

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

**APPLICATION OF V-F PETROLEUM INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 20861

**APPLICATION OF V-F PETROLEUM INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 20862

**APPLICATION OF CENTENNIAL RESOURCE
PRODUCTION, LLC FOR COMPULSORY POOLING,
NON-STANDARD SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.**

Case No. 20831

PRE-HEARING STATEMENT

Applicant/Opponent V-F PETROLEUM INC. (“Applicant” or “V-F Petroleum”), Fuel Products, Inc., Gahr Energy Co., Mark K. Nearburg, Sandra K. Lawlis, Lodge Exploration Co., LLC, and HFLP E&P, LLC (“Other Interested Parties”) provide this Pre-Hearing Statement as required by the rules of the Division. V-F Petroleum and Centennial Resource Production, LLC (“Centennial”) have filed competing applications seeking to develop the same acreage in the Bone Spring formation. V-F Petroleum has the more reasonable development plan. Its applications in Case Nos. 20861 and 20862 should therefore be approved. As explained further below, Centennial’s proposal in Case No. 20831 will impair the correlative rights of V-F Petroleum’s and Other Interested Parties. Centennial’s application in Case No. 20831 should therefore be denied.

APPEARANCES

APPLICANT/OPPONENT

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STATEMENT OF THE CASE

Case No. 20861: Application of V-F Petroleum Inc. for Compulsory Pooling, Lea

County, New Mexico. Applicant V-F Petroleum seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation (Grama Ridge; Bone Spring, NE [28435]) in a standard 162.57-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 E/2 of Section 1, Township 22 South, Range 34 East, Lea County, New Mexico. Applicant proposes to drill the following well: The **Getty 1 State Com 233H** well, to be horizontally drilled from an approximate surface hole location 330’ FSL and 2310’ FEL of Section 1-T22S-R34E, to an approximate bottom hole location 330’ FNL and 2310’ FEL of Section 1-T22S-R34E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 15 miles west of Eunice, New Mexico.

Case No. 20862: Application of V-F Petroleum Inc. for Compulsory Pooling, Lea

County, New Mexico. Applicant V-F Petroleum seeks an order from the Division pooling all uncommitted interests in the Bone Spring formation (Grama Ridge; Bone Spring, NE [28435]) in a standard 162.64-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 E/2 of Section 1, Township 22 South, Range 34 East, Lea County, New Mexico. Applicant proposes to drill the following well: The **Getty 1 State Com 234H** well, to be horizontally drilled from an approximate surface hole location 330’ FSL and 990’ FEL of Section 1-T22S-R34E, to an approximate bottom hole location 330’ FNL and 990’ FEL of Section 1-T22S-R34E. The completed intervals and first and last take points for these wells will

meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 15 miles west of Eunice, New Mexico.

Case No. 20831: Application of Centennial Resource Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant Centennial Resource Production, LLC applies for an order pooling all mineral interests within the Gramma Ridge Bone Spring Northeast Pool (Pool Code 28435) as to the proposed oil and gas wells listed below, underlying the SE/4 of Sections 36, Township 21 South, Range 34 East, NMPM and the E/2 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

As noted, V-F Petroleum has the more reasonable development plan. Its applications in Case Nos. 20861 and 20862 should therefore be approved. Centennial's proposal in Case No. 20831 will impair the correlative rights of V-F Petroleum and Other Interested Parties and result in waste. Centennial's application in Case No. 20831 should therefore be denied. Centennial proposes more wells than necessary to develop the minerals. In addition, VF-Petroleum and Other Interested Parties have concerns about certain requests made in Centennial's Application, including but not limited to Paragraph 3 of the Application. VF-Petroleum and Other Interested Parties also have concerns about provisions in the form of order that the Division has recently begun using for compulsory pooling orders, particularly as it pertains to Centennial's Application in Case No. 20813.

PROPOSED EVIDENCE

APPLICANT/OPPONENT V-F PETROLEUM:

WITNESSES	EST. TIME	EXHIBITS
Landman (TBD)	30 minutes	7-8
Geologist (TBD)	30 minutes	6-7

OPPONENT/APPLICANT CENTENNIAL:

WITNESSES	EST. TIME	EXHIBITS
TBD		

PROCEDURAL MATTERS

These competing applications should be heard together.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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CERTIFICATE OF SERVICE

I hereby certify that on March 12, 2020, a true and correct copy of the foregoing ***Pre-Hearing Statement*** was served by electronic mail on the following counsel of record:

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