

RECEIVED: 8/15/2017	REVIEWER: LRL	TYPE: NSL	APP NO: OKSC 1722739628
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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. 4H Well**API:** 30-015-44366**Pool:** N. Seven Rivers Glorieta Yeso Pool**Pool Code:** 97565

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

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^{LLP}



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 OCD
2017 AUG 14 P 3:20

Re: Application of Percussion Petroleum Operating, LLC for administrative approval of an unorthodox well location for its Goodman 22 No. 4H 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. 4H 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 2303 feet from the South line, 2346 feet from the West line (Unit K) of Section 22. The upper most perforation will be located 2285 feet from the South line, 2511 feet from the East line (Unit J) of Section 22 and the lower most perforation will be 2285 feet from the South line, 2584 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, northeastern, western, and northwestern boundaries of the project area. The completed interval therefore encroaches on the 40-acre spacing units to the East, Northeast, West, and Northwest.

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, Northeast, and Northwest. 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^{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. ☏

HOLLAND & HART^{LLP}



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. 4H Well**.

Exhibit B is a land plat for Sections 22 and 23 and the surrounding sections that shows the **Goodman 22 No. 4H Well** in relation to the adjoining units and existing wells.

Exhibit C 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}



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. 4H 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

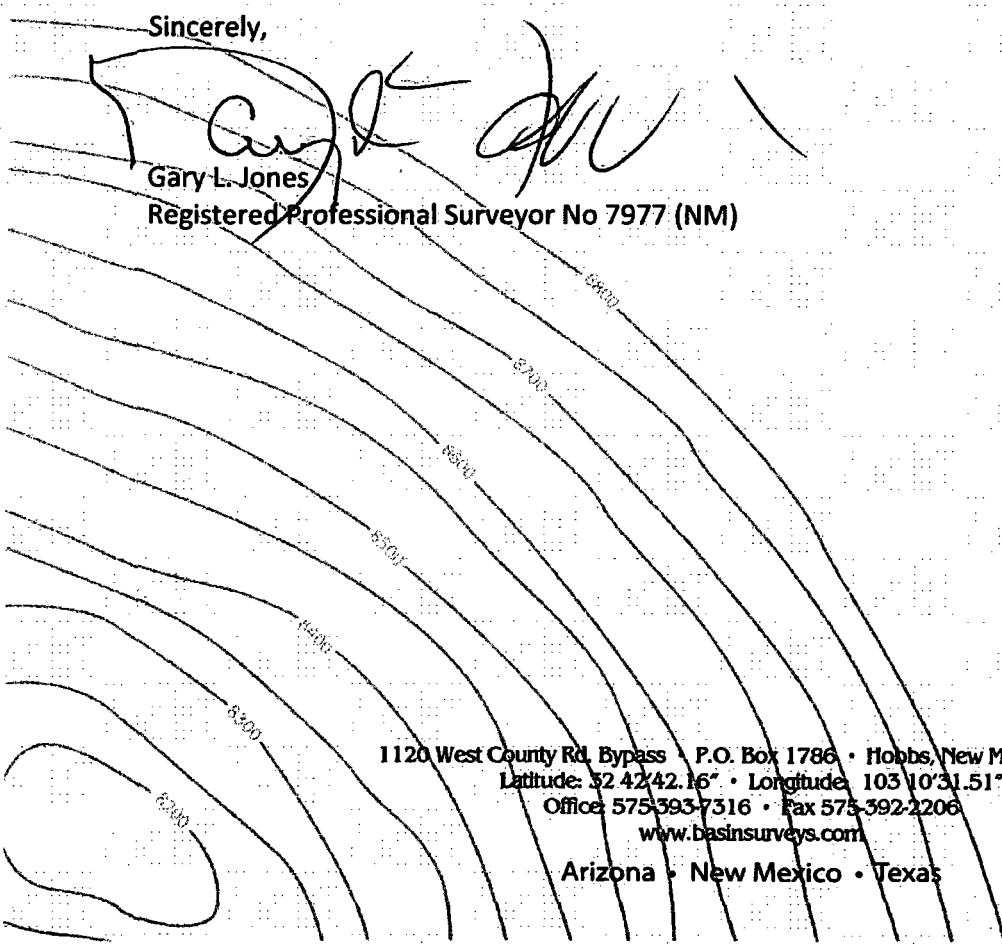
To Whom It May Concern:

I, Gary L. Jones, Registered Professional Surveyor in the State of New Mexico, have supervised the staking of two wells for Percussion Petroleum Operating, LLC - the Goodman 22 1H and the Goodman 22 2H in Section 22, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. In the survey of these two 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 these two 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
Arizona • New Mexico • Texas

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720

DISTRICT II

811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720

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) 476-3462State 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 4H
OGRID No.	Operator Name PERCUSSION PETROLEUM OPERATING, LLC	Elevation 3459'

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		2303	SOUTH	2346	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		2285	SOUTH	2664	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

SURFACE LOCATION	FIRST TAKE POINT	LAST TAKE POINT	PROPOSED BOTTOM HOLE LOCATION	OPERATOR CERTIFICATION
Lat - N 32.645240° Long - W 104.473538° NMSPC- N 598497.6 E 498182.7 (NAD-83)	2285' FSL & 2511' FEL Lat - N 32.645158° Long - W 104.472328° NMSPC- N 598467.3 E 498555.2 (NAD-83)	2285' FSL & 2584' FWL Lat - N 32.645140° Long - W 104.455775° NMSPC- N 598454.5 E 503650.1 (NAD-83)	Lat - N 32.645146° Long - W 104.455515° NMSPC- N 598456.8 E 503730.1 (NAD-83)	<p>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.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Email Address _____</p>
				<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor _____</p> <p>Certificate No. 7977</p> <p>Scale: 1" = 2000'</p> <p>WO Num.: 32900</p>

EXHIBIT

A

EXHIBIT C

PANHANDLE OIL AND GAS, INC.
5400 N. GRAND BLVD., SUITE 300
OKLAHOMA CITY, OK 73112
70163010000003241033

Tract 1 + Tract 3

EOG Y RESOURCES, INC.
105 SOUTH FOURTH STREET
ARTESIA, NM 88210-2177
70163010000003241040

Tract 1

FIRST ROSWELL COMPANY
P.O. BOX 1797
ROSWELL, NM 88202-1797
70163010000003241057

Tract Tract 3

SHARBRO ENERGY, LLC
P.O. BOX 840
ARTESIA, NM 88211-0840
70163010000003241064

Tract 1

TULIPAN LLC
428 SANDOVAL, SUITE 200
SANTA FE, NM 87501
70163010000003241071

Tract 1 Tract 3

MARIGOLD LLLP
P.O. BOX 1290
ARTESIA, NM 88211-1290
70163010000003241088

Tract 1 Tract 3

EOG RESOURCES ASSETS LLC
104 SOUTH FOURTH STREET
ARTESIA, NM 88210
70163010000003241095

Tract 1

B & L OIL COMPANY, INC.
4323 TRAILWOOD DR.
SUGAR LAND, TX 77479-5149
70163010000003241101

Tract 2

TIERRA OIL COMPANY, LLC
P.O. BOX 700968
SAN ANTONIO, TX 78270-0968
70163010000003241118

Tract 3



OXY Y-1 COMPANY
P.O. BOX 4294
HOUSTON, TX 77210-4294
70163010000003241125

Tract 3

YATES INDUSTRIES LLC
403 WEST SAN FRANCISCO
SANTA FE, NM 87505
70163010000003241132

Tract 3

1 TIMOTHY 6, LLC
P.O. BOX 30598
EDMOND, OK 73025
70163010000003241149

Tract 3

MADURO OIL & GAS, LLC
3102 MAPLE AVENUE, SUITE 400
DALLAS, TX 75201
70163010000003241156

Tract 3

COLOSSAL ENERGY, LLC
P.O. BOX 94516
LUBBOCK, TX 79493
70163010000003241163

Tract 4

Lowe, Leonard, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Wednesday, September 6, 2017 10:30 AM
To: Lowe, Leonard, EMNRD
Cc: Jones, William V, EMNRD
Subject: RE: Percussion Petroleum Operating, LCC NSL Application - Goodman Well No. 4H
Attachments: GOODMAN 22 4H-32900-1.pdf; 1108_001.pdf; BasinCopier@basinsurveys.com_20170905_185113.pdf

Leonard,

As discussed a couple of days ago, the final take point for the Goodman 22 No. 4H is 100 feet away from the outer boundary of the spacing unit. 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 2664 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 2684 feet. As you can see (and as reflected on the C-102), the last take point is 2584 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.

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



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 10:06 AM
To: Jordan L. Kessler <JLKessler@hollandhart.com>
Cc: Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>
Subject: Percussion Petroleum Operating, LCC NSL Application - Goodmand Well No. 2H
Importance: High

Ms. Jordan Kessler,

In review of NSL application for Goodman 22 Well No. 2H request the OCD's review has determine that your last perforation point is encroaching the last take point to be 43 feet away from the boundary. Less than 100 feet.

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Friday, August 25, 2017 10:57 AM
To: 'Jordan L. Kessler'
Cc: Jones, William V, EMNRD
Subject: Percussion Petroleum Operating, LCC NSL Application - Goodman Well No. 4H

Importance: High

Ms. Jordan Kessler,

In review of NSL application for Goodman 22 Well No. 4H request the OCD's review has determine that your last perforation point is encroaching the last take point to be 56 feet away from the boundary. Less than 100 feet.

As current OCD policy, we request an statement from the Applicants Engineer to present an engineering reason for the close encroachment in their last take point location.

Within the encroached area that is less than 100 feet the OCD needs a list of all the Working Interest with percentages in that Tract.

In your Exhibit C can you decipher the Affected Parties and their associated tract location referenced in Exhibit B.

The submitted application has NOT be determined to be Administratively Complete as of this time. The 20 day Public Notice will start once the application is complete.

Please submit this lacking information.

Thank you,

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
Website: <http://www.emnrd.state.nm.us/ocd/>