

**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 (“Applicant” or “Redwood”) (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 the Yeso formation underlying a standard 160-acre, more or less, horizontal spacing unit comprised of the N/2 N/2 of Section 17, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of its application, Redwood 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 dedicate the above-referenced horizontal spacing unit to the proposed initial **Sparkplug 17 Federal Com #1H, Sparkplug 17 Federal Com #2H, and Sparkplug 17 Federal Com #3H** wells to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 17.
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 December 1, 2022, 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 Applicant 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

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**ATTORNEYS FOR REDWOOD OPERATING LLC**

**Application of Redwood Operating 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 N/2 N/2 of Section 17, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. The above-referenced unit will be dedicated to the proposed initial **Sparkplug 17 Federal Com #1H, Sparkplug 17 Federal Com #2H, and Sparkplug 17 Federal Com #3H** wells to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 17. 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 applicant as operator, and a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 5 miles east of Artesia, New Mexico.