

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

**APPLICATION OF V-F PETROLEUM INC.
FOR APPROVAL OF A NON-STANDARD
SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

V-F Petroleum Inc. ("V-F Petroleum"), by and through the undersigned counsel, files this application with the Oil Conservation Division pursuant to NMSA 1978, § 70-2-17 and NMAC 19.15.15.11, for an order approving a 160-acre, more or less, non-standard spacing and proration unit ("Unit") comprised of the NE/4 of Section 7, Township 15 South, Range 38 East, Lea County, New Mexico. In support of its application, V-F Petroleum states the following:

1. V-F Petroleum (OGRID No. 24010) owns 100% of the working interest in the proposed Unit and has the right to drill thereon.
2. V-F Petroleum proposes to dedicate the Unit to its DMT 7 Fee #2 well ("Well") which has been vertically drilled from a surface hole location 1,200 FNL and 1,300 FEL in Section 7 (Unit A) to a depth sufficient to test the Denton; Wolfcamp pool (Pool Code 17290) within the Wolfcamp formation. This pool requires 40-acre spacing with wells to be located no closer than 330 feet to a quarter-quarter section line.
3. The Well is currently dedicated to a 40-acre unit comprised of the NE/4NE/4 of Section 7.
4. The location of the Well is currently unorthodox to allow it to be drilled at a geologically preferred location for the maximum recovery of hydrocarbons and to prevent waste. The unorthodox location was approved by Administrative Order NSL-7688.

5. Applicant seeks approval of a 160-acre non-standard spacing and proration unit comprised of the NE/4 of Section 7 so that all quarter-quarter sections that will be affected by the well are included within the Unit. Accordingly, V-F Petroleum seeks to include the W/2NE/4 and SE/4NE/4 of Section 7 in the Unit. The location of the well will be orthodox within the proposed Unit.

6. The approval of the Unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. In order to permit V-F Petroleum to obtain its just and fair share of the oil and gas underlying the subject lands, the Unit should be approved and V-F Petroleum should be designated the operator of the proposed well and spacing unit.

WHEREFORE, V-F Petroleum requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. approving a 160-acre, more or less, non-standard spacing and proration unit comprised of the NE/4 of Section 7, Township 15 South, Range 38 East; and
- B. designating V-F Petroleum as operator of the non-standard spacing unit and the Well to be drilled thereon.

Respectfully Submitted,

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