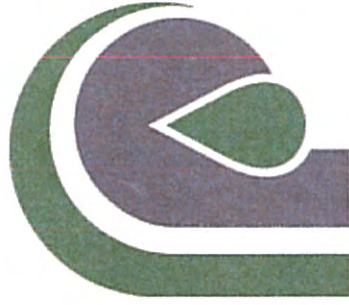


BEFORE THE OIL CONSERVATION COMMISSION
EXAMINER HEARING SEPTEMBER 20, 2018

CASE NO. 16408



Percussion Petroleum LLC

Ross Ranch 19S-25E-22 – 9H & 10H Pooling

9/20/2018

EDDY COUNTY, NEW MEXICO

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

Form C-102

August 1, 2011

Permit 257290

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-45252	2. Pool Code 97565	3. Pool Name N. SEVEN RIVERS; GLORIETA-YESO
4. Property Code 317260	5. Property Name ROSS RANCH 22	6. Well No. 009H
7. OGRID No. 371755	8. Operator Name PERCUSSION PETROLEUM OPERATING, LLC	9. Elevation 3473

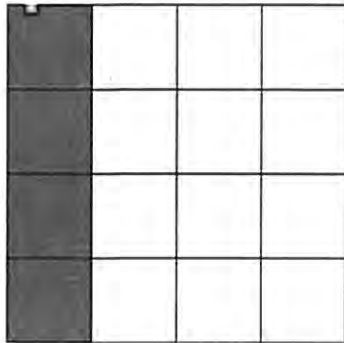
10. Surface Location

UL - Lot D	Section 27	Township 19S	Range 25E	Lot Idn	Feet From 677	N/S Line N	Feet From 557	E/W Line W	County Eddy
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11. Bottom Hole Location If Different From Surface

UL - Lot D	Section 22	Township 19S	Range 25E	Lot Idn	Feet From 20	N/S Line N	Feet From 360	E/W Line W	County Eddy
12. Dedicated Acres 160.00	13. Joint or Infill	14. Consolidation Code	15. 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

	OPERATOR CERTIFICATION <i>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(s) 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.</i> E-Signed By: Lupe Carrillo Title: Chief Operating Officer Date: 9/14/2018 SURVEYOR CERTIFICATION <i>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.</i> Surveyed By: Gary Jones Date of Survey: 7/19/2018 Certificate Number: 7977
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BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 1
Submitted by: Percussion Petroleum
Hearing Date: September 20, 2018
Case # 16408

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-6720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (575) 745-1203 Fax: (575) 745-0720

DISTRICT III
1000 Rio Brazos Ed., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6178

DISTRICT IV
1226 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 478-3460 Fax: (505) 478-3462

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 ROSS RANCH 22	Well Number 10H
GRID No.	Operator Name PERCUSSION PETROLEUM, LLC	Elevation 3472'

Surface Location

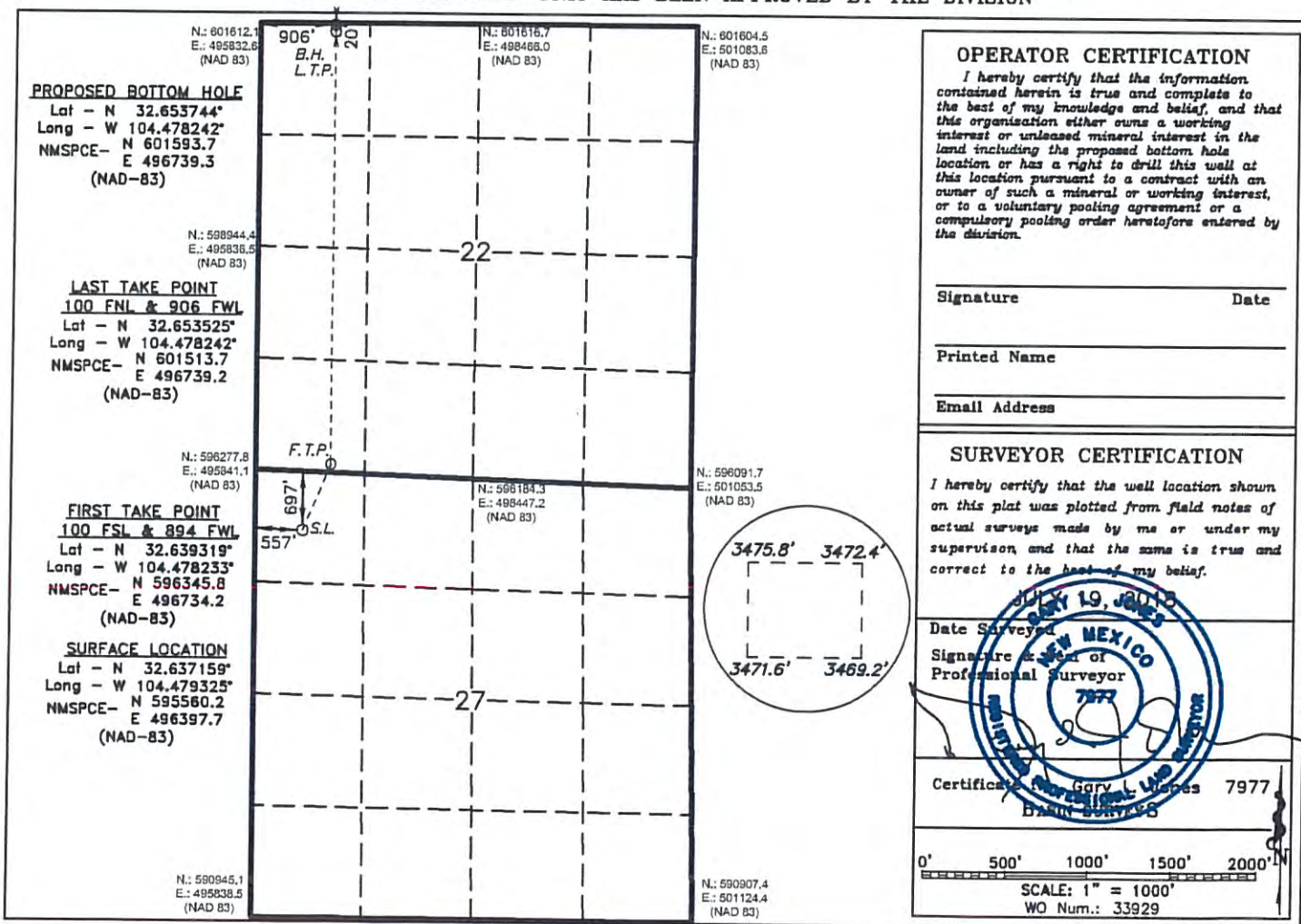
UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
D	27	19 S	25 E		697	NORTH	557	WEST	EDDY

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
D	22	19 S	25 E		20	NORTH	906	WEST	EDDY

Dedicated Acres	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



NWNW of Sec 22			
From top of the Glorieta-Yeso to 2,477'	Interest	Type of Interest	
St. Devote	0.799875	WI	
Panhandle Oil & Gas, Inc.	0.140625	WI	
First Roswell Company	0.0234375	UMI	
Tierra Oil Company	0.01	UMI	
EOG Resources Assets LLC	0.00652344	WI	
Maduro Oil & Gas, LLC	0.01231055	WI	
1st Timothy 6, LLC	0.00410351	WI	
Oxy Y-1 Company	0.003125	WI	
Oxy USA WTP Ltd. Partnership			
Sharbro Energy LLC			
EOG Y Resources LLC			
Trabajo Del Spear LP			
Roy G. Barton, Jr.			
Heirs of Neva Eichenberger, Dec'd			
Heirs of Eva Troike, Dec'd			
	1		
Below 2,477' to base of the Glorieta-Yeso			
St. Devote	0.674875	WI	
Panhandle Oil & Gas, Inc.	0.140625	WI	
First Roswell Company	0.0234375	UMI	
Tierra Oil Company	0.01	UMI	
EOG Resources Assets LLC	0.00652344	WI	
Maduro Oil & Gas, LLC	0.01231055	WI	
1st Timothy 6, LLC	0.00410351	WI	
Oxy Y-1 Company	0.003125	WI	
Oxy USA WTP Ltd. Partnership			
Sharbro Energy LLC			
EOG Y Resources LLC			
Trabajo Del Spear LP			
Roy G. Barton, Jr.			
Heirs of Neva Eichenberger, Dec'd			
Heirs of Eva Troike, Dec'd			
	1		

SWNW of Sec 22			
All depths in the Glorieta-Yeso	Interest	Type of Interest	
St. Devote	0.799875	WI	
Panhandle Oil & Gas, Inc.	0.140625	WI	
First Roswell Company	0.0234375	UMI	
Tierra Oil Company	0.01	UMI	
EOG Resources Assets LLC	0.00652344	WI	
Maduro Oil & Gas, LLC	0.01231055	WI	
1st Timothy 6, LLC	0.00410351	WI	
Oxy Y-1 Company	0.003125	WI	
Oxy USA WTP Ltd. Partnership			
Sharbro Energy LLC			
EOG Y Resources LLC			
Trabajo Del Spear LP			
Roy G. Barton, Jr.			
Heirs of Neva Eichenberger, Dec'd			
Heirs of Eva Troike, Dec'd			
	1		

NWSW of Sec 22			
All depths in the Glorieta-Yeso	Interest	Type of Interest	
St. Devote	0.4791667	WI	
Panhandle Oil & Gas, Inc.	0.375	UMI	
First Roswell Company			
Tierra Oil Company			
EOG Resources Assets LLC	0.0130208	WI	
Maduro Oil & Gas, LLC			
1st Timothy 6, LLC			
Oxy Y-1 Company			
Oxy USA WTP Ltd. Partnership			
Sharbro Energy LLC	0.0625	UMI	
EOG Y Resources LLC	0.0078125	WI	
Trabajo Del Spear LP	0.0416667	WI	
Roy G. Barton, Jr.			
Heirs of Neva Eichenberger, Dec'd	0.0069444	UMI	
Heirs of Eva Troike, Dec'd	0.0138889	UMI	
	1		

SWSW of Sec 22			
From top of the Glorieta-Yeso to 3,052'	Interest	Type of Interest	
St. Devote	0.4166667	WI	
Panhandle Oil & Gas, Inc.			
First Roswell Company			
Tierra Oil Company			
EOG Resources Assets LLC	0.2083333	WI	
Maduro Oil & Gas, LLC			
1st Timothy 6, LLC			
Oxy Y-1 Company			
Oxy USA WTP Ltd. Partnership			
Sharbro Energy LLC	0.125	WI	
EOG Y Resources LLC	0.1666667	WI	
Trabajo Del Spear LP	0.0833333	WI	
Roy G. Barton, Jr.			
Heirs of Neva Eichenberger, Dec'd			
Heirs of Eva Troike, Dec'd			
	1		
Below 3,052' to base of the Glorieta-Yeso			
St. Devote	0.25	WI	
Panhandle Oil & Gas, Inc.			
First Roswell Company			
Tierra Oil Company			
EOG Resources Assets LLC	0.2083333	WI	
Maduro Oil & Gas, LLC			
1st Timothy 6, LLC			
Oxy Y-1 Company			
Oxy USA WTP Ltd. Partnership			
Sharbro Energy LLC	0.125	WI	
EOG Y Resources LLC	0.1666667	WI	
Trabajo Del Spear LP	0.0833333	WI	
Roy G. Barton, Jr.			
Heirs of Neva Eichenberger, Dec'd	0.1666667	UMI	
Heirs of Eva Troike, Dec'd			
	1		

Legend:	
Parties involved in depth severance	WI
Leased WIO with JOA covering part of spacing unit	UMI
Unleased MIO	UMI
Parties who have not responded to proposals	**

ORRI in W/2W/2 of Sec 22, T19S, R25E, Eddy County, NM

NEARBURG PRODUCTION COMPANY EMPLOYEE TRUST	P.O. BOX 823085	DALLAS	TX	75382-3085
NEARBURG PRODUCTION COMPANY EMPLOYEE FUND	P.O. BOX 823085	DALLAS	TX	75382-3085
NEARBURG EXPLORATION COMPANY, L.L.C.	P.O. BOX 823085	DALLAS	TX	75382-3085
DEBCO, LLC	P.O. BOX 1090	ROSWELL	NM	88202-1090
TIERRA OIL COMPANY, LLC	P.O. BOX 700968	SAN ANTONIO	TX	78270-0968
NELL BLACKMAR LIMITED PARTNERSHIP	2809 RIVERSIDE DRIVE	ROSWELL	NM	88201

Sent Certified Mail, Return Receipt Requested

July 12, 2018

EOG Resources Assets LLC
Attn: Janet Richardson
104 South Fourth Street
Artesia, New Mexico 88210

RE: Well Proposal & Letter Agreement
Ross Ranch 22 #009H well
Ross Ranch 22 #010H well
Section 22, T19S, R25E
Eddy County, New Mexico

Gentlemen/Ladies:

Percussion Petroleum Operating, LLC ("Percussion") hereby proposes to drill and complete the Ross Ranch 22 #009H and the Ross Ranch 22 #010H as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking the wells and/or pads).

Ross Ranch 22 #009H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 700' FNL & 650' FWL, Section 27, T19S-R25E
- Proposed Bottom Hole Location – 100' FNL & 360' FWL, Section 22, T19S-R25E

Ross Ranch 22 #010H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 720' FNL & 650' FWL, Section 27, T19S-R25E
- Proposed Bottom Hole Location – 100' FNL & 960' FWL, Section 22, T19S-R25E

In addition, Percussion proposes to form a Working Interest Unit defined as covering the W/2W/2 of Section 22 in Township 19 South, Range 25 East, Eddy County, New Mexico, containing 160 acres of land, more or less, insofar, and only insofar, as the same covers rights from the surface of the ground to the base of the Yeso formation (the "WIU") for the Subject Wells, and all additional Yeso horizontal wells, including, but not limited to, any other wells drilled to support or test concepts pertaining to horizontal Yeso wells, drilled after July 10, 2018 and wholly within the WIU. For purposes herein, the phrase "base of the Yeso formation" shall be defined as the stratigraphic equivalent of the depth of 3,927 feet as encountered in the Platform Express – Azimuthal Laterolog/MCFL Gamma Ray log dated June 4, 1997 of the Nearburg Producing Company B & B #7 well, API number 30-015-28431; and the term "horizontal well" shall be defined as a directional well bore with one or more laterals that extend a minimum of one hundred feet (100') horizontally in the target zone.

Part of the proposed WIU is presently governed by two separate but very similar operating agreements covering the Yeso Formation and pertains to some, but not all, of the same non-operators. EOG Resources Assets LLC ("EOG") is subject to both of the operating agreements, one being that certain Operating Agreement dated August 12, 1994, by and between Nearburg Producing Company,

as Operator, and Nearburg Exploration Company et al, as Non-Operators, (the "OA1"), covering the NW/4 of Section 22 situated in Township 19 South, Range 25 East, Eddy County, New Mexico, from the surface of the ground to the base of the Cisco-Canyon formation, and the other one being that certain Operating Agreement dated October 1, 2013, by and between Nearburg Producing Company, as Operator, and Nearburg Exploration Company et al, as Non-Operators, (the "OA2"), covering the SW/4 SW/4 of Section 22 situated in Township 19 South, Range 25 East, Eddy County, New Mexico, from the surface of the ground to the base of the Glorieta-Yeso formation. However, Percussion proposes that all operations conducted in and on the WIU (with respect to the Subject Wells and all additional Yeso horizontal wells, including, but not limited to, any other wells drilled to support or test concepts pertaining to horizontal Yeso wells, drilled after July 10, 2018 and wholly within the WIU) shall be subject to and governed by that certain new Operating Agreement dated July 10, 2018, naming Percussion as Operator, (the "NOA") enclosed herewith. Exhibit "A" to the NOA shall be provided at a later date after all of the working interest percentages of the non-operators have been determined. All existing wells drilled prior to July 10, 2018 shall continue to be governed by OA1 and OA2. The NOA has been prepared based on similar terms and conditions as contained in OA1 and OA2 with a few changes to Article XV, deleting paragraphs "A" and "B", and adding paragraphs "G" through "J".

EOG's contractual or working interest participation in the WIU covered by the NOA shall be calculated using an acreage and interest allocation basis, meaning EOG's contractual or working interest in OA1 and OA2 will be proportionately reduced based on the portion of acreage in the Contract Area covered by OA1 and OA2 contributed to the WIU as it bears to the entire WIU. Therefore, based on the above and by virtue of EOG's interest in the oil and gas leases contributed to the NW/4 and covered by the OA1, and EOG's interest in the oil and gas leases contributed to the SW/4 SW/4 and covered by the OA2, of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico, EOG would own a contractual or working interest in the proposed WIU covered by the NOA as follows: (EOG's contractual or working interest in the NW/4 of Sec 22 covered by the OA1, being .652344%, $\times 80 \text{ acres}/160 \text{ acres} = .326172\%$ plus EOG's contractual or working interest in the SW/4 SW/4 of Sec 22 covered by the OA2, being 20.83333% $\times 40 \text{ acres}/160 \text{ acres} = 5.208333\%$, for a total of 5.534505% contractual or working interest in the WIU covered by the NOA). For contractual or working interest calculation purposes of the WIU, it is agreed and understood each quarter-quarter section of the WIU shall contain exactly 40 acres of land, regardless if any quarter-quarter section actually contains more or less. Notwithstanding anything to the contrary herein contained, it is agreed and understood EOG is not acquiring any interest in any oil and gas leases, minerals and/or any well(s) that it does not currently own, and there shall be no cross-conveyancing of interests by virtue of this letter agreement or the execution of any pooling agreement, unit declaration or similar agreement in connection with the Subject Wells and/or the WIU. EOG's net revenue interest in the WIU, both before and after payout, shall be subject to all of the same leasehold burdens that were in existence at the time of EOG's acquisition of its contractual or working interest, or reflected in any acquisition documents, and/or as reflected in its net revenue interest of current producing wells, proportionately reduced based on EOG's leasehold interest contributed to the WIU. The cost of all surface facilities and any shared well pads, although built for and charged to the Subject Wells, shall be reapportioned among any additional horizontal wells as they are drilled in the WIU.

For the avoidance of doubt, this letter agreement shall not affect or pertain to any existing wells (including, but not limited to, the Ross Ranch 22 #2, Ross Ranch 22 #3 and the Ross Ranch 22 #4 wells drilled and producing from the Yeso Formation in the NW/4 of Section 22, Township 19

South, Range 25 East, Eddy County, New Mexico), or any existing wells re-completed and/or any future wells drilled wholly and completely within the NW/4 of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico between the surface of the earth and the base of the Yeso Formation, or the stratigraphic equivalent thereto, that do not pertain to, support or test concepts pertaining to horizontal Yeso wells drilled after July 10, 2018 and wholly within the WIU, and pursuant to the terms and provisions of OA1. Likewise, this letter agreement shall not affect or pertain to any existing wells (including, but not limited to, the Ross Ranch 22 #6, Ross Ranch 22 #7 and the Ross Ranch 22 #8 wells drilled and producing from the Yeso Formation in the SW/4 of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico), or any existing wells re-completed and/or any future wells drilled wholly and completely within the SW/4 of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico between the surface of the earth and the base of the Yeso Formation, or the stratigraphic equivalent thereto, that do not pertain to, support or test concepts pertaining to horizontal Yeso wells drilled after July 10, 2018 and wholly within the WIU, and pursuant to the terms and provisions of OA2, or any other operating agreements. In the event of any conflict between the OA1, the OA2, the NOA and this letter agreement, this letter agreement shall control and prevail.

Enclosed in duplicate for your further handling are Percussion's AFEs, numbered 1099 for the Ross Ranch 22 #009H well and 1100 for the Ross Ranch 22 #010H well, both dated June 26, 2018. After the Subject Wells are drilled, Percussion shall prepare and furnish a Unit Declaration for the proration unit(s) for the Subject Wells within the WIU; and EOG agrees to properly execute and return said Unit Declaration to Percussion for further handling within thirty (30) days of receipt of same.

In the event EOG elects not to participate in the Subject Wells, Percussion offers EOG the following options:

1) Farmout all of EOG's leasehold interest, insofar as it pertains to the NW/4 and the SW/4 of Section 22, to Percussion, or its designee, on the basis of delivering a 75% NRI and retaining an overriding royalty ("ORRI") before payout equal to the difference, if any, between 25% and the current leasehold burdens EOG is subject to which may be convertible to a 25% contractual or working interest after the cumulative payout of the Subject Wells, all proportionately reduced based on EOG's leasehold contractual or working interest in and to the mineral interest covered by the applicable lease(s) in the WIU. It shall be agreed and understood any ORRI provided for herein shall 1) be subject to, but not limited to, EOG's proportionate share of all production taxes and all costs incurred in marketing, enhancing and/or transporting the oil and gas as determined solely by Percussion, or its assigns, 2) be subject to all communitization and pooling agreements, 3) be paid in the proportion that the surface acreage in which EOG owns an interest in bears to the total surface acreage within the communitized or pooled area, 4) be proportionately reduced if EOG owns less than the entire interest in the applicable leasehold, or any portion thereof, or no interest at all as the case may be, and 5) (or may) be communitized or pooled at the sole discretion of Percussion, or its designee, without EOG's joinder or consent. In addition, Percussion proposes EOG would agree to be bound by the NOA for the Subject Wells and the Contract Area thereof for any after payout working interest EOG may elect; or

2) Sell all of EOG's leasehold interest, including all right, title and interest in any and all producing well(s) situated in the NW/4 and SW/4 of Section 22 to Percussion, or its designee

based upon a price of \$1,500.00 per net leasehold acre and subject to such other terms and conditions as mutually agreed upon.

In addition, it is our understanding EOG owns an undivided 1.30208% leasehold interest in and to the NW/4SW/4 of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico currently not subject to an operating agreement with Percussion. Therefore, given the Subject Wells would be located in the proposed W/2W/2 of Section 22 proration unit and WIU, St. Devote LLC ("SD"), a wholly owned subsidiary of Percussion Petroleum LLC, hereby offers to sub-lease EOG's undivided leasehold interest in the NW/4SW/4 of Section 22 from the surface of the ground to the base of the Yeso formation, for a bonus payment of \$1,000/nma for a three (3) year term that delivers a 75% NRI to SD, with EOG retaining an overriding royalty interest equal to the difference, if any, between 25% and the leasehold burdens EOG is subject to, and such other terms as mutually acceptable.

In the event EOG elects not to sub-lease the above-described interest to SD, Percussion hereby offers EOG the following options:

1) Participate with your leasehold interest in the drilling and completing of the Subject Wells subject to the terms and conditions contained in the NOA for the "WIU" pertaining to the Subject Wells. Based on EOG's leasehold interest above-described, EOG's working interest in the WIU for the Subject Wells associated with its leasehold interest would be $1.30208\% \times 40 \text{ acres} / 160 \text{ acres} = .32552\%$; or

2) Farmout your leasehold interest to SD in the NW/4SW/4 of Section 22 from the surface of the ground to the base of Yeso formation, on the basis of delivering a 75% NRI and retaining an overriding royalty ("ORRI") before payout equal to the difference, if any, between 25% and the leasehold burdens EOG is subject to which may be convertible to a 25% contractual or working interest after the cumulative payout of the Subject Wells, all proportionately reduced based on EOG's leasehold contractual or working interest in and to the mineral interest covered by the applicable lease(s) in the WIU. It shall be agreed and understood any ORRI provided for herein shall 1) be subject to, but not limited to, EOG's proportionate share of all production taxes and all costs incurred in marketing, enhancing and/or transporting the oil and gas as determined solely by Percussion, or its assigns, 2) be subject to all communitization and pooling agreements, 3) be paid in the proportion that the surface acreage in which EOG owns an interest in bears to the total surface acreage within the communitized or pooled area, 4) be proportionately reduced if EOG owns less than the entire interest in the applicable leasehold, or any portion thereof, or no interest at all as the case may be, and 5) (or may) be communitized or pooled at the sole discretion of Percussion, or its designee, without EOG's joinder or consent. In addition, Percussion proposes EOG would agree to be bound by the NOA for the Subject Wells and the Contract Area thereof for any after payout working interest EOG may elect.

Please indicate your election as to the Subject Wells pertaining to 1) your interest in OA1 and OA2 by marking any single item 1) through 3) below, and 2) your leasehold interest in the NW/4SW/4 by marking any single item 4) through 6) below in the spaces provided and returning a copy of this letter agreement to the undersigned within thirty (30) days of receipt, otherwise you may be subject to the compulsory pooling provisions of the State of New Mexico. If you mark any item that pertains to AFEs and/or the NOA, then please execute and return copies of the same together

with your executed copy of this letter agreement to Percussion within said thirty (30) day period. Exhibit "A" to the NOA shall be provided at a later date after all of the working interest percentages of the non-operators have been determined. If any compulsory pooling order is obtained by Percussion, be advised Percussion reserves the right, in its sole discretion, as to whether or not to pursue the consummation of any election made by EOG.

If you have any questions regarding this proposal, please do not hesitate to contact the undersigned by e-mail at rett@percussionpetroleum.com or by phone at 713-429-4012. Thank you very much for your assistance and cooperation. We look forward to working with you on this matter.

Yours very truly,
Percussion Petroleum Operating, LLC



Rett Dalton
Contract Landman
enclosures

Ross Ranch 22 #009H and Ross Ranch 22 #010H well Elections

_____ 1) EOG elects to participate in the drilling and completing of the Ross Ranch 22 #009H and Ross Ranch 22 #010H wells based upon the calculation of its working interest as stated above in the formation of the WIU, and agrees to the terms and conditions of this letter agreement and NOA as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the WIU.

_____ 2) EOG agrees to the calculation of its working interest as stated above in the formation of the WIU, and agrees to the terms and conditions of this letter agreement as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the WIU; but desires to Farmout all of EOG's leasehold interest, insofar as it pertains to the NW/4 and SW/4 SW/4 of Section 22, to Percussion, or its designee, on the basis of delivering a 75% NRI and retaining an overriding royalty ("ORRI") before payout equal to the difference, if any, between 25% and the current leasehold burdens EOG is subject to which may be convertible to a 25% contractual or working interest after the cumulative payout of the Subject Wells, all proportionately reduced based on EOG's leasehold contractual or working interest in and to the mineral interest covered by the applicable lease(s) in the WIU. It is agreed and understood any ORRI provided for herein shall 1) be subject to, but not limited to, EOG's proportionate share of all production taxes and all costs incurred in marketing, enhancing and/or transporting the oil and gas as determined solely by Percussion, or its assigns, 2) be subject to all communitization and pooling agreements, 3) be paid in the proportion that the surface acreage in which EOG owns an interest in bears to the total surface acreage within the communitized or pooled area, 4) be proportionately reduced if EOG owns less than the entire interest in the applicable leasehold, or any portion thereof, or no interest at all as the case may be, and 5) (or may) be communitized or pooled at the sole discretion of Percussion, or its designee, without EOG's joinder or consent. In addition, EOG agrees to be bound by the terms and conditions of the NOA for the Subject Wells and the Contract Area thereof for any after payout working interest it may elect.

_____ 3) EOG desires to sell all of its leasehold interest, including all right, title and interest in any and all producing well(s) situated in the NW/4 and SW/4 SW/4 of Section 22 to Percussion, or its designee based upon a price of \$1,500.00 per net leasehold acre and subject to such other terms and conditions as mutually agreed upon.

Ross Ranch 22 #009H and Ross Ranch 22 #010H well elections based on leasehold interest in the NW/4SW/4 of Section 22

_____ 4) EOG agrees to sub-lease to SD its undivided leasehold interest in 1) the NW/4SW/4 of Section 22 from the surface of the ground to the base of the Yeso formation, for a bonus payment of \$1,000/nma for a three (3) year term that delivers a 75% NRI to SD, with EOG retaining an overriding royalty interest equal to the difference, if any, between 25% and the leasehold burdens EOG is subject to and such other terms as mutually acceptable.

_____ 5) EOG agrees to participate with its leasehold interest in the drilling and completing of the Subject Wells subject to the terms and conditions contained in the NOA for the "WIU" pertaining to the Subject Wells. Based on EOG's leasehold interest, EOG's working interest in the WIU for the Subject Wells would be $1.30208\% \times 40 \text{ acres} / 160 \text{ acres} = .32552\%$.

_____ 6) EOG agrees to farmout its leasehold interest to SD in the NW/4SW/4 of Section 22 from the surface of the ground to the base of Yeso formation, on the basis of delivering a 75% NRI and retaining an overriding royalty ("ORRI") before payout equal to the difference, if any, between 25% and the leasehold burdens EOG is subject to which may be convertible to a 25% contractual or working interest after the cumulative payout of the Subject Wells, all proportionately reduced based on EOG's leasehold contractual or working interest in and to the mineral interest covered by its applicable lease(s) in the WIU. It shall be agreed and understood any ORRI provided for herein shall 1) be subject to, but not limited to, EOG's proportionate share of all production taxes and all costs incurred in marketing, enhancing and/or transporting the oil and gas as determined solely by Percussion, or its assigns, 2) be subject to all communitization and pooling agreements, 3) be paid in the proportion that the surface acreage in which EOG owns an interest in bears to the total surface acreage within the communitized or pooled area, 4) be proportionately reduced if EOG owns less than the entire interest in the applicable leasehold, or any portion thereof, or no interest at all as the case may be, and 5) (or may) be communitized or pooled at the sole discretion of Percussion, or its designee, without EOG's joinder or consent. In addition, EOG agrees to be bound by the NOA for the Subject Wells and the Contract Area thereof for any after payout working interest EOG may elect.

Agreed to and Accepted this ____ day of _____, 2018, by:

EOG Resources Assets LLC

By: _____

Name: _____

Title: _____

Sent Certified Mail, Return Receipt Requested

July 12, 2018

Oxy USA WTP Limited Partnership
Attn: Lauren Guest
P. O. Box 4294
Houston, Texas 77210-4294

Re: Lease Proposal or Well Proposal & Letter Agreement
Ross Ranch 22 #009H well
Ross Ranch 22 #010H well
Section 22, T19S, R25E
Eddy County, New Mexico

Gentlemen/Ladies:

With reference to that certain letter dated December 14, 2017 from Percussion Petroleum Operating, LLC ("Percussion"), a wholly owned subsidiary of Percussion Petroleum, LLC, to Oxy USA WTP Limited Partnership ("Oxy") regarding a proposal to re-complete the Ross Ranch 22 #1 well located in the NW/4SW/4 of Section 22, T19S, R25E, Eddy County, New Mexico, please be advised said proposal is hereby rescinded and canceled, and that certain Operating Agreement effective as of October 3, 2005, by and between Nearburg Producing Company, as Operator and Nearburg Exploration Company, L.L.C. et al, as Non-Operators covering the W/2 of Section 22, T19S, R25E, Eddy County, NM, limited to all gas bearing formations spaced on 320 acres pursuant to the New Mexico Oil Conservation Division regulations from the surface of the earth to the base of the Morrow formation, has now expired.

Percussion hereby proposes to drill and complete the Ross Ranch 22 #009H and the Ross Ranch 22 #010H as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking the wells and/or pads).

Ross Ranch 22 #009H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 700' FNL & 650' FWL, Section 27, T19S-R25E
- Proposed Bottom Hole Location – 100' FNL & 360' FWL, Section 22, T19S-R25E

Ross Ranch 22 #010H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 720' FNL & 650' FWL, Section 27, T19S-R25E
- Proposed Bottom Hole Location – 100' FNL & 960' FWL, Section 22, T19S-R25E

As you are aware, St. Devote LLC, ("SD"), a wholly owned subsidiary of Percussion Petroleum, LLC, succeeded to Nearburg Exploration Company, L.L.C.'s interest in and to that certain Oil and Gas Lease dated April 23, 2007, from Oxy USA WTP Limited Partnership covering rights from the surface down to the base of the Yeso formation at 3,875' in the NW/4NW/4 of Section 22, T19S, R25E, Eddy County, New Mexico, and recorded in Book 717, Page 1199 of the Records of Eddy County, New Mexico, ("Lease"). The anticipated true vertical depth of the Ross Ranch 22 #009H well would include

the depths covered by the Lease, but according to the terms and provisions of the Lease, subsurface depths and rights below 2,477 feet have expired and therefore would not be included for the anticipated true vertical depth of the Ross Ranch 22 #010H well.

Therefore, given the Subject Wells would be located in a proposed W/2W/2 of Section 22 proration unit, SD hereby offers to lease Oxy's undivided mineral interest in 1) the NW/4SW/4 of Section 22 from the surface of the ground to the base of the Yeso formation, for a bonus payment of \$1,000/nma for a three (3) year paid-up primary term that provides for a $\frac{1}{4}$ royalty on a mutually acceptable oil and gas lease form, and 2) the NW/4NW/4 of Section 22 from and below a subsurface depth of 2,477 feet to the base of the Yeso formation, under the same terms as proposed in item 1) above except for a bonus payment of \$500.00/nma since lesser depths would be leased. It is our understanding Oxy owns an undivided 12.5% mineral interest in the NW/4NW/4 (being 5 net mineral acres) and an undivided 6.25% mineral interest in the NW/4SW/4 (being 2.5 net mineral acres) of Section 22.

Should Oxy elect not to lease to SD, then Percussion offers Oxy the following options:

1) Participate with your mineral interest in the drilling and completing of the Subject Wells subject to the terms and conditions contained in the enclosed proposed Operating Agreement dated July 10, 2018, naming Percussion as Operator and covering the W/2W/2 of Section 22 in Township 19 South, Range 25 East, Eddy County, New Mexico, containing 160 acres of land, more or less, insofar, and only insofar, as the same covers rights from the surface of the ground to the base of the Yeso formation (the "WIU"), for the Subject Wells, and all additional Yeso horizontal wells, including, but not limited to, any other wells drilled to support or test concepts pertaining to horizontal Yeso wells, drilled after July 10, 2018 and wholly within the WIU, ("NOA"). For purposes herein, the phrase "base of the Yeso formation" shall be defined as the stratigraphic equivalent of the depth of 3,927 feet as encountered in the Platform Express - Azimuthal Laterolog/MCFL Gamma Ray log dated June 4, 1997 of the Nearburg Producing Company B & B #7 well, API number 30-015-28431; and the term "horizontal well" shall be defined as a directional well bore with one or more laterals that extend a minimum of one hundred feet (100') horizontally in the target zone. Based on Oxy's mineral interests above-described, Oxy's working interest in the WIU for the Ross Ranch 22 #009H well would be $6.25\% \times 40 \text{ acres} / 160 \text{ acres} = 1.5625\%$, and the Ross Ranch 22 #010H well would be $(12.5\% \times 40 \text{ acres} / 160 \text{ acres}) + (6.25\% \times 40 \text{ acres} / 160 \text{ acres}) = 4.6875\%$; or

2) Farmout your mineral interest to SD in the NW/4NW/4 of Section 22 from and below a subsurface depth of 2,477 feet to the base of the Yeso formation, and the NW/4SW/4 of Section 22 from the surface of the ground to the base of Yeso formation, on the basis of delivering a 75% NRI and retaining a 25% royalty interest before the cumulative payout of the Subject Wells, with the option to convert 10% of the 25% royalty interest to a 25% working interest, based on a 85% NRI, after the cumulative payout of the Subject Wells, all proportionately reduced based on Oxy's contractual or working interest in and to the mineral interest contributed to the WIU. It shall be agreed and understood Oxy's back-in working interest shall be subject to its own royalty interest provided for herein. In addition, it is agreed and understood Oxy's royalty interest shall 1) be subject to, but not limited to, Oxy's proportionate share of all production taxes and all costs incurred in marketing, enhancing and/or transporting the oil and gas as determined solely by SD, or its designee, 2) be subject to all communitization and pooling agreements, 3) be paid in the proportion that the surface acreage in which Oxy owns an interest in bears to the total surface acreage within a

Oxy USA WTP Limited Partnership
July 12, 2018
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communitized or pooled area, 4) be proportionately reduced if Oxy owns less than the entire interest in the applicable mineral interest, or any portion thereof, or no interest at all, and 5) (or may) be communitized or pooled at the sole discretion of SD, or its designee, without Oxy's joinder or consent. In addition, Percussion proposes Oxy agree to the terms and conditions contained in the NOA for any after payout working interest Oxy may elect.

Enclosed in duplicate for your further handling are Percussion's AFEs, numbered 1099 for the Ross Ranch 22 #009H well and 1100 for the Ross Ranch 22 #010H well, both dated June 26, 2018. After the Subject Wells are drilled, Percussion shall prepare and furnish a Unit Declaration for the proration unit(s) for the Subject Wells within the WIU; and Oxy agrees to properly execute and return said Unit Declaration to Percussion for further handling within thirty (30) days of receipt of same.

Please indicate your election as to the Subject Wells by marking any single item 1) through 3) below in the space provided and returning a copy of this letter agreement to the undersigned within thirty (30) days of receipt. If you mark item 1) or 3), then please date, execute and return the enclosed copy of this letter agreement to the undersigned within the thirty (30) day period. If you mark item 2), then please date, execute and return the enclosed copy of this letter agreement to the undersigned, together with an executed copy of both AFEs and an executed copy of the NOA within said thirty (30) day period. Exhibit "A" to the NOA shall be provided at a later date after all of the working interest percentages of the non-operators have been determined. Please note, if Percussion fails to receive a timely election, you may be subject to the compulsory pooling provisions of the State of New Mexico.

If you have any questions regarding this matter or need additional information, please do not hesitate to contact the undersigned at 713-429-4012, or by e-mail at rett@percussionpetroleum.com. Thank you for your assistance and cooperation in this matter.

Yours very truly,
Percussion Petroleum Operating, LLC,

A handwritten signature in blue ink, appearing to read "Rett Dalton", with a long horizontal flourish extending to the right.

Rett Dalton
Contract Landman

enclosures

Agreed to and Accepted this ____ day of _____, 2018, by:

Oxy USA WTP Limited Partnership

By: _____

(Printed Name)

(Title)

Date

1) _____ Oxy agrees to lease its mineral interest in 1) the NW/4SW/4 of Section 22 from the surface of the ground to the base of the Yeso formation, for a bonus payment of \$1,000/nma for a three (3) year paid-up primary term that provides for a $\frac{1}{4}$ royalty on a mutually acceptable oil and gas lease form, and 2) the NW/4NW/4 of Section 22 from and below a subsurface depth of 2,477 feet to the base of the Yeso formation, under the same terms as proposed in item 1) above except for a bonus payment of \$500.00/nma since lesser depths would be leased.

2) _____ Oxy agrees to participate with its mineral interest in drilling and completing of the Subject Wells subject to the terms and conditions contained hereinabove and in the NOA. Based on Oxy's mineral interests above-described, Oxy's working interest in the WIU for the Ross Ranch 22 #009H well would be $6.25\% \times 40 \text{ acres} / 160 \text{ acres} = 1.5625\%$, and Oxy's working interest in the WIU for the Ross Ranch 22 #010H well would be $(12.5\% \times 40 \text{ acres} / 160 \text{ acres}) + (6.25\% \times 40 \text{ acres} / 160 \text{ acres}) = 4.6875\%$.

3) _____ Oxy agrees to farmout its mineral interest in the NW/4NW/4 of Section 22 from and below a subsurface depth of 2,477 feet to the base of the Yeso formation, and the NW/4SW/4 of Section 22 from the surface of the ground to the base of Yeso formation, on the basis of delivering a 75% NRI and retaining a 25% royalty interest before the cumulative payout of the Subject Wells, with the option to convert 10% of the 25% royalty interest to a 25% working interest, based on a 85% NRI, after the cumulative payout of the Subject Wells, all proportionately reduced based on Oxy's contractual or working interest in and to the mineral interest contributed to the WIU. It shall be agreed and understood Oxy's back-in working interest shall be subject to its own royalty interest provided for herein. In addition, it is agreed and understood Oxy's royalty interest shall 1) be subject to, but not limited to, Oxy's proportionate share of all production taxes and all costs incurred in marketing, enhancing and/or transporting the oil and gas as determined solely by SD, or its designee, 2) be subject to all communitization and pooling agreements, 3) be paid in the proportion that the surface acreage in which Oxy owns an interest in bears to the total surface acreage within a communitized or pooled area, 4) be proportionately reduced if Oxy owns less than the entire interest in the applicable mineral interest, or any portion thereof, or no interest at all, and 5) (or may) be communitized or pooled at the sole discretion of SD, or its designee, without Oxy's joinder or consent. In addition, Oxy agrees to the terms and conditions contained in the NOA for any after payout working interest Oxy may elect.

Sent UPS

August 20, 2018

Mr. Roy G. Barton, Jr.
1919 N. Turner St.
Hobbs, NM 88240-2712

Re: Lease Proposal or Well Proposal & Letter Agreement
Section 22, T19S, R25E
Eddy County, New Mexico

Dear Mr. Barton:

It was a pleasure visiting with you today. As discussed, St. Devote LLC, ("SD"), a wholly owned subsidiary of Percussion Petroleum, LLC, succeeded to Nearburg Exploration Company, L.L.C.'s interest in and to that certain Oil and Gas Lease dated September 16, 2013, from Roy G. Barton, Jr., a married man dealing in his sole and separate property ("Barton") covering rights from the surface down to 3,500 feet or the base of the Yeso formation whichever is deeper in the SW/4SW/4 of Section 22, T19S, R25E, Eddy County, New Mexico, and recorded via Memorandum Giving Notice of Oil & Gas Lease in Book 952, Page 739 of the Records of Eddy County, New Mexico, ("Lease"). SD intends on drilling a horizontal Yeso well that would include the depths covered by the Lease, but according to the New Mexico OCD, all depths within the desired pool (being the N Seven Rivers; Glorieta-Yeso Pool) need to be committed by either voluntary agreements or through compulsory pooling. Based on the terms and provisions of the Lease, subsurface depths and rights below 3,052 feet have expired. The oil and gas rights from and below 3,052 feet beneath the surface of the ground to the base of the Yeso formation in the SW/4SW/4 of Section 22, T19S, R25E, Eddy County, NM are referred to hereinafter as the "unleased interval." For purposes herein, the phrase "base of the Yeso formation" shall be defined as the stratigraphic equivalent of the depth of 3,927 feet as encountered in the Platform Express - Azimuthal Laterolog/MCFL Gamma Ray log dated June 4, 1997 of the Nearburg Producing Company B & B #7 well, API number 30-015-28431.

Percussion Petroleum Operating, LLC ("Percussion"), a wholly owned subsidiary of Percussion Petroleum, LLC, is proposing a W/2W/2 proration unit of Section 22 for its horizontal Yeso test. Therefore, SD would like to lease Barton's undivided mineral interest in the unleased interval, being approximately 800 feet, and hereby offers to pay a bonus of \$500/nma for a three (3) year paid-up primary term that provides for a ¼ royalty on a mutually acceptable oil and gas lease form. It is our understanding Barton owns an undivided 16.66667% mineral interest in the unleased interval (being 6.66666 net mineral acres).

Should Barton elect not to lease to SD, then Percussion offers Barton the following options:

1) Participate with your mineral interest in the unleased interval in the drilling and completing of any horizontal Yeso well drilled in the unleased interval subject to the terms and conditions contained in the enclosed proposed Operating Agreement dated July 10, 2018, naming Percussion as Operator and covering the W/2W/2 of Section 22 in Township 19 South, Range 25

East, Eddy County, New Mexico, containing 160 acres of land, more or less, but insofar, and only insofar, as the same covers rights within the unleased interval (the "WIU"). Said Operating Agreement is referred to hereinafter as the ("OA") and shall pertain to any horizontal Yeso wells drilled wholly within the WIU, including, but not limited to, any other wells (vertical or otherwise) drilled to support or test concepts pertaining to horizontal Yeso wells. For purposes herein, the term "horizontal well" shall be defined as a directional well bore with one or more laterals that extend a minimum of one hundred feet (100') horizontally in the target zone. Based on Barton's mineral interest in the unleased interval, Barton's working interest in the WIU for any well drilled within the unleased interval would be $16.66667\% \times 40 \text{ acres} / 160 \text{ acres} = 4.16667\%$; or

2) Farmout your mineral interest in the unleased interval to SD on the basis of delivering a 75% NRI and retaining a 25% royalty interest before the payout of any well drilled within the unleased interval, with the option to convert 10% of 8/8ths of the 25% royalty interest (being a full 10% of 8/8ths royalty interest) to a 25% working interest, based on a 85% NRI, after payout of any well drilled within the unleased interval, all proportionately reduced based on Barton's contractual or working interest in each well drilled and completed in the unleased interval contributed to the WIU. It shall be agreed and understood Barton's back-in working interest shall be subject to its own royalty interest provided for herein. In addition, it is agreed and understood Barton's royalty interest shall 1) be subject to, but not limited to, Barton's proportionate share of all production taxes and all costs incurred in marketing, enhancing and/or transporting the oil and gas as determined solely by SD, or its designee, 2) be subject to all communitization and pooling agreements, 3) be paid in the proportion that the surface acreage in which Barton owns an interest in bears to the total surface acreage within a communitized or pooled area, 4) be proportionately reduced if Barton owns less than the entire interest in the applicable unleased interval, or any portion thereof, or no interest at all, and 5) (or may) be communitized or pooled at the sole discretion of SD, or its designee, without Barton's joinder or consent. In addition, Percussion proposes Barton agree to the terms and conditions contained in the OA for any after payout working interest Barton may elect for wells drilled in the unleased interval.

Enclosed in duplicate for your information is Percussion's AFE, numbered 1099 for the Ross Ranch 22 #009H well dated June 26, 2018, to provide you with an estimate of what a horizontal Yeso well may cost if drilled within the unleased interval. After the initial horizontal well is drilled, Percussion shall prepare and furnish a Unit Declaration for the proration unit; and Barton agrees to properly execute and return said Unit Declaration to Percussion for further handling within thirty (30) days of receipt of same for the purposes of including the unleased interval in said proration unit.

Please indicate your election as to the unleased interval by marking any single item 1) through 3) below in the space provided and returning a copy of this letter agreement to the undersigned within thirty (30) days of receipt. If you mark item 1) or 3), then please date, execute and return the enclosed copy of this letter agreement to the undersigned within the thirty (30) day period. If you mark item 2), then please date, execute and return the enclosed copy of this letter agreement to the undersigned, together with an executed copy of the OA within said thirty (30) day period. Exhibit "A" to the OA shall be provided at a later date after all of the working interest percentages of the non-operators have been determined. Please note, if Percussion fails to receive a timely election, you may be subject to the compulsory pooling provisions of the State of New Mexico.

Mr. Roy G. Barton, Jr
August 20, 2018
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If you have any questions regarding this matter or need additional information, please do not hesitate to contact the undersigned at 713-429-4012, or by e-mail at rett@percussionpetroleum.com. Thank you for your assistance and cooperation in this matter.

Yours very truly,
Percussion Petroleum Operating, LLC,



Rett Dalton
Contract Landman

enclosures

Agreed to and Accepted this ____ day of _____, 2018, by:

**Roy G. Barton, Jr., a married man dealing
in his sole and separate property**

By: _____

(Printed Name)

(Title)

Date

1) _____ Barton agrees to lease its mineral interest in the SW/4SW/4 of Section 22 from and below 3,052 feet beneath the surface of the ground to the base of the Yeso formation, for a bonus payment of \$500/nma for a three (3) year paid-up primary term that provides for a $\frac{1}{4}$ royalty on a mutually acceptable oil and gas lease form.

2) _____ Barton agrees to participate with its mineral interest in the unleased interval in the drilling and completing of any horizontal Yeso well drilled in the unleased interval subject to the terms and conditions contained in the enclosed proposed OA. Based on Barton's mineral interest in the unleased interval, Barton's working interest in the WIU for any well drilled within the unleased interval would be $16.66667\% \times 40 \text{ acres} / 160 \text{ acres} = 4.16667\%$

3) _____ Barton agrees to farmout its mineral interest in the unleased interval to SD on the basis of delivering a 75% NRI and retaining a 25% royalty interest before the payout of any well drilled within the unleased interval, with the option to convert 10% of $\frac{8}{8}$ ths of the 25% royalty interest (being a full 10% of $\frac{8}{8}$ ths royalty interest) to a 25% working interest, based on a 85% NRI, after payout of any well drilled within the unleased interval, all proportionately reduced based on

Mr. Roy G. Barton, Jr
August 20, 2018
Page 4

Barton's contractual or working interest in each well drilled and completed in the unleased interval contributed to the WIU. It shall be agreed and understood Barton's back-in working interest shall be subject to its own royalty interest provided for herein. In addition, it is agreed and understood Barton's royalty interest shall 1) be subject to, but not limited to, Barton's proportionate share of all production taxes and all costs incurred in marketing, enhancing and/or transporting the oil and gas as determined solely by SD, or its designee, 2) be subject to all communitization and pooling agreements, 3) be paid in the proportion that the surface acreage in which Barton owns an interest in bears to the total surface acreage within a communitized or pooled area, 4) be proportionately reduced if Barton owns less than the entire interest in the applicable unleased interval, or any portion thereof, or no interest at all, and 5) (or may) be communitized or pooled at the sole discretion of SD, or its designee, without Barton's joinder or consent. In addition, Barton agrees to the terms and conditions contained in the OA for any after payout working interest Barton may elect.

Sent Certified Mail, Return Receipt Requested

July 12, 2018

Oxy Y-1 Company
Attn: Lauren Guest
P. O. Box 4294
Houston, Texas 77210-4294

RE: Well Proposal & Letter Agreement
Ross Ranch 22 #009H well
Ross Ranch 22 #010H well
Section 22, T19S, R25E
Eddy County, New Mexico

Gentlemen/Ladies:

Percussion Petroleum Operating, LLC ("Percussion") hereby proposes to drill and complete the Ross Ranch 22 #009H and the Ross Ranch 22 #010H as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking the wells and/or pads).

Ross Ranch 22 #009H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 700' FNL & 650' FWL, Section 27, T19S-R25E
- Proposed Bottom Hole Location – 100' FNL & 360' FWL, Section 22, T19S-R25E

Ross Ranch 22 #010H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 720' FNL & 650' FWL, Section 27, T19S-R25E
- Proposed Bottom Hole Location – 100' FNL & 960' FWL, Section 22, T19S-R25E

In addition, Percussion proposes to form a Working Interest Unit defined as covering the W/2W/2 of Section 22 in Township 19 South, Range 25 East, Eddy County, New Mexico, containing 160 acres of land, more or less, insofar, and only insofar, as the same covers rights from the surface of the ground to the base of the Yeso formation (the "WIU") for the Subject Wells, and all additional Yeso horizontal wells, including, but not limited to, any other wells drilled to support or test concepts pertaining to horizontal Yeso wells, drilled after July 10, 2018 and wholly within the WIU. For purposes herein, the phrase "base of the Yeso formation" shall be defined as the stratigraphic equivalent of the depth of 3,927 feet as encountered in the Platform Express – Azimuthal Laterolog/MCFL Gamma Ray log dated June 4, 1997 of the Nearburg Producing Company B & B #7 well, API number 30-015-28431; and the term "horizontal well" shall be defined as a directional well bore with one or more laterals that extend a minimum of one hundred feet (100') horizontally in the target zone.

Part of the proposed WIU is presently governed by two separate but very similar operating agreements covering the Yeso Formation and pertains to some, but not all, of the same non-operators. Oxy Y-1 Company ("Oxy") is subject to one of the operating agreements, being that certain Operating Agreement dated August 12, 1994, by and between Nearburg Producing Company, as Operator, and

Nearburg Exploration Company et al, as Non-Operators, (the "OA"), covering the NW/4 of Section 22 situated in Township 19 South, Range 25 East, Eddy County, New Mexico, from the surface of the ground to the base of the Cisco-Canyon formation. However, Percussion proposes that all operations conducted in and on the WIU (with respect to the Subject Wells and all additional Yeso horizontal wells, including, but not limited to, any other wells drilled to support or test concepts pertaining to horizontal Yeso wells, drilled after July 10, 2018 and wholly within the WIU) shall be subject to and governed by that certain new Operating Agreement dated July 10, 2018, naming Percussion as Operator, (the "NOA") enclosed herewith. Exhibit "A" to the NOA shall be provided at a later date after all of the working interest percentages of the non-operators have been determined. All existing wells drilled prior to July 10, 2018 shall continue to be governed by the OA. The NOA has been prepared based on similar terms and conditions as contained in the OA with a few changes to Article XV, deleting paragraphs "A" and "B", and adding paragraphs "G" through "J".

Oxy's contractual or working interest participation in the WIU covered by the NOA shall be calculated using an acreage and interest allocation basis, meaning Oxy's contractual or working interest in the OA will be proportionately reduced based on the portion of acreage in the Contract Area covered by the OA contributed to the WIU as it bears to the entire WIU. Therefore, based on the above and by virtue of Oxy's interest in the oil and gas leases contributed to the NW/4 of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico, and covered by the OA, Oxy would own a contractual or working interest in the proposed WIU covered by the NOA as follows: (Oxy's contractual or working interest in the NW/4 of Sec 22 covered by the OA, being $.003125 \times 80 \text{ acres} / 160 \text{ acres} = .0015625$ contractual or working interest in the WIU covered by the NOA). For contractual or working interest calculation purposes of the WIU, it is agreed and understood each quarter-quarter section of the WIU shall contain exactly 40 acres of land, regardless if any quarter-quarter section actually contains more or less. Notwithstanding anything to the contrary herein contained, it is agreed and understood Oxy is not acquiring any interest in any oil and gas leases, minerals and/or any well(s) that it does not currently own, and there shall be no cross-conveyancing of interests by virtue of this letter agreement or the execution of any pooling agreement, unit declaration or similar agreement in connection with the Subject Wells and/or the WIU. Oxy's net revenue interest in the WIU, both before and after payout, shall be subject to all of the same leasehold burdens that were in existence at the time of Oxy's acquisition of its contractual or working interest, or reflected in any acquisition documents, and/or as reflected in its net revenue interest of current producing wells, proportionately reduced based on Oxy's leasehold interest contributed to the WIU. The cost of all surface facilities and any shared well pads, although built for and charged to the Subject Wells, shall be reapportioned among any additional horizontal wells as they are drilled in the WIU.

For the avoidance of doubt, this letter agreement shall not affect or pertain to any existing wells (including, but not limited to, the Ross Ranch 22 #2, Ross Ranch 22 #3 and the Ross Ranch 22 #4 wells drilled and producing from the Yeso Formation in the NW/4 of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico), or any existing wells re-completed and/or any future wells drilled wholly and completely within the NW/4 of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico between the surface of the earth and the base of the Yeso Formation, or the stratigraphic equivalent thereto, that do not pertain to, support or test concepts pertaining to horizontal Yeso wells drilled after July 10, 2018 and wholly within the WIU, and pursuant to the terms and provisions of the OA. Likewise, this letter agreement shall not affect or pertain to any existing wells (including, but not limited to, the Ross Ranch 22 #6, Ross Ranch 22 #7 and the Ross Ranch 22 #8 wells drilled and producing from the Yeso Formation in the SW/4 of

Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico), or any existing wells re-completed and/or any future wells drilled wholly and completely within the SW/4 of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico between the surface of the earth and the base of the Yeso Formation, or the stratigraphic equivalent thereto, that do not pertain to, support or test concepts pertaining to horizontal Yeso wells drilled after July 10, 2018 and wholly within the WIU, and pursuant to the terms and provisions of any other operating agreements. In the event of any conflict between the OA, the NOA and this letter agreement, this letter agreement shall control and prevail.

Enclosed in duplicate for your further handling are Percussion's AFEs, numbered 1099 for the Ross Ranch 22 #009H well and 1100 for the Ross Ranch 22 #010H well, both dated June 26, 2018. After the Subject Wells are drilled, Percussion shall prepare and furnish a Unit Declaration for the proration unit(s) for the Subject Wells within the WIU; and Oxy agrees to properly execute and return said Unit Declaration to Percussion for further handling within thirty (30) days of receipt of same.

In the event Oxy elects not to participate in the Subject Wells, Percussion offers Oxy the following options:

1) Farmout all of Oxy's leasehold interest, insofar as it pertains to the NW/4 of Section 22, to Percussion, or its designee, on the basis of delivering a 75% NRI and retaining an overriding royalty ("ORRI") before payout equal to the difference, if any, between 25% and the current leasehold burdens Oxy is subject to which may be convertible to a 25% contractual or working interest after the cumulative payout of the Subject Wells, all proportionately reduced based on Oxy's leasehold contractual or working interest in and to the mineral interest covered by the applicable lease(s) in the WIU. It shall be agreed and understood any ORRI provided for herein shall 1) be subject to, but not limited to, Oxy's proportionate share of all production taxes and all costs incurred in marketing, enhancing and/or transporting the oil and gas as determined solely by Percussion, or its assigns, 2) be subject to all communitization and pooling agreements, 3) be paid in the proportion that the surface acreage in which Oxy owns an interest in bears to the total surface acreage within the communitized or pooled area, 4) be proportionately reduced if Oxy owns less than the entire interest in the applicable leasehold, or any portion thereof, or no interest at all as the case may be, and 5) (or may) be communitized or pooled at the sole discretion of Percussion, or its designee, without Oxy's joinder or consent. In addition, Percussion proposes Oxy would agree to be bound by the NOA for the Subject Wells and the Contract Area thereof for any after payout working interest Oxy may elect; or

2) Sell all of Oxy's leasehold interest, including all right, title and interest in any and all producing well(s) situated in NW/4 of Section 22 to Percussion, or its designee based upon a price of \$1,500.00 per net leasehold acre and subject to such other terms and conditions as mutually agreed upon.

Please indicate your election as to the Subject Wells by marking any single item 1) through 3) below in the space provided and returning a copy of this letter agreement to the undersigned within thirty (30) days of receipt, otherwise you may be subject to the compulsory pooling provisions of the State of New Mexico. If you mark any item that pertains to AFEs and/or the NOA, then please execute and return copies of the same together with your executed copy of this letter agreement to Percussion within said thirty (30) day period. Exhibit "A" to the NOA shall be provided at a later date after all of the working interest percentages of the non-operators have been determined. If any

Oxy Y-1 Company
July 12, 2018
Page 4

compulsory pooling order is obtained by Percussion, be advised Percussion reserves the right, in its sole discretion, as to whether or not to pursue the consummation of any election made by Oxy.

If you have any questions regarding this proposal, please do not hesitate to contact the undersigned by e-mail at rett@percussionpetroleum.com or by phone at 713-429-4012. Thank you very much for your assistance and cooperation. We look forward to working with you on this matter.

Yours very truly,
Percussion Petroleum Operating, LLC



Rett Dalton
Contract Landman

enclosures

Ross Ranch 22 #009H and Ross Ranch 22 #010H well Elections

_____ 1) Oxy elects to participate in the drilling and completing of the Ross Ranch 22 #009H and Ross Ranch 22 #010H wells based upon the calculation of its working interest as stated above in the formation of the WIU, and agrees to the terms and conditions of this letter agreement and NOA as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the WIU.

_____ 2) Oxy agrees to the calculation of its working interest as stated above in the formation of the WIU, and agrees to the terms and conditions of this letter agreement as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the WIU; but desires to Farmout all of Oxy's leasehold interest, insofar as it pertains to the NW/4 of Section 22, to Percussion, or its designee, on the basis of delivering a 75% NRI and retaining an overriding royalty ("ORRI") before payout equal to the difference, if any, between 25% and the current leasehold burdens Oxy is subject to which may be convertible to a 25% contractual or working interest after the cumulative payout of the Subject Wells, all proportionately reduced based on Oxy's leasehold contractual or working interest in and to the mineral interest covered by the applicable lease(s) in the WIU. It is agreed and understood any ORRI provided for herein shall 1) be subject to, but not limited to, Oxy's proportionate share of all production taxes and all costs incurred in marketing, enhancing and/or transporting the oil and gas as determined solely by Percussion, or its assigns, 2) be subject to all communitization and pooling agreements, 3) be paid in the proportion that the surface acreage in which Oxy owns an interest in bears to the total surface acreage within the communitized or pooled area, 4) be proportionately reduced if Oxy owns less than the entire interest in the applicable leasehold, or any portion thereof, or no interest at all as the case may be, and 5) (or may) be communitized or pooled at the sole discretion of Percussion, or its

Oxy Y-1 Company
July 12, 2018
Page 5

designee, without Oxy's joinder or consent. In addition, Oxy agrees to be bound by the terms and conditions of the NOA for the Subject Wells and the Contract Area thereof for any after payout working interest it may elect.

_____ 3) Oxy desires to sell all of its leasehold interest, including all right, title and interest in any and all producing well(s) situated in the NW/4 of Section 22 to Percussion, or its designee based upon a price of \$1,500.00 per net leasehold acre and subject to such other terms and conditions as mutually agreed upon.

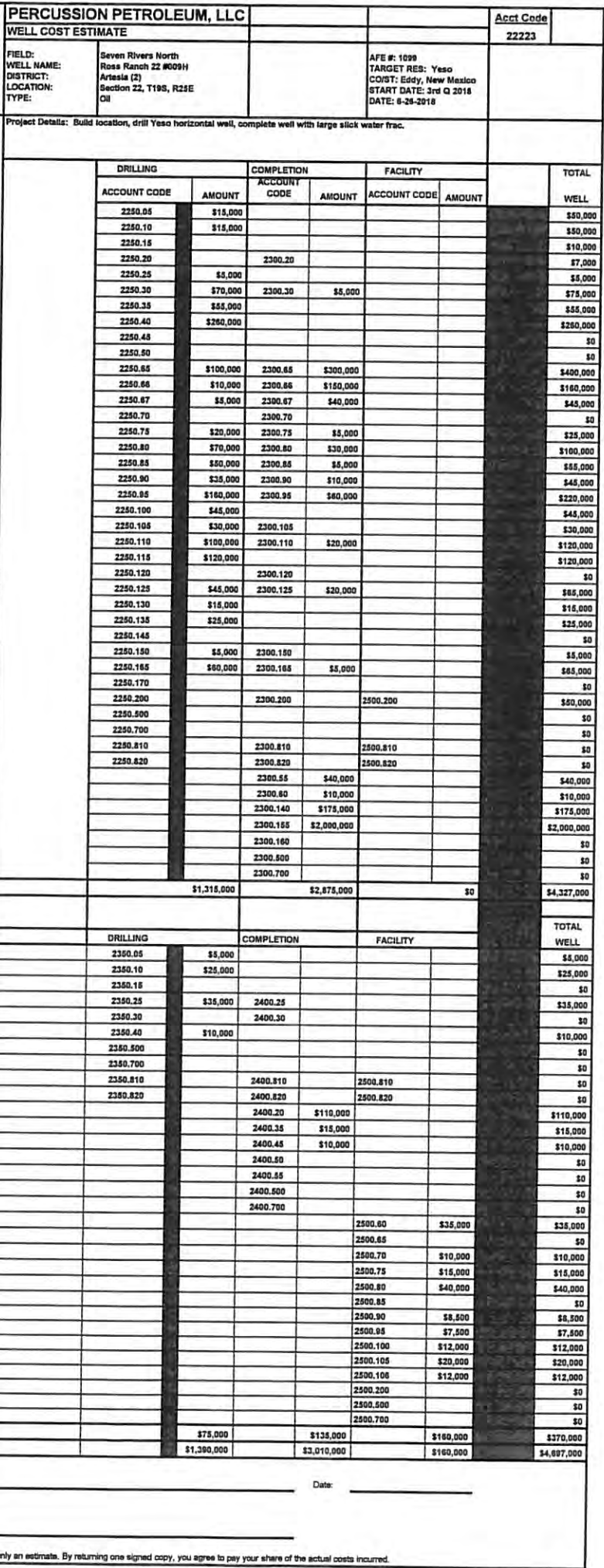
Agreed to and Accepted this _____ day of _____, 2018, by:

Oxy Y-1 Company

By: _____

Name: _____

Title: _____



**PERCUSSION PETROLEUM, LLC****WELL COST ESTIMATE**

Acct Code

22223

FIELD:
WELL NAME:
DISTRICT:
LOCATION:
TYPE:Seven Rivers North
Ross Ranch 22 #010H
Artesia (2)
Section 22, T19S, R25E
OHAFE #: 1100
TARGET RES: Yeso
CO/ST: Eddy, New Mexico
START DATE: 3rd Q 2018
DATE: 6-28-2018

Project Details: Build location, drill Yeso horizontal well, complete well with large slick water frac.

INTANGIBLE COSTS

LAND SERVICES
LEGAL FEES
INSURANCE & BONDS
OVERHEAD
PERMITS & SURVEYING
LOC. ROW. SURF. COND RIG & ROAD
DRILL RIG MOB/DEMOB
RIG COST - DRILLING (DAYWORK)
RIG COST - DRILLING (FOOTAGE)
RIG COST - DRILLING (TURNKEY)
RIG FUEL/ELEC.WATER&FRAC WATR
WATER SOURCING
WATER HANLING
TELEPHONE & FAX
TRANSPOR / TRUCKING / HOTSHOT
CONTRACT SUPERV. ENGRG & DESIGN
WELDING & OTH CONTR SRVC/LABOR
RENTAL EQUIPMENT - DOWNHOLE
RENTAL EQUIPMENT - SURFACE
BITS
CASING CREW & EQUIPMENT
CEMENTING SERVICES & EQUIPMENT
DIRECTIONAL DRILLING & SURVEYS
FISHING TOOLS & SERVICE
DRILLING & COMPLETION FLUIDS
MUD LOGGING
LOGGING - OPENHOLE. FT. SWC
DRILL STEM TST.CORING&CORE ONLY
TUBULAR TESTING AND INSPECTION
CUTTINGS AND FLUIDS DISPOSAL
ABANDONMENT
CONTINGENCY AND MISC COSTS
ACCRUED IDC DRILLING
NON-OP IDC DRILLING
TRANSFER TO DRY/ABANDONMENT
TRANSFER TO PRODUCING PROPERTY
RIG COST - COMPLETION / WO
RIG COST - COIL TUB/SNUBB/NITRO
PERF. PLUG.WL SERV.PCE.C-H LOG
FRAC AND STIMULATION SERVICES
PROD WELL TESTING & SWABBING
ACCRUED IDC COMPLETION
NON-OP IDC COMPLETION

ACCOUNT CODE	AMOUNT	COMPLETION		FACILITY		TOTAL
		ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	
2250.05	\$15,000					\$50,000
2250.10	\$15,000					\$50,000
2250.15						\$10,000
2250.20		2300.20				\$7,000
2250.25	\$5,000					\$5,000
2250.30	\$70,000	2300.30	\$5,000			\$75,000
2250.35	\$55,000					\$55,000
2250.40	\$250,000					\$250,000
2250.45						\$0
2250.50						\$0
2250.55	\$100,000	2300.65	\$300,000			\$400,000
2250.60	\$10,000	2300.66	\$150,000			\$160,000
2250.67	\$5,000	2300.67	\$40,000			\$45,000
2250.70		2300.70				\$0
2250.75	\$20,000	2300.75	\$5,000			\$25,000
2250.80	\$70,000	2300.80	\$30,000			\$100,000
2250.85	\$50,000	2300.85	\$5,000			\$55,000
2250.90	\$35,000	2300.90	\$10,000			\$45,000
2250.95	\$160,000	2300.95	\$60,000			\$220,000
2250.100	\$45,000					\$45,000
2250.105	\$30,000	2300.105				\$30,000
2250.110	\$100,000	2300.110	\$20,000			\$120,000
2250.115	\$120,000					\$120,000
2250.120		2300.120				\$0
2250.125	\$45,000	2300.125	\$20,000			\$65,000
2250.130	\$15,000					\$15,000
2250.135	\$25,000					\$25,000
2250.145						\$0
2250.150	\$5,000	2300.160				\$5,000
2250.165	\$60,000	2300.165	\$5,000			\$65,000
2250.170						\$0
2250.200		2300.200		2500.200		\$50,000
2250.500						\$0
2250.700						\$0
2250.810		2300.810		2500.810		\$0
2250.820		2300.820		2500.820		\$0
		2300.85	\$40,000			\$40,000
		2300.90	\$10,000			\$10,000
		2300.140	\$175,000			\$175,000
		2300.155	\$2,000,000			\$2,000,000
		2300.160				\$0
		2300.500				\$0
		2300.700				\$0
TOTAL INTANGIBLE COSTS.....	\$1,315,000	\$2,875,000		\$0		\$4,327,000

TANGIBLE COSTS

	DRILLING		COMPLETION		FACILITY		TOTAL
	ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	ACCOUNT CODE	AMOUNT	
DRIVE PIPE, CONDUCTOR CASING	2350.05	\$5,000					\$5,000
SURFACE CASING	2350.10	\$25,000					\$25,000
INTERMEDIATE CASING	2350.15						\$0
CASING LINER & HARDWARE	2350.25	\$35,000	2400.25				\$35,000
HANGER, DOWN HOLE CSG ACCESS.	2350.30		2400.30				\$0
WELLHEAD EQUIPMENT	2350.40	\$10,000					\$10,000
ACCRUED TANGIBLE DRILLING	2350.500						\$0
NON-OP TANGIBLE DRILLING	2350.700						\$0
TRANSFER TO DRY/ABANDONMENT	2350.810		2400.810		2500.810		\$0
TRANSFER TO PRODUCING PROPERTY	2350.820		2400.820		2500.820		\$0
PRODUCTION CASING			2400.20	\$110,000			\$110,000
PRODUCTION TUBING			2400.35	\$15,000			\$15,000
TUBINGHEAD & TREE			2400.45	\$10,000			\$10,000
PACKERS & SUBSURFACE EQUIPMENT			2400.50				\$0
RODS, PUMPS, ANCHORS			2400.55				\$0
ACCRUED TANGIBLE COMPLETION			2400.500				\$0
NON-OP TANGIBLE COMPLETION			2400.700				\$0
SURFACE EQUIP - ARTIFICIAL LIFT					2500.60	\$35,000	\$35,000
SURF EQUIP - PUMP UNIT & MOTOR					2500.65		\$0
VALVES, FITTINGS & MISC EQUIP					2500.70	\$10,000	\$10,000
SEPARATOR, HEATER TREATER, DEHY					2500.75	\$15,000	\$15,000
GUN BARREL, TANK & RELATED EQUIP					2500.80	\$40,000	\$40,000
COMPRESSORS & RELATED EQUIP					2500.85		\$0
METERS & LACT EQUIPMENT					2500.90	\$8,500	\$8,500
SWD PUMP & EQUIPMENT					2500.95	\$7,500	\$7,500
FLOWLINE L-PIPE, P/L MAT L& T-I					2500.100	\$12,000	\$12,000
PROD FAC-FAB&INSTAL W/LAB&SUPR					2500.105	\$20,000	\$20,000
POWER & ELECTRICAL INSTALLATION					2500.106	\$12,000	\$12,000
CONTINGENCY AND MISC COSTS					2500.200		\$0
ACCRUED FACILITY					2500.500		\$0
NON-OP FACILITIES					2500.700		\$0
TOTAL TANGIBLE COSTS.....		\$75,000		\$135,000	\$160,000		\$370,000
TOTAL WELL COSTS.....		\$1,390,000		\$3,010,000	\$160,000		\$4,897,000

Approved by: _____

Date: _____

Name/Title: _____

This AFE is only an estimate. By returning one signed copy, you agree to pay your share of the actual costs incurred.

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF PERCUSSION PETROLEUM
OPERATING, LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT, AND
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

CASE NO. 16408

AFFIDAVIT

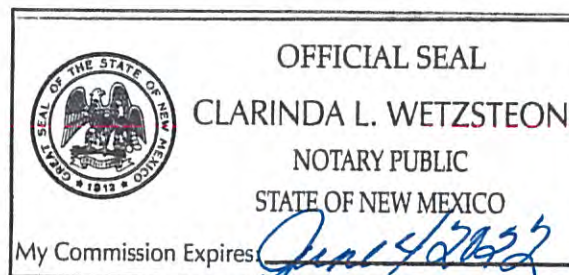
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

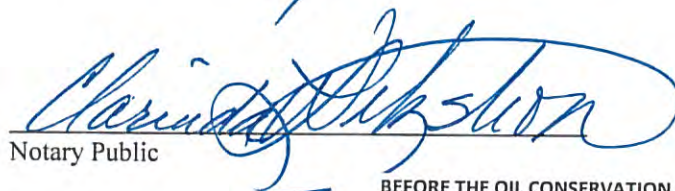
Jordan L. Kessler, attorney in fact and authorized representative of Percussion Petroleum Operating, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.



Jordan L. Kessler

SUBSCRIBED AND SWORN to before me this 19th Day of September 2018 by Jordan L. Kessler.





Notary Public

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: Percussion Petroleum
Hearing Date: September 20, 2018



Adam G. Rankin
Associate
Phone (505) 988-4421
Fax (505) 983-6043
agrarkin@hollandhart.com

August 31, 2018

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Percussion Petroleum Operating, LLC for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.
Ross Ranch 22 9H & 10H Wells

Ladies & Gentlemen:

This letter is to advise you that Percussion Petroleum Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on September 20, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices, located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Rett Dalton at (713) 429-4102 or rett@percussionpetroleum.com or Josh Grisham at (713) 589-2337 or josh@percussionpetroleum.com.

Sincerely,

A handwritten signature in blue ink, appearing to read 'AGR', is placed above the printed name of Adam G. Rankin.

Adam G. Rankin
**ATTORNEY FOR PERCUSSION PETROLEUM
OPERATING, LLC**

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. ☐

Notice List WI Parties

	Address	City	State	Zip
Mr. Roy G. Barton, Jr.	1919 N. Turner St.	Hobbs	NM	88240
Percussion Petroleum Operating, LLC Attn: Josh Grisham	919 Milam Street, Suite 2475	Houston	TX	77002
St. Devote LLC, Attn Josh Grisham	919 Milam Street, Suite 2475	Houston	TX	77002
First Roswell Company	P. O. Box 1797	Roswell	NM	88202
Maduro Oil & Gas, LLC Attn: Mike Lee	3102 Mapel Ave Suite 400	Dallas	TX	75201
Oxy USA WTP Limited Partnership Attn: Lauren Guest	PO Box 4294	Houston	TX	77210
Oxy Y-1 Company Attn: Lauren Guest	PO Box 4294	Houston	TX	77210
Panhandle Oil and Gas Inc. Attn: Shelly Quimby	5400 N Grand Blvd Suite 300	Oklahoma City	OK	73112
Sharbro Energy, LLC Attn: Elizabeth Baker	PO Box 840	Artesia	NM	88211
Tierra Oil Company, LLC	PO Box 700968	San Antonio	TX	78270
Trabajo Del Spear, LP Attn: Shane Spear	PO Box 1684	Midland	TX	79702
EOG Resources Assets LLC Attn: Janet Richardson	104 South Fourth street	Aretsia	NM	88210
EOGY Resources, Inc. Attn: Janet Richardson	104 South Fourth street	Artesia	NM	88210
Gary L. Eichenberger	2015 Matheny Avenue	Marion	OH	43302
Randy Eichenberger	2015 Matheny Avenue	Marion	OH	43302
Justin Eichenberger	2015 Matheny Avenue	Marion	OH	43302
Jeremy Eichenberger	2015 Matheny Avenue	Marion	OH	43302
Vicki Carvalho	10631 West Quartz Drive	Casa Grande	AZ	85193
Evelyn Troike	10631 West Quartz Drive	Casa Grande	AZ	85193
Christina Cramer	10631 West Quartz Drive	Casa Grande	AZ	85193
1 Timothy 6, LLC Attn: Rich Webb	PO Box 30598	Edmond	OK	73025
Gary S. Brannan	16320 Burke Ave. N.	Shoreline	WA	98133
Mark A. Brannan	16320 Burke Ave. N.	Shoreline	WA	98133
Lisa J. Brannan	16320 Burke Ave. N.	Shoreline	WA	98133
Marigold LLLP	PO Box 1290	Artesia	NM	88211
Tulipan LLC	428 Sandoval Suite 200	Santa Fe	NM	87501
Virginia Brannan	16320 Burke Ave. N.	Shoreline	WA	98133

ORRI Owners Notice List

NEARBURG PRODUCTION COMPANY EMPLOYEE TRUST	P.O. BOX 823085	DALLAS	TX	75382-3085
NEARBURG PRODUCTION COMPANY EMPLOYEE FUND	P.O. BOX 823085	DALLAS	TX	75382-3085
NEARBURG EXPLORATION COMPANY, L.L.C.	P.O. BOX 823085	DALLAS	TX	75382-3085
DEBCO, LLC	P.O. BOX 1090	ROSWELL	NM	88202-1090
TIERRA OIL COMPANY, LLC	P.O. BOX 700968	SAN ANTONIO	TX	78270-0968
NELL BLACKMAR LIMITED PARTNERSHIP	2809 RIVERSIDE DRIVE	ROSWELL	NM	88201

Offset list to use

addr1	addr2	addr3	addr4	addr5
EOGY Resources, Inc. Attn: Janet Richardson	104 South Fourth Street	Artesia	NM	88210

Percussion 9H and 10H 918 Update

	A	F	G	I	J	K
	MailClass	ToName	DeliveryAddress	City	State	Zip
1	Certified with Return Receipt (Signature)	Mr. Roy G. Barton, Jr.	1919 N. Turner St.	Hobbs	NM	88240
2	Certified with Return Receipt (Signature)	Tierra Oil Company, LLC	PO Box 700968	San Antonio	TX	78270
3	Certified with Return Receipt (Signature)	Trabajo Del Spear, LP Attn: Shane Spear	PO Box 1684	Midland	TX	79702
4	Certified with Return Receipt (Signature)	EOG Resources Assets LLC Attn: Janet Richardson	104 South Fourth street	Aretsia	NM	88210
5	Certified with Return Receipt (Signature)	EOG Resources, Inc. Attn: Janet Richardson	104 South Fourth street	Artesia	NM	88210
6	Certified with Return Receipt (Signature)	Gary L. Eichenberger	2015 Matheny Avenue	Marion	OH	43302
7	Certified with Return Receipt (Signature)	Randy Eichenberger	2015 Matheny Avenue	Marion	OH	43302
8	Certified with Return Receipt (Signature)	Justin Eichenberger	2015 Matheny Avenue	Marion	OH	43302
9	Certified with Return Receipt (Signature)	Jeremy Eichenberger	2015 Matheny Avenue	Marion	OH	43302
10	Certified with Return Receipt (Signature)	Vicki Carvalho	10631 West Quartz Drive	Casa Grande	AZ	85193
11	Certified with Return Receipt (Signature)	Evelyn Troike	10631 West Quartz Drive	Casa Grande	AZ	85193
12	Certified with Return Receipt (Signature)	Percussion Petroleum Operating, LLC Attn: Josh	919 Milam Street, Suite 2475	Houston	TX	77002
13	Certified with Return Receipt (Signature)	Christina Cramer	10631 West Quartz Drive	Casa Grande	AZ	85193
14	Certified with Return Receipt (Signature)	1 Timothy 6, LLC Attn: Rich Webb	PO Box 30598	Edmond	OK	73025
15	Certified with Return Receipt (Signature)	Gary S. Brannan	16320 Burke Ave. N.	Shoreline	WA	98133
16	Certified with Return Receipt (Signature)	Mark A. Brannan	16320 Burke Ave. N.	Shoreline	WA	98133
17	Certified with Return Receipt (Signature)	Lisa J. Brannan	16320 Burke Ave. N.	Shoreline	WA	98133
18	Certified with Return Receipt (Signature)	Marigold LLLP	PO Box 1290	Artesia	NM	88211
19	Certified with Return Receipt (Signature)	Tulipan LLC	428 Sandoval Suite 200	Santa Fe	NM	87501
20	Certified with Return Receipt (Signature)	Virginia Brannan	16320 Burke Ave. N.	Shoreline	WA	98133
21	Certified with Return Receipt (Signature)	EOG Resources, Inc. Attn: Janet Richardson	104 South Fourth Street	Artesia	NM	88210
22	Certified with Return Receipt (Signature)	NEARBURG PRODUCTION COMPANY EMPLOYEE TRUST	P.O. BOX 823085	DALLAS	TX	75382-3085
23	Certified with Return Receipt (Signature)	St. Devote LLC, Attn Josh Grisham	919 Milam Street, Suite 2475	Houston	TX	77002
24	Certified with Return Receipt (Signature)	NEARBURG PRODUCTION COMPANY EMPLOYEE FUND	P.O. BOX 823085	DALLAS	TX	75382-3085
25	Certified with Return Receipt (Signature)	NEARBURG PRODUCTION COMPANY EMPLOYEE FUND	P.O. BOX 823085	DALLAS	TX	75382-3085
26	Certified with Return Receipt (Signature)	NEARBURG EXPLORATION COMPANY, L.L.C.	P.O. BOX 1090	ROSWELL	NM	88202-1090
27	Certified with Return Receipt (Signature)	DEBCO, LLC	P.O. BOX 700968	SAN ANTONIO	TX	78270-0968
28	Certified with Return Receipt (Signature)	TIERRA OIL COMPANY, LLC	2809 RIVERSIDE DRIVE	ROSWELL	NM	88201
29	Certified with Return Receipt (Signature)	NELL BLACKMAR LIMITED PARTNERSHIP	P. O. Box 1797	Roswell	NM	88202
30	Certified with Return Receipt (Signature)	First Roswell Company	3102 Mapel Ave Suite 400	Dallas	TX	75201
31	Certified with Return Receipt (Signature)	Maduro Oil & Gas, LLC Attn: Mike Lee	PO Box 4294	Houston	TX	77210
32	Certified with Return Receipt (Signature)	Oxy USA WTP Limited Partnership Attn: Lauren Gu	PO Box 4294	Houston	TX	77210
33	Certified with Return Receipt (Signature)	Oxy Y-1 Company Attn: Lauren Guest	5400 N Grand Blvd Suite 300	Oklahoma City	OK	73112
34	Certified with Return Receipt (Signature)	Panhandle Oil and Gas Inc. Attn: Shelly Quimby	PO Box 840	Artesia	NM	88211
35	Certified with Return Receipt (Signature)	Sharbro Energy, LLC Attn: Elizabeth Baker				

	N	R	U
	MailDate	ERR_SigDate	USPS_Status
1	8/31/2018	9/7/2018	Your item was delivered to an individual at the address at 12:36 pm on September 4, 2018 in HOBBS, NM 88240.
2	8/31/2018	9/7/2018	Your item was delivered at 8:44 am on September 5, 2018 in SAN ANTONIO, TX 78232.
3	8/31/2018	9/13/2018	Your item was delivered at 11:58 am on September 12, 2018 in MIDLAND, TX 79701.
4	8/31/2018	9/5/2018	Your item was delivered to an individual at the address at 8:22 am on September 4, 2018 in ARTESIA, NM 88210.
5	8/31/2018	9/6/2018	Your item was delivered to an individual at the address at 8:22 am on September 4, 2018 in ARTESIA, NM 88210.
6	8/31/2018	9/5/2018	Your item was delivered to an individual at the address at 2:04 pm on September 4, 2018 in MARION, OH 43302.
7	8/31/2018	9/6/2018	Your item was delivered to an individual at the address at 2:04 pm on September 4, 2018 in MARION, OH 43302.
8	8/31/2018	9/7/2018	Your item was delivered to an individual at the address at 2:04 pm on September 4, 2018 in MARION, OH 43302.
9	8/31/2018	9/5/2018	Your item was delivered to an individual at the address at 2:04 pm on September 4, 2018 in MARION, OH 43302.
10	8/31/2018	9/7/2018	Your item was delivered to an individual at the address at 1:36 pm on September 4, 2018 in CASA GRANDE, AZ 85193.
11	8/31/2018		This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
12	8/31/2018	9/7/2018	Your item was delivered to an individual at the address at 2:40 pm on September 4, 2018 in HOUSTON, TX 77002.
13	8/31/2018		This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
14	8/31/2018	9/7/2018	Your item was delivered at 2:22 pm on September 4, 2018 in EDMOND, OK 73003.
15	8/31/2018	9/7/2018	Your item was delivered at 10:07 am on September 5, 2018 in SEATTLE, WA 98133.
16	8/31/2018		This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
17	8/31/2018	9/7/2018	Your item was delivered at 10:07 am on September 5, 2018 in SEATTLE, WA 98133.
18	8/31/2018		This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
19	8/31/2018	9/7/2018	Your item was delivered to an individual at the address at 2:15 pm on September 5, 2018 in SANTA FE, NM 87501.
20	8/31/2018	9/7/2018	Your item was delivered at 10:07 am on September 5, 2018 in SEATTLE, WA 98133.
21	8/31/2018	9/5/2018	Your item was delivered to an individual at the address at 8:22 am on September 4, 2018 in ARTESIA, NM 88210.
22	8/31/2018	9/7/2018	Your item was delivered at 11:00 am on September 5, 2018 in DALLAS, TX 75231.
23	8/31/2018	9/7/2018	Your item was delivered to an individual at the address at 2:40 pm on September 4, 2018 in HOUSTON, TX 77002.
24	8/31/2018	9/7/2018	Your item was delivered at 11:00 am on September 5, 2018 in DALLAS, TX 75231.
25	8/31/2018	9/7/2018	Your item was delivered at 11:00 am on September 5, 2018 in DALLAS, TX 75231.
26	8/31/2018	9/7/2018	Your item was delivered at 12:21 pm on September 6, 2018 in ROSWELL, NM 88201.
27	8/31/2018	9/7/2018	Your item was delivered at 8:44 am on September 5, 2018 in SAN ANTONIO, TX 78232.
28	8/31/2018	9/7/2018	Your item was delivered to the front desk or reception area at 3:07 pm on September 5, 2018 in ROSWELL, NM 88201.
29	8/31/2018	9/6/2018	Your item was delivered at 1:33 pm on September 4, 2018 in ROSWELL, NM 88201.
30	8/31/2018	9/7/2018	Your item was delivered to the front desk or reception area at 12:16 pm on September 5, 2018 in DALLAS, TX 75201.
31	8/31/2018	9/7/2018	Your item has been delivered to an agent at 4:10 am on September 5, 2018 in HOUSTON, TX 77210.
32	8/31/2018	9/7/2018	Your item has been delivered to an agent at 4:10 am on September 5, 2018 in HOUSTON, TX 77210.
33	8/31/2018	9/5/2018	Your item was delivered to the front desk or reception area at 11:01 am on September 4, 2018 in OKLAHOMA CITY, OK 73112.
34	8/31/2018	9/6/2018	Your item was delivered at 11:11 am on September 4, 2018 in ARTESIA, NM 88210.
35	8/31/2018		

CARLSBAD
CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No.
0001259681

HOLLAND & HART
110 NORTH GUADALUPE, SUITE 1 PO BOX 2208
SANTA FE NM 87504

I, a legal clerk of the **Carlsbad Current-Argus**,
a newspaper published daily at the City of
Carlsbad, in said county of Eddy, state of New
Mexico and of general paid circulation in said
county; that the same is a duly qualified
newspaper under the laws of the State wherein
legal notices and advertisements may be
published; that the printed notice attached
hereto was published in the regular and entire
edition of said newspaper and not in supplement
thereof on the date as follows, to wit:

08/29/18


Legal Clerk

Subscribed and sworn before me this
30th of August 2018.


State of WI, County of Brown
NOTARY PUBLIC

3/20/2022
My Commission Expires



Ad#:0001259681
P O : ENERGY, MINERALS
of Affidavits :0.00

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 5
Submitted by: Percussion Petroleum
Hearing Date: September 20, 2018
Case # 16408

**STATE OF
NEW MEXICO
ENERGY, MINERALS
AND NATURAL
RESOURCES
DEPARTMENT
OIL CONSERVATION
DIVISION
SANTA FE,
NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on September 20, 2018, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by September 10, 2018. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF
NEW MEXICO TO:**
All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All offset owners, overriding royalty in-

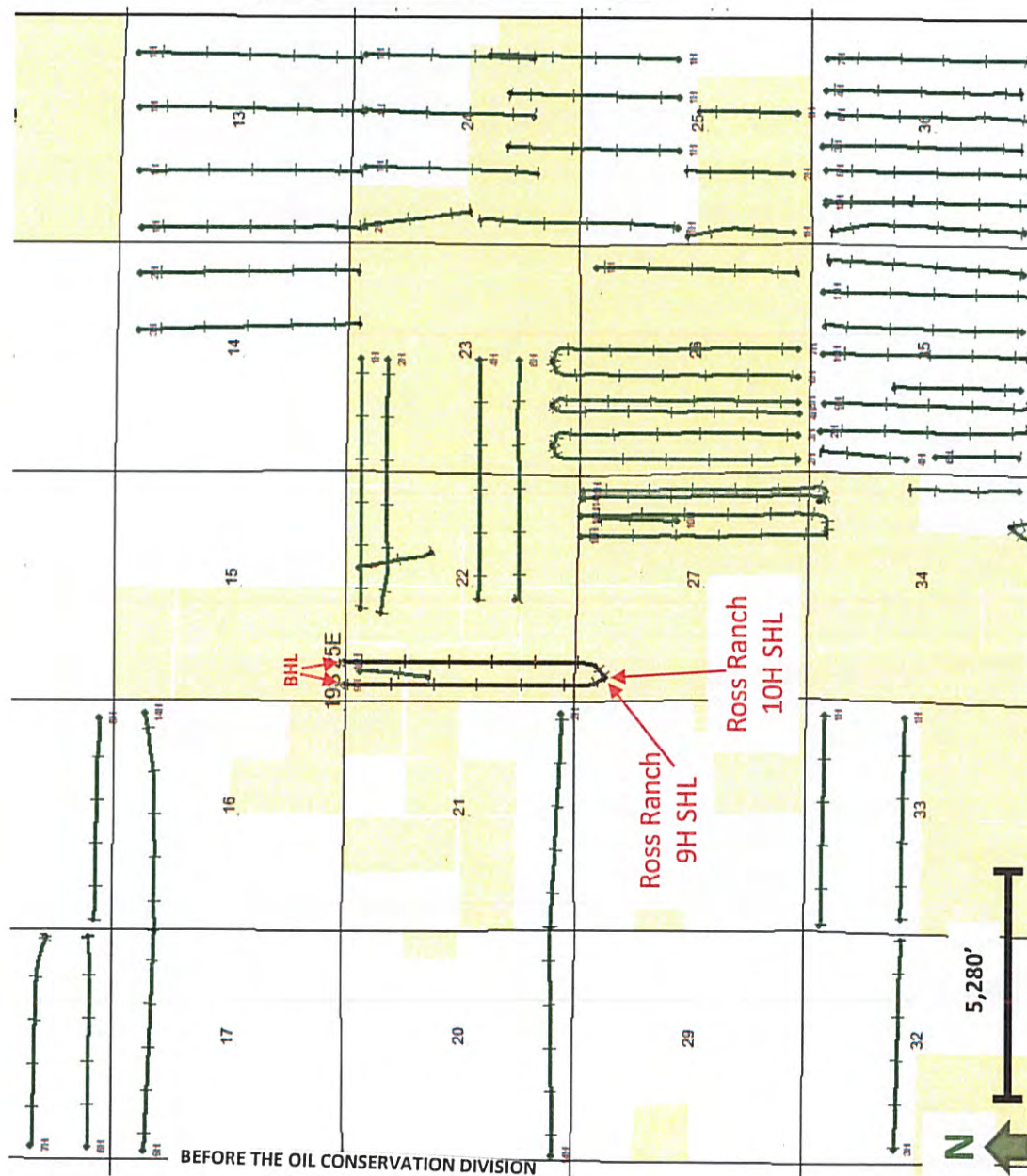
terest owners, and pooled parties, including: Roy G. Barton, Jr., his heirs and devisees; St. Devote LLC; First Roswell Company; Maduro Oil & Gas, LLC; Oxy USA WTP Limited Partnership; Oxy Y-1 Company; Panhandle Oil and Gas Inc.; Sharbro Energy, LLC; Tierra Oil Company, LLC; Trabajo Del Spear, LP; EOG Resources Assets LLC; EOG Y Resources, Inc.; Unknown heirs of Neva Eichenberger, Deceased; 2004 Eichenberger Family Trust; Gary L. Eichenberger, his heirs and devisees; Randy Eichenberger, his heirs and devisees; Justin Eichenberger; his heirs and devisees; Jeremy Eichenberger, his heirs and devisees; Unknown heirs of Eva Troike, Deceased; Vicki Carvalho, her heirs and devisees; Evelyn Troike, her heirs and devisees; Christina Cramer, her heirs and devisees; 1 Timothy 6, LLC; Gary S. Brannan, his heirs and devisees; Mark A. Brannan, his heirs and devisees; Lisa J. Brannan, her heirs and devisees; Virginia Brannan, her heirs and devisees; Nearburg Production Company Employee Trust; Nearburg Production Company Employee Fund; Nearburg Exploration Company, L.L.C.; Debco, LLC; Nell Blackman Limited Partnership.

Case No. 16408:
Application of Percussion Petroleum Operating, LLC for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating, if necessary, a 160-acre, more or less, spacing and proration unit

comprised of the W/2
W/2 of Section 22,
Township 19 South,
Range 25 East,
NMPM, Eddy County,
New Mexico; and (2)
pooling all uncommit-
ted interests in the
North Seven Rivers;
Glorieta-Yeso Pool
(97565). Said non-
standard unit is to be
dedicated to appli-
cant's proposed **Ross
Ranch 22 9H Well,**
which will be horizon-
tally drilled from a
surface location in the
NW/4 NW/4 (Unit D)
of Section 27 to a
standard bottom hole
location in the NW/4
NW/4 (Unit D) of Sec-
tion 22, and **Ross
Ranch 22 10H Well,**
which will be horizon-
tally drilled from a
surface location in the
NW/4 NW/4 (Unit D)
of Section 27 to a
standard bottom hole
location in the NW/4
NW/4 (Unit D) of Sec-
tion 22. Also to be
considered will be the
cost of drilling and
completing said wells
and the allocation of
the cost thereof as
well as actual operat-
ing costs and charges
for supervision, desig-
nation of Percussion
Petroleum Operating,
LLC as operator of the
wells and a 200%
charge for risk in-
volved in drilling said
wells. Said area is lo-
cated approximately
6.5 miles west of
Lakewood,
New Mexico.
August 29, 2018

Glorieta/Yeso Pool — Ross Ranch No. 9H/10H and Offset

Horizontal Producers



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 6

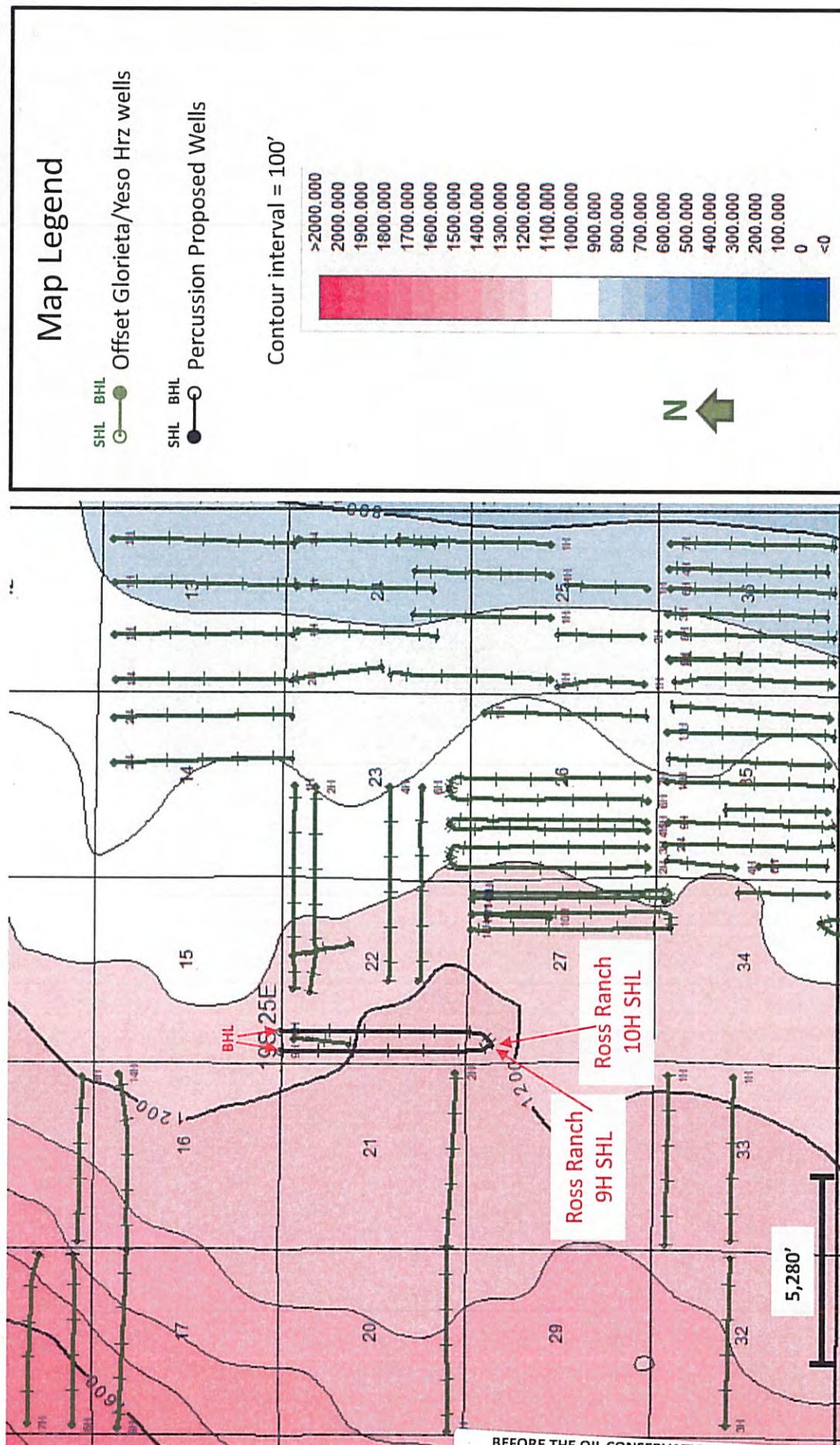
Submitted by: Percussion Petroleum

Hearing Date: September 20, 2018

9/18/2018

Glorieta/Yeso Pool – Glorieta Structure Map (Subsea

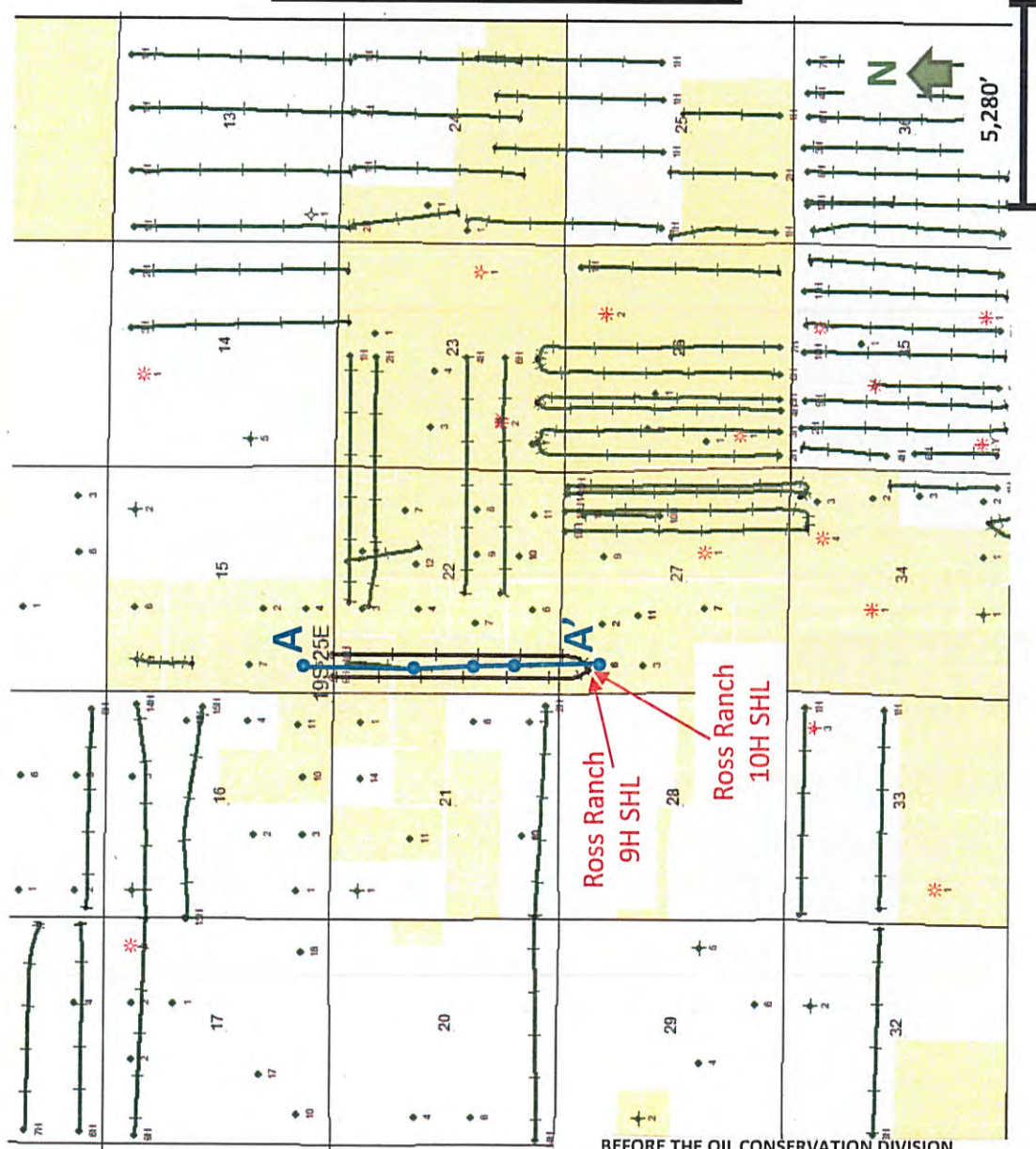
Depth)



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 7
Submitted by: Percussion Petroleum
Hearing Date: September 20, 2018

9/18/2018

Glorieta/Yeso Pool — Cross Section Map



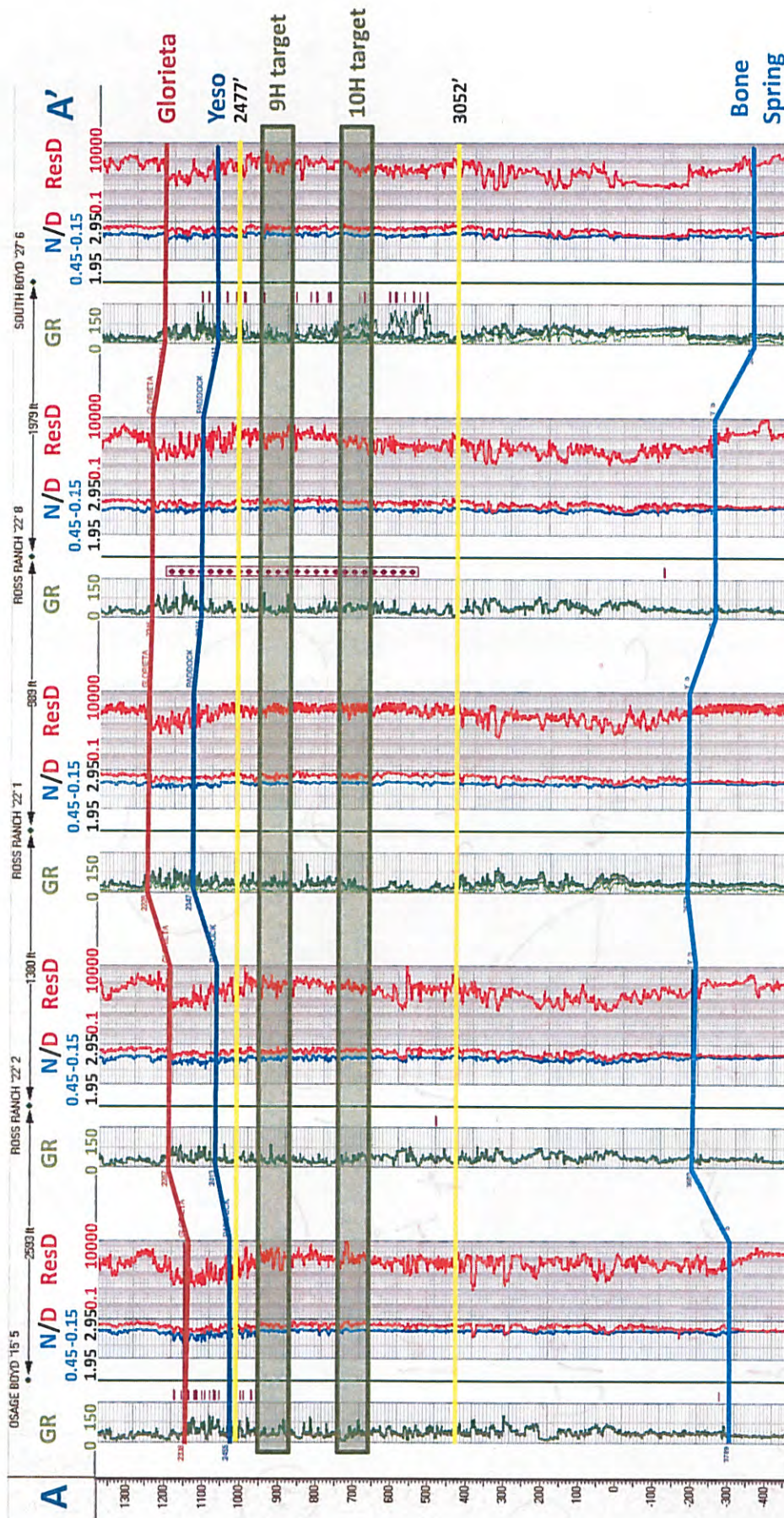
Map Legend

- SHL BHL Offset Glorieta/Yeso wells
- SHL BHL Percussion Proposed Wells
- Cross Section Transect and Wells
- Percussion Acreage

Ross Ranch
9H SHL

Ross Ranch
10H SHL

Glorieta/Yeso Pool – Structural Cross Section



9/19/2018