

NSL- 7852

Revised March 23, 2017

PLEL1906733822

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|------------------|---------------|-----------|---------|
| RECEIVED: 3/7/19 | REVIEWER: LRL | TYPE: NSL | APP NO: |
|------------------|---------------|-----------|---------|

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: Lakewood Federal 14H 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 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.

Adam G. Rankin

Print or Type Name

Signature

March 7, 2019
Date

505-988-4421
Phone Number

agrarkin@hollandhart.com
e-mail Address



March 7, 2019

VIA HAND DELIVERY

Gabriel Wade
Acting Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Percussion Petroleum Operating, LLC for administrative approval of an unorthodox well location for its Lakewood Federal 14H Well in the E/2 W/2 of Section 34, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Wade:

Percussion Petroleum Operating, LLC ("Percussion") (OGRID No. 371755) seeks administrative approval of an unorthodox well location for its **Lakewood Federal 14H Well** (API Pending) to be completed within a 160-acre horizontal well spacing unit in the N. Seven Rivers; Glorieta Yeso Pool (Pool Code 97565) underlying the E/2 W/2 of Section 34, Township 19 South, Range 25 East, N.M.P.M., Lea County, New Mexico. This well will be drilled from a surface location 430 feet from the north line and 1,290 feet from the west line (Lot 4) of Section 3, Township 20 South, Range 25 East. The first take point will be located 100 feet from the south line and 1,545 feet from the west line (Unit N) of Section 34 and the last take point will be 100 feet from the north line and 1,545 feet from the west line (Unit C) of Section 34. Since this acreage is governed by the Division's statewide rules, the completed interval for this well will be unorthodox because it is approximately 225 feet from the western boundary of the spacing unit. Approval of the unorthodox completed interval will allow Percussion to use their preferred well spacing plan for horizontal wells in this area and thereby prevent waste.

Exhibit A is a Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Lakewood Federal 14H Well** encroaches on the tract to the west.

Exhibit B is a land plat for Section 34 and the surrounding sections that shows the proposed **Lakewood Federal 14H Well** horizontal well spacing unit in relation to adjoining tracts.



Exhibit C is a list of the parties affected by Percussion's request for 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. A copy of this application has been provided to the Bureau of Land Management—Carlsbad District Office.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'A.G. Rankin', written over the word 'Sincerely,'.

Adam G. Rankin

**ATTORNEY FOR PERCUSSION PETROLEUM
OPERATING, LLC**



Adam G. Rankin
Associate
Phone (505) 954-7294
Fax (505) 983-6043
agrarkin@hollandhart.com

March 7, 2019

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 Lakewood Federal 14H Well in the E/2 W/2 of Section 34, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

Ladies and Gentlemen:

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,

Adam G. Rankin

**ATTORNEY FOR PERCUSSION PETROLEUM
OPERATING, LLC**

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------|---|---------------------------|
| API Number | Pool Code | Pool Name |
| Property Code | Property Name LAKEWOOD FEDERAL | Well Number 14H |
| OGRID No. | Operator Name PERCUSSION PETROLEUM OPERATING, LLC | Elevation 3529' |

Surface Location

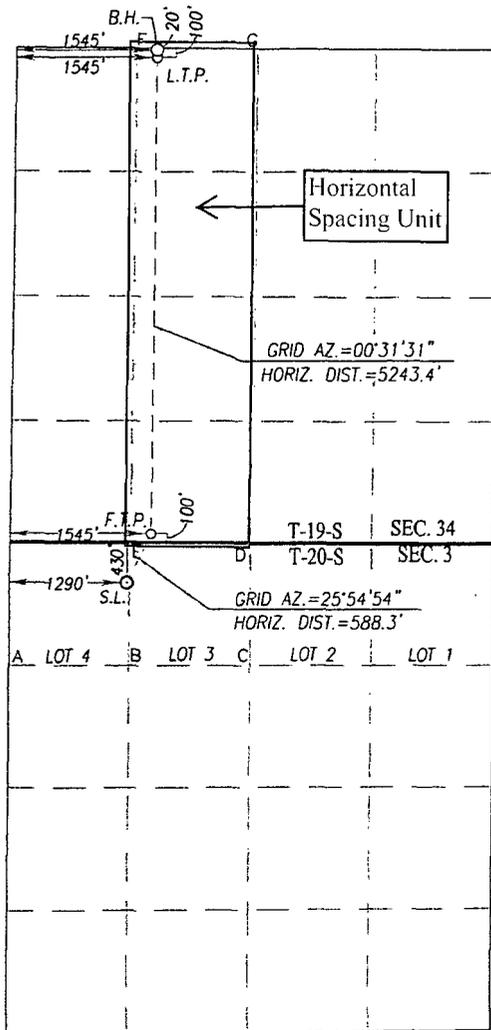
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 4 | 3 | 20-S | 25-E | | 430 | NORTH | 1290 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| C | 34 | 19-S | 25-E | | 20 | NORTH | 1545 | 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



SCALE: 1"=2000'

| | |
|---|---|
| BOTTOM HOLE LOCATION NAD 83 NME Y= 590915.7 N X= 497383.5 E LAT.=32.624396° N LONG.=104.476102° W | BOTTOM HOLE LOCATION NAD 27 NME Y= 590855.0 N X= 456205.0 E LAT.=32.624283° N LONG.=104.475582° W |
| LAST TAKE POINT NAD 83 NME Y= 590835.8 N X= 497382.8 E LAT.=32.624177° N LONG.=104.476104° W | LAST TAKE POINT NAD 27 NME Y= 590775.0 N X= 456204.3 E LAT.=32.624063° N LONG.=104.475584° W |
| CORNER COORDINATES TABLE NAD 27 NME | |
| A - Y= 584180.0 N, X= 454608.0 E | B - Y= 584181.2 N, X= 455929.3 E |
| C - Y= 584182.4 N, X= 457250.5 E | D - Y= 585509.7 N, X= 457253.0 E |
| E - Y= 585514.1 N, X= 455932.2 E | F - Y= 590876.2 N, X= 455985.8 E |
| G - Y= 590868.6 N, X= 457311.0 E | |
| CORNER COORDINATES TABLE NAD 83 NME | |
| A - Y= 584240.6 N, X= 495786.5 E | B - Y= 584241.8 N, X= 497107.8 E |
| C - Y= 584243.0 N, X= 498429.0 E | D - Y= 585570.3 N, X= 498431.5 E |
| E - Y= 585574.7 N, X= 497110.7 E | F - Y= 590937.0 N, X= 497164.3 E |
| G - Y= 590929.4 N, X= 498489.5 E | |
| FIRST TAKE POINT NAD 83 NME Y= 585673.9 N X= 497335.5 E LAT.=32.609988° N LONG.=104.476235° W | FIRST TAKE POINT NAD 27 NME Y= 585613.3 N X= 456157.0 E LAT.=32.609875° N LONG.=104.475715° W |
| GEODETIC COORDINATES NAD 83 NME SURFACE LOCATION Y= 585144.9 N X= 497078.4 E LAT.=32.608533° N LONG.=104.477067° W | GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y= 585084.3 N X= 455899.9 E LAT.=32.608419° N LONG.=104.476548° W |

OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.



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.

APRIL 05, 2018

Date of Survey
Signature & Seal of Professional Surveyor:
RONALD J. EIDSON
NEW MEXICO
3239
Professional Surveyor
Certificate Number: Gary G. Eidson 12641
Ronald J. Eidson 3239

2/22/2019

Lakewood Prospect

| TRACT 1 (W2/W2 Sec 34-19S-25E) | ADDRESS | CITY, STATE, ZIP | WORKING INT |
|---------------------------------------|-----------------------|-------------------------|--------------------|
| ST. DEVOTE | 919 MILAM, SUITE 2475 | HOUSTON, TX 77002 | 0.99323467 |
| NEARBURG EXPLORATION COMPANY | P.O. BOX 823085 | DALLAS, TX 75382 | 0.00093315 |
| SPACE BUILDING CORPORATION | P.O. BOX 283 | EAST TAUNTON, MA 02718 | 0.00116644 |

| TRACT 2 (E2/W2 Sec 34-19S-25E) | ADDRESS | CITY, STATE, ZIP | WORKING INT |
|---------------------------------------|--------------------------------|-------------------------|--------------------|
| ST. DEVOTE | 919 MILAM, SUITE 2475 | HOUSTON, TX 77002 | 0.97276098 |
| FRED M. ALLISON, III | 8750 N. CENTRAL EXPY., STE 950 | DALLAS, TX 75231 | 0.00018363 |
| CHALLENGER CRUDE, LTD | 3300 NORTH "A", BLDG. 8-110 | MIDLAND, TX 79708 | 0.00014688 |
| LAMAR B. ROEMER | 25815 OAK RIDGE DR. | SPRING, TX 77380 | 0.01053565 |
| STRINGER FAMILY INTEREST, LP | P.O. BOX 3037 | SAN ANGELO, TX 76902 | 0.00093315 |
| NEARBURG EXPLORATION COMPANY | P.O. BOX 823085 | DALLAS, TX 75382 | 0.00093315 |
| SPACE BUILDING CORPORATION | P.O. BOX 283 | EAST TAUNTON, MA 02718 | 0.00116644 |

| TRACT 3 (W2/E2 Sec 34-19S-25E) | ADDRESS | CITY, STATE, ZIP | WORKING INT |
|---------------------------------------|-----------------------|-------------------------|--------------------|
| ST. DEVOTE | 919 MILAM, SUITE 2475 | HOUSTON, TX 77002 | 0.99323467 |
| NEARBURG EXPLORATION COMPANY | P.O. BOX 823085 | DALLAS, TX 75382 | 0.00093315 |
| SPACE BUILDING CORPORATION | P.O. BOX 283 | EAST TAUNTON, MA 02718 | 0.00116644 |





Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Percussion - Lakewood 7H - 15H NSL
CM# 100391.0001 20190307
Notices including NM BLM

Shipment Date: 03/07/2019
Shipped From:
Name: HOLLAND & HART LLP
Address: 110 N GUADALUPE ST # 1
City: SANTA FE
State: NM ZIP+4® 87501

| Type of Mail | Volume |
|------------------------------|--------|
| Priority Mail Express® | |
| Priority Mail® | 0 |
| First-Class Package Service® | |
| Returns | |
| International* | |
| Other | 8 |
| Total | 8 |

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

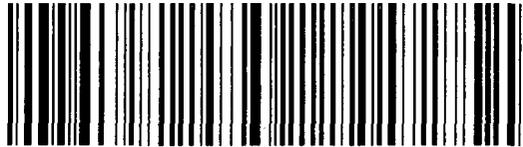
B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0013 1205 10



| Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501 | | Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Insured Mail <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Priority Mail | | Affix Stamp Here <i>(if issued as an international certificate of mailing or for additional copies of this receipt).</i> Postmark with Date of Receipt. | | | | | | | | | | | |
|---|--|--|---------------------|---|----------------------------|---------------|-------------------|---------|--------------------------|-------------------------------------|---------------------|----------------|------------------------|--|------------------|
| USPS Tracking/Article Number | Addressee (Name, Street, City, State, & ZIP Code™) | Postage | (Extra Service) Fee | Handling Charge | Actual Value if Registered | Insured Value | Due Sender if COD | ASR Fee | ASRD Fee | RD Fee | RR Fee | SC Fee | SCRD Fee | SH Fee | |
| 1. 9214 8901 9403 8379 7097 66 | St Devote 919 Milam Suite 2475 Houston TX 77022 | 2.05 | 3.50 | Handling Charge - if Registered and over \$50,000 in value | | | | | | | 1.60 | | | | |
| 2. 9214 8901 9403 8379 7097 73 | Nearburg Exploration Company PO BOX 823085 Dallas TX 75382 | 2.05 | 3.50 | | | | | | | | | 1.60 | | | |
| 3. 9214 8901 9403 8379 7097 80 | Space Building Corporation PO BOX 283 East Taunton MA 02718 | 2.05 | 3.50 | | | | | | | | | 1.60 | | | |
| 4. 9214 8901 9403 8379 7097 97 | Fred M Allison III 8750 N Central Expy Ste 950 Dallas TX 75231 | 2.05 | 3.50 | | | | | | Adult Signature Required | Adult Signature Restricted Delivery | Restricted Delivery | Return Receipt | Signature Confirmation | Signature Confirmation Restricted Delivery | Special Handling |
| 5. 9214 8901 9403 8379 7098 03 | Challenger Crude LTD 3300 North A; Bldg 6-110 Midland TX 79708 | 2.05 | 3.50 | | | | | | Adult Signature Required | Adult Signature Restricted Delivery | Restricted Delivery | Return Receipt | Signature Confirmation | Signature Confirmation Restricted Delivery | Special Handling |
| 6. 9214 8901 9403 8379 7098 10 | Lamar B Roemer 25815 Oak Ridge Drive Spring TX 77380 | 2.05 | 3.50 | | | | | | Adult Signature Required | Adult Signature Restricted Delivery | Restricted Delivery | Return Receipt | Signature Confirmation | Signature Confirmation Restricted Delivery | Special Handling |
| 7. 9214 8901 9403 8379 7098 27 | Stringer Family Interest LP PO BOX 3037 San Angelo TX 76902 | 2.05 | 3.50 | | | | | | | | | 1.60 | | | |
| 8. 9214 8901 9403 8379 7098 34 | NM Bureau of Land Management Carlsbad District Offices 620 E Greene St Carlsbad NM 88220 | 2.05 | 3.50 | | | | | | | | | 1.60 | | | |
| Total Number of Pieces Listed by Sender 8 | | Total Number of Pieces Received at Post Office | | Postmaster, Per (Name of receiving employee) | | | | | | | | | | | |