

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

**IN THE MATTER OF THE APPLICATION OF  
PERCUSSION PETROLEUM OPERATING, LLC  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 20226**

**PRE-HEARING STATEMENT**

This Pre-hearing Statement is submitted by Vanguard Natural Resources Inc., (“Vanguard”) by and through its undersigned counsel, Ernest L. Padilla, PADILLA LAW FIRM, P.A., as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT:** Percussion Petroleum Operating, LLC

**ATTORNEY:** Michael H. Feldewert  
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**OPPOSITION OR OTHER PARTY:**

Vanguard Natural Resources, Inc.

**ATTORNEY:** Ernest L. Padilla  
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**STATEMENT OF CASE**

**APPLICANT:**

**OPPOSITION OR OTHER PARTY:**

Vanguard has an approved APD issued by the Bureau of Land Management for its proposed Chalk Federal 8 Well, to be located 2300 FNL, 1650 FWL of Section 5, Township 18 South, Range 27 East, and dedicated to the SE/4NW/4 of said Section 5. Vanguard owns or controls the entire 40-acre spacing and proration unit for which it is the named operator under a Joint Operating Agreement. The well will be completed within the vertical limits of the Red Lake/Glorieta Yeso Pool (Pool Code 51120). Vanguard will also seek administrative commingling authority to commingle San Andres production with Glorieta Yeso production. San Andres production would not otherwise be produced and would not be produced through horizontal development.

The majority of oil and gas wells drilled in the pool in recent years have been vertical wells principally because horizontal wells encounter only a limited interval within the vertical limits of the pool. Additionally, horizontal well performance in the area has been less than optimal and not economic. Conversely, vertical wells dedicated to 40-acre spacing can produce oil and gas from multiple zones within the vertical limits of the pool at significantly lower drilling and completion costs.

**PROPOSED EVIDENCE**

**APPLICANT**

<b>WITNESSES</b>	<b>EST. TIME</b>	<b>EXHIBITS</b>
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**OPPOSITION**

<b>WITNESSES</b>	<b>EST. TIME</b>	<b>EXHIBITS</b>
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William Boyd (Landman)	15 min.	Ownership maps and tabulations, Approved Federal APD, JOA
Geoffrey Scotty (Geologist)	15 min.	Structure map with producing formation bubbles, Type log, Cross-section Activity Map
Logan Studdert	20 min.	Economic calculations of

(Engineer)

vertical v. horizontal drilling  
and impact to stranded San Andres  
production

**PROCEDURAL MATTERS**

None at this time.

Respectfully submitted,

PADILLA LAW FIRM, P.A.

/s/ ERNEST L. PADILLA

ERNEST L. PADILLA

Attorney for Vanguard Natural  
Resources, LLC

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**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing was electronically transmitted on this 11<sup>th</sup> day of April, 2018 to the following:

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/s/ ERNEST L. PADILLA

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