

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

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

CASE NO. 20627

APPLICATION

Novo Oil & Gas Northern Delaware, LLC (“Novo”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 160-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Section 4, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Novo states:

1. Novo Oil & Gas Northern Delaware, LLC (OGRID No. 372920) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Goonch Fed Com 04 #131H** well to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 4 to a bottom hole location in the NW/4 NW/4 (Lot 4) of Section 4.
3. The completed interval for this well will comply with the setback requirements for horizontal oil wells under the Division’s statewide rules.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all mineral interest owners in the subject spacing unit.

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

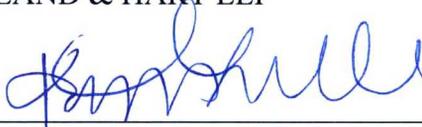
6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 11, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial well thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping and completing the well;
- D. 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
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR NOVO OIL & GAS NORTHERN
DELAWARE LLC**

CASE 20627:

Application of Novo Oil & Gas Northern Delaware LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 160-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Section 4, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This standard horizontal spacing unit will be initially dedicated to the proposed **Goonch Fed Com 04 #131H** well to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 4 to a bottom hole location in the NW/4 NW/4 (Lot 4) of Section 4. The completed interval for the well will comply with statewide setback requirements. Also, to be considered will be the cost of drilling and completing the well, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the well, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 3 miles north of Loving, New Mexico.