

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

**APPLICATION OF V-F PETROLEUM, INC.
FOR APPROVAL OF A NON-STANDARD SPACING UNIT
IN THE BONE SPRING FORMATION
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 23225
ORDER NO. R-22742**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on January 5, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. V-F Petroleum, Inc. (“VF”) filed an application (“Application”) seeking approval of a 486.05-acre non-standard horizontal spacing unit for production from all Division-designated pools in the Bone Spring formation underlying N/2 of Section 19, Township 19 South, Range 28 East, and the NE/4 of Section 24, Township 19 South, Range 27 East, Eddy County New Mexico (“Spacing Unit”).
2. The Spacing Unit will be initially dedicated to the following horizontal wells (“wells”):
 - Lightfoot 19 State Com #223H (API No. 30-015-47426)
 - Lightfoot 19 State Com #224H (API No. 30-015-47424)
 - Lightfoot 19 State Com #233H (API No. 30-015-48010)
 - Lightfoot 19 State Com #234H (API No. 30-015-47401)
3. The Wells will be drilled and completed in the following pool:
 - WINCHESTER; BONE SPRING, WEST (Pool Code 97569)
4. VF appeared at hearing and presented evidence by affidavit.
5. The Spacing Unit is comprised of the following three leases:
 - State Lease B0-9189-19
 - State Lease L-6654-2
 - State Lease V0-1652
6. VF provided testimony that VF owns all the working interest within the Spacing Unit.

7. VF will consolidate facilities and commingling production from existing and future wells in the Spacing Unit to minimize surface disturbance. VF testified that approval of the Spacing Unit will prevent surface, environmental, and economic waste.
8. The Wells will efficiently and effectively develop the Spacing Unit and will result in significant efficiencies due to the ability to consolidate surface facilities.
9. VF gave notice of the Application to all affected parties in the tracts that adjoin the Spacing Unit, and the State Land Office (“SLO”).
10. No other party appeared at the hearing or opposed granting the Application.

CONCLUSIONS OF LAW

11. OCD has jurisdiction to issue this Order pursuant to Section 70-2-18(C), NMSA 1978.
12. VF has met the notice requirements for approval of non-standard horizontal spacing units in accordance with 19.15.16.15(B)(5) NMAC.
13. OCD’s rules allow the approval of a non-standard horizontal spacing unit, after notice and opportunity for hearing, “if necessary to prevent waste or protect correlative rights” 19.15.16.15(B)(5)(a) NMAC.
14. While the OCD is authorized to approve a non-standard spacing unit, Rutter & Wilbanks Corp. v. Oil Conservation Comm’n, 1975-NMSC-006, OCD lacks the authority to approve unitization and will disapprove an application if it determines that it is actually unitization. Order R-13554 (May 18, 2012) (disapproving application for a non-standard spacing unit consisting of 16 standard spacing units).
15. Approval of the Spacing Unit promotes effective well spacing and allows VF to efficiently locate surface facilities, and reduce development costs, and therefore prevents waste and protects correlative rights.

ORDER

16. The Application to create a 486.05-acre non-standard horizontal spacing unit for production from all Division-designated pools in the Bone Spring formation underlying N/2 of Section 19, Township 19 South, Range 28 East, and the NE/4 of Section 24, Township 19 South, Range 27 East, Eddy County New Mexico, **is hereby approved.**
17. VF shall file Forms C-102 reflecting the correct acreage dedicated for each of the Wells.

18. OCD retains jurisdiction of this case for entry of such further orders as the Division may deem necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



DYLAN M. FUGE
DIRECTOR
DMF/jag

Date: 6/7/23