

RECEIVED: <b>8/14/2017</b>	REVIEWER: <b>LRL</b>	TYPE: <b>NSL</b>	APP NO: <b>DKSC1722739289</b>
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND  
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** Percussion Petroleum Operating, LLC**OGRID Number:** 371755**Well Name:** Goodman 22 No. 6H Well**API:** ~~36-015-44365~~**Pool:** N. Seven Rivers Glorieta Yeso Pool**Pool Code:** 97565

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION  
 INDICATED BELOW**

**NSL-7580**

2017 AUG 14 P 3:19

RECEIVED OCD

**1) TYPE OF APPLICATION:** Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☐ For all of the above, proof of notification or publication is attached, and/or,H. ☒ No notice required**FOR OCD ONLY**

Notice Complete

Application  
Content  
Complete

- 3) CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division:

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Jordan L. Kessler

Print or Type Name

Signature

August 14, 2017

Date

505-988-4421

Phone Number

jlkessler@hollandhart.com

e-mail Address

HOLLAND & HART<sup>LLP</sup>



Jordan L. Kessler  
Associate  
Phone (505) 954-7286  
Fax (505) 983-6043  
JLKessler@hollandhart.com

August 14, 2017

**VIA HAND DELIVERY**

David Catanach  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Dr.  
Santa Fe, New Mexico 87505

RECEIVED OGD  
2017 AUG 14 P 3:19

**Re: Application of Percussion Petroleum Operating, LLC for administrative approval of an unorthodox well location for its Goodman 22 No. 6H Well in the N/2 SE/4 of Section 22 and the N/2 SW/4 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.**

Dear Mr. Catanach:

Percussion Petroleum Operating, LLC ("Percussion") (OGRID 371755) seeks administrative approval of an unorthodox location for its **Goodman 22 No. 6H Well** (API number pending) to be completed in the N. Seven Rivers Glorieta Yeso Pool (Pool Code 97565) underlying portions of Sections 22 and 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. This well will be drilled from a surface location 1474 feet from the South line, 2366 feet from the West line (Unit K) of Section 22. The upper most perforation will be located 1390 feet from the South line, 2509 feet from the East line (Unit J) of Section 22 and the lower most perforation will be 1390 feet from the South line, 2578 feet from the West line (Unit K) of Section 23. Since this acreage is governed by the Division's statewide rules which provide for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox because it is closer than 330 feet to the eastern, southeastern, southern, western, and southwestern boundaries of the project area. The completed interval therefore encroaches on the 40-acre spacing units to the East, Southeast, South, West, and Southwest.

The spacing unit to the South has identical ownership to the subject spacing unit. Accordingly, there are no affected parties in the spacing unit to the South. Percussion plans to develop the subject spacing unit and the spacing unit to the South using three horizontal wells, as detailed in the attached affidavit. Approval of the unorthodox completed interval will allow Percussion to use their preferred well spacing plan for horizontal wells in this area and fully develop the Yeso formation in the spacing unit.

Holland & Hart<sup>LLP</sup>

Phone (505) 988-4421 Fax (505) 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☪

HOLLAND & HART<sup>LLP</sup>



Percussion is the operator of a vertical well (the Ross Ranch 22 #7) located in the NE/4 SW/4 of Section 22. However, working interest ownership is not common in these two quarter-quarter sections. Percussion has therefore notified the working interest owners located in the NE/4 SW/4 of Section 22 and the NW/4 SE/4 of Section 23, along with the affected parties in the spacing units to the East, Southeast, and Southwest.

As support for this application, Percussion provides the following additional information and exhibits:

**Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows the proposed non-standard project area and the non-standard location of the **Goodman 22 No. 6H Well**.

**Exhibit B** is a land plat for Sections 22 and 23 and the surrounding sections that shows the **Goodman 22 No. 6H Well** in relation to the adjoining units and existing wells.

✓ **Exhibit C** is an affidavit from a petroleum engineer attesting to Percussion's development plans in the subject area.

**Exhibit D** is a list of the parties affected by Percussion's request for a non-standard project area and an unorthodox location. Each of these parties has been provided a copy of this application and all attachments by certified mail, and has been advised that if they have an objection it must be filed in writing with the Division within 20 days from the date the Division receives this application.

Your attention to this application is appreciated

Sincerely,

Jordan L. Kessler

**ATTORNEY FOR PERCUSSION PETROLEUM  
OPERATING, LLC**

**HOLLAND & HART** LLP



**Jordan L. Kessler**  
**Associate**  
**Phone** (505) 954-7286  
**Fax** (505) 983-6043  
JLKessler@hollandhart.com

August 14, 2017

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: AFFECTED PARTIES**

**Re: Application of Percussion Petroleum Operating, LLC for administrative approval of an unorthodox well location for its Goodman 22 No. 6H Well in the N/2 SE/4 of Section 22 and the N/2 SW/4 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.**

Ladies and Gentleman:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Josh Grisham  
Percussion Petroleum Operating, LLC  
(713) 589-2337  
josh@percussionpetroleum.com

Sincerely,

Jordan L. Kessler  
**ATTORNEY FOR PERCUSSION PETROLEUM  
OPERATING, LLC**

**Holland & Hart** LLP

**Phone** [505] 988-4421 **Fax** [505] 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☪



focused on excellence  
in the oilfield

September 5, 2017

To Whom It May Concern:

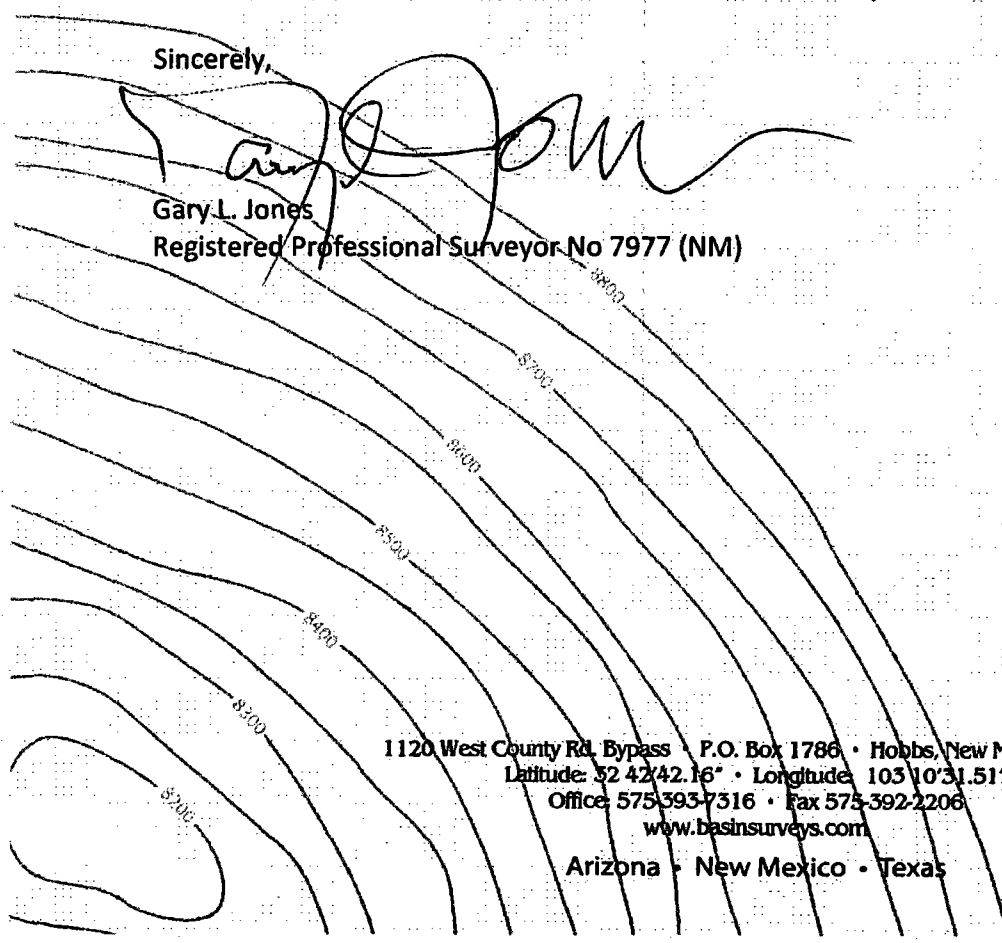
I, Gary L. Jones, Registered Professional Surveyor in the State of New Mexico, have supervised the staking of four wells for Percussion Petroleum Operating, LLC - the Goodman 22 1H, Goodman 22 2H, Goodman 22 4H and the Goodman 22 6H in Section 22, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. In the survey of these four wells, we found and accepted corners that defined the boundaries of Section 22 and Section 23. As is plainly shown on the C-102's submitted and certified to, these Sections do not run true north, south, east and west and are nowhere close to the standard mile, 5,280.0 feet. Because of this, some of the distances on the C-102 that show such items as the LTP and FTP may seem in error. They are not.

As a Professional Surveyor licensed by the State of New Mexico, I have certified to the distances shown on the corresponding C-102's. They are to be accepted without question.

Sincerely,



Gary L. Jones  
Registered Professional Surveyor No 7977 (NM)



1120 West County Rd. Bypass • P.O. Box 1786 • Hobbs, New Mexico 88241  
Latitude: 32°42'42.16" • Longitude: 103°10'31.51"  
Office: 575-393-7316 • Fax: 575-392-2206  
[www.basinsurveys.com](http://www.basinsurveys.com)  
Arizona • New Mexico • Texas

**DISTRICT I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone (505) 393-6161 Fax: (505) 393-0720

**DISTRICT II**  
811 S. First St., Artesia, NM 88210  
Phone (505) 748-1283 Fax: (505) 748-0720

**DISTRICT III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-6178 Fax: (505) 334-6170

**DISTRICT IV**  
1226 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

**OIL CONSERVATION DIVISION**  
1226 South St. Francis Dr.  
Santa Fe, New Mexico 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name GOODMAN 22	Well Number 6H
OGRID No.	Operator Name PERCUSSION PETROLEUM OPERATING, LLC	Elevation 3458'

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
K	22	19 S	25 E		1474	SOUTH	2366	WEST	EDDY

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
K	23	19 S	25 E		1390	SOUTH	2658	WEST	EDDY

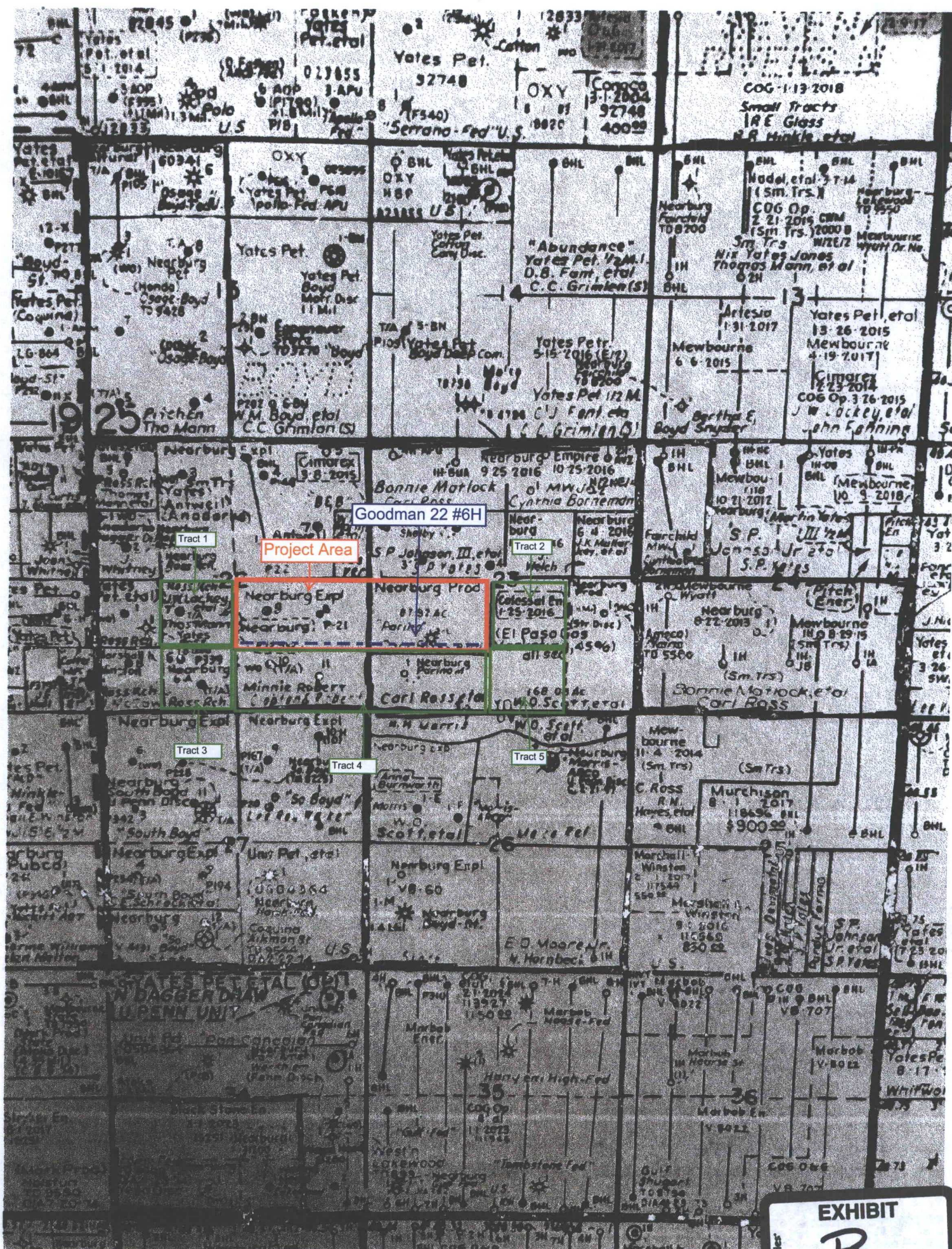
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<b>SURFACE LOCATION</b> Lat - N 32.642960° Long - W 104.473463° NMSPC- N 597668.3 E 498204.7 (NAD-83)	<b>FIRST TAKE POINT</b> 1390' FSL & 2509' FEL Lat - N 32.642699° Long - W 104.472333° NMSPC- N 597572.8 E 498552.6 (NAD-83)	<b>LAST TAKE POINT</b> 1390' FSL & 2578' FWL Lat - N 32.642678° Long - W 104.455806° NMSPC- N 597558.8 E 503639.6 (NAD-83)	<b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32.642684° Long - W 104.455546° NMSPC- N 597561.1 E 503719.6 (NAD-83)	<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature _____ Date _____ Printed Name _____ Email Address _____
				<b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  Date Surveyed: JUNE 15, 2017 Signature & Seal of Professional Surveyor: [Signature] Certificate Number: 7977 Scale: 1" = 1000' WO Num.: 33047

**EXHIBIT**  
A





## EXHIBIT

B



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

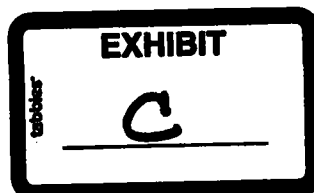
**Administrative Application for Goodman 22 No. 6H Well**

**AFFIDAVIT OF BRIAN A. ZWART**

STATE OF NEW MEXICO   )  
                                  ) ss.  
COUNTY OF EDDY        )

Brian A. Zwart, being first duly sworn on oath, states as follows:

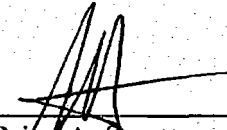
1. My name is Brian A. Zwart and I am employed by Percussion Petroleum Operating, LLC, a wholly owned subsidiary of Percussion Petroleum, LLC ("Percussion") in Houston, Texas, as Vice President of Engineering.
2. I received my Bachelors of Science from The University of Texas at Austin in Petroleum Engineering.
3. Percussion operates and focuses exclusively on the Northwest Shelf of the Permian Basin.
4. I have been an active member of the Society of Petroleum Engineers since 2006.
5. I am familiar with the reservoir in the southeast quarter of Section 22 and southwest quarter of Section 23 (~320 gross acres that will be drilled), Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico, and have reviewed the administrative application for an unorthodox location filed by my attorney in connection with the **Goodman 22 No. 6H Well**
6. Ownership is common throughout the SE/4 of Section 22 and the SW/4 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico, due to an existing joint operating agreement contract area for all horizontal wells.
7. To effectively develop the Upper Blinberry lateral target of the Yeso formation in the said lands, it is recommended that three (03) horizontal wells are drilled in the same lateral target.
8. There are six (06) existing vertical wells in the said lands that should be avoided when drilling new horizontal wells, including the **Goodman 22 No. 6H Well**.
9. In order to drill all three (03) horizontal wells and avoid existing vertical wells, it is recommended that the wells must be spaced approximately 900 feet apart, necessitating that some wells, including the **Goodman 22 No. 6H Well**, be drilled at unorthodox locations.



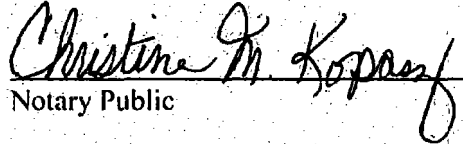


10. It is believed that failure to drill three (03) wells per half square mile in this target in these particular half sections will result in reserves being left in the ground, which constitutes waste.

FURTHER AFFIANT SAYETH NOT.

  
Brian A. Zwart

SUBSCRIBED AND SWORN before me on this 10<sup>th</sup> day of Aug., 2017.

  
Notary Public

My Commission Expires:

6/24/2021

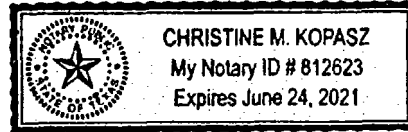


EXHIBIT D

PANHANDLE OIL AND GAS, INC.  
5400 N. GRAND BLVD., SUITE 300  
OKLAHOMA CITY, OK 73112  
70163010000003241170

Tract 1

EOG Y RESOURCES, INC.  
105 SOUTH FOURTH STREET  
ARTESIA, NM 88210-2177  
70163010000003241187

Tract 2, Tract 3

FIRST ROSWELL COMPANY  
P.O. BOX 1797  
ROSWELL, NM 88202-1797  
70163010000003241187

Tract 2, Tract 3

SHARBRO ENERGY, LLC  
PO BOX 840  
ARTESIA, NM 88211-0840  
70163010000003241187

Tract 1

TULIPAN LLC  
428 SANDOVAL, SUITE 200  
SANTA FE, NM 87501  
70163010000003241217

Tract 1, Tract 4

MARIGOLD LLLP  
P.O. BOX 1290  
ARTESIA, NM 88211-1290  
70163010000003241224

Tract 2, Tract 4

EOG RESOURCES ASSETS LLC  
104 SOUTH FOURTH STREET  
ARTESIA, NM 88210  
70163010000003241231

Tract 2, Tract 4

B & L OIL COMPANY, INC.  
4323 TRAILWOOD DR  
SUGAR LAND, TX 77479-5149  
70163010000003241248

Tract 2, Tract 4, Tract 5

YATES INDUSTRIES LLC  
104 SOUTH FOURTH STREET  
ARTESIA, NM 88210  
70171450000083775847

Tract 4



1 TIMOTHY 6, LLC  
P.O. BOX 30598  
EDMOND, OK 73025  
70171450000083775830

Tract 4

MADURO OIL & GAS, LLC  
3102 MAPLE AVENUE, SUITE 400  
DALLAS, TX 75201  
70171450000083775823

Tract 4



## **Lowe, Leonard, EMNRD**

---

**From:** Jordan L. Kessler <JLKessler@hollandhart.com>  
**Sent:** Wednesday, September 6, 2017 11:11 AM  
**To:** Lowe, Leonard, EMNRD  
**Cc:** Jones, William V, EMNRD  
**Subject:** RE: Percussion Petroleum Operating, LCC NSL Application - Goodman Well No. 6H  
**Attachments:** GOODMAN 22 6H-33047-1.pdf; BasinCopier@basinsurveys.com\_20170906\_123034.pdf; 1109\_001.pdf

Leonard,

As discussed a couple of days ago, the final take point for the Goodman 22 No. 6H is 100 feet away from the outer boundary of the spacing unit to the east. This is reflected in the attached plat. The survey has noted on this plat that Section 23 is slightly irregular, meaning the W/2 is slightly longer than the standard 2640. As you can see on the attached certified plat, the bottom hole location is 2658 from the West line, but 20 feet from the middle of Section 23. This means that the length of the W/2 of Section 23 is 2678 feet. As you can see (and as reflected on the C-102), the last take point is 2578 feet from the West line, meaning that is it 100 feet from the outer boundary of the spacing unit.

According to the surveyor, and as reflected in the attached signed letter from the surveyor, Section 23 gets shorter towards the South.

The ownership, including working interest owners, in Tract 4 is identical to the proposed spacing unit.

Please feel free to call with any questions.

**Jordan Lee Kessler**  
Attorney | Holland & Hart LLP  
110 North Guadalupe Suite 1  
Santa Fe, NM 87501  
Phone (505) 988-4421  
Fax (505) 983-6043  
E-mail: [JLKessler@hollandhart.com](mailto:JLKessler@hollandhart.com)



**CONFIDENTIALITY NOTICE:** This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

**From:** Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]  
**Sent:** Friday, August 25, 2017 3:33 PM  
**To:** Jordan L. Kessler <JLKessler@hollandhart.com>  
**Cc:** Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>  
**Subject:** Percussion Petroleum Operating, LCC NSL Application - Goodman Well No. 6H  
**Importance:** High

**Lowe, Leonard, EMNRD**

---

**From:** Lowe, Leonard, EMNRD  
**Sent:** Friday, August 25, 2017 3:33 PM  
**To:** 'Jordan L. Kessler'  
**Cc:** Jones, William V, EMNRD  
**Subject:** Percussion Petroleum Operating, LCC NSL Application - Goodman Well No. 6H

**Importance:** High

Ms. Jordan Kessler,

In review of NSL application for Goodman 22 Well No. 6H, the OCD has determined the following:

1. The SW/4 SE/4 (O) of Section 23 is being encroached within 94 feet. Please provide the percentage of working interest in that affected Tract.
2. The NW/4 SE/4 (J) of Section 23 is being encroached within 62 feet. Please provide the percentage of working interest in that affected Tract.

Thank you Ma'am.

Have a good weekend.

**Leonard Lowe**  
Engineering Bureau  
Oil Conservation Division  
Energy Minerals and Natural Resources Department  
1220 South St. Frances  
Santa Fe, New Mexico 87004  
Office: 505-476-3492  
Cell: 505-930-6717  
Fax: 505-476-3462  
E-mail: [leonard.lowe@state.nm.us](mailto:leonard.lowe@state.nm.us)  
Website: <http://www.emnrd.state.nm.us/oecd/>