

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING MARCH 2, 2023**

**CASE No. 23346**

*ELM FEE #1H WELL*

*ELM FEE #2H WELL*

*ELM FEE #3H WELL*

*ELM FEE #4H WELL*

**EDDY COUNTY, NEW MEXICO**

**PECOS OIL & GAS, LLC**

**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. 23346**

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# COMPULSORY POOLING APPLICATION CHECKLIST

**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 23346	APPLICANT'S RESPONSE
Date	March 2, 2023
Applicant	Pecos Oil & Gas, LLC
Designated Operator & OGRID (affiliation if applicable)	Redwood Operating LLC (OGRID No. 330211)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF PECOS OIL & GAS, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Elm Fee
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Yeso Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Red Lake; Glorieta-Yeso (Pool Code 51120)
Well Location Setback Rules:	Statewide oil rules
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160
Building Blocks:	40 acres
Orientation:	West-East
Description: TRS/County	S/2 N/2 of Section 15, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and</u> is approval of non-standard unit requested in this application?	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit A-2
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed

Well #1	<p><b>Elm Fee #1 well: (API 30-015-49487)</b>          SHL: 2,455' FSL, 2,080' FEL (Unit J) Section 16          FTP: 1,750' FNL, 100' FWL (Unit E) Section 15          LTP: 1,750' FNL, 100' FEL (Unit H) Section 15          BHL: 1,750' FNL, 1' FEL (Unit H) Section 15          Target: Yeso          Orientation: West-East          Completion: Standard</p>
Well #2	<p><b>Elm Fee #2 well: (API 30-015-49488)</b>          SHL: 2,435' FSL, 2,080' FEL (Unit J) Section 16          FTP: 1,750' FNL, 100' FWL (Unit E) Section 15          LTP: 1,750' FNL, 100' FEL (Unit H) Section 15          BHL: 1,750' FNL, 1' FEL (Unit H) Section 15          Target: Yeso          Orientation: West-East          Completion: Standard</p>
Well #3	<p><b>Elm Fee #3 well: (API 30-015-49489)</b>          SHL: 2,415' FSL, 2,080' FEL (Unit J) Section 16          FTP: 2,310' FNL, 100' FWL (Unit E) Section 15          LTP: 2,310' FNL, 100' FEL (Unit H) Section 15          BHL: 2,310' FNL, 1' FEL (Unit H) Section 15          Target: Yeso          Orientation: West-East          Completion: Standard</p>
Well #4	<p><b>Elm Fee #4 well: (API 30-015-50110)</b>          SHL: 2,395' FSL, 2,080' FEL (Unit J) Section 16          FTP: 2,310' FNL, 100' FWL (Unit E) Section 15          LTP: 2,310' FNL, 100' FEL (Unit H) Section 15          BHL: 2,310' FNL, 1' FEL (Unit H) Section 15          Target: Yeso          Orientation: West-East          Completion: Standard</p>
Horizontal Well First and Last Take Points	<b>Exhibit A-1</b>
Completion Target (Formation, TVD and MD)	<b>Exhibit B, B-4</b>
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	N/A
Production Supervision/Month \$	N/A
Justification for Supervision Costs	<b>Exhibit A; not seeking supervision costs</b>
Requested Risk Charge	N/A
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	<b>See Application</b>
Proof of Mailed Notice of Hearing (20 days before hearing)	<b>Exhibit C</b>
Proof of Published Notice of Hearing (10 days before hearing)	<b>Exhibit D</b>
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	<b>Exhibit A-2</b>
Tract List (including lease numbers and owners)	<b>Exhibit A-2</b>

If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	N/A
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-3
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	N/A
Cost Estimate to Equip Well	N/A
Cost Estimate for Production Facilities	N/A
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B; B-4
HSU Cross Section	Exhibit B-4
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit B-1, B-2
Well Bore Location Map	Exhibit B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-3, B-4
Cross Section Location Map (including wells)	Exhibit B-4
Cross Section (including Landing Zone)	Exhibit B-4
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Paula M. Vance
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	2/23/2023

**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. 23346

**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,

HOLLAND & HART LLP



By: \_\_\_\_\_

Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Paula M. Vance  
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Santa Fe, New Mexico 87504-2208  
(505) 988-4421  
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agrarkin@hollandhart.com  
jbroggi@hollandhart.com  
pmvance@hollandhart.com

**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.

**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. 23346**

**SELF-AFFIRMED STATEMENT OF DERIK SMITH**

1. My name is Derik Smith, and I work for Redwood Operating LLC, (“Redwood”) as a Landman. I am familiar with the application filed in this case and have personal knowledge of the information provided in this self-affirmed statement.

2. Redwood is the contract operator for Pecos Oil & Gas, LLC (“Pecos”), which is a working interest owner in the proposed horizontal spacing unit in this case. However, Pecos is not an operator of oil and gas wells or other oil and gas facilities in New Mexico. Therefore, Pecos has contracted with Redwood to operate wells, operate Pecos’s working interests, and generally act on behalf of Pecos to manage its leasehold interests in New Mexico. Therefore, Pecos seeks to designate Redwood Operating LLC (OGRID No. 330211) as the operator of the proposed horizontal spacing unit.

3. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.

4. None of the interest owners to be pooled have opposed this case proceeding by self-affirmed statement, so I do not expect any opposition at the hearing.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A  
Submitted by: Pecos Oil & Gas, LLC  
Hearing Date: March 2, 2023  
Case No. 23346**

5. In **Case No. 23346**, Pecos seeks an order pooling all uncommitted mineral interests in a 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.

6. Pecos seeks to pool lessors whose lease instruments do not authorize pooling more than 40 acres for oil wells. These owners Pecos seeks to pool have already leased their mineral interests and, therefore, were not provided well proposal letters or AFEs. As royalty interest owners, their interests are not cost bearing; therefore, Pecos does not seek to apply a 200% risk charge against their interests. Pecos is seeking authority to compulsory pool their interests into a horizontal well spacing unit of approximately 160 acres in this case.

7. Pecos intends to dedicate this standard 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. The completed interval of the wells will comply with statewide setbacks for oil wells.

8. **Pecos Exhibit A-1** contains the C-102s for the proposed wells. The exhibit shows that these wells will be assigned to the Red Lake; Glorieta-Yeso (Pool code 51120).

9. **Pecos Exhibit A-2** identifies ownership interests by tract and on a unit basis within the proposed spacing unit and also includes a breakdown of ownership interests. Pecos seeks to pool the interest owners identified in the exhibit.

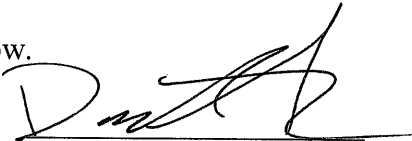
10. No depth severances exist within the Yeso formation underlying this acreage.

11. **Pecos Exhibit A-3** contains a summary chronology of the contacts with the mineral interest owners that Pecos seeks to pool. In my opinion, Redwood has made a good faith effort to obtain voluntary joinder of the uncommitted interest owners on behalf of Pecos.

12. I have provided the law firm of Holland and Hart, LLP, with the names and addresses of the uncommitted interest owners that Pecos seeks to pool in **Case No. 23346**. In providing names and addresses, Redwood has examined the county records, conducted computer searches and engaged in other good faith efforts to locate the most recent addresses for all of the interest owners that Pecos seeks to pool.

13. **Pecos Exhibits A-1 through A-3** were prepared by me or compiled under my direction from Redwood's company business records.

14. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



DERIK SMITH

2/20/2023

Date

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submitted by: Pecos Oil & Gas, LLC  
Hearing Date: March 2, 2023  
Case No. 23346

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number <b>30-015-49487</b>	<sup>2</sup> Pool Code <b>51120</b>	<sup>3</sup> Pool Name <b>Red Lake; Glorieta - Yeso</b>
<sup>4</sup> Property Code <b>332796</b>	<sup>5</sup> Property Name <b>ELM FEE</b>	
<sup>7</sup> OGRID No. <b>330211</b>	<sup>8</sup> Operator Name <b>REDWOOD OPERATING, LLC</b>	
		<sup>6</sup> Well Number <b>1H</b>
		<sup>9</sup> Elevation <b>3361.8</b>

<sup>10</sup> Surface Location

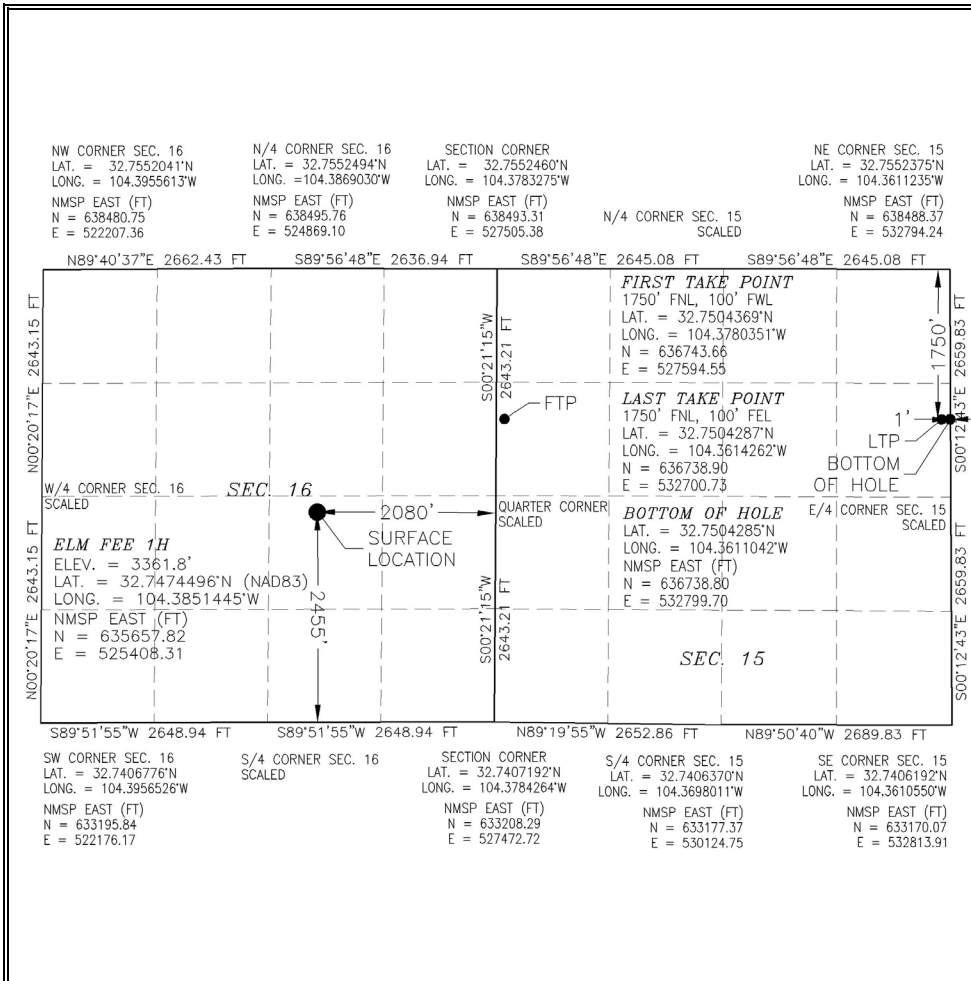
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>J</b>	<b>16</b>	<b>18 S</b>	<b>26 E</b>		<b>2455</b>	<b>SOUTH</b>	<b>2080</b>	<b>EAST</b>	<b>EDDY</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>H</b>	<b>15</b>	<b>18 S</b>	<b>26 E</b>		<b>1750</b>	<b>NORTH</b>	<b>1</b>	<b>EAST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres <b>160</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Delilah Flores* 10/19/2022  
Signature Date

Delilah Flores  
Printed Name

delilah@mec.com  
E-mail Address

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 4, 2022

Date of Survey

*Lincoln F. Jaramillo*  
Signature and Seal of Professional Surveyor:  
Certificate Number: 12797  
NEW MEXICO PROFESSIONAL SURVEYORS BOARD NO. 9386B





**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-015-49489		<sup>2</sup> Pool Code 51120		<sup>3</sup> Pool Name Red Lake; Glorieta - Yeso	
<sup>4</sup> Property Code 332796		<sup>5</sup> Property Name ELM FEE			<sup>6</sup> Well Number 3H
<sup>7</sup> OGRID No. 330211		<sup>8</sup> Operator Name REDWOOD OPERATING, LLC			<sup>9</sup> Elevation 3361.7

<sup>10</sup> Surface Location

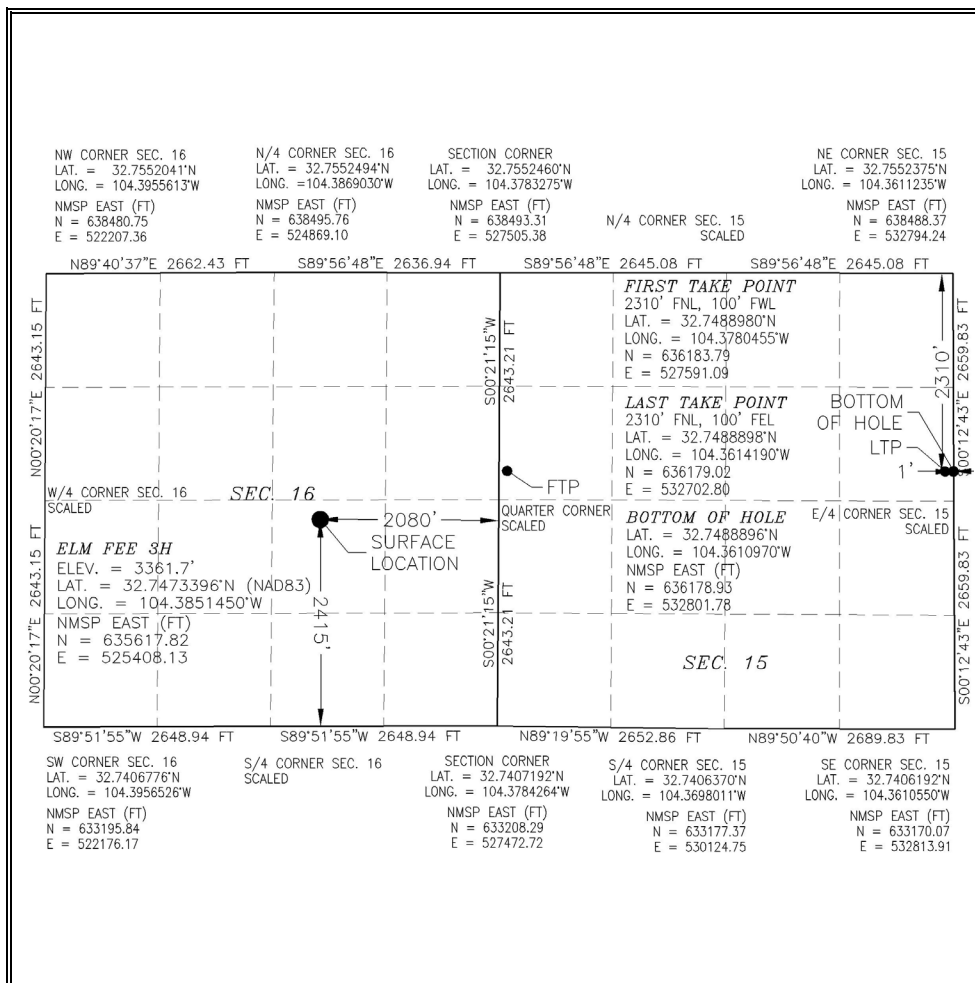
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	16	18 S	26 E		2415	SOUTH	2080	EAST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	15	18 S	26 E		2310	NORTH	1	EAST	EDDY

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Delilah Flores* 10/19/2022  
Signature Date

Delilah Flores  
Printed Name

delilah@mec.com  
E-mail Address

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 4, 2022

Date of Survey

*[Signature]*  
Signature and Seal of Professional Surveyor:  
Certificate Number: 12797



**District I**  
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number <b>30-015-50110</b>	<sup>2</sup> Pool Code <b>51120</b>	<sup>3</sup> Pool Name <b>Red Lake; Glorieta - Yeso</b>
<sup>4</sup> Property Code <b>332796</b>	<sup>5</sup> Property Name <b>ELM FEE</b>	
<sup>7</sup> OGRID No. <b>330211</b>	<sup>8</sup> Operator Name <b>REDWOOD OPERATING, LLC</b>	<sup>6</sup> Well Number <b>4H</b>
		<sup>9</sup> Elevation <b>3361.7</b>

<sup>10</sup> Surface Location

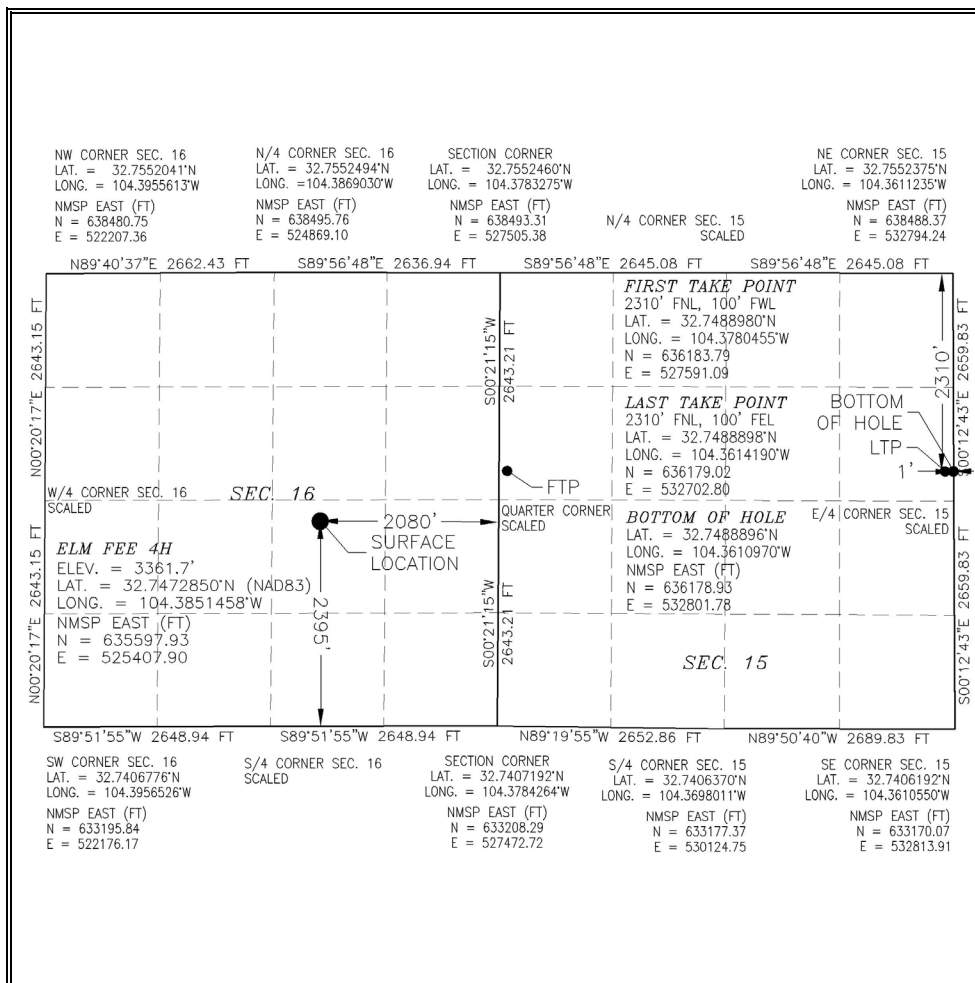
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>J</b>	<b>16</b>	<b>18 S</b>	<b>26 E</b>		<b>2395</b>	<b>SOUTH</b>	<b>2080</b>	<b>EAST</b>	<b>EDDY</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>H</b>	<b>15</b>	<b>18 S</b>	<b>26 E</b>		<b>2310</b>	<b>NORTH</b>	<b>1</b>	<b>EAST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres <b>160</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Delilah Flores* 10/20/2022  
Signature Date

Delilah Flores  
Printed Name

delilah@mec.com  
E-mail Address

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 4, 2022

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number: 12797

NO. 9389B





Plat of Area covering the  
S/2N/2 of Section 15, Township 18 South, Range 26 East, NMPM  
Eddy County, New Mexico

**Unit Name/Wells: Elm Fee #1H, #2H, #3H, #4H**

<u>Tract 3</u> Fee Leases Pecos Oil & Gas, LLC 100%			
		<u>Tract 1</u> Fee Leases Pecos Oil & Gas, LLC 100%	
<u>Tract 2</u> Fee Leases Pecos Oil & Gas, LLC 100%			

**Section 15  
T18S-R26E**

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A2  
Submitted by: Pecos Oil & Gas, LLC  
Hearing Date: March 2, 2023  
Case No. 23346

Elm Fee #1H, 2H, 3H, 4H  
Ownership Schedule

Name	Interest Type	Working Interest	Fee Mineral
<b>Tract 1 - SE4NE4, Section 15, T18S-R26E - 40 acres</b>			
Pecos Oil & Gas LLC	Working Interest	1.00000000	
Paula Burgner	Fee Mineral		0.18229167
Michael Irvin Welch	Fee Mineral		0.06835938
Julia Welch	Fee Mineral		0.06835938
Sandra Leigh Terry	Fee Mineral		0.02430556
Susan Lynn Terry Trust	Fee Mineral		0.02430556
David Sanders Tolliver	Fee Mineral		0.00810185
Laura Jane Perry	Fee Mineral		0.00810185
Mark Holomon Tolliver	Fee Mineral		0.00810185
Revocable Living Trust of B.A.M. #1	Fee Mineral		0.10937500
James R. Porter	Fee Mineral		0.04557292
Jessamy Forswall	Fee Mineral		0.10937500
Don G. Todd	Fee Mineral		0.10937500
Bogenschutz Revocable Trust	Fee Mineral		0.10937500
Hudson-Taylor Trust	Fee Mineral		0.08333333
Paul A. Howe	Fee Mineral		0.04166667
Total:		1.00000000	1.00000000
<b>Tract 2 - South 1/3 of the NW4, South 1/3 of W2NE4 Section 15, T18S-R26E - 80 acres</b>			
Pecos Oil & Gas LLC	Working Interest	1.00000000	
Paula Burgner	Fee Mineral		0.41666667
Michael Irvin Welch	Fee Mineral		0.15625001
Julia Welch	Fee Mineral		0.15625001
Sandra Leigh Terry	Fee Mineral		0.06250000
Susan Lynn Terry	Fee Mineral		0.06250000
David Sanders Tolliver	Fee Mineral		0.01388889
Laura Jane Perry	Fee Mineral		0.01388889
Mark Holomon Tolliver	Fee Mineral		0.01388889
James R. Porter	Fee Mineral		0.10416666
Total:		1.00000000	1.00000000
<b>Tract 3 - North 1/3 of the S2NW4, North 1/3 of SW4NE4 Section 15, T18S-R26E - 40 acres</b>			
Pecos Oil & Gas LLC	Working Interest	1.00000000	
George S. Bailey Trust	Fee Mineral		0.03125000
Baxsto LLC	Fee Mineral		0.00119318
Blairbax Energy LLC	Fee Mineral		0.00119318
Buffy Energy LLC	Fee Mineral		0.00119318
Jann Braudis Brown	Fee Mineral		0.09375000
Courtney Holt Cowden Jr.	Fee Mineral		0.00357955
Claudia Simpson Hapak	Fee Mineral		0.01041667
Jean Simpson Knowlton	Fee Mineral		0.01041667
Mary Simpson Lang	Fee Mineral		0.01041667

Elm Fee #1H, 2H, 3H, 4H  
Ownership Schedule

Alice M Morgan	Fee Mineral		0.25000000
James Screven Simpson	Fee Mineral		0.01041667
Robert Craton Simpson	Fee Mineral		0.01041667
Trumbull Oil Properties LLC	Fee Mineral		0.12500000
Tiffany Danielle Rhodarmaer	Fee Mineral		0.01500000
Caroline Elizabeth Blakey Trust	Fee Mineral		0.11556819
Melvin C Bailey	Fee Mineral		0.03125000
Legacy Royalties Ltd.	Fee Mineral		0.03125000
Deus Royalty Investments LLC	Fee Mineral		0.03125000
Julia O. Simpson	Fee Mineral		0.01041667
Pecos Royalty LLC	Fee Mineral		0.06250000
Margaret I. Barry	Fee Mineral		0.00715909
Thomas A. Barry	Fee Mineral		0.00715909
Kathryn E. Barry	Fee Mineral		0.00715909
Maria D. Barry	Fee Mineral		0.00715909
Leola L. Jones	Fee Mineral		0.00715909
Julia F. Brown	Fee Mineral		0.00715909
Elizabeth S. Brown	Fee Mineral		0.00715909
Isabel Duffy Layton	Fee Mineral		0.08625000
Joneva Barry	Fee Mineral		0.00715909
Total:		1.00000000	1.00000000

Name	First Contact - Certified Mail		Second Contact - Certified Mail	
JANET KAY BAXTER	10/17/2022	Sent Pooling Authorization & explanatory cover letter	11/17/2022	Sent Pooling Authorization & explanatory cover letter
ASHLEY ELIZABETH BAXTER	10/17/2022	Sent Pooling Authorization & explanatory cover letter	11/17/2022	Sent Pooling Authorization & explanatory cover letter
ABBIE BLAIR BAXTER	10/17/2022	Sent Pooling Authorization & explanatory cover letter	11/17/2022	Sent Pooling Authorization & explanatory cover letter
CLAUDIA SIMPSON HAPAK	10/17/2022	Sent Pooling Authorization & explanatory cover letter	11/17/2022	Sent Pooling Authorization & explanatory cover letter
BLAIRBAX ENERGY LLC	12/8/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
BAXSTO LLC	12/8/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
BUFFY ENERGY LLC	12/8/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
Margaret I Barry Taylor	12/15/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
Thomas A Barry	12/15/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
Kathryn E Barry	12/15/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
Maria D Barry Abrams	12/15/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
Joneva Barry	12/15/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
Julia F Brown	12/15/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
Elizabeth S Brown	12/15/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
Isabel Duffy Layton	12/15/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter
Leola L Jones	12/15/2022	Sent Pooling Authorization & explanatory cover letter	12/27/2022	Sent Pooling Authorization & explanatory cover letter

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. A3  
 Submitted by: Pecos Oil & Gas, LLC  
 Hearing Date: March 2, 2023  
 Case No. 23346

**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. 23346**

**SELF-AFFIRMED STATEMENT OF CHARLES SADLER**

1. My name is Charles Sadler, and I work for Redwood Operating LLC, (“Redwood”), as a Geologist. I am familiar with the application filed in this case and have personal knowledge of the information provided in this self-affirmed statement.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology matters and my credentials as an expert petroleum geologist have been accepted by the Division and been made a matter of record.

3. **Pecos Exhibit B-1** is a locator map identifying the proposed horizontal well spacing unit in this case with a red box within the Permian Basin.

4. **Pecos Exhibit B-2** is a zoomed in project locator map identifying Pecos’s proposed Elm Fee well spacing unit outlined in yellow.

5. **Pecos Exhibit B-3** is a subsea structure map with a type log for the Rogers 10 Com #1. The proposed spacing unit acreage is identified with a yellow outline. The contour interval is 10 feet. The structure map shows that the Yeso formation gently dips to the southeast in this area. I do not observe any faulting, pinch outs, or other geologic impediments to developing the targeted intervals with horizontal wells in this area.

6. **Pecos Exhibit B-4** identifies the four wells penetrating the targeted intervals that I used to construct a stratigraphic cross-section from A to A’ across the acreage. I used these well

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. B  
Submitted by: Pecos Oil & Gas, LLC  
Hearing Date: March 2, 2023  
Case No. 23346**



logs because they penetrate the targeted intervals and are of good quality. In my opinion, these well logs are representative of the geology in the area.

7. Pecos Exhibit B-4 also includes a stratigraphic cross-section of the Yeso formation using the four representative wells. It contains a gamma ray, resistivity, and porosity logs for each well. The target interval for the **Elm Fee #1H** is identified in green shading as the upper Paddock zone within the Yeso formation. The target interval for the **Elm Fee #2H** is identified in red shading as the upper Blinebry zone within the Yeso formation. The target interval for the **Elm Fee #3H** is identified in purple shading as the middle Paddock zone within the Yeso formation. The target interval for the **Elm Fee #4H** is identified in blue shading as the middle Blinebry zone within the Yeso formation. The stratigraphic cross-section demonstrates that the targeted intervals within the Yeso formation extend across the proposed spacing unit.


8. In my opinion, laydown orientation of the wells is the preferred orientation for horizontal well development in this area and is appropriate to develop the subject acreage efficiently and effectively.

9. Based on my geologic study, the targeted intervals within the Yeso formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will contribute more-or-less equally to the production from the wellbores. I have not identified any geologic impediments to drilling horizontal wells in the area of the spacing unit proposed.

10. **Pecos Exhibits B-1 through B-4** were either prepared by me or compiled under my direction and supervision.

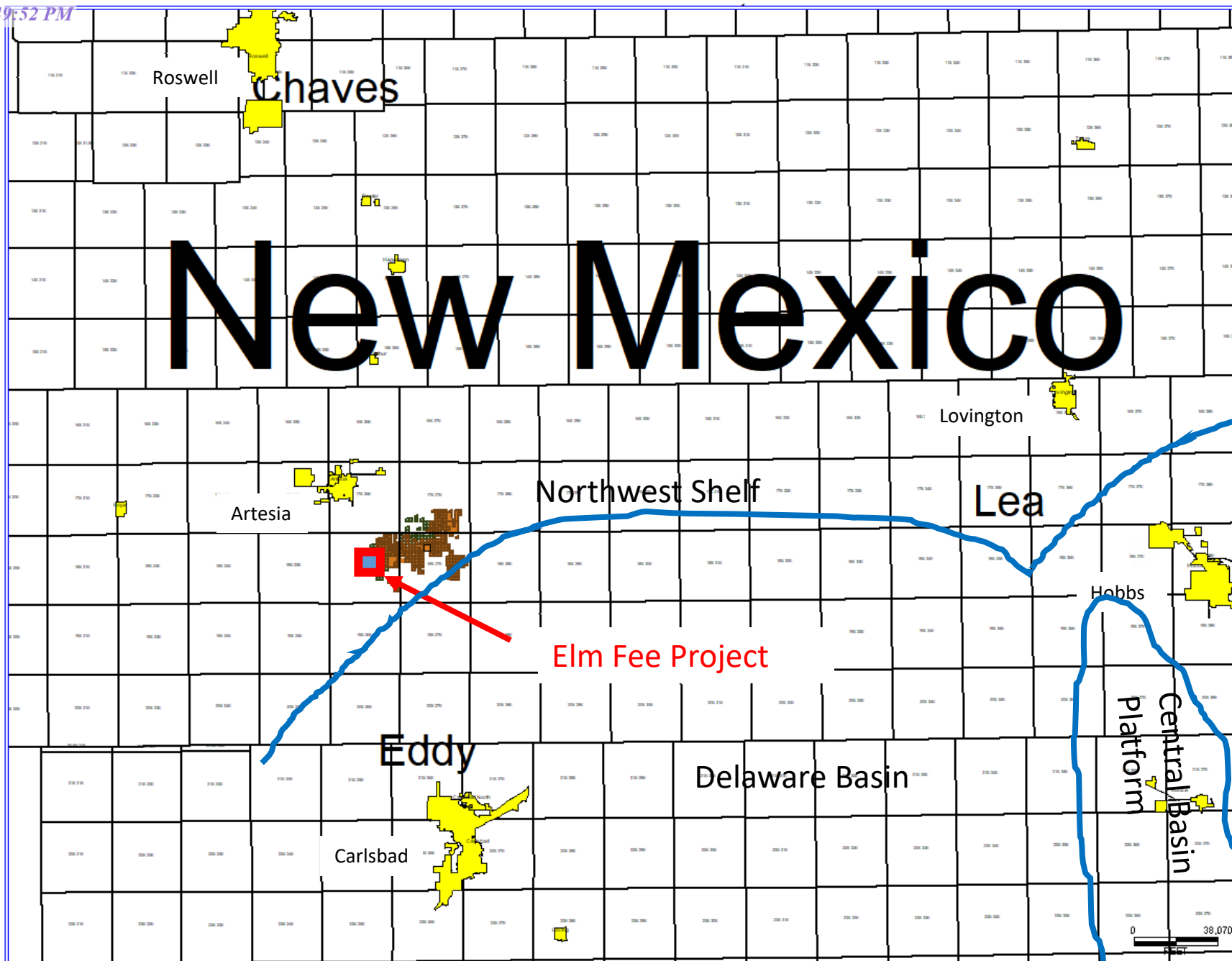
11. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be

used as written testimony in this case. This statement is made on the date next to my signature below.

  
\_\_\_\_\_  
CHARLES SADLER

2/21/23  
\_\_\_\_\_  
Date

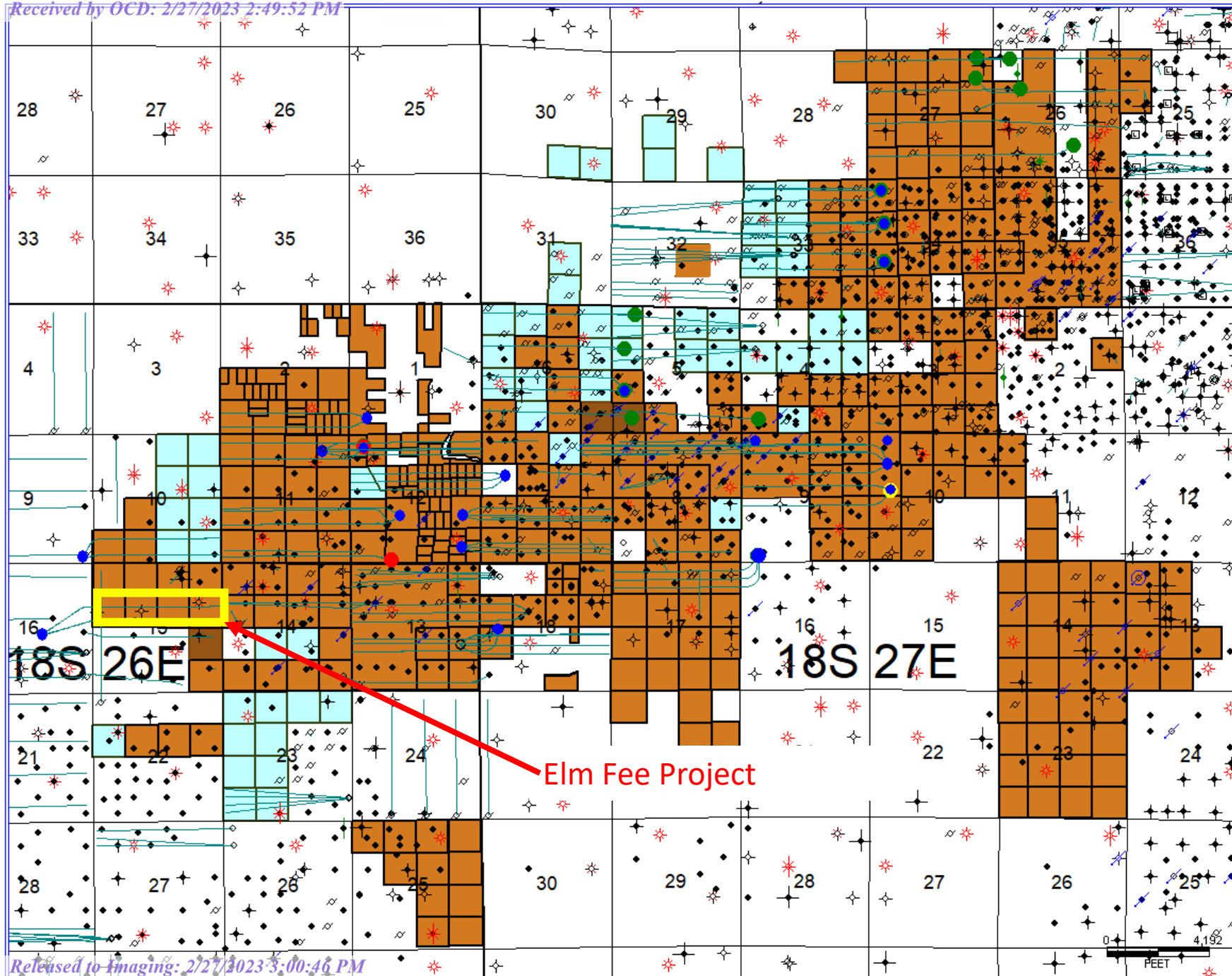
# Elm Fee Project Locator Map



BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. B1  
 Submitted by: Pecos Oil & Gas, LLC  
 Hearing Date: March 2, 2023  
 Case No. 23346



# Redwood Operating Acreage Position

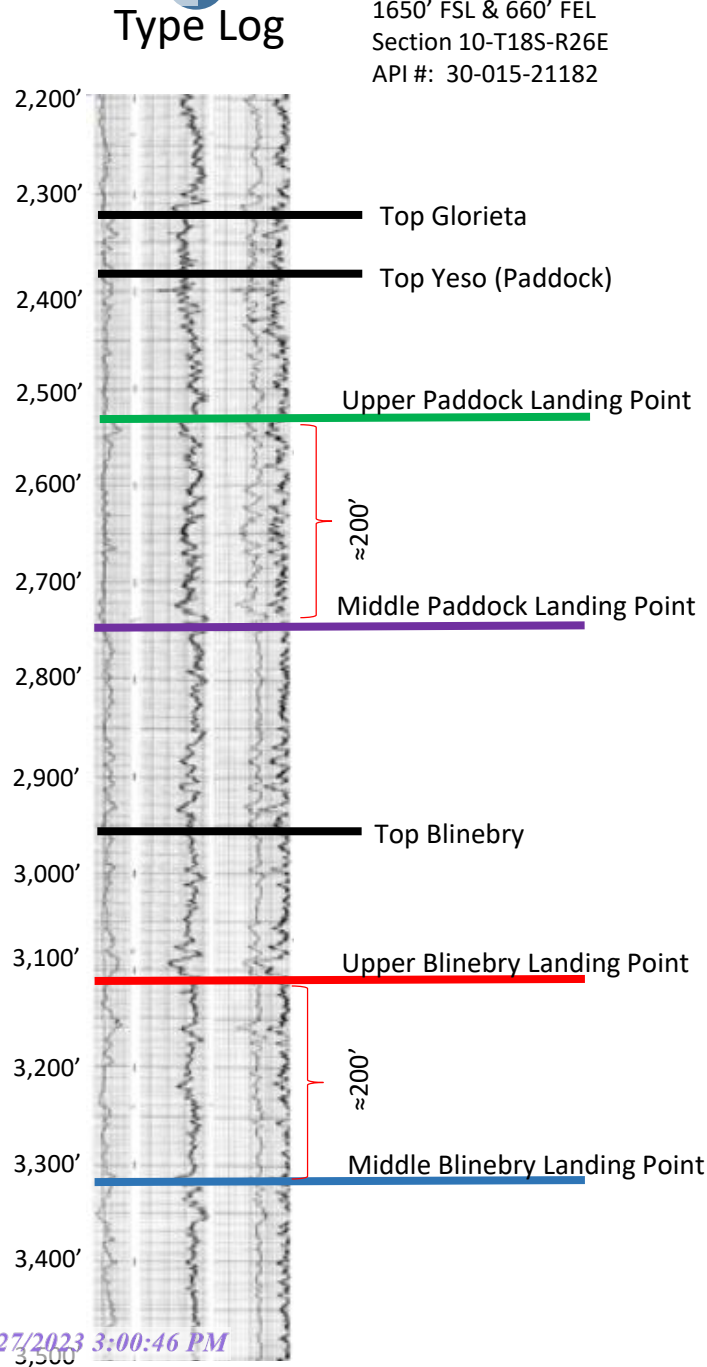


- San Andres Rights
- Yeso Rights

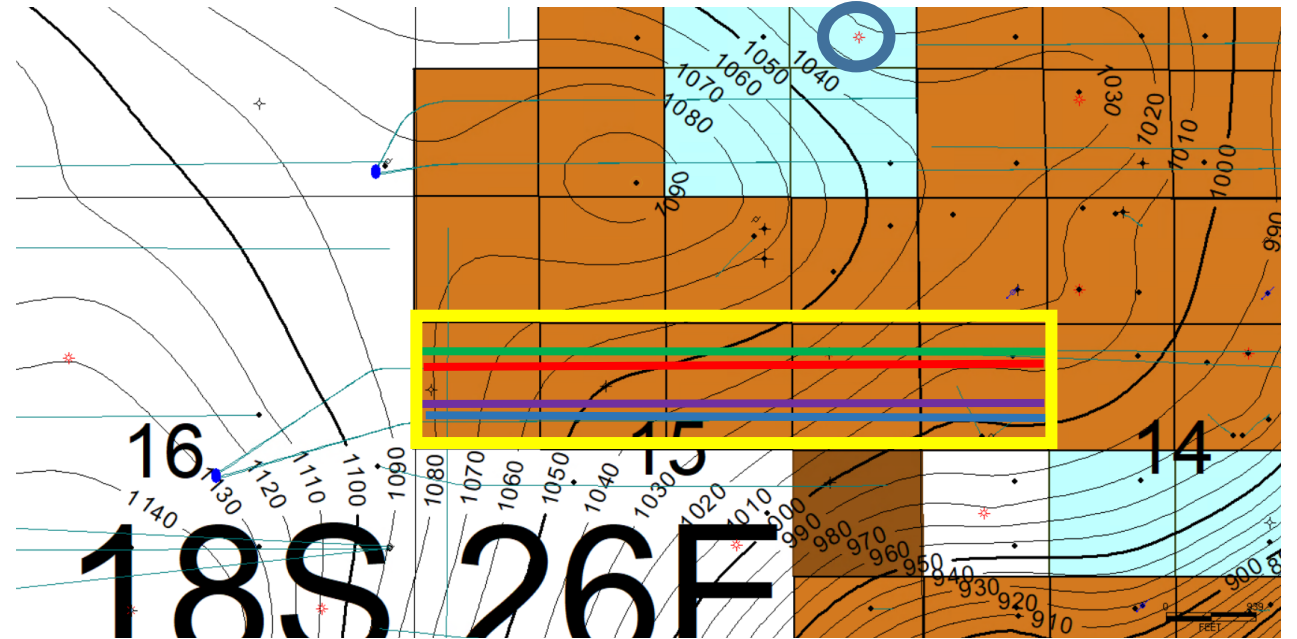
BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. B2  
 Submitted by: Pecos Oil & Gas, LLC  
 Hearing Date: March 2, 2023  
 Case No. 23346

Rogers 10 Com #1  
1650' FSL & 660' FEL  
Section 10-T18S-R26E  
API #: 30-015-21182

# Elm Fee Project Area Type Log/Structure Map

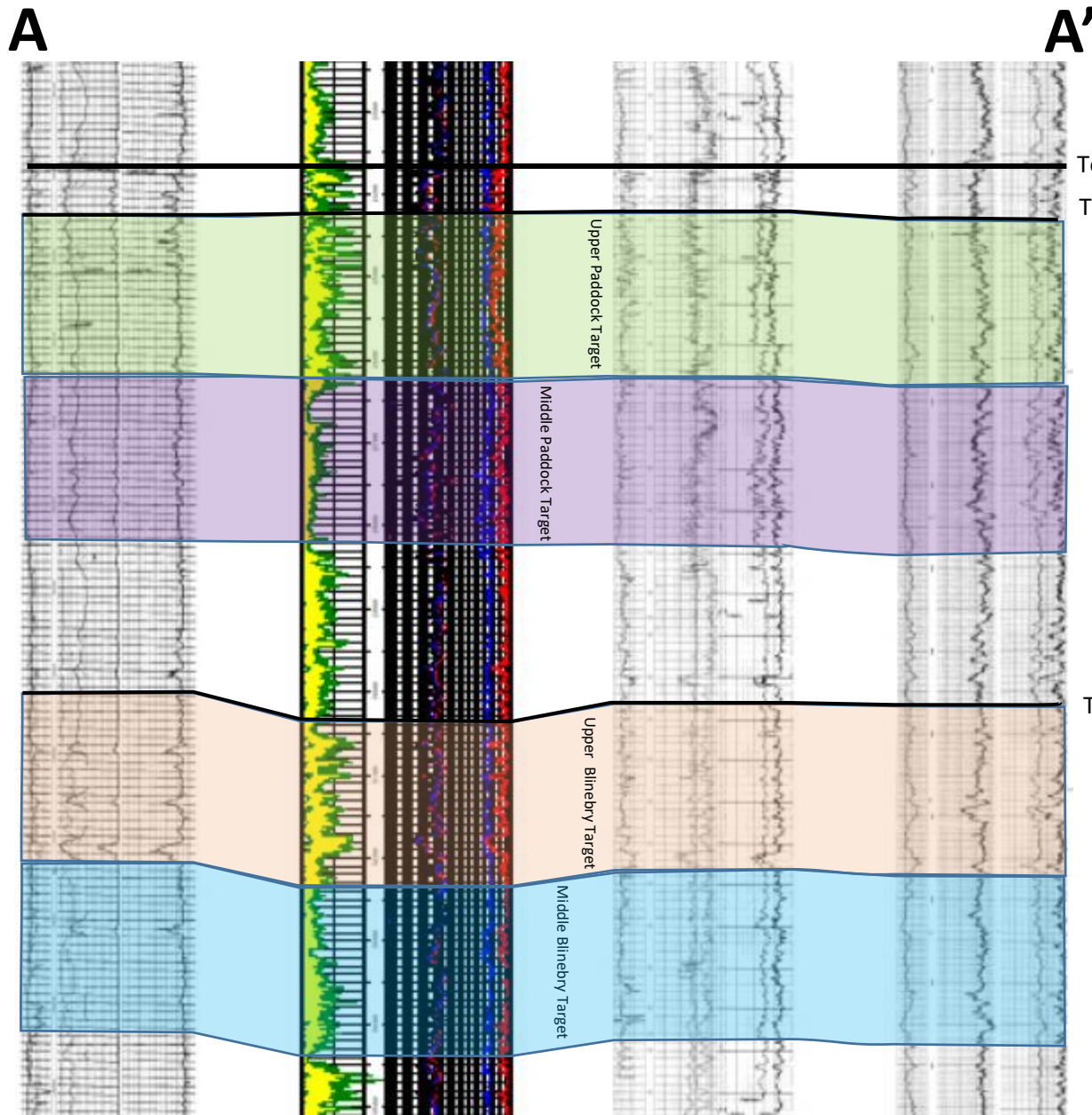


### Glorieta Structure Map CI: 10'



- Upper Paddock Horizontal
- Middle Paddock Horizontal
- Upper Blinebry Horizontal
- Middle Blinebry Horizontal
- Project Area

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. B3  
 Submitted by: Pecos Oil & Gas, LLC  
 Hearing Date: March 2, 2023  
 Case No. 23346

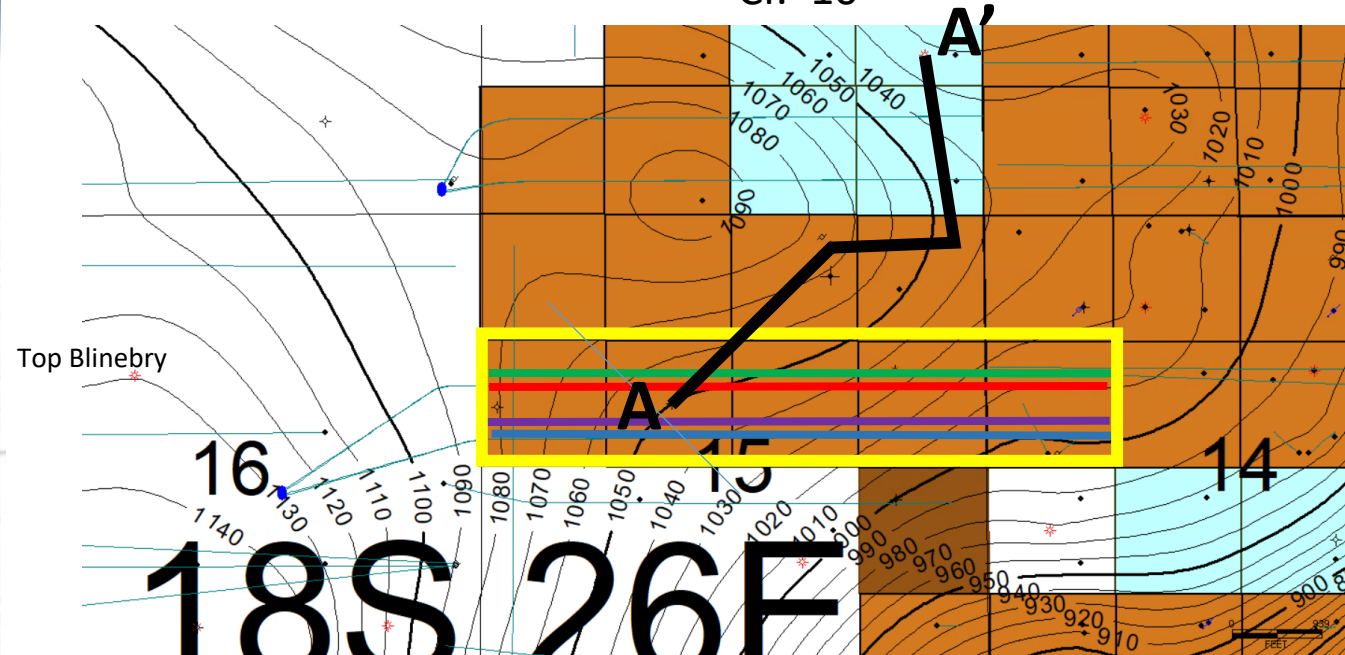


# Elm Fee Project Stratigraphic Cross Section A-A'

Top Glorieta  
Top Yeso (Paddock)

## Glorieta Structure Map

CI: 10'



Top Blinebry

- Upper Paddock Horizontal
- Middle Paddock Horizontal
- Upper Blinebry Horizontal
- Middle Blinebry Horizontal
- Project Area

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. B4  
Submitted by: Pecos Oil & Gas, LLC  
Hearing Date: March 2, 2023  
Case No. 23346



**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. 23346**

**SELF-AFFIRMED STATEMENT OF  
PAULA M. VANCE**

1. I am attorney in fact and authorized representative of Pecos Oil & Gas, LLC (“Pecos”), the Applicant herein. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.


2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of February 23, 2023.

5. I caused a notice to be published to all parties subject to this compulsory pooling proceeding. An affidavit of publication from the publication’s legal clerk with a copy of the notice publication is attached as Exhibit D.

6. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

  
\_\_\_\_\_  
Paula M. Vance

2/23/2023  
\_\_\_\_\_  
Date

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C  
Submitted by: Pecos Oil & Gas, LLC  
Hearing Date: March 2, 2023  
Case No. 23346**



**Paula M. Vance**  
**Associate**  
Phone (505) 988-4421  
Email pmvance@hollandhart.com

February 10, 2023

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED**

**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS**

**Re: Application of Pecos Oil & Gas, LLC for Compulsory Pooling, Eddy County,  
New Mexico: Elm Fee #1H, #2H, #3H, and #4H wells**

Ladies & Gentlemen:

This letter is to advise you that Pecos Oil & Gas, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division’s website at <https://www.emnrd.nm.gov/ocd/>.

**During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.**

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Derik Smith at (575) 748-1288, or [deriks@mec.com](mailto:deriks@mec.com).

Sincerely,

Paula M. Vance  
**ATTORNEY FOR PECOS OIL & GAS, LLC**

T 505.988.4421 F 505.983.6043  
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849  
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208  
[www.hollandhart.com](http://www.hollandhart.com)

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

Redwood\_Elm Fee 1H-4H  
Case No 23346 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414811898765838228873	Claudia Simpson Hapak	729 Round Hill Rd	Indianapolis	IN	46260-2917	Your item was delivered at 10:42 am on February 16, 2023 in INDIANAPOLIS, IN 46240.
9414811898765838228910	Elizabeth S Brown Rempel	11 Wellington St	Medway	MA	02053-1541	This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
9414811898765838228958	Isabel Duffy Layton	13614 Mar Scenic Dr	Del Mar	CA	92014-3425	This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
9414811898765838228965	Leola L Jones	12413 E 32nd Pl	Tulsa	OK	74146-2205	This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
9414811898765838228712	Baxsto, LLC	PO Box 302857	Austin	TX	78703-0048	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765838228767	Blairbax Energy LLC	815 Brazos St Unit 491 A	Austin	TX	78701-2562	Your item arrived at the SANTA FE, NM 87501 post office at 9:56 am on February 22, 2023 and is ready for pickup.
9414811898765838228729	Buffy Energy LLC	PO Box 1649	Austin	TX	78767-1649	Your item has been delivered and is available at a PO Box at 10:02 am on February 14, 2023 in AUSTIN, TX 78701.
9414811898765838228705	Margaret I Barry Taylor	36890 Madrona Blvd NE	Hansville	WA	98340-9712	Your item was delivered to an individual at the address at 9:44 am on February 13, 2023 in HANSVILLE, WA 98340.
9414811898765838228798	Kathryn E Barry	15329 SE 49th Pl	Bellevue	WA	98006-3652	Your item was delivered to an individual at the address at 9:47 am on February 15, 2023 in BELLEVUE, WA 98006.
9414811898765838228781	Maria D Barry Abrams	11422 71st Pl S	Seattle	WA	98178-3005	Your item was delivered at 2:09 pm on February 17, 2023 in SEATTLE, WA 98178.
9414811898765838228736	Joneva Barry	36890 Madrona Blvd NE	Hansville	WA	98340-9712	Your item was delivered to an individual at the address at 9:45 am on February 13, 2023 in HANSVILLE, WA 98340.
9414811898765838228774	Julia F Brown Thompson	PO Box 715	Bedford	MA	01730-0715	This is a reminder to pick up your item before February 28, 2023 or your item will be returned on March 1, 2023. Please pick up the item at the BEDFORD, MA 01730 Post Office.

# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0005591577

This is not an invoice

HOLLAND AND HART  
POBOX 2208

SANTA FE, NM 87504

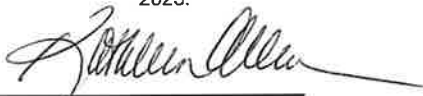
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

02/14/2023

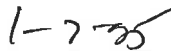


Legal Clerk

Subscribed and sworn before me this February 14,  
2023:



State of WI, County of Brown  
NOTARY PUBLIC



My commission expires

Ad # 0005591577  
PO #: 5591577  
# of Affidavits: 1

This is not an invoice

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. D  
Submitted by: Pecos Oil & Gas, LLC  
Hearing Date: March 2, 2023  
Case No. 23346

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. The hearing will be conducted remotely on **Thursday, March 2, 2023, beginning at 8:15 a.m.** To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Marlene Salvidrez, at [Marlene.Salvidrez@emnrd.nm.gov](mailto:Marlene.Salvidrez@emnrd.nm.gov). Documents filed in the case may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at [Marlene.Salvidrez@emnrd.nm.gov](mailto:Marlene.Salvidrez@emnrd.nm.gov), or the New Mexico Relay Network at 1-800-659-1779, no later than **February 22, 2023**.

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=m0516cb02e24e73cc7cbc368389f56cb5>  
Webinar number: : 24948591976  
Panelist password: : 63axMJymRM4 (63296596 from phones and video systems)

Join by video system: 24948591976@nmemnrd.webex.com  
You can also dial 173.243.2.68 and enter your webinar number

Join by phone: 1-844-992-4726 United States Toll Free  
+1-408-418-9388 United States Toll  
Access code: 24948591976

**STATE OF NEW MEXICO TO:  
All named parties and persons  
having any right, title, interest  
or claim in the following case  
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

**To:** All interest owners subject to pooling proceedings, including: Claudia Simpson Hapak, her heirs and devisees; Baxsto, LLC; Blairbax Energy LLC; Buffy Energy LLC; Margaret I Barry Taylor, her heirs and devisees; Kathryn E Barry, her heirs and devisees; Maria D Barry Abrams, her heirs and devisees; Joneva Barry, her heirs and devisees; Julia F Brown Thompson, her heirs and devisees; Elizabeth S Brown Rempel, her heirs and devisees; Isabel Duffy Layton, her heirs and devisees; and Leola L Jones, her heirs and devisees.

**Case No. 23346:** 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.  
#5591577, Current Argus, February 14, 2023