

Percussion Petroleum LLC

Shelby 2H, 3H, 4H, and 5H

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. 20231

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.

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

After graduation, I worked as Professional Landman. My job Management in 1980.

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 E/2 of

Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Said

horizontal spacing unit, including the adjacent proximity tracts, will be dedicated to four

1

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico Exhibit No. 1

Submitted by: PERCUSSION PETROLEUM LLC

Hearing Date: February 7, 2019

Case Nos. 20231

proposed wells: the Shelby 2H Well, the Shelby 3H Well, the Shelby 4H Well, and the Shelby 5H Well. The Shelby 2H Well and the Shelby 3H Well will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 14 to a standard bottom-hole location in the SW/4 SE/4 (Unit L) of Section 23. The Shelby 4H Well and the Shelby 5H Well will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 14 to a standard bottom-hole location in the SE/4 SE/4 (Unit P) of Section 23. 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. All interests that Percussion seeks to pool are unleased mineral 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 unleased mineral interest owner that I seek to pool. I proposed the wells to each of them and also offered to lease each of the mineral interest owners.
- 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. All unleased mineral interest owners were locatable.
- 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, CPL
STATE OF TEXAS)
COUNTY OF HARRIS)
SUBSCRIBED and SW	ORN to before me this day of February 2019 by
Mike Roach.	
	Cymer Citis
	NOTARY PUBLIC
My Commission Expires:	
12.5-2020	CYNTHIA CERVANTES Notary Public, State of Texas Comm. Expires 12-05-2020 Notary ID 129202968

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, New Mexico 87505

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

□AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name SHELBY 23	Well Number 2H
OGRID No.	Operator Name PERCUSSION PETROLEUM OPERA	FING, LLC Elevation 3432'

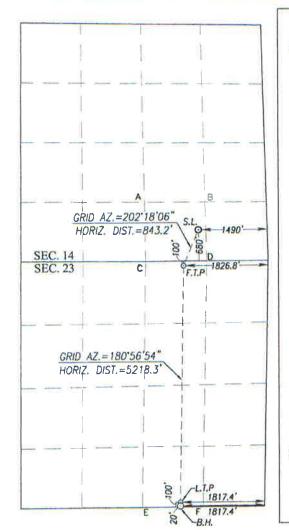
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	14	19-S	25-E		680	SOUTH	1490	EAST	EDDY

Bottom Hole Location If Different From Surface

	UL or lot No.	Section 23	Township 19-S	Runge 25-E	Lot Idn	Feet from the 20	North/South line SOUTH	Feet from the 1817.4	East/West line EAST	County EDDY
1	Dedicated Acres	Joint or	Infill C	onsolidation C	ode Ord	er 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



SCALE: 1"=2000"

SURFACE LOCATION SURFACE LOCATION GEODETIC COORDINATES GEODETIC COORDINATES NAD 83 NME NAD 27 NME Y= 602200.5 N Y= 602261.7 N X= 463804.2 E X= 504982.8 E LAT.=32.655495' N IAT.=32.655609° N LONG.=104.450940" W LONG.=104.451459' W

FIRST TAKE POINT FIRST TAKE POINT NAD 27 NME NAD 83 NME Y= 601420.6 N Y= 601481.8 N X= 463484.3 F X= 504662.9 E LAT. =32.653351° N LAT. = 32.653464° N LONG. = 104.451977 W LONG. = 104.452496 W

CORNER COORDINATES TABLE

NAD 27 NME A - Y= 602816.1 N, X= 462626.8 E B - Y= 602807.3 N, X= 463952.5 E - Y= 601520.2 N, X= 462651.1 E - Y= 601520.7 N, X= 463982.0 E - Y= 596181.0 N, X= 462562.7 E Y= 596184.4 N, X= 463888.7 E

CORNER COORDINATES TABLE NAD 83 NME

- Y= 602877.3 N, X= 503805.3 E B - Y= 602868.5 N, X= 505131.1 E - Y= 601581.4 N, X= 503829.7 E D - Y= 601581.9 N, X= 505160.5 E - Y= 596242.0 N, X= 503741.3 E F - Y= 596245.4 N, X= 505067.4 E

LAST TAKE POINT NAD 83 NME Y= 596344.2 N X= 504577.9 E LAT. = 32.639342 N LONG. = 104.452753 W

BOTTOM HOLE LOCATION NAD 83 NME Y= 596264.2 N X= 504576.5 E LAT.=32.639122 N LONG = 104.452758' W

LAST TAKE POINT NAD 27 NME Y= 596283.1 N Y= 463399 3 F LAT. = 32.639229° N LONG.=104.452234" W

BOTTOM HOLE LOCATION NAD 27 NME Y= 596203.1 N X= 463397.9 E

LAT. =32.639009° N LONG.=104.452239 W

OPERATOR CERTIFICATION

I hereby certify that the information 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 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 LLC

Hearing Date: February 7, 2019 Case Nos. 20231

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.

DECEMBER 28, 2018

Date of Survey..... Signature & Seal of Professional Surveyor.

3239

males & idea 01/24/2019 Gary G. Eidson 12641 Certificate Number

Ronald J. Eidson 3239

ACK REV.:1/11/19

JWSC W.O.: 18,11,1386

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 IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

Dedicated Acres

DISTRICT III 1000 Rto Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

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

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

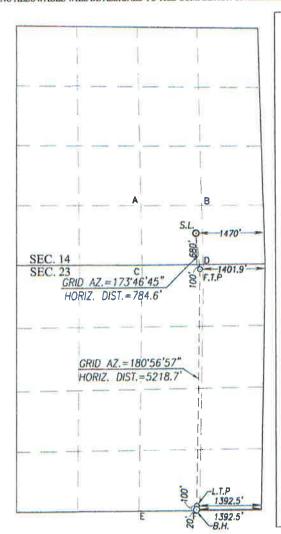
□AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number			Pool Code Pool Name					e		
Property C	Code				Property Nam SHELBY		We	Well Number 3H		
OGRID I	OGRID No. Operator Name PERCUSSION PETROLEUM OPERATING, LLC							Elevation 3431'		
					Surface Locat	ion				
UL or lot No.	Section 14	Township 19-S	Range 25-E	Lot ldn	Feet from the	North/South line SOUTH	Feet from the 1470	East/West line EAST	County EDDY	
				Bottom Hol	e Location If Diff	erent From Surface				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
0	23	19-S	25-E		20	SOUTH	1392.5	EAST	EDDY	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL

Order No.



Joint or Infill

Consolidation Code

INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STAN	NDARD UNIT HAS BEEN APPROVED BY THE DIVISION
SCALE: 1"=2000'	
SURFACE LOCATION GEODETIC COORDINATES NAD 83 NME Y = 602261.7 N X = 505002.8 E LAT. = 32.655609' N LONG. = 104.451394' W FIRST TAKE POINT NAD 83 NME SURFACE LOCATION GEODETIC COORDINATES NAD 27 NME	OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and bellef, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hote location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order
Y= 601481.9 N Y= 601420.7 N X= 505087.8 E X= 463909.2 E LAT.=32.653466 N LAT.=32.653352 N LONG.=104.451115 W LONG.=104.450596 W	heretofore entered by the division.
CORNER COORDINATES TABLE	Signature Date
NAD 27 NME A - Y= 602816.1 N, X= 462626.8 E B - Y= 602807.3 N, X= 463952.5 E C - Y= 601520.2 N, X= 462651.1 E D - Y= 601520.7 N, X= 463982.0 E	Printed Name
E - Y≈ 596181.0 N, X≈ 462562.7 E F - Y≈ 596184.4 N, X≈ 463888.7 E	E-mail Address
CORNER COORDINATES TABLE NAD 83 NME A - Y= 602877.3 N, X= 503805.3 E B - Y= 602868.5 N, X= 505131.1 E C - Y= 601581.4 N, X= 503829.7 E D - Y= 601581.9 N, X= 505160.5 E	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by tme or under my supervision, and that the same is true and correct to the best of my belief.
E - Y= 596242.0 N, X= 503741.3 E F - Y= 596245.4 N, X= 505067.4 E	DECEMBER 28, 2018
LAST TAKE POINT NAD 83 NME Y= 596345.2 N X= 505002.8 E LAT.=32.639364* N LONG.=104.451373* W LONG.=104.450854* W	Date of Survey Signature & Seal of Professional Surveyor: N ME 3239
BOTTOM HOLE LOCATION NAD 83 NME Y= 596265.3 N X= 505001.4 E LAT.=32.639126 N LONG.=104.451377 W BOTTOM HOLE LOCATION NAD 27 NME Y= 596204.2 N X= 463822.8 E LAT.=32.639013 N LONG.=104.450858 W	Certificate Northern Gas G. Eidson 12641 Ronald J. Eidson 3239
ECHNI-104-101-101-101-101-101-101-101-101-101	ACK REV.:1/11/19 JWSC W.O.: 18.11.1387

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

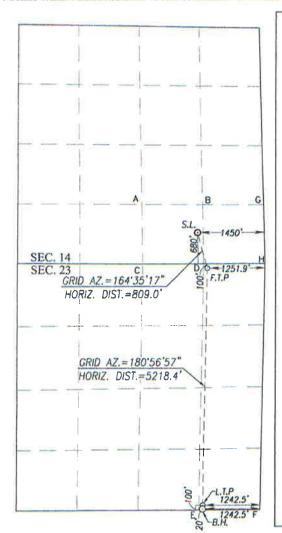
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

DAMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number			Pool Code		Pool Name				
Property C	Code				Property Name SHELBY	We	Well Number 4H		
OGRID	No.	Operator Name PERCUSSION PETROLEUM OPERATING, LLC							llevation 3431
					Surface Locat	ion			
UL or lot No.	Section 14	Township 19-S	Range 25-E	Lot ldn	Feet from the 680	North/South line SOUTH	Feet from the 1450	East/West line EAST	County EDDY
				Bottom Hol	e Location 1f Diff	erent From Surface			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Р	23	19-S	25-E		20	SOUTH	1242.5	EAST	EDDY
Dedicated Acres	Joint or	Infili Co	onsolidation C	ode Ord	er No.	diar			

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SCALE:	1 "=2000"
CUDCACE LOVADOM	CUREACE LOCATION
GEODETIC COORDINATES	GEODETIC COORDINATES
NAD 83 NME	NAU 27 NME
Y = 602261.7 N	Y = 602200.5 N
X = 505022.8 E	X= 453844.2 E
LAT.=32.655609° N	LAT. =32.655496° N
	LONG. =104.450810° W
FIRST TAKE POINT	FIRST TAKE POINT
NAD 83 NME	NAD 27 NME
Y= 601482.0 N	Y= 601420.8 N X= 464059.2 E
X= 505237.8 E	1 AT TO DESTREM AL
LAT.=32.653466 N	LONG,=104.450109' W
	DINATES TABLE 7 NME
	N, X= 462626.8 E
B - Y = 602807.3	N, X= 463952.5 E
C - Y = 601520.2	N. X= 462651.1 E
D - Y = 601520.7	N, X= 463982.0 E
	N, X≈ 463888.7 E
F - Y= 596187.7	N, X = 465214.8 E
	N, X = 465278.2 E
H - Y = 601521.3	N, X= 465312.8 E
	DINATES TABLE
	3 NME
	N, X≈ 503805.3 E N, X= 505131.1 E
B - Y = 602868.5 C - Y = 601581.4	N, X= 505131.1 E N, X= 503829.7 E
D - Y = 601581.9	N, X= 505160.5 E
	N, X= 505067.4 E
	N. X= 506393.4 E
G - Y = 602859.7	N, X= 506456.8 E
	N. X= 506491.4 E
LAST TAKE POINT	LAST TAKE POINT
NAD 83 NME	NAD 27 NME
Y= 596345.6 N	Y= 596284.6 N
X= 505152.7 E	X= 463974.1 E
LAT = 32 639348 N	LAT. =32,639234° N
LONG = 104.450886" W	LONG. = 104.450367 W
BOTTOM HOLE LOCATION	BOTTOM HOLE LOCATION
NAD 83 NME	NAD 27 NME
Y= 596265.6 N	Y= 596204.6 N
X= 505151.4 E	X= 463972.7 E
LAT.=32.639128 N LONG.=104.450890 W	LAT. =32,639014° N
LONG.=104.450890° W	LONG.=104.450371' W

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unlessed 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
Printed Name	
E-mail Address	

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.

DECEMBER 28, 2018

Date of Survey LD J. Signature & Seal of Professional Surveyor.

Rmaldle dam of 24/2

Small Color of 24/2019
Certificate Number Of Gay G. Eidson 12641
Ronald J. Eidson 3239

ACK REV.:1/11/19 JWSC W.O.: 18.11.1388

DISTRICT 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0726 DISTRICT II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 DISTRICT III 1000 Rio Brazos Road, Aziec, 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, New Mexico 87505

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

□AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name	
Property Code	Property N SHELB		Well Number
OGRID No.	Operator N PERCUSSION PETROLEU	Elevation 3431'	
	Surface Loc	cation	

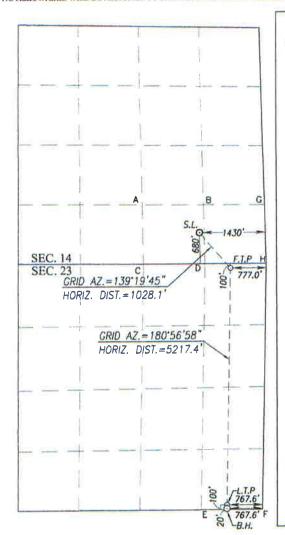
North/South line Feet from the Feet from the

County East/West line UL or lot No. Section Township Range Lot Idn SOUTH 1430 EAST **EDDY** 25-E 680 0 14 19-S

Bottom Hole Location If Different From Surface

UL or lot No.	Section 23	Township 19-S	Range 25-E	Lot Idn	Feet from the 20	North/South line SOUTH	Feet from the 767.6	East/West line EAST	County EDDY
Dedicated Acres Joint or Infill Consolidation Code		ode Ord	er 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



SCALE: 1	"=2000"
SURFACE LOCATION	SURFACE LOCATION
GEODETIC COORDINATES	GEODETIC COORDINATES
NAD 83 NME	NAD 27 NME
Y= 602261.8 N	Y= 602200.5 N
X = 505042.8 E	X= 463864.2 E
LAT. = 32.655609° N	LAT.=32.655496 N
LONG. = 104.451264° W	
FIRST TAKE POINT	FIRST TAKE POINT
NAD 83 NME	NAD 27 NME
Y= 601482.2 N	Y= 601421.0 N
X = 505712.7 E	X= 464534.1 E
LAT. = 32.653468° N	LAT.=32.653355* N
LONG.=104.449085' W	LONG.=104.448566 W
CORNER COORL	
NAD 27 A - Y= 602816.1	N, X= 462626.8 E
B - Y = 602807.3	N. X= 463952.5 E
C - Y = 601520.2	N. X= 462651.1 E
D - Y = 601520.7	N. X= 463982.0 E
E - Y = 596184.4	N, X= 463888.7 E
F - Y= 596187.7	N. X= 465214.8 E
G - Y = 602798.4	
H - Y = 601521.3	N, X= 465312.8 E
CORNER COORI	DINATES TABLE
NAD B.	3 NME
A - Y = 602877.3	
B - Y = 602868.5	N, X= 505131.1 E
C - Y = 601581.4	N, X= 503829.7 E
D - Y = 601581.9	N, X= 505160.5 E N. X= 505067.4 E
E - Y = 596245.4 F - Y = 596248.8	N, X= 505067.4 E N, X= 506393.4 E
F - T= 390240.0	N, X= 506393.4 E N. X= 506456.8 E
G - Y= 602859.7 H - Y= 601582.5	
H = 1= 801362.3	LAST TAKE POINT
LAST TAKE POINT	NAD 27 NME
IVE GO INNE	Y= 596285.8 N
Y= 596346.8 N	X= 464449.0 E
X= 505627.6 E	V = 404443'0 F
LAT.=32.63935Z N LONG.=104.449343 W	1 CMC -104 448824" W
DOTTON HOLE LOCATION	POTTON HOLE LOCATION
BOTTOM HOLE LOCATION NAD 83 NME	NAD 27 NME
NAU 83 NME Y= 596266.8 N	Y= 596205.8 N
r= 390200.0 N x= 505626.2 E	X= 464447.6 E
IAT = 32 630133 N	IAT = 32.639019° N
LONG.=104.449347 W	LONG = 104.448829 W
Marie Televine	Uprovint Africa Manufact M

OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
Printed Name	
E-mail Address	

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.

DECEMBER, 28, 2018

Date of Survey Signature & Seal of Professional Surveyor. CN MEL

Gary G. Eidson 12641 Ronald J. Eidson 3239

JWSC W O.: 18.11,1389 REV.:1/11/19

Shelby Prospect E/2 Sec. 23 St. Devote

Shelby Prospect

F/Z Sec. 23

Shelby 2H - 3035

Shelby 3H - 3035

Shelby 3H - 3035

Shelby 3H - 3130

Shelby 3H - 3136

Shelby 4H - 3136

Shelby 5H - 2846

Inst Breakdown for Proposed Specing Unit for E/Z of Section 23, 1135, R23E, Eddy County, NM

ase of Yeso Interest Spec of Interest Surface to base of Yes Wh.JOA St. Devote	Tract No. 1: E/25E/4 of Sec 23 (NO	Mg.	4 acres of land)	I No. 2: West 94.4 acres
	ase of Yeso	Interest	Type of Interest	Surface to base of Yeso St. Devote

It No. 2: West 94.4 acres of East 1.74.4 acres of 5/2 Sec. 23 (90.04 acres of ii	Interest Type of interest Startace to base of Year Startace Sta
It No. 2: West 94.4 acres of East 174.4 a	St. Devote

Interest Type of Interest 0,75 WI JOA 0,25 WI

Type of Interes
WI JOA
UMI
UMI

Type of Interest
WI JOA
WI JOA
WI JOA
WI JOA
WI JOA
UMI JOA
UMI JOA

0.5298655 0.0032959 0.0032959 0.046875 0.25 0.05555555 0.05555555

Tract 5: SW/4NE/4 Sec. 23 (40.00 acres of land)

Tract 4: SE/4NE/4 Sec. 23 (40.00 acres of land)

Tract 3A: NE/4NE/4 Sec. 23 (40.00 acres of land)

Tract 3B: NW/4ME/4	Sec. 23 (40,00 acres of land)	of land)
Surface to base of Veso	Interest	Type of Interest
St. Devote	0,953125	WI JOA
Empire Energy, LLC	0.0234375	WI JOA
New State Gas, LLC	0.0234375	WIJOA
	**	
Highlighted parties off.		
participating		

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico Exhibit No. 1B

Submitted by: PERCUSSION PETROLEUM LLC

Hearing Date: February 7, 2019 Case Nos. 20231

NAME	TRACT	ORRI								
DEBCO, LLC		3.125000%	7	3.125000%	3A	0.070313%	38	0.476563%		
Tierra Oil Company	7	3.125000%	2	3.125000%	3A	0.070313%	3B	0.476563%		
William S. Allison	1	0.005138%	7	3.125000%						
A. R. Meirsiosky	1	0.005050%	7	0.005050%						
Heirs of C. H. Chambers	1	0.005050%	2	0.005050%						
Flynt Chancellor	1	0.005049%	2	0.005049%						
Bobby M. Gleason	Н	0.005049%	2	0.005049%						
Heirs of Burton P. Crain	7	0.005049%	2	0.005049%						
Cascade Energy Partners, LP	Н	0.005049%	2	0.005049%						
Nearburg Producing Company					3A	0.140625%	38	0.953125%		
The Nell Blackmar Limited Partnership					3A	0.070313%	38	0.953125%		
Justin Nine									2	0.312500%
Dylan Carter									2	0.312500%
Ross Duncan Properties, LLC									2	0.140625%
Olli Energy, LLC									2	0.140625%
Tanna Energy Partners									2	0.140625%
Featherstone Development Corp.									2	0.140625%
Alliance Land & Minerals, LLC									2	0.140625%

Tract 1: E/2SE/4 Sec. 23 (80.84 acres)

Tract 2: West 94.40 acres of East 174.4 acres of S/2 of Sec. 23 (80.04 acres)

Tract 3A: NE/4NE/4 Sec. 23, (40.00 acres)
Tract 3B: NW/4NE/4 Sec. 23, (40.00 acres)
Tract 4: SE/4NE/4 Sec. 23(40.00 acres)
Tract 5: SW/4NE/4 Sec. 23 (40.00 acres)

Total: 320.00 acres



Percussion Petroleum, LLC

919 Milam Street Suite 2475 Houston, TX 77002

Direct Telephone: 713.429-4012 Fax: 713.255.0261

Sent Certified Mail, Return Receipt Requested

November 12, 2018

Leasehold or Working Interest Owners (Attached)

RE: Well Proposal & Letter Agreement Shelby 2H well Section 23, T19S, R25E Eddy County, New Mexico

Gentlemen/Ladies:

Percussion Petroleum Operating, LLC ("Percussion"), as successor in interest to Nearburg Producing Company, under that certain Operating Agreement dated November 1, 2013, by and between Nearburg Producing Company, as Operator and Nearburg Exploration Company, et al, as Non-Operator (the "OA"), covering the N/2 NE/4 of Section 23, Township 19 South, Range 25 East, Eddy County, New Mexico (the "Original Contract Area"). Percussion hereby proposes to drill and complete the Shelby 2H well, to an approximate total vertical and horizontal depth sufficient to test the upper Yeso Formation (the "Subject Well") at a location to be determined in the E/2 Section 23, Township 19 South, Range 25 East, Eddy County, New Mexico (subject to staking and survey).

In support of this well and future development, Percussion proposes to form a Working Interest Unit covering the E/2 Section 23, in Township 19 South, Range 25 East, Eddy County, New Mexico, containing 320.88 acres of land, more or less, insofar, and only insofar, as the same covers rights from the top of the Yeso formation to the base of the Yeso formation (the "WIU"). For purposes herein, top of the Yeso formation shall be 2,279' MD and the base of the Yeso formation shall be 4,460' MD based on the Len Mayer 1 (30-015-05926) RDL_Neutron_Porosity_21N log form Section 28-T18S-R26E, Eddy County, NM; and the term "horizontal well" shall be defined as a directional well bore with one or more laterals that extend a minimum of one hundred feet (100') horizontally in the target zone. The current Yeso formation working interest ownership is attached and this well will apply to depths above 3,231' subsurface.

As previously referenced. part of the proposed WIU, the N/2NE/4 Of Section 23, is likely governed by an operating agreement also covering the Yeso Formation which pertains to many of the same parties within this proposal and which would administer operations for vertical wells. For the mutually exclusive development within the WIU as to horizontal wells, and any concept wells (ie. micro seismic wells, pilot hole wells), Percussion herein submits a new operating agreement ("NOA") dated November 12, 2018, a 1982 AAPL form, to govern proposals and operations within the WIU, and which shall supersede any existing operations only as to said horizontal well development and operations. The Exhibit "A" to the NOA will be completed in the near term pending transactional decisions of the working interest parties.

Shelby 2H Well Proposal November 14, 2018 Page 2

As between Percussion and your interest, all operations conducted in and on the WIU (including with respect to the Subject Well and all future Yeso horizontal wells drilled wholly within the WIU) shall be subject to and governed by the same terms and provisions of the OA; provided, however, the working interest participation and all production obtained from the WIU attributable to you would be based on an acreage allocation, meaning your working interest in the OA would be proportionately reduced based on that portion of the 320 acres contained in the proposed WIU that is contained in the Original Contract Area that bears to the entire 320 acres contained in the proposed WIU. According to a recent Title Opinion covering the OA, you own a .925926% mineral interest in the SE/4NE/4 of Section 23, Township 19 South, Range 25 East, Eddy County, New Mexico. Therefore, based on the above and by your interest in the oil and gas leases and/or mineral interests covered by the OA, you would own a .11542333% working interest in the proposed WIU (2.77777% interest x 40/320.88160 acres x $1/3^{rd} = .11542334\%$ interest in the WIU). Notwithstanding anything to the contrary herein contained, you are not acquiring any interests in oil and gas leases and/or mineral interests that it does not currently own, and there shall be no cross-conveyancing of interests by this Letter Agreement or the execution of any pooling agreement, unit declaration or similar agreement in connection with the Subject Well and/or the WIU. The cost of all surface facilities and any shared well pads, although built for and charged to the Subject Well, would be reapportioned among any additional horizontal wells as they are drilled in the WIU.

As an alternative to participation, Percussion offers to lease a party's leasehold rights (based upon confirmation of marketable title). Percussion will pay \$1,000/acre, with a 3/16th royalty, for a three (3) year primary term lease, and as long thereafter as production is obtained in paying quantities.

Please indicate your election as to the Subject Well(s) by marking any single item 1) or 2) below in the space provided and returning a copy of this letter agreement to the undersigned within thirty (30) days of receipt, otherwise you may be subject to the compulsory pooling provisions of the State of New Mexico. If you mark any item that pertains to the NOA, then please execute and return copies of the same together with your executed copy of this letter agreement to Percussion within said thirty (30) day period. Exhibit "A" to the NOA shall be provided at a later date after all of the working interest percentages of the non-operators have been determined. Once the exact location of the well is determined, an AFE will be sent to your attention for review and execution.

If you have any questions regarding this proposal, please do not hesitate to contact the undersigned by e-mail at miker@percussionpetroleum.com or by phone at 713-331-5473. Thank you very much for your assistance and cooperation. We look forward to working with you on this matter.

Yours very truly, Percussion Petroleum Operating, LLC

Mike Roach, CPL Sr. Consulting Landman

enclosures

Shelby 2H Well Proposal November 14, 2018 Page 3

Shelby 2H Well Election

1) Elect to participate in the drilling and completing of the Shelby 2H well 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 Shelby 2H.
$_{\rm mineral}$ 3) Elect to execute an Oil and Gas Lease ("OGL"), based upon a price of \$1000.00 per net mineral acre, $3/16^{\rm th}$ royalty, and three (3) year primary term, and as long thereafter as production is obtained in paying quantities.
Agreed to and Accepted this day of, 2018, by:
Individual: Michael D. McShurley
By:
Name:
Title:



Percussion Petroleum, LLC

919 Milam Street Suite 2475 Houston, TX 77002

Direct Telephone:

713.4294012

Fax: 713.2550261

November 21, 2018

Sent Certified Mail, Return Receipt Requested

RE: Well Proposal & Letter Agreement Shelby 2H, 3H, 4H, and 5H wells Section 23, 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 Shelby 2H, Shelby 3H, Shelby 4H, and Shelby 5H wells as a horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking of the wells and/or pads).

Shelby 2H well - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 1415' FEL & 650' FSL, Section 14, T19S-R25E
- Proposed Bottom Hole Location 1835' FEL & 20' FSL, Section 23, T19S-R25E
- TVD: 3025'

Shelby 3H well - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 1395' FEL & 650' FSL, Section 14, T19S-R25E
- Proposed Bottom Hole Location 1410' FEL & 20' FSL, Section 23, T19S-R25E
- TVD: 2700'

Shelby 4H well - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 1245' FEL & 700' FSL, Section 14, T19S-R25E
- Proposed Bottom Hole Location 1235' FEL & 20' FSL, Section 23, T19S-R25E
- TVD: 3136'

Shelby 5H well - Horizontal Yeso Well, Eddy County, NM

- Surface Hole Location 1225' FEL & 700' FSL, Section 14, T19S-R25E
- Proposed Bottom Hole Location 785' FEL & 20' FSL, Section 23, T19S-R25E
- TVD: 2846'

As stated in our previous letter dated November 14, 2018 covering the Shelby 2H well, Percussion proposes to form a Working Interest Unit (WIU) covering the E/2 of Section 23, T-19-S, R-25-E, Eddy County, New Mexico, containing 320.88 acres of land, covering the referenced lands from the top of the Yeso formation to the base of the Yeso formation. Please find enclosed a well cost estimate of \$4,187,000.00 covering drilling and completion costs for each well. 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 Exhibit "A" will be completed pending transactional decisions of the potential working interest parties. Your Contractual Interest in the WIU is 3.116430%.

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 1/4th royalty, for a three (3) year primary term lease for your 25% mineral interest located in the NE/4NE/4 of Section 23, 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.

Sincerely,

Percussion Petroleum Operating, LLC

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

Shelby 3H, Shelby 4H, and Shelby 5H Well Elections

1) Elect to participate in the drilling and completing of the Shelby 3H, Shelby 4H, and Shelby 5H 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 Shelby 3H, Shelby 4H, and Shelby 5H wells.
3) Elect to execute an Oil and Gas Lease ("OGL"), based upon a price of \$1000.00 per net mineral acre, 1/4 th 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: Marshall and Winston, Inc.
Ву:
Name:
Titlo:

	PERCUSSIO	N PETROLE	ΞU	M, LLC					Acct Code	
_	WELL COST EST	IMATE							22223	
PERCUSSION	FIELD: WELL NAME: DISTRICT: LOCATION: TYPE:	N. Seven Rivers; Gl Shelby # 2H Artesia (2) Oil	lorie	ta-Yeso			AFE #.: 1286 TARGET RES: CO/ST: START DATE: DATE:		Yeso Eddy, NM 11/14/2018	
	Project Details: Drill a battery and SWD pum	•						oduction		
		DRILLING	_		COMPLETION		FACILITY		<u> </u>	TOTAL
INTANGIBLE COSTS		ACCOUNT CODE		AMOUNT	CODE	AMOUNT	ACCOUNT CODE	AMOUNT		WELL
AND SERVICES		2250.05		\$25,000		AWOUNT		AWICONT		\$25,000
LEGAL FEES		2250,10		\$10,000						\$10,000
NSURANCE & BONDS		2250.15						_	V 1015	\$0
OVERHEAD		2250.20			2300.20				er belgri	\$0
PERMITS & SURVEYING		2250.25		\$15,000						\$15,000
LOC. ROW. SURF. COND RIG &ROAD		2250,30		\$40,000	2300,30	\$2,500				\$42,500
DRILL RIG MOB/DEMOB		2250.35		\$40,000						\$40,000
RIG COST - DRILLING (DAYWORK)		2250.40	120	\$180,000						\$180,000
RIG COST - DRILLING (FOOTAGE)		2250,45								\$0
RIG COST - DRILLING (TURNKEY) RIG FUEL ELEC WATER&FRAC WATR		2250.50		\$40,000	2300.65	\$250,000				\$290,000
WATER SOURCING		2250,66		\$10,000	2300.66	\$310,000				\$320,000
WATER GOORGING WATER HANLING		2250.67		\$5,000	2300.67	\$85,000				\$90,000
TELEPHONE & FAX		2250.70			2300.70		i			\$0
FRANSPO / TRUCKING / HOTSHOT		2250.75		\$25,000	2300,75	\$10,000				\$35,000
CONTRACT SUPERV, ENGRG &DESIGN		2250.80		\$40,000	2300.80	\$35,000				\$75,000
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	\$175,000				\$275,000
BITS		2250.100		\$35,000	0000 407					\$35,000
CASING CREW & EQUIPMENT CEMENTING SERVICES & PUMP DOWNS		2250,105		\$20,000	2300.105 2300.110	¢55,000				\$20,000 \$130,000
DIRECTIONAL DRILLING & SURVEYS		2250.110 2250.115		\$75,000 \$125,000	2300,110	\$55,000				\$130,000
FISHING TOOLS & SERVICE		2250.113		\$125,000	2300.120				V	\$125,000
DRILLING & COMPLETION FLUIDS		2250.125		\$25,000	2300.125	\$20,000				\$45,000
MUD LOGGING		2250,130		\$15,000						\$15,000
OGGING - OPENHOLE, FT. SWC		2250.135		\$5,000						\$5,000
DRIL STEM TST CORING&CORE ANLY		2250,145								\$0
TUBULAR TESTING AND INSPECTION		2250.150		\$5,000	2300.150					\$5,000
CUTTINGS AND FLUIDS DISPOSAL		2250,165		\$50,000	2300.165	\$15,000				\$65,000
ABANDONMENT		2250.170								\$0
CONTINGENCY AND MISC COSTS		2250.200			2300.200		2500.200			\$0 \$0
ACCRUED IDC DRILLING NON-OP IDC DRILLING		2250,500 2250,700		-						\$0
FRANSFER TO DRY/ABANDONMENT		2250.810			2300.810		2500.810		MSIS/TIES	\$0
FRANSFER TO PRODUCING PROPERTY		2250.820			2300.820		2500.820		1000	\$0
RIG COST - COMPLETION / WO					2300.55	\$100,000				\$100,000
RIG COST -COIL TUB/SNUBB/NITRO					2300,60	\$25,000			B fifty, by	\$25,000
PERF. PLUG WL SERV PCE C-H LOG					2300.140	\$145,000				\$145,000
FRAC AND STIMULATION SERVICES					2300,155	\$1,250,000				\$1,250,000
PROD WELL TESTING & SWABBING					2300.160	\$35,000				\$35,000
ACCRUED IDC COMPLETION			180		2300.500					\$0
NON-OP IDC COMPLETION					2300.700	40.545.000				\$0
OTAL INTANGIBLE COSTS	<u> </u>			\$980,000		\$2,545,000	-	\$0		\$3,525,000
							l			TOTAL
TANGIBLE COSTS		DRILLING			COMPLETION		FACILITY			WELL
DRIVE PIPE. CONDUCTOR CASING		2350.05			COMIT EL TION		TAGIETT			\$0
SURFACE CASING		2350.10		\$35,000					SUDVENIE	\$35,000
NTERMEDIATE CASING		2350,15	100	,					Tripodillo	\$0
CASING LINER & HARDWARE		2350.25		\$20,000	2400.25				OF CERTIFICATION	\$20,000
HANGER. DOWN HOLE CSG ACCESS.		2350.30			2400.30					\$0
VELLHEAD EQUIPMENT		2350.40	14	\$15,000						\$15,000
ACCRUED TANGIBLE DRILLING		2350,500								\$0
NON-OP TANGIBLE DRILLING		2350.700							X*CUT!	\$0
RANSFER TO DRY/ABANDONMENT		2350,810		-	2400.810		2500.810			\$0
RANSFER TO PRODUCING PROPERTY		2350,820			2400.820	\$160,000	2500,820			\$160,000
PRODUCTION CASING	L.		100		2400.20	\$100,000	L		-	Φ 100,000

TUBINGHEAD & TREE PACKERS & SUBSURFACE EQUIPMENT			2400.35	\$15,000			NO FOR	\$15,000
PACKERS & SUBSURFACE FOUIPMENT	188		2400.45	\$12,000		103	(E) SILE	\$12,000
I COLLING & CODOGNITION EXCIT MELTI			2400.50	\$5,000		207		\$5,000
RODS, PUMPS, ANCHORS			2400.55			1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	messa	\$0
ACCRUED TANGIBLE COMPLETION			2400.500					\$0
NON-OP TANGIBLE COMPLETION			2400.700			6.6	A THE	\$0
SURFACE EQUIP -ARTIFICIAL LIFT	23				2500.60	\$40,000	CONTROL OF	\$40,000
SURF EQUIP - PUMP UNIT & MOTOR					2500.65		5200	\$0
VALVES. FITTINGS & MISC EQUIP					2500.70	\$50,000	12 2 7	\$50,000
SEPARATOR, HEATER TREATER DEHY	2.64				2500.75	\$35,000	500	\$35,000
GUN BARREL. TANK &RELATE EQUIP	1 /				2500.80	\$50,000		\$50,000
COMPRESSORS & RELATED EQUIP	100				2500.85	0018	19915	\$0
METERS & LACT EQUIPMENT	1974				2500.90	\$20,000	PS OWS	\$20,000
SWD PUMP & EQUIPMENT					2500.95	\$15,000		\$15,000
FLOWLINE,L-PIPE,P/L MAT'L& T-!	100				2500,100	\$40,000	STATE A	\$40,000
PROD FAC-FAB&INSTAL W/LAB&SUPR					2500.105	\$75,000		\$75,000
POWER &ELECTRICAL INSTALLATION					2500.106	\$75,000		\$75,000
CONTINGENCY AND MISC COSTS					2500.200		arre, in	\$0
ACCRUED FACILITY	100				2500.500			\$0
NON-OP FACILITIES	2.3				2500.700	(nell		\$0
TOTAL TANGIBLE COSTS		\$70,000		\$192,000		\$400,000		\$662,000
TOTAL WELL COSTS		\$1,050,000		\$2,737,000		\$400,000	isl	\$4,187,000



PERCUSSION PETROLEUM, LLC Acct Code WELL COST ESTIMATE 22223 FIELD: WELL NAME: DISTRICT: LOCATION: TYPE: AFE #.: 1287 TARGET RES: CO/ST: N. Seven Rivers; Glorieta-Yeso Shelby # 3H Artesia (2) Yeso Eddy, NM START DATE: DATE: 11/14/2018

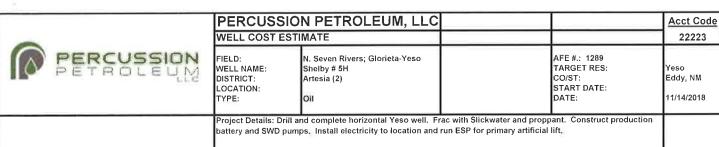
Project Details: Drill and complete horizontal Yeso well. Frac with Slickwater and proppant. Construct production

	Project Details: Drill and complete horizo battery and SWD pumps, Install electricit					oduction		
	DRILLING		COMPLETION		FACILITY			TOTAL
INTANGIBLE COSTS	ACCOUNT CODE	AMOUNT	CODE	AMOUNT	ACCOUNT CODE	AMOUNT	0	WELL
LAND SERVICES	2250,05	\$25,000					THE STATE	\$25,000
LEGAL FEES	2250.10	\$10,000						\$10,000
INSURANCE & BONDS	2250.15	7 5						\$0
OVERHEAD	2250,20		2300.20					\$0
PERMITS & SURVEYING	2250.25	\$15,000	1000,100					\$15,000
LOC. ROW. SURF. COND RIG &ROAD	2250.30	\$40,000	2300.30	\$2,500				\$42,500
DRILL RIG MOB/DEMOB	2250.35	\$40,000		V2,000				\$40,000
RIG COST - DRILLING (DAYWORK)	2250.40	\$180,000						\$180,000
RIG COST - DRILLING (FOOTAGE)	2250,45	\$100,000	1	-				\$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		\$310,000	-			\$320,000
WATER HANLING	2250.67	\$5,000	2300,67	\$85,000				\$90,000
TELEPHONE & FAX	2250,70	405.000	2300.70	*40.000				\$0
TRANSPO / TRUCKING / HOTSHOT	2250,75	\$25,000	2300.75	\$10,000	-			\$35,000
CONTRACT SUPERV. ENGRG &DESIGN	2250.80	\$40,000	2300,80	\$35,000				\$75,000
WELDING & OTH CONTR SRVC/LABOR	2250,85	\$45,000	2300.85	\$17,500				\$62,500
RENTAL EQUIPMENT - DOWNHOLE	2250.90	\$50,000		\$15,000				\$65,000
RENTAL EQUIPMENT - SURFACE	2250,95	\$100,000	2300.95	\$175,000			05 (00)	\$275,000
BITS	2250.100	\$35,000						\$35,000
CASING CREW & EQUIPMENT	2250_105	\$20,000	2300.105					\$20,000
CEMENTING SERVICES & PUMP DOWNS	2250,110	\$75,000	2300.110	\$55,000				\$130,000
DIRECTIONAL DRILLING & SURVEYS	2250.115	\$125,000						\$125,000
FISHING TOOLS & SERVICE	2250,120		2300.120					\$0
DRILLING & COMPLETION FLUIDS	2250.125	\$25,000	2300,125	\$20,000			BOTT OF	\$45,000
MUD LOGGING	2250,130	\$15,000						\$15,000
LOGGING - OPENHOLE, FT, SWC	2250.135	\$5,000					The state of	\$5,000
DRIL STEM TST CORING&CORE ANLY	2250.145							\$0
TUBULAR TESTING AND INSPECTION	2250.150	\$5,000	2300.150				STATE OF	\$5,000
CUTTINGS AND FLUIDS DISPOSAL	2250.165	\$50,000	2300,165	\$15,000				\$65,000
ABANDONMENT	2250,170							\$0
CONTINGENCY AND MISC COSTS	2250.200		2300,200		2500.200			\$0
ACCRUED IDC DRILLING	2250,500						B 44	\$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			ALCO MA	\$100,000
RIG COST -COIL TUB/SNUBB/NITRO			2300.60	\$25,000			HOUSE IN	\$25,000
PERF. PLUG.WL SERV.PCE.C-H LOG			2300,140	\$145,000				\$145,000
FRAC AND STIMULATION SERVICES			2300.155	\$1,250,000				\$1,250,000
PROD WELL TESTING & SWABBING			2300,160	\$35,000				\$35,000
ACCRUED IDC COMPLETION			2300.500					\$0
NON-OP IDC COMPLETION			2300.700	-				\$0
TOTAL INTANGIBLE COSTS	 	\$980,000		\$2,545,000	<u> </u>	\$0	100	\$3,525,000
TOTAL INTANGIBLE COSTS		Ψ300,000		Ψ2,040,000		Ψ0		\$0,020,000
	1 1							TOTAL
TANCIBLE COSTS							131 111	TOTAL
TANGIBLE COSTS	DRILLING		COMPLETION	T	FACILITY		1000	WELL
DRIVE PIPE. CONDUCTOR CASING	2350,05							\$0
SURFACE CASING	2350.10	\$35,000		ļ:				\$35,000
INTERMEDIATE CASING	2350.15							\$0
CASING LINER & HARDWARE	2350.25	\$20,000	1					\$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						La Carl	\$0
TRANSFER TO DRY/ABANDONMENT	2350.810		2400.810		2500.810			\$0
TRANSFER TO PRODUCING PROPERTY	2350.820		2400.820		2500.820		NICE OF	\$0
PRODUCTION CASING			2400.20	\$160,000			845 - 61	\$160,000

PRODUCTION TUBING			2400.35	\$15,000		0.103	\$15,000
TUBINGHEAD & TREE			2400.45	\$12,000			\$12,000
PACKERS & SUBSURFACE EQUIPMENT	100		2400.50	\$5,000			\$5,000
RODS. PUMPS. ANCHORS			2400.55			1500	\$0
ACCRUED TANGIBLE COMPLETION			2400.500			itsavii	\$0
NON-OP TANGIBLE COMPLETION	(8)		2400.700			1000	\$0
SURFACE EQUIP -ARTIFICIAL LIFT	8				2500.60	\$40,000	\$40,000
SURF EQUIP - PUMP UNIT & MOTOR					2500.65	10,000	\$0
VALVES, FITTINGS & MISC EQUIP					2500.70	\$50,000	\$50,000
SEPARATOR. HEATER TREATER DEHY	100				2500.75	\$35,000	\$35,000
GUN BARREL. TANK &RELATE EQUIP	- 0				2500.80	\$50,000	\$50,000
COMPRESSORS & RELATED EQUIP					2500.85		\$0
METERS & LACT EQUIPMENT					2500.90	\$20,000	\$20,000
SWD PUMP & EQUIPMENT					2500.95	\$15,000	\$15,000
FLOWLINE L-PIPE P/L MAT'L& T-I	100				2500.100	\$40,000	\$40,000
PROD FAC-FAB&INSTAL W/LAB&SUPR	UI UI				2500.105	\$75,000	\$75,000
POWER &ELECTRICAL INSTALLATION					2500.106	\$75,000	\$75,000
CONTINGENCY AND MISC COSTS	100				2500.200	dis a	\$0
ACCRUED FACILITY					2500.500	1000	\$0
NON-OP FACILITIES	6				2500.700	W-21-2	\$0
TOTAL TANGIBLE COSTS		\$70,000		\$192,000		\$400,000	\$662,000
TOTAL WELL COSTS		\$1,050,000		\$2,737,000		\$400,000	\$4,187,000
Prepared By: Lelan J. Anders		\$1,050,000		\$2,737,000 Date:			
Approved By: John H. Campbell III				Date:			
This AFE is only an estimate. E	By returning one signed copy,	you agree to p	ay your share o	of the actual co	sts incurred		

	PERCUSSION	N PETROLE	ΞU	IM, LLC					Acct Code	
	WELL COST ES		_						22223	
		1	_							
PERCUSSION	FIELD: WELL NAME:	N. Seven Rivers; G	lorie	eta-Yeso	İ		AFE #.: 1288 TARGET RES:		Yeso	
IL DELHOTENIA	DISTRICT:	Artesia (2)			l		CO/ST:		Eddy, NM	
	LOCATION:	L					START DATE:			
	TYPE:	Oil			1		DATE:		11/14/2018	
	Project Details: Drill	and complete horizor	ntal	Yeso well. Fi	rac with Slickw	ater and propr	pant. Construct pr	oduction		
		nps. Install electricity								
		DRILLING	_		COMPLETION		FACILITY			TOTAL
					ACCOUNT				1 !	
INTANGIBLE COSTS		ACCOUNT CODE		AMOUNT	CODE	AMOUNT	ACCOUNT CODE	AMOUNT		WELL
LAND SERVICES		2250.05		\$25,000						\$25,000
LEGAL FEES		2250.10	100	\$10,000						\$10,000
INSURANCE & BONDS	i a	2250.15							TOTAL !	\$0
OVERHEAD		2250.20	1101		2300,20					\$0
PERMITS & SURVEYING		2250,25		\$15,000					E 14 (1)	\$15,000
LOC, ROW, SURF, COND RIG &ROAD		2250,30		\$40,000	2300.30	\$2,500				\$42,500
DRILL RIG MOB/DEMOB		2250,35		\$40,000					New Colon	\$40,000
RIG COST - DRILLING (DAYWORK)		2250,40		\$180,000					0.00	\$180,000
RIG COST - DRILLING (FOOTAGE)		2250.45		4100,000						\$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						\$310,000				\$320,000
		2250.66		\$10,000	2300.66					
WATER HANLING		2250,67		\$5,000	2300.67	\$85,000				\$90,000
TELEPHONE & FAX		2250,70			2300.70				1000	\$0
TRANSPO / TRUCKING / HOTSHOT		2250.75		\$25,000	2300.75	\$10,000			2000	\$35,000
CONTRACT SUPERV, ENGRG &DESIGN		2250,80		\$40,000	2300.80	\$35,000				\$75,000
WELDING & OTH CONTR SRVC/LABOR		2250.85	l lee	\$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	15	\$100,000	2300.95	\$175,000				\$275,000
BITS		2250.100		\$35,000						\$35,000
CASING CREW & EQUIPMENT		2250.105	10	\$20,000	2300.105					\$20,000
CEMENTING SERVICES & PUMP DOWNS		2250.110		\$75,000	2300,110	\$55,000			100	\$130,000
DIRECTIONAL DRILLING & SURVEYS		2250,115		\$125,000						\$125,000
FISHING TOOLS & SERVICE		2250.120			2300,120					\$0
DRILLING & COMPLETION FLUIDS		2250.125	159	\$25,000	2300.125	\$20,000			A CONTRACTOR	\$45,000
MUD LOGGING		2250.130	100	\$15,000						\$15,000
LOGGING - OPENHOLE, FT, SWC	1	2250,135		\$5,000					COAT A DESCRIPTION	\$5,000
DRIL STEM TST CORING&CORE ANLY	i	2250.145								\$0
TUBULAR TESTING AND INSPECTION	1	2250.150		\$5,000	2300,150					\$5,000
CUTTINGS AND FLUIDS DISPOSAL	ľ	2250.165	Į my	\$50,000	2300.165	\$15,000			BELLEVI VIII	\$65,000
ABANDONMENT	I .	2250.170							THE RESERVE	\$0
CONTINGENCY AND MISC COSTS	1	2250,200	(E)		2300,200		2500.200			\$0
ACCRUED IDC DRILLING	1	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		ENGW KE	\$0
RIG COST - COMPLETION / WO					2300.55	\$100,000			100000000000000000000000000000000000000	\$100,000
RIG COST -COIL TUB/SNUBB/NITRO					2300.60	\$25,000				\$25,000
PERF. PLUG WL SERV PCE C-H LOG	1				2300.140	\$145,000			No.	\$145,000
FRAC AND STIMULATION SERVICES			10		2300,155	\$1,250,000			DEN STEEL	\$1,250,000
PROD WELL TESTING & SWABBING	1				2300.160	\$35,000				\$35,000
ACCRUED IDC COMPLETION					2300.500	\$55,000				\$0
NON-OP IDC COMPLETION	l				2300.500					\$0
	-	-		**************	2300.700	00.545.000				
TOTAL INTANGIBLE COSTS	ļ		_	\$980,000		\$2,545,000		\$0		\$3,525,000
									100	
TANGIBLE COSTS										TOTAL
TANGIBLE COSTS	L	DRILLING	-		COMPLETION		FACILITY			WELL
DRIVE PIPE. CONDUCTOR CASING		2350,05							(A = 1/48)	\$0
SURFACE CASING		2350.10		\$35,000					The state of	\$35,000
INTERMEDIATE CASING		2350.15								\$0
CASING LINER & HARDWARE		2350.25	157	\$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	9#.		2400.810		2500.810			\$0
TRANSFER TO PRODUCING PROPERTY		2350.820			2400.820		2500.820			\$0
DRODUCTION CASING			digit		2400.20	\$450,000				\$160,000

PRODUCTION TUBING							
TUBINGHEAD & TREE			2400.35	\$15,000			\$15,000
			2400.45	\$12,000		- 1921	\$12,000
PACKERS & SUBSURFACE EQUIPMENT			2400.50	\$5,000		Age	\$5,000
RODS. PUMPS. ANCHORS	100		2400.55			100	\$0
ACCRUED TANGIBLE COMPLETION			2400.500				\$0
NON-OP TANGIBLE COMPLETION			2400.700			1 5	\$0
SURFACE EQUIP -ARTIFICIAL LIFT					2500.60	\$40,000	\$40,000
SURF EQUIP - PUMP UNIT & MOTOR					2500.65		\$0
VALVES. FITTINGS & MISC EQUIP	200				2500.70	\$50,000	\$50,000
SEPARATOR, HEATER TREATER, DEHY					2500.75	\$35,000	\$35,000
GUN BARREL. TANK &RELATE EQUIP					2500.80	\$50,000	\$50,000
COMPRESSORS & RELATED EQUIP					2500.85		\$0
METERS & LACT EQUIPMENT					2500.90	\$20,000	\$20,000
SWD PUMP & EQUIPMENT					2500.95	\$15,000	\$15,000
FLOWLINE.L-PIPE.P/L MAT'L& T-I	100				2500.100	\$40,000	\$40,000
PROD FAC-FAB&INSTAL W/LAB&SUPR					2500.105	\$75,000	\$75,000
POWER &ELECTRICAL INSTALLATION					2500.106	\$75,000	\$75,000
CONTINGENCY AND MISC COSTS					2500.200		\$0
ACCRUED FACILITY					2500.500	0100	\$0
NON-OP FACILITIES					2500.700	4.1	\$0
TOTAL TANGIBLE COSTS		\$70,000		\$192,000		\$400,000	\$662,000
TOTAL WELL COSTS	100	\$1,050,000		\$2,737,000		\$400,000	\$4,187,000
Prepared By: Lelan J. Anders				Dale:			,
Approved By: John H. Campbell III				Date:			
This AFE is only an estimate. By re	turning one signed copy, y	ou agree to p	ay your share o	of the actual cos	sts incurred.		



	Project Details: Drill and complete horizontal Yeso well. Frac with Slickwater and proppar battery and SWD pumps. Install electricity to location and run ESP for primary artificial lift									
		DRILLING			COMPLETION		FACILITY			TOTAL
INTANGIBLE COSTS		ACCOUNT CODE AN		AMOUNT	CODE AMOUNT		ACCOUNT CODE AMOUNT			WELL
LAND SERVICES		2250,05		\$25,000					A-10-	\$25,000
LEGAL FEES	1	2250.10		\$10,000						\$10,000
INSURANCE & BONDS		2250.15								\$0
OVERHEAD		2250,20			2300,20				1500 Pt 1	\$0
PERMITS & SURVEYING		2250.25		\$15,000						\$15,000
LOC. ROW. SURF. COND RIG &ROAD		2250,30		\$40,000	2300,30	\$2,500				\$42,500
DRILL RIG MOB/DEMOB	1	2250,35		\$40,000						\$40,000
RIG COST - DRILLING (DAYWORK)		2250.40		\$180,000				\vdash		\$180,000
RIG COST - DRILLING (FOOTAGE)	1	2250,45	iiii							\$0
RIG COST - DRILLING (TURNKEY)		2250.50								\$0
RIG FUEL ELEC WATER&FRAC WATR		2250.65		\$40,000	2300.65	\$250,000			- 1115	\$290,000
WATER SOURCING	1	2250.66		\$10,000	2300,66	\$310,000			NEW YORK	\$320,000
WATER HANLING	1	2250.67	100	\$5,000	2300.67	\$85,000				\$90,000
TELEPHONE & FAX		2250.70	000	\$0,000	2300.70	400,000				\$0
TRANSPO / TRUCKING / HOTSHOT	1	2250.75		\$25,000	2300.75	\$10,000				\$35,000
CONTRACT SUPERV. ENGRG &DESIGN		2250.75		\$40,000	2300,75	\$35,000		 		\$75,000
WELDING & OTH CONTR SRVC/LABOR		2250.85		\$45,000	2300.85	\$17,500				\$62,500
RENTAL EQUIPMENT - DOWNHOLE		2250.85		\$50,000	2300,83	\$15,000				\$65,000
RENTAL EQUIPMENT - SURFACE		2250.95		\$100,000	2300.95	\$175,000			1000	\$275,000
		2250.95			2300.95	\$175,000				\$35,000
BITS				\$35,000	2222 425					\$20,000
CASING CREW & EQUIPMENT		2250.105		\$20,000	2300.105	¢55,000				\$130,000
CEMENTING SERVICES & PUMP DOWNS		2250,110		\$75,000	2300,110	\$55,000				
DIRECTIONAL DRILLING & SURVEYS		2250.115	100	\$125,000	0000 400			-		\$125,000
FISHING TOOLS & SERVICE		2250.120		405.000	2300.120	400.000				\$0
DRILLING & COMPLETION FLUIDS		2250,125		\$25,000	2300.125	\$20,000		-		\$45,000
MUD LOGGING		2250.130		\$15,000				-		\$15,000
LOGGING - OPENHOLE, FT, SWC		2250,135		\$5,000						\$5,000
DRIL STEM TST CORING&CORE ANLY		2250.145								\$0
TUBULAR TESTING AND INSPECTION		2250.150	100	\$5,000	2300,150	4.5.00				\$5,000
CUTTINGS AND FLUIDS DISPOSAL		2250.165		\$50,000	2300,165	\$15,000				\$65,000
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			100		2300.55	\$100,000				\$100,000
RIG COST -COIL TUB/SNUBB/NITRO					2300.60	\$25,000				\$25,000
PERF. PLUG.WL SERV.PCE.C-H LOG					2300.140	\$145,000				\$145,000
FRAC AND STIMULATION SERVICES					2300.155	\$1,250,000				\$1,250,000
PROD WELL TESTING & SWABBING	ľ				2300.160	\$35,000				\$35,000
ACCRUED IDC COMPLETION					2300.500				HEAD AND A	\$0
NON-OP IDC COMPLETION			DA.		2300.700					\$0
TOTAL INTANGIBLE COSTS				\$980,000		\$2,545,000		\$0		\$3,525,000
										TOTAL
TANGIBLE COSTS		DRILLING			COMPLETION		FACILITY			WELL
DRIVE PIPE: CONDUCTOR CASING		2350.05	98						W 20 1	\$0
SURFACE CASING		2350.10		\$35,000						\$35,000
INTERMEDIATE CASING		2350.15								\$0
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		\$ 10,000					1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	\$0
		2350.700	100						WS III OH	\$0
			1000							
NON-OP TANGIBLE DRILLING					2400 810		2500.810			\$0
		2350.810 2350.820			2400.810 2400.820		2500.810 2500.820			\$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	13		2400.55			1139	\$0
ACCRUED TANGIBLE COMPLETION	100		2400.500			19.00	\$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	\$50,000	\$50,000
SEPARATOR, HEATER TREATER.DEHY					2500.75	\$35,000	\$35,000
GUN BARREL, TANK &RELATE EQUIP	10				2500.80	\$50,000	\$50,000
COMPRESSORS & RELATED EQUIP					2500.85	L-III	\$0
METERS & LACT EQUIPMENT					2500.90	\$20,000	\$20,000
SWD PUMP & EQUIPMENT					2500.95	\$15,000	\$15,000
FLOWLINE.L-PIPE.P/L MAT'L& T-I					2500.100	\$40,000	\$40,000
PROD FAC-FAB&INSTAL W/LAB&SUPR					2500.105	\$75,000	\$75,000
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		\$70,000		\$192,000		\$400,000	\$662,000
TOTAL WELL COSTS		\$1,050,000		\$2,737,000		\$400,000	\$4,187,000
Prepared By: Lelan J. Anders				Date:			
Approved By: John H. Campbell III				Date:			
This AFE is only an estimate_By	returning one signed copy, y	ou agree to p	ay your share	of the actual co	sts 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. 20231

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 Shelby 2H, 3H, 4H,

and 5H 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 23 in red and the four proposed wells.

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

east. I do not observe any faulting, pinchouts, or other geologic impediments to developing this

targeted interval with a horizontal well.

BEFORE THE OIL CONSERVATION DIVISION

- 7. **Percussion Exhibit 2C** is a cross section location map showing the five 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 3H well is shown in blue at approximately 2700 feet. The proposed correlative target interval for the 5H well is shown in orange at approximately 2846 feet. The proposed correlative target interval for the 2H well is shown in pink at approximately 3025 feet. The proposed correlative target interval for the 4H well is shown in red at approximately 3136 feet. The cross-section demonstrates that the targeted interval extends across the proposed spacing unit. These wells will be pad drilled and simultaneously completed.
- 9. In my opinion the south to north 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.
- 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.

STATE OF TEXAS

COUNTY OF Havris

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

My Commission Expires:

Aure Cook
Notary Public. State of Texas
Comm. Expires 07-31-2019
Notary ID 130316120

that has

CJ Lipinski



Shelby 2H, 3H, 4H and 5H and Offset Horizontal Producers Exhibit 2A Location Map

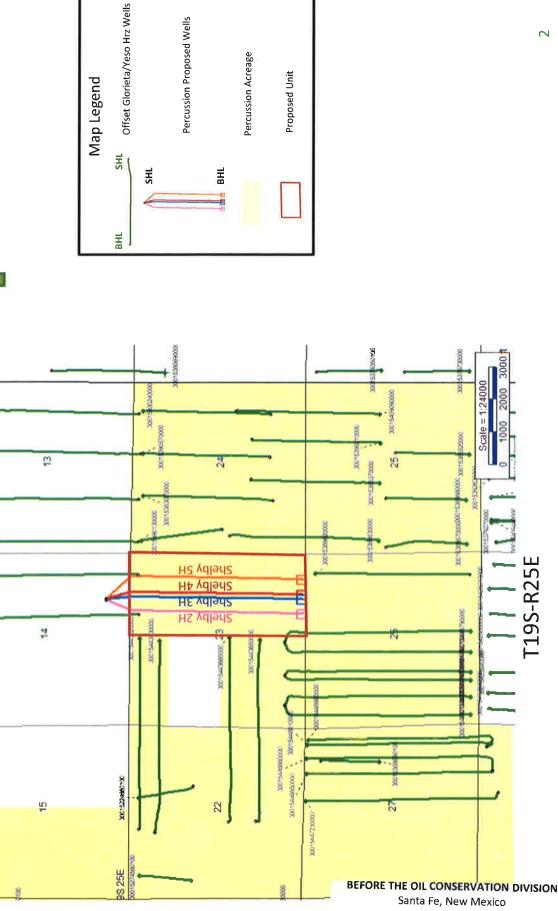
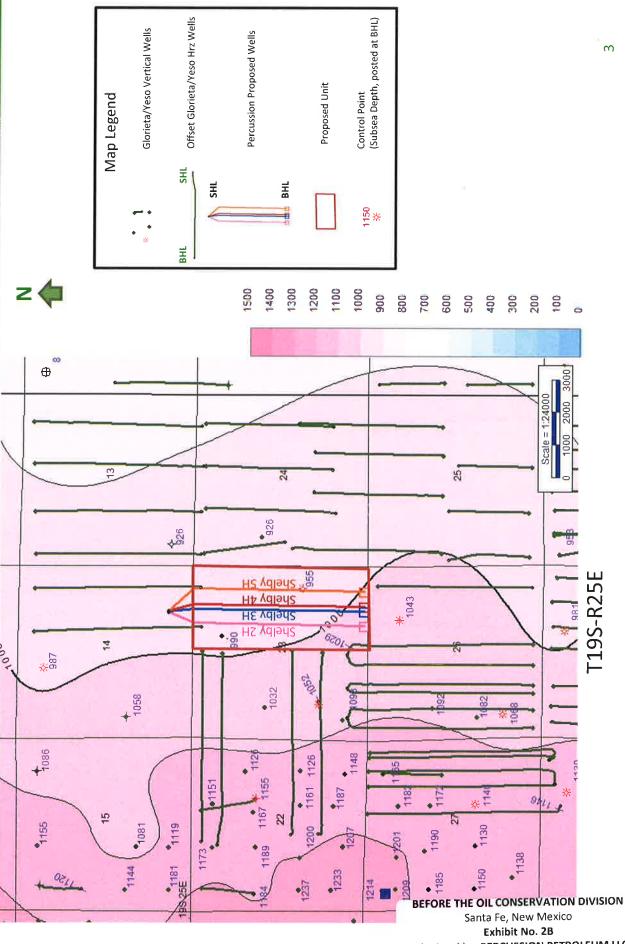


Exhibit No. 2A
Submitted by: PERCUSSION PETROLEUM LLC
Hearing Date: February 7, 2019
Case Nos. 20231



Exhibit 2B Structure Map Glorieta Structure Map (Subsea Depth)

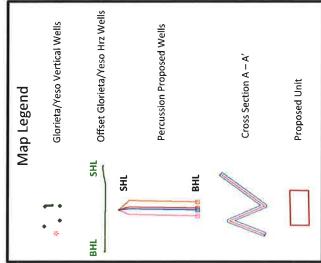


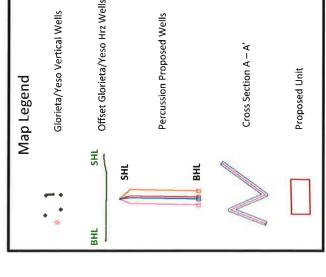
Submitted by: PERCUSSION PETROLEUM LLC
Hearing Date: February 7, 2019
Case Nos. 20231

Cross Section Map with Glorieta/Yeso Producing Wells Exhibit 2C Cross Section Location Map

PERCUSSION PETROLEUM

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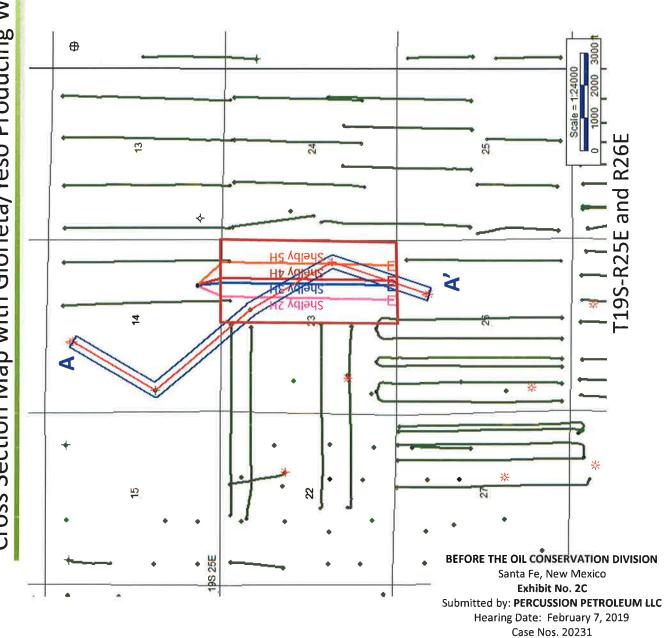
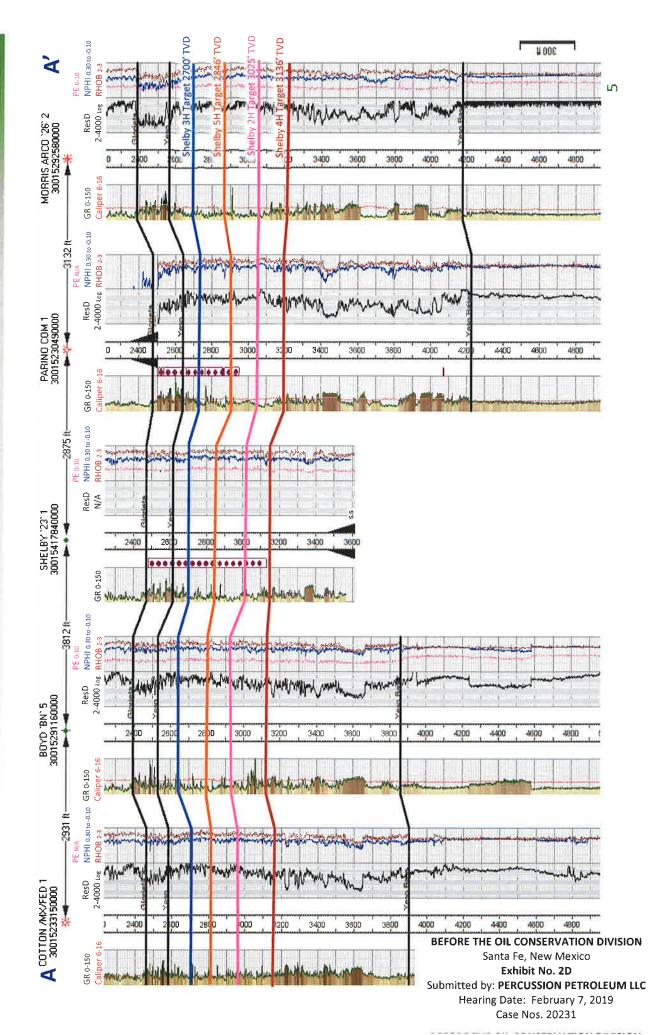




Exhibit 2D Logs for Cross Section

Structural Cross Section A – A'



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. 20231

AFFIDAVIT

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

Jordan L. Kessler, attorney in fact and authorized representative of Percussion Petroleum Operating, 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 U. Kessler

SUBSCRIBED AND SWORN to before me this 6th Day of February 2019 by Jordan L. Kessler.

Notary Public

OFFICIAL SEAL

CLARINDA L. WETZSTEON

NOTARY PUBLIC

STATE OF NEW MEXICO

My Commission Expires: _

Santa Fe, New Mexico Exhibit No. 3

Submitted by: PERCUSSION PETROLEUM LLC

Hearing Date: February 7, 2019 Case Nos. 20231



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.

Shelby 2H Well Shelby 3H Well Shelby 4H Well Shelby 5H 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.

//

Jordan L. Kessler

ATTORNEY FOR PERCUSSION PETROLEUM OPERATING, LLC



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Percussion - Shelby

CM# 100391.0001

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9214890194038377413443	DEBCO LLC 106 Flowing Spring Trail Spicewood TX 78669	Delivered Signature Received	Ref#: C1169805.6720568 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698
9214890194038377413450	Tierra Oil Company PO BOX 700968 San Antonio TX 78270	Delivered Signature Received	Ref#: C1169805.6720569 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698
9214890194038377413467	William S Allison 10 E Independence Shawnee OK 74801	Delivered Signature Received	Ref#: C1169805.6720570 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698

Barcode	Recipient	Status	Custom	User / Profile	Location / Department	Job ID
9214890194038377413474	A R Mersiovsky 5008 Belle Grove Court Midland TX 79705	In-Transit	Ref#: C1169805.6720571 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698
9214890194038377413481	Heirs of C H Chambers aka Clifton Harold Chambers 2 Stonebrook Brownwood TX 76801	In-Transit	Ref#: C1169805.6720572 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698
9214890194038377413498	Flyntt Chancellor 400 W Illinois Suite 1600 Midland TX 79701	In-Transit	Ref#: C1169805.6720573 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698
9214890194038377413504	Bobby M Gleason 904 Country Club Midland TX 79701	In-Transit	Ref#: C1169805.6720574 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698
9214890194038377413511	Heirs of Burton P Crain C/O: Jack L Crain Jr 1665 Country Meadow Lane Santa Fe TX 77517	Delivered Signature Received	Ref#: C1169805.6720575 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698

Barcode	Recipient	Status	Custom	User / Profile	Location / Department	Job ID
9214890194038377413528	Cascade Acquisition Partners PO BOX 7849 Dallas TX 75209	In-Transit	Ref#: C1169805.6720576 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698
9214890194038377413535	Nearburg Producing Company fbo Nearburg Producing Co Employee Fund PO BOX 823085 Dallas TX 75382	Delivered Signature Received	Ref#: C1169805.6720577 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		116980
9214890194038377413542	The Nell Blackmar LP (C/O: DEBCO LLC) 106 Flowing Spring Trail Spicewood TX 78669	Delivered Signature Received	Ref#: C1169805.6720578 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		116980
9214890194038377413559	Justin Nine 4425 98th St Suite 200 Lubbock TX 79424	In-Transit	Ref#: C1169805.6720579 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		116980

Barcode	Recipient	Status	Custom	User / Profile	Location / Department	Job ID
9214890194038377413566	Dylan Carter 2909 112th Street Lubbock TX 79423	Delivered Signature Received	Ref#: C1169805.6720580 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698
9214890194038377413573	Ross Duncan Properties LLC PO BOX 647 Artesia NM 88211	Delivered Signature Received	Ref#: C1169805.6720581 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		116980
9214890194038377413580	Olli Energy LLC 3001 W Loop Suite C-105 PMB 320 Midland TX 79705	Delivered Signature Received	Ref#: C1169805.6720582 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		116980
9214890194038377413597	Tanna Energy Partners LP 5014 Bluebird Branch Court Midland TX 79705	In-Transit	Ref#: C1169805.6720583 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		116980

Barcode	Recipient	Status	Custom	User / Profile	Location / Department	Job ID
9214890194038377413603	Featherstone Development Corp P 0 429 Roswell NM 88201	Delivered Signature Received	Ref#: C1169805.6720584 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698
9214890194038377413610	Alliance Land & Minerals LLC PO BOX 1040 Carlsbad NM 88221	Delivered Signature Received	Ref#: C1169805.6720585 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		11698
1	50	items per pa	ge		1 - 18 of 18 ite	ms



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Recipient address:

A R MERSIOVSKY 5008 BELLE GROVE COURT MIDLAND TX 79705

USPS CERTIFIED MAIL



9214 8901 9403 8377 4134 74

USPS Tracking Label Number: 9214 8901 9403 8377 4134 74

USPS Tracking History	Postal Facility	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 8750	01	01/15/2019 12:38
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 8750	01	01/18/2019 13:57
ORIGIN ACCEPTANCE		SANTA FE,NM 8750	01	01/18/2019 20:15
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,N	M 87101	01/18/2019 21:30
DEPART USPS FACILITY		ALBUQUERQUE,N	VI 87101	01/19/2019 03:28
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/20/2019 16:29
DEPART USPS FACILITY		MIDLAND,TX 79711		01/21/2019 06:01
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/22/2019 00:03
ADDRESSEE UNKNOWN		MIDLAND,TX 79705		01/23/2019 14:30
FORWARDED		MIDLAND,TX 79705		01/24/2019 10:45
PROCESSED THROUGH USPS FACILITY		EL PASO,TX 79910		01/25/2019 12:23
DEPART USPS FACILITY		EL PASO,TX 79910		01/25/2019 21:07
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/26/2019 16:57
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/28/2019 00:29
MOVED, LEFT NO ADDRESS		MIDLAND,TX 79705	5	01/29/2019 10:47
PROCESSED THROUGH USPS FACILITY		EL PASO,TX 79910		01/30/2019 13:09
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,NM 87101		01/31/2019 12:44
ARRIVAL AT UNIT		SANTA FE,NM 87501		02/01/2019 10:18
AVAILABLE FOR PICKUP		SANTA FE,NM 8750	01	02/01/2019 10:43

CASE #:



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

Recipient address:

HEIRS OF C H CHAMBERS AKA CLIFTON HAROLD CHAM 2 STONEBROOK BROWNWOOD TX 76801

USPS CERTIFIED MAIL



9214 8901 9403 8377 4134 81

USPS Tracking Label Number: 9214 8901 9403 8377 4134 81

USPS Tracking History	Postal Facility	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 875	01	01/15/2019 12:38
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 875	01	01/18/2019 13:57
ORIGIN ACCEPTANCE		SANTA FE,NM 875	01	01/18/2019 20:15
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,N	M 87101	01/18/2019 21:30
DEPART USPS FACILITY		ALBUQUERQUE,N	M 87101	01/19/2019 03:28
PROCESSED THROUGH USPS FACILITY	ROCESSED THROUGH USPS FACILITY		ABILENE,TX 79601	
PROCESSED THROUGH USPS FACILITY		ABILENE,TX 79601		01/21/2019 02:25
DEPART USPS FACILITY	EPART USPS FACILITY		ABILENE,TX 79601	
ARRIVAL AT UNIT	RRIVAL AT UNIT		BROWNWOOD,TX 76801	
SORTING/PROCESSING COMPLETE		BROWNWOOD,TX 76801		01/22/2019 07:57
OUT FOR DELIVERY		BROWNWOOD,TX	76801	01/22/2019 08:07
NO AUTHORIZED RECIPIENT AVAILABLE		BROWNWOOD,TX 76801		01/22/2019 16:11
REMINDER TO SCHEDULE REDELIVERY		BROWNWOOD,TX 76801		01/27/2019 05:20
ADDRESSEE UNKNOWN		BROWNWOOD,TX 76801		02/01/2019 15:55
PROCESSED THROUGH USPS FACILITY		ABILENE,TX 79601		02/01/2019 20:43
PROCESSED THROUGH USPS FACILITY		ABILENE,TX 79601		02/02/2019 00:04

CASE #:



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

Recipient address:

FLYNTT CHANCELLOR 400 W ILLINOIS SUITE 1600 MIDLAND TX 79701

USPS CERTIFIED MAIL



9214 8901 9403 8377 4134 98

USPS Tracking History	Postal Facility	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 875	01	01/15/2019 12:38
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 875	01	01/18/2019 13:57
ORIGIN ACCEPTANCE		SANTA FE,NM 875	01	01/18/2019 20:15
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,N	M 87101	01/18/2019 21:30
DEPART USPS FACILITY		ALBUQUERQUE,NM 87101		01/19/2019 03:28
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/20/2019 16:29
DEPART USPS FACILITY		MIDLAND,TX 79711		01/21/2019 06:01
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/22/2019 17:41
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/23/2019 02:00
RESCHEDULED TO NEXT DELIVERY DAY		MIDLAND,TX 79701		01/23/2019 10:43
PROCESSED THROUGH USPS FACILITY		EL PASO,TX 79910		01/30/2019 11:59
DEPART USPS FACILITY		EL PASO,TX 79910		01/30/2019 21:14
PROCESSED THROUGH USPS FACILITY	MIDLAND,TX 7971		1	01/31/2019 14:31
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 7971	1	02/01/2019 02:00



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Recipient address:

BOBBY M GLEASON 904 COUNTRY CLUB MIDLAND TX 79701

USPS CERTIFIED MAIL



9214 8901 9403 8377 4135 04

USPS Tracking History	Postal Facility	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 875	501	01/15/2019 12:38
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 875	501	01/18/2019 13:57
ORIGIN ACCEPTANCE		SANTA FE,NM 875	501	01/18/2019 20:15
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,N	IM 87101	01/18/2019 21:30
DEPART USPS FACILITY		ALBUQUERQUE,NM 87101		01/19/2019 03:28
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/20/2019 16:29
DEPART USPS FACILITY		MIDLAND,TX 79711		01/21/2019 06:01
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/22/2019 17:41
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/23/2019 02:00
ADDRESSEE UNKNOWN		MIDLAND,TX 79701		01/23/2019 09:55
PROCESSED THROUGH USPS FACILITY		EL PASO,TX 79910		01/30/2019 11:51
DEPART USPS FACILITY		EL PASO,TX 79910		01/30/2019 21:14
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 7971	MIDLAND,TX 79711	
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 7971	1	02/01/2019 01:06



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Recipient address:

CASCADE ACQUISITION PARTNERS PO BOX 7849 DALLAS TX 75209

USPS CERTIFIED MAIL



9214 8901 9403 8377 4135 28

USPS Tracking History	Postal Facility	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 875	501	01/15/2019 12:38
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 875	501	01/18/2019 13:57
ORIGIN ACCEPTANCE		SANTA FE,NM 87501		01/18/2019 20:15
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,NM 87101		01/18/2019 21:30
DEPART USPS FACILITY	ALBUQUERQUE,NM 8		IM 87101	01/19/2019 03:28
PROCESSED THROUGH USPS FACILITY	DALLAS,TX 75260		01/20/2019 09:23	
DEPART USPS FACILITY	DALLAS,TX 75260			01/21/2019 05:21
ARRIVAL AT UNIT		DALLAS,TX 75220		01/22/2019 07:09
SORTING/PROCESSING COMPLETE	DALLAS,TX 75209			01/23/2019 07:03
UNCLAIMED/BEING RETURNED TO SENDER		DALLAS,TX 75220		01/24/2019 06:06



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Recipient address:

JUSTIN NINE 4425 98TH ST SUITE 200 LUBBOCK TX 79424

USPS CERTIFIED MAIL



9214 8901 9403 8377 4135 59

USPS Tracking History	Postal Facility	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 875	501	01/15/2019 12:38
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 875	501	01/18/2019 13:57
ORIGIN ACCEPTANCE		SANTA FE,NM 875	501	01/18/2019 20:15
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,N	IM 87101	01/18/2019 21:30
DEPART USPS FACILITY		ALBUQUERQUE,NM 87101		01/19/2019 03:28
PROCESSED THROUGH USPS FACILITY		LUBBOCK,TX 79402		01/19/2019 21:42
PROCESSED THROUGH USPS FACILITY		LUBBOCK,TX 79402		01/20/2019 12:36
PROCESSED THROUGH USPS FACILITY		COPPELL,TX 75099		01/29/2019 12:13
PROCESSED THROUGH USPS FACILITY		COPPELL,TX 75099		01/31/2019 14:04
PROCESSED THROUGH USPS FACILITY		LUBBOCK,TX 79402		02/01/2019 21:54
PROCESSED THROUGH USPS FACILITY		LUBBOCK,TX 79402		02/02/2019 15:53
FORWARD EXPIRED		LUBBOCK,TX 79424		02/04/2019 06:04



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

Recipient address:

TANNA ENERGY PARTNERS LP 5014 BLUEBIRD BRANCH COURT MIDLAND TX 79705

USPS CERTIFIED MAIL



9214 8901 9403 8377 4135 97

USPS Tracking History	Postal Facility	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 875	501	01/15/2019 12:38
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 875	501	01/18/2019 13:57
ORIGIN ACCEPTANCE		SANTA FE,NM 875	501	01/18/2019 20:15
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,NM 87101		01/18/2019 21:30
DEPART USPS FACILITY		ALBUQUERQUE,NM 87101		01/19/2019 03:28
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/20/2019 16:29
DEPART USPS FACILITY	MIDLAND,		1	01/21/2019 06:01
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 79711		01/21/2019 23:36
ARRIVAL AT UNIT		MIDLAND,TX 79705		01/25/2019 07:00
NO AUTHORIZED RECIPIENT AVAILABLE	MIDLAND,TX		5	01/25/2019 12:10
REMINDER TO SCHEDULE REDELIVERY	MIDLAND,		5	01/30/2019 03:15

URRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No. 0001274807

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

BEFORE THE OIL CONSERVATION Subscribed and sworn before me this 23th of January 2019.

State of WI, County of Brown NOTARY PUBLIC

NOTARY PUBLIC SHIP My Commission Expire

Ad#:0001274807 PO: 0001274807 # of Affidavits: 0.00 Submitted by: PERCUSSION PETROLEUM LLC Hearing Date: February 7, 2019

Santa Fe, New Mexico

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOU CES 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, 20 19. 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

TO:All overriding royalty interest owners and pooled parties, including: Empire Energy, LLC Susan M. Hinkle, her heirs and devisees; New State Gas, LLC, Rolla R. Hinkle, III, his heirs and devisees; MRC Permian Company, Briana McDuff, her heirs and devisees; R.R. Hinkle Co.; Marshall & Winston, Inc.; Mark C. McShurley, his heirs and devisees; Michael D. McShurley, his heirs and devisees; Suzanne Landre, her heirs and devisees; Donald H. Judson, his heirs and devisees; Linda S. Judson her heirs and devisees; Linda S. Judson her heirs and devisees; Judith L. Judson, her heirs and devisees; DEBCO, LLC; Tierra Oil Company; William S. Allison, his heirs and devisees; A. R. Mersiovsky, his heirs and devisees; Heirs of C. H. Chambers aka Clifton Harold Chambers and devisees: Harold Chambers and devisees; Flynt Chancellor, his heirs and devisees; Bobby M. Gleason. his heirs and devisees; Heirs of Burton P. Crain, c/o Jack L. Crain, Jr., and devisees; Cascade Energy Partners, LP; Cascade Acquisition Partners; Nearburg Producing Company fbo Nearburg Producing Co. Employee Fund; The Nell Blackmar Limited Partnership (C/O: DEBCO, LLC); Justin Nine, his heirs and devisees; Dylan Carter, his heirs and devisees; Ross Duncan Properties, LLC; Olli Energy, LLC
Tanna Energy Partners; Featherstone Development Corp.; Alliance Land & Minerals, LLC Yates Petroleum Corporation.

Case No. 20231 Application of Percussion Petroleum Operating, LLC for compulsory pool-

ounty, New Mexico. Applicant in ing, Eddy d cause seeks order pooling all the above-uncommitted interests in the 320-acre horizontal spacing unit in the N. Seven Rivers Pool (97565) comprised of the E/2 of Section 23, 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 four proposed wells: the Shelby 2H Well, the Shelby 3H Well, the Shelby 4H Well, and the Shelby 5H Well. The Shelby 2H Well and the Shelby 2H Well and the Shelby 2H Well will be beginned to the Shelby 3H Well will be shelpy 3H Well will be shel 3H Well will be horizontally drilled from a surface location in the SW/4SE/4 (Unit O) of Section 14 to a standard bottomhole location in the SW/4SE/4 (Unit L) of Section 23. The Shelby 4H Well and the Shelby 5H Well will be horizontally drilled from a surface location in the SE/4SE/4 (Unit P) of Section 14 to a standard bottomhole location in the SE/4SE/4 (Unit P) of Section 23. 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 8.5 miles southwest of Atoka, New Mexico.

Pub: January 23, 2019 #1274807