District 1 1625 N. French Dr., Hobbs, NM 88240	State of New Mexico	Form C-101
Phone: (575) 393-6161 Fax: (575) 393-0720	Fnormy Minorals and Natural Desource	Revised July 18, 2013
811 S. First St., Artesia, NM 88210	Energy winter als and Matural Resonant	POIL CONCEPTION
Phone: (575) 748-1283 Fax: (575) 748-9720	Oil Conservation Division	ARTESIA DISC MANIONED REPORT
District III 1000 Rio Brazos Road, Aztec, NM 87410		DISTRICT
Phone: (505) 334-6178 Fax: (505) 334-6170	1220 South St. Francis Dr.	AUG 11 2017
District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	Santa Fo. NM 87505	- 2017
Phone: (505) 476-3460 Fax: (505) 476-3462	Santa PC, 1111 07505	

RECEIVED

## APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1	<sup>1</sup> Operator Name and Address					<sup>2.</sup> OGRID Numbe	T		
Percussion Petroleum Operating, LLC						371755			
919 Mila	919 Milam St., Suite 2475, Houston, TX 77002						API Number 30 - 0 / 5 -	44383	
318	1940		Goodman	22	Property Name			2H <sup>• We</sup>	ll No.
				<sup>7.</sup> Su	Irface Location	n			
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
C	22	19S	25E		714	NORTH	2302	WEST	EDDY
				* Propose	ed Bottom Hol	e Location			
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
с	23	19S	25E		970	NORTH	2677	WEST	EDDY
	<sup>9</sup> Pool Information								
Pool Name					Pool Code				
L	N. SEVEN RIVERS; GLORIETA-YESO					97565			
				Addition	al Well Inforn	nation			

<sup>11.</sup> Work Type	<sup>12</sup> Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation			
N	0	R	P	3475'			
<sup>16.</sup> Multiple	17. Proposed Depth	<sup>18.</sup> Formation	<sup>19.</sup> Contractor	<sup>20.</sup> Spud Date			
N	8465'	YESO	SILVER OAK DRILLING	10/15/17			
Depth to Ground water	Distance from	n nearest fresh water well	Distance to r	hearest surface water			
			1				

### We will be using a closed-loop system in lieu of lined pits

### <sup>21.</sup> Proposed Casing and Cement Program

Туре	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC	
SURFACE	12.25	9.625	36	1,215'	600	SURFACE	
PRODUCTION	8.75	5.5	17	8,465'	2250	SURFACE	
Casing/Cement Program: Additional Comments							

<sup>22</sup> . Proposed Blowout Prevention Program					
Турс	Working Pressure	Test Pressure	Manufacturer		
13 5/8" Double-Ram, Annular	5,000 psi	250 low/ 3000 high	Shaffer		

23. I hereby certify that the information best of my knowledge and belief.	given above is true and complete to the	OIL CONSERVATION DIVISION			
I further certify that I have complied 19.15.14.9 (B) NMAC , if applicab	l with 19.15.14.9 (A) NMAC 🗌 and/oi de.	Approved By:			
Signature: Patrick Wal	les	Saymond W. Sadany			
Printed name: Patrick Wales		Title: Geologist			
Title: Drilling Engineer		Approved Date: 3-17-17 Expiration Date: 3-17-19			
E-mail Address: pwales@totalen	ergyservices.us				
Date: 8/7/2017	Phone: 432-682-1598	Conditions of Approval Attached RAB - Circ CMT.			









GOODMAN 22 #2H Located 714' FNL and 2302' FWL Section 22, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

basin Surveys focused on excellence in the olifield	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 32898 Survey Date: 05-06-2017 YELLOW TINT - USA LAND BLUE TINT - STATE LAND NATURAL COLOR - FEE LAND		PERCUSSION PETROLEUM OPERATING, LLC
--	--	--	--	---

.



# **Percussion Petroleum Operating, LLC**

# NM OIL CONSERVATION

ARTESIA DISTRICT

AUG 1 1 2017

RECEIVED

Well:		Goodman 2H	2
Location:	SHL	Section 22, T19S, R25E, 714 FNL, 2302 FWL Lat: 32.651827° N, Long: -104.473705° W State Plane NME-3001: N: 600894.3, E: 498134.5	R
	BHL	Section 23, T19S, R25E, 970 FNL, 2677 FWL Lat: 32.651104° N, Long: -104.455441°W State Plane NME-3001: N: 600624.1, E: 503755.6	
County:		Eddy	
State:		New Mexico	
Rig:		Silver Oak Drilling	
Spud Date:		Oct-17	
AFE Number:		1064	
True Vertical I Total Measure	Depth: d Depth:	2992' ft 8465' ft	
Elevation:		GL = 3,475' KB= 25'	
Directions:		From the intersection of Highway 285 and Rockin R Red Road go v approximately 3.5 miles turn left (south) onto lease road.	vest

Prepared By:	Lelan J Anders
Operations Manager:	Lelan J Anders
Engineering:	Lelan J Anders
Exploration:	C.J. Lipinski
Land:	Josh Grisham

# **DRILLING PROGRAM**

CASING DEPTHS:	9-5/8" 32# J-55 L	T&C set at	1,213 ft	inside
	12 1/4	open hole, ce	mented to sur	face

5 1/2" 17# L-80 BT&C set at 8,465 ft inside 8 3/4 open hole, cemented to surface

POTENTIAL PROBLEMS:	0' - 1213'	Gravel, Red Beds and Water Sands. Seepage and loses. Tight hole.

1213' - TD Hole cleaning, seepage, and loses.

### MUD PROGRAM:

	interval	Mud Type	Mud Weight	<u>Viscosity</u>	Water Loss	Plastic Viscosity	Yield Point
	0' - 1213'	FW / Gel	8.4 - 9.2 PPG	36 - 42	NC	3 - 5	5 - 7
		Paper and gel sw	weeps to clean hole				
	1213' - KOP'	FW / Cut Brine	e 8.3 - 9.2 PPG	28 - 30	NC	1	1
		Gel sweeps to	clean hole and LC	CM pills for loss	s circulation. Rais	e vis to 34 - 40 if nee	eded.
	KOP' - TD'	Cut Brine	8.6 - 9.2 PPG	29 - 32	10 - 12	4 - 5	6 - 10
		Salt gel sweep	os to clean hole an	d LCM pill for I	loss circulation. C	only acid soluble LCN	l below
		surface casing	. Increase vis to 34	4 - 40 if neede	d. If drag become	es a problem add Sur	fac PG.
		Drill curve and	lateral section wit	h XCD Polyme	er / Cut Brine / Sta	arch system.	
		Drill as close	to pressure balar	nced as possi	ble.	·	
		Estimated BH	IP for the Yeso fo	rmation is 11	00 psi.		
EQTIMATED E		Mud addition: This program requirements	s to be coordinate is only a guide a and changes.	ed through Pf nd hole cond	PO representativ itions will dictat	re. e mud system	242
ESTIMATED FC	JEMATION	TOPS/LITH	OLOGY:	3,475'	Ground Level	25'	RKB
		Formation	MD	TVD	<u>55</u>	Lithology	
		San Andes		829	2646	Dolomite	
		Glorieta		2454	1021	Silty Dolomite	
		Yeso		2590	885	Dolomite	
		Tubb		3196	279	Dolomite	

None

### **MUD LOGGING:**

A one man mud logging unit will be in service prior to spudding well to total depth. Samples in the lateral/pay will be taken every 10'. Mud logger will assist in picking surface casing point. Only authorized personnel will be allowed access to mud logging unit. Mud logger will be in contact with C.J. Lipinski, EOL at 100' FSL is a h line. Cut short to 120' FSL to avoid crossing hard line. Do not exceed without approval from Lelan J Anders, Operations Manager. Drilling Foreman is to be notified of changes in drilling parameters.

#### ELECTRIC LINE LOGS None

**DIRECTIONAL SURVEYS:** Straight hole specifications. Maximum deviation from vertical shall be no more than 3° inclination. We will directionally drill according to the well plan in order to hit our intended landing zone. We will drill as per directional plan to ~100 ft from lease line enabling us to locate our FTP 330' FSL. We will run 5 1/2" casing with 2 jt shoe track to TD and cement in place. Our LTP will be 330' FNL. See directional plan for more details.

### THIS IS A HORIZONTAL WELL WITH EXTREMELY TIGHT TOLERANCES. KEEP LELAN ANDEF AND CJ LIPINSKI INFORMED WITH ANY PROBLEMS MAINTAINING TARGET.

	Well Depth	Ma	ximum Dista	nce	M	aximum Deviati
	Feet	В	etween Surve	eys		From Vertical
	0' - 100'					3°
	100' - 2,000'		MWD and M	otor thru this sect	tion of hole.*	10°
	2,000' - TD		MWD and M	otor thru this sect	tion of hole.	
	* Depending o	n directional plan. If	vertical hole is	s used to 1800' N	ID (surface casing	point) then min d
	minimum distar	ce between surverys w	ill be 250' MD	3° max deviation	from vertical	
WELLHEAD EQUIP:	9-5/8" Casing	9-5/8" 3M x 11" 3M	SOW			
	5 1/2" Casing	11" 5M x 7-1/16" 10	M Tubing Hea	d		
CASING DESIGN:	<u>9-5/8" CASI</u>	NG				
	9-5/8" Shoe			Casing Burst:	3,520 psi	
	1 Jt 9-5/8" 36# J	I-55 STC		Casing Collapse:	2,020 psi	i
	9-5/8" Insert Flo	bat		Casing Tensile:	394,000 lbs	5
	9-5/8" 36# J-55	STC To Surface				
	CASING SAF	ETY FACTORS				
		API Recommended Safety Factor	Actual Safety Factor	Scenerio	External Fluids	Internal Fluids
	Collapse:	1.125	3.30	Lost Circulation	Mud	None
	Burst:	1.125	1.46	Plug Bump	Cement + 2000 psi applied pressure	Mud/Water
	Tensile:	1.8	2.80	100k Overpull	Mud	Mud
	CENTRALIZE	R PLACEMENT				
	Stop collar 10 fe	et above shoe with cer	ntralizer. One o	n first collar and e	very forth collar to su	urface,

### Straight Hole Specifications

or as required by the BLM.

### 5 1/2" CASING

5 1/2" Shoe	Casing Burst:	7,740 psi
2 Jts 5 1/2" 17# L80 BTC	Casing Collapse:	6,280 psi
5 1/2" Float Collar	Casing Tensile:	348,000 lbs

# 5 1/2" 17# L80 BTC Casing To Surface CASING SAFETY FACTORS

	API Recommended Safety Factor	Actual Safety Factor	Scenerio	External Fluids	Internal Fluids
Collapse:	1.125	3.75	Lost Circulation	Mud	None
Burst:	1.125	2.47	Plug Bump	Cement + 2000 psi applied pressure	Mud/Water
Tensile:	1.8	2.29	100k Overpull	Mud	Muđ

#### **CENTRALIZER PLACEMENT**

Stop collar 10 feet above shoe with centralizer. One on first collar and every 10 collars to 1200 feet with one centralizer in 9-5/8" casing, or as required by the BLM.

### **REQUIREMENTS FOR ALL CASING:**

Long string casing to be hydro tested before leaving yard. Thread lock Float Shoe and joint connection between float equipment. Unload and visually inspect casing, arranging on racks in order of running. Strap all casing as it is unloaded, threads off. Count all joints on location. Clean and inspect threads, drift, redope. Check all casing markings and threads for correctness. Check crossovers and crossover collars. Have back up collars. Rope off and mark all casing not to be used. PPO representative to supervise all casing operations. Torque casing to optimal value.

### CEMENT SCHEDULE: 9-5/8" CASING Annular Volume: 379.9 cubic ft

Lead Cement:605.2 sksClass "C" + 2% CaCl + 0.25 pps CelloflakeWeight 14.8 ppg, Yield 1.32 cfs, Mix Water 6.3 gps.These volumes based on circulating cement to surface plus 100% excessIf cement does not circulate 1 inch cement to surface.

### 5 1/2" CASING Annular Volume: 2158.3 cubic ft

Lead Cement:**494.9 sks**65/65/6 Class "C"+ 6% gel + 5% salt + 0.25pps Celloflake + 0.2% C41-Weight 12.6 ppg, Yield 1.97 cfs, Mixing Water 10.84 gpsTail Cement:**1727.3 sks**Class "C" + 2% CaCl + 0.25pps CelloflakeWeight 14.8 ppg, Yield 1.32 cfs, MixWater 6.3 gps.These volumes based on circulating cement to surface plus 50% excess

### **REQUIREMENTS FOR ALL CEMENT:**

Have cement supervisor independently check cement volumes and displacement volumes.
Collect and identify cement sample from each pod.
Minimize out of hole time. Have cement head already installed on casing joint etc.
Run casing at a smooth even pace being certain not to break down well bore.
Plan for unexpected events, plug doesn't bump at target volume, pump or lift pressures off, etc.
Do not over pump displacement volume.
Ensure plug dropped behind good cement. Chase plug with 10 bbls of sugar water.
Weigh cement samples and take wet samples throughout job.

Run material balance at end of each job to ensure water and cement volumes used confirm was mixed at proper weight as designated.

### DRILLING PROCEDURE

- 1. Build road and location as per rig requirements. Install Conductor to 90 ft. (THIS IS A CLOSED LOOP MUD SYSTEM)
- 2. Notify OCD (Artesia District 2) of rig moving in and tentative spud date.
- 3. Move in and rig up drill rig. Install valve in conductor pipe. Rig up closed loop system.
- 4. Order float equipment, Texas Pattern Guide Shoe, centralizers, and 9-5/8" casing to location. Visually inspect casing and arrange on racks in order of running. Rope off and mark all casing not to be used. Count all joints. Strap casing as it is unloaded (THREADS OFF). Inspect casing and check all casing markings and threads for correctness. Inspect and clean threads, redope, and drift casing. Closely inspect any crossover joints and have back up crossover collars on location. PPO supervisor to oversee all casing inspections, drifting, strapping, etc.
- Drill 12-1/4" hole with fresh water Native Spud Mud to TD of surface hole interval. BHA 12-1/4" bit, bit sub, 12" OD stabilizer, 1-8" drill collar, 12" OD stabilizer, 6 8" drill collars and 9 6" drill collars. Directional surveys as per DD and MWD company to stay on well plan to TD of surface hole.
- 6. Notify OCD of TD and cement job.
- 7. Pump 2 high vis sweeps and circulate hole clean prior to pulling out of hole.
- 8. Pull out of hole and record any tight spots on IADC report. SLM out of hole. Make sure cement crew will be on location and rigged up before casing is on bottom prior to starting out of hole. Keep hole full.
- 9. Rig up casing crew and run 9-5/8" casing per casing design. Fill casing every 5 joints and circulate one joint off bottom. Run centralizers per design or as required by NMOCD. Wash to bottom if necessary.
- 10. Rig up cementers and test lines to 2000 psi. Have cement supervisor INDEPENDENTLY check cement volumes and displacement volumes. Collect and identify cement sample from each pod. Minimize out of hole time.
- 11. Circulate casing for 3 casing volumes minimum or until hole cleans up. While circulating hold final job meeting with cement company going over cement volumes, mixing water requirements, displacement volumes, pump pressure and rates, and contingency plans for unexpected events (i.e. plug does not bump at theoretical displacement volume etc.). Add 100% excess to calculated cement volume required. Don't over displace. Top out cement to surface with 1" tubing IF necessary.
- Pump 20 barrels fresh water spacer ahead and pump cement volume per cement design for 9-5/8" casing and PPO representative. Bump plug to 500 psi over pump pressure. Drop plug in good cement. Record cement to surface on IADC report.
- 13. Hang casing in full tension. Close cement head for 8 hours.
- 14. WOC 8 hours before cutting off and 24 hours before drilling out per NMOCD rules.
- 15. Cut off casing and install 9-5/8" 3M x 11" 3M SOW A-section.
- 16. Nipple up BOP and test to 500 psi low and 3000 psi high with an independent test company before drilling out.
- 17. Pick up 8-3/4" bit, and directional drilling BHA. Trip in hole, tag cement and record on IADC report. Test casing to 1000 psi. Drill out float collar and float shoe with fresh water / cut brine 8.3 - 9.2 ppg to a depth Increase mud vis to 30-34 for hole cleaning and samples if needed. Mud program is a guide and hole conditions will dictate mud system requirements or changes. All mud additions will be coordinated through PPO representative.
- Order float equipement, guide shoe, centralizers, and 5 1/2" casing to location. Check for proper size, type, and thread of casing.
   Page 5 of 9

- Visually inspect casing and arrange on racks in order of running. Rope off and mark all casing not to be used. Count all joints. Strap casing as it is unloaded (THREADS OFF). Inspect casing and check all casing markings and threads for correctness. Inspect and clean threads, redope, and drift casing. Closely inspect any crossover joints and have back up crossover collars on location. PPO supervisor to oversee all casing inspections, drifting, strapping, etc. Casing to be hydro tested before leaving yard. Make sure there are a minimum of 2 marker joints in the string (on at KOP and one mid way through planned lateral
- 19. Drill curve and lateral section with XCD Polymer / Cut Brine / Starch System. Increase viscosity as needed using oil and LF-24 to help keep hole slick to TMD if needed. Mud program is a guide and hole conditions will dictate mud system requirements or changes. All mud additions will be coordinated through PPO representative. Drilling breaks and hole problems will be coordinated with drilling foreman and Engineer. Artesia and Houston offices will be advised daily or as needed.
- 20. Notify NMOCD of TD and cement job.
- 21. Pump high vis sweep and circulate hole clean.
- 22. Pull out of hole and record any tight spots on IADC report. SLM out of hole. Make sure cement crew will be on location and rigged up before casing is on bottom prior to starting out of hole. Keep hole full.
- Rig up casing crew and run 5 1/2" casing per casing design. Fill casing every 10 joints and circulate casing at bottom of 9-5/8" casing and 1 joint off bottom. Run centralizers per design or as required by the NMOCD. Wash to bottom if necessary. Record any fill on IADC report.
- 24. Rig up cementers and test lines to 2000 psi. Have cement supervisor INDEPENDENTLY check cement volumes and displacement volumes. Collect and identify cement sample from each pod. Minimize out of hole time.

- 25. Circulate casing on bottom for 6 times casing volume minimum or until hole cleans up. While circulating hold final job meeting with cement company going over cement volumes, mixing water requirements, displacement volumes, pump pressure and rates, and contingency plans for unexpected events (i.e. plug does not bump at theoretical displacement volume etc.). Add 50% excess for cement volumes required. Don't over displace.
- 26. Pump 20 barrels fresh water spacer ahead and pump cement volume per cement design for 5 1/2" casing and PPO representative. Bump plug to 500 psi over pump pressure. Drop plug behind good cement. Chase plug with 10 bbls sugar water or as directed by Record cement to surface on IADC report.
- 27. Hang casing in nminimum tension needed for pack off on wellhead. Close cement head for 8 hours.
- 28. WOC 8 hours before cutting off per BLM rules.
- 29. Nipple down BOP's and cut off casing and install 7" 10M x 11" 3M tubing head with 2 x 1-13/16" valves on one side and blind ca and BR plug on other side. Install with a blind flange and needle valve for completions.
- 30. Clean and jet pits. Release rig.
- 31. MAKE SURE LOCATION IS CLEAN BEFORE YOU LEAVE!!

### REQUIREMENTS

- 1. All drill pipe and drill collars to be inspected by PPO representative and a total count of all joints on location.
- 2. Long string to be hydro tested before leaving yard.
- 3. Check all casing on location. Threads, size and weight.
- 4. All casing to be torqued to optimal torque.
- 5. All shoe tracks to be thread locked.
- 6. Mud Logger will tell what footage to catch samples.
- 7. Keep bit record and grade bits.
- 8. Check all float equipment for correct size and threads.
- 9. Sign and keep copies of field tickets to turn in to office.
- 10. Notify all State and Federal offices of events and record in morning report. ( Date / Time / Name Of Person Talked To ).
- 11. Check and make sure all bond coating and centralizers are in proper places.
- 12. PPO supervisor to be sure all casing tallies are correctly done.
- 13. PPO supervisor to check and ensure drill pipe tally is correct.
- 14. Record release dates of equipment on location.
- 15. Pre job safety meeting with all companies before job begins.
- 16. On rig floor when picking up BHA and making up float equipment.
- 17. Witness all testing and cement jobs.
- 18. Make sure that everything that is reported on IADC is correct.
- 19. Make sure all mud is correctly mixed by rig crews.
- 20. All accidents to be reported to office ASAP and a accident form sent in to office within 24 hours.
- 21. All trash is off location and lease road is clean at all times.
- 22. All records are kept as TIGHT HOLE and are not released.
- 23. Well record is sealed and sent to Artesia Office or is delivered to PPO supervisor to Artesia Office.

## VENDOR LIST

COMPANY	SERVICE	CONTACT NAME	CONTACT NUMBER
TBD	Drilling Rig		

TBD	Mud
TBD	Cement
NA	DST
TBD	PVT's & Rig Monitor
TBD	Mud Logging
TBD	Conductor
TBD	Closed Loop System
TBD	Casing Crew & LD Machine
TBD	Location & Road
TBD	Stabilizers
TBD	Float Equipment
TBD	Open Hole Logging
TBD	H2S Equipment
TBD	Location & Trash Trailers
TBD	Living Quarters
TBD	Welder
TBD	Forklift & Trucking
TBD	Water
TBD	Rotating Head

## PERSONNEL LIST

### TBD, Drilling Foreman Cell

### Lelan J Anders, Engineering/Operations

	Office	713-429-1291
	Cell	281-908-1752
C.J. Lipinski,	Geology	
	Office	713-429-5282
	Cell	262-894-2811
Josh Grisham	, Land	

Office	713-589-2337
Cell	979-417-6858



Percussion Petroleum Googman 2H

	-81		
ESTIMATED FORMATION TOPS / LITHOLOGY:	3,459'	Ground Level	25'
Formation	TVD	<u>SS</u>	Lithology
San Andes	813'	2646	Dolomite
Glorieta	2,438'	1021	Silty Dolom
Yeso	2,574'	885	Dolomite
Tubb	3,180'	279	Dolomite

•