

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised July 18, 2013

Oil Conservation Division
1220 South St. Francis Dr.

☐ AMENDED REPORT

Santa Fe, NM 87505

APR 28 2016

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

| | | |
|---|--|---|
| ¹ Operator Name and Address V-F Petroleum Inc. P.O. Box 1889 Midland, Texas 79702 | | ² OGRID Number 24010 |
| ⁴ Property Code 316204 | | ³ API Number 30-025-43231 |
| ⁵ Property Name DMT 7 Fee | | ⁶ Well No. 2 |

⁷ Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| A | 7 | 15-S | 38-E | | 1,200 | N | 1,300 | E | Lea |

⁸ Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| | | | | | | | | | |

⁹ Pool Information

| Pool Name | Pool Code |
|------------------|-----------|
| Denton; Wolfcamp | 17290 |

Additional Well Information

| | | | | |
|------------------------------|--|---|-------------------------------|--|
| ¹¹ Work Type N | ¹² Well Type O | ¹³ Cable/Rotary R | ¹⁴ Lease Type P | ¹⁵ Ground Level Elevation 3,773' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 9,800' | ¹⁸ Formation Wolfcamp | ¹⁹ Contractor | ²⁰ Spud Date |
| Depth to Ground water 45' | | Distance from nearest fresh water well 1017' | | Distance to nearest surface water |

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

²¹ Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|--------------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surface | 17 1/2" | 13 3/8" | 48# | 400' | 360 | Surface |
| Intermediate | 12 1/4" | 9 5/8" | 40# | 5,200' | 1,215 | Surface |
| Production | 8 3/4" | 5 1/2" | 17# | 9,800' | 735 | 4,800' |

Casing/Cement Program: Additional Comments

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²² Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------|------------------|---------------|--------------|
| Ram | 3,000# | 6,000# | Schaffer |

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐ if applicable.

Signature:

Printed name: Eric Sprinkle

Title: Petroleum Engineer

E-mail Address: eric@vfpetroleum.com

Date: 04/25/2016

Phone: 432-683-3344

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date: 5/12/2016

Expiration Date: 5/12/2018

See attached NMOCD
Conditions of Approval

CONDITIONS OF APPROVAL

| API # | Operator | Well name & Number |
|--------------|--------------------|--------------------|
| 30-025-43232 | V-F PETROLEUM Inc. | DMT 7 FEE # 003 |

Applicable conditions of approval marked with XXXXXX

Administrative Orders Required

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|---------|---|
| XXXXXXX | Will require administrative order for non-standard location prior to placing the well on production |
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Other wells

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|--|--|

Drilling

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| XXXXXXX | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |
| | |

Casing

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|---------|--|
| XXXXXXX | SURFACE & INTERMEDIATE(1) CASING - Cement must circulate to surface -- |
| XXXXXXX | PRODUCTION CASING - Cement must tie back into intermediate casing -- |
| XXXXXXX | If cement does not circulate to surface, must run temperature survey or other log to determine top of cement |
| | |

Lost Circulation

| | |
|---------|---|
| XXXXXXX | Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186 |
| | |

Continued

Water flows

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|---------|---|
| XXXXXXX | Must notify OCD Hobbs Office of any water flow in the Salado formation at 575-370-3186. Report depth and flow rate. |
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Stage Tool

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|---------|---|
| XXXXXXX | Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 |
| XXXXXXX | If using Stage Tool on Surface casing, Stage Tool must be greater than 350' and a minimum 200 feet above surface shoe. |
| XXXXXXX | When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe. |
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Pits

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| XXXXXXX | If using a pit for drilling and completions, must have an approved pit form prior to spudding the well |
| | |

Completion & Production

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|------------------|--|
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| Gas Capture Plan | |
| XXXXXXX | The New! Gas Capture Plan (GCP) notice is posted on the NMOCD website under Announcements. The Plan became effective May 1, 2016. A copy of the GCP form is included with the NOTICE and is also in our FORMS section under Unnumbered Forms. Please review filing dates for all applicable activities currently approved or pending and submit accordingly. Failure to file a GCP may jeopardize the operator's ability to obtain C-129 approval to flare gas after the initial 60-day completion period. |
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| * | REQUIRES NSL CAN ONLY DEDICATED |