

**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”), 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, for an order pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a non-standard 640-acre, more or less, spacing and proration unit comprised of the S/2 of Sections 4 and 5, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico.

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

1. V-F is a working interest owner in the proposed horizontal spacing unit (“HSU”) and has a right to drill a well thereon.
2. This Application competes with the applications filed by Permian Resources Operating, LLC, in Case Nos. 23825 and 23826, overlapping the S/2 of Section 5.
3. V-F proposes and dedicates to the HSU four initial wells: the **Cottle 4 5 State Com 221H Well**, the **Cottle 4 5 State Com 231H Well**, the **Cottle 4 5 State Com 222H Well**, and the **Cottle 4 5 State Com 232H Well**, to be drilled to a sufficient depth to test the Bone Spring formation.

4. V-F proposes the **Cottle 4 5 State Com 221H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 4 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 5.

5. V-F proposes the **Cottle 4 5 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 4 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 5.

6. V-F proposes the **Cottle 4 5 State Com 222H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 4 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5.

7. V-F proposes the **Cottle 4 5 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 4 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5.

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

9. V-F will apply with the Division for administrative approval of the non-standard spacing and proration (“NSP”) unit.

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

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

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

WHEREFORE, V-F requests that this Application be set for hearing on November 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a standard 640-acre, more or less, spacing and proration unit comprised of the S/2 of Sections 4 and 5, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico.

B. Approving the **Cottle 4 5 State Com 221H Well**, the **Cottle 4 5 State Com 231H Well**, the **Cottle 4 5 State Com 222H Well**, and the **Cottle 4 5 State Com 232H Well** as the wells for the HSU.

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

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

E. 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

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

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 a Non-standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division for pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a non-standard 640-acre, more or less, spacing and proration unit comprised of the S/2 of Sections 4 and 5, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. The four proposed wells to be dedicated to the horizontal spacing unit are the **Cottle 4 5 State Com 221H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 4 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 5; the **Cottle 4 5 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 4 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 5; the **Cottle 4 5 State Com 222H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 4 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5; and the **Cottle 4 5 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 4 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 5. The wells will be orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules. Applicant will apply for administrative approval of the non-standard spacing (NSP) unit; 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 13 miles northeast of Brantley Lake State Park in New Mexico, and approximately 19 miles north, northeast of Carlsbad, New Mexico.