

RECEIVED: 3/9/18	REVIEWER: LRL	TYPE: NSL	APP NO: PLEL1807244604
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

3/30/18

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

**ADMINISTRATIVE APPLICATION CHECKLIST**

MAR 09 2018 PM04:10

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:** Huber Federal 7H Well**API:** Pending 30-015-44706**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-7680

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**FOR OCD ONLY**☐ Notice Complete
☐ Application
 Content
 Complete
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

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.

Adam G. Rankin

Print or Type Name

Signature

March 9, 2018

Date

505-988-4421

Phone Number

agrarkin@hollandhart.com

e-mail Address

HOLLAND & HART^{LLP}



Adam G. Rankin

Associate

Phone (505) 954-7286

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agrarkin@hollandhart.com

March 9, 2018

VIA HAND DELIVERY

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

MAR 09 2018 PM04:10

Re: Application of Percussion Petroleum Operating, LLC for administrative approval of an unorthodox well location for its Huber Federal 7H Well in the E/2 E/2 of Section 3, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico.

Huber Federal 7H Well

Dear Ms. Riley:

Percussion Petroleum Operating, LLC ("Percussion") (OGRID 371755) seeks administrative approval of an unorthodox location for its **Huber Federal 7H Well** (API number pending) to be completed in the N. Seven Rivers Glorieta Yeso Pool (Pool Code 97565) underlying Section 3, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico. This well will be drilled from a surface location 558 feet from the South line, 1186 feet from the East line (Unit P) of Section 34, Township 19 South, Range 25 East. The upper most perforation will be located 330 feet from the North line, 1280 feet from the East line (Unit A) and the lower most perforation will be 330 feet from the South line, 1304 feet from the East line (Unit P) of Section 3. 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 state rules allow to the western, northwestern, and southwestern boundaries of the project area. The completed interval therefore encroaches on the 40-acre spacing units to the Northwest, West, and Southwest.

Percussion is the operator of the Huber Federal 4H Well in the W/2 E/2 of Section 3. Ownership of working interest owners, royalty owners, and overriding royalty owners is identical throughout the E/2 of Section 3. Percussion is also the operator and 100% working interest owner of a vertical well located in the SW/4 SE/4 of Section 34. Approval of the unorthodox completed interval is favored for engineering reasons, and 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 location of the **Huber Federal 7H Well**.

Exhibit B is a land plat for Section 3 and the surrounding sections that shows the **Huber Federal 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 an unorthodox location. As previously stated, ownership is identical throughout the E/2 of Section 3. Accordingly, there are no affected parties in the tract to the West (Tract 2). Furthermore, Percussion is the 100% working interest owner and operator of the 40-acre tract to the Northwest (Tract 1). There are no affected parties to the Northwest. The only affected party is Mewbourne Oil Company to the Southwest in Tract 3. This party 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,

Adam G. Rankin

**ATTORNEY FOR PERCUSSION PETROLEUM
OPERATING, LLC**

cc: Bureau of Land Management – Carlsbad
301 Dinosaur Trail
Santa Fe, NM 87508
9214 8901 9403 8304 8847 28

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) 748-1255 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Artec, 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) 476-3468

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 HUBER FEDERAL	Well Number 7H
OGRID No.	Operator Name PERCUSSION PETROLEUM OPERATING, LLC	Elevation 3514'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
P	34	19 S	25 E		558	SOUTH	1186	EAST	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
P	3	20 S	25 E		20	SOUTH	1304	EAST	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
Lat - N 32.611258°
Long - W 104.467869°
NMSPCE- N 586132.8
E 499912.1
(NAD-83)

FIRST TAKE POINT
330' FNL & 1280' FEL
Lat - N 32.608819°
Long - W 104.468215°
NMSPCE- N 585245.6
E 499804.3
(NAD-83)

LAST TAKE POINT
330' FSL & 1304' FEL
Lat - N 32.596224°
Long - W 104.468327°
NMSPCE- N 580663.5
E 499764.1
(NAD-83)

PROPOSED BOTTOM HOLE LOCATION
Lat - N 32.595372°
Long - W 104.468329°
NMSPCE- N 580353.5
E 499763.0
(NAD-83)

OPERATOR CERTIFICATION
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 _____
Printed Name _____
Email Address _____

SURVEYOR CERTIFICATION
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: JULY 28, 2011
Signature of Professional Surveyor: [Signature]
Certificate No.: 7977
Scale: 1" = 2000'
WO Num.: 33177

EXHIBIT C

TRACT 1 (Section 34-19S-25E, SWSE)

PERCUSSION PETROLEUM OPERATING, LLC	919 MILAM, SUITE 2475	HOUSTON	TX	77002
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TRACT 2 (Huber Federal #4H, W/2 of E/2 Sec 3-20S-25E)

PERCUSSION PETROLEUM OPERATING, LLC	919 MILAM, SUITE 2475	HOUSTON	TX	77002
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TRACT 3 (Quick Draw 10 #2, NWNE)

MEWBOURNE OIL COMPANY 9214 8901 9403 8304 8847 35	PO BOX 5270	HOBBS	NM	88241
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HOLLAND & HART LLP



Adam G. Rankin

Associate

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Fax (505) 983-6043

agrarkin@hollandhart.com

March 9, 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 Huber Federal 7H Well in the E/2 E/2 of Section 3, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico.

Huber Federal 7H Well

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 Josh Grisham at (713) 589-2337 or at josh@percussionpetroleum.com.

Sincerely,

Adam G. Rankin

**ATTORNEY FOR PERCUSSION PETROLEUM
OPERATING, LLC**

Mewbourne Oil Company agrees to waive objection to Percussion Petroleum Operating, LLC's administrative application for an unorthodox well location for its **Huber Federal 7H Well** on the condition that Percussion consent to waive objection to a future unorthodox location for a Mewbourne well in which any perforation along the wellbore is no closer than 330 feet, whether parallel or perpendicular, to its project area boundary line or any diagonally offsetting spacing and proration unit wherein Percussion has ownership in the immediate adjacent and/or diagonally offsetting spacing and proration unit to Mewbourne's project area boundary.

By: _____ **Date:** _____
Name & Title

ection : 03-20S-25E

Type: Normal

Total Acres: 642.36

County: Eddy (15)

D (4) Federal 1 Federal 2 (15) 40.64	C (3) Federal 1 Federal 2 (15) 40.61	B (2) Federal 1 Federal 2 (15) 40.57	A (1) Federal 1 Federal 2 (15) 40.54
E (E) Federal 1 Federal 2 (15) 40	F (F) Federal 1 Federal 2 (15) 40	G (G) Federal 1 Federal 2 (15) 40	H (H) Federal 1 Federal 2 (15) 40
L (L) Federal 1 Federal 2 (15) 40	K (K) Federal 1 Federal 2 (15) 40	J (J) Federal 1 Federal 2 (15) 40	I (I) Federal 1 Federal 2 (15) 40
M (M) Federal 1 Federal 2 (15) 40	N (N) Federal 1 Federal 2 (15) 40	O (O) Federal 1 Federal 2 (15) 40	P (P) Federal 1 Federal 2 (15) 40