

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

**APPLICATION OF V-F PETROLEUM INC.  
FOR A NON-STANDARD HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

Case No. \_\_\_\_\_

**APPLICATION**

V-F Petroleum Inc. (“V-F Petroleum” or “Applicant”), OGRID No. 24010, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking an order (1) establishing a non-standard 640-acre, more or less, spacing and proration unit comprised of the S/2 of Section 32 and the S/2 of Section 33, in Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests from a stratigraphic equivalent of 7,062 feet (that being the top of the 3<sup>rd</sup> Bone Spring formation) in the Travis; Bone Springs formation [Pool Code 97257], to a stratigraphic equivalent of 8,340 feet (that being the base of the 3<sup>rd</sup> Bone Springs Sand formation), depths as defined on the log for the Man State #001H (API No. 30-015-35282), designated as an oil pool, underlying said 640-acre unit.

In support of its Application, V-F Petroleum states the following:

1. V-F Petroleum is a working interest owner in the proposed horizontal spacing unit (“HSU”) and has a right to drill a well thereon.
2. V-F Petroleum proposes and dedicates to the HSU the **Buchanan 33-32 State Com #231H Well** and the **Buchanan 33-32 State Com #232H Well** as initial wells to be drilled to a sufficient depth to test the Bone Spring formation.

3. V-F Petroleum proposes the **Buchanan 33-32 State Com #231H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 33 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 32.

4. V-F Petroleum proposes the **Buchanan 33-32 State Com #232H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 33 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 32.

5. The proposed wells are orthodox in their locations, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. The proposed non-standard HSU would have been a standard unit comprising the S/2 of Section 33 if a proximity well had been utilized; however, optimal spacing does not support the use of proximity well. With the proposed well locations, V-F Petroleum will be able to reduce surface and facility costs thus preventing waste. V-F Petroleum will apply with the Division for administrative approval of the non-standard HSU.

7. V-F Petroleum has noted two (2) existing units that overlap with the proposed HSU: (1) the Man State #002H Well (API No. 30-015-42937), covering the N/2 S/2 of Section 32; and (2) the Man State #003H Well (API No. 30-015-43315), covering the S/2 S/2 of Section 32. Accordingly, V-F Petroleum seeks approval for these overlapping units pursuant to NMAC 19.15.16.15(B)(9)(b).

8. V-F Petroleum has sought in good faith but has been unable to obtain a voluntary agreement from all interest owners to participate in the drilling of the wells or the commitment of their interests to the wells for their development within the proposed HSU.

9. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

10. In order to provide for its just and fair share of the oil and gas underlying the subject lands, V-F Petroleum requests that all uncommitted interests in this HSU be pooled and that V-F Petroleum be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, V-F Petroleum requests that this Application be set for hearing on October 5, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a non-standard 640-acre, more or less, spacing and proration unit comprised of the S/2 of Sections 32 and 33, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **Buchanan 33-32 State Com #231H Well** and the **Buchanan 33-32 State Com #232 Well** as the wells for the HSU.

D. Designating V-F Petroleum as operator of this HSU and the horizontal wells to be drilled thereon;

E. Approving the overlapping units described above in Paragraph 7.

F. Authorizing V-F Petroleum to recover its costs of drilling, equipping, and completing the wells;

G. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

H. Setting a 200% charge for the risk assumed by V-F Petroleum in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

*/s/ Darin C. Savage*

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**Attorneys for V-F Petroleum Inc.**

***Application of V-F Petroleum Inc. for Non-Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) establishing a non-standard 640-acre, more or less, spacing and proration unit comprised of the S/2 of Section 32 and the S/2 of Section 33, in Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests from a stratigraphic equivalent of 7,062 feet (that being the top of the 3<sup>rd</sup> Bone Spring formation) in the Travis; Bone Spring formation [Pool Code 97257], to a stratigraphic equivalent of 8,340 feet (that being the base of the 3<sup>rd</sup> Bone Spring Sand formation), depths as defined on the log for the Man State #001H (API No. 30-015-35282), designated as an oil pool, underlying said non-standard 640-acre unit. The proposed wells to be dedicated to the horizontal spacing unit are the **Buchanan 33-32 State Com #231H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 33 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 32; and the **Buchanan 33-32 State Com #232H Well**, an oil well, to be horizontally drilled from a surface location in NE/4 SE/4 (Unit I) of Section 33 to a bottom hole location in NW/4 SW/4 (Unit L) of Section 32. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the Division's Statewide Rules. Applicant will apply to the Division for administrative approval of the non-standard unit. Applicant seeks approval of overlapping units that include the Man State #002H Well (API No. 30-015-42937) and the Man State #003H Well (API No. 30-015-43315); also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 18.5 miles southeast of Artesia, New Mexico.