

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 NO. 22286

EXHIBIT INDEX

Exhibit A	Self-Affirmed Statement of Jerry Gahr
A-1	Application & Proposed Notice of Hearing
A-2	C-102(s)
A-3	Unit Plat
A-4	Hearing Notice Letter and Return Receipts
A-5	Affidavit of Publication
Exhibit B	Self-Affirmed Statement of Dale Lubinski
B-1	Location Map
B-2	Structure Map
B-3	Cross Section

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 NO. 22286

SELF-AFFIRMED STATEMENT
OF JERRY GAHR

1. I am the President and Chief Operating Officer of V-F Petroleum Inc. (“V-F Petroleum”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my qualifications as an expert in petroleum land matters were accepted and made a matter of record.

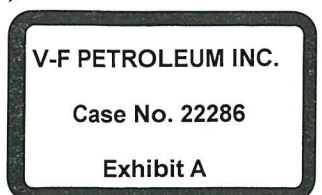
2. I am familiar with the application in the above-referenced case and the land matters involved. Copies of the application and proposed hearing notice are attached hereto as **Exhibit A-1**.

3. None of the affected parties in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

1. V-F Petroleum seeks 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.

4. V-F Petroleum controls 100% of the working interest in the proposed Unit and has the right to drill thereon.

5. V-F Petroleum proposes to dedicate the Unit to 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.

6. The Well is currently dedicated to a 40-acre unit comprised of the SE/4NW/4 of Section 7.

7. On April 11, 2018, The Division issued NSL-7689 approving the Well's non-standard location.

8. V-F Petroleum 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.

9. **Exhibit A-2** contains the C-102 for the Well.

10. **Exhibit A-3** contains a plat of the Unit identifying the Unit boundary area, the unit boundary area of a standard spacing unit for the subject pool, the proposed well dedication, and all offsetting spacing units. This exhibit also shows that 100% of the unit interest is held by V-F Petroleum.

11. V-F Petroleum owns 100% of the mineral interests within the acreage dedicated to the proposed Unit. Consequently, there are no adversely affected offset interests in the NW/4 of Section 7 within the Wolfcamp formation since working interest, royalty interest, and overriding royalty interest ownership is common in all offsetting quarter-quarter sections.

12. V-F Petroleum has conducted a diligent search of all public records in Lea County including phone directories and computer databases.

13. Notice of V-F Petroleum's application and the Division hearing was timely provided to all affected parties by certified mail more than 20 days prior to the hearing date. A sample of the notice letter and associated green card is attached as **Exhibit A-4**.

14. Notice of V-F Petroleum's application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-5**.

15. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

16. In my opinion, the granting of V-F Petroleum's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

17. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony in paragraphs 1 through 16 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.



Jerry Gahr

10/29/2021

Date

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

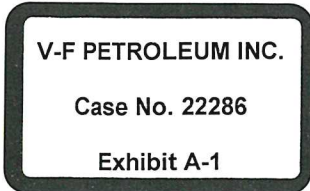
APPLICATION OF V-F PETROLEUM INC.
FOR APPROVAL OF A NON-STANDARD
SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

CASE NO. 22286

APPLICATION

V-F Petroleum Inc. ("V-F Petroleum" or "Applicant"), by and through the undersigned counsel, files this application with the Oil Conservation Division pursuant to NMSA 1978, § 70-2-17 and NMAC 19.15.15.11, 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. In support of its application, V-F Petroleum states the following:

1. V-F Petroleum (OGRID No. 24010) controls 100% of the working interest in the proposed Unit and has the right to drill thereon.
2. 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.
3. The Well is currently dedicated to a 40-acre unit comprised of the SE/4NW/4 of Section 7.



4. 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.

5. 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.

6. The approval of the Unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. In order to permit V-F Petroleum to obtain its just and fair share of the oil and gas underlying the subject lands, the Unit should be approved and V-F Petroleum should be designated the operator of the proposed well and spacing unit.

WHEREFORE, V-F Petroleum requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. approving a 160-acre, more or less, non-standard spacing and proration unit comprised of the NW/4 of Section 7, Township 15 South, Range 38 East; and
- B. designating V-F Petroleum as operator of the non-standard spacing and proration unit and the Well to be drilled thereon.

Respectfully Submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Michael Rodriguez

218 Montezuma Ave.

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.

Application V-F Petroleum Inc. for Approval of a Non-Standard Spacing and Proration Unit, Lea County, New Mexico. 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. The Well is located approximately 12 miles northeast of Lovington, New Mexico.

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

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

FEB 19 2020

RECEIVED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

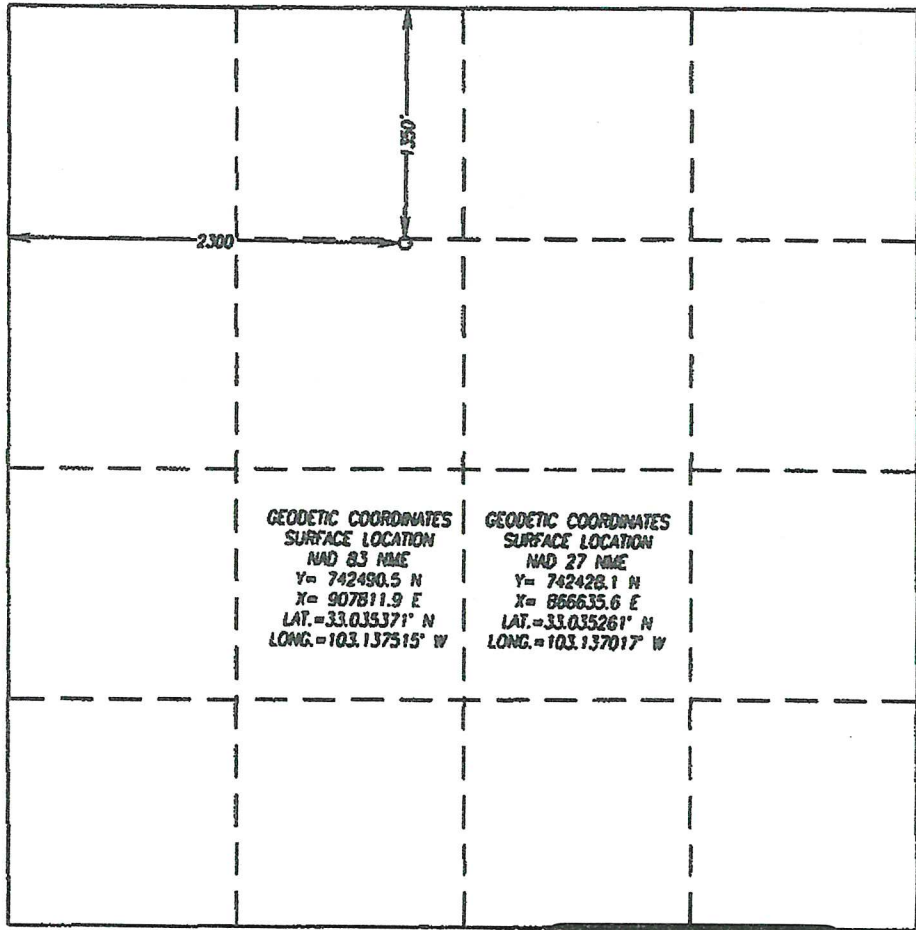
API Number 30-026	Pool Code 17290	Pool Name DENTON, WOLFCAMP
Property Code 316206	Property Name DMT 7 FEE	Well Number 3
OGRID No. 24010	Operator Name V-F PETROLEUM	Elevation 3778'

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	7	15-S	38-E		1350	NORTH	2300	WEST	LEA

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill N	Consolidation Code	Order No. NSL-7689
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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



OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Mike Pippin 2/18/20
 Signature Date

MIKE PIPPIN
 Printed Name

MIKE@PIPPINLLC.COM
 E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

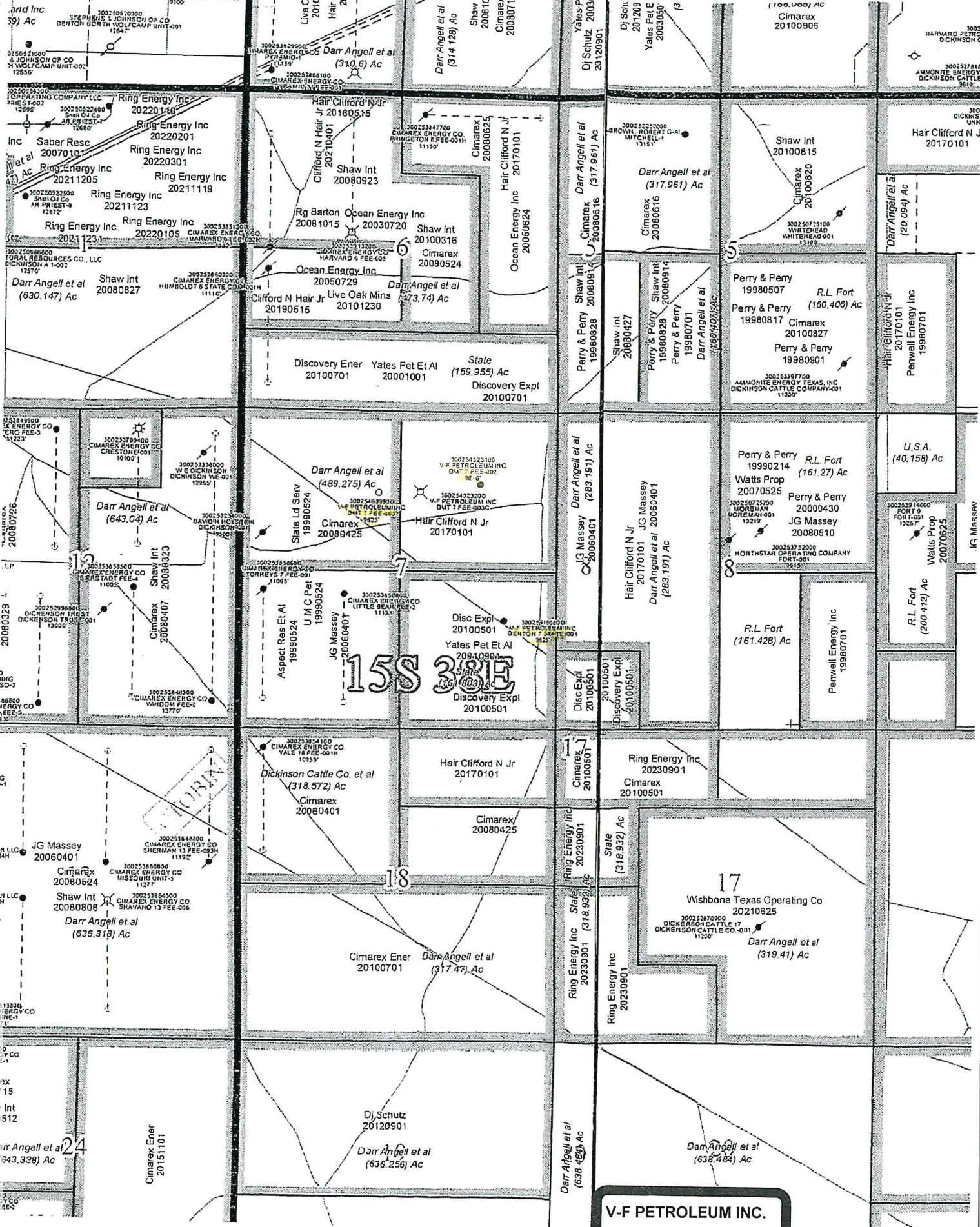
JANUARY 20, 2020
 Date of Survey

Ronald J. Eidson
 Signature & Seal of Professional Surveyor

Certificate Number Gary G. Eidson 12641
 Ronald J. Eidson 3239

LSL REL: 15110114 JWSC W O 20.11.0027

V-F PETROLEUM INC.
Case No. 22286
Exhibit A-2

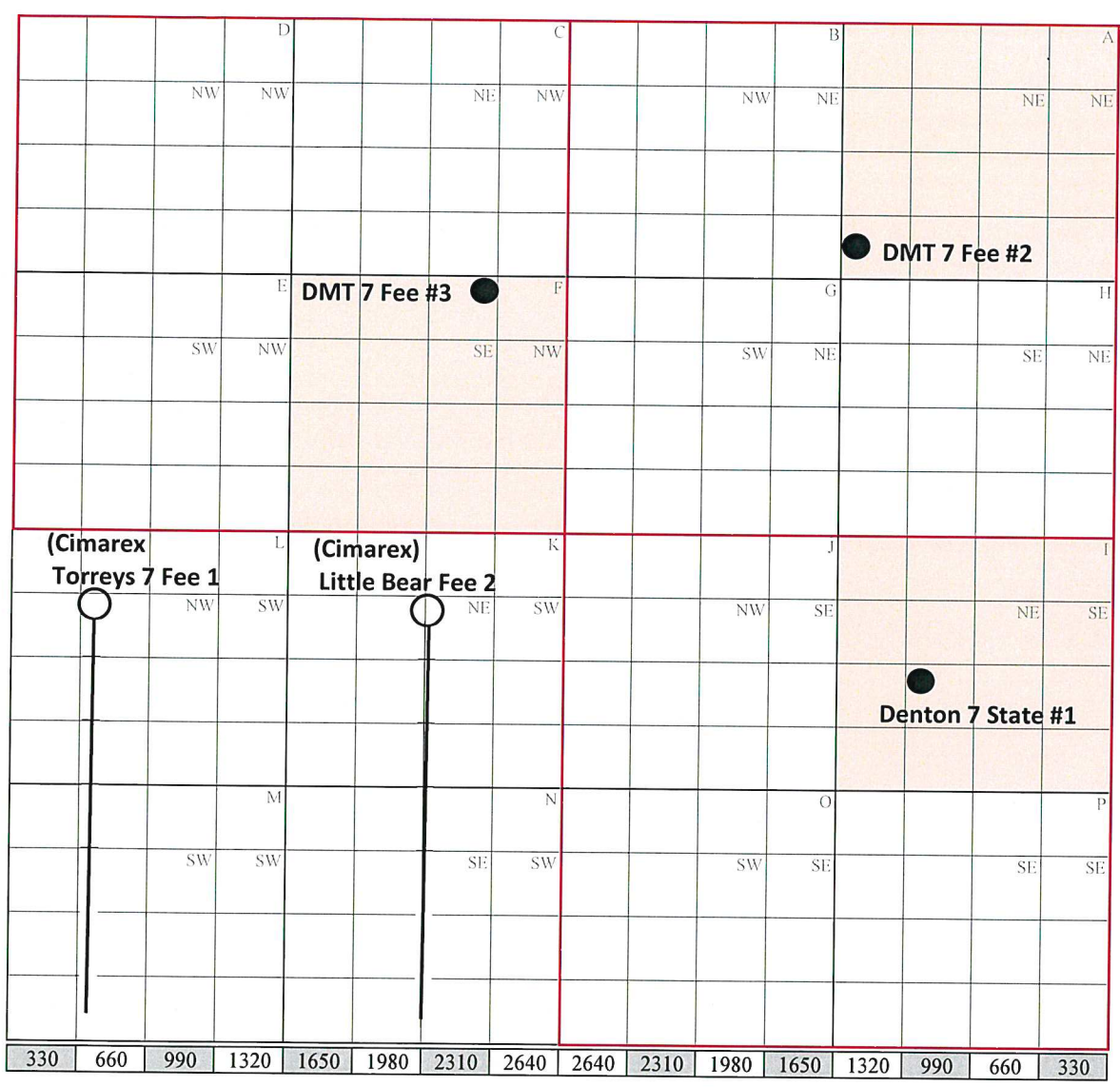


15S 30E

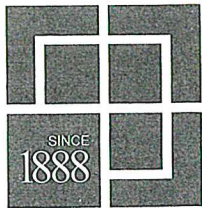
V-F PETROLEUM INC.
 Case No. 22286
 Exhibit A-3

280,000

V-F Petroleum Section 7, T15S-R38E



- Proposed non-standard spacing unit
- Standard spacing unit
- Proposed well
- Producer BHL



HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

October 11, 2021

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL OFFSET OPERATORS SUBJECT TO NOTICE

Re: Case No. 22286 - Application of V-F Petroleum Inc. for Approval of a Non-Standard Spacing and Proration Unit, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that V-F Petroleum Inc. filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on **November 4, 2021** beginning at 8:15 a.m. Stanolind Permian LLC has been identified as an offset operator subject to hearing notice.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/oed/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/oed/oedpermitting/>) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

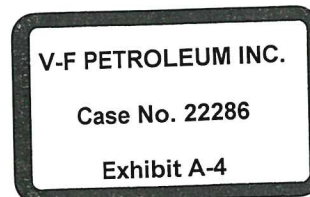
Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure



PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332

PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554
(FAX) 505-982-8623

7601 JEFFERSON ST NE • SUITE 180
ALBUQUERQUE, NEW MEXICO 87109
505-858-8320
(FAX) 505-858-8321

7020 2450 0002 1363 7121

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT <i>Domestic Mail Only</i>	
For delivery information, visit our website at www.usps.com ®.	
OFFICIAL RECEIPT	
Certified Mail Fee \$ _____	
Extra Services & Fees <i>(check box, add fee as appropriate)</i>	
<input type="checkbox"/> Return Receipt (hardcopy) \$ _____	
<input type="checkbox"/> Return Receipt (electronic) \$ _____	
<input type="checkbox"/> Certified Mail Restricted Delivery \$ _____	
<input type="checkbox"/> Adult Signature Required \$ _____	
<input type="checkbox"/> Adult Signature Restricted Delivery \$ _____	
Postage \$ _____	
Total Postage and Fees \$ _____	
Sent To Stanolind Permian LLC <i>Street and #</i> 2103 Winfield Road Midland, TX 79705 <i>City, State, .</i> _____ 22286	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA


I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
October 14, 2021
and ending with the issue dated
October 14, 2021.



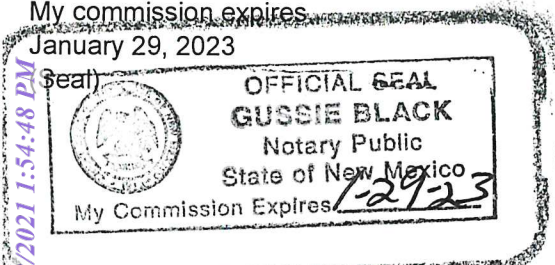
Publisher

Sworn and subscribed to before me this
14th day of October 2021.



Business Manager

My commission expires
January 29, 2023



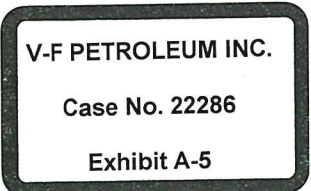
This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL	LEGAL
LEGAL NOTICE October 14, 2021	
<p>This is to notify all interested parties, including Stanolind Permian LLC, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by V-F Petroleum Inc. (Case No. 22286). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on November 4, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: http://www.emnrd.state.nm.us/OCD/hearings.html. 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. The Well is located approximately 12 miles northeast of Lovington, New Mexico. #36932</p>	

02107475

00259472

GILBERT
HINKLE, SHANOR LLP
PO BOX 2068
SANTA FE, NM 87504



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 NO. 22286

SELF-AFFIRMED STATEMENT
OF DALE LUBINSKI

1. I am a geologist at V-F Petroleum Inc. (“V-F Petroleum”) and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division (“Division”), and my credentials as an expert in petroleum geology matters were accepted and made a matter of record.

2. I am familiar with the geological matters pertaining to the above-referenced case.

3. **Exhibit B-1** is a location map of the proposed non-standard spacing and proration unit (“Unit”) that shows the proposed DMT 7 Fee #3 well (“Well”) as a black square. This map also depicts the boundaries of the offsetting spacing units. Offset Wolfcamp producers are shown as blue diamonds. This exhibit also identifies 6 wells penetrating the targeted interval used to construct a structural cross-section from A to A’.

4. **Exhibit B-2** is a structure map for the top of the Wolfcamp formation. The map identifies the Well and offset Wolfcamp producers. The map demonstrates the formation is dipping to the southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

5. **Exhibit B-3** is a structural cross-section using the representative wells identified on **Exhibit B-1**. I utilized these well logs because they penetrate the targeted interval, are of good

quality, and are representative of the geology in the area. The well logs contain gamma ray, resistivity and porosity logs. The landing zone for the Well is labeled on the exhibit. The cross-section demonstrates the target interval is continuous across the Unit.

6. Based on my geologic study of the area, the targeted interval underlying the subject area and Unit is suitable for development by vertical wells and the tracts comprising the Unit will contribute more or less equally to the production of the Well.

7. V-F Petroleum's Unit is necessary to allow the well to be drilled at a geologically preferred location which will allow the maximum recovery of hydrocarbons and prevent waste.

8. In my opinion, the granting of V-F Petroleum's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

9. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

10. I understand this Self-Affirmed Statement will be used as written testimony in these cases. I affirm my testimony in paragraphs 1 through 9 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.


Dale Lubinski

11/1/2021
Date

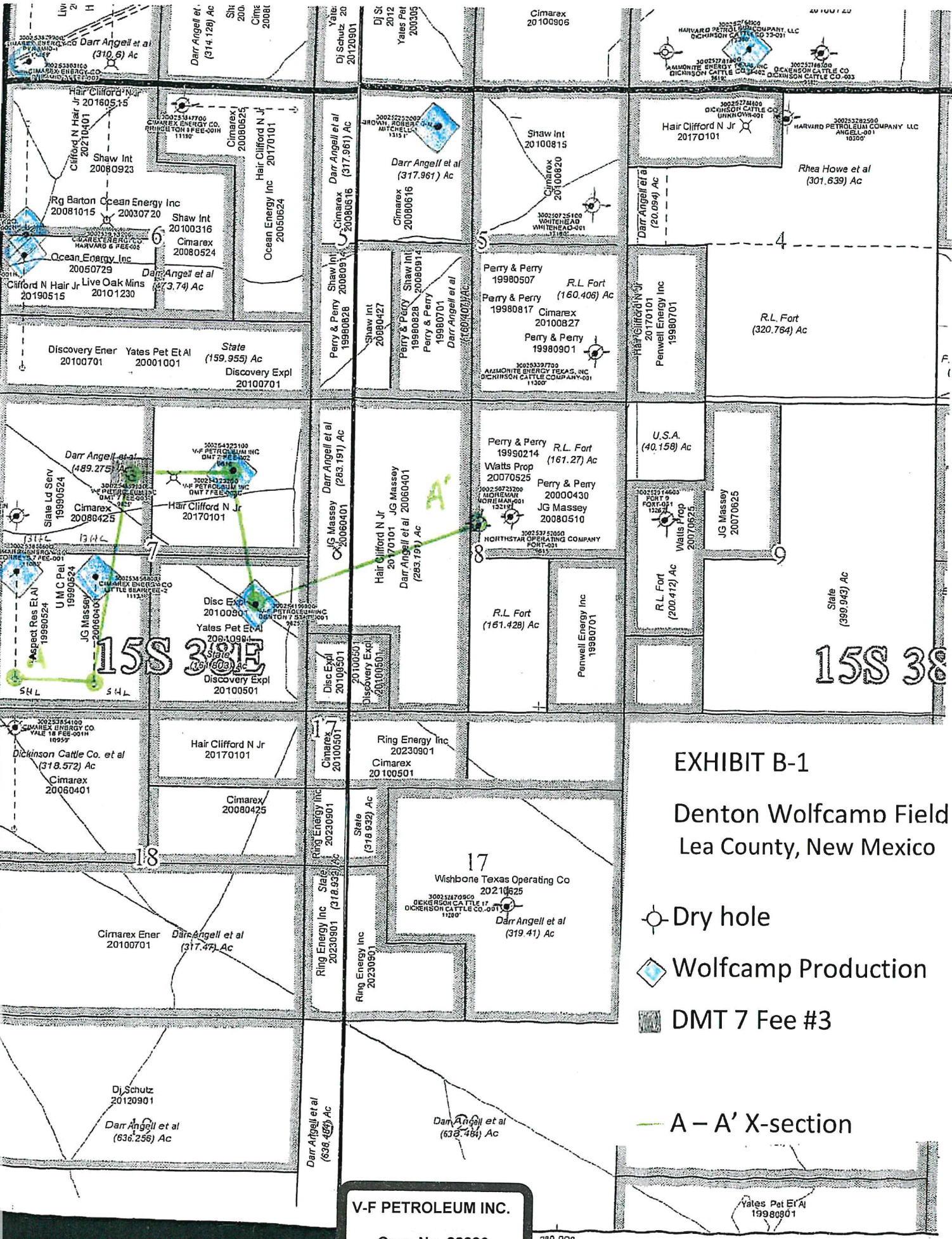






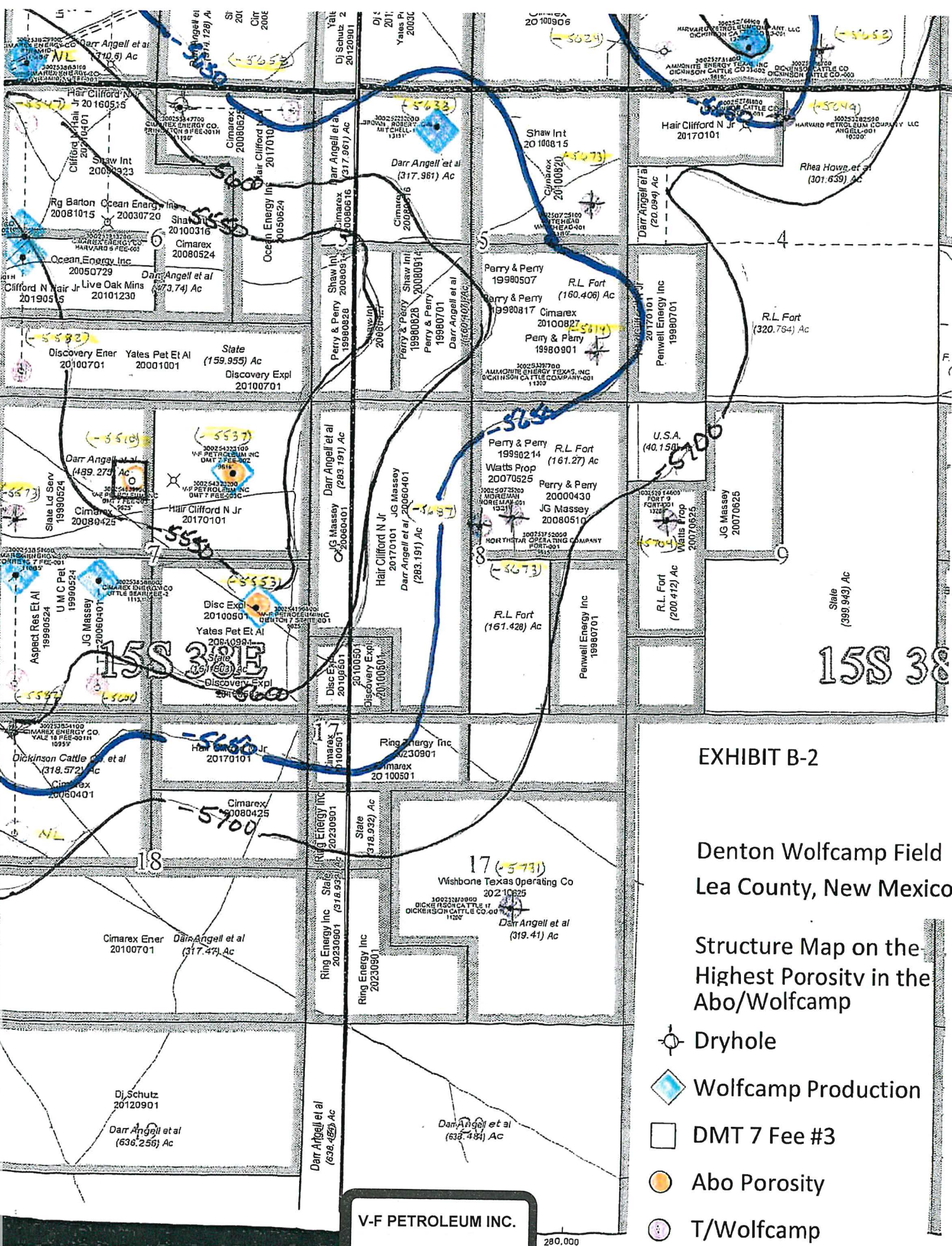
EXHIBIT B-1

Denton Wolfcamp Field Lea County, New Mexico

-  Dry hole
-  Wolfcamp Production
-  DMT 7 Fee #3

 A - A' X-section

V-F PETROLEUM INC.
 Case No. 22286
 Exhibit B-1



V-F PETROLEUM INC.
 Case No. 22286
 Exhibit B-2

EXHIBIT B-2

Denton Wolfcamp Field
Lea County, New Mexico

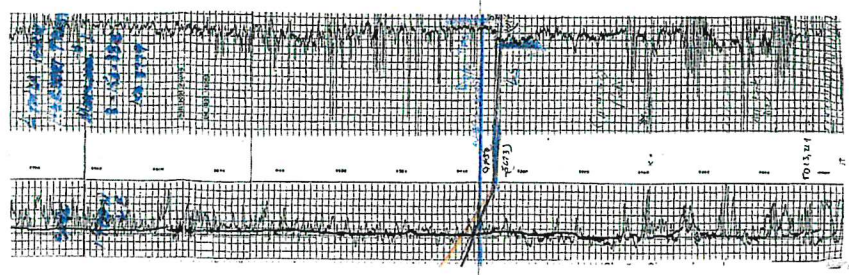
Structure Map on the
Highest Porosity in the
Abo/Wolfcamp

- Dryhole
- Wolfcamp Production
- DMT 7 Fee #3
- Abo Porosity
- T/Wolfcamp

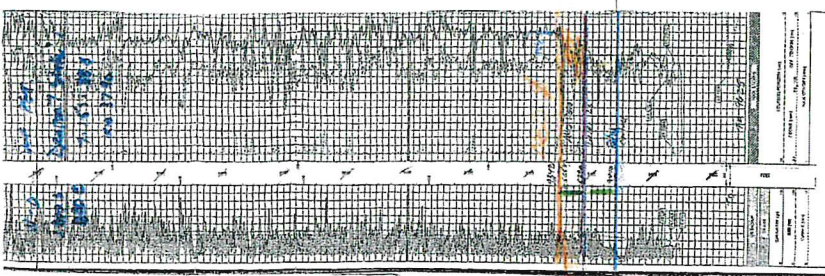
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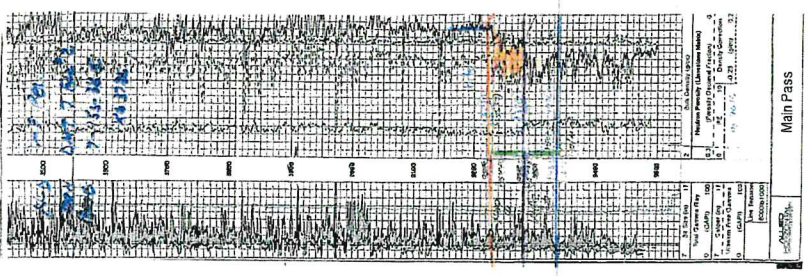
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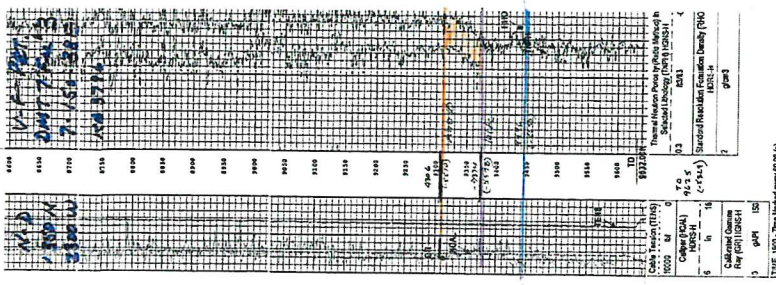
52 MBO



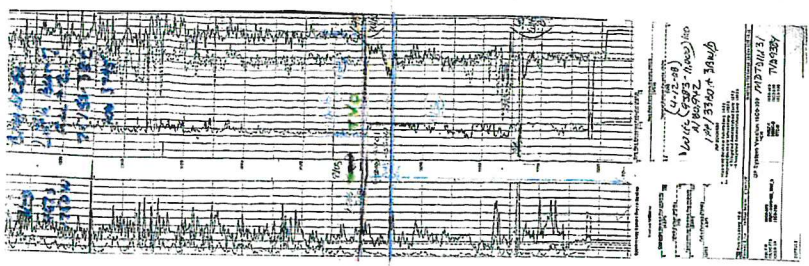
31 MBO



WO Completion



43 MBO



5 MBO

V-F PETROLEUM INC.
 Case No. 22286
 Exhibit B-3

EXHIBIT B-3

Denton Wolfcamp Field

Structural X-section on the Highest Porosity in the Abo/Wolfcamp

Abo Porosity

T/Wolfcamp

Scale

Horizontal-None

Vertical 1" = 200'

Production through 05/21