

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

**APPLICATION OF V-F PETROLEUM INC.
FOR APPROVAL OF A NON-STANDARD
SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 22284-22286

CONSOLIDATED PRE-HEARING STATEMENT

V-F Petroleum Inc. ("Applicant") submits its consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

V-F Petroleum Inc.

ATTORNEYS

Dana S. Hardy
Michael Rodriguez
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com

INTERESTED PARTIES

No other parties of record.

ATTORNEYS

STATEMENT OF THE CASE

In Case No. 22284, Applicant applies for an order approving a 160-acre, more or less, non-standard spacing and proration unit ("Unit") comprised of the SE/4 of Section 7, Township 15 South, Range 38 East, Lea County, New Mexico. V-F Petroleum proposes to dedicate the Unit to its Denton 7 #1 well ("Well") which is vertically drilled from a surface hole location 1,800 FSL and 880 FEL (Unit I) in Section 7 to a depth sufficient to test the Denton; Wolfcamp pool (Pool Code 17290) within the Wolfcamp formation. This pool requires 40-acre spacing with wells to be

located no closer than 330 feet to a quarter-quarter section line. The Well is currently dedicated to a 40-acre unit comprised of the NE/4SE/4 of Section 7. The location of the Well is orthodox. Applicant seeks approval of a 160-acre non-standard spacing and proration unit comprised of the SE/4 of Section 7 so that all quarter-quarter sections that will be affected by the well are included within the Unit. Accordingly, V-F Petroleum seeks to include the S/2SE/4 and NW/4SE/4 of Section 7 in the Unit. The Well is located approximately 12 miles northeast of Lovington, New Mexico.

In Case No. 22285, Applicant applies for an order approving a 160-acre, more or less, non-standard spacing and proration unit (“Unit”) comprised of the NE/4 of Section 7, Township 15 South, Range 38 East, Lea County, New Mexico. V-F Petroleum proposes to dedicate the Unit to its DMT 7 Fee #2 well (“Well”) which has been vertically drilled from a surface hole location 1,200 FNL and 1,300 FEL in Section 7 (Unit A) to a depth sufficient to test the Denton; Wolfcamp pool (Pool Code 17290) within the Wolfcamp formation. This pool requires 40-acre spacing with wells to be located no closer than 330 feet to a quarter-quarter section line. The Well is currently dedicated to a 40-acre unit comprised of the NE/4NE/4 of Section 7. The location of the Well is currently unorthodox to allow it to be drilled at a geologically preferred location for the maximum recovery of hydrocarbons and to prevent waste. The unorthodox location was approved by Administrative Order NSL-7688. Applicant seeks approval of a 160-acre non-standard spacing and proration unit comprised of the NE/4 of Section 7 so that all quarter-quarter sections that will be affected by the well are included within the Unit. Accordingly, V-F Petroleum seeks to include the W/2NE/4 and SE/4NE/4 of Section 7 in the Unit. The location of the well will be orthodox within the proposed Unit. The Well is located approximately 12 miles northeast of Lovington, New Mexico.

In Case No. 22286, Applicant applies for an order approving a 160-acre, more or less, non-standard spacing and proration unit (“Unit”) comprised of the NW/4 of Section 7, Township 15 South, Range 38 East, Lea County, New Mexico. V-F Petroleum proposes to dedicate the Unit to its DMT 7 Fee #3 well (“Well”), which is vertically drilled from a surface hole location 1,350 FNL and 2,300 FWL (Unit F) in Section 7 to a depth sufficient to test the Denton; Wolfcamp pool (Pool Code 17290) within the Wolfcamp formation. This pool requires 40-acre spacing with wells to be located no closer than 330 feet to a quarter-quarter section line. The Well is currently dedicated to a 40-acre unit comprised of the SE/4NW/4 of Section 7. The location of the Well is currently unorthodox to allow it to be drilled at a geologically preferred location for the maximum recovery of hydrocarbons and to prevent waste. The unorthodox location was approved by Administrative Order NSL-7689. Applicant seeks approval of a 160-acre non-standard spacing and proration unit comprised of the NW/4 of Section 7 so that all quarter-quarter sections that will be affected by the well are included within the Unit. Accordingly, V-F Petroleum seeks to include the N/2NW/4 and SW/4NW/4 of Section 7 in the Unit. The location of the well will be orthodox within the proposed Unit.

PROPOSED EVIDENCE

Witness	Occupation	Estimated Time	Exhibits
John Lodge	Landman	Affidavit	Approx. 5
Jason Lodge	Geologist	Affidavit	Approx. 3

PROCEDURAL MATTERS

Applicant requests Case Nos. 22284, 22285 and 22286 be consolidated for the purpose of hearing. Applicant will present these cases by affidavit if there is no opposition to its applications.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

Dana S. Hardy

Michael Rodriguez

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

mrodriguez@hinklelawfirm.com

Counsel for V-F Petroleum Inc.

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 Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 58531

QUESTIONS

Operator: V-F PETROLEUM INC P.O. Box 1889 Midland, TX 79702	OGRID: 24010
	Action Number: 58531
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>