

DATE IN <u>10-7-09</u>	SUSPENSE	ENGINEER <u>Brooks</u>	LOGGED IN <u>10/8/01</u>	TYPE <u>SD</u>	APP NO. <u>0928138229</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



UPR OP
 SFPRR #26
 200906

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 #26 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 [Handwritten Signature]

Agent

Title

Agent

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 #26
1,310' FSL & 1,330' FWL; Sec. 27, T9S-R37E; Lea County, NM

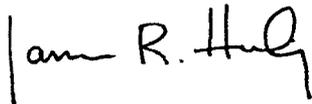
Dear Mr. Brooks:

Please find attached an administrative application to drill an infill location in the West Sawyer San Andres Pool. The SFPRR #26 is a third well 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 #26 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

Respectfully,



James R. Huling
VPR Operating, LLC

1406 Camp Craft Road, Suite 106
Austin, Texas 78746

Phone: (512) 327-8776

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

Form C-101
Permit 103016

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. 026

7. Surface Location

UL - Lot K	Section 27	Township 09S	Range 37E	Lot Idn K	Feet From 1310	N/S Line S	Feet From 1330	E/W Line W	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"/> mils 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"/> .	OIL CONSERVATION DIVISION		
	Approved By:		
	Title:		
	Printed Name: James R. Hulsing	Approved Date:	Expiration Date:
	Title: Agnt		
Email Address: James@vproperating.com			
Date: 10-6-2009	Phone: 817.923.8323		

District I
1825 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

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name			⁶ Well Number
SFPRR					26
⁷ GRID No.		⁸ Operator Name			⁹ Elevation
VPR OPERATING, LLC					3969'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	9 S	37 E		1310	South	1330	West	Lea

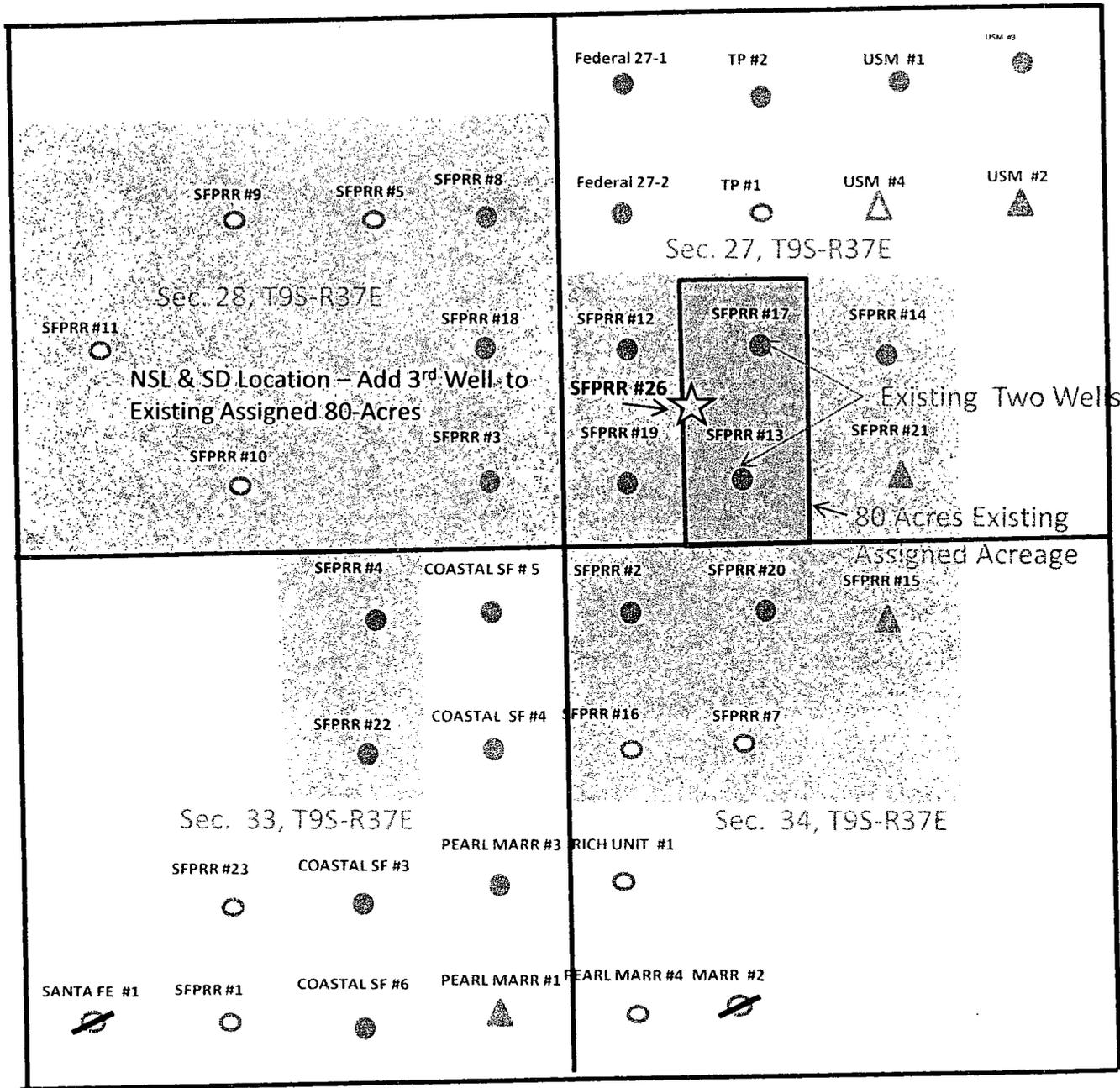
¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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						¹⁷ OPERATOR CERTIFICATION	
						<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>Signature: <u>James R. Huling</u></p> <p>Printed Name: <u>JAMES R. HULING</u></p> <p>Title and E-mail/Address: <u>AGENT / James@vproprating.com</u></p> <p>Date: <u>10/8/2009</u></p>	
						¹⁸ SURVEYOR CERTIFICATION	
						<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>Date of Survey: <u>10-06-2009</u></p> <p>Signature and Seal of Professional Surveyor: <u>Michael L. Stanford</u></p> <p>10324 Certificate Number</p>	
						<p>No. 26 Elev. 3969' NAD 83 NM East N= 912097 E= 903595 Lot.= 33° 30' 05.60" Long.= 103° 08' 41.92"</p> <p>1330'</p> <p>1310'</p>	



SFPRR #26
 1,310' FSL & 1,330' FWL
 Sec. 27 T9S-R37E
 Administrative Application
 NSL and SD
 "Add 3rd Well to Existing 80-Acre Spacing"

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

Brooks, David K., EMNRD

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