

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

**APPLICATIONS OF V-F PETROLEUM INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**Case Nos. 24994- 24995 &
25115-25117**

**APPLICATIONS OF READ & STEVENS, INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**Case Nos. 24941-24942 &
25145-25148**

PREHEARING STATEMENT

V-F Petroleum Inc. (“V-F Petroleum”), OGRID No. 24010, through its undersigned attorneys, submits the following Prehearing Statement pursuant to the rules of the Oil Conservation Division (“Division”) for the above-referenced cases that have been consolidated for a contested hearing pursuant to the Pre-hearing Order, as amended, issued on December 18, 2024 and the Order Granting and Denying in-part Joint Motion to Amend Pre-Hearing Order issued January 17, 2025.

APPEARANCES

ATTORNEY

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ADDITIONAL PARTIES

None at this time

APPLICANT’S STATEMENT OF CASE

The above-referenced cases represent a dispute between V-F Petroleum and Read & Stevens, Inc. over the preferred development of the Bone Spring Formation in Section 14, 15, and 16, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

In Case No. 24994, V-F Petroleum seeks an order pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a standard 320-acre, more or less, spacing unit comprised of the S/2 S/2 of Sections 15 and 16, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico. V-F Petroleum proposes and dedicates to the HSU the **Rainier 16-15 Fed Com #221H Well**, and the **Rainier 16-15 Fed Com #231H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

V-F Petroleum proposes the **Rainier 16-15 Fed Com #221H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 16 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 15.

V-F Petroleum proposes the **Rainier 16-15 Fed Com #231H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 16 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 15.

In Case No. 24995, V-F Petroleum seeks an order pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a standard 320-acre, more or less, spacing unit comprised of the N/2 S/2 of Sections 16 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico. V-F Petroleum proposes and dedicates to the HSU the **Rainier 16-15 Fed Com #222H Well**, and the **Rainier 16-15 Fed Com #232H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

V-F Petroleum proposes the **Rainier 16-15 Fed Com #222H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 16 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 15.

V-F Petroleum proposes the **Rainier 16-15 Fed Com #232H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 16 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 15.

In Case No. 25115, V-F Petroleum seeks an order pooling all uncommitted mineral interests in the Third Bone Spring formation, from the top of the Third Bone Spring, at a depth of 8,914' beneath the surface, to the base of the Third Bone Spring formation, which has a depth of 9,516' beneath the surface, as shown in that certain Dual Lateralog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com #2 well (API # 30-015-33398), located in Sec. 15, Township 18 South, Range 31 East, Eddy County, New Mexico, designated as an oil pool, underlying a standard 320-acre, more or less, spacing unit comprised of the N/2 N/2 of Sections 16 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

In this application, V-F Petroleum is pooling only the Third Bone Spring formation because there is a depth severance between the base on the Second Bone Spring and the top of the Third Bone Spring, and importantly, there is a geological barrier between the Second Bone Spring and Third Bone Spring that maintains the integrity of production within the partitioned zone thereby allowing for the partition.

V-F Petroleum proposes and dedicates to the HSU the **Rainier 16-15 Fed Com #234H Well**, as the initial well, to be drilled to a sufficient depth to test the Third Bone Spring formation. The **Rainier 16-15 Fed Com #234H Well**, an oil well, will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 16 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 15.

There exists an overlapping unit for the Tamano 15 AD Fed Com #1H Well (API No. 30-015-40868), that is drilled in the Bone Spring formation underlying the N/2 N/2 of Section 15 for which V-F Petroleum seeks approval for the overlapping unit.

In Case No. 25116, V-F Petroleum seeks an order pooling all uncommitted mineral interests in the First and Second Bone Spring formations, designated as an oil pool, from the top of the First Bone Spring formation, at an approximate depth of 6,048' beneath the surface, to the base of the Second Bone Spring formation, at an approximate depth of 8,913' beneath the surface, as shown in that certain Dual Lateralog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com #2 well (API # 30-015-33398), located in Sec. 15, Township 18 South, Range 31 East, Eddy County, New Mexico, underlying a standard 320-acre, more or less, spacing unit comprised of the S/2 N/2 of Sections 16 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico. In this application, V-F Petroleum is pooling only the First and Second Bone Spring formations because there is a depth severance between the base of the Second Bone Spring and

the Top of the Third Bone Spring, and importantly, there is a geological barrier between Second Bone Spring and Third Bone Spring that maintains the integrity of production within the partitioned zone thereby allowing for the partition.

V-F Petroleum proposes and dedicates to the HSU the **Rainier 16-15 Fed Com #223H Well**, as an initial well, to be drilled to a sufficient depth to test the Second Bone Spring. The **Rainier 16-15 Fed Com #223H Well**, an oil well, will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 16 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 15.

In Case No. 25117, V-F Petroleum seeks an order pooling all uncommitted mineral interests in the Third Bone Spring formation, from the top of the Third Bone Spring, at a depth of 8,914' beneath the surface, to the base of the Third Bone Spring formation, which has a depth of 9,516' beneath the surface, as shown in that certain Dual Laterolog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com #2 well (API # 30-015-33398), located in Sec. 15, Township 18 South, Range 31 East, Eddy County, New Mexico, designated as an oil pool, underlying a standard 320-acre, more or less, spacing unit comprised of the S/2 N/2 of Sections 16 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico. In this application, V-F Petroleum is pooling only the Third Bone Spring formation because there is a depth severance between the base on the Second Bone Spring and the top of the Third Bone Spring, and importantly, there is a geological barrier between the Second Bone Spring and Third Bone Spring that maintains the integrity of production within the partitioned zone thereby allowing for the partition.

V-F Petroleum proposes and dedicates to the HSU the **Rainier 16-15 Fed Com #233H Well**, as an initial well, to be drilled to a sufficient depth to test the Third Bone Spring formation.

The **Rainier 16-15 Fed Com #233H Well**, an oil well, will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 16 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 15.

In Case No 24941, Read & Stevens, Inc seeks an order pooling all uncommitted interests in a portion of the Bone Spring formation, from the top of the Bone Spring formation to the base of the Second Bone Spring formation, underlying a standard 320-acre, more or less, horizontal well spacing unit comprised of the S/2 N/2 of Sections 14 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico and designating Permian Resources, Operating, LLC as operator of the unit to which the proposed wells will be dedicated.

An ownership depth severance exists in the Bone Spring formation within the proposed horizontal well spacing unit. Accordingly, Permian seeks to pool only a portion of the Bone Spring formation, from the top of the Bone Spring formation to the base of the Second Bone Spring formation, measured from the top of the Bone Spring formation, to the stratigraphic equivalent of the base of the Second Bone Spring formation, as seen at 8,913 feet measured depth beneath the surface, as shown in that certain Dual Lateralog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com #2 (API # 30-015-33398), located in Section 15, Township 18 South, Range 31 East, Eddy County, New Mexico.

Read & Stevens, Inc. seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Slim Jim 14-15 Fed Com 122H** and **Slim Jim 14-15 Fed Com 123H** wells, both to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 14, with a first take point in the SE/4 NE/4 (Unit H) of Section 14, and a last take point in the SW/4 NW/4 (Unit E) of Section 15.

In Case No. 24942, Read & Stevens, Inc. seeks an order pooling all uncommitted interests in a portion of the Bone Spring formation, from the top of the Bone Spring formation to the base of the Second Bone Spring formation, underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of the S/2 of Sections 14 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico and designating Permian Resources, Operating, LLC as operator of the unit to which the proposed wells will be dedicated.

An ownership depth severance exists in the Bone Spring formation within the proposed horizontal well spacing unit. Accordingly, Permian seeks to pool only a portion of the Bone Spring formation, from the top of the Bone Spring formation to the base of the Second Bone Spring formation, measured from the top of the Bone Spring formation, to the stratigraphic equivalent of the base of the Second Bone Spring formation, as seen at 8,913 feet measured depth beneath the surface, as shown in that certain Dual Lateralog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com #2 (API # 30-015-33398), located in Section 15, Township 18 South, Range 31 East, Eddy County, New Mexico.

Read & Stevens, Inc. seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Slim Jim 14-15 Fed Com 124H** and **Slim Jim 14-15 Fed Com 125H** wells, both to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 14, with a first take point in the NE/4 SE/4 (Unit I) of Section 14, and a last take point in the NW/4 SW/4 (Unit L) of Section 15; and **Slim Jim 14-15 Fed Com 126H** well, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 14, with a first take point in the SE/4 SE/4 (Unit P) of Section 14, and a last take point in the SW/4 SW/4 (Unit M) of Section 15. The completed interval of the **Slim Jim 14-15 Fed Com 125H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity

tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC.

In Case No. 25145, Read & Stevens, Inc. seeks an order (1) approving a 320-acre, more or less, overlapping horizontal well spacing unit in a portion of the Bone Spring formation, from the top of the Third Bone Spring formation to the base of the Bone Spring formation, underlying the N/2 N/2 of Sections 14 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted interests in this acreage and designating Permian Resources Operating, LLC as operator of the unit to which the proposed wells will be dedicated.

An ownership depth severance exists in the Bone Spring formation within the proposed horizontal well spacing unit. Accordingly, Permian seeks to pool only a portion of the Bone Spring formation, from the top of the Third Bone Spring formation to the base of the Bone Spring formation, measured from a foot below the base of the Second Bone Spring formation, to the stratigraphic equivalent of the base of the Bone Spring formation, as seen at 8,913 feet measured depth beneath the surface, as shown in that certain Dual Lateralog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com #2 (API # 30-015-33398), located in Section 15, Township 18 South, Range 31 East, Eddy County, New Mexico.

Applicant seeks to initially dedicate the above-referenced overlapping horizontal spacing unit to the proposed **Slim Jim 14-15 Fed Com 131H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 14, with a first take point in the NE/4 NE/4 (Unit A) of Section 14, and a last take point in the NW/4 NW/4 (Unit D) of Section 15.

This proposed horizontal well spacing unit will overlap the 160-acre spacing unit comprised of the N/2 N/2 of Section 15, T18S-R31E, dedicated to the Tamano 15 AD Federal 1H (API: 30-015-40868) well currently operated by Mewbourne Oil Company.

In Case No. 25146, Read & Stevens, Inc. seeks an order pooling all uncommitted interests

in a portion of the Bone Spring formation, from the top of the Third Bone Spring formation to the base of the Bone Spring formation, underlying the S/2 N/2 of Sections 14 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico and designating Permian Resources Operating, LLC as operator of the unit to which the proposed well will be dedicated.

An ownership depth severance exists in the Bone Spring formation within the proposed horizontal well spacing unit. Accordingly, Permian seeks to pool only a portion of the Bone Spring formation, from the top of the Third Bone Spring formation to the base of the Bone Spring formation, measured from a foot below the base of the Second Bone Spring formation, to the stratigraphic equivalent of the base of the Bone Spring formation, as seen at 8,913 feet measured depth beneath the surface, as shown in that certain Dual Lateralog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com #2 (API # 30-015-33398), located in Section 15, Township 18 South, Range 31 East, Eddy County, New Mexico.

Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Slim Jim 14-15 Fed Com 132H** well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 13, with a first take point in the SE/4 NE/4 (Unit H) of Section 14, and a last take point in the SW/4 NW/4 (Unit E) of Section 15.

In Case No. 25147, Read & Stevens, Inc. seeks an order pooling all uncommitted interests in a portion of the Bone Spring formation, from the top of the Third Bone Spring formation to the base of the Bone Spring formation, underlying the N/2 S/2 of Sections 14 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico and designating Permian Resources Operating, LLC as operator of the unit to which the proposed well will be dedicated.

An ownership depth severance exists in the Bone Spring formation within the proposed horizontal well spacing unit. Accordingly, Permian seeks to pool only a portion of the Bone

Spring formation, from the top of the Third Bone Spring formation to the base of the Bone Spring formation, measured from a foot below the base of the Second Bone Spring formation, to the stratigraphic equivalent of the base of the Bone Spring formation, as seen at 8,913 feet measured depth beneath the surface, as shown in that certain Dual Lateralog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com #2 (API # 30-015-33398), located in Section 15, Township 18 South, Range 31 East, Eddy County, New Mexico.

Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Slim Jim 14-15 Fed Com 133H** well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 15, with a first take point in the NW/4 SW/4 (Unit L) of Section 15, and a last take point in the NE/4 SE/4 (Unit I) of Section 14.

In Case No. 25148, Read & Stevens, Inc. seeks an order pooling all uncommitted interests in a portion of the Bone Spring formation, from the top of the Third Bone Spring formation to the base of the Bone Spring formation, underlying the S/2 S/2 of Sections 14 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico and designating Permian Resources Operating, LLC as operator of the unit to which the proposed well will be dedicated.

An ownership depth severance exists in the Bone Spring formation within the proposed horizontal well spacing unit. Accordingly, Permian seeks to pool only a portion of the Bone Spring formation, from the top of the Third Bone Spring formation to the base of the Bone Spring formation, measured from a foot below the base of the Second Bone Spring formation, to the stratigraphic equivalent of the base of the Bone Spring formation, as seen at 8,913 feet measured depth beneath the surface, as shown in that certain Dual Lateralog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com #2 (API # 30-015-33398), located in Section 15, Township 18 South, Range 31 East, Eddy County, New Mexico.

Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Slim Jim 14-15 Fed Com 134H** well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 15 with a first take point in the SW/4 SW/4 (Unit M) of Section 15, and a last take point in the SE/4 SE/4 (Unit P) of Section 14.

APPLICANT'S PROPOSED EVIDENCE

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Jordan Shaw	Approx. 35 min	Approx. 5
Geologist: Mike Burke	Approx. 35 min	Approx. 6

OPPONENT'S PROPOSED EVIDENCE

To be provided in Read & Stevens Pre-hearing Statement.

PROCEDURAL MATTERS

V-F Petroleum requests that the Parties be allowed to submit Closing Arguments after the conclusion of the contested hearing. Additionally, V-F expresses its concern that the notice requirements pursuant to 19.15.4.9(B) NMAC and 19.15.4.12(B) NMAC, along with NMSA 1978 §§ 70-2-23 and 70-2-7, have not been satisfied for the hearing to be held on the scheduled hearing date of January 28, 2025. *See Johnson v. New Mexico Oil Conservation Comm'n*, 1999-NMSC-021, 978 P.2d 327. V-F Petroleum respectfully mentions this concern for the Division's consideration to the extent that raising the issue may assist avoiding a negative impact on the hearing.

Respectfully submitted,

ABADIE & SCHILL, PC

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Attorneys for V-F Petroleum Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on January 21, 2025:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 423187

QUESTIONS

Operator: V-F PETROLEUM INC P.O. Box 1889 Midland, TX 79702	OGRID: 24010
	Action Number: 423187
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	2
Testimony time (in minutes)	70