhibits to this Affidavit were prepared by me or compiled from Novo's company business records.
 - 10. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NOT.

KÜRT SHIPLEY

STATE OF OKLAHOMA		
COUNTY OF OKLAHOMA)	

SUBSCRIBED and SWORN to before me this 19th day of February 2019 by Kurt Shipley.

NOTARY PUBLIC

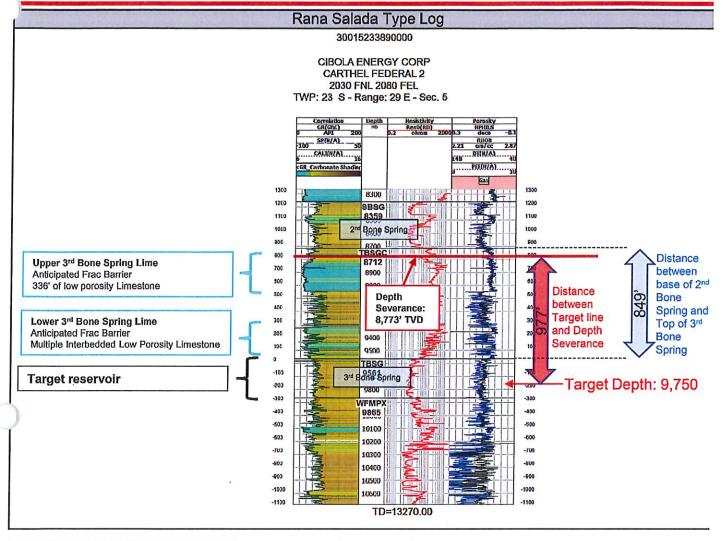
My Commission Expires:

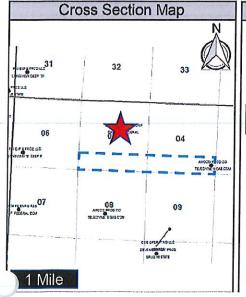
11/15/20

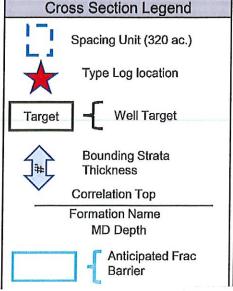
#16010809 EXP. 11/15/20

Rana Salada Development Block Type Log **Frac Barriers and Target Interval**









Hearing Details

Novo Oil & Gas Northern Delaware, LLC

Docket Number:

Case Number: 16282

Date: 02/21/2019

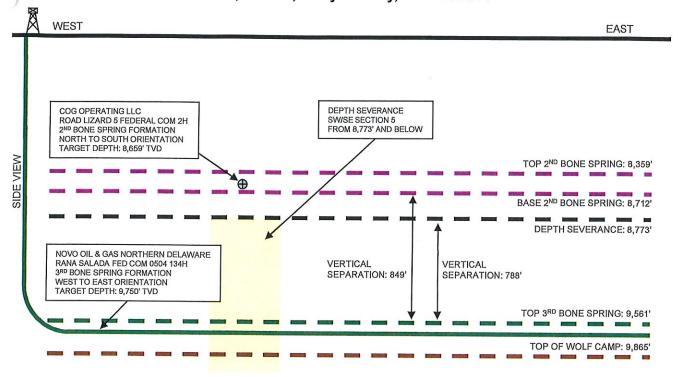
Exhibit Number:

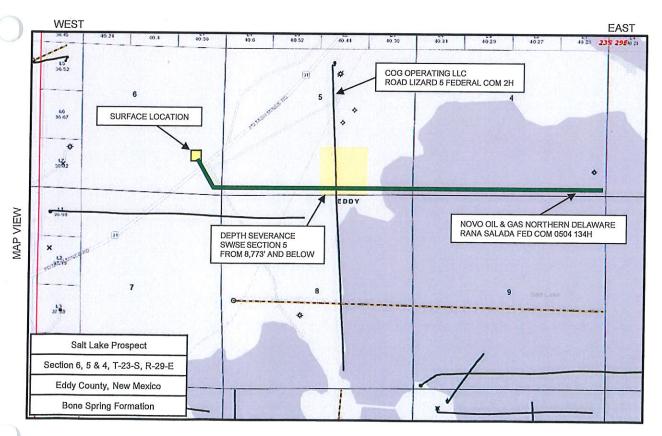
Case: 16282

Exhibit:



Comparison of Vertical Separation of 2nd and 3rd Bone Spring T-23-S, R-29-E, Eddy County, New Mexico





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

AMENDED APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC FOR NON-STANDARD PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16282

AFFIDAVIT OF BRANDON PATRICK

Brandon Patrick of lawful age and being first duly sworn declares as follows:

- 1. My name is Brandon Patrick. I work for Novo Oil & Gas Northern Delaware, LLC ("Novo") as a Landman.
- 2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
- 3. I am familiar with the application filed by Novo in this matter and I am familiar with the status of the lands involved in this case.
- 4. None of the pooled parties named in this application have indicated opposition, therefore opposition at hearing is not anticipated.
- 5. Case No. 16282 was initially heard July 12, 2018, shortly after the new horizontal well rules went into effect. The record was supplemented on August 9, 2018. Novo, thereafter, amended its application to revise the depths of the proposed spacing unit to cover only certain

portions of the Bone Spring formation because a depth severance exists within the Bone Spring formation underlying the proposed spacing unit.

- 6. As amended, Novo requests an order (1) creating a non-standard 320.00 acre, more or less, spacing unit in the Culebra Bluff; Bone Spring, South Pool (15011) limited to all depths below 8,773 feet to the base of the Bone Spring formation, comprised of the S/2S/2 of Section 4 and S/2S/2 of Section 5, Township 23 South, Range 29 East, Eddy County, New Mexico; (2) pooling all uncommitted mineral interests underlying this proposed spacing unit; and (3) designating Novo Oil & Gas Northern Delaware, LLC as the operator of the well and spacing unit.
- 7. Unchanged is Novo's proposal to dedicate the S/2S/2 of Section 4 and S/2S/2 of Section 5, Township 23 South, Range 29 East, Eddy County, New Mexico to the Rana Salada Fed Com 0504 134H well to be drilled from a surface location in the SE/4SE/4 of Section 6, Township 23 South, Range 29 East (Unit P), to a first take-point location in the SW/4SW/4 of Section 5, Township 23 South, Range 29 East (Unit M), to a bottom hole location in the SE/4SE/4 of Section 4, Township 23 South, Range 29 East (Unit P).
- 8. **Exhibit 20** is a plat and an updated mineral ownership schedule reflecting additional interests acquired by Novo since initial filing of this case. Page two of this exhibit provides mineral ownership information for all benches of the Bone Spring formation and for the Wolfcamp A, as follows:
- (a) Group A identifies the mineral interest owners within the 1st and 2nd Bone Spring formation;
- (b) Group B identifies the mineral interest owners within the 3rd Bone Spring formation; and

- (c) Group C identifies the mineral interest owners within the top bench of the Wolfcamp formation (Wolfcamp A). Mineral ownership in the Wolfcamp A is the same as in the 3rd Bone Spring Sand interval.
- 9. **Exhibit 21** lists the parties to be pooled, which includes working interest and overriding royalty interest owners.
- 10. **Exhibit 22** includes copies of the Transfers of Operating Rights filed with the BLM from Mesquite SWD, Inc. and C. Wendel Schoenberger, LP to Novo delineating the depth severance which exists in the SW/4SE/4 of Section 5.
- 11. The depth severance delineated in the Transfers of Operating Rights filed with the BLM does not tie to a particular well log, so none could be incorporated into Novo's depth severance request. The testimony of Novo's geologist and engineer will explain how fracture barriers and Novo's plan for completion will prevent communication between Bone Spring formation existing above the depth severance of 8773' subsurface and the producing 3rd Bone Spring Sand interval.
- 12. Exhibit 23 is a description of the depths for the proposed spacing unit for the Rana Salada Fed Com 0504 134H well.
- 13. **Exhibit 24A** is an Affidavit of Notice prepared by Novo's attorney regarding required notice which has been given of the amended application to all mineral interest owners within the proposed spacing unit as well. All vertical offset mineral interest owners, including overriding royalty owners, owning interests in the 1st and 2nd Bone Spring within the proposed spacing unit were also provided notice of the amended application. **Exhibit 24B** identifies all

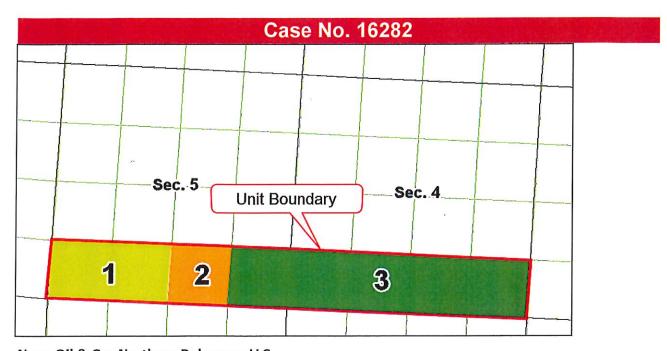
owners who were unlocatable or for whom a return receipt card was not received. This exhibit reflects the BLM was given notice and a return receipt card was received from them.

- 14. **Exhibit 25** is an Affidavit of Publication for the amended application identifying by name each interest owner who was unlocatable or for whom a return receipt card was not received.
- 15. As evidenced at the prior hearings of this case, COG Operating LLC, the only operating rights owner within the 1st and 2nd benches of the Bone Spring formation underlying a 40-acre tract within this proposed spacing unit, does not oppose this application as amended. Nor has any overriding royalty interest owner entered an appearance.
- 16. The landing zone of any infill well within this spacing unit will not be closer to the depth severance footage without approval by the Division on application for same and after notice and opportunity to be heard.
- 17. In my opinion, Novo has made a good faith effort to reach an agreement with the parties it is seeking to pool. If Novo reaches an agreement with any of the proposed pooled parties before the Division enters an Order, the Division will be notified that Novo is no longer seeking to pool those parties.
- 18. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.
- 19. All Exhibits attached to this Affidavit were either prepared by me or compiled under my direction and supervision.
- 20. The granting of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

FURTHER AFFIANT SAYETH NOT

BRANDON PATRICK

STATE OF OKLAHOMA)
COUNTY OF OKLAHOMA)
SUBSCRIBED and SWORN to be Patrick.	fore me this 19th day of February 2019 by Brandon
My Commission Expires:	NOTARY PUBLIC NOTARY PUBLIC # 16010809 EXP. 11/15/20



Novo Oil & Gas Northern Delaware, LLC Case No. 16282 Updated Ownership in Proposed Unit From 8773' subsurface to base of the 3rd Bone Spring Sand interval S/2S/2 Secs. 4 & 5, T23S, R29E

Tracts 1 & 2: S/2SW/4, SW/4NE/4 Sec 5 Novo Oil & Gas Northern Delaware, LLC	<u>Type</u> Federal	<u>WI</u> 100%	Unit Acres 120.00	<u>Unit WI</u> 0.37500000
Tract 3:SE/4SE/4 Sec 5 & S/2S/2 Sec 4 Novo Oil & Gas Northern Delaware, LLC Marathon Oil Permian, LLC	Fee	87.50% <u>12.50%</u> 100%	175.00 <u>25.00</u> 200.00	0.54687500 0.07812500 0.62500000
		TOTAL	320.00	1.00000000
Unit Cummulative WI				
Novo Oil & Gas Northern Delaware, LLC		0.9218750		
Marathon Oil Permian, LLC		0.07812500		
	TOTAL	1.0000000		

APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC Case No. 16282 PATRICK EXHIBIT #20

S/2S/2 of Sections 4 and 5, T23S, R29E Updated Mineral Ownership of Bone Spring Formation Case No. 16282

	Owner Name	WI	Comment
Group A	SURFACE TO 8,773'		Marathon assigned 7/8 of its interest to
	Marathon Oil Permian COG Operating LLC Novo Oil & Gas Northern Delaware, LLC	7.81% 12.50% 79.69%	Novo (recorded 12/19/2018)
Group B			Marathon assigned 7/8 of its interest to
	Marathon Oil Permian Novo Oil & Gas Northern Delaware, LLC	7.81% 92.19%	Novo (recorded 12/19/2018)
Group C	BELOW BASE OF BONE SPRING		Marathan assigned 7/9 of its interest to
	Marathon Oil Permian Novo Oil & Gas Northern Delaware, LLC	7.81% 92.19%	Marathon assigned 7/8 of its interest to Novo (recorded 12/19/2018)

EXHIBIT 21 LIST OF POOLED PARTIES CASE NO. 16282 NOVO OIL & GAS NORTHERN DELAWARE, LLC RANA SALADA FED COM 1504 134H WELL

Marathon Oil Permian, LLC	WI
Wells Fargo Bank NA Trustee of the John Saleh Charitable Foundation	ORI
Morris E. Schertz and wife, Holly K. Schertz	ORI
Rolla R. Hinkle II	ORI
NOVO Minerals LP	ORI
Melinda Mueller, Personal Representative of the Estate of Philip B. Withrow	ORI
Destiny Management, Inc.	ORI
Mesquite SWD, Inc	ORI
C. Wendel Schoenberger, LP	ORI
ΓDY Industries, LLC	RI
BTA Oil Producers, LLC	RI

Form 3000331MSO (August 2015)A FE RECEIVED

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB NO. 1004-0034 Expires: July 31, 2018 Lease Serial No.

TRANSFER OF OPERATING RIGHTS (SUBLEASE) IN A NOV 20 2017 LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

NMNM-059383

,				1	
Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.) PAID Act for Acquired Lands of 1947 (30 U.S.C. 351-359) ECEIPT #					
RECEIPT # Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025) Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)					
Type or print plainly in i	nk and sig	n in ink.			
PART A: TRA	NSFER				
Transferee (Sublessee)* Novo Oil & Gas Northern Delaware, LLC Street 105 North Hudson Avenue, Suite 500 City, State, Zip Code Oklahoma City, OK 73102	. Transferor	C. Wendel	Schoenberge	r, L.P.	
*If more than one transferee, check here and list the name(s) and add separate attached sheet of paper.	ress(es) of al	I additional tr	ansferees on p	age 2 of this fo	orm or on a
This transfer is for: (Check one)	othermal Le	ase			
Interest conveyed: (Check one or both, as appropriate) Operating Rig	hts (sublease	Overri	ding Royalty, er similar inte		
2. This transfer (sublease) conveys the following interest: Land Description	<u> </u>	Percent of Inter	ect	Perc	ent of
Additional space on page 2, if needed. Do not submit documents or agreements other than this form, such documents or agreements shall only be referenced herein.	Owned			Overriding Royalty Similar Interests	
onici than this form, such documents of agreements shall only our received account				Reserved	Previously reserved or conveyed
<u>a</u>	ь	C	d	e	<u>f</u>
Township 23 South, Range 29 East, NMPM Eddy County, New Mexico	100%	100%	None	0% of 8/8	3% of 8/8
Section 5: SW/4, SW/4 SE/4, NE/4 SE/4, LESS AND EXCEPT SW/4 SE/4 from surface to 8,773 feet	***************************************	-			
This Assignment is subject to the Terms and Conditions of that certain Term Assignment dated effective October 1, 2017 between C. Wendel Schoenberger, L.P. and Mesquite SWD, Inc. (Assignors) and Novo Oil & Gas Northern Delaware, LLC (Assignee).	TOTAL PROPERTY OF THE PROPERTY				
FOR BLM USE ONLY – DO NOT V UNITED STATES O			LINE	.l	<u> </u>
This transfer is approved solely for administrative purposes. Approval does requitable title to this lease.			y to this transf	er holds legal	or
Transfer approved effective DEC 0 1 2017					
By Skidi Jones		ICH OF AL	EXAMINER JUDICATI		1 2 201
Bureau of Land Management (BLM)	(Title) (Date)				

(Continued on page 2)

APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC Case No. 16282 PATRICK EXHIBIT #22 Part A (Continued) ADDITIONAL SPACE for Names and addresses of additional transferees in Item No. 1, if needed, or for Land Descriptions in Item 2, if needed.

PART B - CERTIFICATION AND REQUEST FOR APPROVAL

- 1. The transferor certifies as owner of an interest in the above designated lease that he/she hereby transfers to the above transferee(s) the rights specified above.
- 2. Transferee certifies as follows: (a) Transferee is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or territory thereof. For the transfer of NPR-A leases, transferee is a citizen, national, or resident alien of the United States or associations of such citizens, nationals, resident aliens or private, public or municipal corporations; (b) Transferee is not considered a minor under the laws of the State in which the lands covered by this transfer are located; (c) Transferee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas lease issued in accordance with the Minerals Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the transfer are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Transferee is not in violation of sec. 41 of the Mineral Leasing Acts
- 3. Transferee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein. Applicable terms and conditions include, but are not limited to, an obligation to conduct all operations on the leasehold in accordance with the terms and conditions of the lease, to condition all wells for proper abandonment, to restore the leased lands upon completion of any operations as described in the lease, and to furnish and maintain such bond as may be required by the lessor pursuant to regulations 43 CFR 3104, 3134, or 3206.

For geothermal transfers, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241).

10 juit j ddo to t	110 O.M.O. D.M.O. 111101 11110 11110 11110			
I certify that the	e statements made herein by me are true, c	complete, and correct to the be	est of my knowledg	e and belief and are made in good faith.
Executed this _	un h day of November	20_17	Executed this	day of November 20 17
Name of Trans	feror as shown on current dase C. Wer	del Schoenberger, L.P.	(Please type or pr	rint) July
	(Signature)			(Signature)
C. Wendel Schoenberger, General Partner			_T	im Fahler, Chief Executive Officer
or	(Title)		or	(Title)
Attorney-in-fac	t		Attorney-in-fact	
	(Signature)			(Signature)
P.O. Box 260	4			
	(Transferor's Address)			
Midland	Texas	79702		
(City	(State)	(Zip Code)		
Title ILS C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious, or				

(Form 3000-3a, page 2)

fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 3)

Form 3000-33 NMSO (August 2015)YA FE REGENED

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB NO. 1004-0034 Expires: July 31, 2018 Lease Serial No.

TRANSFER OF OPERATING RIGHTS (SUBLEASE) IN A NOV $2\,\%$ REFERENCE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

NMNM-**X**59383

PAID Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.) Act for Acquired Lands of 1947 (30 U.S.C. 351-359) Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025) Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)					
Type or print plainly in ink and sign in ink.					
PART A: TRAI		44 444 44444			- Mariana - III
Transferee (Sublessee)* Novo Oil & Gas Northern Delaware, LLC Street 105 North Hudson Avenue, Suite 500	Transferor	Mesquite SV		age 2 of this fo	Orm or on a
n pacatig	thermal Lea	100			
Interest conveyed: (Check one or both, as appropriate)) 🗆 Overri	ling Royalty, j er similar inter		
2. This transfer (sublease) conveys the following interest:					
Land Description		Percent of Inter	Retained		ent of 1g Royalty
Additional space on page 2, if needed. Do not submit documents or agreements other than this form, such documents or agreements shall only be referenced herein.	Owned	Conveyed	Ketameo		Interests Previously
	t.		đ	e	reserved or conveyed f
a '	<u> </u>	100%		0% of 8/8	3% of 8/8
Township 23 South, Range 29 East, NMPM Eddy County, New Mexico Section 5: Lots 1, 2, 3, 4, S/2 N/2, NW4 SE/4, LESS AND EXCEPT SW/4 NE/4 and NW/4 SE/4 from surface to 8,773 feet This Assignment is subject to the Terms and Conditions of that certain Term Assignment dated effective October 1, 2017 between C. Wendel Schoenberger, L.P. and Mesquite SWD, Inc. (Assignors) and Novo Oil & Gas Northern Delaware, LLC (Assignee).	RITE RE		None		0,70 01 0/0
FOR BLM USE ONLY – DO NOT W			LINE		
UNITED STATES OF This transfer is approved solely for administrative purposes. Approval does neequitable title to this lease.			to this transf	er holds legal	or
Transfer approved effective DEC 0 1 2017					
By Bureau of Land Management (BLM)	LAI BRAN	ND LAW EX CH OF AD (Title)	KAMINER JUDICATIO	DN JAN	1 2 2018 (Date)

Part A (Continued) ADDITIONAL SPACE for Names and addresses of additional transferees in Item No. 1, if needed, or for Land Descriptions in Item 2, if needed.

PART B - CERTIFICATION AND REQUEST FOR APPROVAL

- 1. The transferor certifies as owner of an interest in the above designated lease that he/she hereby transfers to the above transferee(s) the rights specified above.
- Transferee certifies as follows: (a) Transferee is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or territory thereof. For the transfer of NPR-A leases, transferee is a citizen, national, or resident alien of the United States or associations of such citizens, nationals, resident aliens or private, public or municipal corporations; (b) Transferee is not considered a minor under the laws of the State in which the lands covered by this transfer are located; (c) Transferee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Minerals Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the transfer are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Transferee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Transferee is not in violation of sec. 41 of the Mineral Leasing
- Transferee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein. Applicable terms and conditions include, but are not limited to, an obligation to conduct all operations on the leasehold in accordance with the terms and conditions of the lease, to condition all wells for proper abandonment, to restore the leased lands upon completion of any operations as described in the lease, and to furnish and maintain such bond as may be required by the lessor pursuant to regulations 43 CFR 3104, 3134, or 3206.

For geothermal transfers, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241).

_		, complete, and correct to t	he best of my knowledge and be		
Executed this 14 Th	lay of November	20_17	Executed this	day of November	20_17
Name of Transferor as shown Transferor Clay L. Wils	on current lease Mesqu (Signature) son, President	uite SWD, Inc.	(Please type or print) Transferee Tim Fal	(Signature)	eer
or	(Title)		or	(Title)	
Attorney-in-fact	(Signature)		Attorney-in-fact	(Signature)	
P.O. Box 1479					
(Transfe	ror's Address)				
Carlsbad (City)	New Mexico (State)	88220 (Zip Code)			
Title U.S.C. Sec. 1001 makes in fraudulent statements or repres	it a crime for any person is tentations as to any matte	knowingly and willfully to r within its jurisdiction.	make to any Department or age	ncy of the United States any fal	se, fictitious, or
(Continued on page 3)				(Forr	n 3000-3a, page 2)

(Continued on page 3)

CASE NO. 16282 - Description of Depth Severance

"all depths below 8773' subsurface to the stratigraphic equivalent of the base of the Bone Spring formation as delineated by the Type Log for the Carthel Federal 2, API 30015233890000 located in the SW/4NE/4 and W/2SE/4 of Section 5 and W/2E/2 of Section 8, Township 23 South, Range 29 East, Eddy County, New Mexico."

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

AMENDED APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC FOR A NON-STANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16282

	AFFIDAVIT OF NOTICE
COUNTY OF SANTA FE)
) ss.
STATE OF NEW MEXICO)

Candace Callahan, being duly sworn upon her oath, deposes and states:

- 1. I am over the age of 18 and have personal knowledge of the matters stated herein.
- 2. I am an attorney for Novo Oil & Gas Northern Delaware, LLC.
- 3. Applicant has conducted in good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
- 4. Notice of the application was provided to the interest owners, at their correct addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A

Candace Callahan

SUBSCRIBED AND SWORN TO before me this 19 day of February, 2019 by Candace Callahan.

My Commission Expires:

Notary Public

APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC Case No. 16282 EXHIBIT 24

