

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



April 11, 2018

Jim Bruce
jamesbruc@aol.com

NON-STANDARD LOCATION

Administrative Order NSL-7689

V-F Petroleum Inc. [OGRID 24010] ,
DMT 7 Fee Well No. 3
API No. 30-025-43232

Subject well Surface Location; Vertical Well:

<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
1350` FNL & 2300` FWL	F	7	15S	38E	Lea

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SE/4 NW/4	40	Denton; Wolfcamp	17290

Reference is made to your application received on March 25, 2018.

You have requested this unorthodox oil well location for the subject well described above in the referenced pool or formations. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox it is too close to the southern and western boundary of the unit.

This subject well's completed interval is as close as 30 feet from the northern edge; therefore, will cause an encroachment toward the following tracts:

Section 7, encroachment to the NW/4 NE/4 and NE/4 NW/4

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches. However, the ownership is identical in the proposed spacing unit and the affected tracts. Therefore, no notification is required.

It is our understanding that the Applicant is seeking this location because this is the preferred geological location which allows the maximum recovery of hydrocarbons, and prevent waste.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A (2) NMAC.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

A handwritten signature in black ink, appearing to read "Heather Riley", is written over a horizontal line.

HEATHER RILEY

Director

HR/mam

cc: Oil Conservation Division – Hobbs District Office

RECEIVED: 3/28/18	REVIEWER: LRL	TYPE: NSL	APP NO: PLEL 1808843876
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: V-F Petroleum Inc. OGRID Number: 24010
 Well Name: DMT 7 Well No. 3 API: 30-025-43232
 Pool: Danbar-Wolfcamp Pool Pool Code: 17290

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SDNSL-7689

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR2) **NOTIFICATION REQUIRED TO:** Check those which apply.A. ☐ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☐ For all of the above, proof of notification or publication is attached, and/or,H. ☒ No notice required**FOR OCD ONLY**☐ Notice Complete☐ Application
Content
Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for
 administrative approval is **accurate** and **complete** to the best of my knowledge. I also
 understand that **no action** will be taken on this application until the required information and
 notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce

Print or Type Name

James Bruce

Signature

3/28/18

Date

982-2043

Phone Number

jamesbruce@aol.com

e-mail Address

2 of 2

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

March 28, 2018

Leonard Lowe
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Lowe:

V-F Petroleum Inc. applies for approval of unorthodox oil well locations for the following wells:

<u>Well:</u>	DMT 7 Well No. 2
<u>Location:</u>	1200 feet FNL & 1300 feet FEL
<u>Well unit:</u>	NE $\frac{1}{4}$ NE $\frac{1}{4}$ §7, Township 15 South, Range 38 East, N.M.P.M., Lea County, New Mexico

The well will be drilled to a depth sufficient to test the Wolfcamp formation (Denton-Wolfcamp Pool), which is spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line. An APD for this well is attached as Exhibit A.

<u>Well:</u>	DMT 7 Well No. 3
<u>Location:</u>	1350 feet FNL & 2300 feet FWL
<u>Well unit:</u>	SE $\frac{1}{4}$ NW $\frac{1}{4}$ §7, Township 15 South, Range 38 East, N.M.P.M., Lea County, New Mexico

The well will be drilled to a depth sufficient to test the Wolfcamp formation (Denton-Wolfcamp Pool), which is spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line. An APD for this well is attached as Exhibit B.

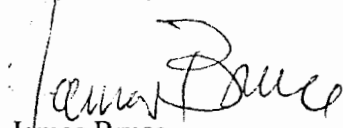
The non-standard units are requested in order to allow the wells to be drilled at geologically preferred locations which will allow the maximum recovery of hydrocarbons, and prevent waste.

Applicant previously submitted NSL applications for these wells, which were denied by the Division. Please see Exhibit C, which is your letter requesting that applicant form 160 acre non-standard units along with the NSL requests. Obviously your reason is to protect the correlative rights of offset interest owners, which of course the Division must do. However, that is not necessary in this case. The entire N½ §7 is a single fee tract with one mineral owner. Attached as Exhibit D is a copy of the oil and gas lease covering 100% of the mineral interest in the N½ §7 as to all depths. (V-F Petroleum Inc. is the successor to Mr. Hair, the original lessee.) As a result, working interest, royalty interest, and overriding royalty interest ownership is common in both wells and in all offsetting quarter-quarter sections. Thus there is no adversely affected offset, and correlative rights are not an issue..

Due to lease and APD expiration dates, applicant requests expedited approval of this application.

Please contact me if you need any further information on this application.

Very truly yours,



James Bruce

Attorney for V-F Petroleum Inc.

DISTRICT I
1625 N. French Dr. Hobbs, NM 88240
Phone (505) 393-6161 Fax (505) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (505) 746-1267 Fax (505) 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
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

MAY 02 2016

☐ AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30 - 025 - 43232	Pool Code 17290	Pool Name DENTON; WOLFCAMP
Property Code 314204	Property Name DMT 7 FEE	Well Number 3
OGRID No 24010	Operator Name V-F PETROLEUM INC.	Elevation 3778'

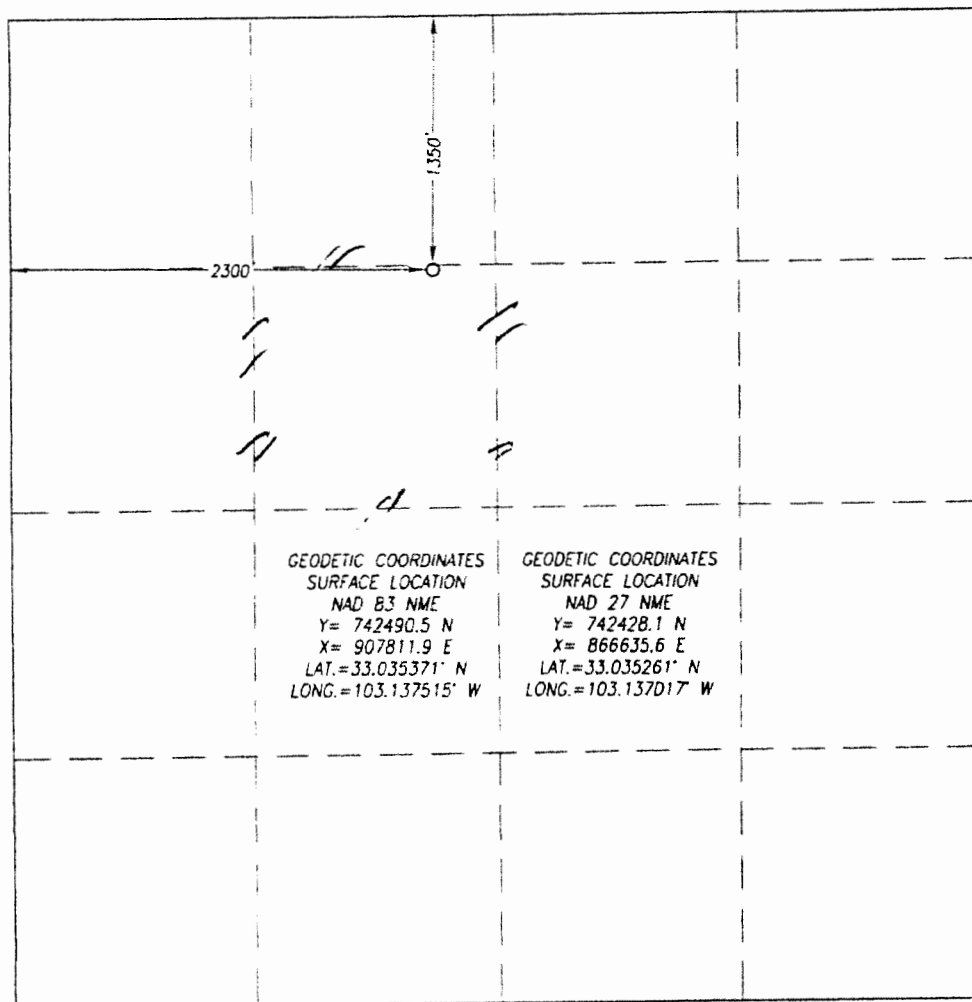
Surface Location

UL or lot No F	Section 7	Township 15-S	Range 38-E	Lot Idn	Feet from the 1350	North/South line NORTH	Feet from the 2300	East/West line EAST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 16040	Joint or Infill N	Consolidation Code	Order No						

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.

Eric Sprinkle 4/27/2016
Signature Date
Eric Sprinkle
Printed Name
eric@vfpetroleum.com
E-mail Address

SURVEYOR CERTIFICATION

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

FEBRUARY 5, 2015
Date of Survey
Signature & Seal of Professional Surveyor or
Ronald J. Eidson
Certificate Number Gary G. Eidson 12641
Ronald J. Eidson 3239
LSL REV 2/23/15 JWSC W O 15 11 0114

cy

CONDITIONS OF APPROVAL

API #	Operator	Well name & Number
30-025-43232	V-F PETROLEUM Inc.	DMT 7 FEE # 003

Applicable conditions of approval marked with XXXXXX

Administrative Orders Required

XXXXXXX	Will require administrative order for non-standard location prior to placing the well on production
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Other wells

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Drilling

XXXXXXX	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
---------	--

Casing

XXXXXXX	SURFACE & INTERMEDIATE(1) CASING - Cement must circulate to surface --
XXXXXXX	PRODUCTION CASING - Cement must tie back into intermediate casing --
XXXXXXX	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement

Lost Circulation

XXXXXXX	Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186
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Continued

Water flows

XXXXXXX	Must notify OCD Hobbs Office of any water flow in the Salado formation at 575-370-3186. Report depth and flow rate.
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Stage Tool

XXXXXXX	Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186
XXXXXXX	If using Stage Tool on Surface casing, Stage Tool must be greater than 350' and a minimum 200 feet above surface shoe.
XXXXXXX	When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe.

Pits

XXXXXXX	If using a pit for drilling and completions, must have an approved pit form prior to spudding the well
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Completion & Production

Gas Capture Plan	
XXXXXXX	The New! Gas Capture Plan (GCP) notice is posted on the NMOCD website under Announcements. The Plan became effective May 1, 2016. A copy of the GCP form is included with the NOTICE and is also in our FORMS section under Unnumbered Forms. Please review filing dates for all applicable activities currently approved or pending and submit accordingly. Failure to file a GCP may jeopardize the operator's ability to obtain C-129 approval to flare gas after the initial 60-day completion period.
*	REQUIRES NGL CAN ONLY DEDICATED

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 331-6161 Fax: (505) 331-6170
District II
111 N. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-0720
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1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 331-6178 Fax: (505) 331-6179
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 426-3460 Fax: (505) 426-3462

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

Form OCS-1
Revised July 18, 2013

☐ AMENDED REPORT

5/12/2016

RECEIVED

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1 Operator Name and Address V-F Petroleum Inc. P.O. Box 1889 Midland, Texas 79702		2 OGRID Number 24010
3 Property Code 316206		4 API Number 30-025-43232
5 Property Name DMT 7 Fee		6 Well No 3

7 Surface Location

1/1 - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet from	E/W Line	County
F	7	15-S	38-E		1,350'	N	2,300'	E	Lea

8 Proposed Bottom Hole Location

1/1 - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet from	E/W Line	County

9 Pool Information

Pool Name Denton; Wolfcamp	Pool Code 17290
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Additional Well Information

10 Work Type N	11 Well Type O	12 Cable Rotary R	13 Lease Type P	14 Ground Level Elevation 3,778'
Multiple No	Proposed Depth 9,800'	15 Formation Wolfcamp	16 Contractor	17 Cased Feet
Depth to Ground water 45'	Distance from nearest fresh water well 2,418'	EXHIBIT B		

☒ We will be using a closed-loop system in lieu of lined pits

20 Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight lb	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17 1/2"	13 3/8"	48#	400'	360	Surface
Intermediate	12 1/4"	9 5/8"	40#	5,200'	1,215	Surface
Production	8 3/4"	5 1/2"	17#	9,800'	735	4,800'

Casing/Cement Program: Additional Comments

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21 Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Ram	3,000#	6,000#	Schaffler

22 I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐, if applicable.

Signature

Eric Sprinkle

Printed name: Eric Sprinkle

Title: Petroleum Engineer

E-mail Address: eric@vipetroleum.com

Date: 04/27/2016

Phone: 432-683-3341

OIL CONSERVATION DIVISION

Approved By:

[Signature]

Title:

Approved Date: 5/12/2016

Expiration Date: 5/12/2018

See attached NMOCD
Conditions of Approval

CONDITIONS OF APPROVAL

API #	Operator	Well name & Number
30-025-43231	V-F PETROLEUM Inc.	DMT 7 FEE # 002

Applicable conditions of approval marked with XXXXXX

Administrative Orders Required

XXXXXXX	Will require administrative order for non-standard location prior to placing the well on production
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Other wells

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Drilling

XXXXXXX	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
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Completion & Production

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Mr. Eric Sprinkle,

Thank you for the applications for NSL.

However the administrative NSL applications for the following wells are denied:

1. V-F Petroleum, DMT 7 Fee Well No. 2
2. V-F Petroleum, DMT 7 Fee Well No. 3

We support your effort to position these wells optimally to drain the reservoir, but prefer you follow a different route – please share with your land department and/or attorney.

You propose to drill both of these wells very close to one or more quarter-quarter section lines – and for geologic reasons. The preferred way to get these two wells drilled would be to include all quarter-quarters within the structural closure which could reasonably be affected (within the drainage radius) by the proposed well(s) in a hearing application for non-standard spacing and proration unit. We don't approve expanded proration units administratively but may do it after hearing with technical support and proper proof of notice. Please ask your attorney to contact us if he/she has questions.

If we ignored the main reason listed above,

The details for the denial:

- No structure/isopach maps indicating the reason for this request, “drilled in the geologically preferred location for optimal recovery of hydrocarbon...”
- The application along with these requested maps should be sent by certified mail to affected parties as stated below.
- The application indicated, “There are no effective offset operators of this lease.” – however the following determines affected parties.

NMAC 19.15.4.12:

(a) Affected persons are the following persons owning interests in the adjoining spacing units:

- (i) the division-designated operator;
- (ii) in the absence of an operator, a lessee whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he files the application; and
- (iii) in the absence of an operator or lessee, a mineral interest owner whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date the applicant filed the application.

(b) In the event the proposed unorthodox well's operator is also the operator of an existing, adjoining spacing unit, and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then affected persons include working interest owners in that spacing unit.

- The land ownership relationship and listing of owners and percentages should be included with the application along with a signed statement from Landman or attorney verifying the accuracy of this title information.

Leonard Lowe
Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances
Santa Fe, New Mexico 87004
Office: 505-476-3492
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>



47699

OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this 1st day of July, 2012, by and between **Charles G. Watson, Leslie D. Cedar, and Douglas W. Dickinson, Trustees of the Dickinson Mineral Trust**, whose address is P. O. Box 29274, Austin, Texas 78731 ("Lessor", whether one or more) and **Clifford N. Hair Jr.**, whose address is P. O. Box 8122, Midland, Texas 79708 ("Lessee")

WITNESSETH, For and in consideration of TEN DOLLARS, the covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lease and let exclusively unto said Lessee, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas of whatsoever nature or kind (including coal bed gas), and laying pipelines, telephone and telegraph lines, building tanks, plants, power stations, roadways and structures thereon to produce, save and take care of said products (including dewatering of coal bed gas wells), and the exclusive surface and subsurface rights and privileges related in any manner to any and all such operations, and any and all other rights and privileges necessary, incident to, or convenient for the operation alone or conjointly with neighboring land for such purposes, all that certain tract

or tracts of land situated in Lea County, New Mexico described as follows, to-wit:

Township 15 South, Range 38 East, NMPM

Section 4: N/2NW/4; W/2SW/4 (160 acres)

Section 6: Lots 1, 2; SE/4NE/4; NE/4SE/4; (160 acres)

Section 7: N/2 (320 acres)

Section 8: NW/4; N/2SW/4; SE/4SW/4 (280 acres)

Section 18: N/2NE/4 (80 acres)

and containing 1000 acres, more or less, (the "Premises").

1. It is agreed that this Lease shall remain in force for a term of 3 years from this date ("Primary Term") and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking or dewatering operations thereon, then this Lease shall continue in force so long as such operations are being continuously prosecuted. Operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling, reworking or dewatering operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil or gas is produced from the Premises or on acreage pooled or unitized therewith.

2. This is a PAID-UP LEASE. In consideration of the payment made herewith, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the Primary Term surrender this Lease as to all or any portion of the Premises and as to any strata or stratum, by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

3. Lessee covenants and agrees to pay royalty to Lessor as follows:

(a) On oil, to deliver to the credit of Lessor, free of cost in the pipeline to which Lessee may connect wells on the Premises, the equal one-fifth (1/5th) part of all oil produced and saved from the Premises.

(b) On gas of whatsoever nature or kind, including coal bed gas and other gases, liquid hydrocarbons and their respective constituent elements, casing head gas or other gaseous substances, produced from the Premises ("Gas") Lessee shall pay, as royalty, one-fifth (1/5th) of the net proceeds realized by Lessee from the sale thereof; provided, that the net proceeds shall be after deduction for costs subsequent to the production of the Gas, including, without limitation, costs (including fuel use) related to gathering, transporting, dehydrating, compressing, processing, marketing and treating the Gas.

4. Where Gas from a well capable of producing Gas is not sold or used after the expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor at the address set forth above One Dollar per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this Lease during the period such well is shut in or dewatering operations are being conducted.

5. If Lessor owns a lesser interest in the Premises than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, Gas, oil and water produced on the Premises for Lessee's operations thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on the Premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on the Premises.

10. Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.

11. The rights of the Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this Lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the Premises and as to any one or more of the formations thereunder, to pool or unitize the leasehold estate and the mineral estate covered by this Lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling, reworking or dewatering operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this Lease shall be treated as if it were production, drilling, reworking or dewatering operations or a well shut in for want of a market under this Lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive royalties on production from such unit only on the portion of such production allocated to this Lease. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the Premises as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement; and, in such event, the terms, conditions and provisions of this Lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this Lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this Lease shall not terminate or expire during the life of such plan or agreement. In the event that the Premises or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. All express or implied covenants of this Lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this Lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation. Any delay or interruption caused by storm, flood, act of God or other event of force majeure shall not be counted against Lessee. If, due to the above causes or any cause whatsoever beyond the control of Lessee, Lessee is prevented from conducting operations hereunder, such time shall not be counted against Lessee, and this Lease shall be extended for a period of time equal to the time Lessee was so prevented, anything in this Lease to the contrary notwithstanding.

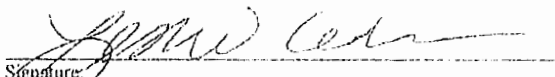
14. Lessor hereby agrees that Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the Premises, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the Premises, insofar as said right of dower and homestead may in any way affect the purposes for which this Lease is made, as recited herein.

15. Should any one or more of the parties named as Lessor herein fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this Lease shall mean any one or more or all of the parties who execute this Lease as Lessor. All the provisions of this Lease shall be binding on the heirs, successors and assigns of Lessor and Lessee. This Lease may be signed in counterpart and shall be binding on those who sign.

16. Notwithstanding anything contained hereinabove to the contrary, it is understood and agreed that at the expiration of the primary term, this lease shall terminate as to all lands covered hereby not included in or otherwise allocated to a "well unit" as hereinafter defined, unless lessee is producing oil, gas or other hydrocarbons from any well on the leased premises, or lands pooled therewith, or is drilling upon said lands across the expiration of the primary term as provided for in the body of this lease, and does not allow more than 120 days to elapse between the completion or abandonment of one well on such land and the commencement of another well thereon until the leased premises have been "fully developed," as hereinafter defined. Operations for drilling of the first such development well must be commenced (a) within 120 days after the expiration of the primary term if production is established under this lease prior to the expiration of the primary term, or (b) within 120 days of completion of the well which is being drilled, tested or completed across the expiration of the primary term. Should lessee fail to timely commence a well in accordance with aforesaid 120 days continuous drilling or development prior to the point in time the leased premises have fully developed then this lease shall terminate as to all lands not included in or otherwise allocated to a well unit. For the purpose hereof, the term "well unit" shall mean the proration or spacing unit created for a well capable of producing oil and/or gas or other hydrocarbons in paying quantities as in accordance with the applicable rules and regulations of the New Mexico Oil Conservation Commission or other government authority having jurisdiction, and the term "fully developed" shall mean the point in time when the entirety of the leased premises has been included in a well unit or units as defined. The date of completion of a well shall be the date of a potential test if a producing well and the date of plugging if a dry hole or abandoned well. At the end of the continuous drilling program, if any, this lease will automatically terminate as to all lands covered hereby which have not been so fully developed and as to lands so fully developed shall terminate as to all depths lying more than 100' below the total depth drilled.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Dickinson Mineral Trust

Signature: 
Printed Name: LESLIE CEDAR
Title: TRUSTEE

Dickinson Mineral Trust

Signature: Charles G. Watson

Printed Name: CHARLES G WATSON

Title: TRUSTEE

Dickinson Mineral Trust

Signature: Douglas Wayne Dickinson

Printed Name: DOUGLAS WAYNE DICKINSON

Title: TRUSTEE



The State of Texas

The County of Travis

The foregoing instrument was acknowledged before me on this 28 day of June, 2012 by:

Leslie Cedar

Megan Clifton
Notary and Public in and for the State of Texas

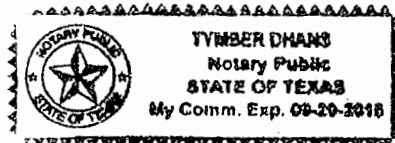
The State of Texas

The County of Travis

The foregoing instrument was acknowledged before me on this 28 day of June, 2012 by:

Charles G. Watson

Timber Dhans
Notary and Public in and for the State of Texas



The State of Wisconsin

The County of Milwaukee

The foregoing instrument was acknowledged before me on this 22 day of June, 2012 by:

Charles G. Watson

Timber Dhans
Notary and Public in and for the State of WI

My Commission is Permanent

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34808

AMENDMENT OF OIL AND GAS LEASE

State: New Mexico

County: Lea

Lessor: Charles G. Watson, Leslie D. Cedar, and Douglas W. Dickinson, Trustees of the Dickinson Mineral Trust.

Lessee: V-F Petroleum Inc., P. O. Box 1889, Midland, Texas 79702

Effective Date: July 1, 2012

On July 1, 2012, Lessor, named above, executed and delivered an Oil and Gas Lease (the "Lease") to Clifford N. Hair, Jr., recorded in Book 1794 at Page 174 of the Public records of Lea County, New Mexico. The Lease covers the following lands (the "Lands"):

Township 15 South, Range 38 East, NMPM

Section 6: Lots 1 and 2; SE/4 of NE/4; NE/4 of SE/4 (160 acres)

Section 4: N/2 of the NW/4; W/2 of the SW/4 (160 acres)

Section 7: N/2 (320 acres)

Section 8: NW/4; N/2 of the SW/4; SE/4 of the SW/4 (280 acres)

Section 18: N/2 of the NE/4 (80 acres)

The Lease is recognized and deemed by Lessor to be in full force and effect. The Lease is presently owned by Lessee, named above. It is the desire of the Lessor and Lessee to amend the Lease as to the particular provisions set out below.

For adequate consideration, Lessor and Lessee amend the Lease by incorporating into it the following changes to its terms and provisions, as if originally contained in the Lease:

(1) *The Primary Term described in paragraph one (1) of the Lease is changed from three (3) years to four (4) years and six (6) months; and*

(2) *All references to periods of "time" in the Continuous Drilling or Development provision described in paragraph sixteen (16) of the Lease are changed from one hundred twenty (120) days to one hundred eighty (180) days.*

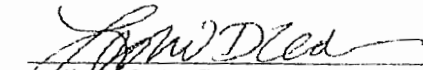
If any of the changes, set out above, vary from or are different than any provisions or terms stated in the Lease, the amending provisions specifically supersede and replace the provisions or terms originally contained in the Lease.

For adequate consideration, Lessor grants, leases and lets to Lessee the Lands for the term provided in the Lease, as amended.

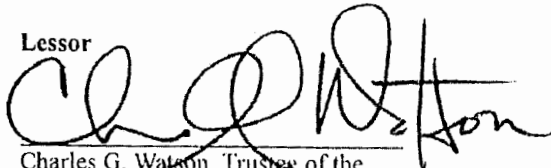
This Amendment may be executed in multiple counterparts by Lessor. When executed, each counterpart shall be binding on the party signing it, regardless of whether all Lessor execute this Amendment.

This Amendment is signed by Lessor and Lessee as of the date of the acknowledgment of their respective signatures, but is effective for all purposes as of the Effective Date stated above.

Lessor


Leslie D. Cedar, Trustee of the
Dickinson Mineral Trust

Lessor


Charles G. Watson, Trustee of the
Dickinson Mineral Trust

Lessor


Douglas W. Dickinson, Trustee of the
Dickinson Mineral Trust

Lessee

V-F Petroleum Inc.

By: Sandra K. Rawls

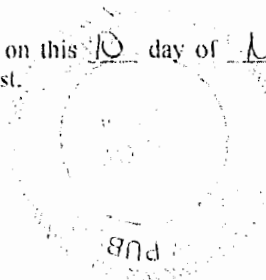
Title: Vice President

The State of: WISCONSIN

The County of: WINNEBAGO

The foregoing instrument was acknowledged and accepted on this 10 day of MARCH, 2015 by Douglas W. Dickinson, Trustee of the Dickinson Mineral Trust.

[Signature]
Notary Public in and for the State of WIS
Expires - 2/28/2016

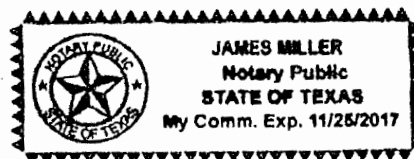


The State of: TEXAS

The County of: TRAVIS

The foregoing instrument was acknowledged and accepted on this 9 day of MARCH, 2015 by Charles G. Watson, Trustee of the Dickinson Mineral Trust.

[Signature]
Notary Public in and for the State of TEXAS



The State of: TEXAS

The County of: TRAVIS

The foregoing instrument was acknowledged and accepted on this 9th day of MARCH, 2015 by Leslie D. Cedar, Trustee of the Dickinson Mineral Trust.

[Signature]
Notary Public in and for the State of TEXAS

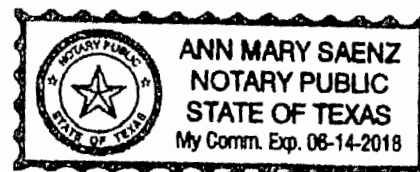


The State of: TEXAS

The County of: MIDLAND

The foregoing instrument was acknowledged and accepted on this 25 day of FEBRUARY, 2015 by Sandra K. Lawlis in the capacity of Vice President on behalf of V-F Petroleum Inc.

[Signature]
Notary Public in and for the State of TEXAS



midland/ lse' admendints and consents / denton east admint Dickinson lse 120701 drafted 150223

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SECOND AMENDMENT OF OIL AND GAS LEASE DATED JULY 1, 2012

State: New Mexico
County: Lea
Lessor: Charles G. Watson, Leslie D. Cedar, and Douglas W. Dickinson, Trustees of the Dickinson Mineral Trust.
Lessee: V-F Petroleum Inc., P. O. Box 1889, Midland, Texas 79702
(Original Lessee: Clifford N. Hair, Jr.)
Effective Date: July 1, 2012

On July 1, 2012, Lessor, named above, executed and delivered an Oil and Gas Lease (the "Lease") to Clifford N. Hair, Jr., recorded in Book 1794 at Page 174 of the Public records of Lea County, New Mexico. The Lease was amended effective July 1, 2012, recorded in Book 1957, at Page 715 of the Public records of Lea County, New Mexico. The Lease covers the following lands (the "Lands"):

Township 15 South, Range 38 East, NMPM

Section 6: Lots 1 and 2; SE/4 of NE/4; NE/4 of SE/4 (160 acres)

Section 4: N/2 of the NW/4; W/2 of the SW/4 (160 acres)

Section 7: N/2 (320 acres)

Section 8: NW/4; N/2 of the SW/4; SE/4 of the SW/4 (280 acres)

Section 18: N/2 of the NE/4 (80 acres)

The Lease is recognized and deemed by Lessor to be in full force and effect. The Lease is presently owned by V-F Petroleum Inc. It is the desire of the Lessor and Lessee to amend the Lease as to the particular provisions set out below.

For adequate consideration, Lessor and Lessee amend the Lease by incorporating into it the following changes to its terms and provisions, as if originally contained in the Lease:

(1) *The Primary Term described in paragraph one (1) of the Lease is changed from three (3) years to six (6) years;*

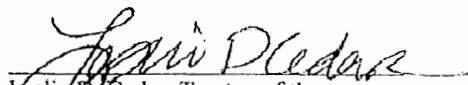
If any of the changes, set out above, vary from or are different than any provisions or terms stated in the Lease, the amending provisions specifically supersede and replace the provisions or terms originally contained in the Lease.

For adequate consideration, Lessor grants, leases and lets to Lessee the Lands for the term provided in the Lease, as amended.

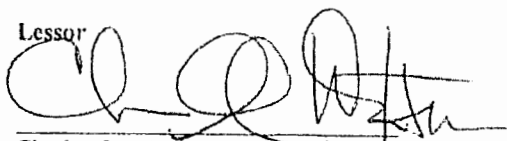
This Second Amendment may be executed in multiple counterparts by Lessor. When executed, each counterpart shall be binding on the party signing it, regardless of whether all Lessor execute this Second Amendment.

This Second Amendment is signed by Lessor and Lessee as of the date of the acknowledgment of their respective signatures, but is effective for all purposes as of the Effective Date stated above.

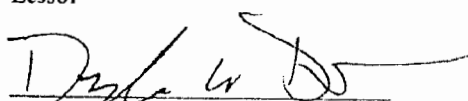
Lessor


Leslie D. Cedar, Trustee of the
Dickinson Mineral Trust

Lessor

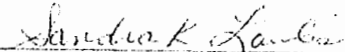

Charles G. Watson, Trustee of the
Dickinson Mineral Trust

Lessor


Douglas W. Dickinson, Trustee of the
Dickinson Mineral Trust

Lessee

V-F Petroleum Inc.

By: 

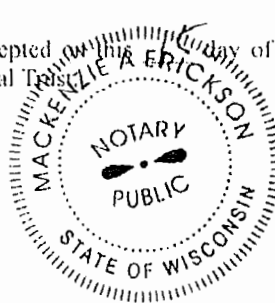
Title: Vice President

The State of: Wisconsin

The County of: milwaukee

The foregoing instrument was acknowledged and accepted on this 6th day of August 2016 by Douglas W. Dickinson, Trustee of the Dickinson Mineral Trust.

[Signature]
Notary Public in and for the State of Wisconsin
My commission expires 9/22/17

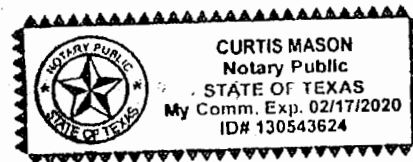


The State of: Texas

The County of: Travis

The foregoing instrument was acknowledged and accepted on this 29th day of July 2016 by Charles G. Watson, Trustee of the Dickinson Mineral Trust.

[Signature]
Notary Public in and for the State of Texas

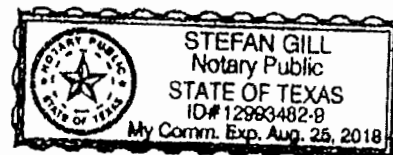


The State of: Texas

The County of: Travis

The foregoing instrument was acknowledged and accepted on this 7 day of August 2016 by Leslie D. Cedar, Trustee of the Dickinson Mineral Trust.

[Signature]
Notary Public in and for the State of TX

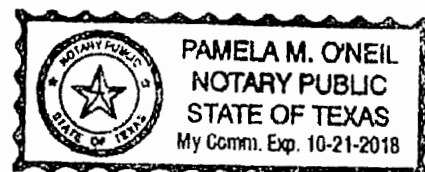


The State of: Texas

The County of: Midland

The foregoing instrument was acknowledged and accepted on this 26th day of July 2016 by Sandra K. Lawlis in the capacity of Vice President on behalf of V-F Petroleum Inc.

[Signature]
Notary Public in and for the State of 10/21/18



midland: lse/ amendments and consents / denton east amend Dickinson lse 160701

McMillan, Michael, EMNRD

From: jamesbruc@aol.com
Sent: Wednesday, April 11, 2018 1:59 PM
To: McMillan, Michael, EMNRD
Subject: Re: VF Petroleum Inc. DMT Well No. 2

Hi Mike: Yes, it is identical -- the trust (lessor) owns 100% as to all depths. There is only one owner.

As to working interest, it is also identical. V-F owns the lease 100% as to all depths. V-F always has working interest partners, but their interests are uniform as to depths and they are the same in each quarter-quarter section in the half section covered by the lease.

Jim

-----Original Message-----

From: McMillan, Michael, EMNRD, EMNRD <Michael.McMillan@state.nm.us>
To: Jim Bruce <jamesbruc@aol.com>
Sent: Wed, Apr 11, 2018 1:51 pm
Subject: VF Petroleum Inc. DMT Well No. 2

Jim:

Can you clarify that the ownership is identical. You state that ownership is common, but common does not necessarily mean identical.

I am working on this now
Mike

Michael McMillan
1220 South St. Francis
Santa Fe, New Mexico
505-476-3448
Michael.mcmillan@state.nm.us