

| | | | |
|---------------------|---------------|-----------|------------------------|
| RECEIVED: 8/14/2017 | REVIEWER: LRL | TYPE: NSL | APP NO: PKSC1722740112 |
|---------------------|---------------|-----------|------------------------|

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:** Goodman 22 No. 1H Well**API:** 36-015-**Pool:** Seven Rivers Glorieta Yeso Pool**Pool Code:** 97565

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

NSL - 7577

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 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**FOR OCD ONLY**☐ Notice Complete☐ 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.

Jordan L. Kessler

Print or Type Name

Signature

August 14, 2017

Date

505-988-4421

Phone Number

jlkessler@hollandhart.com

e-mail Address



Jordan L. Kessler
Associate
Phone (505) 954-7286
Fax (505) 983-6043
JLKessler@hollandhart.com

August 14, 2017

VIA HAND DELIVERY

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

RECEIVED OGD
2017 AUG 14 P 3:20

Re: Application of Percussion Petroleum Operating, LLC for administrative approval of an unorthodox well location for its Goodman 22 No. 1H Well in the N/2 NE/4 of Section 22 and the N/2 NW/4 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

Dear Mr. Catanach:

Percussion Petroleum Operating, LLC ("Percussion") (OGRID 371755) seeks administrative approval of an unorthodox location for its **Goodman 22 No. 1H Well** (API number pending) to be completed in the N. Seven Rivers Glorieta Yeso Pool (Pool Code 97565) underlying portions of Sections 22 and 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. This well will be drilled from a surface location 375 feet from the North line, 2136 feet from the West line (Unit C) of Section 22. The upper most perforation will be located 380 feet from the North line, 2517 feet from the East line (Unit B) of Section 22 and the lower most perforation will be 380 feet from the North line, 2601 feet from the West line (Unit C) of Section 23. 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 330 feet to the eastern, northeastern, western, and northwestern boundaries of the project area. The completed interval therefore encroaches on the 40-acre spacing units to the East, Northeast, West, and Northwest.

Percussion is the operator of two vertical wells adjacent to the proposed spacing unit. Percussion operates the Ross Ranch 22 #3 vertical well located in the NE/4 NW/4 of Section 22. Percussion also operates the Shelby 23 #1 well in the NW/4 NE/4 of Section 23. However, working interest ownership is not common. Percussion has therefore notified the working interest owners located in the NE/4 NW/4 of Section 22 and the NW/4 NE/4 of Section 23, along with the affected parties in the spacing units to the Northeast and Northwest. Approval of the unorthodox completed interval 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, NM 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. 3

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 project area and the non-standard location of the **Goodman 22 No. 1H Well**.

Exhibit B is a land plat for Sections 22 and 23 and the surrounding sections that shows the **Goodman 22 No. 1H Well** in relation to the adjoining units and existing wells.

Exhibit C is a list of the parties affected by Percussion's request for a non-standard project area and 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.

Your attention to this application is appreciated

Sincerely,

Jordan L. Kessler
**ATTORNEY FOR PERCUSSION PETROLEUM
OPERATING, LLC**



Jordan L. Kessler

Associate

Phone (505) 988-4421

Fax (505) 983-6043

jlkessler@hollandhart.com

August 14, 2017

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 Goodman 22 No. 1H Well in the N/2 NE/4 of Section 22 and the N/2 NW/4 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

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 the following:

Josh Grisham
Percussion Petroleum Operating, LLC
(713) 589-2337
josh@percussionpetroleum.com

Sincerely,

Jordan L. Kessler
**ATTORNEY FOR PERCUSSION PETROLEUM
OPERATING, LLC**

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-8181 Fax: (575) 393-8720

DISTRICT II

811 S. First St., Artesia, NM 88210
Phone (505) 748-1283 Fax: (505) 748-9720

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-8178 Fax: (505) 334-8170

DISTRICT IV

1228 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 478-3480 Fax: (505) 478-3482

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1226 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|---------------|--|--------------------|
| API Number | Pool Code | Pool Name |
| Property Code | Property Name GOODMAN 22 | Well Number 1H |
| OGRID No. | Operator Name PERCUSSION PETROLEUM OPERATING, LLC | Elevation 3471' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | FEET from the | North/South line | FEET from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| C | 22 | 19 S | 25 E | | 375 | NORTH | 2136 | 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 | 23 | 19 S | 25 E | | 380 | NORTH | 2681 | 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

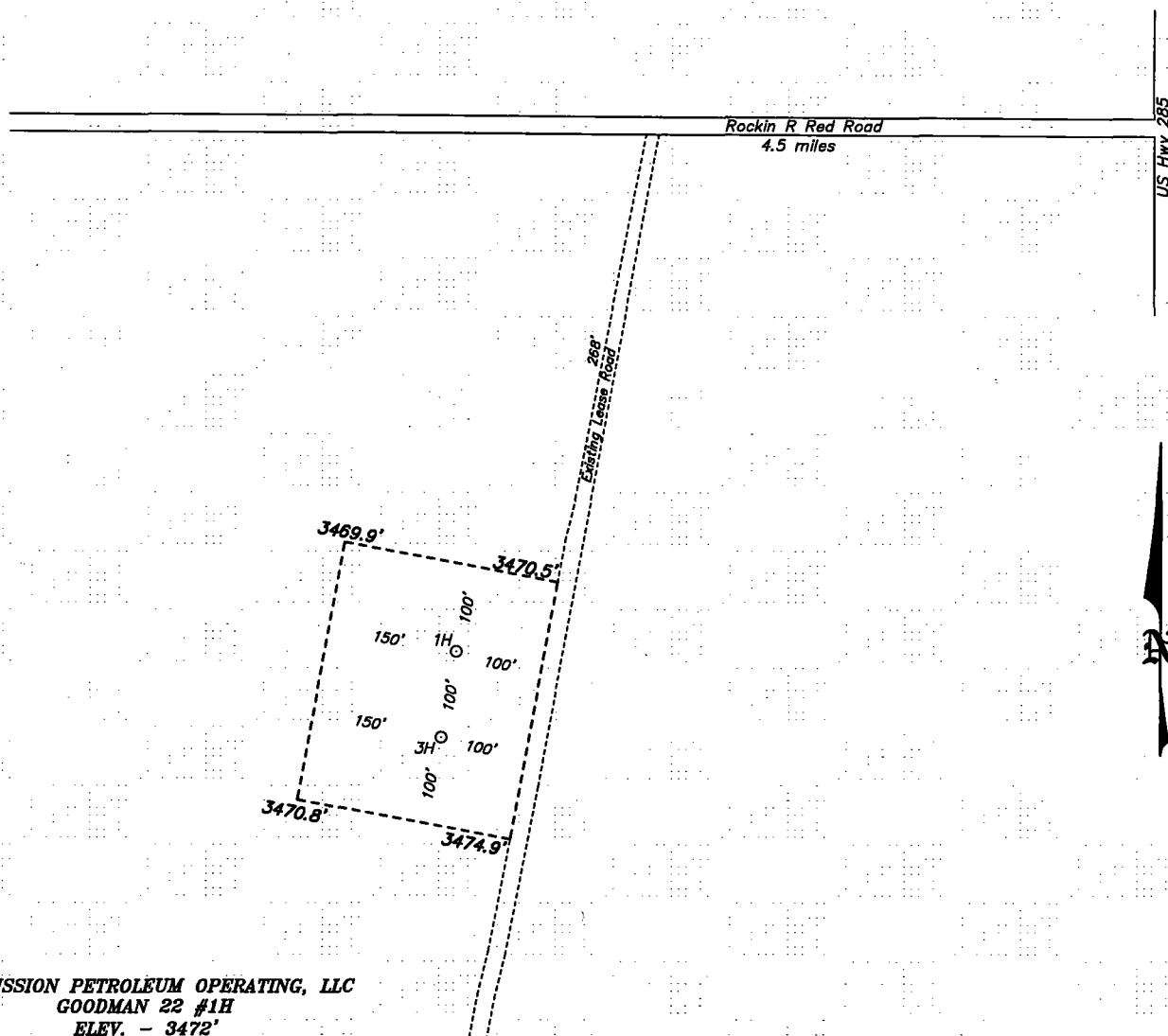
| SURFACE LOCATION | FIRST TAKE POINT | LAST TAKE POINT | PROPOSED BOTTOM HOLE LOCATION |
|---|---|---|---|
| Lat - N 32.652759° Long - W 104.474246° NAD83 N 601233.5 E 497968.6 (NAD-83) | 380' FNL & 2517' FEL Lat - N 32.652769° Long - W 104.472309° NAD83 N 601236.3 E 498564.7 (NAD-83) | 380' FNL & 2601' FWL Lat - N 32.652726° Long - W 104.455680° NAD83 N 601214.4 E 503682.6 (NAD-83) | Lat - N 32.652726° Long - W 104.455420° NAD83 N 601214.1 E 503762.6 (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 | Date |
| 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 | |
| Signature & Seal of Professional Surveyor | |
| Certificate Number | 7977 |
| Scale: 1" = 2000' | |
| WO Num.: 33181 | |

E-MAILED 8/31/17

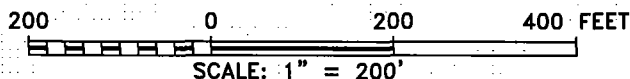
**SECTION 22, TOWNSHIP 19 SOUTH, RANGE 25 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



**PERCUSSION PETROLEUM OPERATING, LLC
GOODMAN 22 #1H
ELEV. - 3472'**

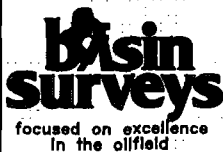
Lat - N 32.652759°
Long - W 104.474245°
NMSPCE- N 601233.5
E 497968.6
(NAD-83)

ARTESIA, NM IS ±13 MILES TO THE NORTHEAST OF LOCATION.



Directions to Location:

FROM US 285 AND COUNTY ROAD 23 GO WEST ON
COUNTY ROAD 23 FOR 4.5 MILES TO LEASE ROAD.
THEN GO SOUTHWEST 503 FEET ON LEASE ROAD TO
PROPOSED WELL PAD.



P.O. Box 1786 (575) 393-7316 - Office
1120 N. West County Rd. (575) 392-2206 - Fax
Hobbs, New Mexico 88241 basinsurveys.com

PERCUSSION PETROLEUM OPERATING, LLC

REF: GOODMAN 22 #1H / WELL PAD TOPO

THE GOODMAN 22 #1H LOCATED 375' FROM

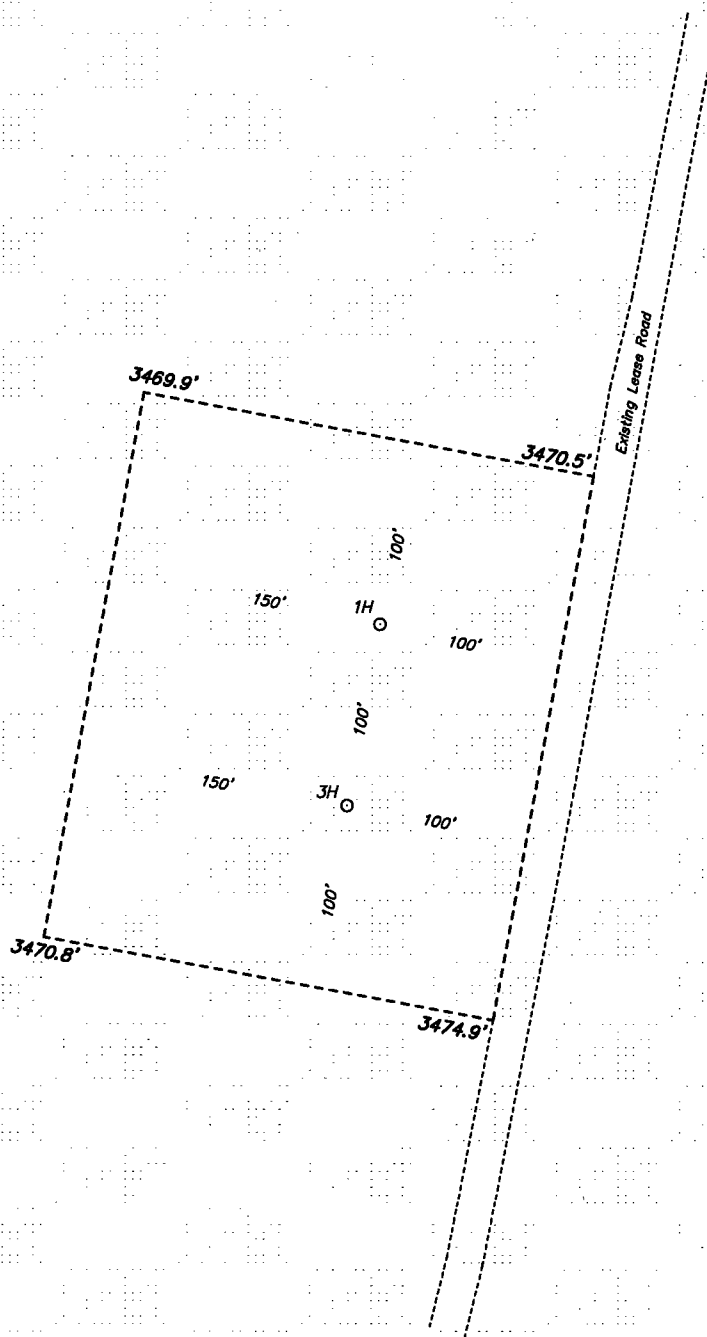
THE NORTH LINE AND 2136' FROM THE WEST LINE OF

SECTION 22, TOWNSHIP 19 SOUTH, RANGE 25 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

W.O. Number: 33181 | Drawn By: K. GOAD | Date: 08-01-2017 | Survey Date: 07-31-2017 | Sheet 1 of 1 Sheets

**SECTION 22, TOWNSHIP 19 SOUTH, RANGE 25 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



100 0 100 200 FEET
SCALE: 1" = 100'

PERCUSSION PETROLEUM OPERATING, LLC

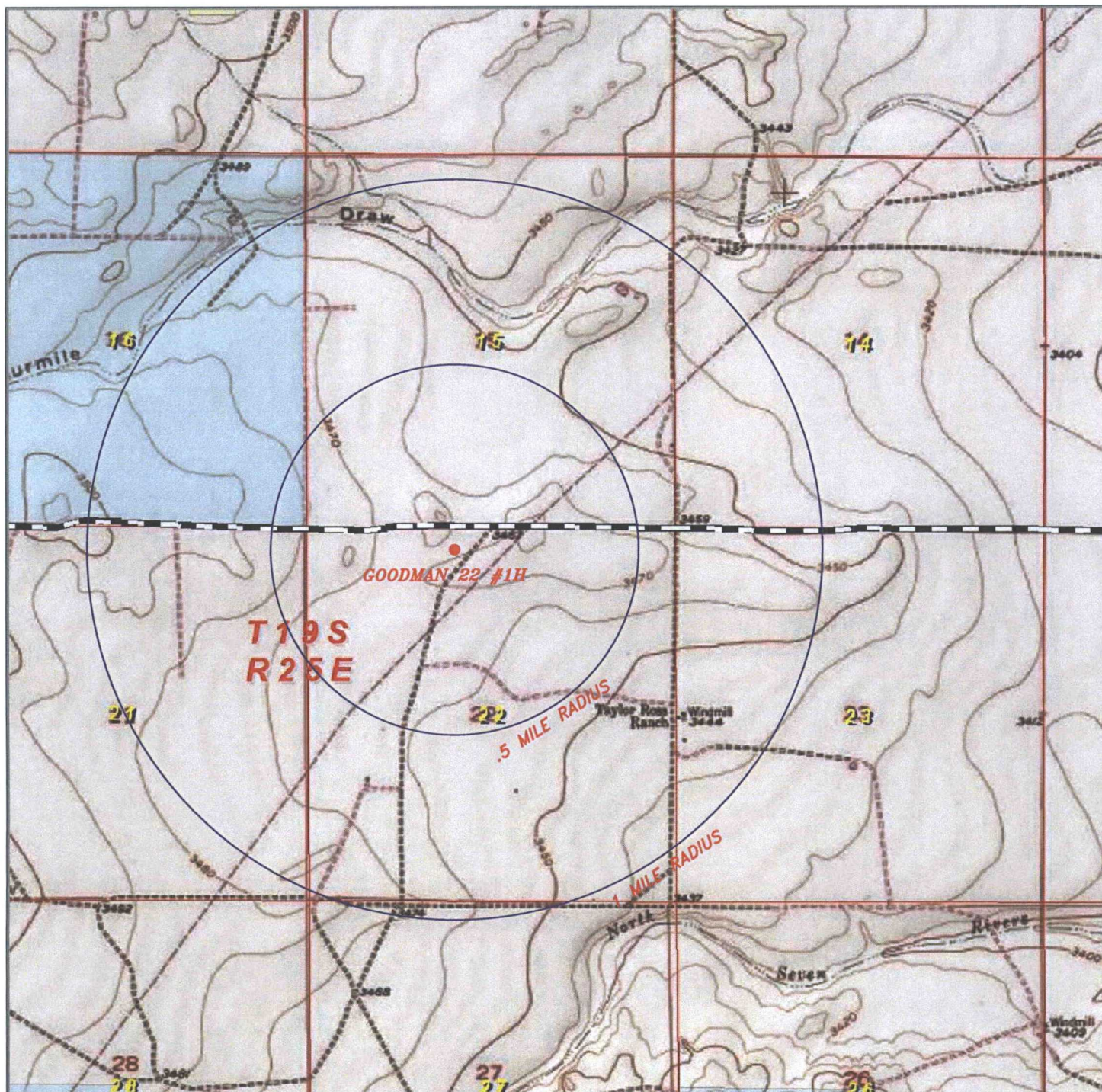
REF: GOODMAN 22 #1H / WELL PAD TOPO

THE GOODMAN 22 #1H LOCATED 375' FROM
THE NORTH LINE AND 2136' FROM THE WEST LINE OF
SECTION 22, TOWNSHIP 19 SOUTH, RANGE 25 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

**basin
surveys**
focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: 33181 | Drawn By: K GOAD | Date: 08-01-2017 | Survey Date: 07-31-2017 | Sheet 1 of 1 Sheets



GOODMAN 22 #1H

Located 375' FNL and 2136' FWL
Section 22, Township 19 South, Range 25 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

0' 1000' 2000' 3000' 4000'
SCALE: 1" = 2000'

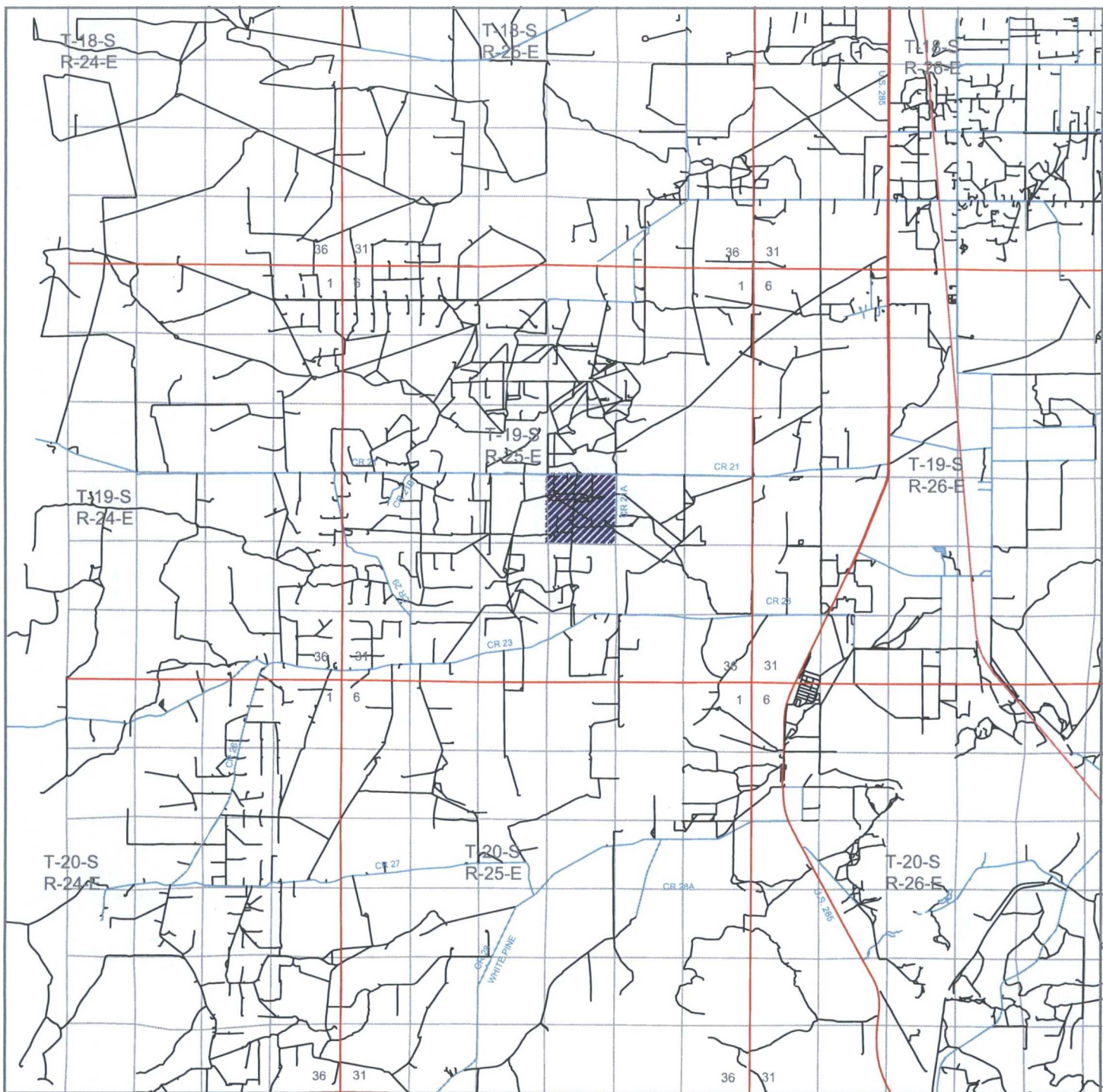
W.O. Number: KJG 33181

Survey Date: 07-31-2017

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND



PERCUSSION
PETROLEUM
OPERATING, LLC



GOODMAN 22 #1H

Located 375' FNL and 2136' FWL
 Section 22, Township 19 South, Range 25 East,
 N.M.P.M., Eddy County, New Mexico.



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 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

0 1 MI 2 MI 3 MI 4 MI
 SCALE: 1" = 2 MILES

W.O. Number: KJG 33181

Survey Date: 07-31-2017

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



PERCUSSION
 PETROLEUM
 OPERATING, LLC



GOODMAN 22 #1H

Located 375' FNL and 2136' FWL
Section 22, Township 19 South, Range 25 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

0' 1000' 2000' 3000' 4000'
SCALE: 1" = 2000'

W.O. Number: KJG 33181

Survey Date: 07-31-2017

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND



**PERCUSSION
PETROLEUM
OPERATING, LLC**

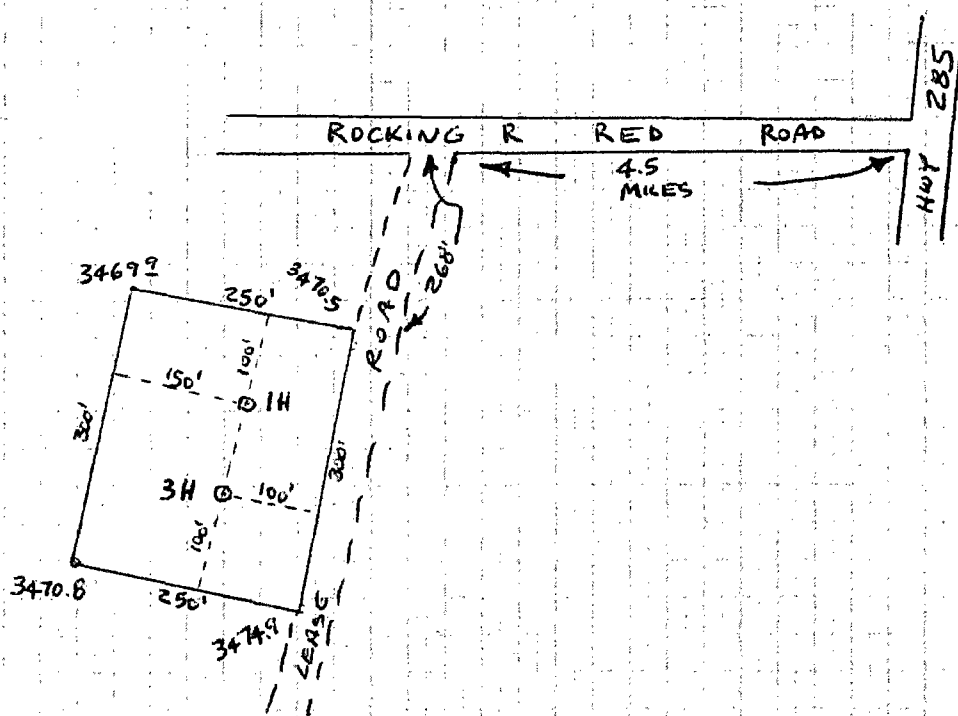
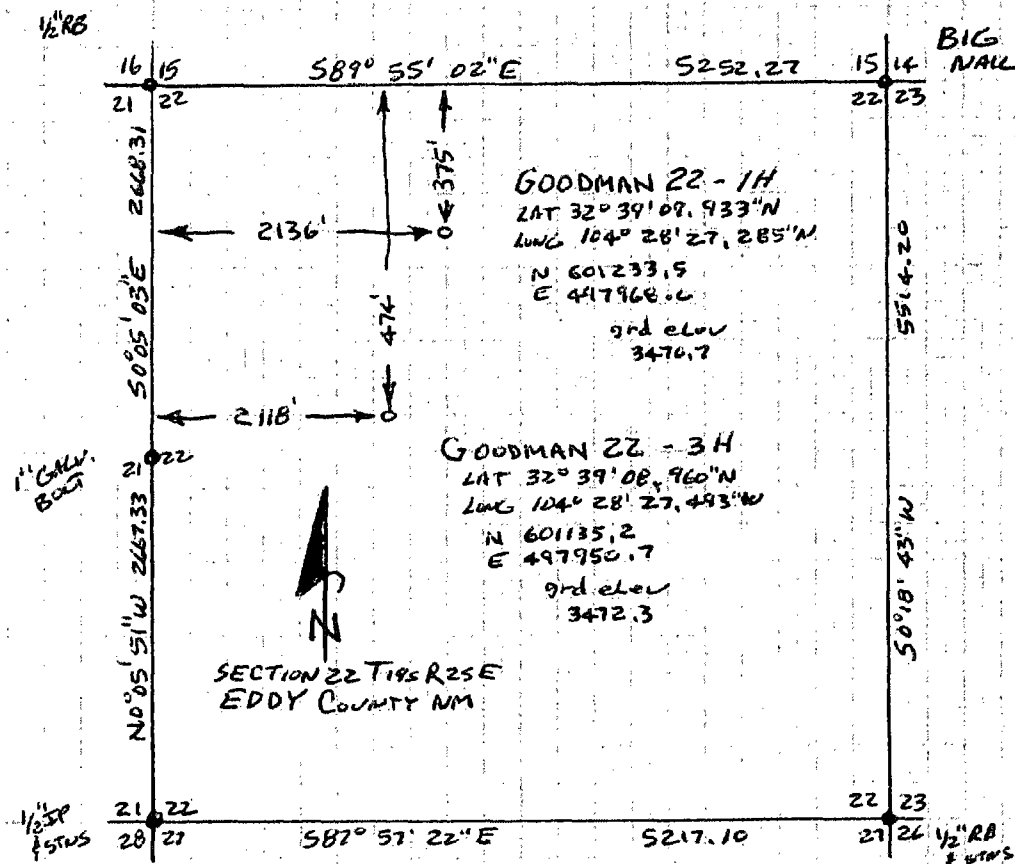
E-MAILED 8/31/17

BASIN SURVEYS

HOBBS, NEW MEXICO

SURVEY MOVE the GOODMAN 22 1H & the GOODMAN 22 3H SHEET NO. 1 OF 1
CLIENT PERCUSSION PETROLEUM Locations in JOB NO. 33181, 33183
SECTION 22 T19S R 25E EDDY CO BY EC DATE JULY 31
SC 2017

download: PERCUSSION33182



E-MAILED 8/31/17

BASIN SURVEYS

HOBBS, NEW MEXICO

SURVEY

MOVE the GOODMAN 22 IN & the GOODMAN 2231

SHEET NO.

1 of

CLIENT PERCUSSION PETROLEUM

Locations in

JOB NO.

33181, 33183

SECTION 22 T195R 25E EDDY CO

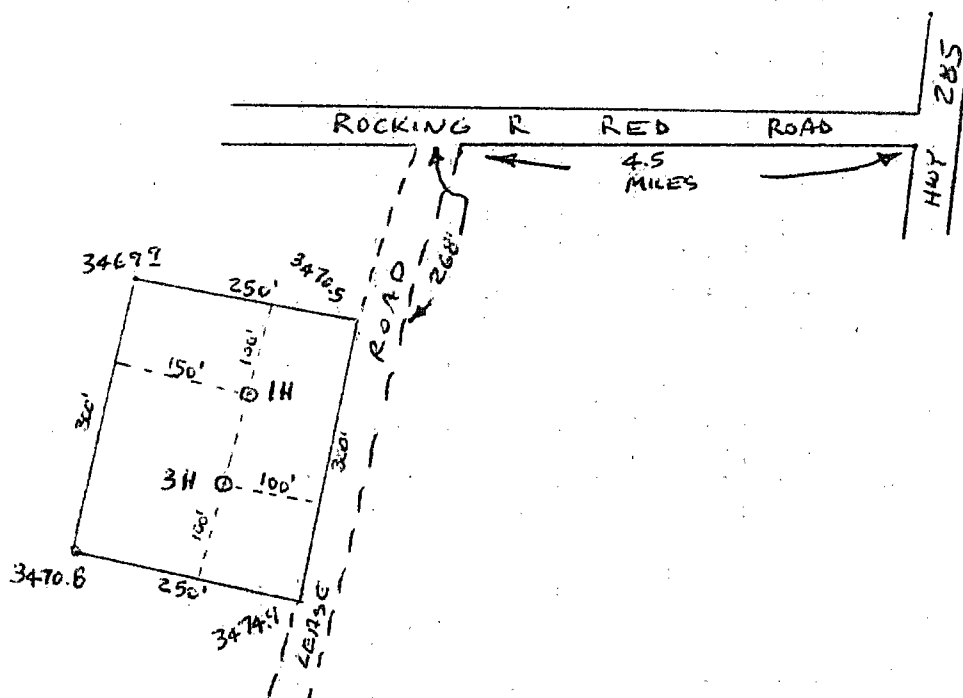
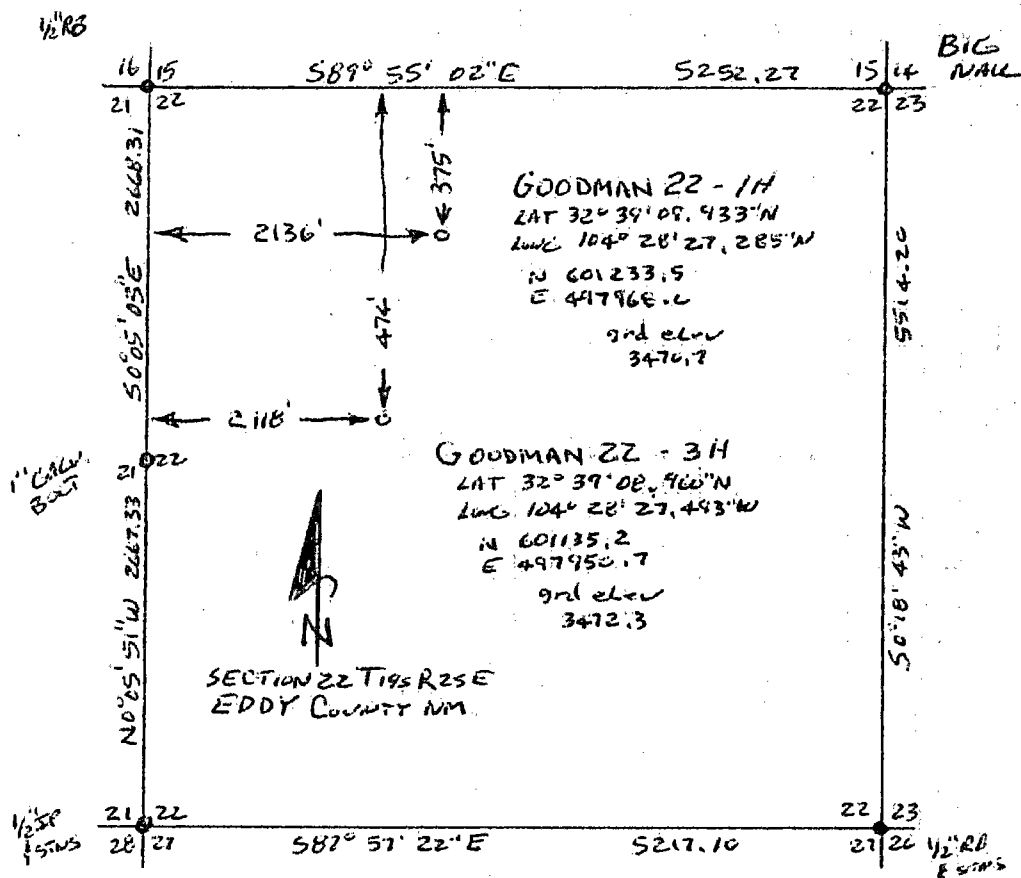
BY

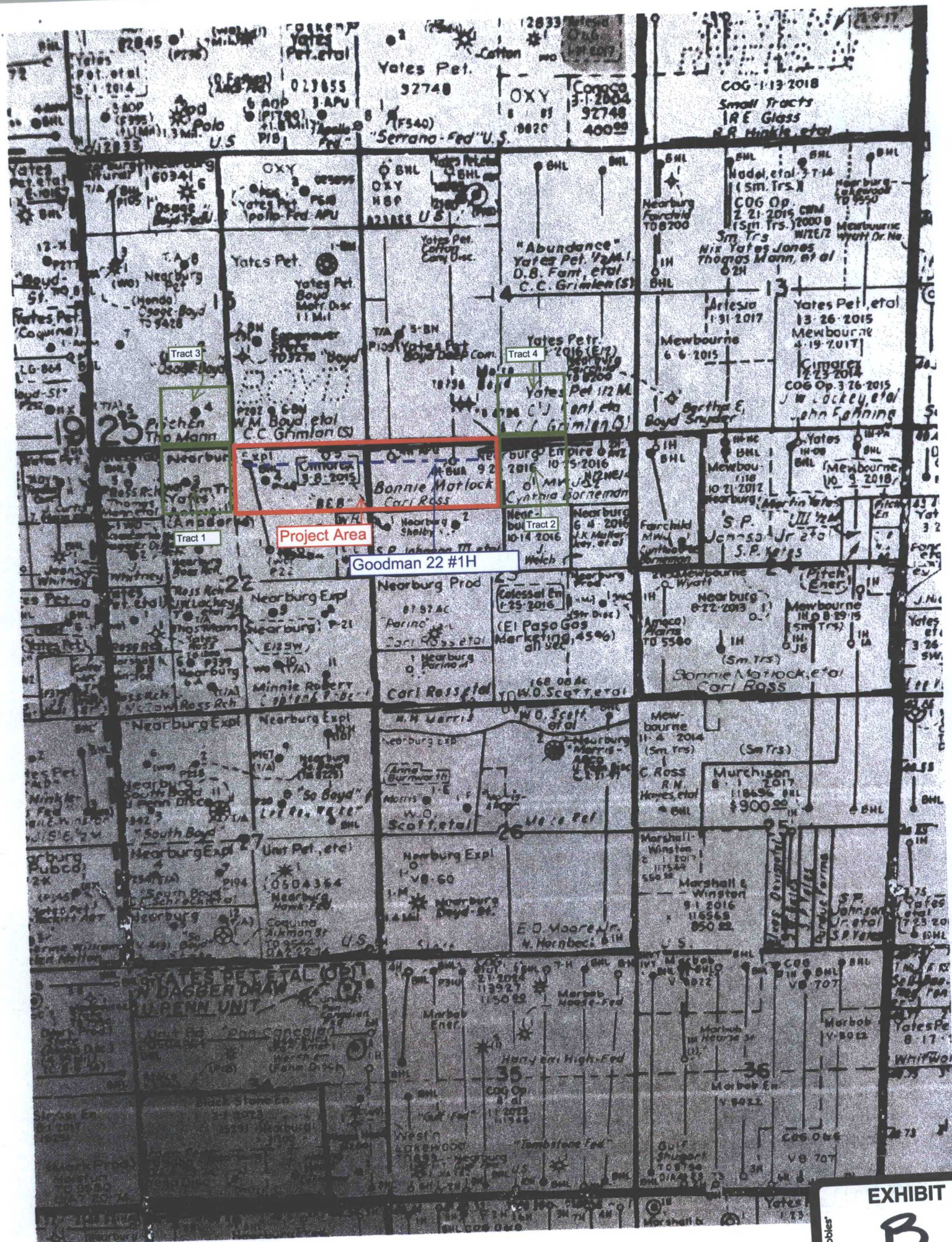
DATE JULY 31

50

2017

download: PERCUSSION33182





EXHIBIT

B

TRACT 1

EXHIBIT C

PANHANDLE OIL AND GAS, INC.
5400 N. GRAND BLVD., SUITE 300
OKLAHOMA CITY, OK 73112
70163010000003240722

TIERRA OIL COMPANY, LLC
P.O. BOX 700968
SAN ANTONIO, TX 78270-0968
70160340000024477432

FIRST ROSWELL COMPANY
P.O. BOX 1797
ROSWELL, NM 88202-1797
70163010000003240739

OXY Y-1 COMPANY
P.O. BOX 4294
HOUSTON, TX 77210-4294
70163010000003240746

TULIPAN LLC
428 SANDOVAL, SUITE 200
SANTA FE, NM 87501
70163010000003240753

MARIGOLD LLLP
P.O. BOX 1290
ARTESIA, NM 88211-1290
70163010000003240760

1 TIMOTHY 6, LLC
P.O. BOX 30598
EDMOND, OK 73025
70163010000003240777

MADURO OIL & GAS, LLC
3102 MAPLE AVENUE, SUITE 400
DALLAS, TX 75201
70163010000003240784

EOG RESOURCES ASSETS LLC
104 SOUTH FOURTH STREET
ARTESIA, NM 88210
70163010000003240791

YATES INDUSTRIES LLC
403 WEST SAN FRANCISCO
SANTA FE, NM 87505
70163010000003240807

TRACT 2

TOBOSA EXPLORATION, INC.
4305 CORONADO CT.
MIDLAND, TX 79707
70163010000003240814

EMPIRE ENERGY, LLC
70 RIVERSIDE
ROSWELL, NM 88201
70163010000003240821

NEW STATE GAS, LLC
P.O. BOX 2292
ROSWELL, NM 88202-2292
70163010000003240838

TRACT 3

CHALLENGER CRUDE, LTD.
3525 ANDREWS HIGHWAY
MIDLAND, TX 79703
70163010000003240845

DEBCO, LLC
P.O. BOX 1090
ROSWELL, NM 88202-1090
70163010000003240852

B & L OIL COMPANY, INC.
4323 TRAILWOOD DR.
SUGAR LAND, TX 77479-5149
70163010000003240869

FRED M. ALLISON, III
12001 N. CENTRAL EXPRESSWAY, SUITE 500
DALLAS, TX 75243-3794
70163010000003240876

TRACT 4

EOG Y RESOURCES, INC.
105 SOUTH FOURTH STREET
ARTESIA, NM 88210
70163010000003240883

Lowe, Leonard, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Thursday, August 31, 2017 3:58 PM
To: Lowe, Leonard, EMNRD
Cc: Jones, William V, EMNRD
Subject: RE: Percussion Petroleum Operating, LCC NSL Application
Attachments: 1088_001.pdf; GOODMAN 22 1H-33181.pdf

Leonard,

As discussed a couple of days ago, the final take point for the Goodman 22 No. 1H is 100 feet away from the outer boundary of the spacing unit. This is reflected in the attached plat. The survey has noted on this plat that Section 23 is slightly irregular, meaning the W/2 is slightly longer than the standard 2640. As you can see on the attached certified plat, the bottom hole location is 2681 from the West line, but 20 feet from the middle of Section 23. This means that the length of the W/2 of Section 23 is 2701. As you can see (and as reflected on the C-102), the last take point is 2601 feet from the West line, meaning that it is 100 feet from the outer boundary of the spacing unit.

Please feel free to call with any questions.

Jordan Lee Kessler
Attorney | Holland & Hart LLP
110 North Guadalupe Suite 1
Santa Fe, NM 87501
Phone (505) 988-4421
Fax (505) 983-6043
E-mail: JLKessler@hollandhart.com



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]
Sent: Thursday, August 24, 2017 2:44 PM
To: Jordan L. Kessler <JLKessler@hollandhart.com>
Cc: Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>
Subject: Percussion Petroleum Operating, LCC NSL Application

Ms. Jordan Kessler,

In review of NSL application for Goodman 22 Well No. 1H request the OCD's review has determine that your last perforation point is encroaching the last take point to be 39 feet away from the boundary. Less than 100 feet.

As current OCD policy, we request an statement from the Applicants Engineer to present an engineering reason for the close encroachment in their last take point location.

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Thursday, August 24, 2017 2:44 PM
To: 'Jordan L. Kessler'
Cc: Jones, William V, EMNRD
Subject: Percussion Petroleum Operating, LCC NSL Application

Ms. Jordan Kessler,

In review of NSL application for Goodman 22 Well No. 1H request the OCD's review has determine that your last perforation point is encroaching the last take point to be 39 feet away from the boundary. Less than 100 feet.

As current OCD policy, we request an statement from the Applicants Engineer to present an engineering reason for the close encroachment in their last take point location.

Within the encroached area that is less than 100 feet the OCD needs a list of all the Working Interest with percentages in that Tract.

In your Exhibit C can you decipher the Affected Parties and their associated tract location referenced in Exhibit B.

The submitted application has NOT be determined to be Administratively Complete as of this time. The 20 day Public Notice will start once the application is complete.

Please submit this lacking information.

Thank you,

Leonard Lowe
Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances
Santa Fe, New Mexico 87004
Office: 505-476-3492
Cell: 505-930-6717
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>