

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

**APPLICATION OF PERCUSSION PETROLEUM
OPERATING, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 20190

PRE-HEARING STATEMENT

Percussion Petroleum Operating, LLC ("Percussion") provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT

Percussion Petroleum Operating, LLC

APPLICANT'S ATTORNEYS

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OPPONENT

Mewbourne Oil Company

OPPONENT'S ATTORNEYS

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STATEMENT OF THE CASE

In Case Nos. 20190 and 20248, Percussion Petroleum Operating, LLC and Mewbourne Energy Company have filed competing applications.

In this case, Percussion seeks an order approving a standard horizontal spacing and proration unit and pooling all uncommitted interests in the N. Seven Rivers; Glorieta-Yeso Pool

(Pool Code 97564), from a depth of 2,803 to 3,700 feet, underlying the E/2 E/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Percussion seeks to pool only a portion of the N. Seven Rivers; Glorieta-Yeso Pool, subject to the depth severance in the Yeso formation in Section 34. Said horizontal spacing unit will be dedicated to Applicant's proposed **Lakewood Federal No. 20H** well. The completed interval is at an orthodox well location pursuant to the Statewide rules for oil wells. Also to be considered is the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

In Case No. 20248, Opponent Mewbourne Energy Company has filed a competing application seeking an order pooling all mineral interests in the Glorieta-Yeso formation, dedicated to its Lakewood 34 Y2PA Fed. Com. Well No. 1 H, to a depth sufficient to test Glorieta-Yeso formation (North Seven Rivers-Glorieta Yeso Pool), underlying a horizontal spacing unit comprised of the E/2E/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

It is Percussion's position that its development plan is superior to that of Mewbourne's, and is furthermore in the interests of conservation and the prevention of waste, while Mewbourne's is not. Percussion therefore opposes Mewbourne's application and requests that its application be granted.

PROPOSED EVIDENCE

<u>APPLICANT'S WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Sam Jones, Land	20 min.	6
CJ Lipinski, Petroleum Geologist	20 min.	6
Brian Zwart, Petroleum Engineer	20 min	4

PROCEDURAL MATTERS

Percussion Petroleum Operating, LLC requests that this matter be consolidated with Percussion's applications in Case No. 20190, and continued to a special hearing date, as previously discussed with the Examiners by electronic mail and agreed to by Mewbourne.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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Attorneys for Percussion Petroleum Operating, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on February 13, 2019:

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/s/ Seth C. McMillan
Seth C. McMillan