

**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. 20696

APPLICATION

Novo Oil & Gas Northern Delaware, LLC ("Novo" or "Applicant") (OGRID No. 372920), 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 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 5 and the S/2 of Section 6, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, Novo states:

1. Novo 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 following proposed initial wells:
 - The **Rana Salada Fed Com 0605 #123H Well** to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 1, T23S, R28E, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 5.
 - The **Rana Salada Fed Com 0605 #124H Well** to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 1, T23S, R28E, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 5.

- The **Rana Salada Fed Com 0605 #126H Well** to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 1, T23S, R28E, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5.

3. The completed for the **Rana Salada Fed Com 0605 #123H Well** will remain within 330 feet of the N/2 SW/4 of Section 5 and the N/2 S/2 of Section 6 to allow inclusion of these proximity tracts in a standard 480-acre horizontal well spacing comprised of the SW/4 of Section 5 and the S/2 of Section 6.

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 August 8, 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 wells thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;

- C. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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

CASE _____: **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 480-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 5 and the S/2 of Section 6, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Said horizontal spacing unit will be dedicated to the following proposed initial wells:

- The **Rana Salada Fed Com 0605 #123H Well** to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 1, T23S, R28E, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 5.
- The **Rana Salada Fed Com 0605 #124H Well** to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 1, T23S, R28E, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 5.
- The **Rana Salada Fed Com 0605 #126H Well** to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 1, T23S, R28E, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 5.

The completed for the **Rana Salada Fed Com 0605 #123H Well** will remain within 330 feet of the N/2 SW/4 of Section 5 and the N/2 S/2 of Section 6 to allow inclusion of these proximity tracts in a standard 480-acre horizontal well spacing comprised of the SW/4 of Section 5 and the S/2 of Section 6. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the wells, and the imposition of a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 6 miles east of Loving, New Mexico.