

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

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

CASE NOS. 20861& 20862

MOTION TO RESCIND APPLICATIONS FOR PERMITS TO DRILL
ISSUED IN VIOLATION OF 19.15.16.15 NMAC

Centennial Resource Production, LLC (“Centennial”) (OGRID No. 372165), through its undersigned attorneys, hereby files this motion to rescind eight applications for permits to drill (“APD”), identified below, that were erroneously issued by the Oil Conservation Division (“Division”) to V-F Petroleum Inc. (“V-F Petroleum”) in violation of 19.15.16.15 NMAC. In the alternative, and to avoid severe prejudice and irreparable injury to Centennial, Centennial moves the Division to stay the effectiveness of the below-described APDs issued to V-F Petroleum, pending the Division’s ruling on the parties’ competing compulsory pooling applications. In support of this motion, Centennial states:

1. The Applications of V-F Petroleum, Inc. for Compulsory Pooling, Lea County, New Mexico, in **Case Nos. 20861** and **20862**, compete with the Application of Centennial Resource Production, LLC for Compulsory Pooling, Non-Standard Spacing and Proration Unit, Lea County, New Mexico, in **Case No. 20831**. All three cases are set on the Division Examiner Hearing Docket for March 19, 2020.

2. Case No. 20831, 20861, and 20862 each involve the E/2 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

3. Division Rule 19.15.16.15.A NMAC provides:

(1) An operator **shall** not file an application for permit to drill **nor** commence the drilling of a horizontal oil or gas well until the operator has either:

(a) received the consent of at least one working interest owner or unleased mineral interest owner of each tract (in the target pool or formation) in which any part of the horizontal oil or gas well's completed interval will be located; or

(b) obtained a compulsory pooling order from the division for an appropriate horizontal spacing unit.

(emphasis added).

4. Centennial recently discovered that the Division issued the following APDs to V-F Petroleum for acreage in the E/2 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico:

- a. **Getty 1 State #223H (API No. 30-025-44796);**
- b. **Getty 1 State #224H (API No. 30-025-44797);**
- c. **Getty 1 State #233H (API No. 30-025-44799);**
- d. **Getty 1 State #234H (API No. 30-025-44800);**
- e. **Getty 1 State #323H (API No. 30-025-44802);**
- f. **Getty 1 State #324H (API No. 30-025-44803);**
- g. **Getty 1 State #333H (API No. 30-025-44806); and**
- h. **Getty 1 State #334H (API No. 30-025-44807).**

5. V-F Petroleum does not own an interest in the NE/4 of Section 1.

6. Because V-F Petroleum also does not have "the consent of at least one working interest owner ... of each tract (in the target pool or formation) in which any part of the horizontal oil or gas well's completed interval will be located," each of these APDs was improperly issued.


7. Thus, the APDs issued to V-F Petroleum for the **Getty 1 State #223H, #224H, #233H, #234H, #323H, #324H, #333H, and #334H wells** must be rescinded because they were issued in direct violation of 19.15.16.15.A NMAC.

8. In the alternative, the Division should issue an order staying the effectiveness of V-F Petroleum's APDs, prohibiting V-F Petroleum from undertaking operations to commence drilling a horizontal well on the subject acreage until the Division has issued a ruling in these consolidated cases. Centennial faces substantial prejudice and irreparable injury to its interests should V-F Petroleum elect to proceed to commence drilling operations on the subject acreage in contravention of Division regulations and prior to an order in these cases on the authority of the APDs. At a minimum, in the event the Division elects not to rescind the APDs, the Division should take immediate action to stay their effectiveness.

WHEREFORE, Centennial requests that the Division rescind the APDs improperly issued to V-F Petroleum or, in the alternative, issue an order staying the effectiveness of the APDs until the Division enters a final order in these consolidated cases, and that the Division grant such further relief as the Division deems appropriate.

Respectfully submitted,

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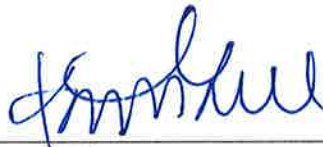
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CERTIFICATE OF SERVICE

I hereby certify that on March 3, 2020, I served a copy of the foregoing document to all
counsel of record via Electronic Mail to:

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