

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

AMENDED APPLICATION

Novo Oil & Gas Northern Delaware, LLC ("NOVO"), the wholly owned subsidiary of Novo Oil & Gas, LLC, through its undersigned attorneys, hereby files this amended application with the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for 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; and (2) pooling all uncommitted mineral interests underlying this proposed spacing unit. In support of its application, NOVO states:

1. NOVO (OGRID 372920) is a working interest owner in the subject acreage and has the right to drill thereon.
2. NOVO proposes 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** which will 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).

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3. This well will be pad-drilled sequentially and batch completed with other wells which are the subject of separate Applications filed by NOVO.

4. The well proposed in this Application is subject to Statewide 40-acre standard oil spacing and the completed interval for the well will be orthodox.

5. NOVO has sought and has been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the subject spacing unit.

6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

7. As the proposed well will be simultaneously drilled and completed with other adjacent wells, NOVO requests an extension of the 120-day time period to drill and complete the wells provided by the standard pooling order.

8. In order to permit NOVO to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in all depths below 8,773 feet to the base of the Bone Spring formation in this non-standard spacing and proration unit comprised of the S/2S/2 of Section 4 and S/2S/2 of Section 5, Township 23 South, Range 29 East should be pooled and Novo Oil & Gas Northern Delaware, LLC should be designated the operator of this proposed horizontal well and spacing unit.

9. Notice of this application is being given in accordance with Division rules.

WHEREFORE, NOVO requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 15, 2018, and, after notice and hearing as required by law, the Division enter an order:

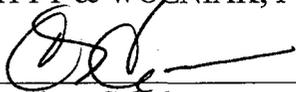
A. Creating a non-standard 320.00 acre, more or less, spacing unit in the Culebra Bluff; Bone Spring, South Pool (15011) comprised of the S/2S/2 of Section 4 and S/2S/2 of

Section 5, Township 23 South, Range 29 East, Eddy County, New Mexico, limited to all depths below 8,773 feet to the base of the Bone Spring formation;

- B. Pooling all uncommitted mineral interests in the non-standard spacing and proration unit;
- D. Dedicating the initial well to the non-standard spacing and proration unit;
- E. Providing an extension of the 120-day requirement to drill and complete the well;
- F. Designating Novo Oil & Gas Northern Delaware, LLC operator of this non-standard spacing unit and the horizontal wells to be drilled thereon;
- G. Authorizing NOVO to recover its costs of drilling, equipping and completing this well;
- H. 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
- I. Imposing a 200% penalty for the risk assumed by NOVO in drilling and completing this well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

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PROPOSED ADVERTISEMENT

Case No. 16282: Amended Application of Novo Oil & Gas Northern Delaware, LLC, the wholly owned subsidiary of 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 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; 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 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 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.