

**District I**1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720**District II**811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720**District III**1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170**District IV**1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

## State of New Mexico

Form C-101  
Revised July 18, 2013

## Energy Minerals and Natural Resources

## Oil Conservation Division

☐ AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

## APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1.</sup> Operator Name and Address <b>V-F Petroleum Inc. P. O Box 1889 Midland TX 79702</b>		<sup>2.</sup> OGRID Number <b>24010</b>
		<sup>3.</sup> API Number <b>30-025-30735</b>
<sup>4.</sup> Property Code <b>21820</b>	<sup>5.</sup> Property Name <b>Mitchell 16 State</b>	Well No. <b>#1</b>

<sup>7.</sup> Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	16	18S	32E		1650	North	990	East	Lea

<sup>8.</sup> Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

<sup>9.</sup> Pool Information

Pool Name <b>YOUNG; BONE SPRING, NORTH</b>	Pool Code <b>65350</b>
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## Additional Well Information

<sup>11.</sup> Work Type <b>Recomplete</b>	<sup>12.</sup> Well Type <b>O</b>	<sup>13.</sup> Cable/Rotary <b>R</b>	<sup>14.</sup> Lease Type <b>S</b>	<sup>15.</sup> Ground Level Elevation <b>3791</b>
<sup>16.</sup> Multiple <b>N</b>	<sup>17.</sup> Proposed Depth	Formation <b>3rd BONE SPRING, CARBONATE</b>	<sup>19.</sup> Contractor	<sup>20.</sup> Spud Date <b>6/04/2024 start recomplete</b>
Depth to Ground water <b>300</b>	Distance from nearest fresh water well <b>CP 00483 is 1.2 miles to the SE</b>		Distance to nearest surface water <b>400 SW of Surface pond</b>	

☒ We will be using a closed-loop system in lieu of lined pits<sup>21.</sup> Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
<b>No Changes to original casing for Recompletion</b>						

## Casing/Cement Program: Additional Comments

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<sup>22.</sup> Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
<b>Double Ram</b>	<b>5000</b>	<b>3000</b>	

<sup>23.</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. <b>I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> if applicable.</b> Signature: <i>Kristina Lee</i>		OIL CONSERVATION DIVISION	
Printed name: Kristina Lee		Approved By:	
Title: Regulatory Consultant		Title:	
E-mail Address: krislee@skybeam.com		Approved Date: <b>06/04/2024</b> Expiration Date: <b>06/04/2026</b>	
Date: 6/03/24	Phone: 303.884.4229	Conditions of Approval Attached	

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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-025-30735</b>	<sup>2</sup> Pool Code <b>65350</b>	<sup>3</sup> Pool Name <b>YOUNG; BONE SPRING, NORTH</b>
<sup>4</sup> Property Code <b>21820</b>	<sup>5</sup> Property Name <b>Mitchell 16 State</b>	<sup>6</sup> Well Number <b>1</b>
<sup>7</sup> OGRID No. <b>24010</b>	<sup>8</sup> Operator Name <b>V-F Petroleum Inc.</b>	<sup>9</sup> Elevation <b>3791'</b>

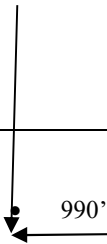
<sup>10</sup> Surface Location

UL or lot no. <b>H</b>	Section <b>16</b>	Township <b>18S</b>	Range <b>32E</b>	Lot Idn	Feet from the <b>1650</b>	North/South line <b>NORTH</b>	Feet from the <b>990</b>	East/West line <b>EAST</b>	County <b>LEA</b>
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres <b>40</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code		<sup>15</sup> Order No					

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<sup>16</sup>					1650		<b><sup>17</sup> OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <b>Kristina Lee</b> 6/03/2024 Signature Date <b>Kristina Lee</b> Printed Name <b>krislee@skybeam.com</b> E-mail Address
							<b><sup>18</sup> SURVEYOR CERTIFICATION</b> <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> 11/15/89 Date of Survey Signature and Seal of Professional Surveyor:  Original Survey by V./lynn Bezner #7920 is in OCD's well file Certificate Number

State of New Mexico  
Energy, Minerals and Natural Resources Department

Submit Electronically  
Via E-permitting

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

## NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

### Section 1 – Plan Description

Effective May 25, 2021

**I. Operator:** V-F Petroleum Inc **OGRID:** 24010 **Date:** 3/14/2024

**II. Type:** ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: \_\_\_\_\_

**III. Well(s):** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Mitchell 16 State #1	30-025-30735	H 16 18S 32E	1650 FNL 990 FEL	5	15	5

**IV. Central Delivery Point Name:** Mitchell 16 #1 [See 19.15.27.9(D)(1) NMAC]

**V. Anticipated Schedule:** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
Mitchell 16 State #1	30-025-30735	4/20/22	4/21/22	4/23/22	4/23/22	4/24/22

**VI. Separation Equipment:** ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

**VII. Operational Practices:** ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

**VIII. Best Management Practices:** ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

**Section 2 – Enhanced Plan****EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

**IX. Anticipated Natural Gas Production:**

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

**X. Natural Gas Gathering System (NGGS):**

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

**XI. Map.** ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:** ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

### **Section 3 - Certifications**

**Effective May 25, 2021**

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

***If Operator checks this box, Operator will select one of the following:***

**Well Shut-In.** ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

**Venting and Flaring Plan.** ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

### **Section 4 - Notices**

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	<i>Bill Pierce</i>
Printed Name:	<b>Bill Pierce</b>
Title:	<b>Engineer</b>
E-mail Address:	<b>bill@vfpetroleum.com</b>
Date:	<b>3/15/2024</b>
Phone:	<b>432-683-3344</b>
<b>OIL CONSERVATION DIVISION</b> <b>(Only applicable when submitted as a standalone form)</b>	
Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

**V-F Petroleum Inc**  
**Natural Gas Management Plan - Attachment**

**VI: Separation Equipment**

V-F Petroleum Inc (V-F) has sized all separation equipment to be adequate to handle the maximum anticipated production facility rates for all three phases. Adequate separation relates to retention time for Liquid-Liquid separation and velocity for Gas-Liquid separation. Ancillary equipment and metering will be selected to be serviced without flow interruptions or the need to release gas from the well.

**VII: Operational Practices**Drilling Operations

V-F will capture or combust natural gas using best industry practices and control technologies during drilling operations. A properly sized flare stack will be located at a minimum of 100 feet from the nearest surface hole location. Gas may be vented in an emergency to avoid a risk of an immediate and substantial adverse impact on safety, public health, or the environment.

Completion/Recompletion Operations

During initial flowback, V-F will route flowback fluids into a completion or storage tank, and if possible, flare instead of vent any natural gas with a properly sized flare stack until it is able to flow through a separator and down a line for sales. In the unlikely event that produced natural gas does not meet pipeline specifications, V-F will flare it for 60 days or until the natural gas meets pipeline specifications, whichever is sooner.

Production Operations

Natural gas will not be flared with the exceptions and provisions listed in the 19.15.27.8 D (1) through (4). If there is no adequate takeaway for the separator gas, all effected wells will be shut in until takeaway issues are resolved. Exceptions would be emergency or major malfunction situations.

Performance Standards

All completion, production separation equipment, and storage tanks will be properly sized to handle the maximum anticipated volumes and pressures associated with each well. Any permanent storage tank associated with production operations that is routed to a flare or control device, will be equipped with an automatic gauging system that reduces the venting of natural gas. A properly sized flare stack will be securely anchored and installed at least 100 feet away from both the well(s) and storage tanks, and will be equipped with an automatic ignitor or continuous pilot. V-F will conduct AVO inspections on the frequency specified in 19.15.27.8 E (5) (b) and (c). V-F will do everything possible to minimize waste and will resolve emergencies as quickly and safely as possible.

Measurement and Estimation

Any vented or flared natural gas volumes will be estimated and reported appropriately. V-F will install equipment to measure the volume of natural gas flared from existing process piping or a flowline piped from equipment such as high-pressure separators, heater treaters, or vapor recovery units. All measuring equipment will adhere to industry standards set forth by the American Petroleum Institute Manual of Petroleum Measurement Standards Chapter 14.10. Measuring equipment will not be designed or equipped with a manifold that allows diversion of natural gas around a metering element, except for the sole purpose of inspecting and servicing the measurement equipment. Flared/vented

**V-F Petroleum Inc**  
**Natural Gas Management Plan - Attachment**

natural gas will be estimated if metering is not practical due to low flow rate or low pressures. This estimation will include but will not be limited to an annual GOR test reported to the division.

**VIII: Best Management Practices**

V-F will utilize best management practices to minimize venting during active and planned maintenance. Potential actions that will be considered include, but are not limited to:

- Venting limited to the depressurizing of the subject equipment to ensure a safe repair
- Identifying alternate capture methods
- Temporarily reduce production or shut-in wells during maintenance
- Flare if natural gas does not meet pipeline specifications
- Perform preventative maintenance to avoid potential equipment failure



This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

## Northwestern New Mexico

T. Anhy _____	T. Canyon _____	T. Ojo Alamo _____	T. Penn. "B" _____
T. Salt _____	T. Strawn _____	T. Kirtland-Fruitland _____	T. Penn. "C" _____
B. Salt _____	T. Atoka _____	T. Pictured Cliffs _____	T. Penn. "D" _____
T. Yates 3074'	T. Miss _____	T. Cliff House _____	T. Leadville _____
T. 7 Rivers _____	T. Devonian _____	T. Menefee _____	T. Madison _____
T. Queen 3826'	T. Silurian _____	T. Point Lookout _____	T. Elbert _____
T. Grayburg _____	T. Montoya _____	T. Mancos _____	T. McCracken _____
T. San Andres 4438'	T. Simpson _____	T. Gallup _____	T. Ignacio Otzte _____
T. Glorieta _____	T. McKee _____	Base Greenhorn _____	T. Granite _____
T. Paddock _____	T. Ellenburger _____	T. Dakota _____	T. _____
T. Blinebry _____	T. Gr. Wash _____	T. Morrison _____	T. _____
T. Tubb _____	T. Delaware Sand 5270'	T. Todilto _____	T. _____
T. Drinkard _____	T. Bone Springs 6626'	T. Entrada _____	T. _____
T. Abo _____	T. 1st B.S. Sand 8146'	T. Wingate _____	T. _____
T. Wolfcamp 10,252'	T. 2nd B.S. Sand 8912'	T. Chinle _____	T. _____
T. Penn _____	T. 3rd B.S. Sand 9536'	T. Permain _____	T. _____
T. Cisco (Bough C) _____	T. lower Leonard 9824'	T. Penn "A" _____	T. _____

No. 1, from.....to.....  
No. 2, from.....to.....  
No. 3, from.....to.....  
No. 4, from.....to.....

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....  
 No. 2, from.....to.....feet.....  
 No. 3, from.....to.....feet.....

## LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness in Feet	Lithology

From	To	Thickness in Feet	Lithology

Mitchell 16 State #1 – 03-025-30735

No changes to casing downhole

V-F would like to try a completion in the 3<sup>rd</sup> Bone Spring Carbonate. The perforations are (9,490' – 9,496'), (9,502' -9,508') and (9,514' -9,428').

VF Petroleum recently tried to recomplete this well into the Lovington sands and came up with no hydrocarbons. This is what was done to the well:

Spotted 35 sack Class H cement plug at depth of 10,000', then spotted 35 sack Class H cement plug at depth of 8,500' and then spotted 35 sack Class H cement plug at depth of 6,500'; Rig up wireline and set CIBP at depth of 5,000'. RIH with gamma perforating gun and perforate Lovington Sand formation; 4,730' - 4,748'; 18' x 2 spf. RIH with 5-1/2" AS1-10X packer and set at depth of 4,605'

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**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS  
  
Action 350497

CONDITIONS

Operator: V-F PETROLEUM INC P.O. Box 1889 Midland, TX 79702	OGRID: 24010
	Action Number: 350497
	Action Type: [C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By	Condition	Condition Date
pkautz	PRIOR TO PERFORATING 3BSS MUST SQUEZE PERFS @ 4730-4748.	6/4/2024