

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

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

CASE NO.

APPLICATION

In accordance with NMSA 1978, § 70-2-17 and NMAC 19.15.16.15(B)(5), V-F Petroleum Inc. (OGRID No. 24010) (“V-F” or “Applicant”) through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) seeking an order: (1) establishing a 486.05-acre, more or less, non-standard horizontal spacing unit comprised of the N/2 of Section 19, Township 19 South, Range 28 East, and the NE/4 of Section 24, Township 19 South, Range 27 East, Eddy County, New Mexico (“Unit”), and (2) pooling all uncommitted interests in the Bone Spring formation underlying the Unit. In support of this application, V-F states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”):
 - a. The **Lightfoot 19 State Com 223H** well, to be horizontally drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 19, Township 19 South, Range 28 East, to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 24, Township 19 South, Range 27 East;
 - b. The **Lightfoot 19 State Com 224H** well, to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 19, Township 19 South, Range 28 East, to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 24, Township 19 South, Range 27 East;

- c. The **Lightfoot 19 State Com 233H** well, to be horizontally drilled from a surface hole location in the SE/4 NE/4 (Unit H) of Section 19, Township 19 South, Range 28 East, to a bottom hole location in the SW/ 4 NE/4 (Unit G) of Section 24, Township 19 South, Range 27 East; and
 - d. The **Lightfoot 19 State Com 234H** well, to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 19, Township 19 South, Range 28 East, to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 24, Township 19 South, Range 27 East.
3. The completed intervals of the Wells will be orthodox.
 4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.
 5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
 6. Approval of a non-standard horizontal spacing unit is necessary to prevent waste and protect correlative rights.
 7. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated as the operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;
- B. Pooling all uncommitted interests in the Unit;
- C. Approving the initial wells in the Unit;
- D. Designating Applicant as the operator of the Unit and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

ypena@hinklelawfirm.com

Counsel for V-F Petroleum Inc.