

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 Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3470 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505
Change of Operator

Form C-145
Revised May 19, 2017
Permit 246440

Previous Operator Information

OGRID: 115970
Name: UNIT PETROLEUM CO
Address: P.O. Box 702500
City, State, Zip: Tulsa, OK 74170

New Operator Information

Effective Date: Effective on the date of approval by the OCD
OGRID: 371755
Name: PERCUSSION PETROLEUM OPERATING, LLC
Address: 919 Milam
Suite 2475
City, State, Zip: Houston, TX 77002

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, PERCUSSION PETROLEUM OPERATING, LLC certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(l) NMAC.

PERCUSSION PETROLEUM OPERATING, LLC understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

As the operator of record of wells in New Mexico, PERCUSSION PETROLEUM OPERATING, LLC agrees to following statements:

1. Initials LC I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rule. I am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, and the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. Initials LC I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See Subsection B of 19.15.9.9 NMAC. I understand that if I acquire wells or facilities subject to compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change, I must require me to enter into an enforceable agreement to return those wells to compliance. See Paragraph (2) of Subsection 19.15.9.9 NMAC.
3. Initials LC I must file a monthly C-115 report showing production for each non-plugged well completion for which I have been approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See Subsection C of 19.15.7.24 NMAC.
4. Initials LC I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged, placed in approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirement in 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. Initials LC I must keep current with financial assurances for well plugging. I understand that New Mexico requires a state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance or a "blanket plugging financial assurance for wells in temporarily abandoned status." The well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment. See Subsection C of 19.15.8.9 NMAC. I understand that I can check my compliance with the financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. Initials LC I am responsible for reporting releases as defined by 19.15.29 NMAC. I understand the OCD will look to the operator of record to take corrective action for releases at my wells and related facilities, including releases that occur before I became operator of record.
7. Initials LC I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.9.9 NMAC, 19.15.14.10 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, suspend my existing injection permits and seek other relief. See 19.15.26.8 NMAC and 19.15.5.10 NMAC.
8. Initials LC For injection wells, I understand that I must report injection on my monthly C-115 report and must operate wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when the continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. Initials LC I am responsible for providing the OCD with my current address of record and emergency contact information and I am responsible for updating that information when it changes. See Subsection C of 19.15.9.8 NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. Initials LC If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See Subsection B of 19.15.9.9 NMAC. I remain responsible for the wells and related facilities and any regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility for any act or omission which occurred while I operated the wells and related facilities.
11. Initials LC No person with an interest exceeding 25% in the undersigned company is, or was within the last 5 years, an officer, director, partner or person with a 25% or greater interest in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC.
12. Initials LC NMOC Rule Subsection E and F of 19.15.16.8 NMAC: An operator shall have 90 days from the effective date of an operator name change to change the operator name on the well sign unless the division grants an extension in good cause shown, along with a schedule for making the changes. Each sign shall show the (1) well number, (2) project name, (3) operator's name, (4) location by footage, quarter-quarter section, township and range (or unit letter can be

I hereby certify I understand the above. The statements I have made are true and correct and a condition precedent to the Conservation Division accepting this Change of Operator.

Previous Operator

Signature: K Bode
Printed Name: KARL BODE
Title: VP - BUSINESS DEVELOPMENT
Date: 1/8/2018 Phone: 708-477-5758

New Operator

Signature: [Signature]
Printed Name: Lupe Carrillo
Title: CA
Date: 1-3-17 Phone: 589-9509

Per

substituted for the quarter-quarter section), and (5) API number.



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State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Wells Selected for Transfer

Permit 24644

5 Wells Selected for Transfer

| | | | |
|-------|-------------------------------------|--------|--------|
| From: | UNIT PETROLEUM CO | OGRID: | 115970 |
| To: | PERCUSSION PETROLEUM OPERATING, LLC | OGRID: | 371755 |

OCD District Hobbs (2 Wells selected.)

| Property | Well | Lease Type | ULSTR | OCD Unit | API | Well Type | Pool ID | Pool Name | Last Prod/Inj | Additional Bonding |
|----------|------------|------------|--------------|----------|--------------|-----------|---------|--------------------------|---------------|--------------------|
| 33010 | BYERS #001 | P | J-23-20S-35E | J | 30-025-36460 | G | 82240 | OSUDO;MORROW, WEST (GAS) | 03/17 | 0 |
| | BYERS #002 | P | A-23-20S-35E | A | 30-025-38107 | G | 82240 | OSUDO;MORROW, WEST (GAS) | 10/17 | 0 |

OCD District: Artesia (3 Wells selected.)

| Property | Well | Lease Type | ULSTR | OCD Unit | API | Well Type | Pool ID | Pool Name | Last Prod/Inj | Additional Bonding |
|----------|------------------------------|------------|--------------|----------|--------------|-----------|---------|--------------------------------|---------------|--------------------|
| 16442 | PAN CANADIAN A #002 | F | H-34-19S-25E | H | 30-015-24721 | O | 97565 | N. SEVEN RIVERS; GLORIETA-YESO | 10/17 | 0 |
| 16443 | PAN CANADIAN B #003 | F | A-34-19S-25E | A | 30-015-25311 | O | 97565 | N. SEVEN RIVERS; GLORIETA-YESO | 10/17 | 0 |
| 34620 | PAN CANADIAN 34 FEDERAL #004 | F | B-34-19S-25E | B | 30-015-33949 | G | 74640 | CEMETARY;MORROW (GAS) | 05/14 | 0 |

| | |
|------------------------------|---|
| Total Additional bond | 0 |
|------------------------------|---|

NMOCD ApprovalElectronic Signature: Raymond Podany, District 2Date: January 17, 2018

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Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

Wells Selected for Transfer

Permit 246440

5 Wells Selected for Transfer

| | | | |
|-------|-------------------------------------|--------|--------|
| From: | UNIT PETROLEUM CO | OGRID: | 115970 |
| To: | PERCUSSION PETROLEUM OPERATING, LLC | OGRID: | 371755 |

OCD District Hobbs (2 Wells selected.)

| Property | Well | Lease Type | ULSTR | OCD Unit | API | Well Type | Pool ID | Pool Name |
|----------|------------|------------|--------------|----------|--------------|-----------|---------|--------------------------|
| 320632 | BYERS #001 | P | J-23-20S-35E | J | 30-025-36460 | G | 82240 | OSUDO;MORROW, WEST (GAS) |
| | BYERS #002 | P | A-23-20S-35E | A | 30-025-38107 | G | 82240 | OSUDO;MORROW, WEST (GAS) |

OCD District: Artesia (3 Wells selected.)

| Property | Well | Lease Type | ULSTR | OCD Unit | API | Well Type | Pool ID | Pool Name |
|----------|------------------------------|------------|--------------|----------|--------------|-----------|---------|--------------------------------|
| 320638 | PAN CANADIAN 34 FEDERAL #004 | F | B-34-19S-25E | B | 30-015-33949 | G | 74640 | CEMETARY;MORROW (GAS) |
| 320639 | PAN CANADIAN A #002 | F | H-34-19S-25E | H | 30-015-24721 | O | 97565 | N. SEVEN RIVERS; GLORIETA-YESO |
| 320640 | PAN CANADIAN B #003 | F | A-34-19S-25E | A | 30-015-25311 | O | 97565 | N. SEVEN RIVERS; GLORIETA-YESO |

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Comments

Permit 246440

CHANGEOP COMMENTS

| | |
|--|--------------------------|
| Operator: UNIT PETROLEUM CO P.O. Box 702500 Tulsa, OK 74170 | OGRID: 115970 |
| | Permit Number: 246440 |
| | Permit Type: ChangeOp |

Comments

| Created By | Comment | Comment Date |
|------------|---|--------------|
| pkautz | REJECTED - Permit number missing on C-145 | 1/16/2018 |