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DATE: June 17, 2010 TIME: _____

To: New Mexico OCD (505) 476-3462

Re: **Case No. 14494/Application of VPR Operating, LLC to establish a waterflood project in the Sawyer West Field in Lea County, New Mexico**

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To Whom It May Concern:

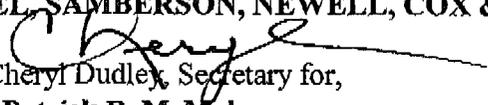
Attached hereto for filing with the New Mexico Energy, Minerals and National Resources Department/Oil Conservation Division are two Prehearing Statements in reference to Case No. 14494.

If you have any questions, please do not hesitate to call.

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THANK YOU,

HEIDEL, SAMBERSON, NEWELL, COX & MCMAHON

By:  Cheryl Dudley, Secretary for,
Patrick B. McMahon

pc: Robert B. Pullen, Sr., Senior Vice President of VPR Operating, LLC
c/o Gary W. Larson
Hinkle, Hensley, Shanor & Martin, LLP
218 Montezuma
Santa Fe, New Mexico (505) 982-8623

PREHEARING STATEMENT

**Application for
VPR Operating, LLC to Establish a Waterflood Project in the Sawyer West Field
in Lea County, New Mexico**

Case No. 14494

TO: New Mexico Oil Conservation Division

FROM: Michael Harton, Party
David Bilbrey, Party

ATTORNEY: Patrick B. McMahon
Heidel, Samberson, Newell, Cox & McMahon
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STATEMENT: The parties have received a portion of VPR Operating's Form C-108: Application for Waterflood Permit; Sections 27-28, Township 9 South, Range 37 East, Lea County, New Mexico

The parties object to VPR Operating's application on the basis that it does not adequately protect groundwater or the surface estate, and that the application does not conform to the notice requirements of 19.5.4 NMAC and Form C-108.

WITNESSES: Michael Harton
David Bilbrey
Robert B. Pullen, Sr., Senior Vice-President of VPR Operating LLC
Other VPR witnesses to be determined at a later date.

TIME: 1 Hour

PROCEDURAL MATTERS: None