

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

**APPLICATION OF CENTENNIAL RESOURCE PRODUCTION, LLC TO
RESCIND THE APPROVAL OF APPLICATIONS FOR PERMITS TO DRILL
FILED BY V-F PETROLEUM, INC., LEA COUNTY, NEW MEXICO**

CASE NO. 21261

CENTENNIAL'S PRE-HEARING STATEMENT

Centennial Resource Production, LLC ("Centennial") (OGRID No. 372165) submits this Prehearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Centennial Resource Production, LLC

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APPLICANT'S STATEMENT OF CASE

Centennial seeks an order rescinding the Division's approval of eight applications for permits to drill filed by V-F Petroleum Inc. ("V-F Petroleum") for the following Getty wells:

- a. Getty 1 State #223H (API No. 30-025-44796);
- b. Getty 1 State #224H (API No. 30-025-44797);
- c. Getty 1 State #233H (API No. 30-025-44799);
- d. Getty 1 State #234H (API No. 30-025-44800);
- e. Getty 1 State #323H (API No. 30-025-44802);
- f. Getty 1 State #324H (API No. 30-025-44803);
- g. Getty 1 State #333H (API No. 30-025-44806); and
- h. Getty 1 State #334H (API No. 30-025-44807).

Under Order R-21246 issued in Case Nos. 20861 and 20862, the Division stayed these Getty APDs on the grounds that they were issued in violation of Division Rule 19.15.16.15.A NMAC which provides:

(1) An operator **shall not file** an application for permit to drill nor commence the drilling of a horizontal oil or gas well until the operator has either:

(a) received the consent of at least one working interest owner or unleased mineral interest owner of each tract (in the target pool or formation) in which any part of the horizontal oil or gas well's completed interval will be located; or

(b) obtained a compulsory pooling order from the division for an appropriate horizontal spacing unit. (emphasis added)

Order R-21246 and Division records reflect that these Getty APDs were filed in May of 2018 and that each of these proposed wells seek to traverse the Bone Spring and Wolfcamp formations

underlying the NE/4 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County New Mexico. It is undisputed V-F Petroleum does not own an interest in the NE/4 of Section 1 nor does it have “the consent of at least one working interest owner ... of each tract (in the target pool or formation) in which any part of the horizontal oil or gas well’s completed interval will be located.” *Id.*

Further, on each of the Form C-102s accompanying the Getty APDs an agent for V-F Petroleum falsely certified:

“[T]hat 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.”

It is undisputed V-F Petroleum does not own the necessary interests, does not have a voluntary agreement and does not have a pooling order issue by the Division covering the bottom hole location or in the NW/4 of Section 1.

The Getty APDs were improperly filed by V-F Petroleum and the Division’s approval of those APDs was obtained under false pretenses. In order to protect the integrity of the Division’s permitting process, the Division’s approval of the Getty APDs must be rescinded.

APPLICANT’S PROPOSED EVIDENCE

Division records and Order R-21246 confirm the filing of the Getty APDs in May of 2018. It is undisputed that V-F Petroleum does not have the required interest or voluntary agreements to support the certifications provided or to meet the requirements of 19.15.16.15.A NMAC.

PROCEDURAL MATTERS

Under Order R-21246, the Getty APDs are staying under a hearing on this application.

Respectfully submitted,

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**ATTORNEYS FOR CENTENNIAL RESOURCE
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CERTIFICATE OF SERVICE

I hereby certify that on May 7, 2020, I served a copy of the foregoing document to the following counsel of record for V-F Petroleum Inc. in Case Nos. 20861 & 20862 via Electronic Mail:

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