

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. _____

APPLICATION

Novo Oil & Gas Northern Delaware, LLC applies for an order pooling all mineral interests in the Bone Spring formation (from 8773 feet subsurface as found in the Road Lizard 5 Fed. Com. Well No. 2H [API No. 30-015-39283] to the base of the Bone Spring formation) underlying a (proximity tract) horizontal spacing unit comprised of the N/2 of Section 8 and the N/2 of Section 9, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the N/2 of Section 8 and the W/2 of Section 9, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Astrodog Fed. Com. 0809 Well Nos. 111H, 112H, 131H, 132H, and 135H to test the Bone Spring formation, and dedicate the N/2 of Section 8 and the N/2 of Section 9 to the wells. The wells have first take points in the W/2NW/4 of Section 8 and last take points in the E/2NE/4 of Section 16.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N/2 of Section 8 and the N/2 of Section 9, for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests.

Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation, as set forth above, underlying the N/2 of Section 8 and the N/2 of Section 9,, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the N/2 of Section 8 and the N/2 of Section 9, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Bone Spring formation underlying the N/2 of Section 8 and the N/2 of Section 9, as set forth above;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost thereof among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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