

DATE IN <u>10-7-09</u>	SUSPENSE	ENGINEER <u>Brooks</u>	LOGGED IN <u>10/8/09</u>	TYPE <u>SD</u>	APP NO. <u>0928138467</u>
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PTGW

ABOVE THIS LINE FOR DIVISION USE ONLY

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



VPR op.  
 200908  
 SFPRR #28

**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

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A] *SFPRR #28 Vertical Producer*

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

[D] Other: Specify \_\_\_\_\_

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached (offset working Interest Owners)

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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 R. Huling

Print or Type Name

Signature

Agent

Title

10/05/2009

Date

James@vproperating.com  
 e-mail Address

# VPR OPERATING, LLC

October 6, 2009

Mr. David Brooks  
Environmental and Geological Services Bureau  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: SFPRR #28  
50' FSL & 50' FEL; Sec. 28, T9S-R37E; Lea County, NM

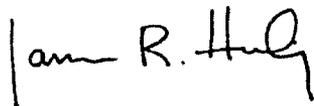
Dear Mr. Brooks:

Please find attached an administrative application to drill an infill location in the West Sawyer San Andres Pool. The SFPRR #28 is one of two additional wells proposed in the 80-acre spacing unit that is currently drilled on 40-acres. This well is proposed as a non-standard and simultaneous dedication location.

The West Sawyer San Andres Pool is currently developed on 40-acre spacing and has only produced primary reserves. VPR Operating, LLC has studied this field including a 3-D simulation model. We have plans to test remaining primary on 20-acre development followed by pilot testing patterns by converting some of the existing producers to injection. The SFPRR #28 is one of the initially proposed locations of this plan. If the infill locations and pilot are successful we will ultimately unitize the field for secondary operations. Additionally we plan to commence with changing the spacing/acreage dedication to allow drilling of four wells on 80-acres. However, we have an opportunity to commence drilling with a viable rig as soon as permits are approved. Since the process of changing the spacing will take approximately 30-days, we hope to obtain an administratively approved permit this week to allow us to spud on or about October 15, 2009. Please find attached a map illustrating the proposed location with respect to existing locations.

If you have any questions or would like to discuss VPR Operating's plans or the attached please feel welcome to call me at (817) 923-8323, or via e-mail at [james@vproperating.com](mailto:james@vproperating.com)

Respectfully,



James R. Huling  
VPR Operating, LLC

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

Form C-101  
Permit 103021

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

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

1. Operator Name and Address VPR OPERATING, LLC 1406 CAMP CRAFT ROAD AUSTIN, TX 78746		2. OGRID Number 266091
		3. API Number
4. Property Code 306681	5. Property Name SFPRR	6. Well No. 028

**7. Surface Location**

UL - Lot P	Section 28	Township 09S	Range 37E	Lot Idn P	Feet From 50	N/S Line S	Feet From 50	E/W Line E	County LEA
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**8. Pool Information**

SAWYER;SAN ANDRES, WEST	55490
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**Additional Well Information**

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3969
14. Multiple N	15. Proposed Depth 5100	16. Formation San Andres Formation	17. Contractor	18. Spud Date 10/15/2009
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mls thick      Clay <input type="checkbox"/> Pit Volume:      bbls      Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

**19. Proposed Casing and Cement Program**

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	20	450	400	0
Prod	7.875	4.5	10.5	5100	800	0

**Casing/Cement Program: Additional Comments**

May set 5-1/2" Casing in place of 4-1/2". Plan to run DV Tool +/- 50' Below Rustler @ approx. 2420'.

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	3000	hydrill
DoubleRam	3000	3000	hydrill
Pipe	3000	3000	hydrill

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input checked="" type="checkbox"/>	<b>OIL CONSERVATION DIVISION</b>	
	Approved By:	
	Title:	
	Approved Date:	Expiration Date:
	Printed Name: <u>James R. Huling</u> Title: <u>Ag-1</u> Email Address: <u>James@vproperating.com</u> Date: <u>10-6-2009</u> Phone: <u>817, 923, 8323</u>	

District I  
1625 N. French Dr., Hobbs NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number		<sup>2</sup> Pool Code		San Andres		<sup>3</sup> Pool Name			
<sup>4</sup> Property Code		SFPRR				<sup>5</sup> Property Name		<sup>6</sup> Well Number	
266091		VPR OPERATING, LLC.						28	
<sup>7</sup> GRID No.		<sup>8</sup> Operator Name				<sup>9</sup> Elevation			
266091		VPR OPERATING, LLC.				3969'			

<sup>10</sup>Surface Location

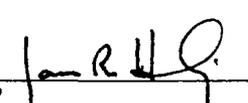
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	28	9 S	37 E		50	South	50	East	Lea

<sup>11</sup>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

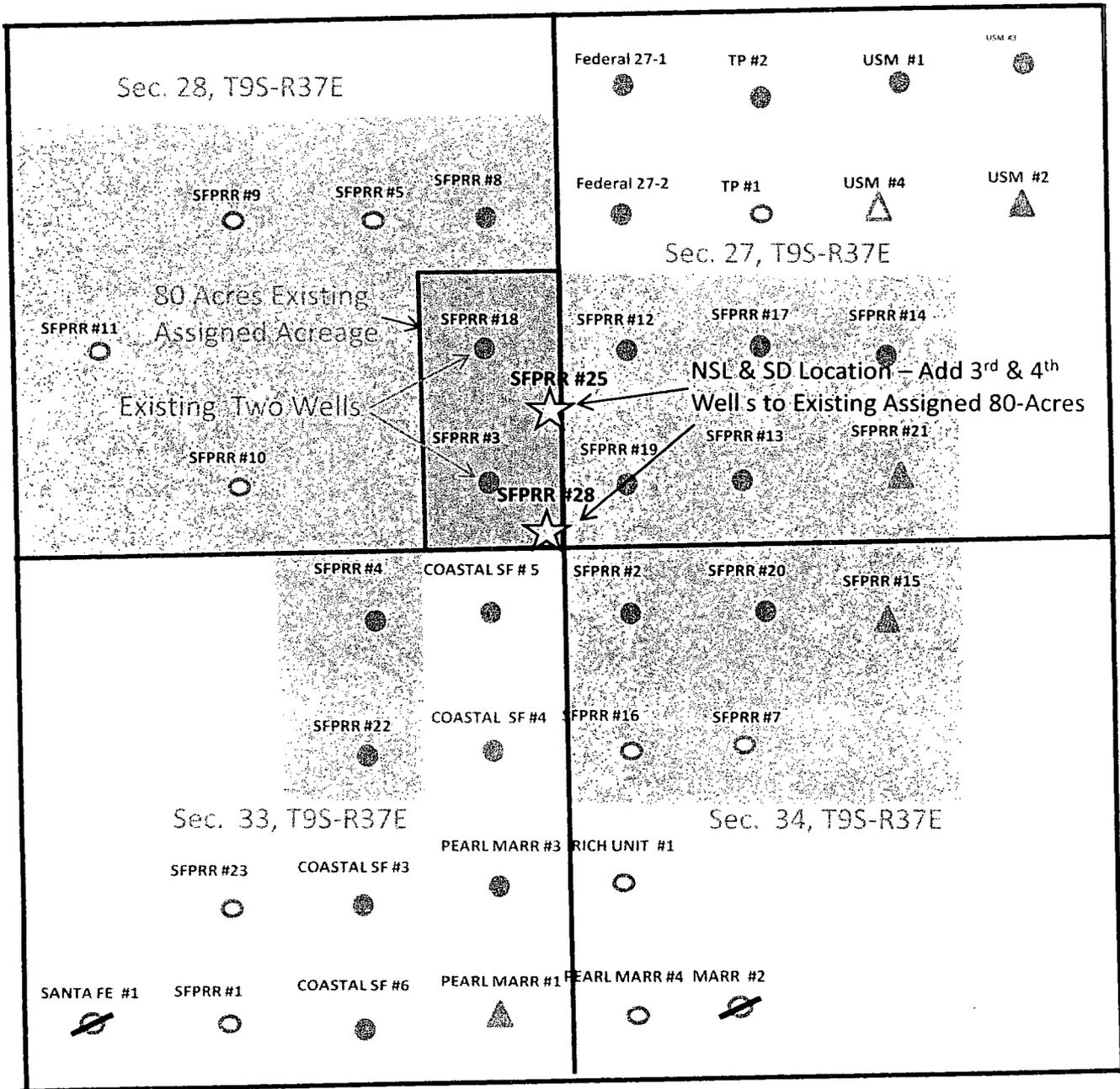
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNITL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				16		<p><sup>17</sup>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p style="text-align: center;"></p> <p>Signature</p> <p>James R. Huling</p> <p>Printed Name</p> <p>Agent / james@vproperating.com</p> <p>Title and E-mail Address</p> <p>September 25, 2009</p> <p>Date</p>	
						<p><sup>18</sup>SURVEYOR CERTIFICATION</p> <p><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></p> <p>9-21-2009</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p style="text-align: center;"></p> <p>10324</p> <p>Certificate Number</p>	
				<p>No. 1 Elev. 3969' NAD 83 NM East N= 910771 E= 902287 NAD 83 Lat.= 33° 29' 53.13" Long.= 103° 08' 58.13"</p>			

19.5 Miles NE of Tatum, New Mexico.

File No. A-4401



SFPRR #25 - 1,320' FSL & 50' FEL  
 SFPRR #28 - 50' FSL & 50' FEL  
 Sec. 28 T9S-R37E  
 Administrative Application  
 NSL and SD  
 "Add 3<sup>rd</sup> & 4<sup>th</sup> Well to Existing 80-Acre Spacing"

- ACTIVE PRODUCER
- SI PRODUCER
- P&A'd PRODUCER
- ACTIVE SWD
- SI SWD
- P&A'd SWD

**MAR Oil & Gas corp.**

P. O. Box 5155

Santa Fe, NM 87502

(505) 989-1977

October 5, 2009

Re: Non standard locations west Sawyer field.

Gentlemen:

MAR Oil & Gas Corp. owns 12.5% working interest in the SFPRR and costal Santa Fe leases located in sections 27, 28, 33, and 34 or T9S-R37E of Lea county, NM and herewith consents to the application VPR Operating, LLC is making for Simultaneous Density and Non Standard locations on the SFPRR #25, #26, #27, and #28 proposed wells.

If you have any questions, please contact me at (505) 989-1977.

Sincerely,

A handwritten signature in black ink, appearing to read "Leon A. Romero", with a long horizontal flourish extending to the right.

Leon A. Romero, President

MAR Oil & Gas Corp.

**Brooks, David K., EMNRD**

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**From:** Brooks, David K., EMNRD  
**Sent:** Tuesday, October 13, 2009 9:36 AM  
**To:** 'James@vproperating.com'  
**Cc:** Hill, Larry, EMNRD  
**Subject:** SFPRR Wells Nos 26, 27 and 28; NSL and SD permits

Dear Mr. Huling

The referenced permits were issued under date of October 8, 2009 and order Nos as shown below

<u>Well</u>	<u>NSL Order No.</u>	<u>SD Order No.</u>
SFPRR #26	6098	200906
SFPRR #27	6099	200907
SFPRR #28	6100	200908

Pursuant to our new procedures, these permits will not be mailed but signed copies will be posted on our website.

Issuance of the approval on the SFPRR #25 was delayed due to the necessity to correct a mistake, but it will presumably be issued today as Administrative Order NSL-6097 and SD 200905.

Sincerely

David K. Brooks  
Legal Examiner  
505-476-3450