

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

**APPLICATION OF V-F PETROLEUM INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 23728

PREHEARING STATEMENT

V-F Petroleum Inc. (“V-F Petroleum” or “Applicant”), OGRID No. 24010, through its undersigned attorneys, submits the following Prehearing Statement pursuant to the rules of the Oil Conservation Division (“Division”).

APPEARANCES

APPLICANT

V-F Petroleum Inc.

ATTORNEY

Darin C. Savage
Andrew D. Schill
William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

ADDITIONAL PARTY

Permian Resources Operating, LLC

ATTORNEY

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Paula M. Vance
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, NM 87504
505-988-4421

Facsimile: 505-983-6043
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
pmvance@hollandhart.com

APPLICANT'S STATEMENT OF THE CASE

In Case No. 23728, V-F Petroleum seeks an order pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a standard 324.84-acre, more or less, spacing and proration unit comprised of Lots 1 through 4 (N/2 N/2 equivalent) of Sections 4 and 5, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. V-F Petroleum proposes and dedicates to the unit the **Courtman 4 State Com #222H Well** and the **Courtman 4 State Com #232H Well** as initial wells to be drilled to a sufficient depth to test the Bone Spring formation.

V-F Petroleum proposes the **Courtman 4 State Com #222H Well**, an oil well, to be horizontally drilled from a surface location in Lot 1 (NE/4 NE/4 equivalent) of Section 4 to a bottom hole location in Lot 4 (NW/4 NW/4 equivalent) of Section 5.

V-F Petroleum proposes the **Courtman 4 State Com #232H Well**, an oil well, to be horizontally drilled from a surface location in Lot 1 (NE/4 NE/4 equivalent) of Section 4 to a bottom hole location in Lot 4 (NW/4 NW/4 equivalent) of Section 5.

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

APPLICANT’S PROPOSED EVIDENCE

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Sean Johnson	Approx. 10 min	Approx. 6
Geologist: Jason Lodge	Approx. 10 min	Approx. 4

PROCEDURAL MATTERS

Permian Resources Operating, LLC (“Permian Resources”) has made an entry of appearance in this case and has objected to the case going forward by affidavit. Discussions with counsel has indicated that Permian Resources intends to request a date for a contested hearing and to file a competing application.

Permian Resources owns a very small 1.28331% interest only in the N/2 N/2 of Section 4 in V-F Petroleum’s proposed unit covering the N/2 N/2 of Sections 4 and 5, which is not a sufficient amount of interest on which to base a competing application for the same unit when V-F Petroleum has a majority interest in the N/2 N/2 unit of Sections 4 and 5. Permian Resources because of its small ownership in the N/2 N/2 of Section 4 has a right to enter an appearance in Case No. 23728 and object to the case going forward by affidavit, but this right does not automatically allow Permian Resources to file a competing application or request a contested hearing date.

On July 31, 2023, Permian Resources sent a consolidated well proposal to owners that proposed wells for a N/2 N/2 unit in Sections 5 and 6, Township 19 South, Range 28 East, among other units in Sections 5 and 6, such as the S/2 N/2, N/2 S/2, and S/2 S/2. It is Permian Resources’ proposed N/2 N/2 unit in Sections 5 and 6 that overlaps with the N/2 N/2 unit in Sections 4 and 5 proposed by V-F Petroleum. Permian Resources’ N/2 N/2 unit in Sections 5 and 6 also corresponds

to the unit that Permian Resource proposed under the Operating Agreement (“JOA”) it sent to V-F Petroleum.

However, a review of the JOA, recorded assignments and other public records show, as far as can be determined through available records, that Permian Resources did not own any interest in the N/2 N/2 of Section 5 and 6 at the time it sent its well proposal, and therefore, V-F Petroleum submits that Permian Resources’ well proposal for the N/2 N/2 of Section 5 and 6 is invalid and void. Furthermore, because it appears that Permian Resources currently owns no interest in the N/2 N/2 of Sections 5 and 6, it has neither the right nor qualifies under the pooling statute, NMSA 1978 § 70-2-17(C), to file a competing application or to request a contested hearing date. Consequently, V-F Petroleum asks that a hearing date for V-F Petroleum’s application in Case No. 23728 be set for September 21, 2023, since there is no basis on which to further delay the hearing to which V-F Petroleum is entitled under the Oil and Gas Act (“Act”) and Division Rules. Ownership is a threshold requirement under the Act and Division Rules for both proposing a well and filing an application with the Division.

At the status conference to be held on September 7, 2023, V-F Petroleum respectfully requests that the Division inquire with Permian Resources about the status of its ownership in the N/2 N/2 of Section 5 and 6 to determine whether Permian Resources currently has a right or standing under the Act and Division Rules to file a competing application and request a contested hearing date. If Permian Resources does not have a right or standing, V-F Petroleum requests that the Division set a date for September 21, 2023, to hear V-F Petroleum’s application for compulsory pooling. V-F Petroleum’s request is not for an inquiry to determine amounts of ownership, but it is a request that the Division determine whether Permian Resources has met the threshold requirement under the Act and its Rules for requesting a contested hearing and filing an application

in a competing compulsory pooling case. V-F Petroleum will be filing a short motion to substantiate its position described herein.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage
Darin C. Savage

Andrew D. Schill
William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

Attorneys for V-F Petroleum Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on August 31, 2023:

Michael H. Feldewert – mfeldewert@hollandhart.com
Adam G. Rankin – agrankin@hollandhart.com
Julia Broggi – jbroggi@hollandhart.com
Paula M. Vance – pmvance@hollandhart.com

Attorneys for Permian Resources Operating, LLC

/s/ Darin C. Savage

Darin C. Savage

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

QUESTIONS

Action 261056

QUESTIONS

Operator: V-F PETROLEUM INC P.O. Box 1889 Midland, TX 79702	OGRID: 24010
	Action Number: 261056
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	2
Testimony time (in minutes)	20