

217625860

DHC

7/11/02 Form C-107A
Revised May 15, 2000

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

District II
1301 W. Grand Avenue, Artesia, NM 88210

JUN 21 2002
+ 20 DAYS

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

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

Operator Walker "33" State Com # 1 Address K-33-18S-28E Eddy

Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 24040 Property Code: 27097 API No. 30-015-30566 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat Travis Bone Springs	UWD Travis-Upper Penn (-)	Turkey Track Morrow ^{with} (G)
Pool Code	Turkey Track - Bone Springs 6660	59860	86500
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7,998 - 8,008'	9,546 - 9,656'	10,782 - 10,824'
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	NA	NA	NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	NA	NA	1,109
Producing, Shut-In or New Zone	SI	SI	Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 6/14/02 Rates: 0 MCFD swabbed dry	Date: 12/19/00 Rates: Swabbed 1 BOPD, 91 BWPD, 35 MCFD	Date: 5/02 Rates: 4 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 0% Gas 0%	Oil 100% Gas 90%	Oil 0% Gas 10%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Larry Brazile TITLE Petroleum Engineer DATE June 17, 2002

TYPE OR PRINT NAME Larry Brazile TELEPHONE NO. (915) 638-3344

C107 Attachment
V-F Petroleum Inc.
Walker 33 State No. 1
June 17, 2002

Fixed Allocation Percentage based upon most recent production information.
For example: Gas Allocation Percentage for Travis Upper Penn = $(35)/(35+4) = 90\%$

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811 South First, Artesia, NM 88210
District III
1000 Rio Grande Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-30566	² Pool Code 86500	³ Pool Name N. TURKEY TRACK/MORROW
⁴ Property Code 27097	⁵ Property Name WALKER STATE	
⁶ OGRID No. 024010	⁷ Operator Name V-F PETROLEUM INC.	⁸ Well Number 1
		⁹ Elevation 3544

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	33	18-S	28-E		1,650	SOUTH	1,650	WEST	EDDY

¹¹ 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

¹² Dedicated Acres W/2 - 320	¹³ Joint or Infill AC	¹⁴ Consolidation Code	¹⁵ Order No.
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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

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>  Signature LARRY N. BRAZILE Printed Name PETROLEUM ENGINEER Title 06/12/02 Date
	¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyor:
	Certificate Number

DISTRICT I
1625 N. French Drive Hobbs, NM 88240
District II
PO Drawer DD, Artesia, NM 88211-9719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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Revised February 10, 1994
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-30566		Pool Code	Pool Name TRAVIS UPPER PENN
Property Code	Property Name WALKER STATE		Well Number 1
OGRID No. 024010	Operator Name V-F PETROLEUM INC.		Elevation 3544

¹⁰ Surface Location

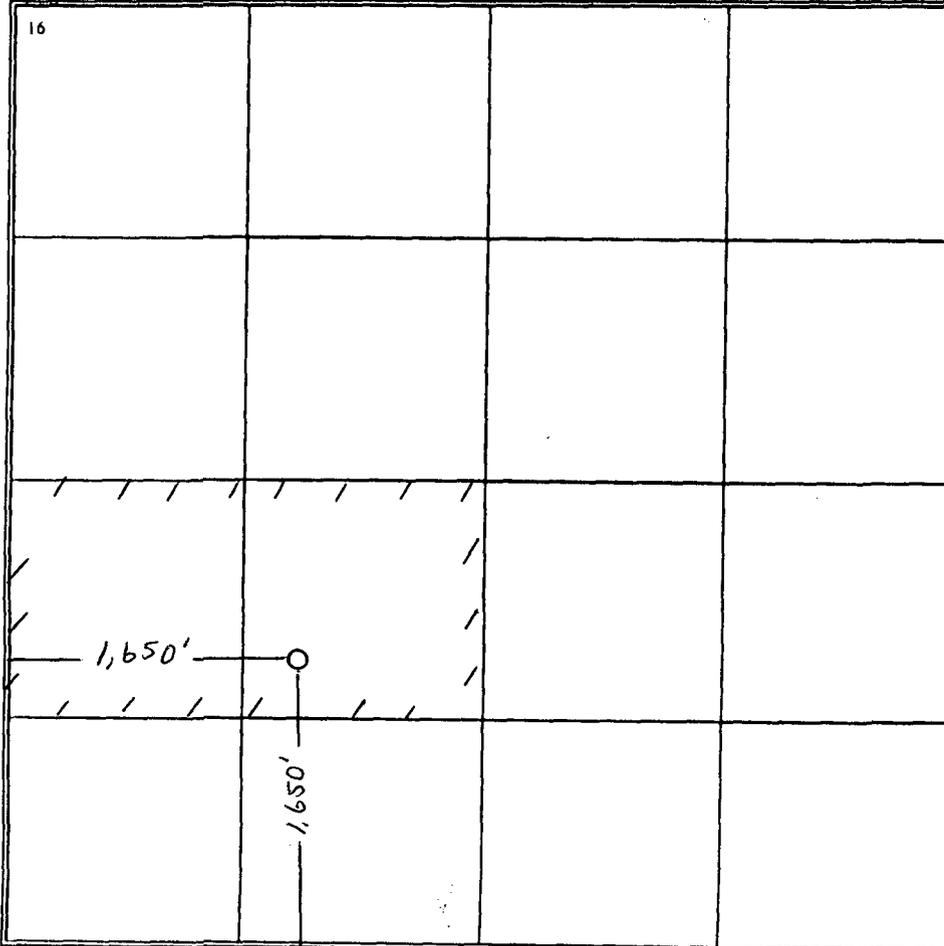
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	33	18-S	28-E		1,650	SOUTH	1,650	WEST	EDDY

¹¹ 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

¹² Dedication Acres N2/SW4 80AC	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Larry N. Brazile
Signature
LARRY N. BRAZILE
Printed Name
PETROLEUM ENGINEER
Title
06/12/02
Date

¹⁸ 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.

Date of Survey
Signature and Seal of Professional Surveyor:

Certificate Number

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1000 Rio Grande Rd., Amec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-30566		Foot Code		Pool Name TRAVIS BONE SPRINGS	
Property Code 24242		Property Name WALKER STATE			Well Number 1
OGRID No. 024010		Operator Name V-F PETROLEUM INC.			Elevation 3544

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	33	18-S	28-E		1,650	SOUTH	1,650	WEST	EDDY

11 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

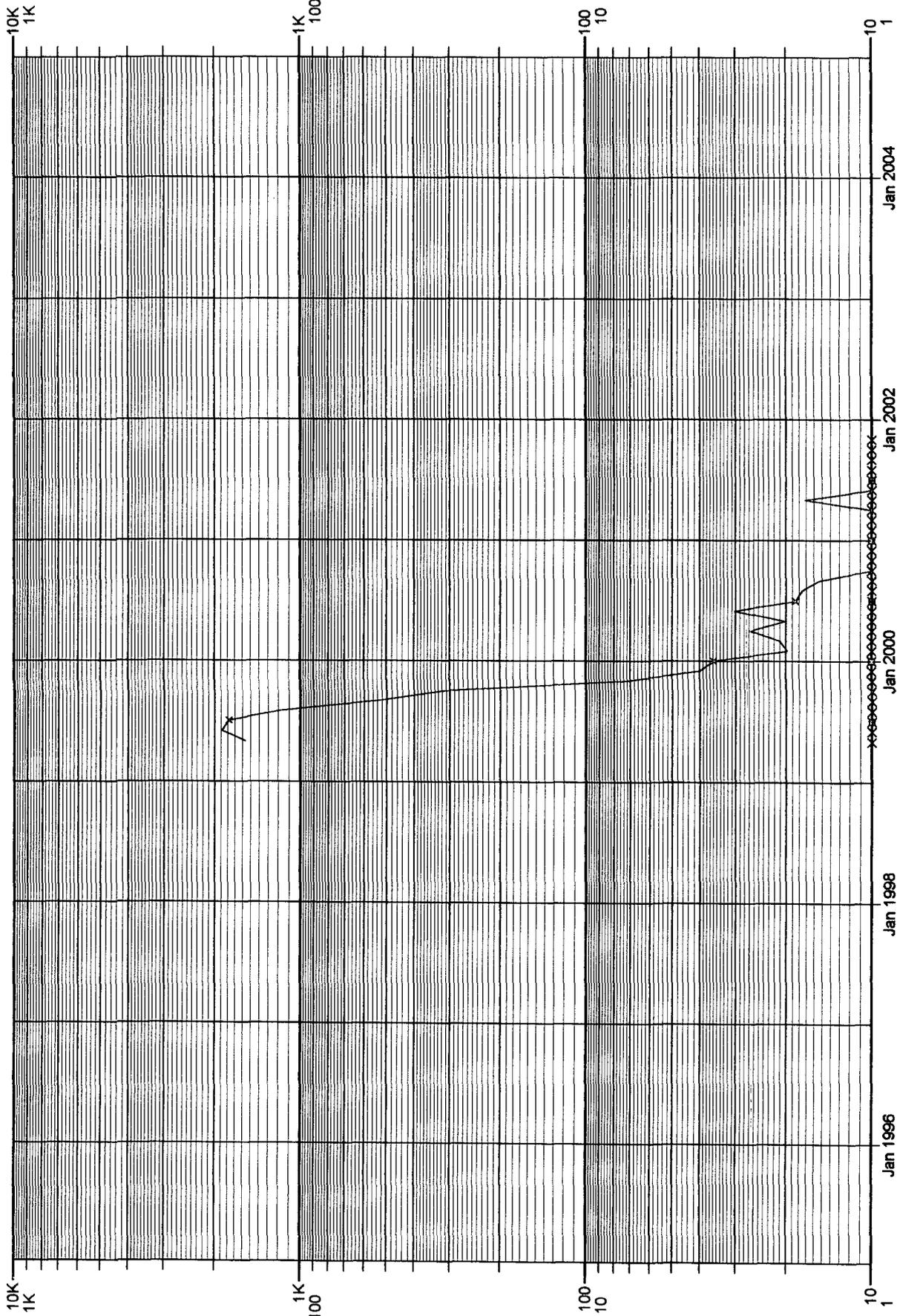
12 Dedicated Acres N/2 SW/4 40 AC	13 Joint or Infill	14 Classification Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Larry Brazile</i></p> <p>Signature</p> <p>LARRY N. BRAZILE</p> <p>Printed Name</p> <p>PETROLEUM ENGINEER</p> <p>Title</p> <p>06/12/02</p> <p>Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

Field: TURKEY TRACK (MORROW, NORTH (GAS)) 86500
Operator: V-F PETROLEUM INC 024010
Lease Name: WALKER STATE 001
LPD ID: 300153056686500

County, State: EDDY, NM
Status and Date: ACT 0
District: Phase: GAS
Gas Cum: 233646, Oil Cum: 689



x-x Daily Avg Gas (Mcf)
o-o Daily Avg Water (Bbls)
x-x Daily Release Graph

Daily Avg Oil (Bbls) o-o
Monthly Number of Total Producing Wells x-x

CD Date: 200112

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LPD One Page Summary Report

Field: TURKEY TRACK (MORROW, NORTH (GAS)) 86500
 Operator: V-F PETROLEUM INC 024010
 Lease Name: WALKER STATE 001
 LPD ID: 300153056686500

County, State: EDDY, NM
 Status and Date: ACT 0
 District: , Phase: GAS

Gatherer Name	Code	Number	Cum Since	Cum	Gravity
Gas			1999/05	233646	0.000
Oil			1999/05	689	0.000

Location: 18S28E33K
 API: 3001530566 Completion Date: 1999/04/22 Depth: 0 Upper Perf: 10782 Lower Perf: 10824

Yearly Production Detail --- 1999/05 Thru 2001/11

Year	Gas Produced	Gas Cumulative	Oil Produced	Oil Cumulative	Water Produced	Water Cumulative	Num Wells	Num Other Wells	Gas Daily Avg.	Oil Daily Avg.	Gas Yearly Decline	Oil Yearly Decline
1999	225615	225615	141	141	0	0	1	0	928.46	0.58		
2000	6848	232463	0	141	0	0	1	0	18.76	0.00	97.0%	100.0%
2001	1183	233646	548	689	0	0	1	0	3.54	1.64	81.1%	

Last 12 Months Production Detail

Date	Gas Produced	Gas Cumulative	Oil Produced	Oil Cumulative	Water Produced	Water Cumulative	Num Wells	Num Other Wells	Gas Daily Avg.	Oil Daily Avg.
2000/12	255	232463	0	141	0	0	1	0	8.23	0.00
2001/01	113	232576	0	141	0	0	1	0	3.65	0.00
2001/02	117	232693	0	141	0	0	1	0	4.18	0.00
2001/03	105	232798	0	141	0	0	1	0	3.39	0.00
2001/04	105	232903	0	141	0	0	1	0	3.50	0.00
2001/05	205	233108	531	672	0	0	1	0	6.61	17.13
2001/06	74	233182	17	689	0	0	1	0	2.47	0.57
2001/07	29	233211	0	689	0	0	1	0	0.94	0.00
2001/08	75	233286	0	689	0	0	1	0	2.42	0.00
2001/09	105	233391	0	689	0	0	1	0	3.50	0.00
2001/10	145	233536	0	689	0	0	1	0	4.68	0.00
2001/11	110	233646	0	689	0	0	1	0	3.67	0.00

V-F Petroleum Inc.

550 W. Texas, Suite 230, Midland, Texas 79701

915/683-3344

915/683-3352FAX

Mailing Address: P.O. Box 1889, Midland, TX 79702

E-mail: vfinid@worldnet.att.net

www.vfpetroleum.com

June 1, 2002

Working Interest Owners
Royalty Owners
Overriding Royalty Owners

Notification of Commingling and Allocating
Production of the Walker "33" State # 1 by Well Tests
Turkey Track (Morrow) and Travis (Upper Penn) Fields
Eddy County, New Mexico

Ladies and Gentlemen:

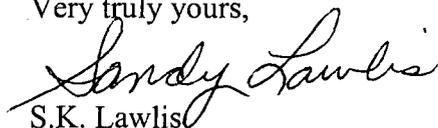
We are notifying you of our application for a downhole commingling permit which will allocate production by use of a fixed allocation percentage based on recent well tests in the above referenced well.

Monthly surface well production will be allocated based on a fixed percentage basis to each producing reservoir, allowing multiple marginal reservoirs to be produced simultaneously.

We believe that the produced fluids from each reservoir are compatible with each other, and that our action will enhance production from each reservoir.

It is our expectation that these efforts will allow us to economically maintain and increase the production of this lease. If you have any questions or comments, please call us.

Very truly yours,



S.K. Lawlis

Vice President & Controller

Walker 33 State Com #1
Listing of Owners

Commissioner of Public Lands

Elk Oil Company

John Michael Kelly

Joseph J Kelly

Read & Stevens

Western Reserves Oil Company

Earl L Malone

Anderson-Malone Trust Dtd 12/05/91
Baynard W. Malone & Marilou
A Malone Co-Trustees

Ross L Malone Test Tr
Baynard W Malone Trustee

New Mexico Western Minerals Inc.
Robert Bean

Robert G & Nancy Sue Hanagan

Hugh E Hanagan

Gretchen S White

Cheryl White Derrick

Theodore P White

Robert K Leonard S/P

Lisa L Durban S/P

Constance White Loyd S/P

J Phelps White IV S/P

Elizabeth White Nelson S/P

Patricia Kelly Kyle

Walker 33 State Com #1
Listing of Owners

Mary Ann Kelly Twitty

Roy G & Opal Barton Rev Trust
Roy G Barton Jr Trustee

Harvard Petroleum Corp

LRW Corporation

Charles F Malone Liv Tr 08/01/87
Jane Malone Stockton Co-Trustee

Elizabeth Malone Test Tr
F/B/O Edna M Schwarz
Baynard W Malone Trustee

Robert G Hanagan D/B/A
Hanagan Properties

Gilbert J Eaton

Dan M Leonard
Bean Family Limited Company

EOG Resources Inc.

Permian Resources Holdings Inc.

J Phelps White III

M. Wayne Luna

Larry N. Brazile

S.K. Lawlis

Seven W Resources Inc.

Alvrone Sater

The Rudman Partnership

V-F Petroleum Inc.