

RECEIVED: <u>8/14/2018</u>	REVIEWER: <u>MAN</u>	TYPE:	APP NO: <u>PMAM 18227 32802</u>
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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: Comet 22 Federal #2 **API:** 30-015-35818/30-015-35832
Pool: Crow Flats; Wolfcamp **Pool Code:** 97102

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

CTB-868

- 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 holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	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.

Brian Wood
 Print or Type Name

Brian Wood
 Signature

8/17/18
 Date

(505) 466-8120
 Phone Number

brian@permitswest.com
 e-mail Address

Perm 1822732802

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr. Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: PERCUSSION PETROLEUM OPERATING, LLC

OPERATOR ADDRESS: 919 MILAM STREET SUITE 2475 HOUSTON, TX 77002

APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? Yes No

(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.

(4) Measurement type: Metering Other (Specify)

(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code. Crow Flats: Wolfcamp

(2) Is all production from same source of supply? Yes No

(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No

(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

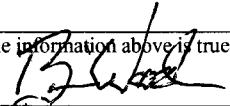
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE:  TITLE: President DATE: August 13, 2018

TYPE OR PRINT NAME Brian Wood TELEPHONE NO.: (505) 466-8120

E-MAIL ADDRESS: brian@permitswest.com

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No. **NMNM95630**

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well
 Oil Well Gas Well Other

7. If Unit of CA Agreement, Name and/or No.
NMNM121789

8. Well Name and No. **COMET 22 FEDERAL #1**

2. Name of Operator **PERCUSSION PETROLEUM OPERATING LLC**

9. API Well No. **30-015-35832**

3a. Address **919 MILAM STREET SUITE 2475
HOUSTON TX 77002**

3b. Phone No. (include area code)
(713) 518-1331

10. Field and Pool or Exploratory Area
CROW FLATS: WOLFCAMP

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660 FSL & 330 FWL, SECTION 22, T16S, R28E

11. Country or Parish, State
EDDY COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Percussion Petroleum Operating LLC would like to request off-lease (agreement) storage and measurement of both oil and gas at Comet 22 Federal 2 Facility. In addition, Percussion Petroleum Operating LLC would like to request oil commingling at Comet 22 Federal 2 Facility. Please see below list of wells coming into this facility:

- Comet 22 Federal #1 SWSW, Sec. 22, T16S, R28E
- Comet 22 Federal #2 NWSW, Sec. 22, T16S, R28E

See attached detailed commingling information, diagram, and map.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Cory Walk

Title **Natural Resource Specialist**

Signature *Cory Walk*

Date **8/3/18**

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office _____

Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

PROCESS DESCRIPTION AND ALLOCATION METHODOLOGY

The production from the Comet 22 Federal 1 well CA121789 NM95630 flows along with the production from the Comet 22 Federal 2 well CA121410 NM95630 to the tank battery facility located on the Comet 22 Federal 2 lease NW/SW, Sec 22, T16S, R28E. These wells and leases have common Federal mineral ownership.

The production from each of these two wells will be processed through the on-lease Comet 22 Federal 2 tank battery facility through individual well separation equipment consisting of a dedicated 2-phase separator and horizontal free-water knockout dedicated to each well that are each equipped with gas, oil, and water meters. There is separate oil and water storage for all commingled, produced liquids which will be proratedly allocated to each individual well based on well test rates.

GAS

Each of the wells initially produce to a dedicated 2-phase separator equipped with an individual electronic gas flow meter that will be designated as the gas sales point and Facility Measurement Point for each well. Each individual gas meter will be calibrated and maintained within the current 43 CFR 3175 regulations. Gas samples will be obtained on a regular basis as per the current 43 CFR 3175 regulations. After measurement, the gas will be commingled and will depart the location through a common transportation line.

COMMINGLED LIQUIDS

Each of the wells initially produce to a dedicated 2-phase separator where the liquids are then directed to an individually dedicated, horizontal free-water knockout equipped with oil and water metering after separation. All separated liquids are collected on location and stored in sealed tanks. After separation and metering, the produced water is stored in a separate produced water tank and is then transported via truck to a permitted saltwater disposal facility for injection. The total produced water will be allocated back to each producing well on a prorated basis using each individual well's water well test rate.

After separation and metering, the produced oil from each well is then commingled and is directed to a heater treater to obtain a saleable oil product that is then stored in common oil stock tanks. The commingled oil will then be sold from the sealed and strapped oil storage tanks via truck. The common oil load line will be the Facility Measurement Point (FMP) for the commingled oil. The oil sold through the Oil FMP will be allocated back to each producing well on a prorated basis using each individual well's oil well test rate.



FUEL GAS

Offlease, Royalty-Free Beneficial Lease Use for the minimal fuel gas required to operate the oil heater treater (2.9 mcf/d) to obtain a saleable oil product is herein requested. The fuel gas usage is estimated based on the engineering formulas provided on Pg 2 of the Site Facility Diagram for the Comet 22 Federal Facility. The source of the fuel gas is the vented gas vapors from the oil production that is too small to measure. The amount of Lease Use for each individual well will be allocated back to each producing well on a prorated basis using each individual well's oil well test rate.

Percussion Petroleum Operating, LLC

Comet 22 Federal #1 & #2 Commingling Overview Map

Sec. 22, Township 16S, Range 28E
Eddy County, New Mexico

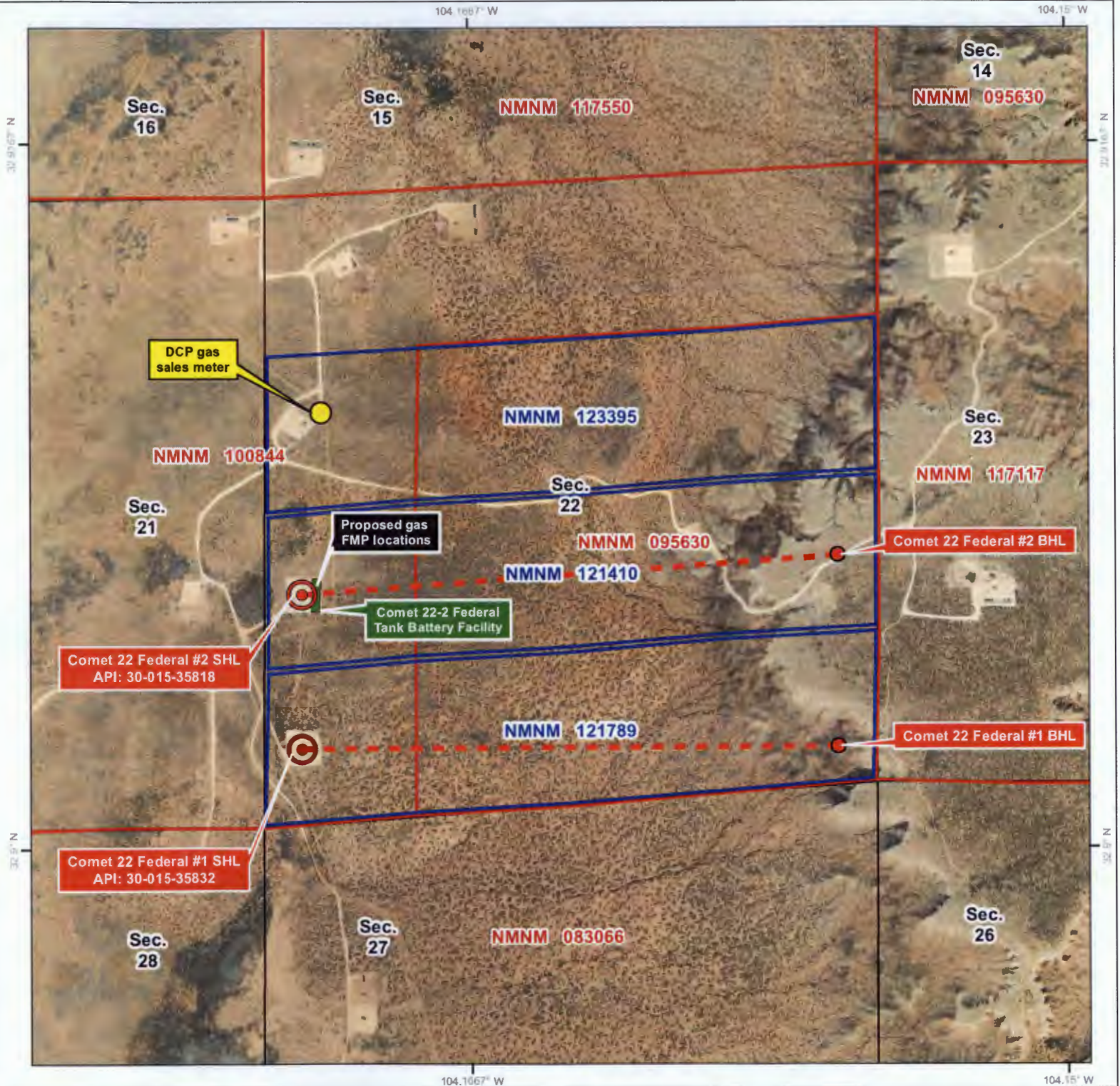
-  Communitized Agreement
-  Federal Leases



NAD 1983 New Mexico State Plane East
FIPS 3001 Feet



Prepared by Permits West, Inc., July 19, 2018
for Percussion Petroleum Operating, LLC



PERCUSSION PETROLEUM OPERATING, LLC

Site Facility Diagram
 Comet 22 Federal Tank Battery
 Legal: NW/SW, SEC. 22, T16S, R28E
 Lease #: NM95630
 County: Eddy, New Mexico

Wells on Location:
 Comet 22 Federal 2 CA 121410
 API# 3001535832

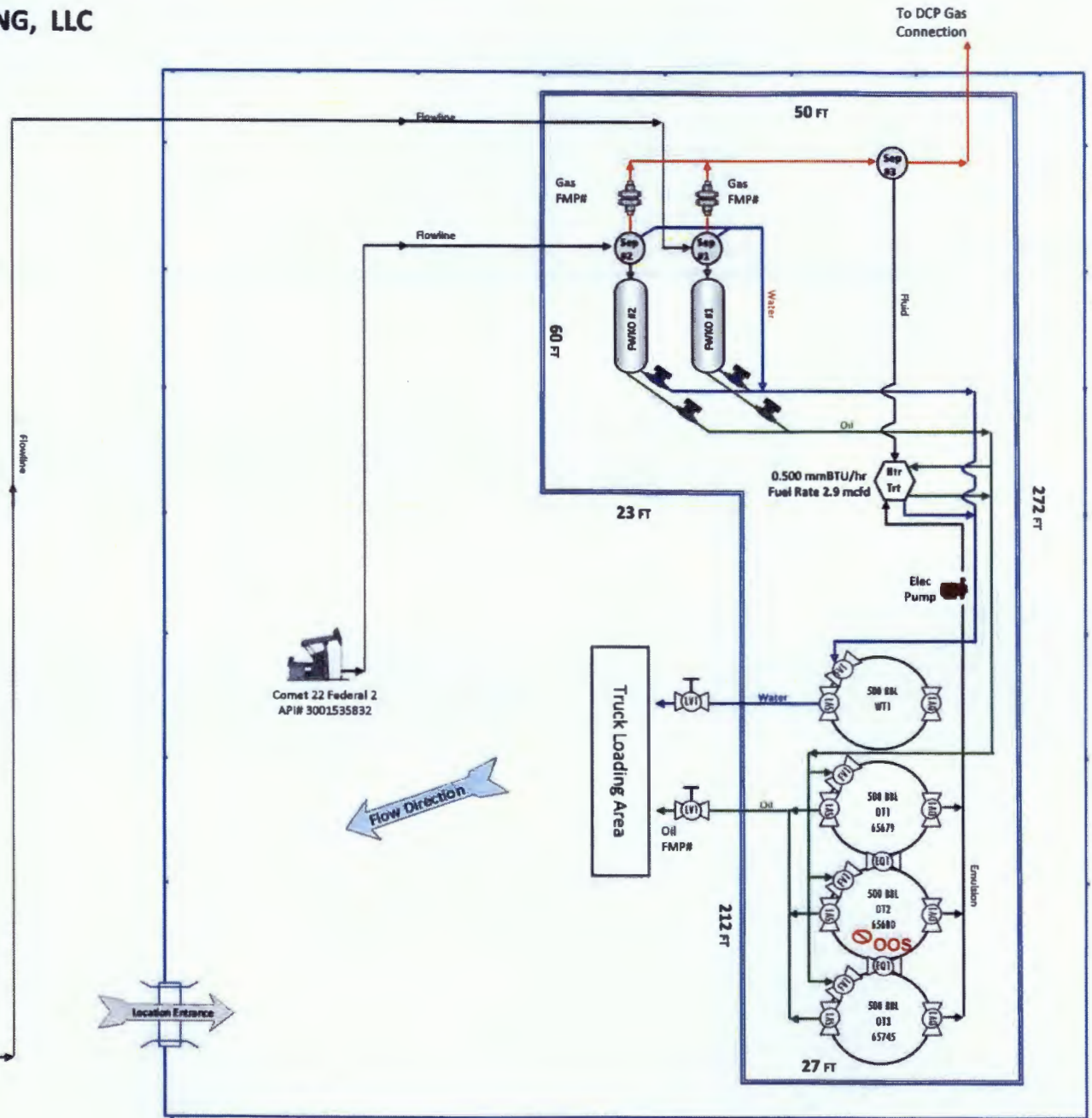
Remote Wells using Location:
 Comet 22 Federal 1 CA 121789
 API# 3001535818

Mixed Line	→
Gas Line	→
Oil Line	→
Water Line	→
Berm	▬
Ball Valve Fill Valve	
Ball Valve Drain Valve	
Ball Valve Equalize Valve	
Ball Valve Load Line	
Oil Meter	
Water Meter	
Gas Meter	
Berm Capacity (bbl):	1,750
Largest Tank Capacity (bbl):	500
I certify on behalf of Percussion Petroleum, LLC that the information contained in this Site Facility Diagram is accurate and correct.	
Printed Name:	Michael Martin
Signature:	
Date:	7/17/2018

Remote Well



Comet 22 Federal 1
 API# 3001535818



PERCUSSION PETROLEUM OPERATING, LLC

Site Facility Diagram

Comet 22 Federal Tank Battery
 Legal: NW/SW, SEC. 22, T16S, R28E

Lease #: NM95630
 County: Eddy, New Mexico

Wells on Location:
 Comet 22 Federal 2 CA 121410
 API# 3001535832

Remote Wells using Location:
 Comet 22 Federal 1 CA 121789
 API# 3001535818

Estimated Fuel Gas Consumption Calculations

Sales Gas BTU Rating: 5 1,356 mmbtu / cf

Equipment	Annual Usage Factor	Process Efficiency Factor	Efficiency Utilization Factor	Equipment Fuel Rating mmbtu / Hr	Fuel Usage MCFD
Heater Treater Firetube	0.33	0.65	0.60	0.500	2.9

**Annual Usage Factor = Seasonal Usage During 4 Winter Months per Year

***Gas BTU Analysis as of 2/28/2018

- Usage Factor - Actual in-field equipment usage per year
- Process Efficiency Factor - Inherent energy losses associated with fuel consumption
- Efficiency Utilization Factor - Daily Utilization of the equipment in the field
- Name Plate Fuel Rating - Manufacturer's equipment rating for heat conveyance

Firetube Usage:

Annual Usage Factor	Process Efficiency Factor	Efficiency Utilization Factor	Equipment Name Plate Fuel Rating (mmbtu)	24 hrs / Day	1000 ft ³ / mcf
X	X	X	X	X	X

Gas BTU Content (mmbtu / ft³)

5 X (1 + 3) X 4 / 24 X 1000

5

PRODUCTION PHASE TANK OPERATION VALVE POSITIONS											
TANK #	OT1 - 65680			OT2 - 65679			OT3 - 65745				
TANK SIZE - Bbls	500									500	
LOCATION	SEAL INSTALLED	OPEN	CLOSE	SEAL INSTALLED	OPEN	CLOSE	SEAL INSTALLED	OPEN	CLOSE	SEAL INSTALLED	CLOSE
	1 - FILL VALVE	X		X		X			X		
2 - SALES VALVE	X		X		X		X		X		X
3 - EQUALIZE VALVE	X		X		X		X		X		X
4 - DRAIN VALVE	X		X		X		X		X		X

SALES PHASE TANK OPERATION VALVE POSITIONS											
TANK #	OT1 - 65680			OT2 - 65679			OT3 - 65745				
TANK SIZE - Bbls	500									500	
LOCATION	SEAL INSTALLED	OPEN	CLOSE	SEAL INSTALLED	OPEN	CLOSE	SEAL INSTALLED	OPEN	CLOSE	SEAL INSTALLED	CLOSE
	1 - FILL VALVE	X		X		X		X		X	
2 - SALES VALVE	X		X		X		X		X		X
3 - EQUALIZE VALVE	X		X		X		X		X		X
4 - DRAIN VALVE	X		X		X		X		X		X

DRAIN PHASE TANK OPERATION VALVE POSITIONS											
TANK #	OT1 - 65680			OT2 - 65679			OT3 - 65745				
TANK SIZE - Bbls	500									500	
LOCATION	SEAL INSTALLED	OPEN	CLOSE	SEAL INSTALLED	OPEN	CLOSE	SEAL INSTALLED	OPEN	CLOSE	SEAL INSTALLED	CLOSE
	1 - FILL VALVE	X		X		X		X		X	
2 - SALES VALVE	X		X		X		X		X		X
3 - EQUALIZE VALVE	X		X		X		X		X		X
4 - DRAIN VALVE	X		X		X		X		X		X

DISTRICT I
1025 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 97102	Pool Name Crow Flats Wolfcamp
Property Code 36629	Property Name COMET "22" FEDERAL		Well Number 2
OGRID No. 229137	Operator Name C.O.G. OPERATING L.L.C.		Elevation 3605'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	22	16 S	28 E		1980	SOUTH	330	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
1	22	16 S	28 E		1980	SOUTH	330	EAST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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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

<p>Project Area 160 acres</p> <p>Producing Area</p> <p>SURFACE LOCATION LAT-N32°54'21.6" LONG-W104°10'16.9" (NAD-83)</p> <p>BOTTOM HOLE LOCATION LAT-N32°54'24.9" LONG-W104°09'23.1" (NAD-83)</p> <p>Dimensions: 502.2', 3008.1', 330', 3600.7', 3612.5', 4599.6', 1980', 1980', 330'</p>	<p>OPERATOR CERTIFICATION</p> <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 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><i>[Signature]</i> Signature</p> <p>7/25/07 Date</p> <p>Dwaine Moon Agent For Printed Name</p> <p>COG COG</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>APRIL 11 2007 Date Surveyed</p> <p>Gary L. Jones Signature Professional Surveyor</p> <p><i>[Seal]</i> Professional Surveyor No. 909</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>

Exhibit "A"

DISTRICT I
1625 N. French Dr., Hobbs, NM 58240

DISTRICT II
1501 W. Grand Avenue, Artesia, NM 58210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		97102	Crow Flats; Wolfcamp
Property Code	Property Name		Well Number
31129	COMET "22" FEDERAL		1
UGRID No.	Operator Name		Elevation
229137	C.O.G. OPERATING L.L.C.		3608'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	22	16 S	28 E		660	SOUTH	330	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
P	22	16 S	28 E		330	SOUTH	330	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

<p>SURFACE LOCATION LAT-N32°54'08.5" LONG-W104°10'17.0" (NAD-83)</p> <p>BOTTOM HOLE LOCATION LAT-N32°54'08.6" LONG-W104°09'23.1" (NAD-83)</p> <p>PROJECT AREA = 160 ACRES PRODUCING AREA</p>	<p>OPERATOR CERTIFICATION</p> <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 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><i>[Signature]</i> 6-11-07 Signature Date</p> <p>DWAINE MOORE, AGENT Printed Name</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>MAY 04 2007</p> <p>Date Surveyed Signature & Seal Professional Surveyor</p> <p><i>[Signature]</i> W. L. Jones 7977</p>
	<p>Certificate No. Gary L. Jones 7977</p>
	<p>BASIN SURVEYS</p>

Production Summary Report					
API: 30-015-35832					
COMET 22 FEDERAL #001					
Year	Pool	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I
1/1/2018	[97102] CROW FLATS; WOLFCAMP	100	1528	36	24
2/1/2018	[97102] CROW FLATS; WOLFCAMP	0	462	0	2
3/1/2018	[97102] CROW FLATS; WOLFCAMP	0	0	0	0
4/1/2018	[97102] CROW FLATS; WOLFCAMP	215	5032	334	26
5/1/2018	[97102] CROW FLATS; WOLFCAMP	137	3975	155	24
6/1/2018	[97102] CROW FLATS; WOLFCAMP	93	3239	128	19
Cum		107196	666578		

Production Summary Report					
API: 30-015-35818					
COMET 22 FEDERAL #002					
Year	Pool	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I
1/1/2018	[97102] CROW FLATS; WOLFCAMP	326	1341	109	25
2/1/2018	[97102] CROW FLATS; WOLFCAMP	10	2250	96	28
3/1/2018	[97102] CROW FLATS; WOLFCAMP	137	0	84	26
4/1/2018	[97102] CROW FLATS; WOLFCAMP	159	3873	313	28
5/1/2018	[97102] CROW FLATS; WOLFCAMP	124	2750	114	24
6/1/2018	[97102] CROW FLATS; WOLFCAMP	195	4148	192	30
Cum		98162	445507		



August 03, 2018

CERTIFIED MAIL

RETURN RECEIPT REQUESTED

Interest Owners

Re: Request for commingling and off-lease measurement and storage

Comet 22 Federal #1 & Comet 22 Federal #2

Sec. 22, T16S, R28E

API: 30-015-35832 & 30-015-35818

Crow Flats: Wolfcamp

Eddy County, NM

Dear Interest Owner:

This letter is to advise you that Percussion Petroleum Operating, LLC, is filing an application with the New Mexico Oil Conservation Division seeking approval for off-lease measurement and storage of oil and gas at the Comet 22 Federal 2 facility from the above mentioned wells. In addition, Percussion Petroleum Operating, LLC, is seeking approval for oil commingling at the Comet 22 Federal 2 facility.

A copy of our submitted application is attached.

Any objections or requests that a hearing should be held regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe office within 20 days from the date of this letter.

Please contact the undersigned at (505) 466-8120 should you have any questions or need any additional information.

Sincerely,

Brian Wood
President
Permits West Inc.

7018 0680 0001 6411 4610

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$

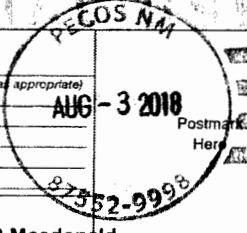
Total Postage and Fees \$ **Timothy R Macdonald**
23 Graham Ln
Lucas TX 75002

Sent To Percussion Comet 22

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions



7018 0680 0001 6411 4627

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$

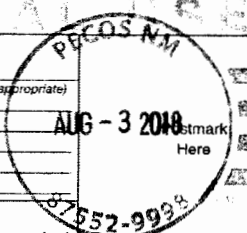
Total Postage and Fees \$ **Ventana Minerals LLC**
PO Box 359
Artesia NM 88211

Sent To Percussion Comet 22

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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7018 0680 0001 6411 4597

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Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$

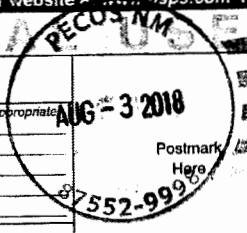
Total Postage and Fees \$ **Nearburg Exploration Company LLC**
PO Box 823085
Dallas TX 75382

Sent To Percussion Comet 22

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$

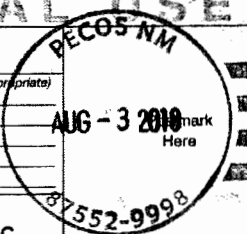
Total Postage and Fees \$ **St Devote LLC**
PO Box 823085
Dallas TX 75382

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Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$

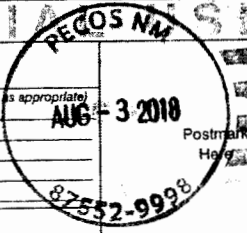
Total Postage and Fees \$ **Mack C Chase Trustee**
PO Box 693
Artesia NM 88210

Sent To Percussion Comet 22

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

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Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$

Total Postage and Fees \$ **Maverick Oil & Gas Corporation**
PO Box 823085
Dallas TX 75382

Sent To Percussion Comet 22

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions



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Certified Mail Fee
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Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage
\$

Total Postage and Fees
\$

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PECOS NM
AUG - 3 2018
Postmark Here
87552-9998

Diakan Minerals LLC
PO Box 693
Artesia NM 88211
Percussion Comet 22

7018 0680 0001 6411 4569

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Certified Mail Fee
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Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage
\$

Total Postage and Fees
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PECOS NM
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Postmark Here
87552-9998

Legacy Reserves Operating LP
303 W Wall St STE 1800
Midland TX 79701
Percussion Comet 22

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Certified Mail Fee
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Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage
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Total Postage and Fees
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PECOS NM
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87552-9998

Cog Operating LLC
600 W Illinois Ave
Midland TX 79701
Percussion Comet 22

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Certified Mail Fee
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Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage
\$

Total Postage and Fees
\$

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PECOS NM
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Postmark Here
87552-9998

Crouch Gerene D C
PO Box 693
Artesia NM 88211
Percussion Comet 22

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Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage
\$

Total Postage and Fees
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Chase Robert C
2306 Sierra Vista Dr
Artesia NM 88210
Percussion Comet 22

7018 0680 0001 6411 4251

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Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage
\$

Total Postage and Fees
\$

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Chevron Usa Inc
6301 Deauville
Midland TX 79706
Percussion Comet 22

7016 0680 0001 6411 4496

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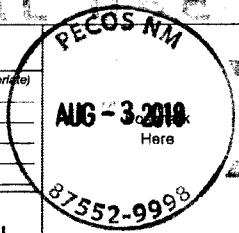
Return Receipt (hardcopy) \$ _____

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____



Postage \$ _____

Total Postage and Fees \$ **Chase Richard L**
505 S Bolton Rd
Artesia NM 88210

Sent To **Percussion Comet 22**

Street and Apt. No., or PO Box No. _____

City, State, ZIP+4* _____

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Extra Services & Fees (check box, add fee as appropriate)

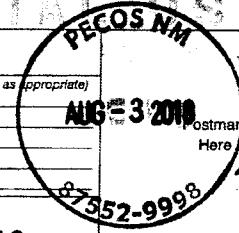
Return Receipt (hardcopy) \$ _____

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____



Postage \$ _____

Total Postage and Fees \$ **Chase Oil Corp**
PO Box 1767
Artesia NM 88211

Sent To **Percussion Comet 22**

Street and Apt. No., or PO Box No. _____

City, State, ZIP+4* _____

7016 0680 0001 6411 4504

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Extra Services & Fees (check box, add fee as appropriate)

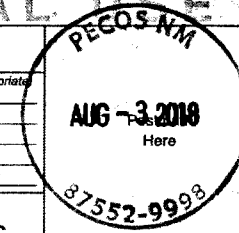
Return Receipt (hardcopy) \$ _____

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____



Postage \$ _____

Total Postage and Fees \$ **Chase Robert C**
PO Box 297
Artesia NM 88211

Sent To **Percussion Comet 22**

Street and Apt. No., or PO Box No. _____

City, State, ZIP+4* _____

OIL, WATER, and LEASE USE PRODUCTION VOLUME ALLOCATION - EXAMPLE

COMMINGLED LIQUID PRODUCTION

	OIL Production (BPD)	Water Production (BPD)
TOTAL	20	300

Well	Oil Well Test (Bbls)	Water Well Test (Bbls)	Oil		Water	
			Oil Volume Allocation Factor	Allocated Oil Volume (Bbls)	Water Volume Allocation Factor	Allocated Water Volume (Bbls)
Comet 22 Federal #1	10.0	140.0	0.455	9.09	0.43750	131.25
Comet 22 Federal #2	12.0	180.0	0.545	10.91	0.56250	168.75
	22.0	320.0	1.000	20.00	1.00000	300.00

Commingled Liquid Production Volume Allocations will be performed on a prorated basis using Oil and Water well test rates

$$\text{Commingled Oil Volume Allocation} = \left(\frac{\text{Individual Well Oil Test Rate}}{\sum \text{All Well Oil Test Rates}} \right) \times \text{Total Commingled Oil Production Volume}$$

$$\text{Commingled Water Volume Allocation} = \left(\frac{\text{Individual Well Water Test Rate}}{\sum \text{All Well Water Test Rates}} \right) \times \text{Total Commingled Water Production Volume}$$

REQUEST FOR OFF-LEASE BENEFICIAL USE OF FUEL GAS

Inventory of Common, Off-Lease Equipment Handling Commingled Oil Production

Heater Treater 0.500 mmBTU Firetube Rating	Estimated Fuel Consumption 2.9 Mcfd	3.93 mmBTU/D
--	--	--------------

OFF-LEASE BENEFICIAL USE EXAMPLE ALLOCATION

Well	Oil Well Test (Bbls)	Fuel Volume		Fuel Quality	
		Oil Volume Allocation Factor	Allocated Lease Use Volume MCFD	Well Gas Sales BTU Factor	Allocated Lease Use mmBTU/D
Comet 22 Federal #1	10.0	0.455	1.32	1.35600	1.79
Comet 22 Federal #2	12.0	0.545	1.58	1.35600	2.14
	22.0	1.000	2.90		3.93

Beneficial Use Fuel Volume Allocations will be performed on a prorated basis using the Oil Well Test Rate of each well

$$\text{Beneficial Use Fuel Volume Allocation} = \left(\frac{\text{Individual Well Oil Test Rate}}{\sum \text{All Well Oil Test Rates}} \right) \times \sum \text{All Common Equipment Fuel Usage Volume}$$

Beneficial Use Fuel Quality Allocations will be performed using a common Heating Value BTU Factor obtained at the POM sales meter distributed volumetrically to each well.

$$\text{Heating Value Allocation} = \text{Individual Well BTU Factor} \times \text{Beneficial Use Fuel Volume Allocation for Each Well}$$

Allocations will be adjusted according to BTU value and based on the BTU determination frequency as required by 43 CFR 3175

Waiver is Requested for minimal amount of royalty- free, Off-Lease Beneficial Use of Fuel Gas for common equipment, fuel consumption handling commingled liquids