

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

**APPLICATION OF PECOS OIL & GAS, LLC
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pecos Oil & Gas, LLC (“Pecos” or “Applicant”), through undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Yeso formation underlying a standard 160-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Section 15, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of its application, Pecos states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to designate Redwood Operating LLC (OGRID No. 330211) as the operator of the proposed horizontal spacing unit.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial **Elm Fee #1H, Elm Fee #2H, Elm Fee #3H, and Elm Fee #4H** wells, all to be horizontally drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 16, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 15.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

4. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 2, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating Redwood Operating LLC as operator of this horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR PECOS OIL & GAS, LLC

CASE _____: **Application of Pecos Oil & Gas, LLC for Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Yeso formation underlying a standard 160-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Section 15, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. The above-referenced unit will be dedicated to the proposed initial **Elm Fee #1H, Elm Fee #2H, Elm Fee #3H, and Elm Fee #4H** wells, all to be horizontally drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 16, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 15. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of Redwood Operating LLC as operator of the wells, and a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 6 miles southeast of Artesia, New Mexico.