

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING SEPTEMBER 20, 2018**

**CASE NO. 16401**

**Bindel 4 Fee #1H**

**WPXENERGY®**



***EDDY COUNTY, NEW MEXICO***

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

APPLICATION OF RKI EXPLORATION AND PRODUCTION, LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16401

**AFFIDAVIT OF AARON YOUNG IN SUPPORT OF**  
**CASE NO. 16401**

Aaron Young, of lawful age and being first duly sworn, declares as follows:

1. My name is Aaron Young. I work for RKI Exploration and Production, LLC ("RKI") as a Landman. RKI is in the process of changing its name to WPX Energy Permian, LLC. A change of operator form has not yet been provided to the Division.
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 RKI in this case, and I am familiar with the status of the lands in the subject area.
4. RKI seeks to pool MRC Permian Company, which has been located and indicated no opposition to this application.

In Case No. 16401, RKI is seeking an Order pooling all uncommitted interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool (98220)) in the 319.8-acre, more or less, standard spacing and proration unit comprised of the N/2 of Section 4, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. This horizontal spacing unit is to be dedicated to the proposed **Bindel 4 Fee No. 1H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) to a standard bottom hole location in in the SW/4 NW/4 (Unit E) of

Section 4. The completed interval for this well will remain within the standard offset required by the Special Rules set forth in Order No. R-14262.

5. **RKI Exhibit No. 1A** contains a Form C-102 for the proposed well. The C-102 shows that the well will be within the Purple Sage Wolfcamp Gas Pool (Pool Code 98220).

6. **RKI Exhibit 1B** identifies the two tracts of land comprising the proposed spacing and proration unit. This exhibit confirms that the subject acreage is comprised of fee lands, and further identifies the interest ownership by tract. RKI is seeking to pool the interests held by MRC.

7. At the time the well proposal letters were sent and when the pooling application was filed and notice provided, the interest was owned by Titus Oil and Gas LLC. On September 6, 2018, Titus transferred their interest to MRC Permian Company. MRC is aware of this pooling application and hearing and they are reviewing the proposal.

8. **RKI Exhibit 1C** and **1D** contain the well proposal letter along with an AFE provided to Titus. I have been in contact with Titus and with MRC and have been informed that the company is likely to participate under the pooling order.

9. **RKI Exhibit 1E** and **1F** contain an updated well proposal letter along with an updated AFE provided to Titus reflecting an updated target interval.

10. The costs reflected in the Statement of Estimated Well Costs are consistent with what other operators have incurred for drilling similar horizontal wells in the area in each of these formations.

11. There are no ownership depth severances in the Purple Sage Wolfcamp formation.

12. RKI has estimated the overhead and administrative costs for drilling and producing the proposed wells at \$7,500 per month while drilling and \$750 per month while

producing. These costs are consistent with what other operators are charging in this area for similar wells.


13. RKI is seeking to pool an uncommitted working interest owner and non-participating royalty interest owners. There are overriding royalty interest owners, but the instruments creating the overrides allow RKI to pool.

14. Regarding the non-participating royalty interest owners, RKI sent unit ratification letters. A copy of the unit ratification letter is attached as **RKI Exhibit 1-G**.

15. In my opinion, RKI has made good faith efforts to reach an agreement with the parties it is seeking to pool. If RKI reaches an agreement with any of the proposed pool parties before the Division enters an order, I will let the Division know that RKI is no longer seeking to pool those parties.

16. I provided the law firm of Holland & Hart LLP a list of names and addresses for the proposed pool parties. The names and last known addresses are included in Exhibit 3. In compiling these notice lists, RKI conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches. All parties were locatable.

17. **RKI Exhibit 1-A through 1-G** were either prepared by me or compiled under my direction and supervision.

  
AARON YOUNG

STATE OF OKLAHOMA     )  
  )  
COUNTY OF Tulsa     )

SUBSCRIBED and SWORN to before me this 18 day of September 2018 by  
Aaron Young.

  
NOTARY PUBLIC

My Commission Expires:

07-05-2021



11377549\_1

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name PURPLE SAGE WOLFCAMP GAS POOL
<sup>4</sup> Property Code	<sup>5</sup> Property Name BINDEL 4 FEE	<sup>6</sup> Well Number 1H
<sup>7</sup> OGRID No. 246289	<sup>8</sup> Operator Name RKI EXPLORATION & PRODUCTION, LLC	<sup>9</sup> Elevation 3,126'

<sup>10</sup> Surface Location

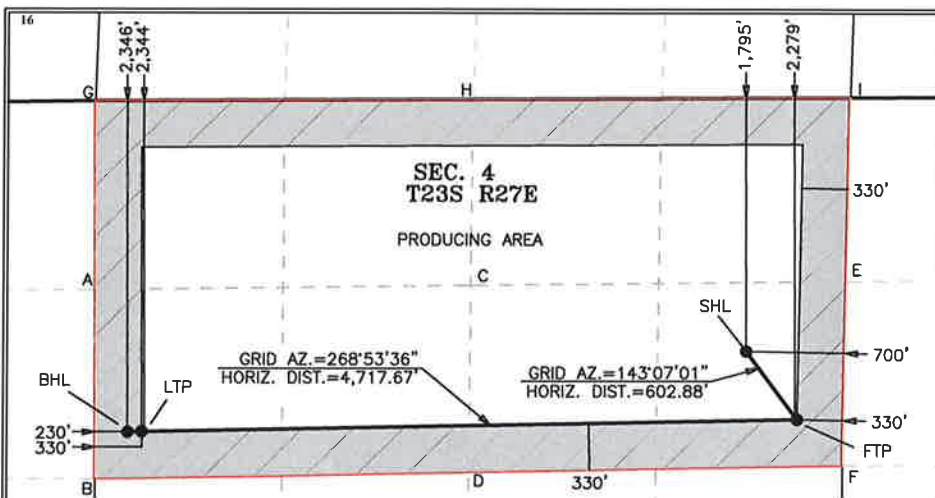
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	4	23 S	27 E		1,795	NORTH	700	EAST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	4	23 S	27 E		2,346	NORTH	230	WEST	EDDY

<sup>12</sup> Dedicated Acres 319.8 AC, N/2	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
--	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 1A

Submitted by: Percussion Petroleum

Hearing Date: September 20, 2018

Case # 16401

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

09-19-2018

Date of Survey

Signature and Seal of  
Professional Surveyor:

MARK DILLON HARP 23786  
Certificate Number



AW

2018010317

GEODETIC COORDINATES

NAD 27 NME  
SURFACE LOCATION  
Y= 486,109.2  
X= 544,788.0  
LAT.= 32.336347°N  
LONG.= 104.188322°W

LAST TAKE POINT

NAD 27 NME  
Y= 485,537.8  
X= 540,533.1  
LAT.= 32.334791°N  
LONG.= 104.202100°W

FIRST TAKE POINT

NAD 27 NME  
Y= 485,626.9  
X= 545,149.8  
LAT.= 32.335020°N  
LONG.= 104.187152°W

BOTTOM HOLE LOCATION

NAD 27 NME  
Y= 485,535.9  
X= 540,433.1  
LAT.= 32.334786°N  
LONG.= 104.202424°W

CORNER COORDINATES TABLE

NAD 27 NME  
A - Y= 486,540.9 N, X= 540,199.0 E  
B - Y= 485,201.4 N, X= 540,177.5 E  
C - Y= 486,574.7 N, X= 542,848.8 E  
D - Y= 485,252.3 N, X= 542,839.2 E  
E - Y= 486,606.8 N, X= 545,496.6 E  
F - Y= 485,303.1 N, X= 545,474.3 E  
G - Y= 487,880.4 N, X= 540,193.5 E  
H - Y= 487,895.4 N, X= 542,858.3 E  
I - Y= 487,907.3 N, X= 545,518.8 E

GEODETIC COORDINATES

NAD 83 NME  
SURFACE LOCATION  
Y= 486,168.4  
X= 585,969.5  
LAT.= 32.336466°N  
LONG.= 104.188824°W

FIRST TAKE POINT

NAD 83 NME  
Y= 485,686.1  
X= 586,331.3  
LAT.= 32.335139°N  
LONG.= 104.187654°W

LAST TAKE POINT

NAD 83 NME  
Y= 485,596.9  
X= 581,714.5  
LAT.= 32.334910°N  
LONG.= 104.202603°W

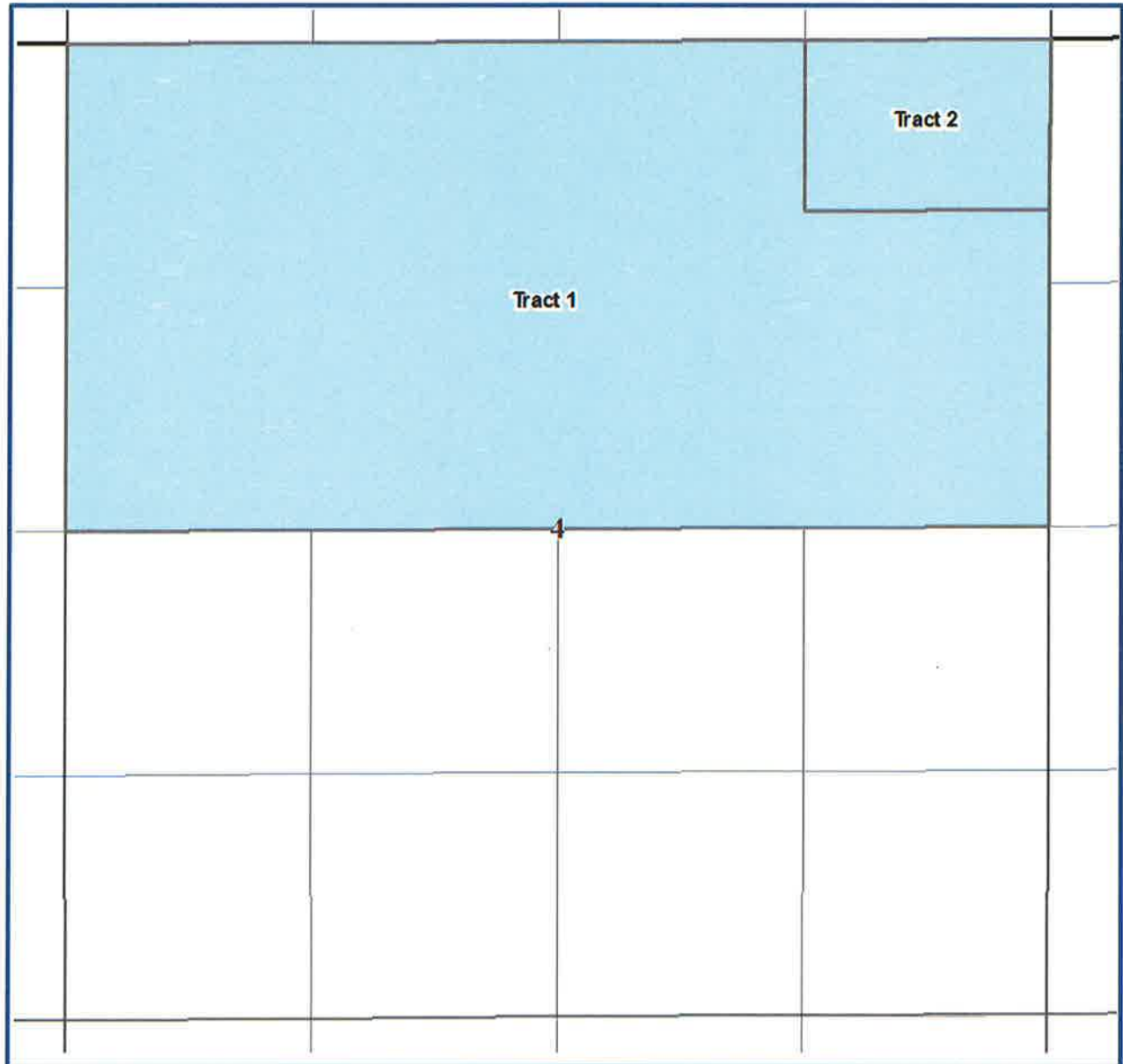
BOTTOM HOLE LOCATION

NAD 83 NME  
Y= 485,595.0  
X= 581,614.5  
LAT.= 32.334905°N  
LONG.= 104.202926°W

CORNER COORDINATES TABLE

NAD 83 NME  
A - Y= 486,600.0 N, X= 581,380.4 E  
B - Y= 485,260.5 N, X= 581,385.9 E  
C - Y= 486,633.9 N, X= 584,030.2 E  
D - Y= 485,311.4 N, X= 584,020.7 E  
E - Y= 486,666.0 N, X= 586,678.1 E  
F - Y= 485,362.3 N, X= 586,655.8 E  
G - Y= 487,939.5 N, X= 581,374.9 E  
H - Y= 487,954.6 N, X= 584,039.7 E  
I - Y= 487,966.5 N, X= 586,700.2 E

Bindel Fee #1H  
North Half Section 4, T23S-R27E, NMPM,  
Eddy Co., New Mexico



Bindel Fee #1H  
North Half Section 4, T23S-R27E, NMPM,  
Eddy Co., New Mexico

Tract 1- (293.14 acres)

WPX Energy Permian, LLC- 100.00%

Tract 2- (26.66 acres)

WPX Energy Permian, LLC- 83.33333%

**\*MRC Permian Company (Working interest owner)- 16.66667%**

**NPRI Owners to be pooled:**

**Kevin R. Decker**

**Loretta Bindel Hayes**

**UNIT RECAPITULATION N2 Section 4**

WPX Energy Permian, LLC- 98.610033%

**\*MRC Permian Company- 1.389367%**

**\*Acquired of record from Titus Oil & Gas, LLC effective September 6, 2018**

**Uncommitted interest owner in proposed standard spacing unit.**





May 15, 2018

*Via Certified Mail, Return Receipt Requested*

Titus Oil & Gas, LLC  
P.O. Box 470898  
Fort Worth, TX 76147

Re: Bindel 4 Fee #1H  
SHL: 1,795' FNL & 700' FEL, or at a legal location in Unit H of Section 4  
BHL: 2,296' FNL & 230' FEL, or at a legal location in Unit E of Section 4  
Township 23 South, Range 27 East  
Eddy County, New Mexico

Dear Sir or Madam,

WPX Energy Permian, LLC ("WPX") hereby proposes the drilling of a horizontal well to a depth to test the Wolfcamp formation at a total measured depth of approximately 14,182', and a project area consisting of the N/2 of Section 4, Township 23 South, Range 27 East being 319.8 acres, more or less. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$7,424,869, being the total estimated cost to drill and complete said well.

WPX is proposing to drill this well under the terms of a modified 1989 A.A.P.L Form 610 Model Form Operating Agreement, which is enclosed herewith for your review and execution. The Operating Agreement covers the N/2 of Section 4, Township 23 South, Range 27 East, Eddy County, New Mexico. It has the following general terms:

- 100%/300% Non-consenting penalty
- \$7,500/\$750 Drilling and Producing Rate
- WPX named as Operator

Please have the appropriate party execute, notarize and return one (1) original of each signatory page, being the Operating Agreement and Recording Memorandum or Exhibit "H". If you do not wish to participate in the proposed operation, WPX would like to negotiate a voluntary agreement that includes the leasehold interest.

If an agreement is not reached within 30 days of the date of this letter, WPX will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic requirements, to my attention at the letterhead address or by email to [aaron.young@wpxenergy.com](mailto:aaron.young@wpxenergy.com).

**BEFORE THE OIL CONSERVATION DIVISION**

Santa Fe, New Mexico

**Exhibit No. 1C**

Submitted by: **Percussion Petroleum**

Hearing Date: September 20, 2018

Case # 16401

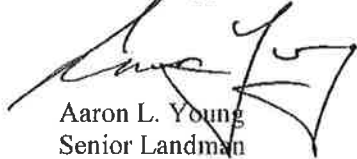
Bindel 4 Fee #1H  
May 15, 2018  
Page No. 2

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic requirements, to my attention at the letterhead address or by email to [aaron.young@wpxenergy.com](mailto:aaron.young@wpxenergy.com).

Should you have any questions, please do not hesitate to contact me at 539.573.3531.

Sincerely,

**WPX Energy Permian, LLC**



Aaron L. Young  
Senior Landman

Enclosures

\_\_\_\_\_ I/We hereby elect to participate in the Bindel 4 Fee #1H

\_\_\_\_\_ I/We hereby elect not to participate in the Bindel 4 Fee #1H.

\_\_\_\_\_ I/We hereby elect to lease our minerals to WPX, please contact us to discuss

Company: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

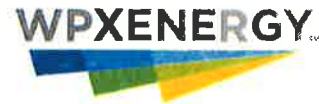
Title: \_\_\_\_\_

Date: \_\_\_\_\_

3035-WPX ENERGY PERMIAN, LLC AFE # (WT47955-62482052), Complete											
Well Name: BINDEL 4 FEE 1H				Well#: 62482052				Field: PURPLE SAGE			
Location: 4-23S-27E				County: EDDY				State: NM			
BHL:				SHL:							
Formation: WOLFCAMP XY				Total Depth: 0.0				Days:			
Effective Date: 04/01/2018				Type Code: Development				Desc:			
Budget No: FP1120430-2018 PERMIAN OPERATED				Aries ID: RC1KORRREL				Pad Name:			
D&C (3035)											
Operator: WPX ENERGY PERMIAN LLC				Asset Group: PERMIAN				Proj Manager: Knopp, Bryan			
AFE Costs to drill, complete, and equip a 1 mile lateral well targeting the Wolfcamp XY formation.											
Desc:											
8500 8600 Tangible											
Tubular Goods											
DRL	CMP	Line Item	Feet	Size	Wt.	GradeConn	\$/FT	DRILL	COMP	TOTAL	
8739		CASING/LINER (PROD)						74700	0	74700	
8810		CASING (INT1)						54200	0	54200	
8820		CASING (INT2)						211200	0	211200	
8889		CASING (SURF)						13800	0	13800	
Other Equipment											
8855		LINER HANGER & TOE SLEEVE					65000	0	65000		
8918		WELLHEAD - MATERIALS					37000	0	37000		
	8716	ARTIFICIAL LIFT - MATERIALS					0	155000	155000		
	8902	TUBING & ACCESSORIES					0	50000	50000		
	8918	WELLHEAD - MATERIALS					0	25000	25000		
8510 8610 Offset Well Tangible											
Offset Well - Tangible											
Total Tangible Costs								455900	230000	685900	
8300 8400 Intangible											
Drilling Costs											
DRL	CMP	Line Item						DRILL	COMP	TOTAL	
8212		FUEL EXPENSES						67700	0	67700	
8298		MISCELLANEOUS - MATERIALS						16200	0	16200	
8732		BITS						75000	0	75000	
8734		CASING CREWS & TOOLS						50200	0	50200	
8742		TRUCKING						46100	0	46100	
8743		WELLHEAD - SERVICES						17900	0	17900	
8757		DIRECTIONAL EQUIPMENT - SERVICES						190300	0	190300	
8758		DRILL FLUIDS & CHEMICALS - MATERIALS						130200	0	130200	
8760		RIG DAYWORK						396600	0	396600	
8774		GENERAL LABOR						54700	0	54700	
8781		CENTRALIZERS & FLOAT EQUIP (SURF) (INT1) (INT2) (PROD)						18100	0	18100	
8783		FLUID & CUTTINGS DISPOSAL						88200	0	88200	
8803		MAN CAMP						10000	0	10000	
8823		LIVING FACILITIES & SANITATION						50500	0	50500	
8862		CONDUCTOR/RAT HOLE - SERVICES						23100	0	23100	
8868		RENTAL EQUIPMENT (DOWNHOLE)						75400	0	75400	
8869		RENTAL EQUIPMENT (SURFACE)						115400	0	115400	
8885		SOLIDS CONTROL - MATERIALS						18900	0	18900	
8910		WATER - MATERIALS						4500	0	4500	
8911		FLUID HAULING						120000	0	120000	
8917		WELLSITE SUPERVISION						100900	0	100900	
8989		DRILL FLUIDS & CHEMICALS - SERVICES						22800	0	22800	
8994		SOLIDS CONTROL - SERVICES						59700	0	59700	
Cementing											
8400		CEMENT (SURF) - MATERIALS						13500	0	13500	
8401		CEMENT (PROD) - MATERIALS						22000	0	22000	
8811		CEMENT (INT1) - MATERIALS						15000	0	15000	
8821		CEMENT (INT2) - MATERIALS						40000	0	40000	
8857		CEMENT (PROD) - SERVICES						25000	0	25000	
8891		CEMENT (SURF) - SERVICES						15000	0	15000	
8938		CEMENT (INT2) - SERVICES						27000	0	27000	
8949		CEMENT (INT1) - SERVICES						11000	0	11000	
Formation Treatment											
	8212	FUEL EXPENSES						0	175000	175000	
	8402	STIMULATION - MATERIALS						0	1028172	1028172	
	8403	FRAC WATER - MATERIALS						0	4525	4525	
	8708	STIMULATION - SERVICES						0	868000	868000	
	8728	COIL TUBING - SERVICES						0	250000	250000	
	8730	ACCESS & LOCATION - SERVICES						0	15000	15000	
	8738	PERFORATING & WIRELINE - SERVICES						0	234500	234500	
	8742	TRUCKING						0	7547	7547	
	8743	WELLHEAD - SERVICES						0	42000	42000	
	8772	ENVIRONMENTAL MITIGATION						0	10000	10000	
	8774	GENERAL LABOR						0	15000	15000	
	8787	FRAC WATER - SERVICES						0	70000	70000	
	8846	PACKERS & PLUGS						0	45500	45500	
	8868	RENTAL EQUIPMENT (DOWNHOLE)						0	10000	10000	
	8869	RENTAL EQUIPMENT (SURFACE)						0	185000	185000	
	8870	RENTAL EQUIPMENT (TANKS)						0	37000	37000	
	8875	ACCESS & LOCATION - MATERIALS						0	10000	10000	
	8879	RUBBER GOODS						0	15000	15000	
	8910	WATER - MATERIALS						0	226250	226250	



8911	FLUID HAULING	0	22625	22625
8917	WELLSITE SUPERVISION	0	95200	95200
Special Services				
8718	TUBULAR INSPECTION	16000	0	16000
8837	MUD LOGGING	24300	0	24300
8733	LOGGING (CASED HOLE)	0	10000	10000
8843	FLOWBACK - SERVICES	0	127650	127650
Materials				
Access Location and Cleanup				
8219	SAFETY - MATERIALS	500	0	500
8250	AIR QUALITY MGMT - SERVICES	33400	0	33400
8715	ARCH	5000	0	5000
8730	ACCESS & LOCATION - SERVICES	115300	0	115300
8740	RIG MOBILIZATION/DEMobilIZATION	165000	0	165000
8791	SURVEY & MAPPING - SERVICES	5000	0	5000
8875	ACCESS & LOCATION - MATERIALS	15000	0	15000
8880	SAFETY - SERVICES	9600	0	9600
8899	TITLE OPINION-ABSTRACT	50000	0	50000
8934	ROW & SURFACE USE PAYMENTS NON-PERPETUAL	25000	0	25000
Contract Supervision/Contract Professional Services etc.				
8310	8410	Offset Well Intangible		
Offset Well Intangible				
Total Intangible Costs		2385000	3503969	5888969
Well Connect				
8211	FITTINGS/PIPES/ETC-NON PROCESS RELATED	0	125000	125000
8226	NEW CONSTRUCTION LABOR	0	45000	45000
8242	ELECTRICAL/AUTOMATION MATERIALS	0	40000	40000
8272	ELECTRICAL/AUTOMATION LABOR	0	30000	30000
8274	HEAT TRACE LABOR	0	5000	5000
8277	HEAT TRACE MATERIALS	0	9000	9000
8279	TELEMETRY RADIO/FIBER MATERIALS	0	600	600
8312	TANK BATTERY INSTALL AND CONSTRUCTION	0	201482	201482
8396	TELEMETRY RADIO/FIBER LABOR	0	400	400
8397	CONTAINMENT AND LINERS	0	15000	15000
8473	ENGINEERING SERVICES	0	4000	4000
8742	TRUCKING	0	5000	5000
8791	SURVEY & MAPPING - SERVICES	0	2323	2323
8828	MEASUREMENT EQUIPMENT	0	32000	32000
8856	PRODUCTION EQUIPMENT	0	250000	250000
8877	ROW & SURFACE USE PAYMENTS PERPETUAL	0	6195	6195
8893	PRODUCTION STORAGE TANKS	0	60000	60000
8961	ELECTRIFICATION - MATERIALS	0	18000	18000
8967	PRODUCTION EQUIPMENT - NON CONTROLLABLE	0	1000	1000
Total Well Connect Costs		0	850000	850000
Total Cost		2840900	4583969	7424869
Working Interest				
Working Interest Owner			Decimal	Cost Share
WPX ENERGY PERMIAN, LLC			0.95740000	7108570
OTHER			0.04260000	316299
Totals			1.00000000	7424869
Approvers				
Date: 04/18/2018	Prepared By:	Cassie Staves		
Date: 05/02/2018	Approved By:	William Westler		
Date: 05/04/2018	Approved By:	Matthew Hinson		
Date:	Partners Approval:			
Estimated costs only - Each participating Owner to pay proportionate share of Actual Well Costs				



August 31, 2018

*Via Certified Mail, Return Receipt Requested &  
Via Email: [jmcbroom@titusoil.com](mailto:jmcbroom@titusoil.com)*

Titus Oil & Gas, LLC  
100 Throckmorton St., Suite 1630  
Fort Worth, Texas 76102

Re: Updated Well Proposal: Bindel 4 Fee #1H  
SHL: 1,795' FNL & 700' FEL, or at a legal location in Unit H of Section 4  
BHL: 2,296' FNL & 230' FEL, or at a legal location in Unit E of Section 4  
Township 23 South, Range 27 East  
Eddy County, New Mexico

Dear Sir,

WPX Energy Permian, LLC ("WPX") hereby proposes updating the drilling of a horizontal well to a depth to test the Wolfcamp formation at a total measured depth of approximately 15,055'. The project area will remain consisting of the S/2 of Section 4, Township 23 South, Range 27 East being 320 acres, more or less. Included herewith is our amended Authority for Expenditure ("AFE") in the gross amount of \$8,808,544 being the total estimated cost to drill and complete said well.

The well will remain under the previously proposed modified 1989 A.A.P.L Form 610 Model Form Operating Agreement. The Operating Agreement covers the S/2 of Section 4, Township 23 South, Range 27 East, Eddy County, New Mexico. It has the following general terms:

- 100%/300% Non-consenting penalty
- \$7,500/\$750 Drilling and Producing Rate
- WPX named as Operator

Please have the appropriate party execute, notarize and return one (1) original of each signatory page, being the Operating Agreement and Recording Memorandum or Exhibit "H".

This well is scheduled for a compulsory pooling hearing with the New Mexico Oil Conservation Division in the month of September.

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic requirements, to my attention at the letterhead address or by email to [aaron.young@wpxenergy.com](mailto:aaron.young@wpxenergy.com).

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 1E

Submitted by: Percussion Petroleum

Hearing Date: September 20, 2018

Case # 16401

Bindel 4 Fee #1H  
August 31, 2018  
Page No. 2

Should you have any questions, please do not hesitate to contact me at 539.573.3531.

Sincerely,

**WPX Energy Permian, LLC**

  
Aaron L. Young  
Sr. Landman

Enclosures

\_\_\_\_\_ I/We hereby elect to participate in the Bindel 4 Fee #1H.

\_\_\_\_\_ I/We hereby elect **not** to participate in the Bindel 4 Fee #1H.

Company: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



3035-WPX ENERGY PERMIAN, LLC AFE # (WT47955-62482052), Pending Approval										
Well Name: BINDEL 4 FEE 1H					Well#: 62482052			Field: PHANTOM		
Location: 4-23S-27E					County: EDDY			State: NM		
BHL:					SHL:					
Formation: WOLFCAMP D					Total Depth: 0.0			Days:		
Effective Date: 04/01/2018					Type Code: Development			Desc:		
Budget No: FP1120430-2018 PERMIAN OPERATED D&C (3035)					Aries ID: RC1LMA8K2O			Pad Name:		
Operator: WPX ENERGY PERMIAN LLC					Asset Group: PERMIAN			Proj Manager: Knopp, Bryan		
AFE Costs to drill, complete, and equip a 1 mile lateral well targeting the Wolfcamp D formation.										
Desc:										
8500 8600 Tangible										
Tubular Goods										
DRL	CMP	Line Item	Feet	Size	Wt.	GradeConn	\$/FT	DRILL	COMP	TOTAL
8739		CASING/LINER (PROD)						83700	0	83700
8810		CASING (INT1)						230600	0	230600
8820		CASING (INT2)						252500	0	252500
8889		CASING (SURF)						14700	0	14700
Other Equipment										
8855		LINER HANGER & TOE SLEEVE					65000	0	65000	
8918		WELLHEAD - MATERIALS					37000	0	37000	
	8716	ARTIFICIAL LIFT - MATERIALS					0	150000	150000	
	8902	TUBING & ACCESSORIES					0	55000	55000	
	8918	WELLHEAD - MATERIALS					0	35000	35000	
8510 8610 Offset Well Tangible										
Offset Well - Tangible										
Total Tangible Costs								683500	240000	923500
8300 8400 Intangible										
Drilling Costs										
DRL	CMP	Line Item						DRILL	COMP	TOTAL
8212		FUEL EXPENSES						93300	0	93300
8298		MISCELLANEOUS - MATERIALS						18200	0	18200
8732		BITS						75000	0	75000
8734		CASING CREWS & TOOLS						46600	0	46600
8742		TRUCKING						116100	0	116100
8743		WELLHEAD - SERVICES						17900	0	17900
8757		DIRECTIONAL EQUIPMENT - SERVICES						239500	0	239500
8758		DRILL FLUIDS & CHEMICALS - MATERIALS						93200	0	93200
8760		RIG DAYWORK						545800	0	545800
8774		GENERAL LABOR						64700	0	64700
8781		CENTRALIZERS & FLOAT EQUIP (SURF) (INT1) (INT2) (PROD)						18100	0	18100
8783		FLUID & CUTTINGS DISPOSAL						94800	0	94800
8803		MAN CAMP						3000	0	3000
8823		LIVING FACILITIES & SANITATION						57000	0	57000
8862		CONDUCTOR/RAT HOLE - SERVICES						20100	0	20100
8868		RENTAL EQUIPMENT (DOWNHOLE)						29217	0	29217
8869		RENTAL EQUIPMENT (SURFACE)						115400	0	115400
8885		SOLIDS CONTROL - MATERIALS						4000	0	4000
8910		WATER - MATERIALS						4500	0	4500
8911		FLUID HAULING						85000	0	85000
8917		WELLSITE SUPERVISION						138100	0	138100
8989		DRILL FLUIDS & CHEMICALS - SERVICES						50400	0	50400
8994		SOLIDS CONTROL - SERVICES						83800	0	83800
Cementing										
8400		CEMENT (SURF) - MATERIALS						7500	0	7500
8401		CEMENT (PROD) - MATERIALS						16000	0	16000
8811		CEMENT (INT1) - MATERIALS						15000	0	15000
8821		CEMENT (INT2) - MATERIALS						40000	0	40000
8857		CEMENT (PROD) - SERVICES						25000	0	25000
8891		CEMENT (SURF) - SERVICES						23300	0	23300
8938		CEMENT (INT2) - SERVICES						27000	0	27000
8949		CEMENT (INT1) - SERVICES						11000	0	11000
Formation Treatment										
	8212	FUEL EXPENSES						0	367500	367500
	8402	STIMULATION - MATERIALS						0	993250	993250
	8403	FRAC WATER - MATERIALS						0	28571	28571
	8708	STIMULATION - SERVICES						0	1147800	1147800
	8728	COIL TUBING - SERVICES						0	189600	189600
	8730	ACCESS & LOCATION - SERVICES						0	15000	15000
	8738	PERFORATING & WIRELINE - SERVICES						0	240000	240000
	8742	TRUCKING						0	20000	20000
	8743	WELLHEAD - SERVICES						0	60800	60800
	8772	ENVIRONMENTAL MITIGATION						0	10000	10000
	8774	GENERAL LABOR						0	15000	15000
	8783	FLUID & CUTTINGS DISPOSAL						0	82286	82286
	8787	FRAC WATER - SERVICES						0	121000	121000
	8846	PACKERS & PLUGS						0	17500	17500
	8868	RENTAL EQUIPMENT (DOWNHOLE)						0	62400	62400
	8869	RENTAL EQUIPMENT (SURFACE)						0	121920	121920
	8870	RENTAL EQUIPMENT (TANKS)						0	30000	30000
	8875	ACCESS & LOCATION - MATERIALS						0	10000	10000
	8879	RUBBER GOODS						0	15000	15000

8910	WATER - MATERIALS	0	357143	357143
8911	FLUID HAULING	0	110057	110057
8917	WELLSITE SUPERVISION	0	121600	121600
<b>Special Services</b>				
8718	TUBULAR INSPECTION	15900	0	15900
8837	MUD LOGGING	44700	0	44700
8733	LOGGING (CASED HOLE)	0	35000	35000
8843	FLOWBACK - SERVICES	0	122000	122000
<b>Materials</b>				
<b>Access Location and Cleanup</b>				
8219	SAFETY - MATERIALS	500	0	500
8250	AIR QUALITY MGMT - SERVICES	28700	0	28700
8252	CULTURAL/PALEO - SERVICES	3000	0	3000
8730	ACCESS & LOCATION - SERVICES	150000	0	150000
8740	RIG MOBILIZATION/DEMobilIZATION	250000	0	250000
8791	SURVEY & MAPPING - SERVICES	7000	0	7000
8875	ACCESS & LOCATION - MATERIALS	50000	0	50000
8880	SAFETY - SERVICES	13300	0	13300
8899	TITLE OPINION-ABSTRACT	50000	0	50000
<b>Contract Supervision/Contract Professional Services etc.</b>				
8310	8410	Offset Well Intangible		
<b>Offset Well Intangible</b>				
<b>Total Intangible Costs</b>		2791617	4293427	7085044
<b>Well Connect</b>				
8211	FITTINGS/PIPES/ETC-NON PROCESS RELATED	0	125000	125000
8242	ELECTRICAL/AUTOMATION MATERIALS	0	68000	68000
8272	ELECTRICAL/AUTOMATION LABOR	0	40000	40000
8274	HEAT TRACE LABOR	0	5000	5000
8277	HEAT TRACE MATERIALS	0	9000	9000
8279	TELEMETRY RADIO/FIBER MATERIALS	0	600	600
8312	TANK BATTERY INSTALL AND CONSTRUCTION	0	106500	106500
8396	TELEMETRY RADIO/FIBER LABOR	0	400	400
8397	CONTAINMENT AND LINERS	0	15000	15000
8473	ENGINEERING SERVICES	0	4000	4000
8730	ACCESS & LOCATION - SERVICES	0	70000	70000
8742	TRUCKING	0	5000	5000
8791	SURVEY & MAPPING - SERVICES	0	2300	2300
8828	MEASUREMENT EQUIPMENT	0	32000	32000
8856	PRODUCTION EQUIPMENT	0	250000	250000
8877	ROW & SURFACE USE PAYMENTS PERPETUAL	0	6200	6200
8893	PRODUCTION STORAGE TANKS	0	60000	60000
8967	PRODUCTION EQUIPMENT - NON CONTROLLABLE	0	1000	1000
<b>Total Well Connect Costs</b>		0	800000	800000
<b>Total Cost</b>		3475117	5333427	8808544
<b>Working Interest</b>				
<b>Working Interest Owner</b>			<b>Decimal</b>	<b>Cost Share</b>
WPX ENERGY PERMIAN, LLC			0.95740000	8433300
OTHER			0.04260000	375244
<b>Totals</b>			1.00000000	8808544
<b>Approvers</b>				
Date: 04/18/2018	Prepared By:	Cassie Staves		
Date:		William Westler		
Date:		Matthew Hinson		
Date:	Partners Approval:			
<b>Estimated costs only - Each participating Owner to pay proportionate share of Actual Well Costs</b>				



STATE OF NEW MEXICO

DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

APPLICATION OF RKI EXPLORATION AND PRODUCTION, LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16401

**AFFIDAVIT OF KASMIRA WORKMAN IN SUPPORT OF**  
**CASE NO. 16401**

Kasmira Workman, of lawful age and being first duly sworn, declares as follows:

1. My name is Kasmira Workman. I work for RKI Exploration and Production, LLC as a Geologist. RKI is in the process of changing its name to WPX Energy Permian, LLC. A change of operator form has not yet been submitted to the Division.

2. I have previously testified before the New Mexico Oil Conservation Division, by affidavit, as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by RKI in this case and I have conducted a geologic study of the Wolfcamp formation underlying the subject acreage.

4. RKI is targeting the Wolfcamp formation (Wolfcamp D) with its proposed **Bindel 4 Fee No. 1H Well**.

5. **RKI Exhibit 2A** is a subsea structure map that I prepared for the top of the Wolfcamp D. The contour interval is 50 feet. The proposed spacing unit is denoted by a green box, and the proposed wellbore path is depicted by a blue line. The structure map shows that the area is gently dipping to the East. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval with a horizontal well.

6. RKI Exhibit 2A also shows the two wells penetrating the Wolfcamp D formation that I used to construct the cross-section from A to A'. I consider these wells to be representative of the geology of the area.

7. **RKI Exhibit 2C** is a cross section using the representative wells depicted on Exhibit 2A. Each well in the cross-section contains gamma ray, resistivity, and or porosity logs. The proposed target interval is labeled with a green arrow. The cross-section demonstrates that the targeted interval extends across the proposed spacing and proration unit.

8. In my opinion the east to west orientation of the proposed well in the Wolfcamp formation is appropriate in order to effectively drain the targeted reservoir and be perpendicular to the maximum stress regime observed in the area.

9. Based on my geologic study of the area, the Wolfcamp formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing and proration units will contribute more-or-less equally to the production from the wellbores.

10. In my opinion, the granting of RKI's application in this case will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

FURTHER AFFIANT SAYETH NOT.

  
KASMIRA WORKMAN

STATE OF OKLAHOMA )

COUNTY OF Tulsa )

SUBSCRIBED and SWORN to before me this 19 day of September 2018 by  
Kasmira Workman.

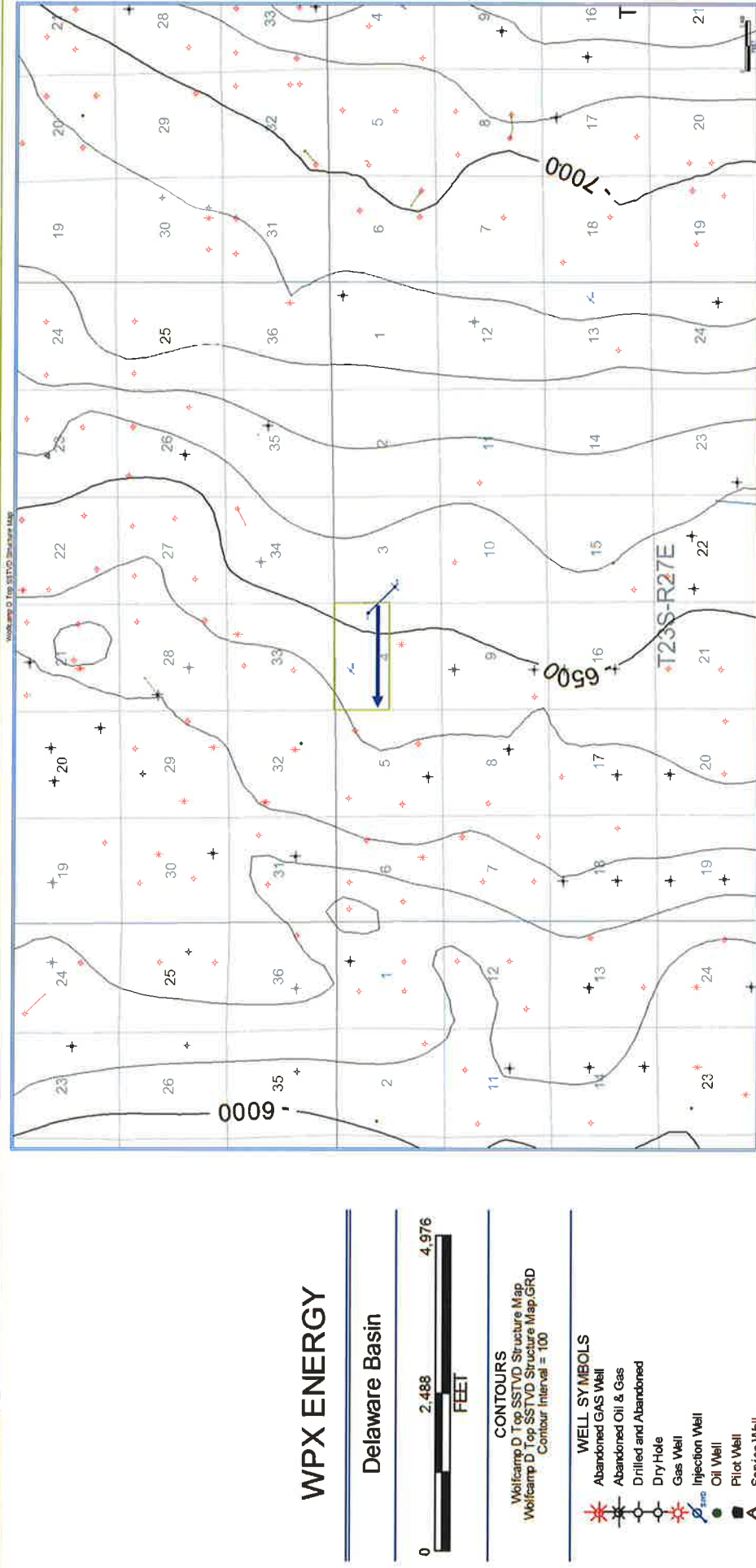
Christine A. Kennon  
NOTARY PUBLIC

My Commission Expires:

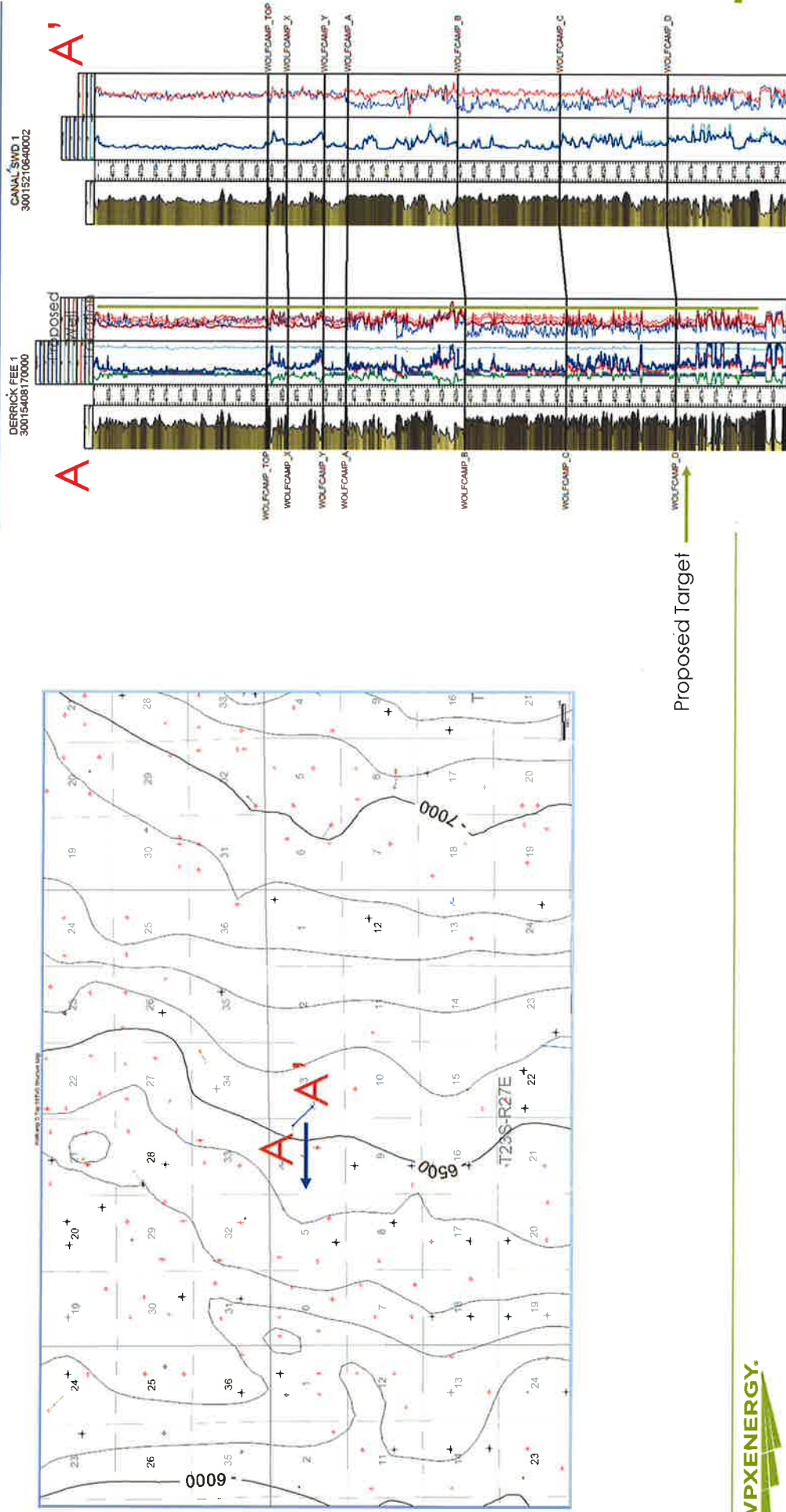
07-05-2021



# Wolfcamp D Top SSTVD Structure Map – Bindel 4 Fee #1H



# Stratigraphic Cross-Section – Bindel 4 Fee #1H



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

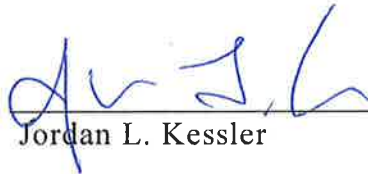
**APPLICATION OF RKI EXPLORATION  
AND PRODUCTION, LLC FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 16401**

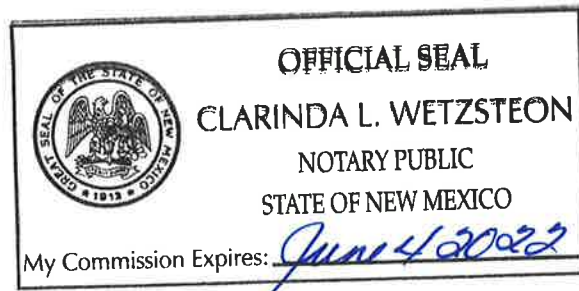
**AFFIDAVIT**

STATE OF NEW MEXICO   )  
  ) ss.  
COUNTY OF SANTA FE   )

Jordan L. Kessler, attorney in fact and authorized representative of RKI Exploration and Production, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.

  
\_\_\_\_\_  
Jordan L. Kessler

SUBSCRIBED AND SWORN to before me this 19th Day of September 2018 by Jordan L. Kessler.



  
\_\_\_\_\_  
Notary Public

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. 3**  
Submitted by: **Percussion Petroleum**  
Hearing Date: September 20, 2018  
Case # 16401





August 17, 2018

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED****TO: POOLED PARTIES****Re: Application of RKI Exploration and Production, LLC for compulsory pooling, Eddy County, New Mexico.**  
**Bindel 4 Fee No. 1H Well**

Ladies &amp; Gentlemen:

This letter is to advise you that RKI Exploration and Production, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on September 6, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; 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 are to be resolved prior to the hearing.

If you have any questions about this matter please contact Aaron Young, at (539) 573-3531 or Aaron.Young@wpenergy.com.

Sincerely,

Jordan L. Kessler

**RKI EXPLORATION AND PRODUCTION, LLC**

Bindel 4 Fee #1H  
Section 4, T23S-R27E, NMPM,  
Eddy Co., New Mexico

Parties to be pooled:

Titus Oil & Gas, LLC  
100 Throckmorton St., Suite 1630  
Fort Worth, Texas 76102



Bindel 4 Fee #1H  
Section 4, T23S-R27E, NMPM,  
Eddy Co., New Mexico

Parties to be pooled:

Titus Oil & Gas, LLC  
100 Throckmorton St., Suite 1630  
Fort Worth, Texas 76102

NPRI to be pooled:

Kevin R. Decker  
1503 W. 920 N.  
Pleasant Grove, UT 84062

Loretta Bindel Hayes  
6772 Festival Lane  
Frisco, TX 75034

Bindle Report

	A	B	F	G	I	J	K
1	MailClass	TrackingNo	ToName	DeliveryAddress	City	State	Zip
2	Certified with Return Receipt (Signature)	9414810898765016632457	Kevin R Decker	1503 W 920 N	Pleasant Grove	UT	84062
3	Certified with Return Receipt (Signature)	9414810898765016632464	Loretta Bindel Hayes	6772 Festival Lane	Frisco	TX	75034
4	Certified with Return Receipt (Signature)	9414810898765016632471	Titus Oil & Gas, LLC	100 Throckmorton St., Sute 1630	Fort Worth	TX	76102

Bindle Report

	N	R	USPS_Status
1	MailDate	ERR_SigDate	USPS_Status
2	08/17/2018		USPS was unable to deliver your item as of 10:07 am on August 21, 2018 in PLEASANT GROVE, UT 84062. The address may be incorrect, incomplete, or illegible.
3	08/17/2018		Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
4	08/17/2018	08/21/2018	Your item was delivered to an individual at the address at 12:53 pm on August 20, 2018 in FORT WORTH, TX 76102.

CARLSBAD  
**CURRENT-ARGUS**

**AFFIDAVIT OF PUBLICATION**

**Ad No.**  
**0001258519**

HOLLAND & HART  
110 NORTH GUADALUPE, SUITE 1 PO BOX 2208

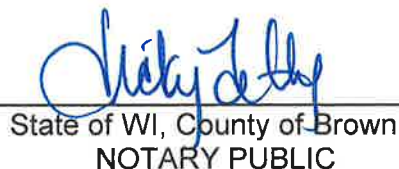
SANTA FE NM 87504

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:

08/18/18

  
Legal Clerk

Subscribed and sworn before me this  
20th of August 2018.

  
State of WI, County of Brown  
NOTARY PUBLIC

  
My Commission Expires

**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 Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **September 6, 2018**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **August 27, 2018**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW  
MEXICO TO:  
All named parties and  
persons  
having any right, title,  
interest  
or claim in the**



**following case  
and notice to the  
public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

**To: All offset owners  
and pooled parties,  
including Titus Oil &  
Gas, LLC.**

**Case No. 16401:  
Application of RKI  
Exploration and  
Production, LLC for  
compulsory pooling,  
Eddy County, New  
Mexico.** Applicant in  
the above-styled  
cause seeks an order  
pooling all mineral  
interests in the  
Wolfcamp formation  
(Purple Sage  
Wolfcamp Gas Pool  
(98220)) in the  
319.80-acre, more or  
less, spacing and  
proration unit  
comprised of the N/2  
of Section 4,  
Township 23 South,  
Range 27 East, NMPM,  
Eddy County, New  
Mexico. Said unit is to  
be dedicated to the  
applicant's proposed  
**Bindel 4 Fee No. 1H  
Well, which will be  
horizontally drilled**  
from a surface  
location in the SE/4  
NE/4 (Unit H) to a  
standard bottom hole  
location in the SW/4  
NW/4 (Unit E) of  
Section 4. The  
completed interval for  
this well will remain  
within the offset  
required by the  
Special Rules set forth  
in Order No. R-14262.  
Also to be considered  
will be the cost of  
drilling and  
completing said well  
and the allocation of  
the cost thereof as  
well as actual  
operating costs and  
charges for  
supervision,  
designation of RKI  
Exploration and  
Production, LLC as

operator of the well  
and a 200% charge  
for risk involved in  
drilling said well. Said  
area is located  
approximately 6 miles  
south of Carlsbad,  
New Mexico.

*August 18, 2018*