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. 16283 Rana Salada Fed Com 0504 133H 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 15, 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 Gallahan Attorney for Novo Oil & Gas, LLC

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

Energy in the Law

(16283) Exhibit A

Bureau of Land Management 301 Dinosaur Trail Santa Fe, NM 87508

EOG Y Resources, Inc. 5509 Champions Drive Midland, TX 79706 Attn: Charles Moran

EOG A Resources, Inc. 5509 Champions Drive Midland, TX 79706 Attn: Charles Moran

EOG M Resources, Inc. 5509 Champions Drive Midland, TX 79706 Attn: Charles Moran

OXY Y-1 Company P.O Box 27570 Houston, TX 77229 Attn: Jetemy Murphrey

THRU LINE O&G NM, LLC 201 Main Street, Suite 2700 Fort Worth, TX 76102

CTV-LMB I, BPEOR NM, LLC 201 Main Street, Suite 2700 Fort Worth, TX 76102

CTV-LMB II BPEOR NM, LLC 201 Main Street, Suite 2700 Fort Worth, TX 76102 CTV-CTAM BPEOR NM, LLC 201 Main Street, Suite 2700 Fort Worth, TX 76102

CTV- SRB I, BPEOR NM, LLC 201 Main Street, Suite 2700 Fort Worth, TX 76102

CTV-SRB II BPEOR NM, LLC 201 Main Street, Suite 2700 Fort Worth, TX 76102

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THRU LINE BPEOR NM, LLC 201 Main Street, Sulte 2700 Fort Worth, TX 76102

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Keystone (CTAM) BPEOR NM, LLC 201 Main Street, Suite 2700 Fort Worth, TX 76102

LMBI I BPEOR NM, LLC 201 Main Street, Suite 2700 Fort Worth, TX 76102 LMBI II BPEOR NM, LLC 201 Main Street, Suite 2700 Fort Worth, TX 76102

Wells Fargo Bank, N.A., 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

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

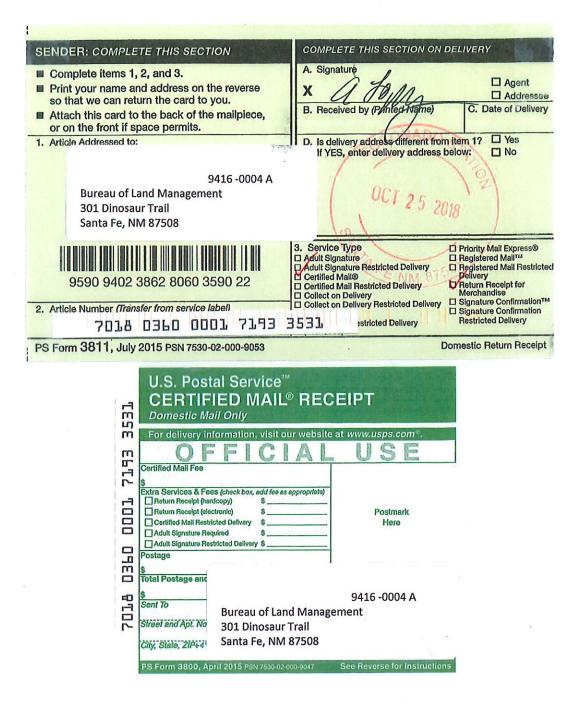
COG Operating LLC 550 W. Texas Avenue Midland, TX 79702

Melinda Mueller Personal Representative of the Estate of Philip B. Withrow P.O Box 616 Stamford, TX 79553 Mesquite SWD, Inc. P.O. Box 1479 Carlsbad, New Mexico 88221

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

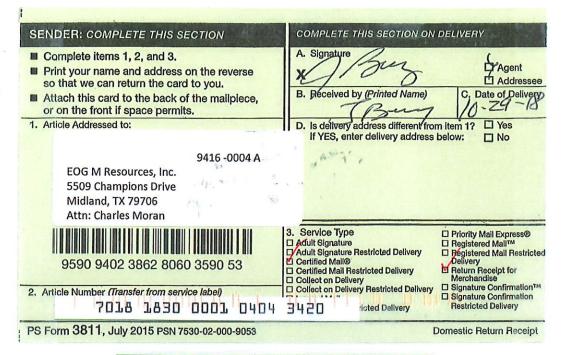
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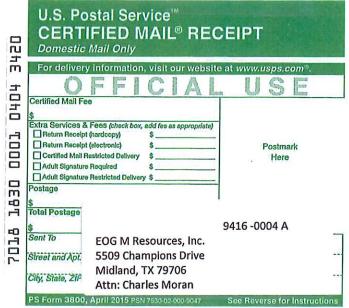


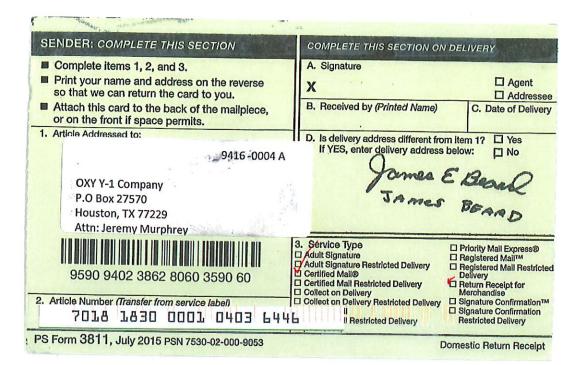




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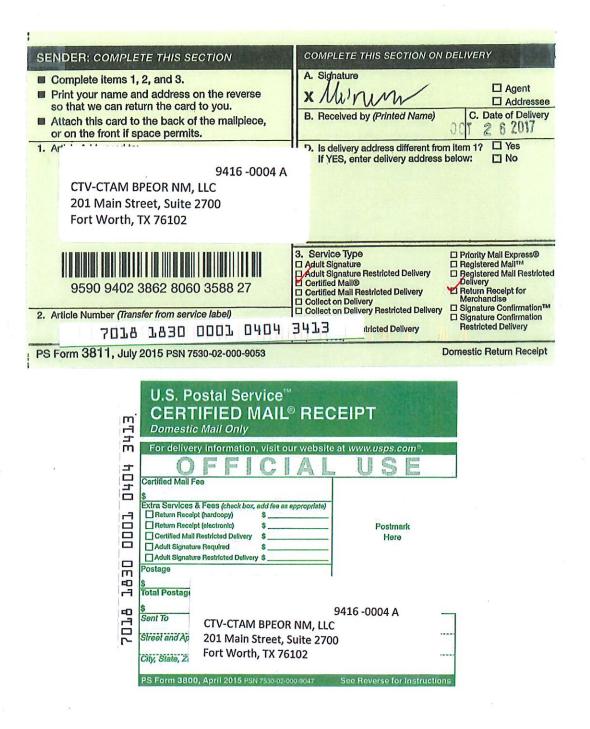
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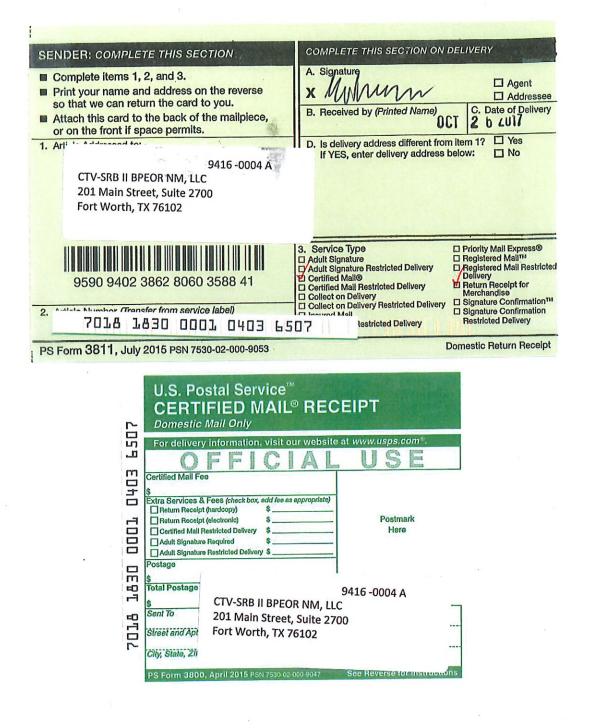
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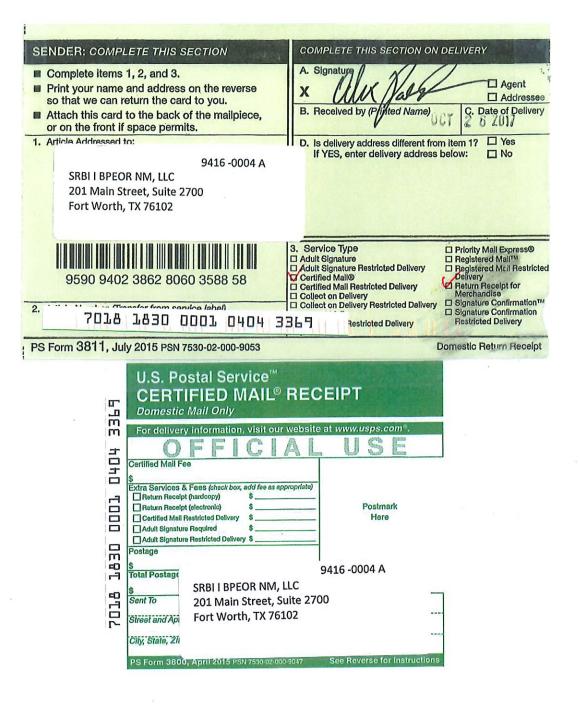


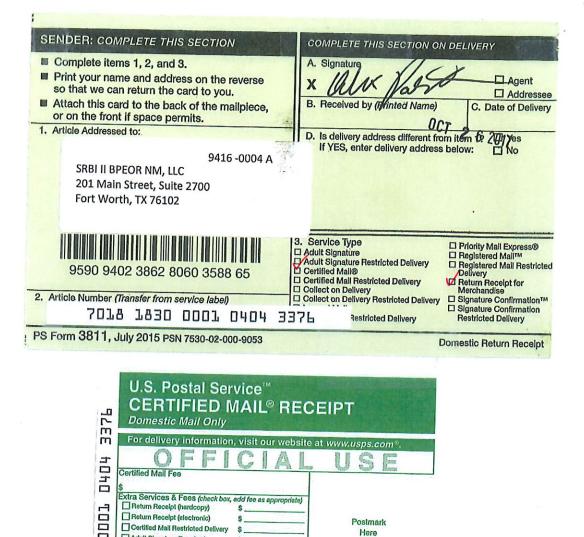


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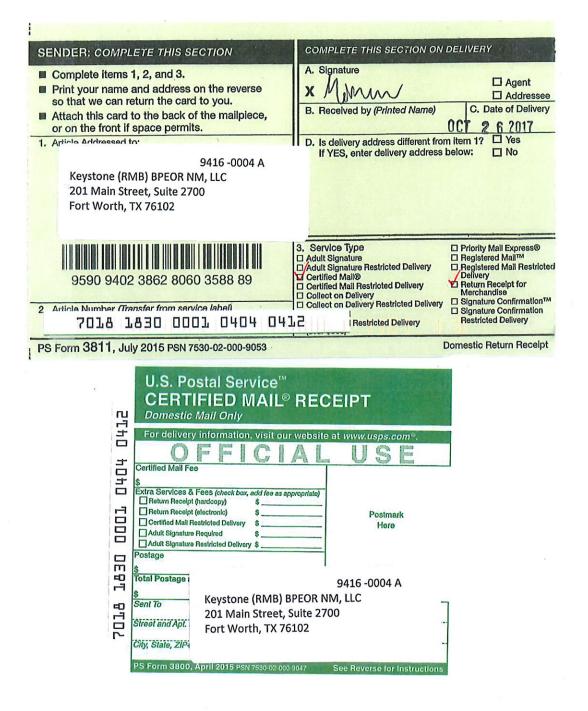
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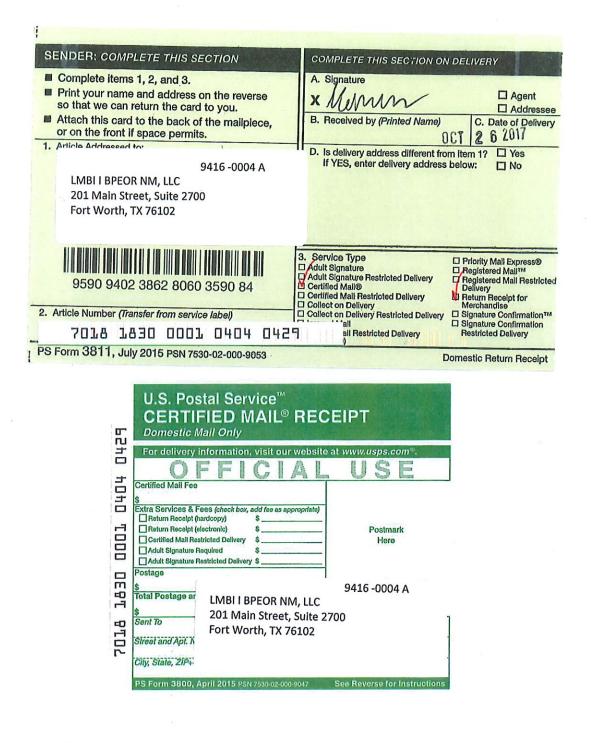
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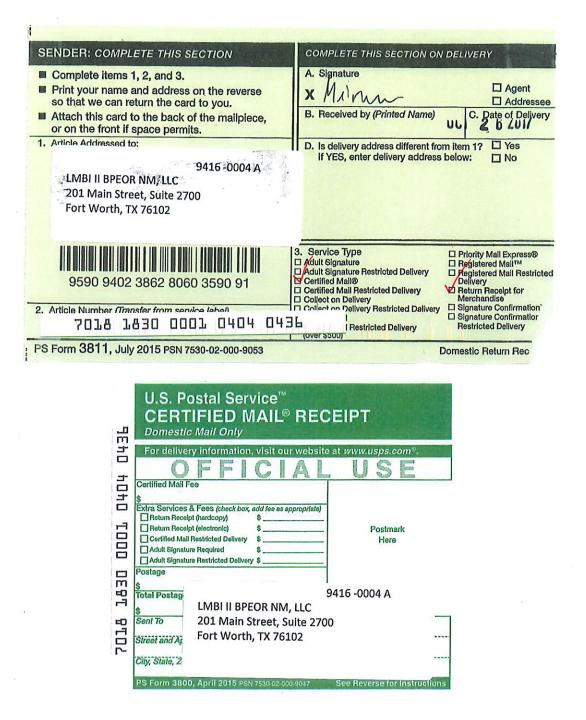
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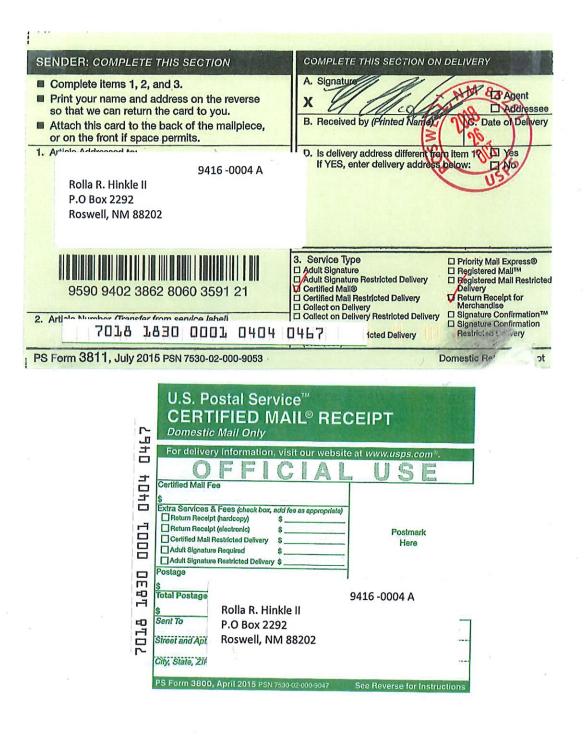




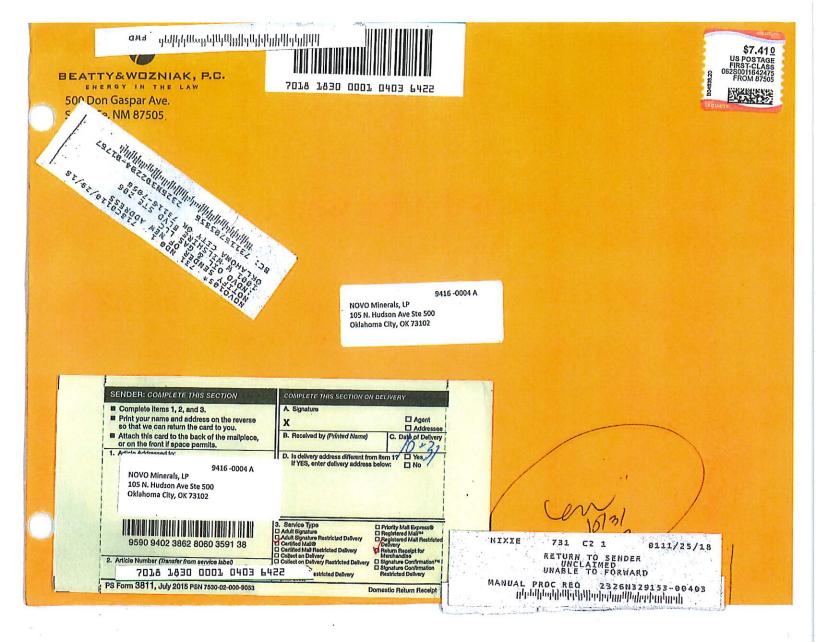
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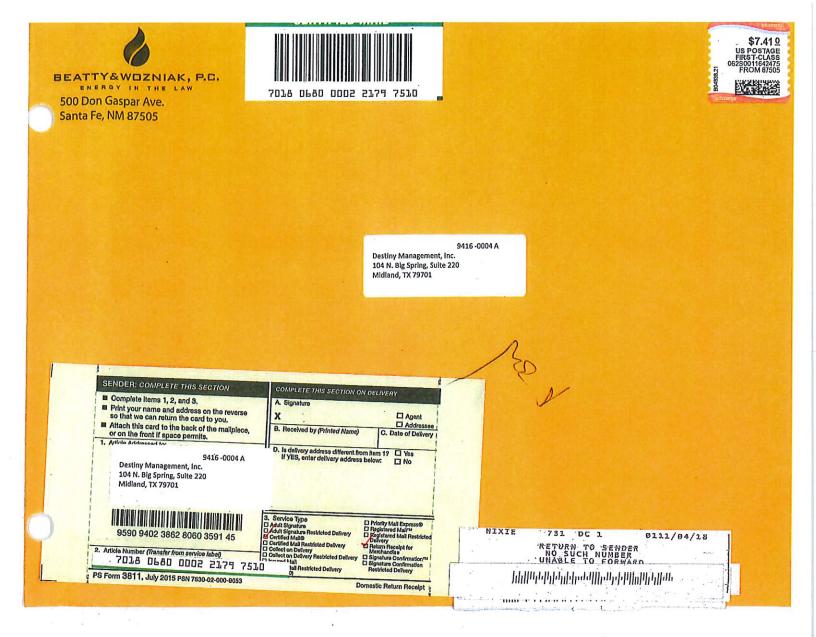


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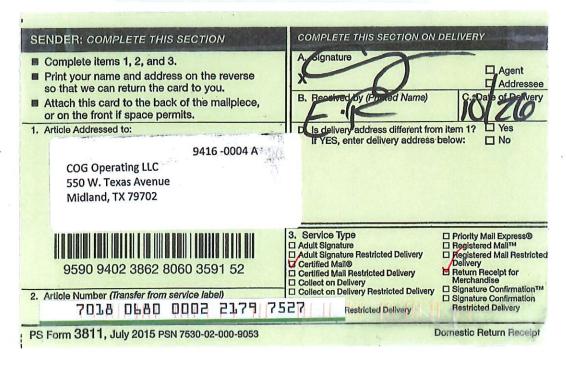
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STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

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:

- 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

STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

SUBSCRIBED and SWORN to before me this 19^{th} day of Fibruary 2019 by Brandon Patrick.

BCP. 11/15/20

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My Commission Expires:

Viley Mixa NOTARY PUBLIC

	Uni	Ca it Bounda	ISE NO. 16283	3	
Se 1	c. 5 2	1	3	ec. 4 4	
		23\$ 2			

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

Tracts 1 & 2: N/2SW/4, NE/4SE/4, NW/4SE/4 Sec 5	Туре	<u>WI</u>	Unit Acres	<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 OXY Y-1 Company	Federal	80.00% <u>20.00%</u> 100%	64.00 <u>16.00</u> 80.00	0.2000000 <u>0.0500000</u> 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 Cummulative WI</u> Novo Oil & Gas Northern Delaware, LLC XTO Energy, Inc. (as successor in interest to Thruline		0.7000000		
O&G NM, LLC) OXY Y-1 Company	TOTAL	0.25000000 <u>0.0500000</u> 1.0000000		

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

		Case No. 162	83
1.	Owner Name	WI	Comment
Group A	SURFACE TO 8,773'		
	XTO Energy, Inc.	25.00%	Successor to Thruline O&G NM, LLC
	COG Operating LLC	12.50%	
	EOG Y Resources, Inc.	10.00%	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	8,773' TO BASE OF BONE SPRING		
	XTO Energy, Inc.	25.00%	Successor to Thruline O&G NM, LLC
	EOG Y Resources, Inc.	10.00%	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	BELOW BASE OF BONE SPRING		
	XTO Energy, Inc.	25.00%	Successor to Thruline O&G NM, LLC
	EOG Y Resources, Inc.	10.00%	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%	

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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

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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

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Form 3000_33 NMSO (August 2015)YA FE RECEIVED	UNITED STATH DEPARTMENT OF THE BUREAU OF LAND MAN	INTERIOF			FORM APP OMB NO. 1 Expires: July	004-0034 y 31, 2018
TH	ANSFER OF OPERATING RIG	HTS (SUE	BLEASE) I	NA	Lease Serial	No.
NOV 20 MILEAS	SE FOR OIL AND GAS OR GEO	THERMA	L RESOL	IRCES		9383
PAID RECEIPT # Depa	Mineral Leasing Act of 1920 (30 U Act for Acquired Lands of 1947 (3 Geothermal Steam Act of 1970 (30 rtment of the Interior Appropriations Act, Fi	0 U.S.C. 351 U.S.C. 1001	(-359) -1025)	. 6508)		
	Type or print plainly in in	ık and sig	n in ink.	·····		
	PART A: TRA	NSFER				
1. Transferee (Sublessee)* Novo Street 105 North Hudson City, State, Zip Code Oklaho	Avenue, Suite 500	Transferor	Mesquite S\	ND, Inc.		
*If more than one transferee, che separate attached sheet of paper.	ck here and list the name(s) and addr	ess(es) of all	additional tra	insferees on p	age 2 of this fo	ern or on a
This transfer is for: (Check one)	Oil and Gas Lease, or 📃 Ge	othermal Lea	ase			
	r both, as appropriate) 🔀 Operating Rigi	nts (sublease) D Overri or oth	ding Royalty, er similar inte	payment out o rests or payme	of production
2. This transfer (sublease) conve	ys the following interest:		Percent of Inter	est	Perc	ent of
Additional snace on page 2, if needed	1. Do not submit documents or agreements	Owned	Conveyed	Retained		ng Royalty Interests
other than this form, such documents	or agreements shall only be referenced herein.	Ŧ		đ	Reserved	Previously reserved or conveyed f
		<u>ь</u> 100%	с 100%	None	0% of 8/8	3% of 8/8
Township 23 South, Range 29 Eddy County, New Mexico	East, NiviPiw	10070	10070	i di lo		
Section 5: Lots 1, 2, 3, 4, S/2 I SW/4 NE/4 and NW/4 SE/4 fro	N/2, NW4 SE/4, LESS AND EXCEPT om surface to 8,773 feet					
Term Assignment dated effect	and Mesquite SWD, Inc. (Assignors)					
	FOR BLM USE ONLY - DO NOT V			LINE		
This transfer is approved solely i equitable title to this lease.	UNITED STATES O			ty to this trans	fer holds legal	or
Transfer approved effect	ive DEC 0 1 2017					
By dide mon	,	LA BRAN	ND LAW E	XAMINER	on jan	1 2 201
Bureau of Land	1 Management (BLM)		(Title			(Date)
(Continued on page 2)						

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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 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	e herein by me are true,	complete, and correc	ect to the best of my knowledge and belief and are made in good faith.
Executed this 14 Th day	y of November		Executed this day of November20_17
Name of Transferor as shown or		ite SWD, Inc.	(Please type or print)
Transferor Ref	(Signature)		Transferee (Signature)
Clay L. Wilso	n, President		Tim Fahler, Chief Executive Officer
or	(Title)		or (Title)
Attorney-in-fact	(Signature)		Attorney-in-fact(Signature)
P.O. Box 1479			
(Transfero	r's Address)		
Carlsbad (City)	New Mexico (State)	88220 (Zip Code)	
Title U.S.C. Sec. 1001 makes it fraudulent statements or represent	a crime for any person I ntations as to any matter	mowingly and willfu	fully to make to any Department or agency of the United States any false, fictitious, or tion.

(Form 3000-3a, page 2)

(Continued on page 3)

Form 3000 SAMOO UNITED STAT				FORM API	
(August 2015)A FE DEPARTMENT OF THE RECEIVED BUREAU OF LAND MAN				Expires: Ju	ly 31, 2018
TRANSFER OF OPERATING RIG			IN A	Lease Seria	1 No.
NUV 20 2017 lease for oil and gas or geo	THERM	AL RESÓU	JRCES	NMNM-	9383
PAID Mineral Leasing Act of 1920 (30 Act for Acquired Lands of 1947 (3 Geothermal Steam Act of 1970 (30 Department of the Interior Appropriations Act, F	30 U.S.C. 35 U.S.C. 100	1-359) (-1025)	2. 6508)		
Type or print plainly in in	nk and sig	n in ink.			
PART A: TRA	NSFER				
1. 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 S	Schoenberge	r, L.P.	
*If more than one transferee, check here and list the name(s) and address separate attached sheet of paper.	ress(es) of all	l additional tra	insferees on p	age 2 of this f	orm or on a
This transfer is for: <i>(Check one)</i> Oil and Gas Lease, or Ge	othermal Le	ase		x	
Interest conveyed: (Check one or both, as appropriate) X Operating Right	hts (sublease) Overri or oth	ding Royalty, er similar inte		
2. This transfer (sublease) conveys the following interest: Land Description		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	Conveyed	Retained	Overridi	ng Royalty Interests
a	ь	c	d	Reserved	Previously reserved or conveyed f
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).					
FOR BLM USE ONLY DO NOT W			LINE	I	<u>I</u>
UNITED STATES OF This transfer is approved solely for administrative purposes. Approval does n equitable title to this lease.			y to this transf	er holds legal	or
Transfer approved effective DEC 0 1 2017					
By Acide Anus Burean of Land Management (BLM)			EXAMINER DJUDICATI		1 2 2018 (Date)

(Continued on page 2)

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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 oil and gas lease is sued 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 no 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 be	st of my knowledge an	nd belief and are made in good faith	•
Executed this	um day of November	20_17	Executed this	3 day of November	<u>20_</u> 17
Name of Transf	eror as shown on current lease	del Schoenberger, L.P.	(Please type or print) Transferee) JJall (Signature)	
	C. Wendel Schoenberger, Gene	ral Partner	Tim	Fahler, Chief Executive Offic	er
or	(Title)		or	(Title)	
Attorney-in-fac	£		Attomey-in-fact		
-	(Signature)			(Signature)	
P.O. Box 260	4				
	(Transferor's Address)				
Midland	Texas	79702			
(City)	(State)	(Zip Code)		2	
	2. 1001 makes it a crime for any person k ments or representations as to any matter		e to any Department or	r agency of the United States any fa	lse, fictitious, or

(Continued on page 3)

(Form 3000-3a, page 2)

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."

> APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC Case No. 16283 PATRICK EXHIBIT #23

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.

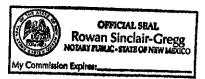
4. Notice of the application was provided to the interest owners, at their correct addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A

Candace Callahan

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

My Commission Expires: 12022 0/18

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



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Status of Mailing October 23rd 2018 "Parties on Exhibit A" Case 16283	Exhibit A" Ca	se 16283			
Recipient	Defined of	111110		:	Published in Current-
neuprent 1 Bureau of Land Management	Velivered X	Keceipt	Returned Interest Type	Tracking Notes	Argus
2 EOG Y Resources, Inc.	: ×	: ×	IM		OFUC/ 6/ 11
3 EOG A Resources, Inc.	×	×	IM		81UC/1/11
4 EOG M Resources, Inc.	×	×	IM		11/1/2018
5 OXY Y-1 Company	×	×	M		11/1/2018
6 THRU Line O&G NM, LLC	×	×	IM		11/1/2018
7 CTV-LMB I, BPEOR NM, LLC	×	×	ORI		11/1/2018
8 CTV-LMB II BPEOR NM, LLC	×	×	ORI		11/1/2018
9 CTV-CTAM BPEOR NM, LLC	×	×	ORI		11/1/2018
10 CTV-SRB I, BPEOR NM, LLC	×	×	ORI		11/1/2018
11 CTV-SRB II BPEOR NM, LLC	×	×	ORI		11/1/2018
12 SRBI I BPEOR NM, LLC	×	×	ORI		11/1/2018
13 SRBI II BPEOR NM, LLC	×	×	ORI		11/1/2018
14 THRU LINE BPEOR NM, LLC	×	×	ORI		11/1/2018
15 Keystone (RMB) BPEOR NM, LLC	×	×	ORI		11/1/2018
16 Keystone (CTAM) BPEOR NM, LLC	×	×	ORI		11/1/2018
17 LMBI I BPEOR NM, LLC	×	×	ORI		11/1/2018
18 LMBI II BPEOR NM, LLC	×	×	ORI		11/1/2018
Wells Fargo Bank, NA, Trustee of the John					0101/1-1-1
19 Saleh Charitable Foundation	×	×	ORI		11/1/2018
20 Morris E. Schertz et ux Holly K. Schertz	×	×	ORI		11/1/2018
21 Rolla R. Hinkle II	×	×	ORI		11/1/2018
22 NOVO Minerals, LP				Returned to Sender	11/1/2018
23 Destiny Management, Inc.			X ORI	Returned to Sender	11/1/2018
Melinda Mueller Personal Rep. of the					
24 Estate of Philip B. Withrow	×	×	ORI		210C/1/11
25 Mesquite SWD, Inc.	×	×	ORI		11/1/2018
26 C. Wendel Schoenberger, LP	×	×	ORI		11/1/2018
Vertical Offsets					
					Published in Current-
Recipient	Delivered	Receipt	Returned Interest Type	Tracking Notes	Argus
1 COG Operating LLC 2 Bureau of Land Management	×	×	IM		11/1/2018

Recipient	Delivered	Receipt	Returned	Delivered Receipt Returned Interest Type	Tracking Notes	Published in Current- Argus
1 COG Operating LLC	×	×		IM		11/1/2018
2 Bureau of Land Management	×	×		RI		
Wells Fargo Bank, NA, Trustee of the John						
3 Saleh Charitible Foundation	×	×		ORI		11/1/2018
4 Morris E. Schertz et ux Holly K. Schertz	×	×		ORI		11/1/2018
5 Rolla R. Hinkle II	×	×		ORI		11/1/2018
6 NOVO Minerals, LP			×	ORI	Returned to Sender	11/1/2018
Melinda Mueller Personal Rep. of the						
7 Estate of Philip B. Withrow	×	×		ORI		11/1/2018
8 Mesquite SWD, Inc.	×	×		ORI		11/1/2018
9 C. Wendel Schoenberger, LP	×	×		ORI		11/1/2018

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

CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No. 0001266951

APPLICATION OF NOVO OIL & GAS NORTHERN DELAWARE, LLC Case No. 16283 EXHIBIT #25

> 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

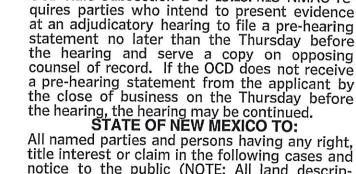
Legal Clerk

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

State of WI County of Brown NOTARY PUBLIC

My Commission Expires

~d#:0001266951 PO:0001266951 # of Affidavits :0.00



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)

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 Con-

servation Division hereby gives notice pursuant to law and the Rules and Regulations of the Di-

vision 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 re-

Meridian whether or not so stated) TO: EOG Y Resources, Inc., EOG A Resources, Inc., EOG M Resources, Inc., OXY Y-1 Company, THRU LINE O&G NM, LLC, CTV-LMB I BPEOR NM, LLC, CTV-LMB II BPEOR NM, LLC, CTV-CTAM BPEOR NM, LLC, CTV- SRB I BPEOR NM, LLC, CTV-SRB II BPEOR NM, LLC, SRBI I BPEOR NM, LLC, SRBI II BPEOR NM, LLC, SRBI I BPEOR NM, LLC, SRBI II BPEOR NM, LLC, THRU LINE BPEOR NM, LLC, Keystone (RMB) BPEOR NM, LLC, Keystone (CTAM) BPEOR NM, LLC, LMBI I BPEOR NM, LLC, LMBI II BPEOR NM, LLC, Wells Fargo Bank, N.A., Trustee of the John Saleh Charitable Foundation, Morris E. Schertz and wife, Holly K. Schertz, Rolla R. Hinkle II, NOVO Minerals, LP, Destiny Management, Inc., COG Operating LLC, Melinda Mueller Personal Rep-resentative of the Estate of Philip B. Withrow, resentative of the Estate of Philip B. Withrow, Mesquite SWD, Inc., C. Wendel Schoenberger, LP.

Case No. 16283: 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 to all depths below 8,773 reet to the pase 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 Coun-ty, New Mexico; and (2) pooling all uncommit-ted mineral interests underlying this proposed spacing unit. This non-standard unit is to be dedicated to the applicant's Rana Salada Fed Com 0504 133H well which will be horizontally Com 0504 133H well which will be horizontally drilled from a surface location in the NE/4SE/4

of Section 6, Township 23 South, Range 29 East, to a first take-point location in the NW/4SW/4 of Section 5, Township 23 South, Range 29 East, to a bottom hole location in the NE/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.

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Pub: Nov. 1, 2018 #1266951

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 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).

 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. 16282 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 133H 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 133H well proposed in this case is depicted by the blue dashed rectangle. The horizontal spacing units proposed in Novo's Case Nos. 16282 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 133H 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 133H 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.

ill H

MICHAEL HALE

STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

SUBSCRIBED and SWORN to before me this <u>19</u>th day of <u>February</u> 2019 by Michael Hale.

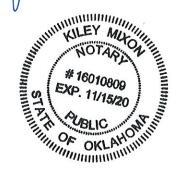
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Notary public

My Commission Expires:

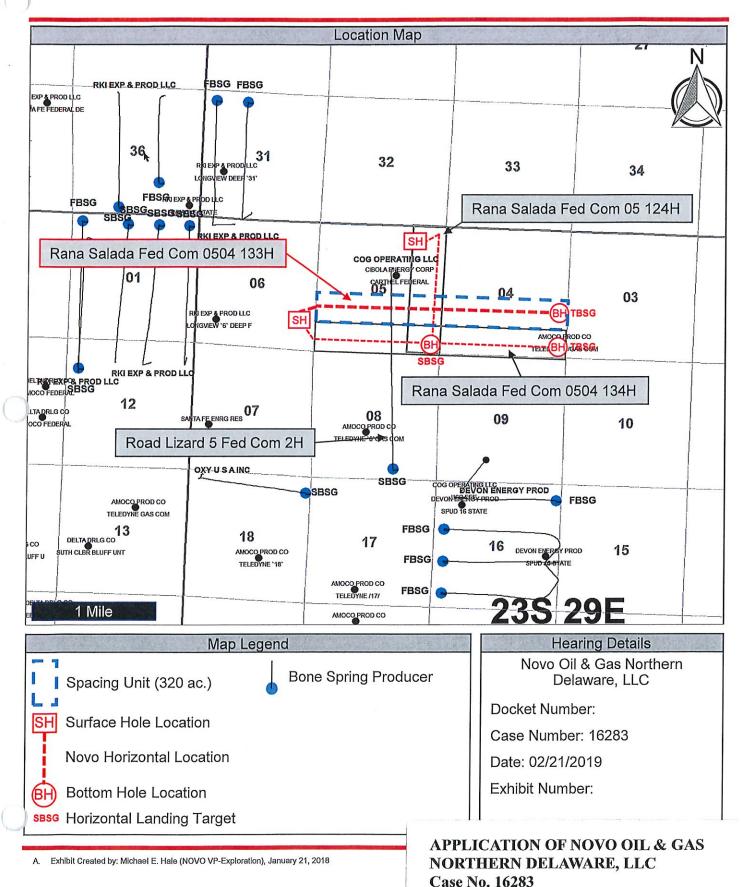
11/15/20



Salt Lake – Bone Spring Execution Plan

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



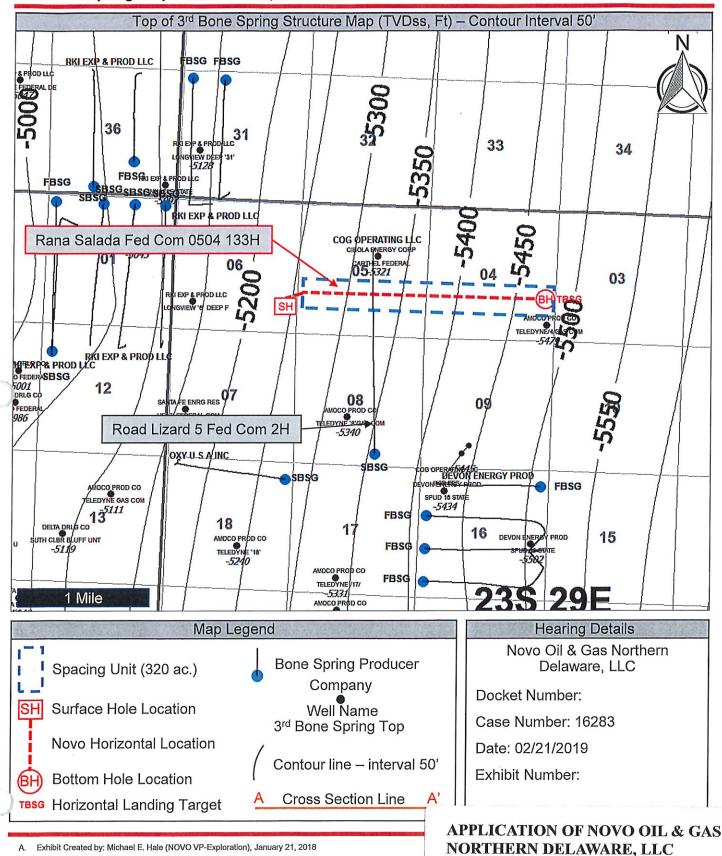


HALE EXHIBIT #26

Salt Lake – Top of 3rd Bone Spring Structure Map



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

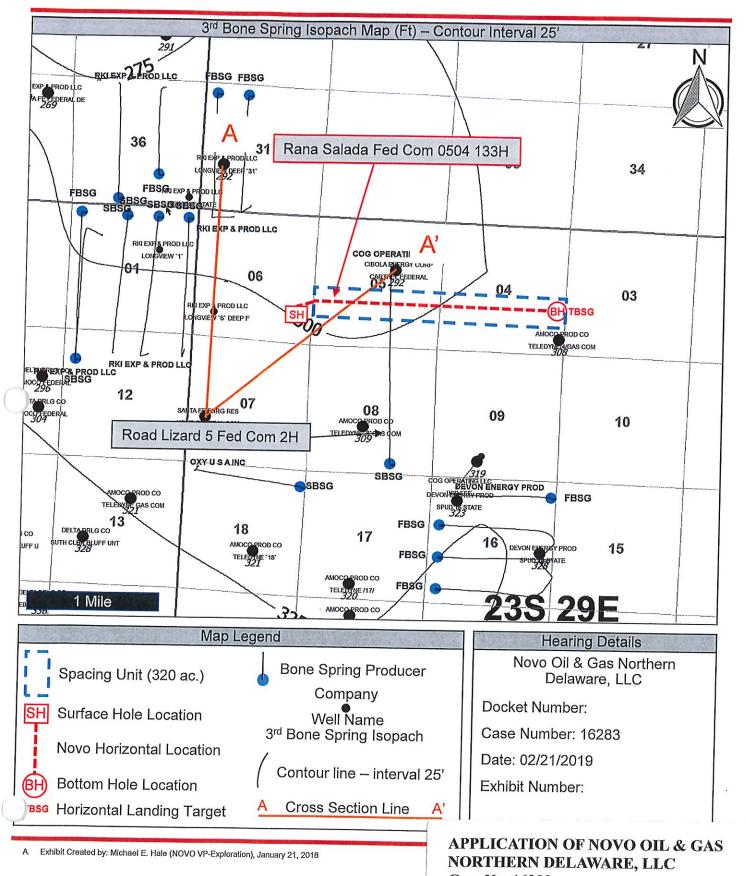


Case No. 16283 HALE EXHIBIT #27

Salt Lake – 3rd Bone Spring Isopach Map

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

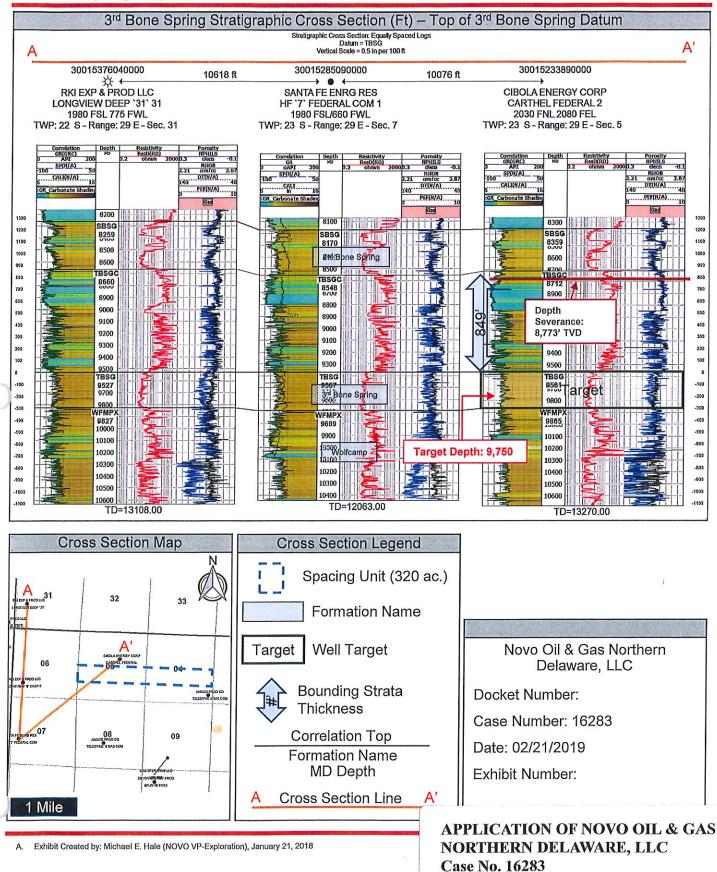




Case No. 16283 HALE EXHIBIT #28

Salt Lake – 3rd Bone Spring Stratigraphic Cross

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



HALE EXHIBIT #29

Rana Salada Development Block Type Log

