

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



April 5, 2018

Adam G. Rankin
Holland & Hart LLP
agrarkin@hollandhart.com

NON-STANDARD LOCATION

Administrative Order NSL-7664

Percussion Petroleum Operating, LLC [OGRID 371755]
Morris Boyd State Com Well No. 4H
API No. 30-015-44741

Proposed Location

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	555 FSL & 1580 FWL	N	23	19S	25E	Eddy
Penetration Point	100 FNL & 1460 FWL	C	26	19S	25E	Eddy
Final perforation	330 FSL & 1460 FWL	N	26	19S	25E	Eddy
Terminus	20 FSL & 1460 FWL	N	26	19S	25E	Eddy

Proposed Project Area

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 W/2 of Section 26	160	N. Seven Rivers; Glorieta-Yeso	97565

Reference is made to your application received on February 22, 2018.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Subsection A of 19.15.15.9 NMAC governs this pool and provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary.

This well's completed interval is as close as 100 feet to the northern edge, 172 feet to the northwest (diagonal), 140 feet to the west, and 358 feet to the southwest (diagonal) of the project area. Encroachments will impact the following tracts:

Section 23, T19S R25E encroachment to the S/2 SW/4
Section 26, T19S R25E encroachment to the W/2 W/2
Section 35, T19S 25E encroachment to the NW/4 NW/4

OCD understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC, in all adjoining units towards which the proposed location encroaches.

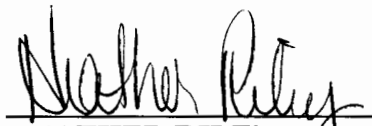
OCD understands you seek this location as their preferred well spacing, thereby preventing waste from the Glorieta-Yeso formation underlying the E/2 W/2 of Section 26.

Your application has been filed under 19.15.15.13 NMAC and Paragraph (2) of Subsection A of 19.15.4.12 NMAC.

Pursuant to Subsection B of 19.15.15.13 NMAC, OCD approves the above-described unorthodox location.

The above approvals are subject to your following all other applicable OCD rules.

Jurisdiction of this case is retained for the entry of further orders as OCD deems necessary.


HEATHER RILEY
Director

HR/lrl

cc: Oil Conservation Division – Artesia District Office
State Land Office – Oil, Gas, and Minerals Division