

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

**APPLICATION OF PERCUSSION
PETROLEUM OPERATING, LLC FOR
COMPULSORY POOLING AND APPROVAL
OF AN UNORTHODOX LOCATION, EDDY
COUNTY, NEW MEXICO.**

CASE NO. 20188

APPLICATION

Percussion Petroleum Operating, LLC ("Percussion") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order 1) pooling all uncommitted interests in the N. Seven Rivers; Glorieta-Yeso Pool (97565) comprised of the E/2W/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico; and 2) approving an unorthodox well location. In support of its application, Percussion states:

1. Percussion Petroleum Operating, LLC (OGRID No. 371755) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Percussion proposes to dedicate the above-referenced spacing unit to its proposed **Lakewood Federal No. 9H Well**, which will be horizontally drilled from a surface location in the SW/4SE/4 (Unit O) of Section 27 to a bottom hole location in the SE/4SW/4 (Unit N) of Section 34.
3. The completed interval is at an unorthodox location. The first take point is 100 feet from the North line, 2609 feet from the West line and the last take point is 100 feet from the South line, 2628 feet from the West line. Accordingly, the completed interval is closer than 330 feet to the East line and encroaches on the spacing unit to the east.

3. Percussion has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

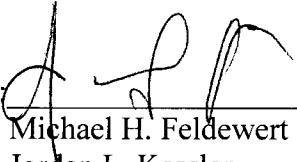
6. In order to permit Percussion to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this proposed unit should be pooled and Percussion Petroleum Operating, LLC should be designated the operator of the proposed horizontal well and spacing unit.

WHEREFORE, Percussion requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 10, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the spacing unit;
- B. Approving Percussion's request for an unorthodox well location;
- C. Designating Percussion Petroleum Operating, LLC operator of the horizontal spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Percussion to recover its costs of drilling, equipping and completing the well;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Percussion in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR PERCUSSION PETROLEUM
OPERATING, LLC**

CASE _____: **Application of Percussion Petroleum Operating, LLC for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order 1) pooling all uncommitted interests in the N. Seven Rivers; Glorieta-Yeso Pool (97565) comprised of the E/2W/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico; and 2) approving an unorthodox well location. Said horizontal spacing unit is to be dedicated to applicant's proposed **Lakewood Federal No. 9H Well**, which will be horizontally drilled from a surface location in the SW/4SE/4 (Unit O) of Section 27 to a bottom hole location in the SE/4SW/4 (Unit N) of Section 34. The completed interval is at an unorthodox location. The first take point is 100 feet from the North line, 2609 feet from the West line and the last take point is 100 feet from the South line, 2609 feet from the West line. Accordingly, the completed interval is closer than 330 feet to the East line and encroaches on the spacing unit to the east. 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 11 miles southwest of Atoka, New Mexico.