

DATE IN 9/20/2016	SUSPENSE	ENGINEER HMM	LOGGED IN 9/21/2016	TYPE DHL	APP NO DMAM16 26530383
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☒ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Eric Sprinkle
 Print or Type Name

Eric Sprinkle
 Signature

Petroleum Engineer
 Title

09/19/2016
 Date

eric@vfpetroleum.com
 e-mail Address

- DHL 4796
 - V-F Petroleum, Inc
 24010
 well
 - Humble Townsend
 #1
 30-025-02767
 Pool
 - Townsend
 Strauss
 59844
 - Townsend, Morrow
 (CAS)
 8640

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88201

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
____ Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
____ Yes ____ No

APPLICATION FOR DOWNHOLE COMMINGLING

V-F Petroleum Inc.
Operator

P.O. Box 1882, Midland, TX 79702
Address

Humble-Townsend
Lease

I
Well No.

L-9-T16S-R35E
Unit Letter-Section-Township-Range

Lea
County

OGRID No. 24010 Property Code 11530 API No. 30-025-02767 Lease Type: ____ Federal ____ State x Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Townsend; Strawn		Townsend; Morrow
Pool Code	59848		86400
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	11,285' - 11,294'		11,800' - 11,810'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	48.7 / 1600		NA / 1200
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 8-21-16 Rates: 107-377-10	Date: Rates:	Date: 6-28-16 Rates: 0-20-0
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 100 % 95 %	Oil Gas % %	Oil Gas 0 % 5 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes x No ____
Yes ____ No ____

Are all produced fluids from all commingled zones compatible with each other?

Yes x No ____

Will commingling decrease the value of production?

Yes ____ No x

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application?

Yes ____ No x

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Eric Sprinkle TITLE Petroleum Engineer DATE 09/19/16

TYPE OR PRINT NAME Eric Sprinkle TELEPHONE NO. (432) 683-3344

E-MAIL ADDRESS eric@vfpetroleum.com

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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-02767	² Pool Code 59848	³ Pool Name Townsend; Strawn
⁴ Property Code 11530	⁵ Property Name Humble-Townsend	⁶ Well Number 1
⁷ OGRID No. 24010	⁸ Operator Name V-F Petroleum Inc.	⁹ Elevation 4,023' KB

¹⁰ Surface Location

UL or lot no. L	Section 9	Township 16-S	Range 35-E	Lot Idn	Feet from the 1,980	North/South line S	Feet from the 660	East/West line W	County Lea
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¹¹ 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
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¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ 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.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature Date 9-19-16 Eric Sprinkle Printed Name eric@vfpetroleum.com E-mail Address		
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor:		
	Certificate Number		

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Phone: (575) 393-6161 Fax: (575) 393-0720
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OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-02767	² Pool Code 86400	³ Pool Name Townsend; Morrow
⁴ Property Code 11530	⁵ Property Name Humble-Townsend	⁶ Well Number 1
⁷ OGRID No. 24010	⁸ Operator Name V-F Petroleum Inc.	⁹ Elevation 4,023' KB

¹⁰ Surface Location

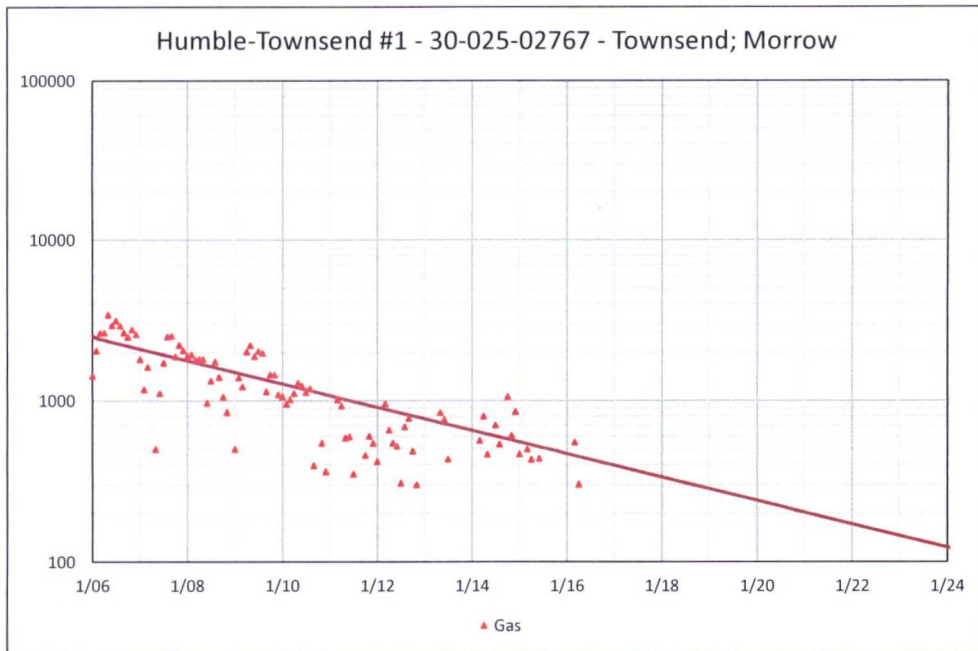
UL or lot no. L	Section 9	Township 16-S	Range 35-E	Lot Idn	Feet from the 1,980	North/South line S	Feet from the 660	East/West line W	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320	¹³ Joint or Infill N	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.

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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 released mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Eric Sprinkle</i> 9-19-16 Signature Date</p> <p>Eric Sprinkle Printed Name</p> <p>eric@vfpetroleum.com E-mail Address</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
	<p>Certificate Number</p>



Year	2017	2018	2019	2020	2021	2022
Tot Gas	102,720	82,710	66,610	53,680	43,250	34,840
Morrow	Gas	4,440	3,740	3,160	2,680	1,920
	%	4%	5%	5%	5%	6%
Strawn	Gas	98,280	78,970	63,450	51,000	40,990
	%	96%	95%	95%	95%	94%
Tot Oil	32,780	2,610	2,080	16,550	13,210	10,510
Morrow	Oil	0	0	0	0	0
	%	0%	0%	0%	0%	0%
Strawn	Oil	32,780	2,610	2,080	16,550	13,210
	%	100%	100%	100%	100%	100%

V-F Petroleum Inc.

500 W. Texas, Suite 350, Midland, Texas 79701
Mailing Address: P.O. Box 1889, Midland, TX 79702

432-683-3344
E-mail: skl@vfpetroleum.com

FAX: 432-683-3352
www.vfpetroleum.com

September 21, 2016

Michael McMillan
Engineering and Geological Services Bureau
Oil Conservation Division

DHC Application
Humble-Townsend #1
30-025-02767
Sec 9, T-16-S, R-35-E
Lea County, New Mexico

Dear Mr. McMillan,

V-F Petroleum Inc. has recently filed an application to down hole coring the Strawn and Morrow zone in the Humble-Townsend #1 (30-025-02767). The ownership is identical in both zones of this well thus not requiring notification of DHC Application.

Very Truly Yours



Sandra K. Lawlis
Vice President & Controller

SKL/es

McMillan, Michael, EMNRD

From: Eric Sprinkle <eric@vfpetroleum.com>
Sent: Wednesday, September 21, 2016 3:28 PM
To: McMillan, Michael, EMNRD
Subject: RE: V-F Petroleum Inc. DHC Humble Townsend #1 API 30-025-02767

The Morrow Production forecast was based on historic production from 1977 through the start of our recompletion.

The Strawn Production forecast was based on the August 2016 production.

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Wednesday, September 21, 2016 3:42 PM
To: Eric Sprinkle <eric@vfpetroleum.com>
Subject: RE: V-F Petroleum Inc. DHC Humble Townsend #1 API 30-025-02767

For both pools?

From: Eric Sprinkle [mailto:eric@vfpetroleum.com]
Sent: Wednesday, September 21, 2016 2:42 PM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: RE: V-F Petroleum Inc. DHC Humble Townsend #1 API 30-025-02767

It is based on August 21, 2016 production.

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Wednesday, September 21, 2016 3:10 PM
To: Eric Sprinkle <eric@vfpetroleum.com>
Subject: RE: V-F Petroleum Inc. DHC Humble Townsend #1 API 30-025-02767

How are you determining production?

Is it based on estimated reserves or is it based on August 21, 2016 production.

Thanks

Mike

From: McMillan, Michael, EMNRD
Sent: Wednesday, September 21, 2016 9:31 AM
To: 'Eric Sprinkle' <eric@vfpetroleum.com>
Subject: RE: V-F Petroleum Inc. DHC Humble Townsend #1 API 30-025-02767

Thanks

Mike

From: Eric Sprinkle [mailto:eric@vfpetroleum.com]
Sent: Wednesday, September 21, 2016 9:30 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: RE: V-F Petroleum Inc. DHC Humble Townsend #1 API 30-025-02767

Michael,

Thanks for your quick response. Here is the letter you requested. Let me know if there is anything else you need.

Eric Sprinkle
V-F Petroleum Inc.
432-683-3344

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Wednesday, September 21, 2016 9:10 AM
To: Eric Sprinkle <eric@vfpetroleum.com>
Subject: RE: V-F Petroleum Inc. DHC Humble Townsend #1 API 30-025-02767

Send a letter from a landman stating identical ownership
Thank You

From: Eric Sprinkle [<mailto:eric@vfpetroleum.com>]
Sent: Tuesday, September 20, 2016 1:42 PM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: V-F Petroleum Inc. DHC Humble Townsend #1 API 30-025-02767

Michael,

V-F Petroleum Inc. has recently recompleted the Humble Townsend #1 (API 30-025-02767) and added a zone per C-101 approved 7/8/16. The well is currently shut in and waiting approval of an administrative order for DHC authorization. I have attached the required paperwork for your review. Please let me know if there is anything else you need from us.

Thank you.

Eric Sprinkle
V-F Petroleum Inc.
432-683-3344