

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

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

CASE NO. 16408

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, if necessary, a 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 22, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the North 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 **Ross Ranch 22 9H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 22, and **Ross Ranch 22 10H Well**, which will be horizontally drilled from a surface location in

the NW/4 NW/4 (Unit D) of Section 27 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 22. The final take point for the **Ross Ranch 22 9H Well** will be at a location 100 feet from the north line and 360 feet from the west line of Section 22. The final take point for the **Ross Ranch 22 10H Well** will be at a location 100 feet from the north line and 906 feet from the west line of Section 22.

3. Percussion seeks to dedicate either or both of these wells as the initial wells for the unit.

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 spacing and proration unit should be pooled and Percussion Petroleum Operating, LLC should be designated the operator of the proposed horizontal wells and spacing and proration unit.

WHEREFORE, Percussion requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 20, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating, if necessary, the proposed non-standard spacing and proration unit;
- 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 wells to be drilled thereon;
- D. Authorizing Percussion to recover its costs of drilling, equipping and completing the wells;
- 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 16408 :

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, if necessary, a 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 22, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the North Seven Rivers; Glorieta-Yeso Pool (97565). Said non-standard unit is to be dedicated to applicant's proposed **Ross Ranch 22 9H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 22, and **Ross Ranch 22 10H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 22. Also to be considered will be the cost of drilling and completing said wells 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 wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 6.5 miles west of Lakewood, New Mexico.