

**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. 16283

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. 16283** 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 N/2S/2 of Section 4 and N/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 N/2S/2 of Section 4 and N/2S/2 of Section 5, Township 23 South, Range 29 East, Eddy County, New Mexico to the **Rana Salada Fed Com 0504 133H well** to be drilled from a surface location in the NE/4SE/4 of Section 6, Township 23 South, Range 29 East (Unit I), to a first take-point location in the NW/4SW/4 of Section 5, Township 23 South, Range 29 East (Unit L), to a bottom hole location in the NE/4SE/4 of Section 4, Township 23 South, Range 29 East (Unit I).

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 NW/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 133H 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

BRANDON PATRICK

STATE OF OKLAHOMA)

COUNTY OF OKLAHOMA)

SUBSCRIBED and SWORN to before me this 19th day of February 2019 by Brandon Patrick.

My Commission Expires:

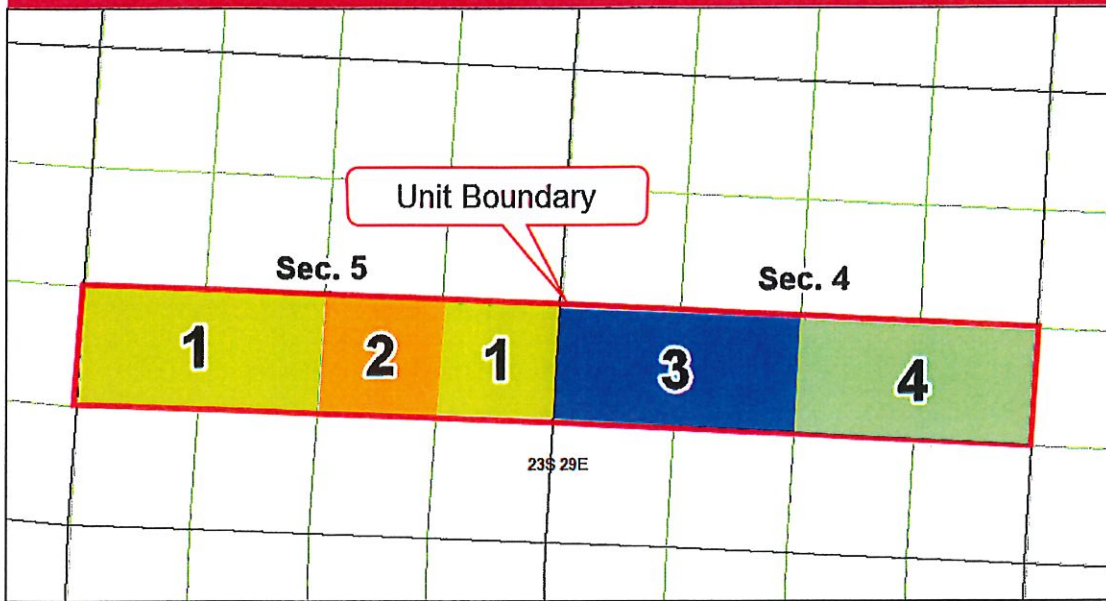
11/15/20

Kiley Mixon

NOTARY PUBLIC



Case No. 16283



Novo Oil & Gas Northern Delaware, LLC
Case No. 16283
Updated Ownership in Proposed Unit
From 8773' subsurface to base of the 3rd Bone Spring
Sand interval
N/2S/2 Secs. 4 & 5, T23S, R29E

<u>Tracts 1 & 2: N/2SW/4, NE/4SE/4, NW/4SE/4 Sec 5</u>	<u>Type</u>	<u>WI</u>	<u>Unit Acres</u>	<u>Unit WI</u>
160.00 Unit Acres				
Novo Oil & Gas Northern Delaware, LLC	Federal	100%	160.00	0.5000000
<u>Tract 3: N/2SW/4 Sec 4</u>				
80.00 Unit Acres				
Novo Oil & Gas Northern Delaware, LLC	Federal	80.00%	64.00	0.2000000
OXY Y-1 Company		<u>20.00%</u>	<u>16.00</u>	<u>0.0500000</u>
		100%	80.00	0.2500000
<u>Tract 4: N/2SE/4 Sec 4</u>				
40 Unit Acres				
XTO Energy, Inc. (as successor in interest to Thruline O&G NM, LLC)	Federal		80.00	0.2500000
		TOTAL	320.00	1.0000000
<u>Unit Cumulative WI</u>				
Novo Oil & Gas Northern Delaware, LLC		0.7000000		
XTO Energy, Inc. (as successor in interest to Thruline O&G NM, LLC)		0.2500000		
OXY Y-1 Company		<u>0.0500000</u>		
TOTAL		1.0000000		

APPLICATION OF NOVO OIL & GAS
NORTHERN DELAWARE, LLC Case No. 16283
PATRICK EXHIBIT #20

N/2S/2 of Sections 4 and 5, T23S, R29E
Updated Mineral Ownership of Bone Spring Formation
Case No. 16283

	Owner Name	WI	Comment
Group A	<i>SURFACE TO 8,773'</i>		
	XTO Energy, Inc.	25.00%	Successor to Thruline O&G NM, LLC
	COG Operating LLC	12.50%	
	EOG Y Resources, Inc.	40.00%	EOG assigned interest to Novo (recorded 11/15/2018)
	EOG Y Resources, Inc.	5.00%	EOG assigned interest to Novo (recorded 11/15/2018)
	EOG Y Resources, Inc.	5.00%	EOG assigned interest to Novo (recorded 11/15/2018)
	OXY Y-1 Company	5.00%	
	Novo Oil & Gas Northern Delaware, LLC	57.500%	
Group B	<i>8,773' TO BASE OF BONE SPRING</i>		
	XTO Energy, Inc.	25.00%	Successor to Thruline O&G NM, LLC
	EOG Y Resources, Inc.	40.00%	EOG assigned interest to Novo (recorded 11/15/2018)
	EOG Y Resources, Inc.	5.00%	EOG assigned interest to Novo (recorded 11/15/2018)
	EOG Y Resources, Inc.	5.00%	EOG assigned interest to Novo (recorded 11/15/2018)
	OXY Y-1 Company	5.00%	
	Novo Oil & Gas Northern Delaware, LLC	70.000%	
Group C	<i>BELOW BASE OF BONE SPRING</i>		
	XTO Energy, Inc.	25.00%	Successor to Thruline O&G NM, LLC
	EOG Y Resources, Inc.	40.00%	EOG assigned interest to Novo (recorded 11/15/2018)
	EOG Y Resources, Inc.	5.00%	EOG assigned interest to Novo (recorded 11/15/2018)
	EOG Y Resources, Inc.	5.00%	EOG assigned interest to Novo (recorded 11/15/2018)
	OXY Y-1 Company	5.00%	
	Novo Oil & Gas Northern Delaware, LLC	70.000%	

EXHIBIT 21 LIST OF POOLED PARTIES
CASE NO. 16283
NOVO OIL & GAS NORTHERN DELAWARE, LLC
RANA SALADA FED COM 0504 133H WELL

OXY Y-1 Company	WI
XTO Energy, Inc. as successor in interest to THRU Line O&G NM, LLC	WI
	ORI
CTV-LMB I, BPEOR NM, LLC	
CTV-LMB II BPEOR NM, LLC	ORI
CTV-CTAM BPEOR NM, LLC	ORI
CTV-SRB I, BPEOR NM, LLC	ORI
CTV-SRB II BPEOR NM, LLC	ORI
SRBI I BPEOR NM, LLC	ORI
SRBI II BPEOR NM, LLC	ORI
THRU LINE BPEOR NM, LLC	ORI
Keystone (RMB) BPEOR NM, LLC	ORI
Keystone (CTAM) BPEOR NM, LLC	ORI
LMBI I BPEOR NM, LLC	ORI
LMBI II BPEOR NM, LLC	ORI
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
Destiny Management, Inc.	ORI
Melinda Mueller Personal Rep. of the Estate of Philip B. Withrow	ORI
Mesquite SWD, Inc.	ORI
C. Wendel Schoenberger, LP	ORI

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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

NMNM-59383

RECEIPT # 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: TRANSFER

1. Transferee (Sublessee)* Novo Oil & Gas Northern Delaware, LLC
Street 105 North Hudson Avenue, Suite 500
City, State, Zip Code Oklahoma City, OK 73102

1a. Transferor Mesquite SWD, Inc.

*If more than one transferee, check here ☐ and list the name(s) and address(es) of all additional transferees on page 2 of this form or on a separate attached sheet of paper.

This transfer is for: (Check one) ☒ Oil and Gas Lease, or ☐ Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) ☒ Operating Rights (sublease) ☐ Overriding Royalty, payment out of production or other similar interests or payments

2. This transfer (sublease) conveys the following interest:

Land Description 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.	Percent of Interest			Percent of Overriding Royalty Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
a	b	c	d	e	f
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).	100%	100%	None	0% of 8/8	3% of 8/8

FOR BLM USE ONLY - DO NOT WRITE BELOW THIS LINE
UNITED STATES OF AMERICA

This transfer is approved solely for administrative purposes. Approval does not warrant that either party to this transfer holds legal or equitable title to this lease.

☒ Transfer approved effective DEC 01 2017

By Shade Jones
Bureau of Land Management (BLM)

LAND LAW EXAMINER
BRANCH OF ADJUDICATION JAN 12 2018
(Title) (Date)

(Continued on page 2)

APPLICATION OF NOVO OIL & GAS
NORTHERN DELAWARE, LLC Case No. 16283
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 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 Act.
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).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 14th day of November 20 17 Executed this 13 day of November 20 17

Name of Transferor as shown on current lease Mesquite SWD, Inc.

Transferor 
(Signature)

or Clay L. Wilson, President
(Title)

Attorney-in-fact _____
(Signature)

P.O. Box 1479
(Transferor's Address)

Carlsbad New Mexico 88220
(City) (State) (Zip Code)

(Please type or print) 
Transferee (Signature)

or Tim Fahler, Chief Executive Officer
(Title)

Attorney-in-fact _____
(Signature)

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

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
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

NMNM-559383

RECEIPT # _____
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: TRANSFER

1. Transferee (Sublessee)* Novo Oil & Gas Northern Delaware, LLC
Street 105 North Hudson Avenue, Suite 500
City, State, Zip Code Oklahoma City, OK 73102

1a. Transferor C. Wendel Schoenberger, L.P.

*If more than one transferee, check here ☐ and list the name(s) and address(es) of all additional transferees on page 2 of this form or on a separate attached sheet of paper.

This transfer is for: (Check one) ☒ Oil and Gas Lease, or ☐ Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) ☒ Operating Rights (sublease) ☐ Overriding Royalty, payment out of production or other similar interests or payments

2. This transfer (sublease) conveys the following interest:

Land Description 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.	Percent of Interest			Percent of Overriding Royalty Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
a	b	c	d	e	f
Township 23 South, Range 29 East, NMPM Eddy County, New Mexico 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).	100%	100%	None	0% of 8/8	3% of 8/8

FOR BLM USE ONLY – DO NOT WRITE BELOW THIS LINE
UNITED STATES OF AMERICA

This transfer is approved solely for administrative purposes. Approval does not warrant that either party to this transfer holds legal or equitable title to this lease.

☒ Transfer approved effective

DEC 01 2017

By *[Signature]*
Bureau of Land Management (BLM)

LAND LAW EXAMINER
BRANCH OF ADJUDICATION
(Title)

JAN 12 2018
(Date)

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 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 Act.
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).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 12th day of November 20 17 Executed this 13 day of November 20 17

Name of Transferor as shown on current lease C. Wendel Schoenberger, L.P.

Transferor


(Signature)

C. Wendel Schoenberger, General Partner

or

(Title)

Attorney-in-fact

(Signature)

P.O. Box 2604

(Transferor's Address)

Midland

(City)

Texas


(State)

79702

(Zip Code)

(Please type or print)

Transferee


(Signature)

Tim Fahler, Chief Executive Officer

or

(Title)

Attorney-in-fact

(Signature)

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

CASE NO. 16283 - 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. 16283

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

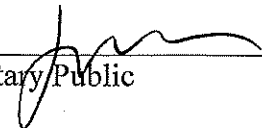


Candace Callahan

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

My Commission Expires:

10/18/2022



Notary Public

**APPLICATION OF NOVO OIL & GAS
NORTHERN DELAWARE, LLC Case No. 16283
EXHIBIT #24**

