

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

**APPLICATION OF SEP PERMIAN LLC
TO AMEND ORDER R-20411 TO ADD
ADDITIONAL WELLS TO THE APPROVED
HORIZONTAL WELL SPACING UNIT,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21023
ORDER NO. R-20411-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on February 6, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. On February 28, 2019, OCD issued Order R-20411 to Percussion Petroleum Operating (“Percussion”) to pool the uncommitted oil and gas interests within the specified spacing unit (“Unit”).
2. Subsequent to the issuance of Order R-20411, SEP Permian, LLC (“Operator”) succeeded to the interest of Percussion in the Unit.
3. Subsequent to the issuance of Order R-20411, Operator decided to add the Lakewood Federal Com No. 8H Well (“Well”) to the Unit as described in Exhibit A.
4. Operator provided evidence that it gave notice of the Application and the hearing to the previously pooled interest owners.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well to a common source of supply at the depth and location in the Unit described in Exhibit A.
11. This Order affords to each owner of an uncommitted interest the opportunity to produce its just and equitable share of the oil or gas in the pool.

ORDER

12. The Well will now be dedicated to the Unit established by Order R-20396.
13. If the location of the well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
14. The Operator shall commence drilling the Well within one year after the date of this Order, and complete the Well no later than one (1) year after the commencement of drilling the Well.
15. This Order shall terminate automatically if Operator fails to comply with Paragraph 14 unless Operator obtains an extension by an amendment of this Order for good cause shown.
16. Order R-20411 shall remain in full force and effect.
17. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 9/03/2020

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
21023	APPLICANT'S RESPONSE
Date: February 6, 2020	
Applicant	SEP PERMIAN, LLC
Designated Operator & OGRID (affiliation if applicable)	SEP PERMIAN, LLC (OGRID 338479)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF SEP PERMIAN, LLC TO AMEND ORDER NO. R-20411 TO ADD ADDITIONAL WELLS TO THE APPROVED HORIZONTAL WELL SPACING UNIT, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	None
Well Family	Lakewood Fed Com wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Glorieta-Yeso formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Glorieta-Yeso formation
Pool Name and Pool Code:	N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565)
Well Location Setback Rules:	Statewide oil
Spacing Unit Size:	160 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 acres, more or less
Building Blocks:	40-acre
Orientation:	Standup
Description: TRS/County	W/2 E/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	None
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Yes
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Well #1	<p>Lakewood Fed Com Well No. 4H, API No. 30-015-45669 SHL:500 feet from the South line and 1690 feet from the East line, (Unit O) of Section 27, Township 19 South, Range 25 East, NMPM. BHL:20 feet from the South line and 1686 feet from the East line, (Unit O) of Section 34, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Glorieta-Yeso at approx 2890 feet TVD. Well Orientation: North to South Completion Location expected to be:standard</p>
Well #2	<p>Lakewood Fed Com Well No. 8H, API No. 30-015-45676 SHL:500 feet from the South line and 1710 feet from the East line, (Unit O) of Section 27, Township 19 South, Range 25 East, NMPM. BHL:50 feet from the South line and 2168 feet from the East line, (Unit O) of Section 34, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Glorieta-Yeso at approx 2610 feet TVD. Well Orientation: North to South Completion Location expected to be:standard</p>
Horizontal Well First and Last Take Points	See Exhibit C-2 for the available well information.
Completion Target (Formation, TVD and MD)	See Exhibit C-4 for the well proposals of the wells. This data is also listed above with each well.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	See Order No. R-20411
Production Supervision/Month \$	See Order No. R-20411
Justification for Supervision Costs	See Order No. R-20411
Requested Risk Charge	See Order No. R-20411
Notice of Hearing	
Proposed Notice of Hearing	See Application
Proof of Mailed Notice of Hearing (20 days before hearing)	See Exhibit D-1
Proof of Published Notice of Hearing (10 days before hearing)	See Exhibit D-2
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-3
Tract List (including lease numbers and owners)	Exhibit C-3
Pooled Parties (including ownership type)	Exhibit C-3, D-1

Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3, D-1
Chronology of Contact with Non-Joined Working Interests	N/A (spacing unit already pooled under R-20411)
Overhead Rates In Proposal Letter	See Order No. R-20411
Cost Estimate to Drill and Complete	Exhibit C-4
Cost Estimate to Equip Well	Exhibit C-4
Cost Estimate for Production Facilities	Exhibit C-4
Geology	
Summary (including special considerations)	N/A (acreage already pooled under R-20411)
Spacing Unit Schematic	N/A (acreage already pooled under R-20411)
Gunbarrel/Lateral Trajectory Schematic	N/A (acreage already pooled under R-20411)
Well Orientation (with rationale)	N/A (acreage already pooled under R-20411)
Target Formation	N/A (acreage already pooled under R-20411)
HSU Cross Section	N/A (acreage already pooled under R-20411)
Depth Severance Discussion	N/A (acreage already pooled under R-20411)
Forms, Figures and Tables	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3
General Location Map (including basin)	See Case No. 20187, Exhibit 2
Well Bore Location Map	See Case No. 20187, Exhibit 2
Structure Contour Map - Subsea Depth	See Case No. 20187, Exhibit 2
Cross Section Location Map (including wells)	See Case No. 20187, Exhibit 2
Cross Section (including Landing Zone)	See Case No. 20187, Exhibit 2
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Kaitlyn A. Luck
Signed Name (Attorney or Party Representative):	
Date:	26-Aug-20