

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

**APPLICATION OF REDWOOD OPERATING
LLC FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Redwood Operating LLC (“Redwood” or “Applicant”) (OGRID No. 330211) through its 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 a 200-acre, more or less, horizontal well spacing unit in a portion of the Yeso formation from the top of the Yeso formation to a depth of 3,000 feet comprised of the SW/4 NW/4 of Section 18, Township 18 South, Range 27 East, and the S/2 N/2 of Section 13, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of its application, Applicant states:

1. Redwood Operating LLC is the contract operator for Pecos Oil & Gas LLC, which is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial well: the **Kaiser 18 #1H well**, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 18, Township 18 South, Range 27 East, to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 13, Township 18 South, Range 26 East.
3. A depth severance exists in the Yeso formation within the proposed horizontal spacing unit. Accordingly, Applicant seeks to pool only a portion of the Yeso formation, from the top of the Yeso formation to a depth of 3,000 feet, as defined in the Kaiser B 18 F #8 Well (API

No. 30-015-34630). Applicant will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the subject spacing unit.

5. Approval of this horizontal well spacing unit and the pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed horizontal spacing unit and the proposed initial well.

WHEREFORE, Redwood Operating LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division, on April 7, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the horizontal well spacing unit and pooling all uncommitted interests in the horizontal spacing unit in the defined portion of the Yeso formation and approving the initial well thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- 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 well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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