

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

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

CASE NO. ~~20~~ 20371

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 pooling all uncommitted interests in the Yeso formation from a depth of 3,001 feet to the base of the Yeso formation in a proposed 200-acre horizontal spacing in the Red Lake Glorieta-Yeso Pool (51120) comprised of the SW/4 NW/4 of Section 18, Township 18 South, Range 27 East, and the S/2 N/2 of Section 13, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. 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 the following two proposed wells: (1) **Toadies 18 No. 3H Well**, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 18, Township 18 South, Range 27 East, to a standard bottom-hole location in the SW/4 NW/4 (Unit E) of Section 13, Township 18 South, Range 26 East; and (2) the **Toadies 18 No. 4H Well**, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 18, Township 18 South, Range 27 East, to a standard bottom-hole location in the SW/4 NW/4 (Unit E) of Section 13, Township 18 South, Range 26 East.

3. A depth severance exists in the Yeso formation in the horizontal spacing unit. Accordingly, Percussion seeks to pool only a portion of the Pool from a depth of 3,001 feet to the base of the Yeso formation, at a stratigraphic equivalent of 4,460 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer 1 Well (API No. 30-015-05926). Percussion will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

4. The completed interval for each well is at an orthodox well location pursuant to the Statewide rules for oil wells.

5. 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.

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

7. 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 April 4, 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. Designating Percussion Petroleum Operating, LLC operator of the horizontal spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Percussion to recover its costs of drilling, equipping and completing the well;

- D. 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
- E. 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 20371:

Application of Percussion Petroleum Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Yeso formation from a depth of 3,001 feet to the base of the Yeso formation in a proposed 160-acre horizontal spacing unit in the Red Lake Glorieta-Yeso Pool (51120) comprised of the SW/4 NW/4 of Section 18, Township 18 South, Range 27 East, and the S/2 N/2 of Section 13, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. Percussion proposes to dedicate the above-referenced spacing unit to the following two wells: (1) the **Toadies 18 No. 3H Well**, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 18, Township 18 South, Range 27 East, to a standard bottom-hole location in the SW/4 NW/4 (Unit E) of Section 13, Township 18 South, Range 26 East; and (2) the **Toadies 18 No. 4H Well**, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 18, Township 18 South, Range 27 East, to a standard bottom-hole location in the SW/4 NW/4 (Unit E) of Section 13, Township 18 South, Range 26 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 4.5 miles southeast of Atoka, New Mexico.