

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

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

Case No. _____

APPLICATION

V-F Petroleum, Inc. (“V-F”), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and John F. McIntyre), hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Bone Spring formation (Grama Ridge; Bone Spring, NE [28435]) in a standard 162.64-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 E/2 of Section 1, Township 22 South, Range 34 East, NMPM, in Lea County, New Mexico. In support of its application, V-F states as follows:

1. V-F is a working interest owner in the proposed HSU and has the right to drill thereon.
2. V-F proposes to drill the following 1-mile well in the HSU:
 - **Getty 1 State Com 234H** well, API# 30-025-44800, to be horizontally drilled from an approximate surface hole location 330’ FSL and 990’ FEL of Section 1-T22S-R34E, to an approximate bottom hole location 330’ FNL and 990’ FEL of Section 1-T22S-R34E.
3. The completed intervals and first and last take points meet the setback requirements set forth in the statewide rules for horizontal oil wells.

4. V-F has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

5. Approval of the HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to permit V-F to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and V-F should be designated the operator of the HSU.

WHEREFORE, V-F requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 14, 2019, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 162.64-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Section 1, Township 22 South, Range 34 East, NMPM, in Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying the HSU;

C. Allowing the drilling of the Getty 1 State Com 234H well in the HSU.

D. Designating V-F as operator of the HSU and the wells to be drilled thereon;

E. Authorizing V-F to recover its costs of drilling, equipping, and completing the wells;

F. Approving the operating charges and costs of supervision while drilling of \$7,000/month and, after completion, \$700/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by V-F in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

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