

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

**APPLICATIONS OF RILEY PERMIAN
OPERATING COMPANY LLC,
FOR SALT WATER DISPOSAL WELLS,
EDDY COUNTY, NEW MEXICO**

CASE NOS. 24279-24280

V-F PETROLEUM, INC.'S CONSOLIDATED PRE-HEARING STATEMENT

V-F Petroleum, Inc. ("V-F") submits its Pre-Hearing Statement in accordance with the New Mexico Oil Conservation Division's ("Division") Pre-Hearing Order.

APPLICANT

Riley Permian Operating, LLC

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OPPONENTS

MRC Permian Company,
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Permian Resources Operating, LLC

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STATEMENT OF THE CASE

Riley Permian Operating Company LLC (“Riley”) has proposed two saltwater disposal (“SWD”) wells in Township 19 South, Range 27 East, Eddy County, New Mexico. In Case No. 24279, Riley seeks authorization to inject produced water into the Cisco Dolomite interval at a depth of 8,586’ to 9,210’ via the Angel Ranch SWD #1. In Case No. 24280, Riley seeks authorization to inject produced water into the Cisco Dolomite interval at a depth of 8,450’ to 8,975’ via the Angel Ranch SWD #2.¹ For the reasons discussed below and as set forth in V-F’s testimony and exhibits, V-F opposes Riley’s applications.

V-F is the current operator of the State “19” Com #001 well (API: 30-015-22380) (“State “19” #1”) located 1,980 FNL, 2,043 FWL in Section 19, Township 19 South, Range 28 East, Eddy County, New Mexico. The well was originally drilled and completed by Southland Royalty Co. and is currently producing from the Morrow formation. The State “19” #1 well is located approximately 9,038’ south and east from footage calls listed in Riley’s Re-Filed Application For Salt Water Disposal, Case No. 24279, for the Angel Ranch SWD #1 and is located approximately 11,582’ south and east from the location depicted on the plat that accompanied Riley’s Re-Filed Application For Salt Water Disposal, Case No. 24279, for the Angel Ranch SWD #1. The State “19” #1 well is located approximately 15,306’ south and east from both the footage calls and location depicted on the plat which accompanied Riley’s Re-Filed Application For Salt Water Disposal, Case No. 24280, for the Angel Ranch SWD #2.

The State “19” #1 well lies structurally downdip on the T/Cisco Dolomite approximately 335’ from the proposed Angel Ranch SWD #1 well and an estimated 450’ downdip from the

¹ The Angel Ranch SWD #1 and the Angel Ranch SWD #2 are collectively referred to herein as the “Angel Ranch SWDs.”

proposed Angel Ranch SWD #2 well. The State "19" #1 well is also located in a section of the Cisco Dolomite that is only approximately 595' thick. Over a course of approximately less than a mile from the location of the State "19" #1, the Cisco Dolomite thins considerably to approximately 264' thick, where the Cisco formation essentially starts to pinch out as it meets up with the Basin.

The original Mud Log for the State "19" #1 well shows the well lost circulation in the T/Cisco Dolomite, lost approximately 1,500 barrels of fluid, added lost circulation material, regained circulation, and drilled 10' of dolomite with excellent shows, a large gas increase, and had oil on the pits. This demonstrates an oil column of at least 15' of up hole, behind pipe potential in the State "19" #1. The Mud Log, Dual Laterolog and Neutron-Density Log for the State "19" #1 well demonstrate that there is an extremely high potential for the production in economic quantities of oil and/or gas in the up-hole recompletion in the State "19" #1 well. Five producing wells in the McMillian (Cisco Dolomite) Field in Sections 5, 7, and 8 of Township 19 South, Range 27 East produced 17.4 billion cubic feet of natural gas and 420,000 barrels of oil, and a structurally low well located in Section 7, Unit J produced 1.8 billion cubic feet of natural gas and 49,000 barrels of oil. Thus, the Cisco Formation in this area is productive of oil and gas.

With the proposed Angel Ranch SWD wells being located structurally up dip to the State "19" #1 well in the very porous Cisco Dolomite interval, it is extremely likely that Riley's proposed Angel Ranch SWDs, if allowed to inject into the Cisco formation, will water out the reservoir in and under V-F's State "19" #1 well, resulting in waste and violation of correlative rights in the Cisco formation.

PROPOSED EVIDENCE

<u>Witness</u>	<u>Occupation</u>	<u>Estimated Time</u>	<u>Exhibits</u>
Dale Lubinski	Geologist	Self-Affirmed Statement	Approx. 8

DISPUTED FACTS

- Whether injection into the proposed Angel Ranch SWDs will water out the reservoir in and under V-F’s State “19” #1 well, violating the Oil and Gas Act’s statutory mandate to prevent watering out of productive zones;
- Whether the proposed injection will cause waste and impair correlative rights; and
- Whether the proposed injection is otherwise approvable under the Division’s Underground Injection Control program requirements.

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

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CERTIFICATE OF SERVICE

I hereby certify that on July 17, 2024, I served a true and correct copy of the foregoing pleading on the following counsel of record by electronic mail:

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QUESTIONS

Action 364714

QUESTIONS

Operator: V-F PETROLEUM INC P.O. Box 1889 Midland, TX 79702	OGRID: 24010
	Action Number: 364714
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	1
Testimony time (in minutes)	30