

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF PERCUSSION PETROLEUM                      CASE NO. 16157  
OPERATING, LLC FOR A NONSTANDARD  
SPACING AND PRORATION UNIT, UNORTHODOX  
WELL LOCATION, AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 14, 2018

Santa Fe, New Mexico

BEFORE:   MICHAEL McMILLAN, CHIEF EXAMINER  
          DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the  
New Mexico Oil Conservation Division, Michael McMillan,  
Chief Examiner, and David K. Brooks, Legal Examiner, on  
Thursday, June 14, 2018, at the New Mexico Energy,  
Minerals and Natural Resources Department, Wendell Chino  
Building, 1220 South St. Francis Drive, Porter Hall,  
Room 102, Santa Fe, New Mexico.

REPORTED BY:   Mary C. Hankins, CCR, RPR  
                  New Mexico CCR #20  
                  Paul Baca Professional Court Reporters  
                  500 4th Street, Northwest, Suite 105  
                  Albuquerque, New Mexico 87102  
                  (505) 843-9241

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APPEARANCES

FOR APPLICANT PERCUSSION PETROLEUM OPERATING, LLC:

JULIA BROGGI, ESQ.  
MICHAEL H. FELDEWERT, ESQ.  
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EXHIBITS OFFERED AND ADMITTED

Percussion Petroleum, LLC Exhibit Numbers 1 and 2	6
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1 (10:18 a.m.)

2 EXAMINER McMILLAN: Next case I'd like to  
3 call is Case Number 16157, application of Percussion  
4 Petroleum Operating, LLC for a nonstandard spacing and  
5 proration unit, unorthodox well location and compulsory  
6 pooling, Eddy County, New Mexico.

7 Call for appearances.

8 MS. BROGGI: Julia Broggi on behalf of the  
9 Applicant, Percussion Petroleum Operating, LLC.

10 EXAMINER McMILLAN: Any other appearances?  
11 Please proceed.

12 MS. BROGGI: So we have no witnesses. We  
13 are going to be dismissing the pooling and the  
14 nonstandard proration unit portion of the case, as the  
15 Applicant was able to reach agreement with all of the  
16 originally proposed pooling parties. But the request  
17 for the approval for the nonstandard well stands, and so  
18 we'll be asking the Division to enter an order approving  
19 that.

20 So in support of that we have two exhibits  
21 which are before you, and the first one is an affidavit  
22 from the vice president of engineering for the  
23 Applicant, Percussion Petroleum. And if you will look  
24 in particular to paragraph five of that affidavit,  
25 you'll find the justification and the reason for

1 Percussion Petroleum requesting this nonstandard well or  
2 unorthodox well.

3 I'll also note, to the extent that it's  
4 relevant and speaking for Mr. Feldewert beforehand, it  
5 looks as though once the horizontal well rule goes into  
6 effect, this will actually not be considered an  
7 unorthodox well.

8 EXAMINER BROOKS: And the horizontal well  
9 rule is anticipated to go into effect on June 26th.  
10 So --

11 MS. BROGGI: I mean, I just say that to,  
12 you know --

13 EXAMINER BROOKS: That could affect -- I  
14 gather. You said it wouldn't be unorthodox under the  
15 new rule.

16 MS. BROGGI: Under the new rule, but it is  
17 as of right now.

18 EXAMINER BROOKS: And you're not projecting  
19 to drill it between now and June 26th, I take it?

20 MS. BROGGI: No.

21 EXAMINER McMILLAN: The question is: Why  
22 didn't you just dismiss the case?

23 MR. FELDEWERT: Well, because, number one,  
24 we didn't find out when the horizontal well rule was  
25 going to go into effect until yesterday, right?

1 EXAMINER McMILLAN: Yeah (laughter).

2 MR. FELDEWERT: And number two, I'm  
3 assuming that there are going to be no hiccups. From my  
4 perspective, the horizontal well rule is not in effect  
5 yet.

6 EXAMINER BROOKS: Well, of course it's  
7 always possible, although we have preliminary approval  
8 from the State Records administrator, that they might  
9 find something to object to. It has happened.

10 MR. FELDEWERT: So out of -- for purposes  
11 of serving our client, I think we need to continue to  
12 proceed as though the horizontal well rule is not in  
13 effect.

14 EXAMINER McMILLAN: Okay.

15 EXAMINER BROOKS: Okay.

16 EXAMINER McMILLAN: That's fine.

17 MS. BROGGI: So Exhibit 1 is the affidavit  
18 from the engineer, along with a copy of the draft C-102.

19 And then Exhibit Number 2 is an affidavit  
20 from our law office, Holland & Hart, showing that notice  
21 was provided to all affected parties.

22 With that, we would like to move Exhibits 1  
23 and 2 into evidence.

24 EXAMINER McMILLAN: Exhibits 1 and 2 may  
25 now be accepted as part of the record.

1 (Percussion Petroleum Operating, LLC  
2 Exhibit Numbers 1 and 2 are offered and  
3 admitted into evidence.)

4 MS. BROGGI: If there are no other  
5 questions, I would ask that Case Number 16157 be taken  
6 under advisement.

7 EXAMINER McMILLAN: There are no  
8 unlocatable interests?

9 MS. BROGGI: No, not that I recall. No.  
10 There were no unlocatable interests.

11 EXAMINER McMILLAN: Okay. So Case Number  
12 16157 will be taken under advisement with only the NSL  
13 request.

14 MS. BROGGI: Yes, please.

15 EXAMINER McMILLAN: Thank you.

16 (Case Number 16157 concludes, 10:23 a.m.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court  
6 Reporter, New Mexico Certified Court Reporter No. 20,  
7 and Registered Professional Reporter, do hereby certify  
8 that I reported the foregoing proceedings in  
9 stenographic shorthand and that the foregoing pages are  
10 a true and correct transcript of those proceedings that  
11 were reduced to printed form by me to the best of my  
12 ability.

13 I FURTHER CERTIFY that the Reporter's  
14 Record of the proceedings truly and accurately reflects  
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither  
17 employed by nor related to any of the parties or  
18 attorneys in this case and that I have no interest in  
19 the final disposition of this case.

20 DATED THIS 17th day of July 2018.

21

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23 MARY C. HANKINS, CCR, RPR  
24 Certified Court Reporter  
New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2018  
Paul Baca Professional Court Reporters

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