

RECEIVED: 01/26/18	REVIEWER: LRL	TYPE: NSL	APP NO: PLEL 1802947547
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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. 7H Well**API:** Pending**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

January 26, 2018

Date

505-988-4421

Phone Number

jlkessler@hollandhart.com

e-mail Address



January 26, 2018

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 OOD
2018 JAN 26 P 3:27

Re: Application of Percussion Petroleum Operating, LLC for administrative approval of an unorthodox well location for its Goodman 22 No. 7H Well in the S/2 SE/4 of Section 22 and the S/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. 7H 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 601 feet from the South line, 2136 feet from the West line (Unit N) of Section 22. The upper most perforation will be located 540 feet from the South line, 2508 feet from the East line (Unit O) of Section 22 and the lower most perforation will be 640 feet from the South line, 2575 feet from the West line (Unit N) of Section 23.¹ 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 and to the West.

Percussion is the operator of a vertical well (the Ross Ranch 22 #6) located in the SE/4 SW/4 of Section 22. However, working interest ownership in the SE/4 SW/4 of Section 22 is not identical to the proposed spacing unit. Percussion has therefore notified the working interest owners located in the SE/4 SW/4 of Section 22. Percussion is also the 100 percent working interest owner of the spacing unit in the spacing unit comprised of the SW/4 SE/4 of Section 23.

¹ Section 23 is slightly irregular in size, resulting in the W/2 of Section 23 measuring slightly longer than the standard 2640 feet. The length of Section 23 is 2676. The last take point is 2575 feet from the West line. Accordingly, the last take point is 101 feet from the outer boundary of the spacing unit. See Exhibit D; see also NSL-7577.



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 location of the **Goodman 22 No. 7H Well**.

Exhibit B is a land plat for Sections 22 and 23 and the surrounding sections that shows the **Goodman 22 No. 7H 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.

Exhibit D is a certification from the surveyor stating that Section 23 is irregular.

Your attention to this application is appreciated

Sincerely,

A handwritten signature in black ink, appearing to read "Jordan L. Kessler".

Jordan L. Kessler

**ATTORNEY FOR PERCUSSION PETROLEUM
OPERATING, LLC**

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 395-6161 Fax: (575) 395-0720

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) 354-6178 Fax: (505) 354-6170

DISTRICT IV
1226 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3480 Fax: (505) 476-3482

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 7H
OGRID No.	Operator Name PERCUSSION PETROLEUM OPERATING, LLC	Elevation 3457'

Surface Location

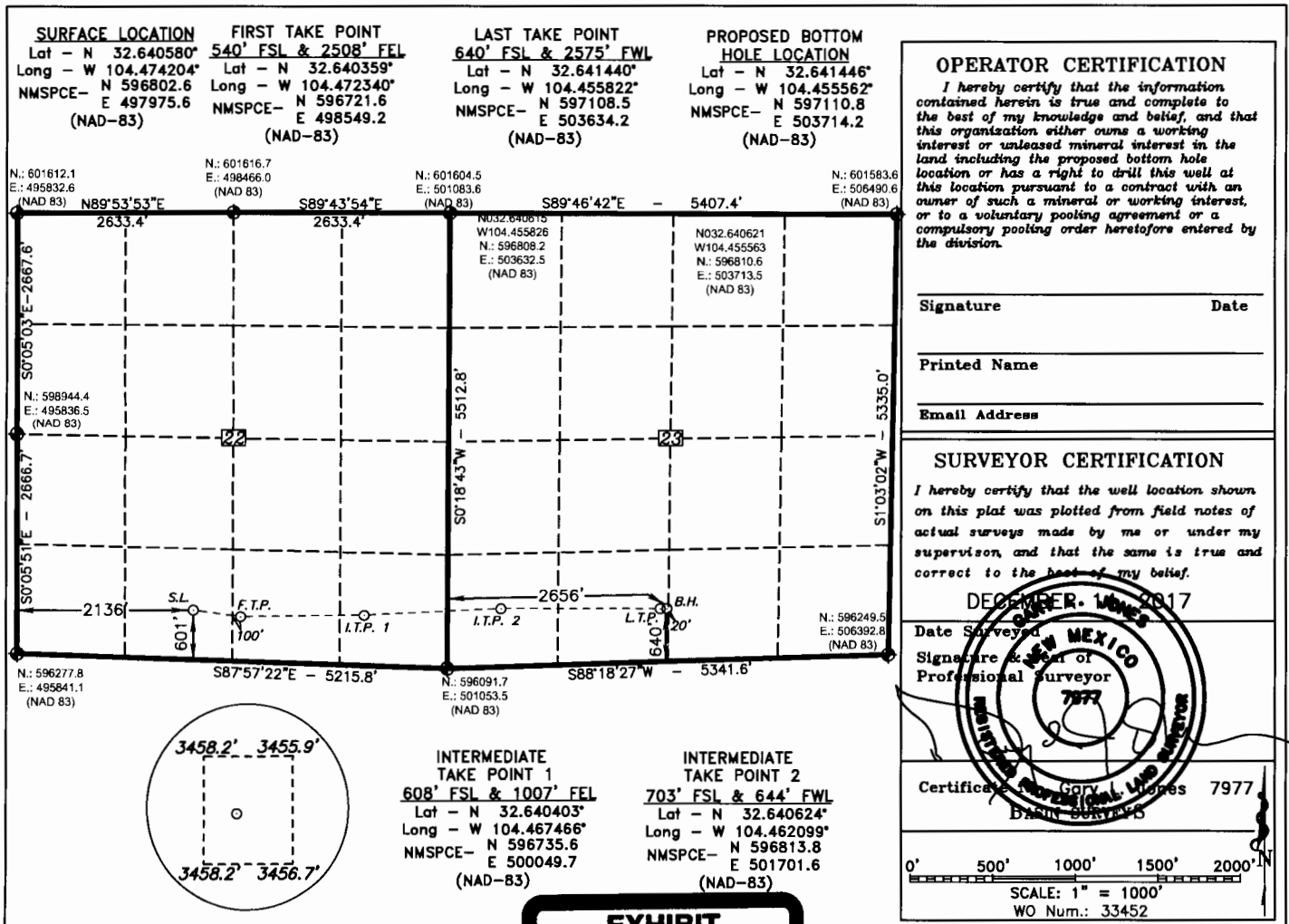
UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
N	22	19 S	25 E		601	SOUTH	2136	WEST	EDDY

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
N	23	19 S	25 E		640	SOUTH	2656	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



Project Area

Tract 1

Tract 2

Goodman 22 #7H

EXHIBIT

B

EXHIBIT C

TRACT 1 (Ross Ranch 22 #006A, SESW Sec 22-19S-25E)

EOG Y RESOURCES, INC.
105 SOUTH FOURTH STREET
ARTESIA, NM 88210-2177
70171450000216973256

FIRST ROSWELL COMPANY
P.O. BOX 1797
ROSWELL, NM 88202-1797
70171450000216973263

TRACT 2 (SWSE Sec 23-19S-25E)

No notice parties.





focused on excellence
in the oilfield

January 19, 2018

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 5H and the Goodman 22 7H, 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 the corresponding C-102's. They are to be accepted without question.

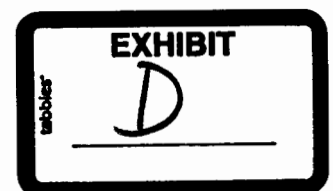
Sincerely,

A handwritten signature in black ink, appearing to read "Gary L. Jones", is written over a horizontal line.

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



HOLLAND & HART LLP



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

January 26, 2018

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. 7H Well in the S/2 SE/4 of Section 22 and the S/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. ☎

Lowe, Leonard, EMNRD

From: Adam Rankin <AGRankin@hollandhart.com>
Sent: Friday, February 23, 2018 10:55 AM
To: Lowe, Leonard, EMNRD
Cc: Jones, William V, EMNRD
Subject: RE: Reason for Unorthodox Location

Leonard,

Thank you.

The purpose for the unorthodox locations for both wells is for engineering reasons and to allow Percussion to use their preferred well spacing plan for horizontal wells in this area and thereby prevent waste.

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]
Sent: Friday, February 23, 2018 10:34 AM
To: Adam Rankin
Cc: Jones, William V, EMNRD
Subject: Reason for Unorthodox Location
Importance: High

Mr. Adam Rankin,

Good morning.

The OCD needs a reason for any deviation from statewide rules or special rules.

The 2 submitted NSL applications for Percussion Petroleum Operating, LLC's Goodman 22 No. 5H and Goodman 22 No. 7H do not state the reason for the NSL request.

Please provide. An e-mail submittal of this is fine. Further processing of these applications is pending your response. "Preferred well spacing is not good enough"

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/>

From: [Lowe, Leonard, EMNRD](#)
To: "Adam Rankin"; "Jordan L. Kessler"
Cc: [Podany, Raymond, EMNRD](#); [Sharp, Karen, EMNRD](#); "lisa@rwbyram.com"; [Jones, William V, EMNRD](#); [McMillan, Michael, EMNRD](#); [Goetze, Phillip, EMNRD](#)
Subject: APPROVED NSL-7640,-7641_Percussion Petroleum Operating LLC_Goodman 22 Well No. (5H & 7H)_SEC 22 19S 25E
Date: Tuesday, February 27, 2018 1:29:00 PM
Importance: High

Mr. Adam Rankin

The following administrative orders have been issued and will soon be available on the Division's web site:

<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

NSL-7640

Percussion Petroleum Operating, LLC

API #: 30-015-PENDING

WELL: Goodman 22 Well No. 5H

NSL-7641

Percussion Petroleum Operating, LLC

API #: 30-015-PENDING

WELL: Goodman 22 Well No. 7H

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

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Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

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