

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

**APPLICATION OF CENTENNIAL RESOURCE
PRODUCTION, LLC FOR COMPULSORY POOLING,
NON-STANDARD SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 20831

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

CASE NOS. 20861 & 20862

CENTENNIAL'S CONSOLIDATED PRE-HEARING STATEMENT

Centennial Resource Production, LLC ("Centennial") (OGRID No. 372165) submits this consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Centennial Resource Production, LLC

ATTORNEY

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V-F Petroleum Inc.

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CENTENNIAL'S STATEMENT

In Case No. 20831, Centennial seeks an order pooling all uncommitted interests in the Bone Spring formation [Gramma Ridge Bone Spring Northeast Pool (Code 28435)] underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the SE/4 of Section 36, Township 21 South, Range 34 East, and the E/2 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico for the **Margarita #601H, #602 and #603H Wells** (API Nos. pending). These wells will be horizontally drilled from a common surface location in N/2 SE/4 of Section 36 to bottom hole locations 2348' FEL, 1348' FEL and 330' FEL, respectively, in the S/2 SE/4 of Section 1 at a depth to develop the Third Bone Spring interval. The completed interval for the Margarita #602 well will remain within 330 feet of the W/2 SE/4 of Section 36 and the W/2 E/2 of Section 1 to allow inclusion of these offsetting tracts within the proposed horizontal spacing unit. Centennial's proposed 1.5-mile wells will be drilled from a common well pad to avoid unnecessary surface disturbance and are properly spaced in the Third Bone Spring interval to begin the efficient and effective drainage of this formation.

In Case Nos. 20861 and 20862, V-F Petroleum seeks competing pooling orders for the Bone Spring formation underlying separate 162-acre, more or less, horizontal spacing units comprised of the W/2 E/2 and the E/2 E/2 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. V-F Petroleum seeks to dedicate these spacing units, respectively, to the **Getty 1 State Com 233H Well** and the **Getty 1 State Com 234H Well**. These wells are to be horizontally drilled from separate surface locations in the S/2 SE/4 of Section 1 to bottom hole locations in the N/2 NE/4 of Section 1. These wells seek to develop the Third Bone

Spring interval with shorter and less efficient completed intervals platted at 2310' and 990' FEL with first and last take points platted at 330' FNL and 330' FSL.¹

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Gavin Smith – Landman	Approx. 20 minutes	Approx. 7
Isabel Harper – Geologist	Approx. 10 minutes	Approx. 4
Grayson Viles – Engineer	Approx. 15 minutes	Approx. 4

PROCEDURAL MATTERS

The request in Centennial's pooling application for approval of a non-standard spacing and proration unit is no longer required under the Division rules governing horizontal wells and therefore dismissed. In addition, Centennial has determined the remaining six wells listed in the pooling application (the **Margarita #501, #502 and #503H Wells** in the Second Bone Spring interval and the **Margarita #301, #302H and #303H Wells** in the First Bone Spring interval) will not be drilled until a later date. Accordingly, they do not need to be listed as initial wells in the pooling order.

¹ As noted in Centennial's Motion to Rescind Applications for Permits to Drill, the applications to drill these less efficient wells were filed by V-F Petroleum over a year before the wells were proposed to the working interest owners in Section 1 and filed without the prior issuance of a pooling order in violation of NMAC 19.15.16.15.A.

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CERTIFICATE OF SERVICE

I hereby certify that on March 12, 2020, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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