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STATE OF NEW MEXICO 2009 JUN 8 AM 9 16
ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 14330

APPLICATION OF GANDY CORPORATION FOR AUTHORIZATION TO INJECT.

V-F PETROLEUM, INC.'S
REPLY IN SUPPORT OF ITS MOTION TO QUASH
AND MOTION FOR CONTINUANCE.

V-F PETROLEUM, INC. ("V-F Petroleum") through its undersigned attorneys, in Reply in Support of its Motion to Quash and Motion for Continuance states:

1. The basis of V-F Petroleum's objection to Gandy's application is its potential harm to offsetting producing properties operated by V-F Petroleum.

2. V-F Petroleum anticipated that, if a hearing on this proposal was required, it would be based on the data in the possession of the parties and that V-F Petroleum would not be required to produce its proprietary interpretations of the reservoir – something the Division has not required in the past.

3. If the Division requires the V-F Petroleum mud logs be produced, V-F Petroleum will now have to prepare a case based on the difference between, the accuracy of, and a comparison between potentially conflicting proprietary individual company interpretations of data. This is a different case than what V-F Petroleum anticipated it would present at the hearing on this application. Furthermore, the subpoena tells V-F Petroleum that the case has changed – regardless of the Division's ruling on these motions. It had anticipated presenting a case based on the proximity of the proposed injection to its producing properties, the extremely large proposed

injection interval, and the inherent problems such a poorly defined proposal presents to V-F Petroleum as an offsetting operator. While this situation may seem “illogical” to Gandy, this case will now take additional time to prepare.

4. In its Response, Gandy also suggests that V-F Petroleum has had ample notice of its application and seems to suggest that V-F Petroleum is somehow just trying to delay the hearing on this matter. In response, V-F Petroleum points out that there have been recent discussions between Gandy and V-F Petroleum concerning alternatives that could achieve Gandy’s objectives without putting V-F Petroleum properties at risk. Gandy’s final rejection of this proposal was received through its counsel on Friday, June 5th – six days prior to the scheduled hearing.

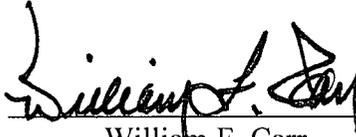
5. Further, while Gandy’s Response to V-F Petroleum’s motions contained detailed discussions of the long history of this application, it did not note that while it contends that the subject mud logs are important to the case, it did not seek the production of these documents until two weeks prior to hearing.

6. The final matter overlooked by Gandy in its Response to the V-F Petroleum’s Motion for Continuance is that because of the matters discussed above, V-F Petroleum, Inc. cannot prepare its case by June 11, 2009 and its witnesses are unavailable. Accordingly, as stated in its motion, if this application goes to hearing before July 9, 2009, V-F Petroleum, Inc will appear, receive copies of the Gandy exhibits, and then use this information to prepare for a *de novo* hearing before the Commission.

WHEREFORE, V-F Petroleum, Inc. moves the Oil Conservation Division for an order quashing the Division Subpoena seeking production of the subject mud logs and continuing the hearing in this case to the July 9, 2009 Examiner Hearing Docket.

Respectfully Submitted:

Holland & Hart LLP



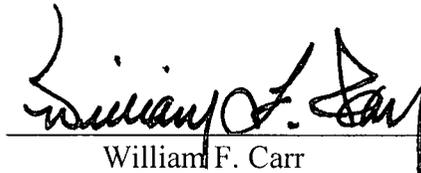
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ATTORNEYS FOR V-F PETROLEUM, INC.

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of June, 2009, I have caused to be delivered by Facsimile a copy of the **Reply to Motion to Quash and Motion for Continuance** in the above mentioned case to the following counsel of record:

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