

## Percussion Petroleum LLC

Radiohead 1H and 2H

3/7/2019

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. 20229** 

**AFFIDAVIT OF JOE DICHIARA** 

Joe Dichiara, of lawful age and being first duly sworn, declares as follows:

1. My name is Joe Dichiara. I work for Percussion Petroleum Operating, LLC

("Percussion") as a Landman.

2. I have previously testified before the Oil Conservation Division by affidavit.

I am familiar with the application filed by Percussion in this matter and with the

status of the lands in the subject area.

4. In Case No. 20229, Percussion seeks an order pooling all uncommitted interests

from the top of the Atoka; Glorieta Yeso Pool (3250) to a depth of 3,200 feet in the 200-acre

horizontal spacing comprised of the N/2 S/2 of Section 28 and the NE/4 SE/4 of Section 29,

Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

5. The proposed horizontal spacing unit is to be dedicated to applicant's

proposed Radiohead 1H Well, to be drilled from a surface location in the NW/4 SW/4 (Unit L)

of Section 27 to a standard bottom-hole location in the NE/4 SE/4 (Unit I) of Section 29. The

completed interval for this well is at an orthodox well location pursuant to the Statewide

rules for oil wells.

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BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Exhibit No. 1

Submitted by: PERCUSSION PETROLEUM

Hearing Date: March 7, 2019 Case Nos. 20229

- 6. **Percussion Exhibit No. 1A** contains a draft Form C-102 for the proposed well. All lands in the proposed spacing units is fee acreage.
- 7. A depth severance exists in the Yeso formation in the horizontal spacing unit. Accordingly, Percussion seeks to pool only a portion of the Atoka; Glorieta Yeso Pool from the top of the pool at a stratigraphic equivalent of 2,279 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer 1 Well (API No. 30-015-05926), to a depth of 3,200 feet.
- 8. The depth severance was created by virtue of an assignment between two predecessors in interest. This document defines the depth severance as 3,200 feet.
- 9. Ownership is different above and below the depth severance line. **Percussion Exhibit 1B** identifies ownership by tract in the proposed spacing unit from the top of the pool to a depth of 3,200 feet. Percussion seeks to pool those interest owners highlighted in green. All interests that Percussion seeks to pool are working interest owners, overriding royalty interest owners, and unleased mineral interest owners.
- 10. Percussion has proposed to drill and complete horizontal wells and has filed a separate application to force pool all uncommitted interests within the Atoka; Glorieta Yeso Pool below the depth severance in this acreage.
- 11. No interest owner that Percussion seeks to pool has indicated opposition to Percussion presenting this case by affidavit.
- 12. **Percussion Exhibit 1C** contains a sample of the well proposal letters and offers to lease along with an AFE that was sent to working interest owners.
- 13. In addition to sending well proposal letters, AFEs, and offers to lease, I have called or emailed each of the interest owners Percussion seeks to pool and attempted to reach an

agreement with them. In my opinion, I have made a good faith effort to reach an agreement with each of the parties that Percussion seeks to pool.

- 14. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area in each of these formations.
- 15. 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 interest owners were locatable.
- 16. In addition to parties Percussion seeks to compulsory pool, I provided notice of these applications to the vertical offsets who would be excluded from the spacing unit Percussion seek to create. All parties received notice and did not object to Percussion's plan to pool only a portion of the pool in each of the cases.
- 17. 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.
- 18. Percussion Exhibit Nos. 1A through 1C were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Joe Dichiara Dilliana

STATE OF TEXAS

COUNTY OF HARRIS

me this 6 day of March 2019 by Joe Dichiara.

SUBSCRIBED and SWORN to before

NOTARY PUBLIC

My Commission Expires:

6/24/2021

CHRISTINE M. KOPASZ
My Notary ID # 812623
Expires June 24, 2021

12098172\_1

District 1
1625 N., French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S., First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S., St., Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

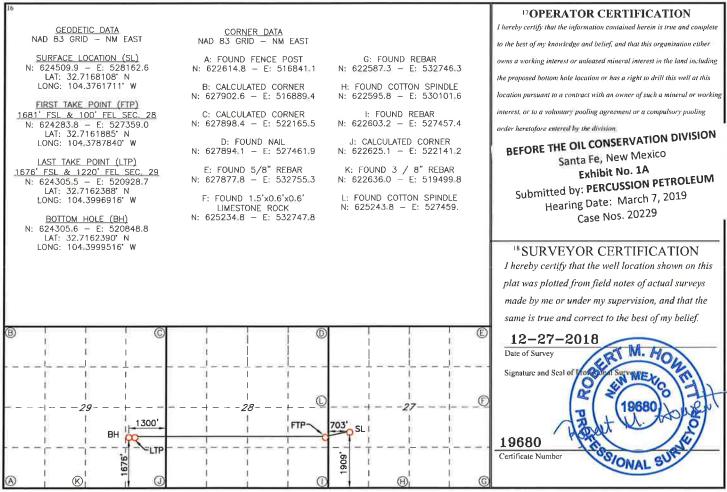
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

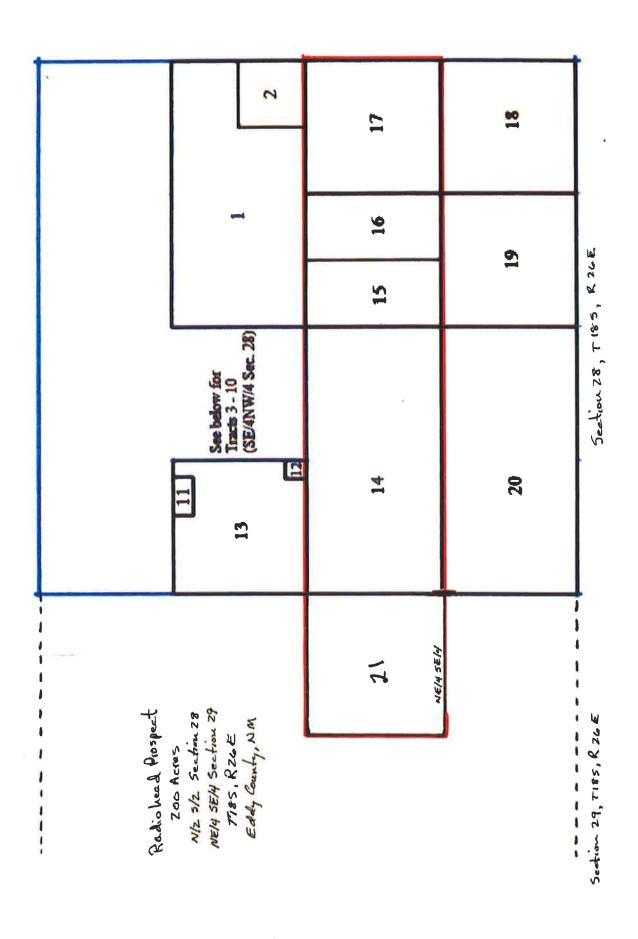
■ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

	API Numbe	r		<sup>2</sup> Pool Code			<sup>3</sup> Pool Na	me	
<sup>4</sup> Property Co	de				5 Property No				<sup>6</sup> Well Number <b>1 H</b>
7OGRID	NO.			PERCU	8 Operator N SSION PET	arne ROLEUM, LLO	C		<sup>9</sup> Elevation <b>3352'</b>
					<sup>10</sup> Surface	Location		***	
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	East/West line	County		
L	27	18S	26E		1909	WEST	EDDY		
			11 ]	Bottom H	lole Location	If Different Fr	om Surface		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	29	18S	26E		1676	SOUTH	1300	EAST	EDDY
12 Dedicated Acres	s 13 Joint	or Infill 14	Consolidation	Code 15 (	Order No.				

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





BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Submitted by: **PERCUSSION PETROLEUM**Hearing Date: March 7, 2019
Case Nos. 20229 Exhibit No. 1B

:	ing Unit
Radiohead 1H Well	Proposed Yeso Formation Space

NOT TO SCALE

Eddy County, NM
NOTE: INTERESTS TO BE FORCED POOLED ARE HIGHLIGHTED IN GREEN
21 T/O Tract

MOIE: INICACSIS	NOTE: INTERESTS TO BE FORCED POOLED ARE HIGHLIGHTED IN GREEN									
8	21 T/O Tract		14 T/O Tract			15 T/O Tract	16 T/O Tract		17 T/0 Tract	
NE/4SE	NE/4SE/4 of Sec. 29-185-26E	N/2SW/4 of Sec. 28-185-26E	8S-26E		W/ZNW/45	W/2NW/45E/4 Sec. 28-185-26E	E/2NW/4SE/4 Sec. 28-185-26E	8-185-26E	NE/4SE/4 Se	NE/4SE/4 Sec. 28-185-26E
All Depths	Interest Type	From Top of the Yeso to 3,100'	Interest	Type	All Depths	Interest Type	All Depths	Interest Type	Type All Depths	Interest Type
St. Devote LLC	100.000000 WI	EOG M Resources, Inc.	25.000000%	I.W.	St. Devote LLC	50.000000% WI	St. Devote LLC	97.395834% WI	EOG A Resources, Inc.	25,000 GEROFE WI
(Participating)		EOG Y Resources, Inc.	25,000000%	W	(Participating)		(Participating)		EOG Wilesources, Inc.	25,00000005, WI
		Oxy Y-1 Company	25.000000%	8					EDG Vinescurses, Inc.	25,00000055 WII
Rolla R. Hinklle III	2.500000% ORRI	EOG Resources Assets LLC	9,375000%	W	COG Operating INC	47.500000% UMI	Carolyn Harmon	0.868056% LSD	Oxy Y-1 Company	25.000000% WI
Rosemary H. Hinkle	2.500000% ORRI	Vladin, LLC (Participating Don't Force Pool)	9,375000%	W	Cencho Cill& Gos MC	Z SEEDIGON UNI	Sandra S. Setemen	0.868055% UMI		
Don't Force Pool These ORFIL Sufficient	NRRI. Sufficient	EOG A Resources, Inc.	6.250000%	W			Richard H. Coats	0.260417% LSD		
Pooling Language.							Wentell W. kerton Jr.	GLISEZDE/A UMI	All Depths	Interest Type
		3,101 to 3,200°	Interest	Type			Morgan Gapital Graup; Inc.	CALTETERS UM!		987
		EOG Y Resources, Inc.	100,000,000	IM			Sapphire Reporties, Inc.	GREEFERS UNII	GOG Department HC	2,963786% 6031
							J. M. Mineral & Land Co., Inc.	COCESOSIS UNI	Concho Oil & Gas LLC	0/255250% GRRI
		3,201' to Base to they Yeso	Interest	Туре			Magnolla Royalty Company, Inc.	0.086805% UMI		
		Devon Energy Production Company, L.P.	100.000000%	W			James W. Essman	0.043403% LSD		
Legend							Angela Essman Spencer	0,043403% LSD		
WI Leaseho	Leasehold Working Interest	From Top of the Yeso to 3,200'								
ORRI Overridi	Overriding Royalty Interest	Devon Snorgy Fredestlen Company, L.P.	15,625000%	ORRI					100	
UMI Unlease	Unleased Mineral Interest	Kefenikale	3.125000%	ORRI						
:		: : : : : : : :								
Note		From 3,201 to Base of the Yeso	,400000	i d						
WI Doctored to	WI Special manufaction and an action of the control	Levon Energy Production Company, L.P.	3.125000%	OKK.						
or people is partic	paring into marronal.	TOTAL STREET	3:123000%							

ORRI Rolla R. Hinkle III and Rosemary H. Hinkle. Informational. Sufficient Pooling Language Don't Force Pool.





919 Milam Street Suite 2475 Houston, TX 77002

Direct Telephone: 713.429-4012 Fax: 713.255.0261

Sent Certified Mail, Return Receipt Requested

November 26, 2018

Angela Essman Spencer P.O. Box 7501 Midland, TX 79708

RE: Well Proposal & Letter Agreement Radiohead 1H well Eddy County, New Mexico

Gentlemen/Ladies:

Percussion Petroleum Operating, LLC ("Percussion") hereby proposes to drill and complete the Radiohead 1H, to an approximate total vertical depth of 2,725' as a horizontal well in the upper portion of the Yeso formation (the "Subject Well"), with an estimated spud date in January, 2019, at the following proposed location (subject to change upon staking and survey).

### Radiohead 1H well - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 1,980' FSL & 650' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location 1,680' FSL & 1,291' FEL, Section 29, T18S-R26E

Attached, in duplicate is the AFE which specifies total drilling and completed costs to be estimated at \$4,510,000.00.

In support of this well and future development, Percussion proposes to form a Working Interest Unit covering the N/2S/2 of Section 28 and the NE/4SE/4 of Section 29 in Township 18 South, Range 26 East, Eddy County, New Mexico, containing 200 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 from 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.

Part of the proposed WIU, the N/2SW/4 and NE/4SE/4 of Section 28, is likely governed by operating agreements 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

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico **Exhibit No. 1C**Submitted by: **PERCUSSION PETROLEUM** 

Hearing Date: March 7, 2019 Case Nos. 20229 Radiohead 1H Well Proposal November 26, 2018 Page 2

seismic wells, pilot hole wells), Percussion hereby submits, a new operating agreement ("NOA") dated November 20, 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.

As an alternative to participation, Percussion offers to lease your mineral rights as to the Yeso formation, only. Percussion will pay \$1,000/acre for a lease, granting a one-quarter  $(1/4^{th})$  royalty and three (3) year term. The leasing party will deliver its leasehold interest effective September 1, 2018, as to unleased depths within the Yeso formation.

Please indicate your election as to the Subject Well 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 AFEs and/or 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.

If you have any questions regarding this proposal, please do not hesitate to contact the undersigned by e-mail at brettw@percussionpetroleum.com or by phone at 713-300-1852. 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

Brett Woody, CPL Sr. Consulting Landman

enclosures

### **Radiohead 1H Well Election**

1) Elect to participate in the drilling and completing of the Radiohead 1H well, 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) Elect to lease the mineral rights for three (3) years as to the unleased portion of the Yeso formation, at a price of \$1,000.00 per acre, granting a one-quarter  $(1/4^{th})$  royalty.

Radiohead 1H Well Proposal November 26, 2018 Page 3	
Agreed to and Accepted this day of	, 2018, by:
Company:	
By:	
Name:	
Title:	

PERFORMED   PERF		PERCUSSIO		.EU	M, LLC					Acct Code	
TOTAL   STATE   STAT	A DEBCHECION							-		22223	
TOCATION   STATE   TABLE   T	PETROLEUM	WELL NAME:	Radiohead #1H	Glorie	ita-Yeso			TARGET RES	:	Yeso	
Prof.				WL 27	7-18S-26E						
NTANGIBLE COSTS  MCCOUNT GOR  AMOUNT COOK MOUNT  COOK TUBBLE  ACCOUNT GOR  AMOUNT COOK MOUNT  COOK MOU											
NETANGERIE COSTS   ADDITION   COST   CO									oduction		
NETANGERIE COSTS   ADDITION   COST   CO			T DRILLING			COMPLETION	1	FACILITY			TOTAL
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SEAN_FEES		1		-		CODE	AMOUNT	CODE	AMOUNT		WELL
SURANCE BOOKE		1		- 10				-	+		\$5,00
VERNEAD   1,000   2,000   1,		1			\$1,000						\$1,00
250.00	VERHEAD					2300.20					\$
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2200-15 PRILLING (CHOVAPOR) 20081 - PRILLING (FUNDACE) 210-20 0 20081 - PRILLING (FUNDACE) 220-20 0 20081 - PRILLING (FUNDACE) 220-20 0 20081 - PRILLING (FUNDACE) 220-20 0 22		1	2250,30			2300.30	\$2,500			A second	\$76,50
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SCOST - ORILLING (TURNINEY)   2269.60		1		-	\$170,500		_				\$170,50
SPUELE LECT CAMPETRAFFACE WATER				-15							\$ .s
TER SOURCING   2280.86		1			\$45,000	2300.65	\$250,000				\$295,00
LEPHONE & FAX	ATER SOURCING	1	2250.66		\$4,000	2300.66					\$214,00
ANSPOL TRUCKING / HOTSHOT INTRACT SUPPRIA. WARG & DESIGN LIGHING & OTHIC CONTR SPUCIAL BOR IT AND A STATE OTHIC CONTR SPUCIAL BOR IT ALL ECUPPRIAL TO CONTROL	ATER HANLING	1	2250,67		\$7,500	2300,67	\$70,000			91.	\$77,50
NTRACT SUPPRIVE NORG A DESIGN   2200.00   341.000		1	2250,70			2300.70					5
LINING & OTH COMTR SRVCLABOR   1208.08   1208.08   1208.09   1208.08   1208.00   120		1	2250.75			2300,75					\$20,00
NTAL EQUIPMENT - SURFACE  SING CREW & EQUIPMENT   SURFACE   SING CREW & EQUIPMENT   SURFACE   SING CREW & EQUIPMENT   SURFACE   SING CREW & EQUIPMENT   SURFACE   SING CREW & EQUIPMENT   SURFACE   SING CREW & EQUIPMENT   SURFACE   SING CREW & EQUIPMENT   SURFACE   SING CREW & EQUIPMENT   SURFACE   SING CREW & EQUIPMENT   SURFACE   SING CREW & EQUIPMENT   SURFACE					-						\$86,00
NTAL SCUMPMENT - SURFACE   2229.95   450,000   200,055   510,000									-		\$51,00
SING CREW & EQUIPMENT MENTING SERVICES & EQUI									_		\$47,00
SING CREW & EQUIPMENT  229-106  1907-107  229-107  239-10						2300.00	\$140,000				\$36,00
MENTING SERVICES & EQUIPMENT (1997) SECTIONAL DRILLING & SURVEYS (1997) HING TOOLS & SERVICE (1998) LIUNG & COMPLETTON & FUNDOS (1998) LIUNG & COMPLETTON &		1				2300,105					\$25,00
HIND TOOLS & SERVICE  2280.130  D LOGGING  GENTO-OPENIOLE FT, SWC LISTEM TST, CORNING&CORE ANLY  2280.135  LISTEM TST, CORNING&CORE ANLY  2280.136  LISTEM TST, CORNING&CORE ANLY  LISTEM TST, CORNING&CORE	MENTING SERVICES & EQUIPMENT						\$13,000				\$93,00
LILING & COMPLETION FLUIDS   2280.128   355.000   200.128   54,000		I		M	\$100,000					وراحوا	\$100,00
DLOGGINS   2280.139   \$10,000   \$1.0000   \$1.0000   \$1.0000   \$1.0000   \$1.0000   \$1.0000   \$1.0000   \$1.0000				100							\$
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2200.820											\$(
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NOP IDC COMPLETION    \$2300,700   \$2,225,000   \$0   \$3.2	OD WELL TESTING & SWABBING	1				2300,160	\$20,000				\$20,000
AL INTANGIBLE COSTS   \$910,000   \$2,225,500   \$10   \$3.2											
NIGIBLE COSTS  DRILLING  COMPLETION  FACILITY  VE PIPE CONDUCTOR CASING  2350.10  2350.10  \$32,000  ERMEDIATE CASING  2350.15  \$185,000  \$185.000				353	\$910,000	2300,700	\$2,325,500		\$0		\$3,235,500
NAGIBLE COSTS   DRILLING   COMPLETION   FACILITY   DEPT											TOTAL
REFACE CASING 2350.10 \$32,000   1   1   1   1   1   1   1   1   1						COMPLETION		FACILITY	_		WELL
ERMEDIATE CASING  2350.15  \$180.01 LINER & HARDWARE  2350.25  \$120.00  2400.25  \$180.00  2400.30  LLHEAD EQUIPMENT  2350.40  \$6,000  2400.30  LLHEAD EQUIPMENT  2350.40  \$6,000  2400.30  LLHEAD EQUIPMENT  2350.600  ANSFER TO DRY/ABANDONMENT  2350.810  2350.700  ANSFER TO PRODUCING PROPERTY  2350.820  2400.820  2400.820  2500.820  200.021  200.021  2400.820  2400.820  2500.820  200.021  200.021  200.021  200.025  \$2,000  \$1,000  \$2,000					\$32.000						\$32,000
SING LINER & HARDWARE  4250.25  \$12,000  2400.25  \$12,000  2400.30  \$10,000  2400.30  \$10,000  2400.30  \$10,000  2400.30  \$10,000  2400.30  \$10,000  2400.820  2500.810  2500.82											\$165,000
AGER DOWN HOLE CSG ACCESS   2350.30   \$10,000   2400.30				10		2400.25					\$12,000
CRUED TANGIBLE DRILLING   2350.500   2350.700   2350.500   2350.700   2350.810   2350.810   2350.810   2350.810   2350.810   2350.810   2350.810   2350.820   2400.820   2500.820   2500.820   2500.820   2500.820   2400.820   2500.820   2400.820   2500.820   2400.820   2500.820   2400.820   2500.820   2400.820   2500.820   2400.820   2500.820   2400.820   2500.820   2400.820   2500.820   2400.820   2500.820   2400.820   2500.820   2400.820   2500.820   2400.						2400,30					\$10,000
A-OP TANGIBLE DRILLING					\$6,000					100	\$6,000
NSFER TO DRY/ABANDONMENT  2350.810  2400.810  2500.810  2500.820		-									\$0
NAME   Color						2400 840		3500 340			\$0
DEDUCTION CASING   2400.20   2400.35   \$28.000   \$28.000   \$300.											\$0
DESCRIPTION TUBING   2400.35   \$28.000   \$28.000   \$200.56   \$300.50   \$30											\$0
INGHEAD & TREE							\$28,000				\$28,000
SEPUMPS ANCHORS   2400.55   \$25,000     SERVED TANGIBLE COMPLETION   2400.500						2400.45	\$15,000				\$15,000
### RUED TANGIBLE COMPLETION   2400.500											\$0
FOP TANGIBLE COMPLETION   2400.700							\$25,000		+		\$25,000
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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. 20229** 

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. The Len Mayer 1 (30-015-05926) log shows the top of the pool at 2,279 feet

measured depth and the bottom of the pool/base of the Yeso at 4,460 feet measured depth.

5. Percussion Exhibit 2A is a location map that I prepared for the subject spacing

unit. This map shows the proposed spacing unit in N/2 S/2 of Section 28 and the NE/4 SE/4 of

Section 29 in red, and the proposed initial well in orange. Offset Glorieta/Yeso producers are

shown in green. Also depicted in pink is an anticipated infill well, the Radiohead 2H Well.

**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.

6

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 2

Submitted by: PERCUSSION PETROLEUM

Hearing Date: March 7, 2019

- 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, and or porosity logs. The proposed target interval for the proposed well is labeled with an orange line at approximately 2,725 feet. The cross-section demonstrates that the targeted interval extends across the proposed spacing unit. Also depicted in pink is the target interval for the anticipated infill well, the Radiohead 2H Well.
- 9. This exhibit also shows a depth severance in a red line at 3,200 feet. Both the initial proposed well and the anticipated infill well are located more than 300 feet from the depth severance line. Accordingly, neither well will produce hydrocarbons from across the depth severance line. Moreover, Percussion has proposed to drill and complete horizontal wells and has filed a separate application to force pool all uncommitted interests within the Atoka; Glorieta Yeso Pool below the depth severance in this acreage.
- 10. Percussion agrees to appear before the Division in the event that it proposes to drill any infill well closer to the depth severance line than the anticipated Radiohead 2H Well, as depicted in Exhibit 2D.
- In my opinion, the east to west well orientation in the Yeso formation is appropriate for proper exploitation because of the consistent rock properties throughout the spacing unit and the lack of preferred fracture orientation in this portion of the trend.
- Based on my geologic study of the area, the Yeso formation underlying the subject area and subject spacing units is suitable for development by horizontal wells and the tracts

comprising the proposed spacing units will contribute more-or-less equally to the production in the well.

13. In my opinion, the granting of Percussion's application 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 6th day of March 2019 by CJ Lipinski.

NOTARY PUBLIC

My Commission Expires:

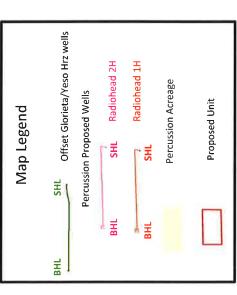
6/24/2021

CHRISTINE M. KOPASZ
My Notary ID # 812623
Expires June 24, 2021



# Exhibit 2A Location Map

Radiohead 1H and 2H with Offset Horizontal Producers



### BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Exhibit No. 2A

Submitted by: PERCUSSION PETROLEUM

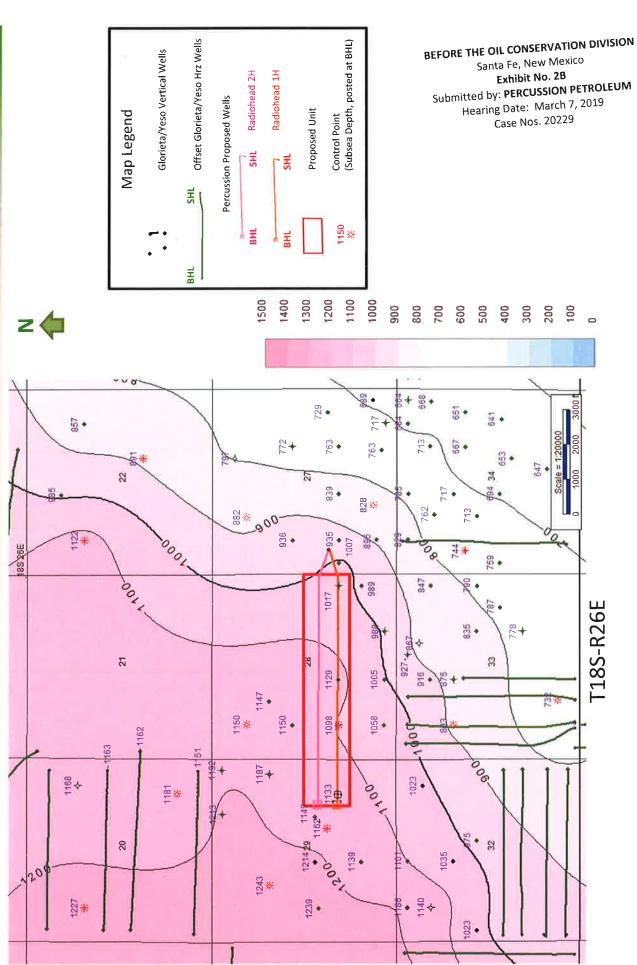
Hearing Date: March 7, 2019 Case Nos. 20229





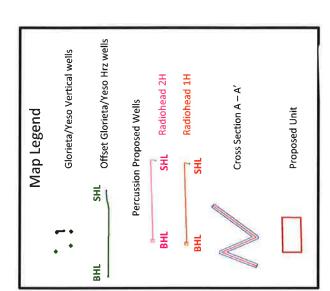
## Exhibit 2B Structure Map

Glorieta Structure Map (Subsea Depth)

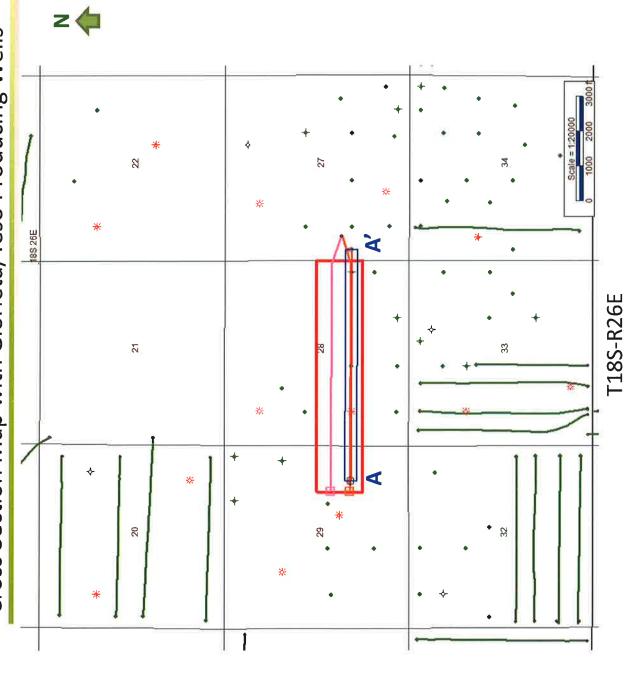


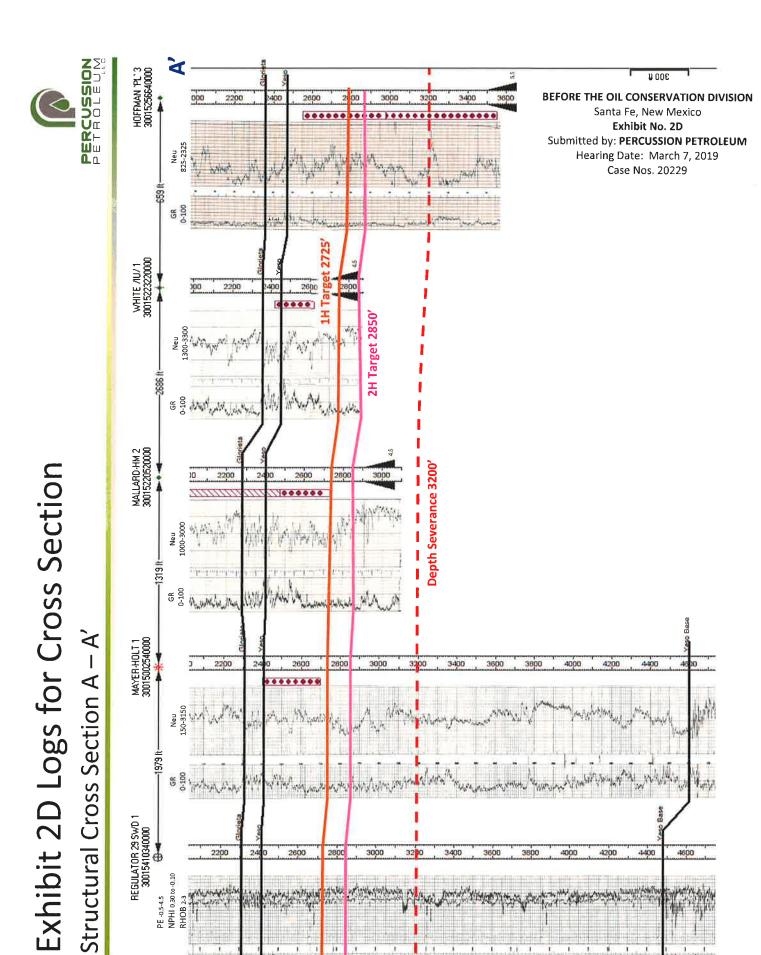


### Cross Section Map with Glorieta/Yeso Producing Wells Exhibit 2C Cross Section Location Map



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 2C
Submitted by: PERCUSSION PETROLEUM
Hearing Date: March 7, 2019
Case Nos. 20229





### 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. 20229

### **AFFIDAVIT**

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

Adam G. Rankin, attorney for **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.

Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 6th day of March 2019 by Adam G. Rankin.

OFFICIAL SEAL

CLARINDA L. WETZSTEON

NOTARY PUBLIC

STATE OF NEW MEXICO

My Commission Expires: 444 4 2022

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Exhibit No. 3

Submitted by: **PERCUSSION PETROLEUM**Hearing Date: March 7, 2019

Case Nos. 20229



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources —
Oil and Gas Law — New Mexico Board
of Legal Specification
mfeldewert@hollandhart.com

February 15, 2019

### VIA CERTIFIED MAIL CERTIFIED RECEIPT REQUESTED

TO: VERTICAL OFFSETS IN POOL

Amended application of Percussion Petroleum Operating, LLC for

compulsory pooling, Eddy County, New Mexico.

Radiohead 1H 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 March 7, 2019; and the status of the hearing can be monitored through the Division's website at http://www.emnrd.state.nm.us/ocd/. *Your interest is not being pooled by this application*. You are receiving this notice because you own an interest in the Atoka; Glorieta Yeso Pool (3250) that is not being included in the horizontal spacing unit. 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.

Michael H. Feldewert

ATTORNEY FOR PERCUSSION PETROLEUM

OPERATING, LLC



### **Shipment Confirmation Acceptance Notice**

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 Radiohead 1H Case No 20229 CM# 100391.0001 20190307 Docket WI UMO Notice List

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Priority Mail®	0
First-Class Package Service®	
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International*	
Other	13
Total	13

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- Confirm the volume count message by selecting Yes or No
   Select Pay and End Visit to complete transaction

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DEPART USPS FACILITY	ALBUQUERQUE,NM 87101			02/15/2019 22:04
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 7971	1	02/17/2019 15:40
PROCESSED THROUGH USPS FACILITY		MIDLAND,TX 7971	1	02/18/2019 03:22
DEPART USPS FACILITY	MIDLAND,TX 79711		02/18/2019 06:05	
ARRIVAL AT UNIT		MIDLAND,TX 79701		03/05/2019 16:13
AVAILABLE FOR PICKUP		MIDLAND,TX 7970	2	03/05/2019 16:15



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

### Recipient address:

MORGAN CAPITAL GROUP INC PO BOX 989 MABANK TX 75147

USPS CERTIFIED MAIL



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USPS Tracking Label Number: 9214 8901 9403 8378 7970 85

USPS Tracking History	Postal Facility	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 875	501	02/14/2019 13:45
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 875	501	02/15/2019 10:49
ORIGIN ACCEPTANCE		SANTA FE,NM 875	02/15/2019 19:51	
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,N	02/15/2019 21:06	
DEPART USPS FACILITY	ALBUQUERQUE,NM 87101			02/15/2019 22:04
PROCESSED THROUGH USPS FACILITY	DALLAS,TX 75260			02/17/2019 07:30
DEPART USPS FACILITY	DALLAS,TX 75260		02/18/2019 05:51	
ARRIVAL AT UNIT	MABANK,TX 75147		02/19/2019 08:55	
SORTING/PROCESSING COMPLETE	MABANK,TX 75147		02/20/2019 07:19	
FORWARDED		MABANK,TX 7514	7	02/20/2019 11:13



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

### Recipient address:

J M MINERAL & LAND CO INC PO BOX 1015 MIDLAND TX 79702

**USPS CERTIFIED MAIL** 



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USPS Tracking Label Number: 9214 8901 9403 8378 7970 92

USPS Tracking History	<b>Postal Facility</b>	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 875	501	02/14/2019 13:45
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 875	501	02/15/2019 10:49
ORIGIN ACCEPTANCE		SANTA FE,NM 875	02/15/2019 19:51	
PROCESSED THROUGH USPS FACILITY	ALBUQUERQUE,NM 87101			02/15/2019 21:06
DEPART USPS FACILITY	ALBUQUERQUE,NM 87101			02/15/2019 22:04
PROCESSED THROUGH USPS FACILITY	MIDLAND,TX 79711			02/17/2019 15:40
PROCESSED THROUGH USPS FACILITY	MIDLAND,TX 79711		02/18/2019 03:22	
DEPART USPS FACILITY	MIDLAND,TX 79711		02/18/2019 06:05	
ARRIVAL AT UNIT	MIDLAND,TX 79701		1	03/05/2019 16:13
AVAILABLE FOR PICKUP		MIDLAND,TX 79702		



### Shipment Confirmation Acceptance Notice

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 Radiohead Case No 20229 CM# 100391.0001 20190307 Docket **ORRI Notice List** 

Shipment Date: 02/14/2019 Shipped From: Name: HOLLAND & HART LLP 110 N GUADALUPE ST # 1 Address: 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	3
Total	3

<sup>\*</sup>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
- Confirm the volume count message by selecting Yes or No
   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** 



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

### Recipient address:

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USPS CERTIFIED MAIL



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USPS Tracking Label Number: 9214 8901 9403 8378 7966 06

USPS Tracking History	<b>Postal Facility</b>	ZIP	Date	Time
PRE-SHIPMENT INFO SENT USPS AWAITS ITEM		SANTA FE,NM 875	601	02/14/2019 13:36
SHIPMENT RECEIVED ACCEPTANCE PENDING		SANTA FE,NM 875	01	02/15/2019 10:49
ORIGIN ACCEPTANCE		SANTA FE,NM 875	01	02/15/2019 19:51
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,N	IM 87101	02/15/2019 21:06
DEPART USPS FACILITY		ALBUQUERQUE,N	IM 87101	02/15/2019 22:04
PROCESSED THROUGH USPS FACILITY		EL PASO,TX 79910	)	02/16/2019 13:53
DEPART USPS FACILITY		EL PASO,TX 79910	)	02/16/2019 21:18
PROCESSED THROUGH USPS FACILITY		EL PASO,TX 79910	)	02/18/2019 16:40
INSUFFICIENT ADDRESS		RUIDOSO,NM 883	45	02/19/2019 12:41
PROCESSED THROUGH USPS FACILITY		EL PASO,TX 79910	)	02/23/2019 17:53
PROCESSED THROUGH USPS FACILITY		ALBUQUERQUE,N	IM 87101	02/24/2019 13:06
ARRIVAL AT UNIT		SANTA FE,NM 875	01	02/25/2019 11:13
AVAILABLE FOR PICKUP		SANTA FE,NM 875	01	02/25/2019 11:53
REMINDER TO SCHEDULE REDELIVERY		RUIDOSO,NM 8834	45	03/02/2019 03:32



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources —
Oil and Gas Law — New Mexico Board
of Legal Specification
mfeldewert@hollandhart.com

February 15, 2019

### VIA CERTIFIED MAIL CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re:

Amended application of Percussion Petroleum Operating, LLC for

compulsory pooling, Eddy County, New Mexico.

Radiohead 1H 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. A hearing has been requested before a Division Examiner on March 7, 2019, and the status of the hearing can be monitored through the Division's website at http://www.emnrd.state.nm.us/ocd/. Division hearings will commence at 8:15 a.m. in Porter Hall at 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

Michael H. Feldewert

ATTORNEY FOR PERCUSSION PETROLEUM

OPERATING, LLC



### **Shipment Confirmation Acceptance Notice**

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 Radiohead 1H Case No 20229 CM# 100391.0001 20190307 Docket Vertical Offset Notices

Shipment Date: 02/14/2019

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	1
Total	1

<sup>\*</sup>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
- Scan or enter the barcode/label number from PS Form 5630
- Confirm the volume count message by selecting Yes or No
   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.

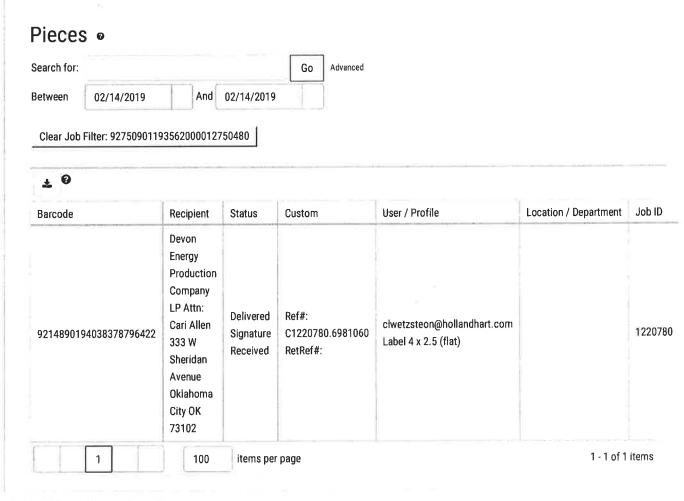
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### CURRENT-ARGUS

### AFFIDAVIT OF PUBLICATION

Ad No. 0001277455

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:

02/16/19

Legal Clerk

Subscribed and sworn before me this 18th of February 2019.

State of WI, County of Brown NOTARY PUBLIC

My Commission Expires

Ad#:0001277455 P O : Radiohead # of Affidavits :0.00



### STATE OF NEW MEXICO ENERGY, MINERALS AND NATURA 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 **March 7**, **2019**, in the Oil Con-servation 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 February 25, 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: EOG M Resources Inc.; EOGA Resources,Inc.; EOGY Resources Inc.; EOGResourcesAssetsLLC;Oxy Y-1 Company; Devon Energy Production Company, L.P.; COG Operating LLC; Concho Oil & Gas LLC; Sandra S. Bateman, her heirs and devisees; Wendell W. Iverson, Jr., his heirs and devisees; Sapphire Royalties, Inc.; Morgan Capital Group, Inc.; J. M. Mineral & Land Co., Inc.; Helen Holt, her heirs and devisees; William J. McCaw, c/o McCaw Properties LLC, his heirs and devisees.

Case No. 20229:Amended Application of Percussion Petroleum Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests from the top of the Atoka; Glorieta Yeso Pool (3250) to a depth of 3200 feet in the 200-acre horizontal spacing comprised of the N/2 S/2 of Section 28 and the NE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. Percussion proposes to dedicate the above-referenced spacing unit to the Radiohead1H Well, to be drilled from a surface location in the NW/4 SW/4 (Unit L) of Section

27 to a standard bottom-hole location in the NE/4 SE/4 (Unit I) of Section 29. Also, to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Percussion Petroleum Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 3.8 miles southeast of Atoka, New Mexico.