



Percussion Petroleum LLC

Rose 20H and 21H

2/7/2019

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

**APPLICATION OF PERCUSSION
PETROLEUM OPERATING, LLC FOR
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

CASE NO. 20230

AFFIDAVIT OF MIKE ROACH

Mike Roach, of lawful age and being first duly sworn, declares as follows:

1. My name is Mike Roach. I work for Percussion Petroleum Operating, LLC ("Percussion") as a Landman.
2. I have not previously testified before the Oil Conservation Division.
3. I graduated from the University of Texas at Austin with a B.B.A. in Petroleum Land Management in 1980. After graduation, I worked as Professional Landman. My job responsibilities included title examination, curative, lease acquisition, surface use agreements, working with the geologists and engineers to prepare wells to be drilled and completed. I was hired by Percussion in 2018 and my area of responsibility includes the Permian Basin in New Mexico.
4. I am a member of the American Association of Professional Landman.
5. I am familiar with the application filed by Percussion in this matter and familiar with the status of the lands in the subject area.
6. Percussion seeks an order pooling all uncommitted interests in the 320-acre horizontal spacing unit in the N. Seven Rivers Pool (97565) comprised of the S/2 of Section 12, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Said horizontal spacing unit, including the adjacent proximity tracts, will be dedicated to two

proposed wells: the **Rose South 20H Well** and the **Rose South 21H Well**. The **Rose South 20H Well** will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 7, Township 19 South, Range 26 East, to a standard bottom-hole location in the NW/4 SW/4 (Unit L) of Section 12, Township 19 South, Range 25 East. The **Rose South 21H Well** will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 7, Township 19 South, Range 26 East to a standard bottom-hole location in the SW/4 SW/4 (Unit M) of Section 12, Township 19 South, Range 25 East. Incorporating the proximity tracts, both wells will be at a standard location.

7. **Percussion Exhibit No. 1A** contains a draft Form C-102 for each of the proposed wells. The Division District Office has informed me that all wells have been placed in the N. Seven Rivers; Glorieta-Yeso Pool (97565). The spacing unit is comprised of fee acreage.

8. **Percussion Exhibit 1B** identifies ownership by tract in proposed spacing unit. Percussion seeks to pool those interest owners highlighted in green. Percussion seeks to pool are unleased mineral interest owners and uncommitted working interest owners. Percussion also seeks to pool overriding royalty interest owners and NPRI owners shown on the second page of this exhibit.

9. No interest owner that Percussion seeks to pool has indicated opposition to Percussion presenting this case by affidavit.

10. **Percussion Exhibit 1C** contains the well proposal letter along with an AFE for each of the wells. In addition to sending a well proposal letters and AFE, I have called or emailed each of the interest owner that I seek to pool. For the unleased mineral interest owners, I proposed the wells to each of them and also included an offer to lease.

11. In my opinion, I undertook a good faith effort to reach an agreement with the unleased mineral interest owners that I seek to pool.

12. 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.

13. There are no depth severances in this pool in the spacing unit.

14. In compiling these notice lists, Percussion conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches. Many of the unleased mineral interest owners were unlocatable. After searching for a good address, I directed Holland and Hart to publish notice to the unlocatable parties.

15. Percussion has estimated the overhead and administrative costs for drilling and producing the proposed wells at \$7,000 per month while drilling and \$700 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.

16. Percussion Exhibit Nos. 1A through 1C were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT

Mike Roach
Mike Roach, CPL

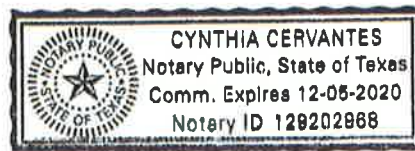
STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 6 day of February 2019 by
Mike Roach.

Cynthia Cervantes
NOTARY PUBLIC

My Commission Expires:

12-5-2020



DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (505) 393-6161 Fax: (505) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (505) 749-1288 Fax: (505) 748-0720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6176 Fax: (505) 334-6170

DISTRICT IV
1226 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1226 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name ROSE	Well Number 20H
OGRID No.	Operator Name PERCUSSION PETROLEUM OPERATING, LLC	Elevation 3386'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
LOT 3	7	19 S	26 E		1587	SOUTH	692	WEST	EDDY

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
L	12	19 S	25 E		1735	SOUTH	20	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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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

PROPOSED BOTTOM HOLE LOCATION Lat - N 32.672564° Long - W 104.447008° NMSPCE- E 506429.0 E 506358.9 (NAD-83)	LAST TAKE POINT 1735' FSL & 100' FWL Lat - N 32.672564° Long - W 104.446750° NMSPCE- N 608428.7 E 506438.9 (NAD-83)	FIRST TAKE POINT 1703' FNL & 100' FEL Lat - N 32.672528° Long - W 104.429956° NMSPCE- N 608409.9 E 511606.2 (NAD-83)	SURFACE LOCATION Lat - N 32.672180° Long - W 104.427367° NMSPCE- N 608283.0 E 512398.5 (NAD-83)	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.
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N: 612011.4
E: 506341.6
(NAD 83)

N: 611982.2
E: 511698.0
(NAD 83)

N: 612037.4
E: 516' (NAC)

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 1A
Submitted by: PERCUSSION PETROLEUM LLC
Hearing Date: February 7, 2019
Case Nos. 20230

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.

JANUARY 4, 2019

Date Surveyed

Signature & Seal of Professional Surveyor

Certificate No. 7977

Scale: 1" = 2000'
WO Num.: 34258

DISTRICT IV
1226 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3480 Fax: (505) 476-3482

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1226 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name
Property Code	Property Name ROSE		Well Number 21H
OGRID No.	Operator Name PERCUSSION PETROLEUM OPERATING, LLC		Elevation 3386'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
LOT 3	7	19 S	26 E		1567	SOUTH	692	WEST	EDDY

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
M	12	19 S	25 E		1260	SOUTH	20	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	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

PROPOSED BOTTOM HOLE LOCATION
 Lat - N 32.671258°
 Long - W 104.446994°
 NMSPCE- N 607954.0
 E 506363.4
 (NAD-83)

LAST TAKE POINT
1260' FSL & 100' FWL
 Lat - N 32.671258°
 Long - W 104.446733°
 NMSPCE- N 607953.7
 E 506443.4
 (NAD-83)

FIRST TAKE POINT
1228' FSL & 100' FEL
 Lat - N 32.671222°
 Long - W 104.429953°
 NMSPCE- N 607934.9
 E 511607.3
 (NAD-83)

SURFACE LOCATION
 Lat - N 32.672124°
 Long - W 104.427380°
 NMSPCE- N 608262.8
 E 512398.7
 (NAD-83)

N: 612011.4
E: 506341.6
(NAD 83)

N: 611982.2
E: 511698.0
(NAD 83)

N: 612037.4
E: 516921.5
(NAD 83)

N: 609364.1
E: 506330.2
(NAD 83)

N: 606693.1
E: 506355.2
(NAD 83)

N: 606706.9
E: 511710.1
(NAD 83)

N: 606623.8
E: 516983.8
(NAD 83)

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.

Signature _____ Date _____

Printed Name _____

Email Address _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plot was plotted from 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.

JANUARY 4 2019

Date Surveyed _____

Signature & Title of Professional Surveyor _____

Garv Jones 7977

Certificate No. _____

BASIC SURVEY

0' 1000' 2000' 3000' 4000'

SCALE: 1" = 2000'

WO Num.: 34259

<div> <div> Tract 1 (20 acres) Fairchild Farms 431, 432, 433, & 434 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>Andrew W. Plancio</td> <td>0.25</td> <td>WI</td> </tr> <tr> <td>Mary Beth Plancio</td> <td>0.25</td> <td>WI</td> </tr> <tr> <td>Plancio Family LP LLC</td> <td>0.25</td> <td>WI</td> </tr> <tr> <td>Plancio Family LP LLC</td> <td>0.25</td> <td>WI</td> </tr> </table> <div> Legend: Surfact to base of Yolo Leahd WIO with JOA covering part of spacing unit Unleased MID with JOA covering part of spacing unit Unleased MID with no JOA Parties who have not responded to proposals (Notes: JOA's have been submitted for SFS Sec. 12) </div> </div>	Name	Interest	Type of Interest	Andrew W. Plancio	0.25	WI	Mary Beth Plancio	0.25	WI	Plancio Family LP LLC	0.25	WI	Plancio Family LP LLC	0.25	WI	<div> <div> Tract 2 (10 acres) Fairchild Farms 435 & 436 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>COS Operating LLC</td> <td>1</td> <td>WI</td> </tr> </table> </div>	Name	Interest	Type of Interest	COS Operating LLC	1	WI	<div> <div> Tract 3 (15 acres) Fairchild Farms 439, 440 & 441 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>COS Operating LLC</td> <td>0.5</td> <td>WI</td> </tr> <tr> <td>B & G Royalties</td> <td>0.5</td> <td>UMI</td> </tr> </table> </div>	Name	Interest	Type of Interest	COS Operating LLC	0.5	WI	B & G Royalties	0.5	UMI	<div> <div> Tract 4 (5 acres) Fairchild Farms 444 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>Peterson, Joseph</td> <td>0.11111111</td> <td>UMI</td> </tr> <tr> <td>Sutter Creek Ranch</td> <td>0.11111111</td> <td>UMI</td> </tr> <tr> <td>Rickie Lee Smith</td> <td>0.11111111</td> <td>UMI</td> </tr> <tr> <td>Johnnie Lynn Johnson</td> <td>0.11111111</td> <td>UMI</td> </tr> <tr> <td>Johnnie Lynn Johnson</td> <td>0.11111111</td> <td>UMI</td> </tr> <tr> <td>Second E. Property</td> <td>0.11111111</td> <td>UMI</td> </tr> <tr> <td>Doris Arlene Property</td> <td>0.11111111</td> <td>UMI</td> </tr> <tr> <td>Theresa Best Beggs</td> <td>0.11111111</td> <td>UMI</td> </tr> <tr> <td>Prophet Mountain Holdings</td> <td>0.03703704</td> <td>UMI</td> </tr> <tr> <td>Conner K. Roberts, L.A. Corp.</td> <td>0.03703704</td> <td>UMI</td> </tr> <tr> <td>Wray Logging</td> <td>0.03703704</td> <td>UMI</td> </tr> <tr> <td>Richard Cole Hospice</td> <td>0.03703704</td> <td>UMI</td> </tr> <tr> <td>Vernon Way Jones</td> <td>0.02777778</td> <td>UMI</td> </tr> <tr> <td>Leah Ellen Johnson</td> <td>0.02777778</td> <td>UMI</td> </tr> <tr> <td>Troy H. Earl Wingo</td> <td>0.02777778</td> <td>UMI</td> </tr> <tr> <td>Karla Leanne Lister</td> <td>0.00925926</td> <td>UMI</td> </tr> <tr> <td>Richard Michael Wingo</td> <td>0.00925926</td> <td>UMI</td> </tr> <tr> <td>Kyran Kristin Wingo</td> <td>0.00925926</td> <td>UMI</td> </tr> </table> </div>	Name	Interest	Type of Interest	Peterson, Joseph	0.11111111	UMI	Sutter Creek Ranch	0.11111111	UMI	Rickie Lee Smith	0.11111111	UMI	Johnnie Lynn Johnson	0.11111111	UMI	Johnnie Lynn Johnson	0.11111111	UMI	Second E. Property	0.11111111	UMI	Doris Arlene Property	0.11111111	UMI	Theresa Best Beggs	0.11111111	UMI	Prophet Mountain Holdings	0.03703704	UMI	Conner K. Roberts, L.A. Corp.	0.03703704	UMI	Wray Logging	0.03703704	UMI	Richard Cole Hospice	0.03703704	UMI	Vernon Way Jones	0.02777778	UMI	Leah Ellen Johnson	0.02777778	UMI	Troy H. Earl Wingo	0.02777778	UMI	Karla Leanne Lister	0.00925926	UMI	Richard Michael Wingo	0.00925926	UMI	Kyran Kristin Wingo	0.00925926	UMI	<div> <div> Tract 5 (5 acres) Fairchild Farms 447 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>COS Operating LLC</td> <td>1</td> <td>WI</td> </tr> </table> </div>	Name	Interest	Type of Interest	COS Operating LLC	1	WI	<div> <div> Tract 6 (145 acres) Fairchild Farms 437, 445, 446, 448, 449, 450, 462, 463, 464, 465 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>St. Devote</td> <td>0.516927</td> <td>WI</td> </tr> <tr> <td>COS Operating LLC</td> <td>0.326623</td> <td>WI</td> </tr> <tr> <td>Berlaine H. Bowen</td> <td>0.034398</td> <td>UMI - Participating</td> </tr> <tr> <td>Marshall & Winston, Inc.</td> <td>0.125</td> <td>UMI</td> </tr> <tr> <td>UMI, LLC</td> <td>0.007813</td> <td>UMI</td> </tr> </table> </div>	Name	Interest	Type of Interest	St. Devote	0.516927	WI	COS Operating LLC	0.326623	WI	Berlaine H. Bowen	0.034398	UMI - Participating	Marshall & Winston, Inc.	0.125	UMI	UMI, LLC	0.007813	UMI	<div> <div> Tract 7 (15 acres) Fairchild Farms 438, 452, & 453 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>St. Devote LLC</td> <td>0.5</td> <td>WI</td> </tr> <tr> <td>COS Operating LLC</td> <td>0.475</td> <td>WI</td> </tr> <tr> <td>Corbis Oil & Gas, LLC</td> <td>0.025</td> <td>WI</td> </tr> </table> <div>No election received from COS or Corbis</div> </div>	Name	Interest	Type of Interest	St. Devote LLC	0.5	WI	COS Operating LLC	0.475	WI	Corbis Oil & Gas, LLC	0.025	WI	<div> <div> Tract 8 (10 acres) Fairchild Farms 442 & 450 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>COS Operating LLC</td> <td>0.399621</td> <td>WI</td> </tr> <tr> <td>Jula Mariana Torres Martinez</td> <td>0.166667</td> <td>UMI</td> </tr> <tr> <td>Amanda Torrey</td> <td>0.181818</td> <td>UMI</td> </tr> <tr> <td>Torres Torres</td> <td>0.020833</td> <td>UMI</td> </tr> <tr> <td>Dyanna Lopez</td> <td>0.020833</td> <td>UMI</td> </tr> <tr> <td>Manuel L. Torres</td> <td>0.020833</td> <td>UMI - leased</td> </tr> <tr> <td>Linda Vigil</td> <td>0.041667</td> <td>UMI</td> </tr> <tr> <td>Uma M. Torres</td> <td>0.041667</td> <td>UMI</td> </tr> <tr> <td>Jose A. Torres</td> <td>0.015152</td> <td>UMI</td> </tr> <tr> <td>Patricia Torres</td> <td>0.015152</td> <td>UMI</td> </tr> <tr> <td>Patricia Torres</td> <td>0.015152</td> <td>UMI</td> </tr> <tr> <td>Heirs of George Martinez</td> <td>0.015152</td> <td>UMI</td> </tr> <tr> <td>Heirs of Manuel Martinez</td> <td>0.015152</td> <td>UMI - leased</td> </tr> <tr> <td>Heirs of Fred Martinez</td> <td>0.015152</td> <td>UMI</td> </tr> <tr> <td>Heirs of Viola Martinez Greening</td> <td>0.015152</td> <td>UMI</td> </tr> <tr> <td>Heirs of Rosa Martinez Ramirez</td> <td>0.015152</td> <td>UMI</td> </tr> </table> </div>	Name	Interest	Type of Interest	COS Operating LLC	0.399621	WI	Jula Mariana Torres Martinez	0.166667	UMI	Amanda Torrey	0.181818	UMI	Torres Torres	0.020833	UMI	Dyanna Lopez	0.020833	UMI	Manuel L. 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Torres	0.015152	UMI	Patricia Torres	0.015152	UMI	Patricia Torres	0.015152	UMI	Heirs of George Martinez	0.015152	UMI	Heirs of Manuel Martinez	0.015152	UMI - leased	Heirs of Fred Martinez	0.015152	UMI	Heirs of Viola Martinez Greening	0.015152	UMI	Heirs of Rosa Martinez Ramirez	0.015152	UMI	<div> <div> Tract 9 (5 acres) Fairchild Farms 443 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>St. Devote</td> <td>1</td> <td>WI</td> </tr> </table> <div>Heirs of Myrtle Clark per Chuck</div> </div>	Name	Interest	Type of Interest	St. Devote	1	WI	<div> <div> Tract 10 (45 acres) Fairchild Farms 451, 454, 461, 467, 482, 485, 486, 487, & 490 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>St. Devote</td> <td>0.229167</td> <td>WI</td> </tr> <tr> <td>COS Operating LLC</td> <td>0.758333</td> <td>WI & UMI</td> </tr> <tr> <td>CHANDLER GRILL LLC</td> <td>0.0125</td> <td>UMI</td> </tr> </table> <div>No election received from COS or Corbis</div> </div>	Name	Interest	Type of Interest	St. Devote	0.229167	WI	COS Operating LLC	0.758333	WI & UMI	CHANDLER GRILL LLC	0.0125	UMI	<div> <div> Tract 11 (5 acres) Fairchild Farms 455, 456, 457, & 458 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>COS Operating LLC</td> <td>1</td> <td>WI</td> </tr> </table> <div>Being Assigned to EOG</div> <div>No election received</div> </div>	Name	Interest	Type of Interest	COS Operating LLC	1	WI	<div> <div> Tract 12 (5 acres) Fairchild Farms 488 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>St. Devote</td> <td>1</td> <td>WI</td> </tr> </table> </div>	Name	Interest	Type of Interest	St. Devote	1	WI	<div> <div> Tract 13 (5 acres) Fairchild Farms 491 </div> <table> <tr> <th>Name</th> <th>Interest</th> <th>Type of Interest</th> </tr> <tr> <td>COS Operating LLC</td> <td>1</td> <td>WI</td> </tr> </table> <div>COS has not sent in election</div> </div>	Name	Interest	Type of Interest	COS Operating LLC	1	WI
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Prophet Mountain Holdings	0.03703704	UMI																																																																																																																																																																																																																												
Conner K. Roberts, L.A. Corp.	0.03703704	UMI																																																																																																																																																																																																																												
Wray Logging	0.03703704	UMI																																																																																																																																																																																																																												
Richard Cole Hospice	0.03703704	UMI																																																																																																																																																																																																																												
Vernon Way Jones	0.02777778	UMI																																																																																																																																																																																																																												
Leah Ellen Johnson	0.02777778	UMI																																																																																																																																																																																																																												
Troy H. Earl Wingo	0.02777778	UMI																																																																																																																																																																																																																												
Karla Leanne Lister	0.00925926	UMI																																																																																																																																																																																																																												
Richard Michael Wingo	0.00925926	UMI																																																																																																																																																																																																																												
Kyran Kristin Wingo	0.00925926	UMI																																																																																																																																																																																																																												
Name	Interest	Type of Interest																																																																																																																																																																																																																												
COS Operating LLC	1	WI																																																																																																																																																																																																																												
Name	Interest	Type of Interest																																																																																																																																																																																																																												
St. Devote	0.516927	WI																																																																																																																																																																																																																												
COS Operating LLC	0.326623	WI																																																																																																																																																																																																																												
Berlaine H. Bowen	0.034398	UMI - Participating																																																																																																																																																																																																																												
Marshall & Winston, Inc.	0.125	UMI																																																																																																																																																																																																																												
UMI, LLC	0.007813	UMI																																																																																																																																																																																																																												
Name	Interest	Type of Interest																																																																																																																																																																																																																												
St. Devote LLC	0.5	WI																																																																																																																																																																																																																												
COS Operating LLC	0.475	WI																																																																																																																																																																																																																												
Corbis Oil & Gas, LLC	0.025	WI																																																																																																																																																																																																																												
Name	Interest	Type of Interest																																																																																																																																																																																																																												
COS Operating LLC	0.399621	WI																																																																																																																																																																																																																												
Jula Mariana Torres Martinez	0.166667	UMI																																																																																																																																																																																																																												
Amanda Torrey	0.181818	UMI																																																																																																																																																																																																																												
Torres Torres	0.020833	UMI																																																																																																																																																																																																																												
Dyanna Lopez	0.020833	UMI																																																																																																																																																																																																																												
Manuel L. Torres	0.020833	UMI - leased																																																																																																																																																																																																																												
Linda Vigil	0.041667	UMI																																																																																																																																																																																																																												
Uma M. Torres	0.041667	UMI																																																																																																																																																																																																																												
Jose A. Torres	0.015152	UMI																																																																																																																																																																																																																												
Patricia Torres	0.015152	UMI																																																																																																																																																																																																																												
Patricia Torres	0.015152	UMI																																																																																																																																																																																																																												
Heirs of George Martinez	0.015152	UMI																																																																																																																																																																																																																												
Heirs of Manuel Martinez	0.015152	UMI - leased																																																																																																																																																																																																																												
Heirs of Fred Martinez	0.015152	UMI																																																																																																																																																																																																																												
Heirs of Viola Martinez Greening	0.015152	UMI																																																																																																																																																																																																																												
Heirs of Rosa Martinez Ramirez	0.015152	UMI																																																																																																																																																																																																																												
Name	Interest	Type of Interest																																																																																																																																																																																																																												
St. Devote	1	WI																																																																																																																																																																																																																												
Name	Interest	Type of Interest																																																																																																																																																																																																																												
St. Devote	0.229167	WI																																																																																																																																																																																																																												
COS Operating LLC	0.758333	WI & UMI																																																																																																																																																																																																																												
CHANDLER GRILL LLC	0.0125	UMI																																																																																																																																																																																																																												
Name	Interest	Type of Interest																																																																																																																																																																																																																												
COS Operating LLC	1	WI																																																																																																																																																																																																																												
Name	Interest	Type of Interest																																																																																																																																																																																																																												
St. Devote	1	WI																																																																																																																																																																																																																												
Name	Interest	Type of Interest																																																																																																																																																																																																																												
COS Operating LLC	1	WI																																																																																																																																																																																																																												

NPRI

<u>NAME</u>	<u>TRACT</u>	<u>NRRI %</u>
Twin Oaks Petroleum, LLC	6	0.039063%
Octotillo Production, LLC	6	0.010986%
Jack Scott McDonald	6	0.019531%
Cydney McDonald Medford	6	0.019531%
Jan Alice Herrstrom	6	0.019513%
George Scott Cranford	6	0.019513%
Eddie M. Mahfood & Valerie Ann Mahfood		
JTWROS	6	0.007324%
William J. McCaw	6	0.005494%
Mary G. Riddle	6	0.005494%
Yates Brothers	6	0.058594%
Ray Hall Beck	6	0.014648%
BW Harper & wife, Ruth Harper	6	0.014648%

NPRI interest specific to Unit Tract 6:

**145 acres of land, more or less, being Fairchild Farm
Tracts 437, 445, 446, 448, 449, 459, 460, 462, 463,
464, 465, 466, 468, 469, 470, 471, 472, 473, 474, 475,
476, 477, 478, 479, 480, 481, 483, 484, & 489, located
in S/2 of Section 12, T-19-S, R-25-E, Eddy Co., NM.**

November 21, 2018

Sent Certified Mail, Return Receipt Requested

RE: Well Proposal & Letter Agreement
Rose South 20H and Rose South 21H wells
Section 12, T19S, R25E
Eddy County, New Mexico

Gentlemen/Ladies:

Percussion Petroleum Operating LLC ("Percussion"), as successor in interest to Nearburg Producing Company, Percussion hereby proposes to drill and complete the Rose South 20H and Rose South 21H wells as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking of the wells and/or pads).

Rose South 20H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 650' FWL & 1500' FSL, Section 7, T19S-R26E
- Proposed Bottom Hole Location – 20' FWL & 1720' FSL, Section 12, T19S-R25E
- TVD: 3245'

Rose South 21H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 650' FWL & 1480' FSL, Section 7, T19S-R26E
- Proposed Bottom Hole Location – 20' FWL & 1270' FSL, Section 12, T19S-R25E
- TVD: 2925'

Percussion proposes to form a Working Interest Unit (WIU) covering the S/2 of Section 12, T-19-S, R-25-E, Eddy County, New Mexico, containing 320.00 acres of land, covering the referenced lands from the top of the Yeso formation to the base of the Yeso formation. Please find enclosed total well cost estimates indicating estimated drilling and completion costs of \$3,959,000.00 respectively for the Rose South 20H and Rose South 21H. Also included herein is a form AAPL Form 610-1982 Operating Agreement ("JOA") naming Percussion as Operator and under which terms all operations proposed hereunder and all subsequent operations would be controlled and conducted. In the event you elect to participate in drilling these Wells, an original JOA will be forwarded under separate cover in which the working interest included in an Exhibit "A" will be completed pending transactional decisions of the potential working interest parties. Your estimated Interest in the WIU is 34.557328%

In the alternative and in the event, you do not wish to participate in drilling the Well, Percussion would request you consider a Term Assignment of your leasehold and mineral interest for \$1000/NMA, retaining an ORRI being the difference between existing burdens and a 25% ORRI, for a period of three years located in the S/2 of Section 12, T19S, R25E, Eddy County, New Mexico, and as long thereafter as production is obtained in paying quantities.

Within thirty (30) days of the date of this letter, please indicate below your election as to whether you elect to participate in the drilling of the Well or to divest your interest to Percussion by signing and returning one copy of this letter and, in the event you elect to participate in drilling the Well, the attached cost estimate. Thank you for your consideration and please call if you have any questions.

Your Very Truly.

Percussion Petroleum Operating, LLC

Mike Roach, CPL
Sr. Contract Landman
Representing Percussion Petroleum Operating, LLC

Rose South 20H and Rose South 21H Well Elections

_____1) Elect to participate in the drilling and completing of the Rose South 20H and Rose South 21H wells based upon the calculation of its working interest as stated above in the formation of the WIU, and agrees to the terms and conditions of this letter agreement and NOA as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the WIU.

_____2) The undersigned elects not to participate in the drilling and casing of the proposed Rose South 20H and Rose South 21H wells.

_____3) Elect to execute a Term Assignment for a period of three (3) years, based upon a price of \$1000.00 per net mineral acre, retaining an ORRI being the difference between existing burdens and a 25% ORRI (upon approval of marketable & defensible title).

Agreed to and Accepted this ____ day of _____, 2018, by:

Company/Individual: COG Operating, LLC & Concho Oil and Gas, LLC

By: _____

Name: _____

Title: _____



November 21, 2018

Sent Certified Mail, Return Receipt Requested

RE: Well Proposal & Letter Agreement
Rose South 20H and Rose South 21H wells
Section 12, T19S, R25E
Eddy County, New Mexico

Gentlemen/Ladies:

Percussion Petroleum Operating LLC ("Percussion"), as successor in interest to Nearburg Producing Company, Percussion hereby proposes to drill and complete the Rose South 20H and Rose South 21H wells as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking of the wells and/or pads).

Rose South 20H well - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location - 650' FWL & 1500' FSL, Section 7, T19S-R26E
- Proposed Bottom Hole Location - 20' FWL & 1720' FSL, Section 12, T19S-R25E
- TVD: 3245'

Rose South 21H well - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location - 650' FWL & 1480' FSL, Section 7, T19S-R26E
- Proposed Bottom Hole Location - 20' FWL & 1270' FSL, Section 12, T19S-R25E
- TVD: 2925'

Percussion proposes to form a Working Interest Unit (WIU) covering the S/2 of Section 12, T-19-S, R-25-E, Eddy County, New Mexico, containing 320.00 acres of land, covering the referenced lands from the top of the Yeso formation to the base of the Yeso formation. Please find enclosed total well cost estimates indicating estimated drilling and completion costs of \$3,959,000.00 respectively for the Rose South 20H and Rose South 21H. Also included herein is a form AAPL Form 610-1982 Operating Agreement ("JOA") naming Percussion as Operator and under which terms all operations proposed hereunder and all subsequent operations would be controlled and conducted. In the event you elect to participate in drilling these Wells, an original JOA will be forwarded under separate cover in which the working interest included in an Exhibit "A" will be completed pending transactional decisions of the potential working interest parties. Your estimated Interest in the WIU is .56640625%

In the alternative and in the event, you do not wish to participate in drilling the Well, Percussion offers to lease a party's mineral rights. Percussion will pay \$1,000/acre per net mineral acre, with a 3/16th royalty, for a three (3) year primary term lease for your 1.250000% mineral interest (subject to a proportionate share of an NPRI equal to 1/4th of Royalty) located in a 145.00- acre tract, located in the S/2 of Section 12, T19S, R25E, Eddy County, New Mexico, and as long thereafter as production is obtained in paying quantities. If you elect as to this option, an Oil and Gas Lease will be forwarded for your execution upon receipt of your election.

Within thirty (30) days of the date of this letter, please indicate below your election as to whether you elect to participate in the drilling of the Well or to divest your interest to Percussion by signing and returning one copy of this letter and, in the event you elect to participate in drilling the Well, the attached cost estimate. Thank you for your consideration and please call if you have any questions.

Your Very Truly.

Percussion Petroleum Operating, LLC

Mike Roach, CPL
Sr. Contract Landman
Representing Percussion Petroleum Operating, LLC

Rose South 20H and Rose South 21H Well Elections

_____1) Elect to participate in the drilling and completing of the Rose South 20H and Rose South 21H wells based upon the calculation of its working interest as stated above in the formation of the WIU, and agrees to the terms and conditions of this letter agreement and NOA as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the WIU.

_____2) The undersigned elects not to participate in the drilling and casing of the proposed Rose South 20H and Rose South 21H wells.

_____3) Elect to execute an Oil and Gas Lease ("OGL"), based upon a price of \$1000.00 per net mineral acre, 3/16th royalty, and three (3) year primary term, and as long thereafter as production is obtained in paying quantities (upon approval of marketable & defensible title).

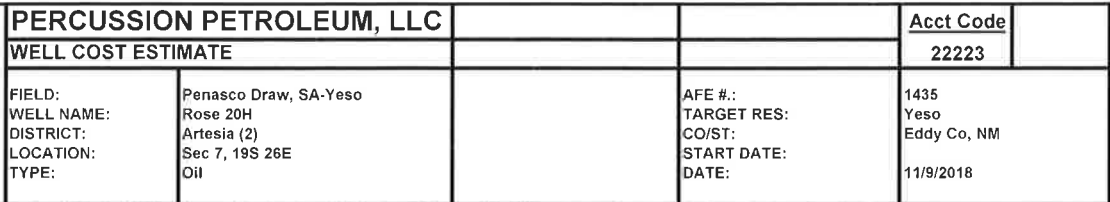
Agreed to and Accepted this ____ day of _____, 2018, by:

Company/Individual: David Hugh Kincaid

By: _____

Name: _____

Title: _____



	DRILLING		COMPLETION		FACILITY			TOTAL
	ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT		
2250.05		\$25,000						\$25,000
2250.10		\$10,000						\$10,000
2250.15								\$0
2250.20			2300.20					\$0
2250.25		\$5,000						\$5,000
2250.30		\$65,000	2300.30	\$2,500				\$67,500
2250.35		\$70,000						\$70,000
2250.40		\$160,000						\$160,000
2250.45								\$0
2250.50								\$0
2250.65		\$40,000	2300.65	\$250,000				\$290,000
2250.66		\$10,000	2300.66	\$200,000				\$210,000
2250.67		\$5,000	2300.67	\$150,000				\$155,000
2250.70			2300.70					\$0
2250.75		\$25,000	2300.75	\$10,000				\$35,000
2250.80		\$40,000	2300.80	\$25,000				\$65,000
2250.85		\$45,000	2300.85	\$17,500				\$62,500
2250.90		\$50,000	2300.90	\$15,000				\$65,000
2250.95		\$100,000	2300.95	\$100,000				\$200,000
2250.100		\$30,000						\$30,000
2250.105		\$25,000	2300.105					\$25,000
2250.110		\$85,000	2300.110	\$50,000				\$135,000
2250.115		\$100,000						\$100,000
2250.120			2300.120					\$0
2250.125		\$25,000	2300.125	\$20,000				\$45,000
2250.130		\$12,000						\$12,000
2250.135		\$5,000						\$5,000
2250.145								\$0
2250.150		\$5,000	2300.150					\$5,000
2250.165		\$40,000	2300.165	\$20,000				\$60,000
2250.170								\$0
2250.200			2300.200		2500.200			\$0
2250.500								\$0
2250.700								\$0
2250.810			2300.810		2500.810			\$0
2250.820			2300.820		2500.820			\$0
			2300.55	\$100,000				\$100,000
			2300.60	\$10,000				\$10,000
			2300.140	\$135,000				\$135,000
			2300.155	\$1,250,000				\$1,250,000
			2300.160	\$15,000				\$15,000
			2300.500					\$0
			2300.700					\$0

LAND SERVICES
LEGAL FEES
INSURANCE & BONDS
OVERHEAD
PERMITS & SURVEYING
LOC. ROW. SURF. COND RIG & ROAD
DRILL RIG MOB/DEMOB
RIG COST - DRILLING (DAYWORK)
RIG COST - DRILLING (FOOTAGE)
RIG COST - DRILLING (TURNKEY)
RIG FUEL.ELEC.WATER&FRAC WATR
WATER SOURCING
WATER HANLING
TELEPHONE & FAX
TRANSPO / TRUCKING / HOTSHOT
CONTRACT SUPERV. ENGRG & DESIGN
WELDING & OTH CONTR SRVC/LABOR
RENTAL EQUIPMENT - DOWNHOLE
RENTAL EQUIPMENT - SURFACE
BITS
CASING CREW & EQUIPMENT
CEMENTING SERVICES & PUMP DOWNS
DIRECTIONAL DRILLING & SURVEYS
FISHING TOOLS & SERVICE
DRILLING & COMPLETION FLUIDS
MUD LOGGING
LOGGING - OPENHOLE, FT, SWC
DRIL STEM TST.CORING&CORE ONLY
TUBULAR TESTING AND INSPECTION
CUTTINGS AND FLUIDS DISPOSAL
ABANDONMENT
CONTINGENCY AND MISC COSTS
ACCRUED IDC DRILLING
NON-OP IDC DRILLING
TRANSFER TO DRY/ABANDONMENT
TRANSFER TO PRODUCING PROPERTY
RIG COST - COMPLETION / WO
RIG COST - COIL TUB/SNUBB/NITRO
PERF. PLUG.WL SERV.PCE.C-H LOG
FRAC AND STIMULATION SERVICES
PROD WELL TESTING & SWABBING
ACCRUED IDC COMPLETION
NON-OP IDC COMPLETION

DRIVE PIPE, CONDUCTOR CASING		2350.05							\$0
SURFACE CASING		2350.10		\$35,000					\$35,000
INTERMEDIATE CASING		2350.15		\$180,000					\$180,000
CASING LINER & HARDWARE		2350.25		\$20,000	2400.25				\$20,000
HANGER, DOWN HOLE CSG ACCESS.		2350.30			2400.30				\$0
WELLHEAD EQUIPMENT		2350.40		\$15,000					\$15,000
ACCRUED TANGIBLE DRILLING		2350.500							\$0
NON-OP TANGIBLE DRILLING		2350.700							\$0
TRANSFER TO DRY/ABANDONMENT		2350.810			2400.810		2500.810		\$0
TRANSFER TO PRODUCING PROPERTY		2350.820			2400.820		2500.820		\$0
PRODUCTION CASING					2400.20				\$0
PRODUCTION TUBING					2400.35	\$15,000			\$15,000

TUBINGHEAD & TREE				2400.45	\$12,000				\$12,000
PACKERS & SUBSURFACE EQUIPMENT				2400.50	\$5,000				\$5,000
RODS. PUMPS. ANCHORS				2400.55					\$0
ACCRUED TANGIBLE COMPLETION				2400.500					\$0
NON-OP TANGIBLE COMPLETION				2400.700					\$0
SURFACE EQUIP -ARTIFICIAL LIFT						2500.60	\$40,000		\$40,000
SURF EQUIP - PUMP UNIT & MOTOR						2500.65			\$0
VALVES. FITTINGS & MISC EQUIP						2500.70	\$45,000		\$45,000
SEPARATOR. HEATER TREATER.DEHY						2500.75	\$50,000		\$50,000
GUN BARREL. TANK &RELATE EQUIP						2500.80			\$0
COMPRESSORS & RELATED EQUIP						2500.85			\$0
METERS & LACT EQUIPMENT						2500.90	\$20,000		\$20,000
SWD PUMP & EQUIPMENT						2500.95			\$0
FLOWLINE.L-PIPE.P/L MAT'L& T-I						2500.100	\$50,000		\$50,000
PROD FAC-FAB&INSTAL W/LAB&SUPR						2500.105	\$50,000		\$50,000
POWER &ELECTRICAL INSTALLATION						2500.106	\$75,000		\$75,000
CONTINGENCY AND MISC COSTS						2500.200			\$0
ACCRUED FACILITY						2500.500			\$0
NON-OP FACILITIES						2500.700			\$0
TOTAL TANGIBLE COSTS.....				\$250,000	\$32,000		\$330,000		\$612,000
TOTAL WELL COSTS.....				\$1,227,000	\$2,402,000		\$330,000		\$3,959,000


Prepared By: Lelan J. Anders

Date:

Approved By: John H. Campbell III

Date:

This AFE is only an estimate. By returning one signed copy, you agree to pay your share of the actual costs incurred.

	PERCUSSION PETROLEUM, LLC				Acct Code		
	WELL COST ESTIMATE				22223		
	FIELD: WELL NAME: DISTRICT: LOCATION: TYPE:	Penasco Draw, SA-Yeso Rose 21H Artesia (2) Sec 7, 19S 26E Oil		AFE #: TARGET RES: CO/ST: START DATE: DATE:		1435 Yeso Eddy Co, NM 11/9/2018	
INTANGIBLE COSTS	Project Details: Drill and complete horizontal Yeso well. Frac with Slickwater and proppant. Construct production battery and SWD pumps. Install electricity to location and run ESP for primary artificial lift.						
	DRILLING		COMPLETION		FACILITY		TOTAL
	ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	WELL
LAND SERVICES	2250.05	\$25,000					\$25,000
LEGAL FEES	2250.10	\$10,000					\$10,000
INSURANCE & BONDS	2250.15						\$0
OVERHEAD	2250.20		2300.20				\$0
PERMITS & SURVEYING	2250.25	\$5,000					\$5,000
LOC. ROW. SURF. COND RIG & ROAD	2250.30	\$65,000	2300.30	\$2,500			\$67,500
DRILL RIG MOB/DEMOB	2250.35	\$70,000					\$70,000
RIG COST - DRILLING (DAYWORK)	2250.40	\$160,000					\$160,000
RIG COST - DRILLING (FOOTAGE)	2250.45						\$0
RIG COST - DRILLING (TURNKEY)	2250.50						\$0
RIG FUEL.ELEC.WATER&FRAC WATR	2250.65	\$40,000	2300.65	\$250,000			\$290,000
WATER SOURCING	2250.66	\$10,000	2300.66	\$200,000			\$210,000
WATER HANLING	2250.67	\$5,000	2300.67	\$150,000			\$155,000
TELEPHONE & FAX	2250.70		2300.70				\$0
TRANSPO / TRUCKING / HOTSHOT	2250.75	\$25,000	2300.75	\$10,000			\$35,000
CONTRACT SUPERV. ENGRG & DESIGN	2250.80	\$40,000	2300.80	\$25,000			\$65,000
WELDING & OTH CONTR SRVC/LABOR	2250.85	\$45,000	2300.85	\$17,500			\$62,500
RENTAL EQUIPMENT - DOWNHOLE	2250.90	\$50,000	2300.90	\$15,000			\$65,000
RENTAL EQUIPMENT - SURFACE	2250.95	\$100,000	2300.95	\$100,000			\$200,000
BITS	2250.100	\$30,000					\$30,000
CASING CREW & EQUIPMENT	2250.105	\$25,000	2300.105				\$25,000
CEMENTING SERVICES & PUMP DOWNS	2250.110	\$85,000	2300.110	\$50,000			\$135,000
DIRECTIONAL DRILLING & SURVEYS	2250.115	\$100,000					\$100,000
FISHING TOOLS & SERVICE	2250.120		2300.120				\$0
DRILLING & COMPLETION FLUIDS	2250.125	\$25,000	2300.125	\$20,000			\$45,000
MUD LOGGING	2250.130	\$12,000					\$12,000
LOGGING - OPENHOLE, FT, SWC	2250.135	\$5,000					\$5,000
DRIL STEM TST.CORING&CORE ONLY	2250.145						\$0
TUBULAR TESTING AND INSPECTION	2250.150	\$5,000	2300.150				\$5,000
CUTTINGS AND FLUIDS DISPOSAL	2250.165	\$40,000	2300.165	\$20,000			\$60,000
ABANDONMENT	2250.170						\$0
CONTINGENCY AND MISC COSTS	2250.200		2300.200		2500.200		\$0
ACCRUED IDC DRILLING	2250.500						\$0
NON-OP IDC DRILLING	2250.700						\$0
TRANSFER TO DRY/ABANDONMENT	2250.810		2300.810		2500.810		\$0
TRANSFER TO PRODUCING PROPERTY	2250.820		2300.820		2500.820		\$0
RIG COST - COMPLETION / WO			2300.55	\$100,000			\$100,000
RIG COST -COIL TUB/SNUBB/NITRO			2300.60	\$10,000			\$10,000
PERF. PLUG.WL SERV.PCE.C-H LOG			2300.140	\$135,000			\$135,000
FRAC AND STIMULATION SERVICES			2300.155	\$1,250,000			\$1,250,000
PROD WELL TESTING & SWABBING			2300.160	\$15,000			\$15,000
ACCRUED IDC COMPLETION			2300.500				\$0
NON-OP IDC COMPLETION			2300.700				\$0
TOTAL INTANGIBLE COSTS.....		\$977,000		\$2,370,000		\$0	\$3,347,000
TANGIBLE COSTS	DRILLING		COMPLETION		FACILITY		TOTAL
							WELL
DRIVE PIPE, CONDUCTOR CASING	2350.05						\$0
SURFACE CASING	2350.10	\$35,000					\$35,000
INTERMEDIATE CASING	2350.15	\$180,000					\$180,000
CASING LINER & HARDWARE	2350.25	\$20,000	2400.25				\$20,000
HANGER, DOWN HOLE CSG ACCESS,	2350.30		2400.30				\$0
WELLHEAD EQUIPMENT	2350.40	\$15,000					\$15,000
ACCRUED TANGIBLE DRILLING	2350.500						\$0
NON-OP TANGIBLE DRILLING	2350.700						\$0
TRANSFER TO DRY/ABANDONMENT	2350.810		2400.810		2500.810		\$0
TRANSFER TO PRODUCING PROPERTY	2350.820		2400.820		2500.820		\$0
PRODUCTION CASING			2400.20				\$0
PRODUCTION TUBING			2400.35	\$15,000			\$15,000

TUBINGHEAD & TREE				2400.45	\$12,000				\$12,000
PACKERS & SUBSURFACE EQUIPMENT				2400.50	\$5,000				\$5,000
RODS, PUMPS, ANCHORS				2400.55					\$0
ACCRUED TANGIBLE COMPLETION				2400.500					\$0
NON-OP TANGIBLE COMPLETION				2400.700					\$0
SURFACE EQUIP -ARTIFICIAL LIFT						2500.60	\$40,000		\$40,000
SURF EQUIP - PUMP UNIT & MOTOR						2500.65			\$0
VALVES, FITTINGS & MISC EQUIP						2500.70	\$45,000		\$45,000
SEPARATOR, HEATER TREATER, DEHY						2500.75	\$50,000		\$50,000
GUN BARREL, TANK & RELATE EQUIP						2500.80			\$0
COMPRESSORS & RELATED EQUIP						2500.85			\$0
METERS & LACT EQUIPMENT						2500.90	\$20,000		\$20,000
SWD PUMP & EQUIPMENT						2500.95			\$0
FLOWLINE L-PIPE, P/L MAT'L & T-I						2500.100	\$50,000		\$50,000
PROD FAC-FAB&INSTAL W/LAB&SUPR						2500.105	\$50,000		\$50,000
POWER & ELECTRICAL INSTALLATION						2500.106	\$75,000		\$75,000
CONTINGENCY AND MISC COSTS						2500.200			\$0
ACCRUED FACILITY						2500.500			\$0
NON-OP FACILITIES						2500.700			\$0
TOTAL TANGIBLE COSTS.....				\$250,000	\$32,000		\$330,000		\$612,000
TOTAL WELL COSTS.....				\$1,227,000	\$2,402,000		\$330,000		\$3,959,000

Prepared By: Lelan J. Anders

Date:

Approved By: John H. Campbell III

Date:

This AFE is only an estimate. By returning one signed copy, you agree to pay your share of the actual costs incurred.

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

APPLICATION OF PERCUSSION
PETROLEUM OPERATING, LLC FOR
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

CASE NO. 20230

AFFIDAVIT OF C.J. LIPINSKI

CJ Lipinski, of lawful age and being first duly sworn, declares as follows:

1. My name is CJ Lipinski. I work for Percussion Petroleum Operating, LLC.
2. I have previously testified before the New Mexico Oil Conservation Division 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 Percussion in this case and I have conducted a geologic study of the Glorieta and Yeso formations underlying the subject acreage.
4. Percussion is targeting the Yeso formation with its proposed **Rose South 20H and 21H Wells**.
5. **Percussion Exhibit 2A** is a location map that I prepared for the subject spacing unit. This map shows the proposed spacing unit in Section 12 in red and the two proposed wells in orange. Offset Glorieta/Yeso producers are shown in green.
6. **Percussion Exhibit 2B** is a structure map that I prepared for the top of the Glorieta. The contour interval is 100 feet. The structure map shows that the area is gently dipping to the southeast. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval with a horizontal well.

7. **Percussion Exhibit 2C** is a cross section location map showing the six wells penetrating the Yeso 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.

8. **Percussion Exhibit 2D** is a cross section using the representative wells depicted on Exhibit 2C. Each well in the cross-section contains gamma ray, resistivity, photoelectric absorption and or porosity logs. The proposed correlative target interval for the 21H well is shown in orange at approximately 2925 feet. The proposed correlative target interval for the 20H well is shown in red at approximately 3245 feet. The cross-section demonstrates that the targeted interval extends across the proposed spacing unit.

9. In my opinion the east to west orientation of the proposed well in the Yeso formation is appropriate in order to effectively drain the targeted reservoir.

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

11. In my opinion, the granting of Percussion'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.


CJ Lipinski

STATE OF TEXAS)
COUNTY OF Harris)

SUBSCRIBED and SWORN to before me this 6 day of February 2019 by
CJ Lipinski.


NOTARY PUBLIC

My Commission Expires:

7/31/19

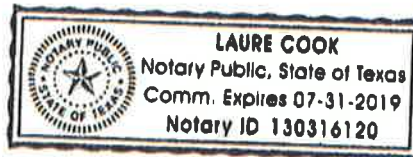


Exhibit 2A Location Map

Rose 20H, 21H and Offset Horizontal Producers

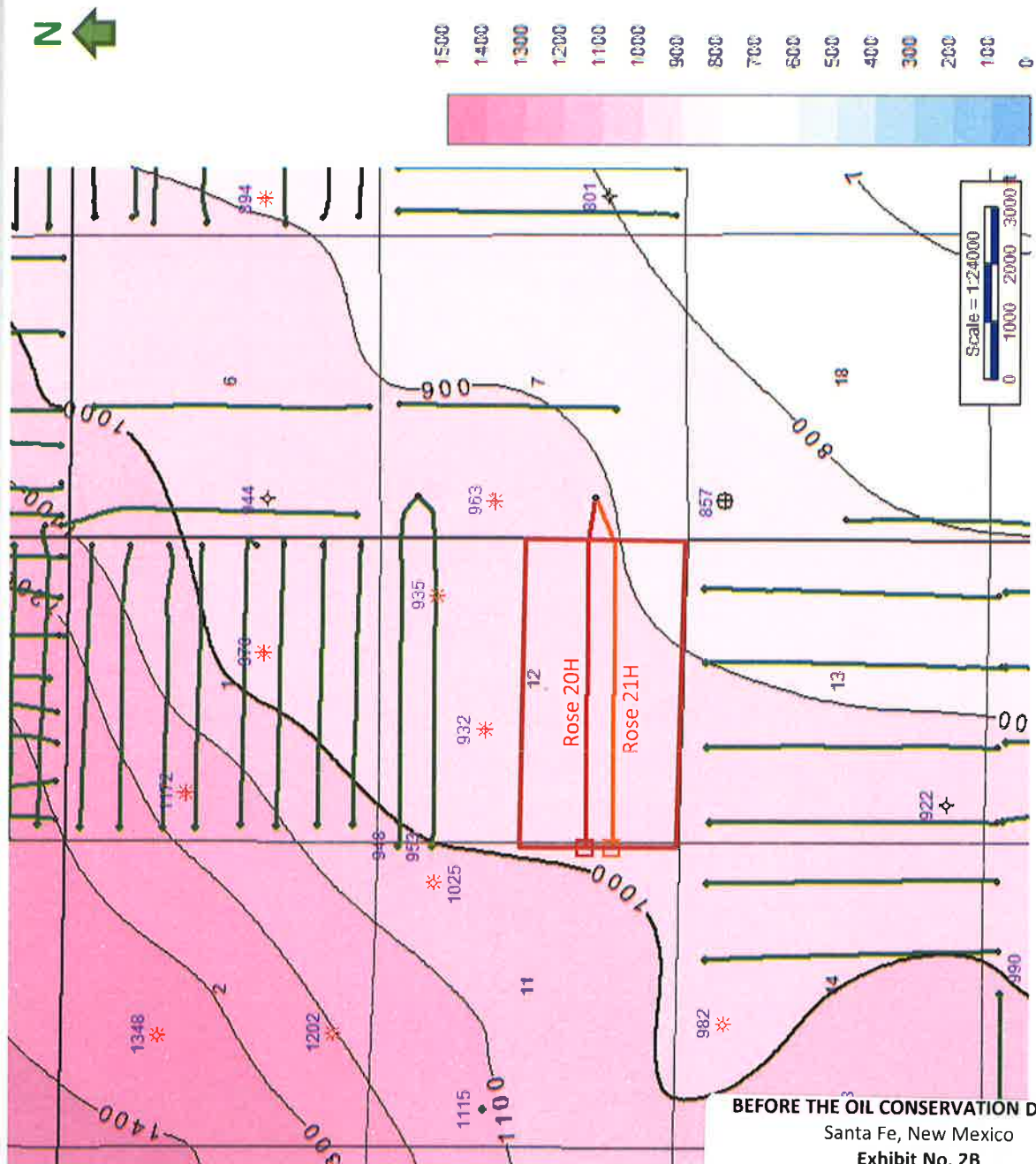


BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
Exhibit No. 2A
 Submitted by: **PERCUSSION PETROLEUM LLC**
 Hearing Date: February 7, 2019
 Case Nos. 20230

T19S-R25E and R26E

Exhibit 2B Structure Map

Glorieta Structure Map (Subsea Depth)



T19S-R25E and R26E

Exhibit 2C Cross Section Location Map

Cross Section Map with Glorieta/Yeso Producing Wells

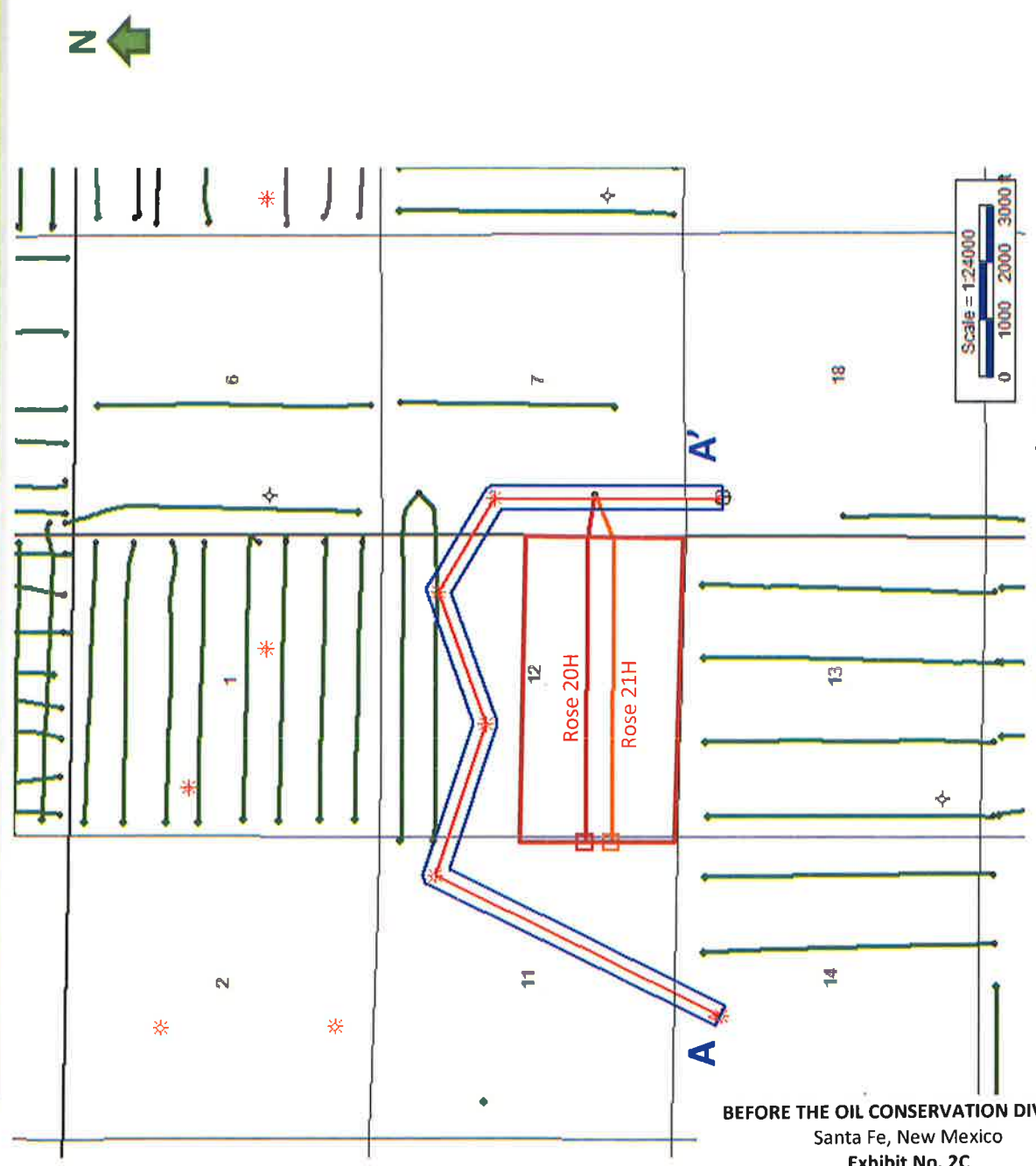
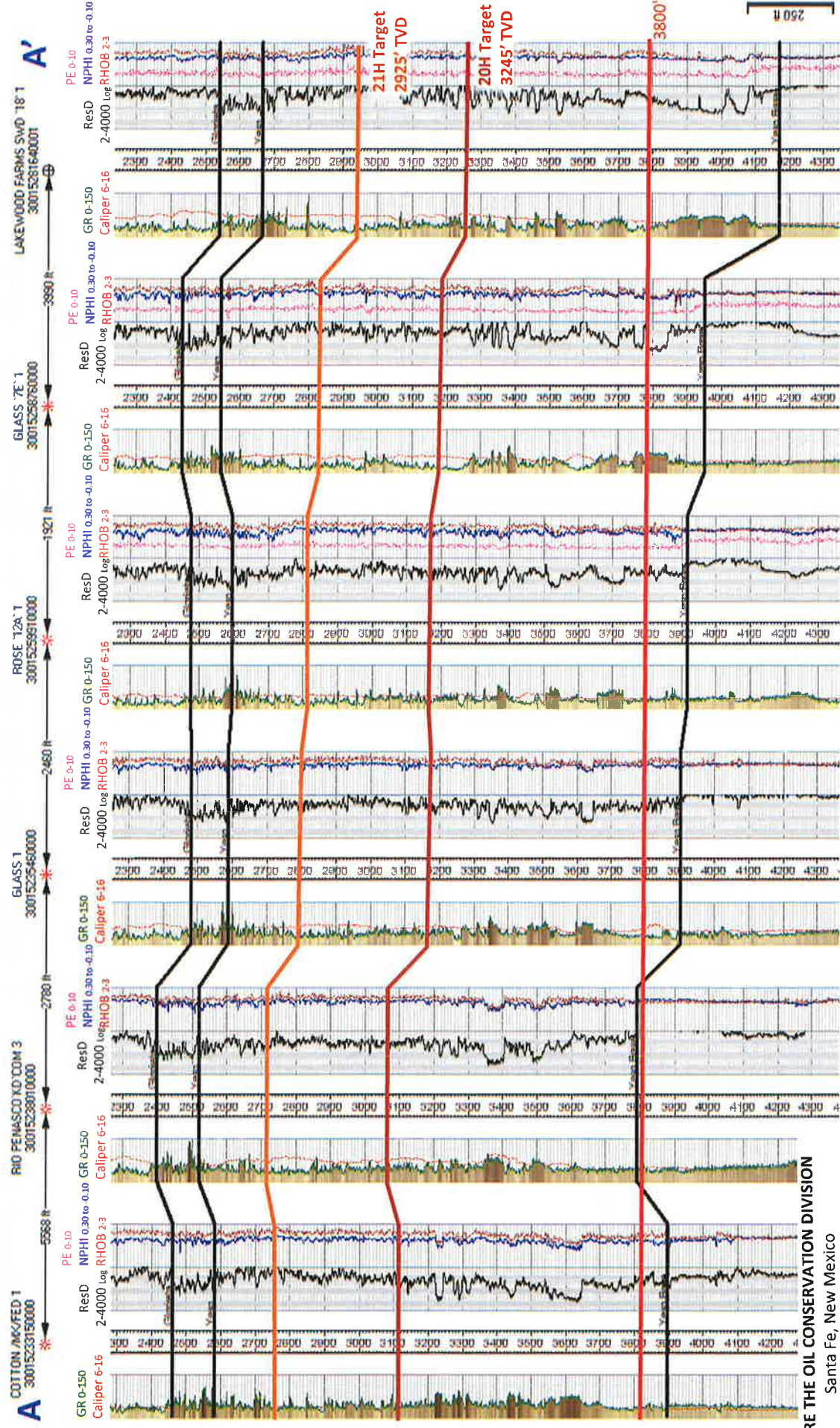


Exhibit 2D Logs for Cross Section

Structural Cross Section A – A'



Case Nos. 20230

**Jordan L. Kessler****Associate****Phone** (505) 988-4421**Fax** (505) 983-6043

jlkessler@hollandhart.com

January 18, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS**

**Re: Application of Percussion Petroleum Operating, LLC for compulsory pooling,
 Eddy County, New Mexico.
 Rose South 20H Well
 Rose South 21H Well**

Ladies & Gentlemen:

This letter is to advise you that Percussion Petroleum Operating, 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 February 7, 2019. 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 Josh Grisham at (713) 589-2337 or josh@percussionpetroleum.com.

Sincerely,

Jordan L. Kessler

**ATTORNEY FOR PERCUSSION PETROLEUM
OPERATING, LLC**



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Percussion - Rose south
CM# 100391.0001
Notice List for 20190207 Docket

Shipment Date: 01/15/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	12
Total	12

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0012 2008 00



Firm Mailing Book For Accountable Mail

Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.										
USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
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3. 9214 8901 9403 8377 4151 88	Jack Scott McDonald 1110 College Avenue Snyder TX 79549	0.49	3.45								1.50			
4. 9214 8901 9403 8377 4151 95	Cydney McDonald Medford 424 Brady Lane Austin TX 78746	0.49	3.45								1.50			
5. 9214 8901 9403 8377 4152 01	Jan Alice Hemstrom 3333 Castile Waco TX 76746	0.49	3.45								1.50			
6. 9214 8901 9403 8377 4152 18	George Scott Cranford 2009 Hubbard Court Villa Rica GA 30180	0.49	3.45								1.50			
7. 9214 8901 9403 8377 4152 25	Eddie M Mahood & Valerie Ann Mahood JTWR05 4827 Shenandoah Wichita Falls TX 76310	0.49	3.45								1.50			
8. 9214 8901 9403 8377 4152 32	William J McCaw (B & G Royalties) PO BOX 376 Artesia NM 88211	0.49	3.45								1.50			
Total Number of Pieces Listed by Sender 12	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)												



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			Postage	(Extra Service) Fee	Handling Charge - if Registered and over \$50,000 in value	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
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10.	9214 8901 9403 8377 4152 56	Yates Brothers (EOG - Janet Richardson) 104 South Fourth Street Artesia NM 88210	0.49	3.45								1.50			
11.	9214 8901 9403 8377 4152 63	Ray Hall Beck 3509 Dominion Ridge San Angelo TX 76904	0.49	3.45								1.50			
12.	9214 8901 9403 8377 4152 70	BW Harper & wife Ruth Harper 501 West Dallas Artesia NM 88210	0.49	3.45								1.50			
Total Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)													
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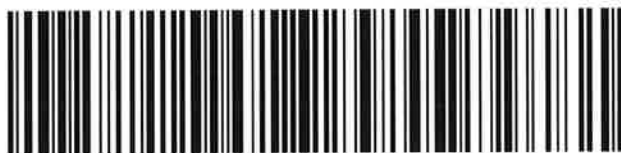
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SANTA FE, NM 87504-2208

Recipient address:

TWIN OAKS PETROLEUM LLC
1201 FRONT AVE UNIT 416
COLUMBINE GA 31901

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Recipient address:

CYDNEY MCDONALD MEDFORD
424 BRADY LANE
AUSTIN TX 78746

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CASE #:

**Return address:**

HOLLAND & HART LLP
P.O. BOX 2208
SANTA FE, NM 87504-2208

Recipient address:

JAN ALICE HERRSTROM
3333 CASTLE
WACO TX 78746

USPS CERTIFIED MAIL

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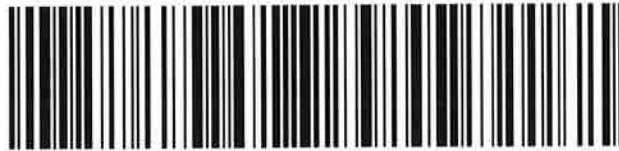
CASE #:

**Return address:**

HOLLAND & HART LLP
P.O. BOX 2208
SANTA FE, NM 87504-2208

Recipient address:

EDDIE M MAHFOOD & VALERIE ANN MAHFOOD JTWRO
4827 SHENANDOAH
WICHITA FALLS TX 76310

USPS CERTIFIED MAIL

9214 8901 9403 8377 4152 25

USPS Tracking Label Number: 9214 8901 9403 8377 4152 25

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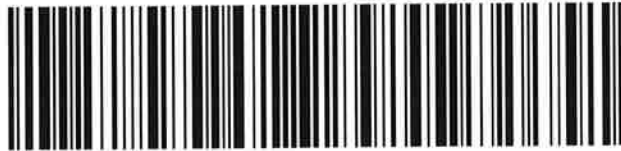
CASE #:

**Return address:**

HOLLAND & HART LLP
P.O. BOX 2208
SANTA FE, NM 87504-2208

Recipient address:

BW HARPER & WIFE RUTH HARPER
501 WEST DALLAS
ARTESIA NM 88210

USPS CERTIFIED MAIL

9214 8901 9403 8377 4152 70

USPS Tracking Label Number: 9214 8901 9403 8377 4152 70

USPS Tracking History	Postal Facility	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM	SANTA FE,NM 87501		01/15/2019 12:55	
SHIPMENT RECEIVED ACCEPTANCE PENDING	SANTA FE,NM 87501		01/18/2019 13:55	
ORIGIN ACCEPTANCE	SANTA FE,NM 87501		01/18/2019 20:15	
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DEPART USPS FACILITY	ALBUQUERQUE,NM 87101		01/19/2019 03:28	
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NO AUTHORIZED RECIPIENT AVAILABLE	ARTESIA,NM 88210		01/22/2019 17:12	
REMINDER TO SCHEDULE REDELIVERY	ARTESIA,NM 88210		01/27/2019 05:36	

CASE #:

CARLSBAD CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No.
0001274806

DAVID WASHINGTON
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:

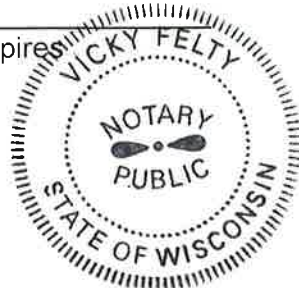
01/23/19

Legal Clerk

Subscribed and sworn before me this
23th of January 2019.

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 **February 7, 2019**, 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 **January 28, 2019**. 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 overriding royalty interest owners and pooled parties, including: Twin Oaks Petroleum, LLC; Octotillo Production; Jack Scott McDonald, his heirs and devisees; Cydney McDonald Medford, her heirs and devisees; Jan Alice Herrstrom, her heirs and devisees; George Scott Cranford, his heirs and devisees; Eddie M. Mahfood & Valerie Ann Mahfood, their heirs and devisees; William J. McCaw (B & G Royalties), his heirs and devisees; Mary G. Riddle, her heirs and devisees; Yates Brothers (EOG - Janet Richardson); Ray Hall Beck, his heirs and devisees; B.W. Harper & wife, Ruth Harper, their heirs and devisees.

Case No. 20230: Application of Percussion Petroleum Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks order pooling all uncommitted interests in the 320-acre horizontal spacing unit in the N. Seven Rivers Pool (97565) comprised of the S/2 of Section 12, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Percussion proposes to dedicate the above-referenced spacing unit, including the adjacent proximity tracts, to two proposed wells: the **Rose South 20H Well and the Rose South 21H Well**. The Rose South 20H Well will be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 7, Township 19 South, Range 26 East, to a standard bottomhole location in the NW/4SW/4 (Unit L) of Section 12, Township 19

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 4

Submitted by: PERCUSSION PETROLEUM LLC

Hearing Date: February 7, 2019

Case Nos. 20230

South, Range 25 East. The **Rose South 21H Well** will be horizontally drilled from a surface location in the NW/4SW/4 (Unit L) of Section 7, Township 19 South, Range 26 East to a standard bottomhole location in the SW/4SW/4 (Unit M) of Section 12, Township 19 South, Range 25 East. Incorporating the proximity tracts, both wells will be at a standard location. Also, to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Percussion Petroleum Operating, LLC as operator of the wells and a 200% charge for risk involved in drilling said well. Said area is located approximately 7 miles southwest of Atoka, New Mexico.
Pub: January 23, 2019 #1274806