

# *V-F Petroleum Inc.*

500 West Texas Avenue, Suite 350, Midland, Texas 79701 Tele: 432/683-3344  
Mailing Address: P. O. Box 1889, Midland, TX 79702

November 3, 2022

NMOCD  
Attn: Phillip Goetze  
1220 South Saint Francis Avenue  
Santa Fe, New Mexico

**RE: Extension of UIC Permit SWD-2351**  
State 19 #2 (30-015-22625) Eddy County, NM

Mr. Goetze:

Please accept this letter as V-F Petroleum Inc.'s request for a one-year extension from April 1, 2022 to the UIC Class II Permit SWD-2351 for the above referenced well. The permit became effective on April 1, 2021, but due to the following circumstances, V-F was unable to meet the April 1, 2022 first injection date:

- On November 11, 2020, V-F submitted its APDs for the Lightfoot 19 State Com 221H (API: 30-015-47400) Lightfoot 19 State Com 231H (API: 30-015-47425), Lightfoot 19 State Com 222H (API: 30-015-47399) and Lightfoot State Com 232H (API: 30-015-48011) (collectively referred to as the "Lightfoot Wells"). These Lightfoot Wells were planned to be the initial wells to have water injected at the State 19 #2. Once the Lightfoot wells were proposed in January 2021, an Operator who owned leasehold in the W/2 of Sec. 19, T-19-S, R-28-E and E/2, T-19-S, R-27-E, Eddy Co., NM, whose acreage was included in all of the Lightfoot Wells' DPUs, protested the Lightfoot Wells proposals. It took V-F and this Operator until August 2021 to resolve this matter by V-F trading acreage located outside of the Lightfoot Wells DPUs for the Operator's acreage contained in the proposed Lightfoot Wells DPUs and future Lightfoot Wells DPUs;
- In October 2021, V-F ordered a string of injection tubing for the State 19 #2 and secured easements and constructed approximately four and half (4 1/2) miles of twelve-inch (12") pipeline to connect the State 19 #2 to V-F's two other SWDs. The pipeline has been completed and is ready to accept any overflow produced water that cannot be disposed of in the State 19 #2. The injection tubing for the State 19 #2 had to be ordered abroad due to severe shortages domestically caused by the pandemic and it did not arrive in Houston until late March of 2022. Once it arrived it then had to be coated, which could not be performed until August of 2022. This lead time could not be anticipated and was a result of international supply constraints that have plagued the economy;
- Also in October 2021, V-F was forced to re-propose the Lightfoot Wells and a dispute arose over ownership in the E/2 Sec. 24, T-19-S, R-28-E, Eddy Co., NM. This dispute eventually ended up in a lawsuit that was filed in the 5<sup>th</sup> Judicial District Court, Eddy County, New Mexico and named V-F as a co-defendant. V-F did not previously own any leasehold in the E/2 Sec. 24, T-19-S, R-28-E, Eddy Co., NM until it performed the required acreage trade with the Operator who also owned in the W/2 of Sec. 19, T-19-S, R-28-E, Eddy Co., NM and was not aware of the potential dispute over ownership in this tract until after the acreage trade was completed. V-F and all the other parties served in

the lawsuit settled and dismissed the lawsuit on or about August 26, 2022. The ownership dispute and eventual lawsuit resulting in a full year delay in activity on this project.

V-F has since drilled the Lightfoot Wells and now believes that it has cleared all the hurdles necessary to get this project to full development. The project should have water ready to inject well in advance to April 1, 2023, which is why V-F is now respectfully requesting that the NMOCD grant V-F a one-year extension from April 1, 2022 to the UIC Class II Permit SWD-2351 covering the State 19 #2 well.

Should you have any questions or concerns, or should you need any additional documentation, please do not hesitate to contact me.

Respectfully

A handwritten signature in blue ink, appearing to read "Thomas Beall", with a long horizontal flourish extending to the right.

Thomas Beall  
Chief Executive Officer

## Rose-Coss, Dylan, EMNRD

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**From:** Goetze, Phillip, EMNRD  
**Sent:** Tuesday, November 15, 2022 1:47 PM  
**To:** Rose-Coss, Dylan, EMNRD  
**Cc:** Schaefer, Alana, EMNRD  
**Subject:** FW: [EXTERNAL] FW: State 19-2 SWD-2351 Sec.19- T19S-R28E - Request  
**Attachments:** State 19 #2 Extension Letter 11-3-2022.pdf; SWD-2351\_V-F Petroleum Inc\_State 19 #2\_12.11.19\_Signed Order.pdf; State 19-2 SWD Completio\_001.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Please put in the EOT list. Need to talk about this one as to t3 wireless involvement. They use to have some small operation in the NW. Don't know about the validity of the extension also. Please check the permit, the UIC expiration date for commencement, and letter submittal. I believe that they did not get it in on time. PRG

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**From:** T. M. Beall <[fpi@t3wireless.com](mailto:fpi@t3wireless.com)>  
**Sent:** Monday, November 7, 2022 3:42 PM  
**To:** Goetze, Phillip, EMNRD <[phillip.goetze@emnrd.nm.gov](mailto:phillip.goetze@emnrd.nm.gov)>  
**Subject:** [EXTERNAL] FW: State 19-2 SWD-2351 Sec.19- T19S-R28E - Request

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Second try from bounce back.

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**From:** T. M. Beall <[fpi@t3wireless.com](mailto:fpi@t3wireless.com)>  
**Sent:** Monday, November 7, 2022 4:22 PM  
**To:** Phillip Goetze ([phillip.goetze@state.nm.us](mailto:phillip.goetze@state.nm.us)) <[phillip.goetze@state.nm.us](mailto:phillip.goetze@state.nm.us)>; 'phillipgoetze@emnrd.nm.gov' <[phillipgoetze@emnrd.nm.gov](mailto:phillipgoetze@emnrd.nm.gov)>  
**Cc:** Gahr, Jerry ([vfmid@att.net](mailto:vfmid@att.net)) <[vfmid@att.net](mailto:vfmid@att.net)>; Bill Pierce ([Bill@vfpetroleum.com](mailto:Bill@vfpetroleum.com)) <[Bill@vfpetroleum.com](mailto:Bill@vfpetroleum.com)>; Brian Wood ([brian@permitswest.com](mailto:brian@permitswest.com)) <[brian@permitswest.com](mailto:brian@permitswest.com)>  
**Subject:** State 19-2 SWD-2351 Sec.19- T19S-R28E - Request

Good Afternoon Mr. Goetze,

You and I have had several conversations regarding SWD issues over the last few years commencing with V-F Petroleum Inc. 's Northcott 24 SWD #1 - Order SWD-2028 in Sec 24-19S-28E. We have recently finished all of our surface facilities on the V-F Petroleum Inc. Guerrero 34 State SWD-2246 in Section 34-18S-28E. Both wells have been processing and successfully disposing produced water since permitting. We recently received permit for V-F Petroleum Inc. State 19-2 SWD-2351 Sec.19- T19S-R28E dated April 1, 2021 (attached). During these time periods we have acquired several road crossing permits and have constructed, installed and buried some 10 to 12 miles of 12" SDR 9 poly line to connect the three SWDs to each other for reliability and control along with some 8" line for gathering produced water. Further, during lag times for equipment delivery and construction operations on the Guerrero surface facilities we were able to treat produced water on the Northcott and transfer water to the Guerrero from the Northcott for disposal.

As a result, we have now managed to repurpose produced water "polished" or cleaned for reuse in drilling and completion operations providing this recycled water for other operators as well as for V-F Petroleum Inc. thereby

requiring less fresh water for those operations. We are in the process of securing further equipment for prosecuting and reclaiming of the area's produced water on a much larger scale now that we have the three SWD facilities working together to secure these planned operations.

Unfortunately, our companies have been embroiled in a variety of issues beyond our control not the least of which included several delays due to necessary Covid policies. All of these issues have been cumulative and have had negative effects on supply chains, planning and securing the normal supply of materials, equipment and labor needed in our operations. As a result, please find my attached letter to respectfully request a one year extension to our SWD-2351 permit. The attached letter along with the information is supplied to you in concise format for your review, questions and hopefully approval.

The State 19-2 SWD-2351 is now fully capable of receiving water for disposal as planned and designed. We have completed the well using rental tubing, have performed a preliminary step test and are currently in the process of running the coated injection tubing. We will sent our injection packer and perform the required MIT for submittal to you prior to commencing injection of produced water. See attached 19-2 SWD completion DDR.

Also In Section 19, V-F Petroleum Inc. has finished the drilling operations for the first four Bone Spring Wells in section 19, the Lightfoot project, with 4 more planned for next year. We have scheduled completion operations on these first four wells starting in Mid-November 2022 with flow back scheduled for Mid-December 2022. Our Guerrero and Northcott wells will be supplying reclaimed "polished" water to assist in the stimulations of these first four wells through our 12" poly lines connected to the 19-2 batteries. We propose using this State 19-2 SWD-2351 for disposal of these flow back volumes. V-F Petroleum Inc. will need a one-time extension of our permit for this purpose. It is factual that we have been continuously working to tie this three well SWD project together for this very purpose. We would not have been able to know if a one year extension would suffice to overcome all of the issues we encountered until recently.

Please let me know if I can be of further information for any questions or clarifications.

I can be reached by return email or my office phone listed below. If you would like to meet in person I will be happy to come to Santa Fe at your convenience.

Thank you for your kind assistance in the matter.

Tom Beall

***Thomas M. Beall***  
***V-F Petroleum Inc.***  
***P.O. Box 1889***  
***Midland, TX 79702***  
***432-683-3344***

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**11-03-22 (Report Date 11-04-22)**

**Day #16:** Waiting on cement to harden in cellar for wellhead stabilization. Will move well service unit back on well on Monday 11-07-2022.

**11-02-22 (Report Date 11-03-22)**

**Day #15:** Remove pea gravel from cellar, straighten and level 8 5/8" casing and secure same. Butch's Rat Hole Service pumped ready mix cement and filled cellar from bottom to 1' below weld on 8 5/8" well head.

**11-01-22 (Report Date 11-02-22)**

**Day #14:** SITP slight blow, SICP 0#. Finished laying down rental 3 1/2" treating tubing string in singles utilizing hydraulic LD machine. LD treating packer and load out same. RD well service unit, hydraulic LD machine and water tanks. SWI and SD for night.

**10-31-22 (Report Date 11-01-22)**

**Day #13:** SITP extreme vacuum. Bled off casing, let tubing assume static position. Commenced laying down rental 3 1/2" treating tubing string in singles utilizing hydraulic LD machine. With 150 joints of tubing laid down, well began flowing up tubing; SWI and wait on kill truck. RU kill truck and pumped 65 barrels of 10# brine water down tubing and 50 barrels down casing; well on vacuum. Continue laying down tubing, total of 200 joints laid down. SWI and SD for night.

**10-30-22 (Report Date 10-31-22)**

**Day #13:** SITP extreme vacuum. Shut down for weekend.

**10-29-22 (Report Date 10-30-22)**

**Day #12:** SITP extreme vacuum. Shut down for weekend.

**10-28-22 (Report Date 10-29-22)**

**Day #11:** MIRU CP Energy Services. SITP 0#, SICP static. Pressure annulus to 500#, test treating lines to 4,000#. Pumped 17,808 gallons of 15% HCL acid followed by 10,416 gallons of chlorine dioxide via 3 1/2", 9.30 ppf, L-80 PH-6 tubing in Devonian open hole interval from 11,997' - 12,625'. Average treating rate of 8.0 bpm @ 2,200#. After completion of acid / ClO<sub>2</sub> treatment; pumped step rate test in following manner. 50 barrels @ 3 bpm @ 657#; 50 barrels @ 5 bpm @ 1,380#; 50 barrels @ 8 bpm @ 2,260#. At completion of acid job and each step rate test, well was on instant vacuum. Total volume injected in well including flush volume is 957 barrels. RD CP Energy Services, leave well shut in. Shut down for weekend.

**10-27-22 (Report Date 10-28-22)**

**Day #10:** Set in new lined acid tank and fill same w/2,400 gallons of 15% HCL + 120 barrels of fresh water. Prepare for acid treatment of open hole section scheduled for 10-28-22.

**10-26-22 (Report Date 10-27-22)**

**Day #9:** MIRU well service unit. SICP slight blow, SITP 0#. Release packer and TIH w/same to depth of 11,743' KB measurement. Load backside and test tubing and packer to 1,500# successfully, SWI. CP Energy set to acidize open-hole formation on 10/28/22.

**10-25-22 (Report Date 10-26-22)**

**Day #8:** Repairs to Paramount Well Service unit #1 will take longer than anticipated. Rigged down unit & drove same to Watson Hopper repair facility in Hobbs, NM. Will move in well service unit currently being utilized by V-F on late Thursday afternoon and RU same.

**10-24-22 (Report Date 10-25-22)**

**Day #7:** Waiting on well service unit repairs. Should have repairs completed by October 26, 2022.

**10-23-22 (Report Date 10-24-22)**

**Day #6:** Open well, prime up treating pump, test lines to 4,000 psi, bleed off pressure, pumped (4) bbls pad down tubing when started getting fluid coming from casing valve (leaking packer

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suspected). Wait on rig repair to attempt to re-set packer, rig down and release CP Energy until further notice. Secure well, SDFN

**10-22-22 (Report Date 10-23-22)**

**Day #5:** Rig up CP Energy pumping equipment, attempt to prime pump, main pump engine would not start due to computer failure, wait on computer tech to re-program. Secure well, SDFN.

**10-21-22 (Report Date 10-22-22)**

**Day #4:** Remove tubing line drum from unit and send to Watson Hopper in Hobbs for repair, estimated repair time is Monday 10-24-22.

**10-20-22 (Report Date 10-21-22)**

**Day #3:** Continue picking up work string and tripping in hole to 9,970' (321) joints, shut down to repair air and water lines to brake system, found air and water lines plugged with rust, while replacing air lines, found flange bolts broken on tubing line drum. Secure well, wait on mechanic to replace broken bolts.

**10-19-22 (Report Date 10-20-22)**

**Day #2:** Install 7 1/16 x 11'' 5k BOP, set in pipe racks and load with 3 1/2'' PH-6 12.95# P-110 tubing (400) joints delivered, strap same, make up 5 1/2''k-3 10k carbide treating packer, pick up tubing and TIH to 5,580' (180) joints, install TIW valve, secure well, SDFN.

**10-18-22 (Report Date 10-19-22)**

**Day #1:** MIRU Paramount Well Service Unit #1.