



Percussion Petroleum LLC

Weezer 3H and 4H

April 4, 2019

CASE NO. 20372

**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. 20372

AFFIDAVIT OF JOE DICHARA

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

1. My name is Joe Dichara. I work for Percussion Petroleum Operating, LLC ("Percussion") as a Landman.
2. I have previously testified before the Oil Conservation Division by affidavit.
3. 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. 20372, Percussion seeks an order pooling all uncommitted interests in the Atoka; Glorieta Yeso Pool (3250) from a depth of 3,001 feet to the base of the Pool within a proposed 160-acre horizontal spacing unit comprised of the S/2 N/2 of Section 28, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.
5. The proposed horizontal spacing unit is to be dedicated to the following two wells: (1) the **Weezer No. 3H Well**, to be horizontally drilled from a surface location in the be SW/4 NW/4 (Unit E) of Section 27 to a standard bottom-hole location in the SW/4 NW/4 (Unit E) of Section 28; and (2) the **Weezer No. 4H Well**, to be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 27 to a standard bottom-

hole location in the SW/4 NW/4 (Unit E) of Section 28. The completed interval for each well is at an orthodox well location pursuant to the statewide rules for oil wells.

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 3,001 feet to the bottom of the Yeso formation, at a stratigraphic equivalent of 4,460 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer 1 Well (API No. 30-015-05926).

8. The depth severance was created by virtue of an assignment between two predecessors in interest. This document defines the depth severance as 3,000 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 3,000 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 an application to force pool all uncommitted interests within the Atoka; Glorieta Yeso Pool above the depth severance in this acreage. That case, designated Case No. 20234, was presented to the Division on March 7, 2019 and has been taken under advisement.

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 for each well.

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
Joe Dichiara

STATE OF TEXAS)
COUNTY OF Dallas)

SUBSCRIBED and SWORN to before
me this 3rd day of April 2019 by Joe Dichiara

Sandra Jean Salas
NOTARY PUBLIC

My Commission Expires:

August 8, 2020



12237292 1

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name WEEZER			⁶ Well Number 3H
⁷ OGRID NO.		⁸ Operator Name PERCUSSION PETROLEUM, LLC			⁹ Elevation 3341'

¹⁰ Surface Location

UL or lot no. E	Section 27	Township 18S	Range 26E	Lot Idn	Feet from the 1663	North/South line NORTH	Feet From the 647	East/West line WEST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. E	Section 28	Township 18S	Range 26E	Lot Idn	Feet from the 2227	North/South line NORTH	Feet From the 20	East/West line WEST	County EDDY
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

¹⁶ GEODETIC DATA NAD 83 GRID - NM EAST SURFACE LOCATION (SL) N: 626229.4 - E: 528107.4 LAT: 32.7215371° N LONG: 104.3763530° W FIRST TAKE POINT (FTP) 2241' FNL & 100' FFL - SEC 28 N: 625654.1 - E: 527360.1 LAT: 32.7199549° N LONG: 104.3787821° W LAST TAKE POINT (LTP) 2227' FNL & 100' FFL - SEC 28 N: 625671.3 - E: 522255.2 LAT: 32.7199952° N LONG: 104.3953813° W BOTTOM HOLE (BH) N: 625671.6 - E: 522175.2 LAT: 32.7199958° N LONG: 104.3956413° W		CORNER DATA NAD 83 GRID - NM EAST A: CALCULATED CORNER N: 622625.1 - E: 522141.2 B: CALCULATED CORNER N: 627898.4 - E: 522165.5 C: FOUND NAIL N: 627894.1 - E: 527461.9 D: FOUND 5/8" REBAR N: 627877.8 - E: 532755.3 E: FOUND 1.5'X0.6'X0.6' LIMESTONE ROCK N: 625234.8 - E: 532747.8 F: FOUND REBAR N: 622587.3 - E: 532746.3 G: FOUND COTTON SPINDLE N: 622595.8 - E: 530101.6 H: FOUND REBAR N: 622603.2 - E: 527457.4 I: FOUND COTTON SPINDLE N: 62543.8 - E: 527459.8		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
		BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. 1A Submitted by: PERCUSSION PETROLEUM Hearing Date: April 4, 2019 Case Nos. 20372		
¹⁸ 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.		12-27-18 Date of Survey Signature and Seal of Professional Surveyor 		
19680 Certificate Number		LS18121385		

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name WEEZER			⁶ Well Number 4H
⁷ GRID NO.		⁸ Operator Name PERCUSSION PETROLEUM, LLC			⁹ Elevation 3341'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
E	27	18S	26E		1658	NORTH	666	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	28	18S	26E		1679	NORTH	20	WEST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

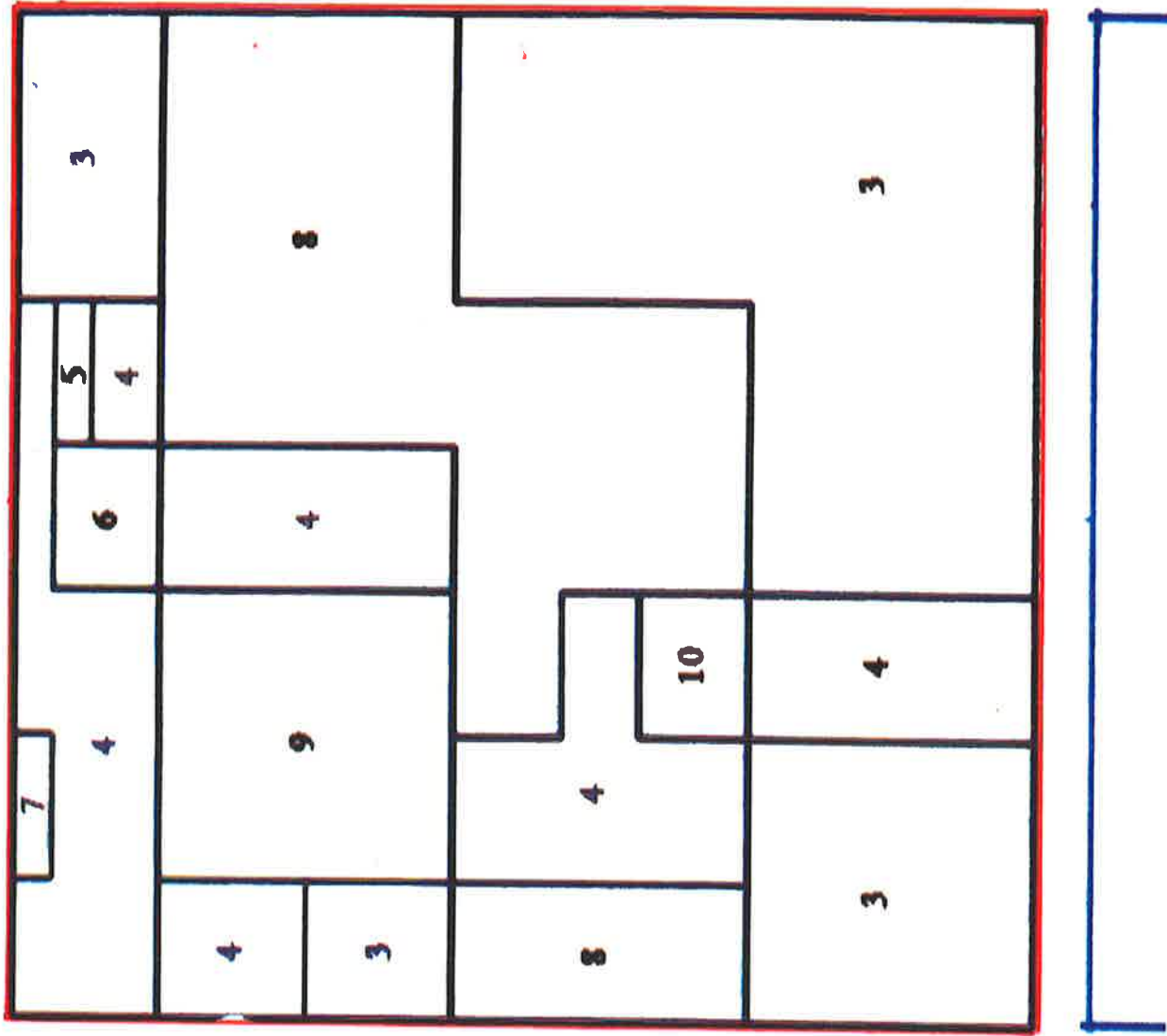
¹⁶ GEODETIC DATA NAD 83 GRID - NM EAST SURFACE LOCATION (SL) N: 626234.5 - E: 528126.8 LAT: 32.7215513° N LONG: 104.3762900° W FIRST TAKE POINT (FTP) 1685' FNL & 100' FEL - SEC 28 N: 626209.3 - E: 527360.6 LAT: 32.7214810° N LONG: 104.37887814° W LAST TAKE POINT (LTP) 1679' FNL & 100' FWL - SEC 28 N: 626220.0 - E: 522257.7 LAT: 32.7215032° N LONG: 104.3953741° W BOTTOM HOLE (BH) N: 626220.1 - E: 522177.8 LAT: 32.7215036° N LONG: 104.3956341° W		CORNER DATA NAD 83 GRID - NM EAST A: CALCULATED CORNER N: 622625.1 - E: 522141.2 B: CALCULATED CORNER N: 627898.4 - E: 522165.5 C: FOUND NAIL N: 627894.1 - E: 527461.9 D: FOUND 5/8" REBAR N: 627877.8 - E: 532755.3 E: FOUND 1.5'X0.6'X0.6' LIMESTONE ROCK N: 625234.8 - E: 532747.8 F: FOUND REBAR N: 622587.3 - E: 532746.3 G: FOUND COTTON SPINDLE N: 622595.8 - E: 530101.6 H: FOUND REBAR N: 622603.2 - E: 527457.4 I: FOUND COTTON SPINDLE N: 62543.8 - E: 527459.8		¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Signature _____ Date _____ Printed Name _____ E-mail Address _____
		¹⁸ SURVEYOR CERTIFICATION <i>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.</i> 12-27-18 Date of Survey Signature and Seal of Professional Surveyor 19680 Certificate Number		

LS18121386

Weezer Prospect
 160 Acres
 S/2 N/2 Section 28
 T18S, R26E
 Eddy County, NM
 Tracts 1, 2, 11-13



Weezer Prospect
 40 Acres
 SE 1/4 NW 1/4 Section 28
 T18S, R26E
 Eddy County, NM
Tracts 3-10



Weezer 3H and 4H Well
Ownership to be Force Pooled
Proposed Yeso Formation Spacing Unit
S/2N/2 Sec. 28-18S-26E, Eddy County, NM
160.0 acres more or less

NOT TO SCALE

NOTE: INTERESTS TO BE FORCED POOLED ARE HIGHLIGHTED IN GREEN

Eddy County, NM

See attached plat for descriptions
Tracts 3 through 10

Tract 13		Tract 11	Tract 1b		Tract 1a	
See Worksheet Tracts 3-10		See Worksheet	SW/4NE/4		N/2SE/4NE/4, SW/4SE/4NE/4	
Tr. 12 See Worksheet			All Depths	Interest	All Depths	Interest
			(Participating)	Type	(Participating)	Type
			The Runyon Family Tr.	80.729167% WI	St. Devote LLC	97.395834% WI
			Carolyn Harmon	16.666667% LSD		
			Sandra S. Bateman	0.868055% LSD		
			Richard H. Coats	0.868055% UMI		
			Wendell W. Weitzel, Jr.	0.260417% LSD		
			Morgan Capital Group, Inc.	0.130208% UMI		
			Superna Royalties, Inc.	0.130208% UMI		
			J.M. Mineral & Land Co., Inc.	0.068055% UMI		
			Magnolia Royalty Company, Inc.	0.086805% LSD		
			James W. Essman	0.043403% LSD		
			Angela Essman Spencer	0.043403% LSD		

TRACT 11: Beginning at a point East 775.00 feet from the Northwest corner of the Southwest quarter of the Northwest quarter, Section 28, Thence South 200.0 feet; Thence East 380.00 feet; Thence North 200.0 feet; Thence West 380.00 feet to the place of beginning (Formerly known as Lots 1, 2, 3, 4, 5, and 6 in Block 2 of the Chisholm Nursery and Orchard Company Addition to the Town of Dayton, New Mexico, including to the centerline of adjacent streets and alleys) (1.75 acres, more or less) (as to all the Yeso formation)

All Depths	Interest	Type
EOG M Resources, Inc.	25.0000%	WI
EOG Y Resources, Inc.	25.0000%	WI
Oxy Y-1 Company	25.0000%	WI
EOG Resources Assets LLC	12.5000%	WI
Vladin, LLC	12.5000%	WI

TRACT 13: SW/4NW/4 of Section 28, except Tracts 11 and 12 described above (Formerly known as the SW/4NW/4 of Section 28, being the Chisholm Nursery and Orchard Company Addition to the Town of Dayton, New Mexico, except Lots 1-6 in Block 2 of said Addition and except Lots 4, 5, and 6 in Block 16 of said Addition, including to the centerline of adjacent streets and alleys) (37.36 acres, more or less)

From Top of the Yeso to 3,000'	Interest	Type
EOG M Resources, Inc.	25.0000%	WI
EOG Y Resources, Inc.	25.0000%	WI
Oxy Y-1 Company	25.0000%	WI
EOG Resources Assets LLC	12.5000%	WI
Vladin, LLC	12.5000%	WI

From 3,000' to the Yeso Bottom	Interest	Type
EOG M Resources, Inc.	19.7620%	WI
EOG Y Resources, Inc.	19.7620%	WI
Oxy Y-1 Company	19.7620%	WI
EOG Resources Assets LLC	9.8813%	WI
Vladin, LLC	9.8813%	WI

Tex Zia Properties, Ltd.	Interest	Type
COGO Operating LLC	7.8561%	LSD
Beatrice V. Coats	7.8561%	UMI
Carolyn S. Coats	1.7458%	UMI
Michael S. Coats	1.7458%	UMI
Conchita Ortiz Coats LLC	0.3008%	UMI

Carolyn Harmon

Interest

Type

0.868055% LSD

Sandra S. Bateman	0.868055% UMI
Richard H. Coats	0.260417% LSD
Wendell W. Weitzel, Jr.	0.130208% UMI
Morgan Capital Group, Inc.	0.130208% UMI
Superna Royalties, Inc.	0.068055% UMI
J.M. Mineral & Land Co., Inc.	0.068055% UMI
Magnolia Royalty Company, Inc.	0.086805% LSD
James W. Essman	0.043403% LSD
Angela Essman Spencer	0.043403% LSD

Legend	Leasehold Working Interest, No JOA
WI	Unleased Mineral Interest
UMI	
Note	WI
St. Devote is participating.	Informational.

**Ownership to be Force Pooled. Tract 12 from the SW/4NW/4
Weezer 14S/2N/2 Sec. 28-18S-26E,
Eddy Co., NM**

TRACT 12: Beginning at the Southeast corner of the Southwest quarter of the Northwest quarter of Section 28. Thence North 210.00 feet; Thence West 185 feet; Thence South 210 feet; Thence East 185 feet to the place of beginning. (Formerly known as Lots 4, 5, and 6 in Block 16 of the Chisholm Nursery and Orchard Company Addition to the Town of Dayton, New Mexico, including to the centerline of adjacent streets and alleys) (0.89 acre, more or less)

From Top of the Yeso Formation to 3,000'

Company	Interest	Type
EOG M Resources, Inc.	25.0000000%	WI
EOG Y Resources, Inc.	25.0000000%	WI
Oxy Y-1 Company	25.0000000%	WI
EOG Resources Assets LLC	12.5000000%	WI
Vladin, LLC	12.5000000%	WI

From 3,001' to 3,100'

Company	Interest	Type
EOG M Resources, Inc.	25.0000000%	WI
EOG Y Resources, Inc.	25.0000000%	WI
Oxy Y-1 Company	25.0000000%	WI
EOG Resources Assets LLC	12.5000000%	WI
Vladin, LLC	12.5000000%	WI

From 3,101' to 3,200'

Company	Interest	Type
EOG Y Resources, Inc.	100.0000000%	WI

From 3,201' to Base of the Yeso Formation

Company	Interest	Type
Devon Energy Production Company, L.P.	100.0000000%	WI

From the Top of the Yeso Formation to 3,000'

Devon Energy Production Company, L.P.	12.5000000%	ORRI
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From 3001' to 3,200'

Devon Energy Production Company, L.P.	12.5000000%	ORRI
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Legend		
WI	Leasehold Working Interest, No JOA	
ORRI	Overriding Royalty Interest	

Weezer Unit S/2N/2 Sec. 28-18S-26E.
Ownership to be Force Pooled. Tracts 3 through 10
Eddy Co., NM

TRACT 6: Lots 10 and 12 of Block 31 of West Dayton, including to the centerline of adjacent streets and alleys (0.61 acre, more or less) (as to all the Yesso formation)

All Depths	Interest	Type
EOGY Resources, Inc.	777777	WI
EOGA Resources, Inc.	777777	WI
EOGM Resources, Inc.	777777	WI
Oxy Y-1 Company	777777	WI

Numerous leases have been taken here.
Title issues exist which bring into question the actual leasehold ownership for this tract. However, these are the parties who would own the leasehold.

TRACT 7: Lot 8 of Block 30 of West Dayton, including to the centerline of adjacent streets and alleys (0.22 acre, more or less) (as to all the Yesso formation)

All Depths	Interest	Type
EOGY Resources, Inc.	59.38333333%	WI
EOGA Resources, Inc.	19.38333333%	WI
EOGM Resources, Inc.	18.38333333%	WI
Oxy Y-1 Company	13.38333333%	WI

Elizabeth Properties, Ltd.	5.00000000%	ORRI
George H. Eitz III	2.50000000%	ORRI
Benjamin Cole Eitz	2.50000000%	ORRI
Mary Jo Ingram	0.00000000%	ORRI
Virginia Lynn Moore	0.00000000%	ORRI
Elizabeth Ingram Wingfield (life estate remainder to Virginia Lynn Moore)	6.00000000%	ORRI

TRACT 8: All of Blocks 13, 17, and 19; Lots 1, 3, 5, 7, 9, and 11 of Block 14; and Lots 1 and 3 of Block 18 of the Second Addition to West Dayton, including to the centerline of adjacent streets and alleys (collectively, 10.47 acres, more or less) (as to all the Yesso formation)

All Depths	Interest	Type
EOGY Resources, Inc.	78.00000000%	WI
EOGA Resources, Inc.	18.00000000%	WI
EOGM Resources, Inc.	18.00000000%	WI
Oxy Y-1 Company	13.88888889%	WI

Elizabeth Properties, Ltd.	0.00000000%	ORRI
George H. Eitz III	1.25000000%	ORRI
Benjamin Cole Eitz	1.25000000%	ORRI
Mary Jo Ingram	0.41666667%	ORRI
Virginia Lynn Moore	0.41666667%	ORRI
Elizabeth Ingram Wingfield (life estate remainder to Virginia Lynn Moore)	0.41666667%	ORRI

TRACT 3: Lots 7, 8, 9, 10, 11, and 12 of Block 32 of West Dayton, and Lots 7, 9, and 11 of Block 16, Lots 2, 4, 6, 8, 10, and 12 of Block 23, and all of Blocks 20, 21, 22, and 24 of the Second Addition to West Dayton, including to the centerline of adjacent streets and alleys (collectively, 15.36 acres, more or less) (as to all the Yesso formation)

All Depths	Interest	Type
EOGY Resources, Inc.	58.33333333%	WI
EOGA Resources, Inc.	18.33333333%	WI
EOGM Resources, Inc.	18.33333333%	WI
Oxy Y-1 Company	10.83333333%	WI

Mitchell Minerals, LLC	0.16666667%	ORRI
Ancon Resources, Inc.	2.00000000%	ORRI
Elizabeth Properties, Ltd.	2.00000000%	ORRI
George H. Eitz III	1.25000000%	ORRI
Benjamin Cole Eitz	1.25000000%	ORRI
Mary Jo Ingram	0.41666667%	ORRI
Virginia Lynn Moore	0.41666667%	ORRI
Elizabeth Ingram Wingfield (life estate remainder to Virginia Lynn Moore)	0.41666667%	ORRI

TRACT 4: Lots 7, 9, and 11 of Block 29, Lots 7, 9, 10, 11, and 12 of Block 30, and Lots 7, 8, and 11 of Block 31 of West Dayton, and Lots 2, 4, 6, 8, 10, and 12 of Block 14, Lots 1, 3, and 5 of Block 16, Lots 2, 4, 6, 8, 10, and 12 of Block 18, and Lots 1, 3, 5, 7, 9, and 11 of Block 23 of the Second Addition to West Dayton, including to the centerline of adjacent streets and alleys (collectively, 9.2 acres, more or less) (as to all the Yesso formation)

All Depths	Interest	Type
EOGY Resources, Inc.	58.33333333%	WI
EOGA Resources, Inc.	18.33333333%	WI
EOGM Resources, Inc.	18.33333333%	WI
Oxy Y-1 Company	13.88888889%	WI

Elizabeth Properties, Ltd.	2.50000000%	ORRI
George H. Eitz III	1.25000000%	ORRI
Benjamin Cole Eitz	1.25000000%	ORRI
Mary Jo Ingram	0.41666667%	ORRI
Virginia Lynn Moore	0.41666667%	ORRI
Elizabeth Ingram Wingfield (life estate remainder to Virginia Lynn Moore)	0.41666667%	ORRI

TRACT 5: Lot 9 of Block 31 of West Dayton, including to the centerline of adjacent streets and alleys (0.22 acre, more or less) (as to all the Yesso formation)

All Depths	Interest	Type
EOGY Resources, Inc.	58.33333333%	WI
EOGA Resources, Inc.	18.33333333%	WI
EOGM Resources, Inc.	18.33333333%	WI
Oxy Y-1 Company	13.88888889%	WI

Elizabeth Properties, Ltd.	0.00000000%	ORRI
George H. Eitz III	2.50000000%	ORRI
Benjamin Cole Eitz	2.50000000%	ORRI
Mary Jo Ingram	0.00000000%	ORRI
Virginia Lynn Moore	0.00000000%	ORRI
Elizabeth Ingram Wingfield (life estate remainder to Virginia Lynn Moore)	0.00000000%	ORRI

WI
UMI
ORRI
Leasehold Working Interest, No JOA
Unleased Mineral Interest
Overriding Royalty Interest

TRACT 9: All of Block 15 of the Second Addition to West Dayton, including to the centerline of adjacent streets and alleys (3.31 acres, more or less) (as to all the Yesso formation)

All Depths	Interest	Type
EOGY Resources, Inc.	58.33333333%	WI
EOGA Resources, Inc.	18.33333333%	WI
EOGM Resources, Inc.	18.33333333%	WI
Oxy Y-1 Company	13.88888889%	WI

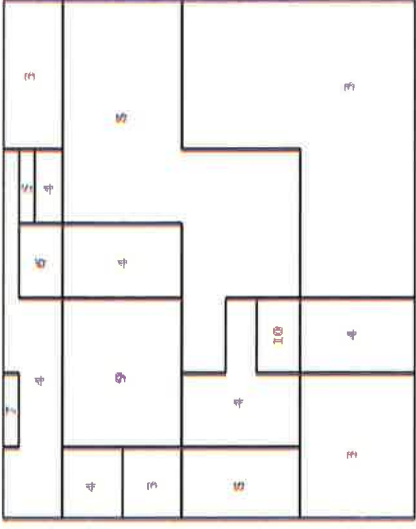
Elizabeth Properties, Ltd.	2.50000000%	ORRI
George H. Eitz III	1.25000000%	ORRI
Benjamin Cole Eitz	1.25000000%	ORRI
Mary Jo Ingram	0.41666667%	ORRI
Virginia Lynn Moore	0.41666667%	ORRI
Elizabeth Ingram Wingfield (life estate remainder to Virginia Lynn Moore)	0.41666667%	ORRI

TRACT 10: Lots 9 and 11 of Block 18 of the Second Addition to West Dayton, including to the centerline of adjacent streets and alleys (0.61 acre, more or less) (as to all the Yesso formation)

All Depths	Interest	Type
EOGY Resources, Inc.	777777	WI
EOGA Resources, Inc.	777777	WI
EOGM Resources, Inc.	777777	WI
Oxy Y-1 Company	777777	WI

A lease was taken from Beatrice Crum, 10/3/1960, 111/355 and is subject to pooling for the SE/4NW/4 of Sec. 28. Title issues exist which bring into question the actual leasehold ownership for this tract. However, these are the parties who would own the leasehold.

Section 28
SE/4NW/4 only (aka Tracts 3-10)



Sent Certified Mail, Return Receipt Requested

February 6, 2019

EOG A Resources, Inc.
Attn: Janet Richardson
104 4th Street
Artesia, NM 88210

RE: Well Proposal & Letter Agreement
Weezer 3H well
Eddy County, New Mexico

Gentlemen/Ladies:

Percussion Petroleum LLC ("Percussion") hereby proposes to drill and complete the subject well as a horizontal Yeso well at the following proposed location (subject to change upon final staking of the well pad):

Weezer 3H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 1,663 FNL & 647' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location – 2,227' FNL & 20' FWL, Section 28, T18S-R26E
- Proposed True Vertical Depth of approximately 3,200' or sufficient depth to test the Yeso Formation

Please find enclosed a well cost estimate indicating an estimated drilling, complication and facility cost.

In support of this well and future development, Percussion proposes to form a Working Interest Unit covering the S/2N/2 of Section 28 in Township 18 South, Range 26 East, Eddy County, New Mexico, containing 160 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.

Part of the proposed 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 seismic wells, pilot hole wells), under that certain operating agreement, previously provided, ("NOA") dated November 20, 2018, naming Percussion as Operator, a 1982 AAPL form, to govern proposals and operations within the WIU, and which shall supersede any existing agreements only as to said horizontal well development and operations.

As an alternative to participation, Percussion offers to acquire a party's leasehold rights as to the Yeso formation, only. Percussion will pay \$1,500/acre for said leasehold rights. The selling party will deliver its leasehold interest exclusive of existing wellbores and production from said wellbores. The acquisition of the leasehold will be subject to a mutually acceptable sales agreement and assignment warranting title by the seller, by through and under, but not otherwise.

Please indicate your election as to the Subject Well by marking any single item 1), 2) or 3) below in the space provided and returning a copy of this letter agreement to the undersigned within thirty (30) days of receipt. 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.

If you have any questions regarding this proposal, please do not hesitate to contact the undersigned by e-mail at Joe@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

Joe Dichiara, RPL
Sr. Consulting Landman

enclosures

Weezer 3H Well Election

EOG A Resources, Inc

1) Unit WI: from top of the Yeso to bottom of the Yeso: 3.366320%

_____ 1) Elect to participate in the drilling and completing of the Weezer 3H 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 sell all of its leasehold interest, including all right, title and interest in the Yeso formation, exclusive of existing wellbores, based upon a price of \$1,500.00 per net leasehold acre, delivering an assignment with special warranty on mutually agreed forms.

_____ 3) The undersigned elects not to participate in the drilling and completing of the proposed Well.

Agreed to and Accepted this ____ day of _____, 2019, by:

Company: _____

By: _____

Name: _____

Title: _____



PERCUSSION PETROLEUM, LLC

WELL COST ESTIMATE

FIELD: N. Seven Rivers Gorieta Yeso
WELL NAME: Weezer #3H
DISTRICT: Artesia (2)
LOCATION: 1653' FNL, 647' FWL 27-18S-26E
TYPE: HOR OIL

AFE #:
TARGET RES:
COIST:
START DATE:
DATE:

Acct Code
22223

1542
Yeso
Eddy Co, NM
6/7/2019
2/6/2019

Project Details: Drill and complete horizontal Yeso well. Frac with Slickwater and proppant. Construct production battery and SWD pumps. Install electricity to location and run ESP for primary artificial lift.

INTANGIBLE COSTS

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

ACCOUNT CODE	AMOUNT	DRILLING		COMPLETION		FACILITY		TOTAL
		ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	
2250.05	\$5,000							\$5,000
2250.10	\$1,000							\$1,000
2250.15								\$0
2250.20				2300.20				\$0
2250.25	\$14,000							\$14,000
2250.30	\$74,000			2300.30	\$2,500			\$76,500
2250.35	\$45,000							\$45,000
2250.40	\$168,000							\$168,000
2250.45								\$0
2250.50								\$0
2250.65	\$36,000			2300.65	\$220,000			\$256,000
2250.66	\$4,000			2300.66	\$210,000			\$214,000
2250.67	\$7,500			2300.67	\$70,000			\$77,500
2250.70				2300.70				\$0
2250.75	\$10,000			2300.75	\$10,000			\$20,000
2250.80	\$45,000			2300.80	\$41,000			\$86,000
2250.85	\$23,000			2300.85	\$28,000			\$51,000
2250.90	\$34,000			2300.90	\$13,000			\$47,000
2250.95	\$60,000			2300.95	\$140,000			\$200,000
2250.100	\$45,000							\$45,000
2250.105	\$25,000			2300.105				\$25,000
2250.110	\$76,000			2300.110	\$13,000			\$89,000
2250.115	\$105,000							\$105,000
2250.120				2300.120				\$0
2250.125	\$22,000			2300.125	\$4,000			\$26,000
2250.130	\$10,000							\$10,000
2250.135								\$0
2250.145								\$0
2250.150	\$6,000			2300.150	\$5,000			\$11,000
2250.165	\$100,000			2300.165	\$14,000			\$114,000
2250.170								\$0
2250.200				2300.200		2500.200		\$0
2250.500								\$0
2250.700								\$0
2250.810				2300.810		2500.810		\$0
2250.820				2300.820		2500.820		\$0
				2300.55	\$75,000			\$75,000
				2300.60	\$5,000			\$5,000
				2300.140	\$160,000			\$160,000
				2300.155	\$1,050,000			\$1,050,000
				2300.180	\$20,000			\$20,000
				2300.500				\$0
				2300.700				\$0
TOTAL INTANGIBLE COSTS	\$915,500			\$2,080,500		\$0		\$2,996,000

TANGIBLE COSTS

DRIVE PIPE, CONDUCTOR CASING
SURFACE CASING
INTERMEDIATE CASING
CASING LINER & HARDWARE
HANGER, DOWN HOLE CSG ACCESS.
WELLHEAD EQUIPMENT
ACCRUED TANGIBLE DRILLING
NON-OP TANGIBLE DRILLING
TRANSFER TO DRY/ABANDONMENT
TRANSFER TO PRODUCING PROPERTY
PRODUCTION CASING
PRODUCTION TUBING
TUBINGHEAD & TREE
PACKERS & SUBSURFACE EQUIPMENT
RODS, PUMPS, ANCHORS
ACCRUED TANGIBLE COMPLETION
NON-OP TANGIBLE COMPLETION
SURFACE EQUIP -ARTIFICIAL LIFT
SURF EQUIP - PUMP UNIT & MOTOR
VALVES, FITTINGS & MISC EQUIP
SEPARATOR, HEATER TREATER,DEHY
GUN BARREL, TANK &RELATE EQUIP
COMPRESSORS & RELATED EQUIP
METERS & LACT EQUIPMENT
SWD PUMP & EQUIPMENT
FLOWLINE L-PIPE P/L MAT'L& T-I
PROD FAC-FAB&INSTAL W/LAB&SUPR
POWER &ELECTRICAL INSTALLATION
CONTINGENCY AND MISC COSTS
ACCRUED FACILITY
NON-OP FACILITIES

ACCOUNT CODE	AMOUNT	DRILLING		COMPLETION		FACILITY		TOTAL
		ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	
2350.05								\$0
2350.10	\$32,000							\$32,000
2350.15	\$170,000							\$170,000
2350.25	\$12,000			2400.25				\$12,000
2350.30	\$10,000			2400.30				\$10,000
2350.40	\$6,000							\$6,000
2350.500								\$0
2350.700								\$0
2350.810				2400.810		2500.810		\$0
2350.820				2400.820		2500.820		\$0
				2400.20				\$0
				2400.35	\$28,000			\$28,000
				2400.45	\$15,000			\$15,000
				2400.50				\$0
				2400.55	\$25,000			\$25,000
				2400.500				\$0
				2400.700				\$0
						2500.60	\$58,000	\$58,000
						2500.65	\$50,000	\$50,000
						2500.70	\$75,000	\$75,000
						2500.75	\$60,000	\$60,000
						2500.80	\$68,000	\$68,000
						2500.85		\$0
						2500.90	\$20,000	\$20,000
						2500.95	\$8,000	\$8,000
						2500.100	\$5,000	\$5,000
						2500.105	\$70,000	\$70,000
						2500.106	\$90,000	\$90,000
						2500.200	\$2,000	\$2,000
						2500.500		\$0
						2500.700		\$0
TOTAL TANGIBLE COSTS	\$230,000			\$68,000		\$506,000		\$804,000
TOTAL WELL COSTS	\$1,145,500			\$2,148,500		\$506,000		\$3,800,000

Prepared By: Lelan J. Anders

Date:

Approved By: John H. Campbell III

Date:

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

Sent Certified Mail, Return Receipt Requested

February 6, 2019

OXY Y-1 Company
Attn: Jonathan Gonzales
5 Greenway Plaza, #110
Houston, TX 77046

RE: Well Proposal & Letter Agreement
Weezer 4H well
Eddy County, New Mexico

Gentlemen/Ladies:

Percussion Petroleum LLC ("Percussion") hereby proposes to drill and complete the subject well as a horizontal Yeso well at the following proposed location (subject to change upon final staking of the well pad):

Weezer 4H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 1,658 FNL & 666' FWL, Section 27, T18S-R26E
- Proposed Bottom Hole Location – 1,679' FNL & 20' FWL, Section 28, T18S-R26E
- Proposed True Vertical Depth of approximately 3,600' or sufficient depth to test the Yeso Formation

Please find enclosed a well cost estimate indicating an estimated drilling, complication and facility cost.

In support of this well and future development, Percussion proposes to form a Working Interest Unit covering the S/2N/2 of Section 28 in Township 18 South, Range 26 East, Eddy County, New Mexico, containing 160 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.

Part of the proposed 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 seismic wells, pilot hole wells), under that certain operating agreement, previously provided, ("NOA") dated November 20, 2018, naming Percussion as Operator, a 1982 AAPL form, to govern proposals and operations within the WIU, and which shall supersede any existing agreements only as to said horizontal well development and operations.

As an alternative to participation, Percussion offers to acquire a party's leasehold rights as to the Yeso formation, only. Percussion will pay \$1,500/acre for said leasehold rights. The selling party will deliver its leasehold interest exclusive of existing wellbores and production from said wellbores. The acquisition of the leasehold will be subject to a mutually acceptable sales agreement and assignment warranting title by the seller, by through and under, but not otherwise.

Please indicate your election as to the Subject Well by marking any single item 1), 2) or 3) below in the space provided and returning a copy of this letter agreement to the undersigned within thirty (30) days of receipt. 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.

If you have any questions regarding this proposal, please do not hesitate to contact the undersigned by e-mail at Joe@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

Joe Dichiara, RPL
Sr. Consulting Landman

enclosures

Weezer 4H Well Election

OXY Y-1 Company

- 1) Unit WI: from top of the Yeso to 3,000': 9.616318%
- 2) Unit WI: from 3,001' to 3,100': 8.393391%
- 3) Unit WI: from 3,101' to the bottom of the Yeso: 8.254328%

_____ 1) Elect to participate in the drilling and completing of the Weezer 4H 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 sell all of its leasehold interest, including all right, title and interest in the Yeso formation, exclusive of existing wellbores, based upon a price of \$1,500.00 per net leasehold acre, delivering an assignment with special warranty on mutually agreed forms.

_____ 3) The undersigned elects not to participate in the drilling and completing of the proposed Well.

Agreed to and Accepted this ____ day of _____, 2019, by:

Company: _____

By: _____

Name: _____

Title: _____

**PERCUSSION PETROLEUM, LLC****WELL COST ESTIMATE**FIELD:
WELL NAME:
DISTRICT:
LOCATION:
TYPE:**N. Seven Rivers Gloria Yeso**
Weezer #4H
Artesia (2)
1658' FNL, 666' FWL 27-185-26E
HOR OILAFE # :
TARGET RES:
CO/ST:
START DATE:
DATE:**Acct Code**
222231544
Yeso
Eddy Co, NM
6/7/2019
2/6/2019

Project Details: Drill and complete horizontal Yeso well, Frac with Slickwater and proppant, battery and SWD pumps. Install electricity to location and run ESP for primary artificial lift.

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

DRILLING		COMPLETION		FACILITY		TOTAL
ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	
2250.05	\$5,000					\$5,000
2250.10	\$1,000					\$1,000
2250.15						\$0
2250.20		2300.20				\$0
2250.25	\$14,000					\$14,000
2250.30	\$74,000	2300.30	\$2,500			\$76,500
2250.35	\$45,000					\$45,000
2250.40	\$168,000					\$168,000
2250.45						\$0
2250.50						\$0
2250.65	\$36,000	2300.65	\$220,000			\$256,000
2250.66	\$4,000	2300.66	\$210,000			\$214,000
2250.67	\$7,500	2300.67	\$70,000			\$77,500
2250.70		2300.70				\$0
2250.75	\$10,000	2300.75	\$10,000			\$20,000
2250.80	\$45,000	2300.80	\$41,000			\$86,000
2250.85	\$23,000	2300.85	\$28,000			\$51,000
2250.90	\$34,000	2300.90	\$13,000			\$47,000
2250.95	\$60,000	2300.95	\$140,000			\$200,000
2250.100	\$45,000					\$45,000
2250.105	\$25,000	2300.105				\$25,000
2250.110	\$76,000	2300.110	\$13,000			\$89,000
2250.115	\$105,000					\$105,000
2250.120		2300.120				\$0
2250.125	\$22,000	2300.125	\$4,000			\$26,000
2250.130	\$10,000					\$10,000
2250.135						\$0
2250.145						\$0
2250.150	\$6,000	2300.150	\$5,000			\$11,000
2250.165	\$100,000	2300.165	\$14,000			\$114,000
2250.170						\$0
2250.200		2300.200		2500.200		\$0
2250.500						\$0
2250.700						\$0
2250.810		2300.810		2500.810		\$0
2250.820		2300.820		2500.820		\$0
		2300.55	\$75,000			\$75,000
		2300.60	\$5,000			\$5,000
		2300.140	\$160,000			\$160,000
		2300.155	\$1,050,000			\$1,050,000
		2300.160	\$20,000			\$20,000
		2300.500				\$0
		2300.700				\$0

TOTAL INTANGIBLE COSTS \$915,500 \$2,080,500 \$0 \$2,996,000**TANGIBLE COSTS**DRIVE PIPE, CONDUCTOR CASING
SURFACE CASING
INTERMEDIATE CASING
CASING LINER & HARDWARE
HANGER, DOWN HOLE CSG ACCESS.
WELLHEAD EQUIPMENT
ACCRUED TANGIBLE DRILLING
NON-OP TANGIBLE DRILLING
TRANSFER TO DRY/ABANDONMENT
TRANSFER TO PRODUCING PROPERTY
PRODUCTION CASING
PRODUCTION TUBING
TUBINGHEAD & TREE
PACKERS & SUBSURFACE EQUIPMENT
RODS, PUMPS, ANCHORS
ACCRUED TANGIBLE COMPLETION
NON-OP TANGIBLE COMPLETION
SURFACE EQUIP -ARTIFICIAL LIFT
SURF EQUIP - PUMP UNIT & MOTOR
VALVES, FITTINGS & MISC EQUIP
SEPARATOR, HEATER TREATER,DEHY
GUN BARREL, TANK &RELATE EQUIP
COMPRESSORS & RELATED EQUIP
METERS & LACT EQUIPMENT
SWD PUMP & EQUIPMENT
FLOWLINE L-PIPE,P/L MAT'L& T-I
PROD FAC-FAB&INSTAL W/LAB&SUPR
POWER &ELECTRICAL INSTALLATION
CONTINGENCY AND MISC COSTS
ACCRUED FACILITY
NON-OP FACILITIES

DRILLING		COMPLETION		FACILITY		TOTAL
ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	
2350.05						\$0
2350.10	\$32,000					\$32,000
2350.15	\$170,000					\$170,000
2350.25	\$12,000	2400.25				\$12,000
2350.30	\$10,000	2400.30				\$10,000
2350.40	\$6,000					\$6,000
2350.500						\$0
2350.700						\$0
2350.810		2400.810		2500.810		\$0
2350.820		2400.820		2500.820		\$0
		2400.20				\$0
		2400.35	\$28,000			\$28,000
		2400.45	\$15,000			\$15,000
		2400.50				\$0
		2400.55	\$25,000			\$25,000
		2400.500				\$0
		2400.700				\$0
				2500.60	\$58,000	\$58,000
				2500.65	\$50,000	\$50,000
				2500.70	\$75,000	\$75,000
				2500.75	\$60,000	\$60,000
				2500.80	\$68,000	\$68,000
				2500.85		\$0
				2500.90	\$20,000	\$20,000
				2500.95	\$8,000	\$8,000
				2500.100	\$5,000	\$5,000
				2500.105	\$70,000	\$70,000
				2500.106	\$90,000	\$90,000
				2500.200	\$2,000	\$2,000
				2500.500		\$0
				2500.700		\$0

TOTAL TANGIBLE COSTS \$230,000 \$68,000 \$506,000 \$804,000**TOTAL WELL COSTS** \$1,145,500 \$2,148,500 \$506,000 \$3,800,000

Prepared By: Lelan J. Anders

Date:

Approved By: John H. Campbell III

Date:

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

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

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

CASE NO. 20372

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 red comprised of the S/2 N/2 of Section 28, Township 18 South, Range 26 East, Eddy County, New Mexico, and the proposed **Weezer 3H Well** with a dark brown line and the **Weezer 4H Well** with a light brown line. Offset Glorieta/Yeso horizontal 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 25 feet. The structure map shows that the area is gently dipping to the

southeast. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval with a horizontal well.

7. **Percussion Exhibit 2C** is a cross section location map showing the 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 target interval for the proposed wells are identified with a dark brown line at approximately 3,200 feet for the **Weezer 3H Well** and a light brown line at approximately 3,600 feet for the **Weezer 4H Well**. The cross-section demonstrates that the targeted intervals extends across the proposed spacing unit.

9. This exhibit also shows a depth severance in a red line at 3,000 feet. Both initial proposed wells are located approximately 200 feet or more 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 above the depth severance in this acreage. That case, designated Case No. 20234, was presented to the Division on March 7, 2019 and has been taken under advisement.

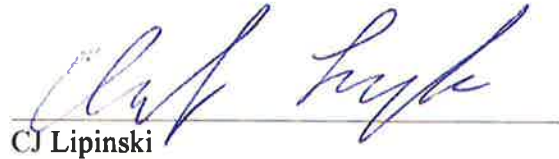
10. In my opinion, the east to west well orientation in the Yeso formation is appropriate for proper exploitation because of the consistent rock properties throughout the spacing unit and the lack of preferred fracture orientation in this portion of the trend.

11. 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.

12. 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 3rd day of April 2019 by CJ Lipinski.


NOTARY PUBLIC

My Commission Expires:

August 8, 2020

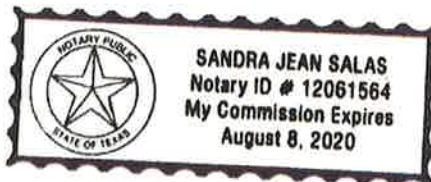
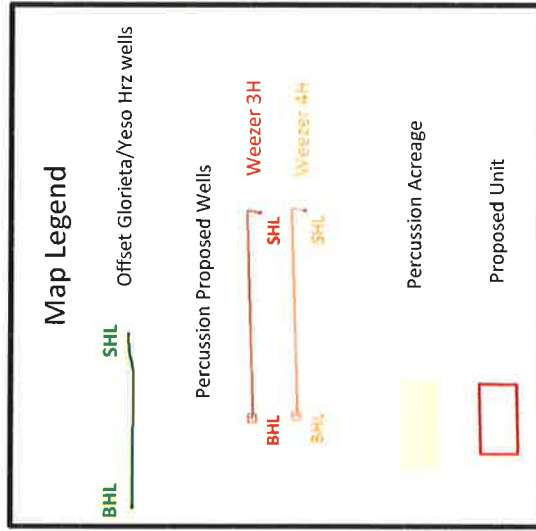
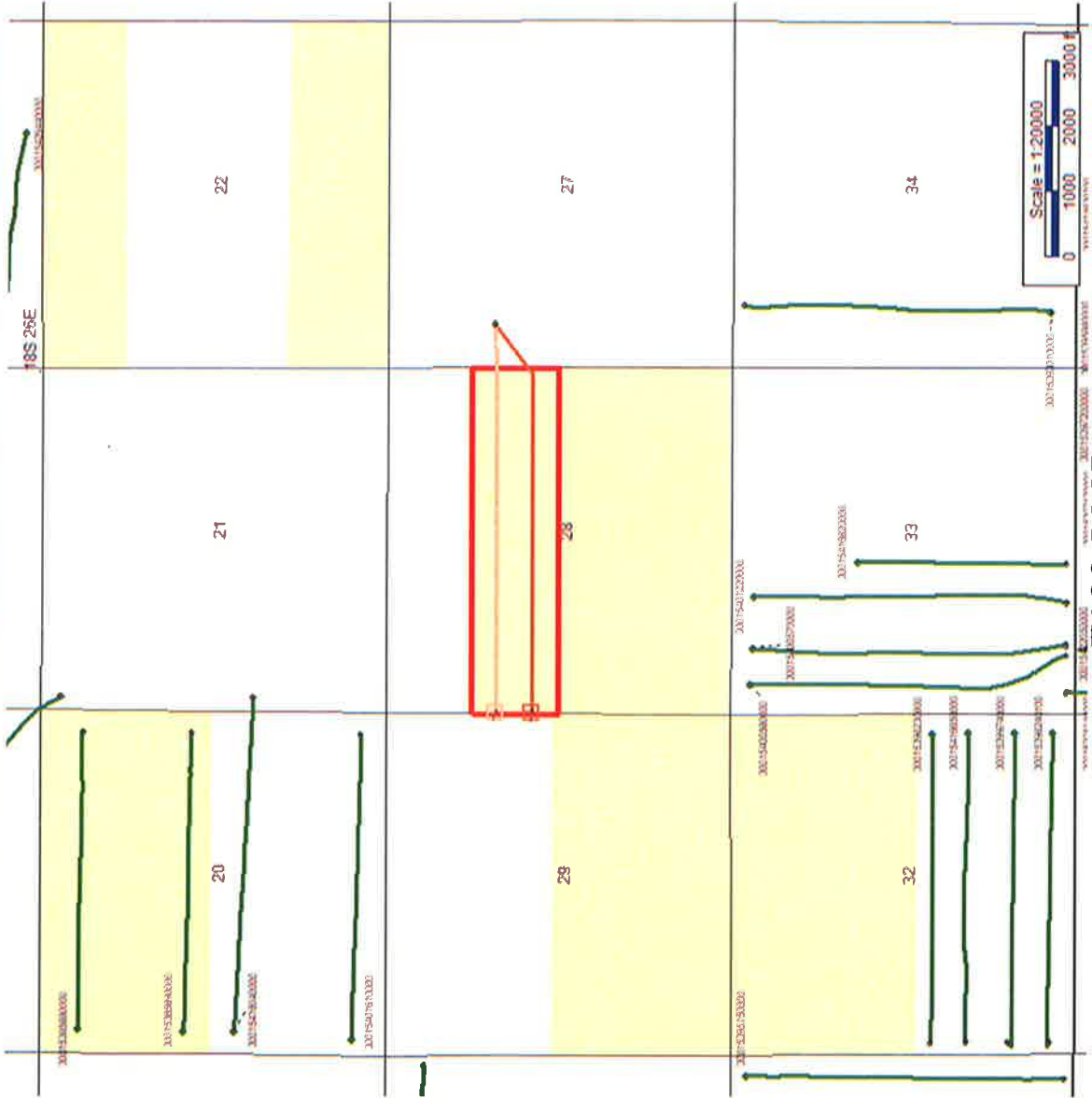


Exhibit 2A Location Map

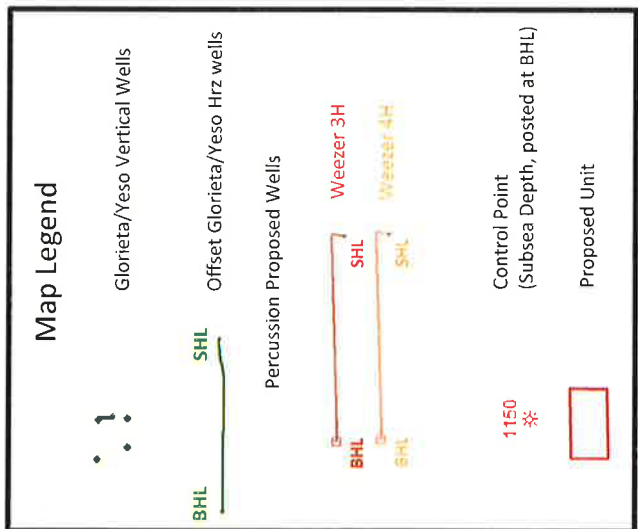
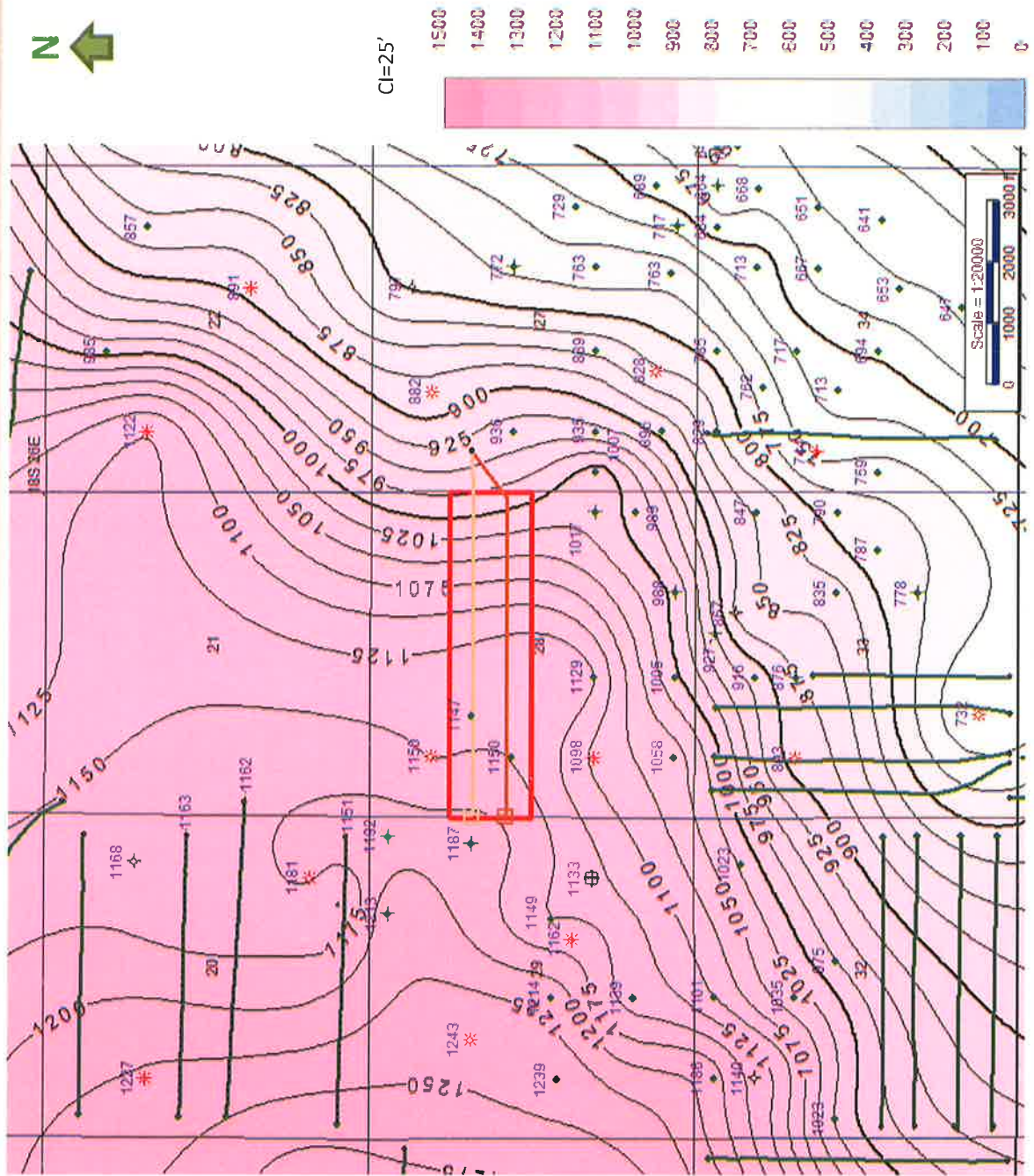
Weezer 3H and 4H with Offset Horizontal Producers



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
Exhibit No. 2A
 Submitted by: **PERCUSSION PETROLEUM**
 Hearing Date: April 4, 2019
 Case Nos. 20372

Exhibit 2B Structure Map

Glorieta Structure Map (Subsea Depth)

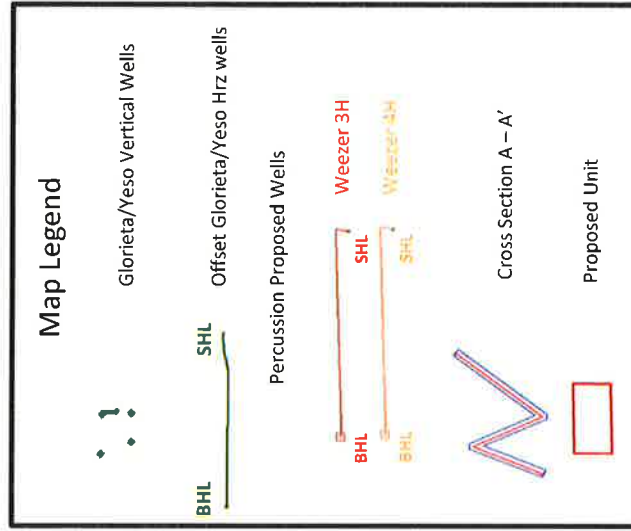
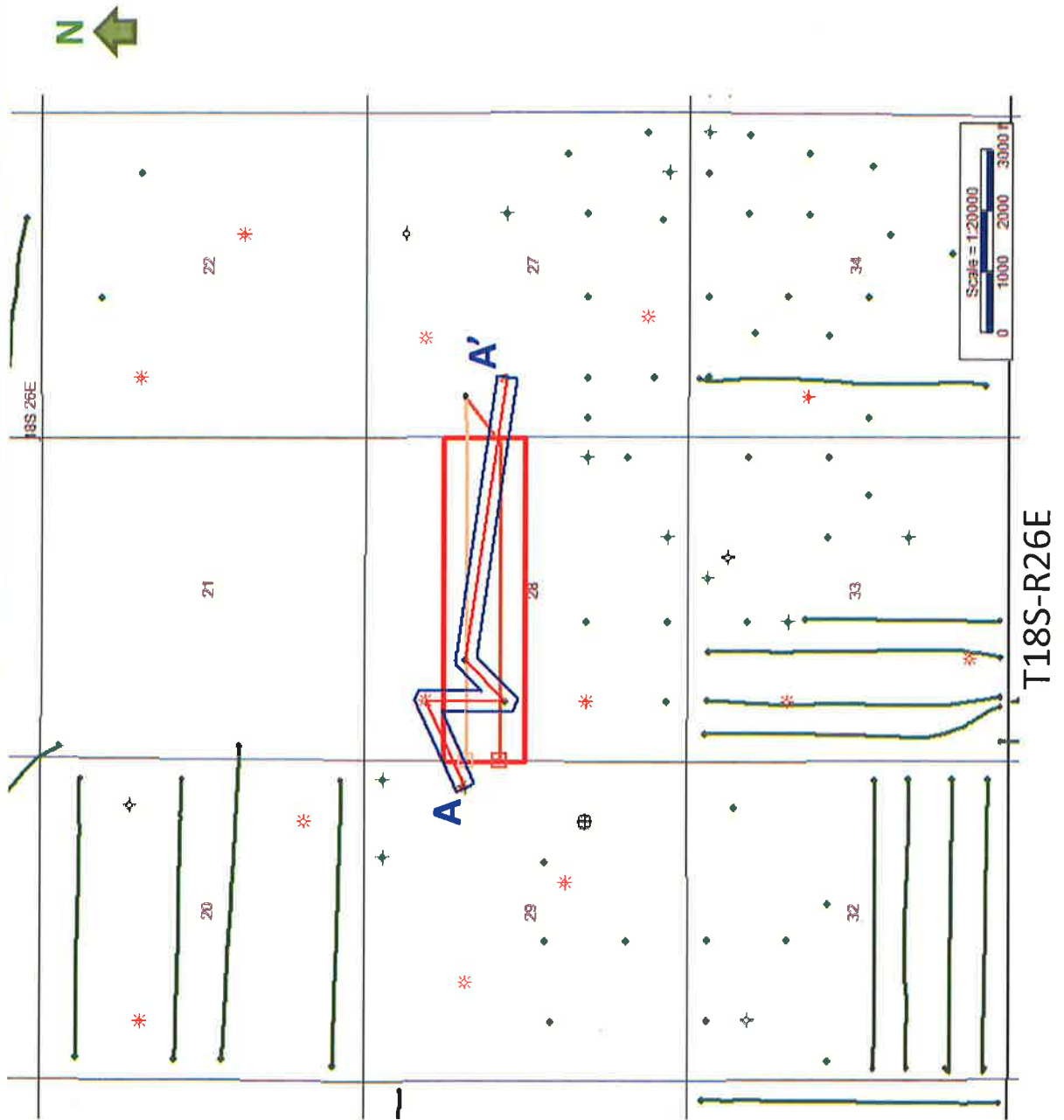


BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
Exhibit No. 2B
 Submitted by: **PERCUSSION PETROLEUM**
 Hearing Date: April 4, 2019
 Case Nos. 20372

T18S-R26E

Exhibit 2C Cross Section Location Map

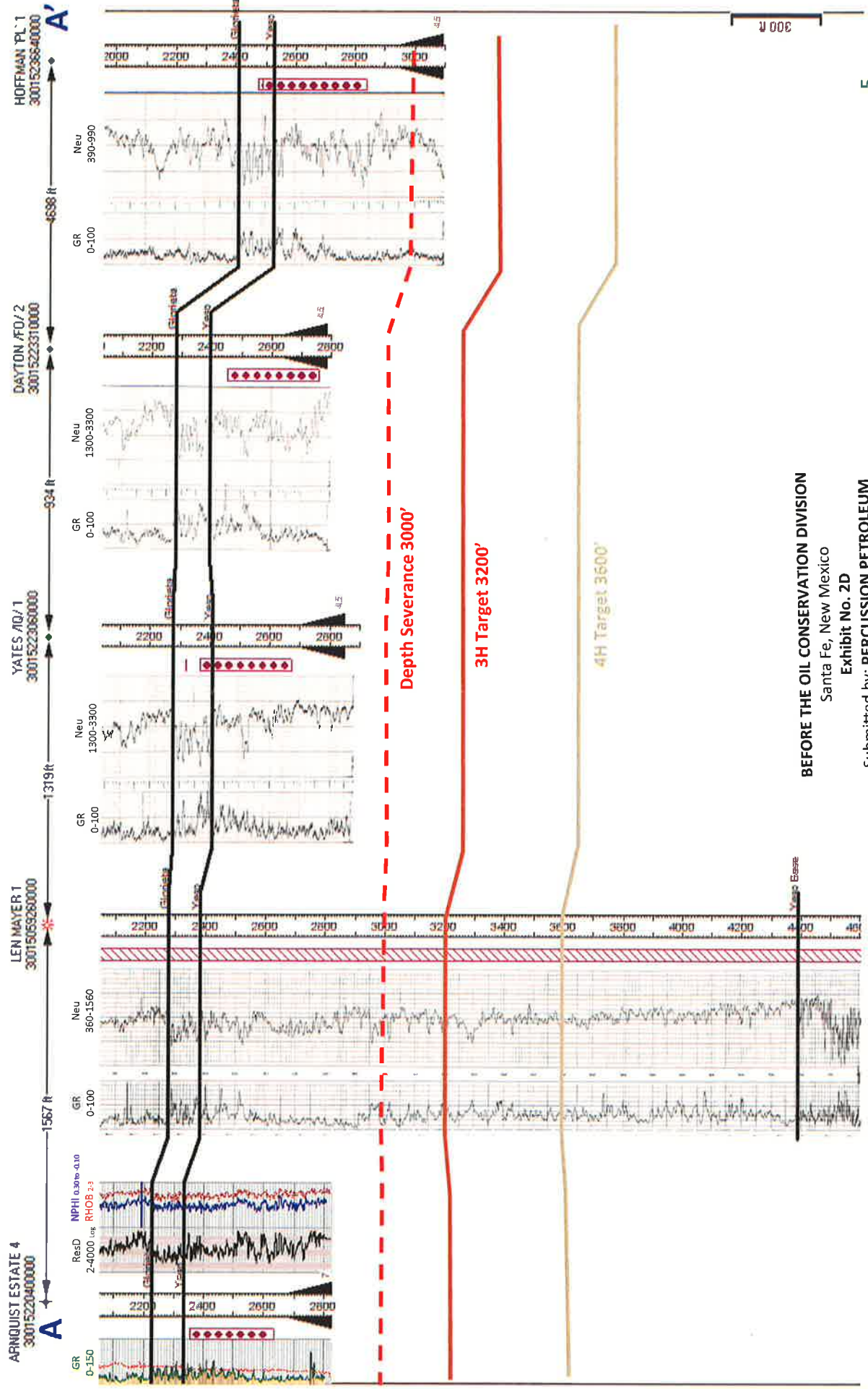
Cross Section Map with Glorieta/Yeso Producing Wells



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
Exhibit No. 2C
 Submitted by: **PERCUSSION PETROLEUM**
 Hearing Date: April 4, 2019
 Case Nos. 20372

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 LLC
FOR COMPULSORY POOLING, EDDY NEW MEXICO.**

CASE NO. 20372

AFFIDAVIT

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

Adam G. Rankin, attorney for Percussion Petroleum LLC the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letter and proof of receipts attached hereto.

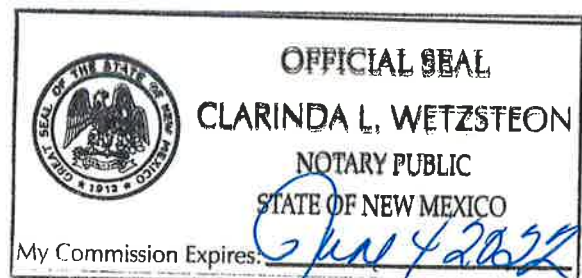


Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 3rd day of April 2019 by Adam G. Rankin.



Notary Public



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: **PERCUSSION PETROLEUM**
Hearing Date: April 4, 2019
Case Nos. 20372



Adam G. Rankin
Associate
Phone (505) 988-4421
Fax (505) 983-6043
agrarkin@hollandhart.com

March 15, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

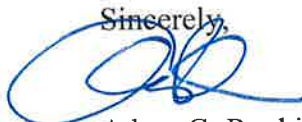
**Re: Application of Percussion Petroleum Operating, LLC for compulsory pooling,
Eddy County, New Mexico.
Weezer No. 3H and 4H Wells**

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 April 4, 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,

Adam G. Rankin

**ATTORNEY FOR PERCUSSION PETROLEUM
OPERATING, LLC**



Shipment Confirmation Acceptance Notice

A. Mailer Action

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

Radiohead

Percussion Weezer 3H 4H
CM# 100391.0001 20190404 Eocket
Notice List

Shipment Date: 03/11/2019

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	26
Total	26

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

B. USPS Action

Note to RSS Clerk:

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

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

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0013 1951 81





Firm Mailing Book For Accountable Mail

Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Insured Mail <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Priority Mail <input type="checkbox"/> Restricted Delivery										Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.													
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)										Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
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2.	9214 8901 9403 8379 9649 29 ✓	EOG A Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210										0.65	3.50								1.60				
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4.	9214 8901 9403 8379 9649 43 ✓	EOG Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210										0.65	3.50								1.60				
5.	9214 8901 9403 8379 9649 50 ✓	OXY Y-1 Company Attn: Lauren Guest 5 Greenway Plaza #110 Houston TX 77046										0.65	3.50								1.60				
6.	9214 8901 9403 8379 9649 67 ✓	Devon Energy Production Company L.P. Attn: Carl Allen 333 W Sheridan Avenue Oklahoma City OK 73102										0.65	3.50								1.60				
7.	9214 8901 9403 8379 9649 74 ✓	COG Operating LLC 600 W Illinois Ave Midland TX 79701										0.65	3.50							1.60					
8.	9214 8901 9403 8379 9649 81 ✓	Concho Oil & Gas LLC 600 W Illinois Ave Midland TX 79701										0.65	3.50							1.60					
Total Number of Pieces Listed by Sender 26		Postmaster, Per (Name of receiving employee)																							
Total Number of Pieces Received at Post Office																									



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USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
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12.	9214 8901 9403 8379 9650 25 ✓	Sapphire Royalties Inc PO BOX 682 Midland TX 79702		0.65	3.50								1.60			
13.	9214 8901 9403 8379 9650 32 ✓	Morgan Capital Group Inc PO BOX 989 Mabank TX 75147		0.65	3.50								1.60			
14.	9214 8901 9403 8379 9650 49 ✓	J M Mineral & Land Co Inc PO BOX 1015 Midland TX 79702		0.65	3.50								1.60			
15.	9214 8901 9403 8379 9650 56 ✓	Beatrice V Cook PO BOX 1076 Roswell NM 88202		0.65	3.50								1.60			
16.	9214 8901 9403 8379 9650 63 ✓	Carolyn S Curtis 141 State Highway 224 #57 Commerce TX 75428		0.65	3.50								1.60			
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Total Number of Pieces Received at Post Office				Adult Signature Required												
				Adult Signature Restricted Delivery												
				Restricted Delivery												
				Return Receipt												
				Signature Confirmation												
				Signature Confirmation Restricted Delivery												
				Special Handling												



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USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
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18.	9214 8901 9403 8379 9650 87 ✓	Mitchell Minerals LLC Tr-3 only PO BOX 448 Henryetta OK 74437		0.65	3.50								1.60			
19.	9214 8901 9403 8379 9650 94 ✓	Eliz Oil Properties Ltd T-3-5 T-9 1307 West Third Roswell NM 88201		0.65	3.50								1.60			
20.	9214 8901 9403 8379 9651 00 ✓	Elizabeth Ingram Wingfield 1007 South Kentucky Roswell NM 88201		0.65	3.50								1.60			
21.	9214 8901 9403 8379 9651 17 ✓	Mary Jo Ingram ROUTE 1-5200 Roswell NM 88203		0.65	3.50								1.60			
22.	9214 8901 9403 8379 9651 24 ✓	Virginia Lynn Moore 506 South Kentucky Avenue Roswell NM 88203		0.65	3.50								1.60			
23.	9214 8901 9403 8379 9651 31 ✓	Devon Energy Production Company L.P. Attn: Carl Allen 333 W Sheridan Avenue Oklahoma City OK 73102		0.65	3.50								1.60			
24.	9214 8901 9403 8379 9651 48 ✓	Amcon Resources Inc Tr-3 only PO BOX 3025 Oklahoma City OK 73101		0.65	3.50								1.60			
Total Number of Pieces Listed by Sender 26		Postmaster, Per (Name of receiving employee)		Handling Charge - if Registered and over \$50,000 in value												
Total Number of Pieces Received at Post Office				Adult Signature Required Restricted Delivery Return Receipt Signature Confirmation Signature Confirmation Restricted Delivery Special Handling												



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Percussion Weezer Radiohead 3H

Recipient	Status
Mary Jo Ingram ROUTE 1-5200 Roswell NM 88203	Delivered Signature Received
Virginia Lynn Moore 506 South Kentucky Avenue Roswell NM 88203	In-Transit
Devon Energy Production Company L P Attn: Cari Allen 333 W Sheridan Avenue Oklahoma City OK 73102	Delivered Signature Received
Amcon Resources Inc Tr 3 only PO BOX 3025 Oklahoma City OK 73101	Delivered Signature Received
George H Etz III 1105 Xanthisma McAllen TX 78504	Delivered Signature Received
Benjamin Cole Etz 9134 Park Trail San Antonio TX 78250	In-Transit
EOG M Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210	Delivered Signature Received
EOG A Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210	Delivered Signature Received
EOG Y Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210	Delivered Signature Received
EOG Resources Inc Attn: Janet Richardson 104 South 4th Street Artesia NM 88210	Delivered Signature Received
OXY Y-1 Company Attn: Lauren Guest 5 Greenway Plaza #110 Houston TX 77046	Delivered Signature Received
Devon Energy Production Company L P Attn: Cari Allen 333 W Sheridan Avenue Oklahoma City OK 73102	Delivered Signature Received
COG Operating LLC 600 W Illinois Ave Midland TX 79701	Delivered Signature Received
Concho Oil & Gas LLC 600 W Illinois Ave Midland TX 79701	Delivered Signature Received
Brenda Kay Christie f/k/a Brenda Kay Shell 3154 Vickers Dr Colorado Springs CO 80919	Delivered Signature Received
Sandra S Bateman 1181 Summit View Dr Rock Hill SC 29732	In-Transit
Wendell W Iverson Jr PO BOX 205 Midland TX 79702	In-Transit
Sapphire Royalties Inc PO BOX 682 Midland TX 79702	Delivered Signature Received
Morgan Capital Group Inc PO BOX 989 Mabank TX 75147	In-Transit
J M Mineral & Land Co Inc PO BOX 1015 Midland TX 79702	In-Transit
Beatrice V Cook PO BOX 1076 Roswell NM 88202	Delivered Signature Received
Carolyn S Curtis 141 State Highway 224 #57 Commerce TX 75428	Delivered Signature Received
Michael Curtis 12 Sweet Clover Ln Glorietta NM 87535	Delivered Signature Received
Mitchell Minerals LLC Tr 3 only PO BOX 448 Henryetta OK 74437	Delivered Signature Received
Etz Oil Properties Ltd T 3-5 7-9 1307 West Third Roswell NM 88201	In-Transit
Elizabeth Ingram Wingfield 1007 South Kentucky Roswell NM 88201	In-Transit

CARLSBAD CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No.
0001280371

HOLLAND & HART
PO BOX 2208

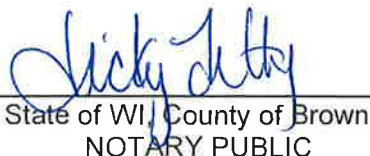
SANTA FE NM 87504

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:

03/19/19


Legal Clerk

Subscribed and sworn before me this
19th of March 2019.


State of WI, County of Brown
NOTARY PUBLIC

9/19/21
My Commission Expires

Ad#:0001280371
P O : Weezer No. 3H Well,
of Affidavits :0.00



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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **April 4, 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 **March 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.; EOG Y Resources Inc.; EOG Resources, Inc.; Oxy Y-1 Company; Devon Energy Production Company, L.P.; COG Operating LLC; Concho Oil & Gas LLC; Brenda Kay Christie, f/k/a Brenda Kay Shell, her heirs and devisees; 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.; Beatrice V. Cook, her heirs and devisees; Carolyn S. Curtis, her heirs and devisees; Michael Curtis, his heirs and devisees; Mitchell Minerals, LLC; Etz Oil Properties, Ltd.; Elizabeth Ingram Wingfield, her heirs and devisees; Mary Jo Ingram, her heirs and devisees; Virginia Lynn Moore, her heirs and devisees; Amcon Resources, Inc.; George H. Etz, III, his heirs and devisees; Benjamin Cole Etz, his heirs and devisees.

Case No. 20372: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 in the Atoka; Glorieta Yeso Pool

(3250) from a depth of 3,001 feet to the base of the Pool within a proposed 160-acre horizontal spacing unit comprised of the S/2 N/2 of Section 28, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. Percussion proposes to dedicate the above-referenced spacing unit to the following two wells: (1) the **Weezer No. 3H Well**, to be drilled from a surface location in the be SW/4 NW/4 (Unit E) of Section 27 to a standard bottom-hole location in the **SW/4 NW/4 (Unit E) of Section 28**; and (2) the **Weezer No. 4H Well**. 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 3.6 miles southeast of Atoka, New Mexico.

March 19, 2019