

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

APPLICATION OF PERCUSSION
PETROLEUM OPERATING, LLC FOR A
NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16/28

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) creating a 160-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 27, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the N Seven Rivers; Glorieta-Yeso Pool (97565). In support of its application, Percussion states:

1. Percussion Petroleum Operating, LLC (OGRID No. 371755) is a working interest owner in the proposed non-standard spacing unit and has the right to drill thereon.
2. Percussion proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **South Boyd Federal Com No. 13H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 34 to a non-standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 27.
3. The completed interval for this well is closer than 330 feet to the outer boundary of the project area than required by the statewide rules for oil wells. Percussion is seeking separate administrative approval for this unorthodox well location.

4. 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 non-standard spacing unit should be pooled and Percussion Petroleum Operating, LLC should be designated the operator of this 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 May 3, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a 160-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 27, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico;
- B. Pooling all uncommitted interests in the non-standard spacing and proration unit;
- C. Designating Percussion Petroleum Operating, LLC operator of this non-standard 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% penalty 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 16128:

Application of Percussion Petroleum Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 160-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 27, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the N Seven Rivers; Glorieta-Yeso Pool (97565) underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **South Boyd Federal Com No. 13H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 34 to a non-standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 27. The completed interval for this well is closer than 330 feet to the outer boundary of the project area than required by the statewide rules for oil wells. Percussion is seeking separate administrative approval for this unorthodox well location. 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 15 miles southwest of Artesia, New Mexico.