

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: REDWOOD OPERATING LLC
OPERATOR ADDRESS: PO BOX 1370 ARTESIA, NM 88211-1370
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? Yes No
- (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
- (4) Measurement type: Metering Other (Specify)
- (5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
- (2) Is all production from same source of supply? Yes No
- (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
- (4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
- (2) Include proof of notice to all interest owners. Attached.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
- (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
- (3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Jerry W. Sherrell TITLE: PRODUCTION CLERK DATE: 2/17/2021

TYPE OR PRINT NAME Jerry W. Sherrell TELEPHONE NO.: 575-748-1288

E-MAIL ADDRESS: jerrys@mec.com

REDWOOD
OPERATING LLC
PO BOX 1370 ARTESIA NM 88211-1370

February 17, 2021

Oil Conservation Division
Attn: Dean McClure
1220 S. St. Francis Drive
Santa Fe, NM 87505

Dear Sir:

Redwood Operating LLC is requesting administrative approval from the NMOCD for approval of a CTB Facility. Mack Energy is requesting approval to send Production from our Hawk 9 Federal Com 1H & 2H located in Unit A, Sec. 8 T18S R27E, BHL Unit A, Sec. 9 T18S R27E at our Hawk-Condor CTB, located in Unit A Sec. 8 T18S R27E. The oil and gas production from the Hawk 9 Federal Com 1H & 2H wells will be measured, stored and sold from the CTB location. Both wells have identical interest.

Exhibit 1 is a land map showing CTB location in association with wells producing area.

Exhibit 2 is a completed Application for Off-Lease Measurement (C107B).

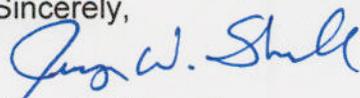
Exhibit 3 is a letter from our Land Manager verifying interest owners.

Exhibit 4 is a C-102 for each well proposed.

Exhibit 5 is a facility diagram for this CTB.

Exhibit 6 is a copy of letters sent to interest owners. A copy of this application with all attachments has been sent by certified mail to all affected parties advising them that if they have an objection they must file it in writing with the division within 20 of the date the division receives Mack's application.

Sincerely,



Jerry W. Sherrell
Production Clerk
jerrys@mec.com

JWS/

Enclosures

O: 575.748.1288
F: 575.746.9539
INFO@REDWOODOPERATING.COM

2/17/2021, 12:06:45 PM

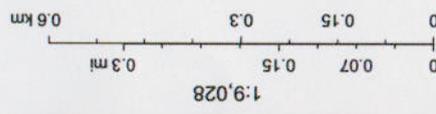


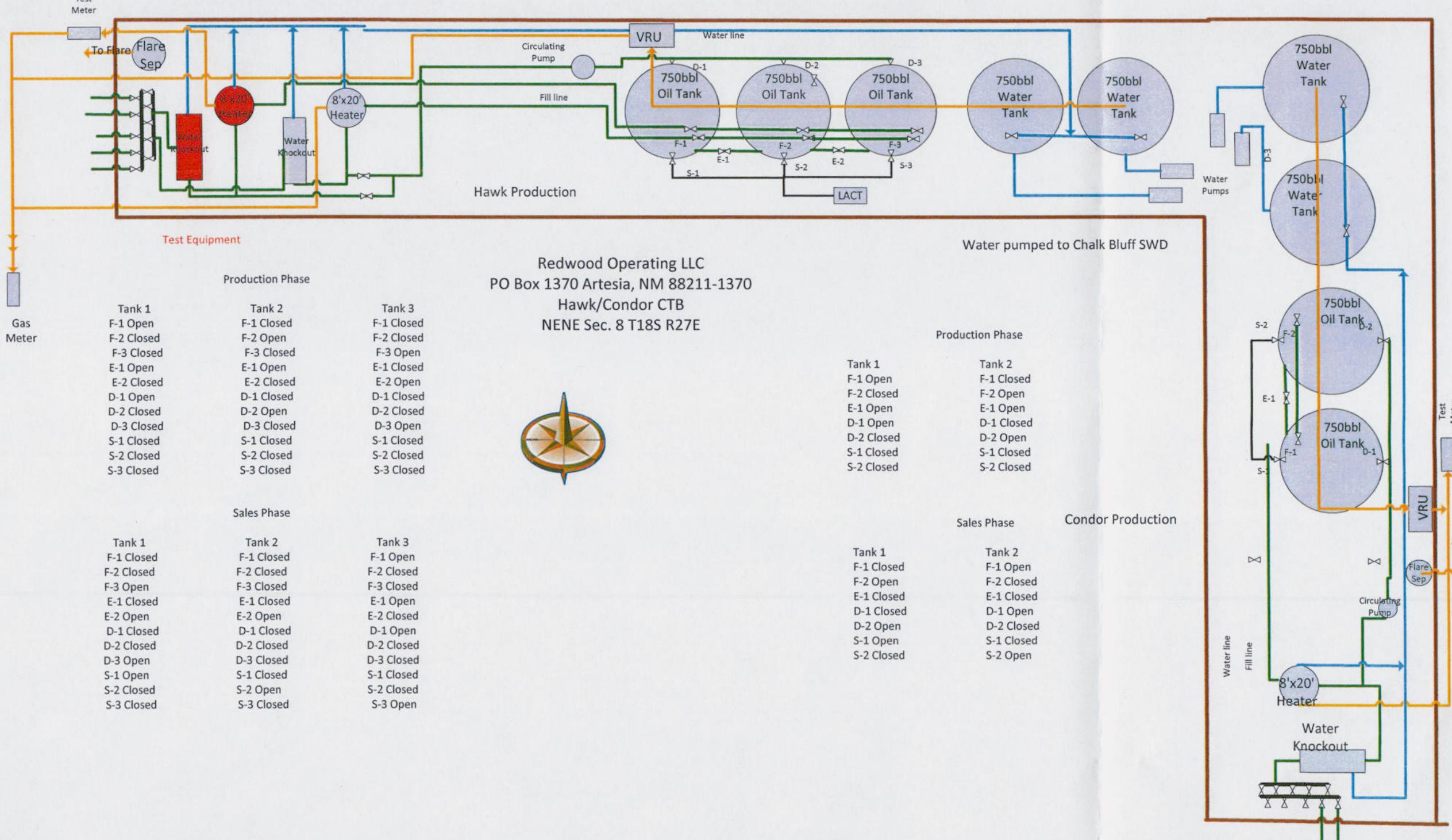
OCD Well Locations

- Areas
- Override 1
- Override 2
- Wells - Large Scale
- undefined
- CO2, Temporarily Abandoned
- CO2, Plugged
- CO2, New
- CO2, Cancelled
- Gas, New
- Gas, Plugged
- Gas, Cancelled
- Injection, New
- Injection, Cancelled
- Injection, Active
- Injection, Temporarily Abandoned
- Injection, Plugged
- Injection, Temporarily Abandoned
- Oil, New
- Oil, Cancelled
- Oil, Active
- Oil, Temporarily Abandoned
- Oil, Plugged
- Salt Water Injection, New
- Salt Water Injection, Plugged
- Salt Water Injection, Cancelled
- Salt Water Injection, Active
- Salt Water Injection, Temporarily Abandoned
- CO2, Active
- Miscellaneous

Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, USDA FSA, GeoEye, Maxar, OGD, Esri, HERE, Garmin, IFC, BLM

New Mexico Oil Conservation Division
 NM OCD Oil and Gas Map, http://nm-emrd.maps.arcgis.com/apps/webappviewer/index.html?id=4d01723061644de29d2b918f35ca75: New Mexico Oil Conservation Division





Redwood Operating LLC
 PO Box 1370 Artesia, NM 88211-1370
 Hawk/Condor CTB
 NENE Sec. 8 T18S R27E



Test Equipment

Production Phase

Tank 1	Tank 2	Tank 3
F-1 Open	F-1 Closed	F-1 Closed
F-2 Closed	F-2 Open	F-2 Closed
F-3 Closed	F-3 Closed	F-3 Open
E-1 Open	E-1 Open	E-1 Closed
E-2 Closed	E-2 Closed	E-2 Open
D-1 Open	D-1 Closed	D-1 Closed
D-2 Closed	D-2 Open	D-2 Closed
D-3 Closed	D-3 Closed	D-3 Open
S-1 Closed	S-1 Closed	S-1 Closed
S-2 Closed	S-2 Closed	S-2 Closed
S-3 Closed	S-3 Closed	S-3 Closed

Sales Phase

Tank 1	Tank 2	Tank 3
F-1 Closed	F-1 Closed	F-1 Open
F-2 Closed	F-2 Closed	F-2 Closed
F-3 Open	F-3 Closed	F-3 Closed
E-1 Closed	E-1 Closed	E-1 Open
E-2 Open	E-2 Open	E-2 Closed
D-1 Closed	D-1 Closed	D-1 Open
D-2 Closed	D-2 Closed	D-2 Closed
D-3 Open	D-3 Closed	D-3 Closed
S-1 Open	S-1 Closed	S-1 Closed
S-2 Closed	S-2 Open	S-2 Closed
S-3 Closed	S-3 Closed	S-3 Open

Production Phase

Tank 1	Tank 2
F-1 Open	F-1 Closed
F-2 Closed	F-2 Open
E-1 Open	E-1 Open
D-1 Open	D-1 Closed
D-2 Closed	D-2 Open
S-1 Closed	S-1 Closed
S-2 Closed	S-2 Closed

Sales Phase

Tank 1	Tank 2
F-1 Closed	F-1 Open
F-2 Open	F-2 Closed
E-1 Closed	E-1 Closed
D-1 Closed	D-1 Open
D-2 Open	D-2 Closed
S-1 Open	S-1 Closed
S-2 Closed	S-2 Open

Condor Production

**REDWOOD
OPERATING LLC**
PO BOX 1370 ARTESIA NM 88211-1370

February 17, 2021

VIA CERTIFIED MAIL 7019 1120 0000 0728 2994

*Bureau of Land Management
620 East Greene Street
Carlsbad, NM 88220*

Dear Sir:

Redwood Operating LLC is requesting administrative approval from the NMOCD for approval of a CTB Facility. Mack Energy is requesting approval to send Production from our Hawk 9 Federal Com 1H & 2H located in Unit A, Sec. 8 T18S R27E, BHL Unit A, Sec. 9 T18S R27E at our Hawk-Condor CTB, located in Unit A, Sec. 8 T18S R27E. The oil and gas production from the Hawk 9 Federal Com 1H & 2H wells will be measured, stored and sold from the CTB location. Both wells have identical interest.

Enclosed is a copy of this application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection has been made within the 20 days period, this application may be approved administratively by the Division.

Should you have any questions please contact me @ 575-748-1288.

Sincerely,



Jerry W. Sherrell
Production Clerk
jerrys@mec.com

JWS/

Enclosures

O: 575.748.1288
F: 575.746.9539

INFO@REDWOODOPERATING.COM

**REDWOOD
OPERATING LLC**
PO BOX 1370 ARTESIA NM 88211-1370

February 17, 2021

VIA CERTIFIED MAIL 7019 1120 0000 0728 3007

Jane Ann Hudson Davis
6770 Wolf Creek Court
Rio Rancho, NM 87144

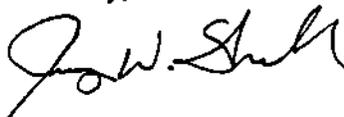
Dear Ma'am:

Redwood Operating LLC is requesting administrative approval from the NMOCD for approval of a CTB Facility. Mack Energy is requesting approval to send Production from our Hawk 9 Federal Com 1H & 2H located in Unit A, Sec. 8 T18S R27E, BHL Unit A, Sec. 9 T18S R27E at our Hawk-Condor CTB, located in Unit A, Sec. 8 T18S R27E. The oil and gas production from the Hawk 9 Federal Com 1H & 2H wells will be measured, stored and sold from the CTB location. Both wells have identical interest.

Enclosed is a copy of this application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection has been made within the 20 days period, this application may be approved administratively by the Division.

Should you have any questions please contact me @ 575-748-1288.

Sincerely,



Jerry W. Sherrell
Production Clerk
jerrys@mec.com

JWS/

Enclosures

O: 575.748.1288
F: 575.748.9539
INFO@REDWOODOPERATING.COM

**REDWOOD
OPERATING LLC**
PO BOX 1370 ARTESIA NM 88211-1370

February 17, 2021

VIA CERTIFIED MAIL 7019 1120 0000 0728 3014

Joan Ann Hudson
660 Camino De Los Mares, Apt 334
San Clement, CA 92673

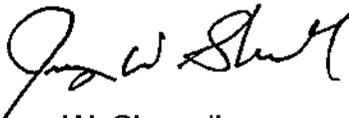
Dear Ma'am:

Redwood Operating LLC is requesting administrative approval from the NMOCD for approval of a CTB Facility. Mack Energy is requesting approval to send Production from our Hawk 9 Federal Com 1H & 2H located in Unit A, Sec. 8 T18S R27E, BHL Unit A, Sec. 9 T18S R27E at our Hawk-Condor CTB, located in Unit A, Sec. 8 T18S R27E. The oil and gas production from the Hawk 9 Federal Com 1H & 2H wells will be measured, stored and sold from the CTB location. Both wells have identical interest.

Enclosed is a copy of this application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection has been made within the 20 days period, this application may be approved administratively by the Division.

Should you have any questions please contact me @ 575-748-1288.

Sincerely,



Jerry W. Sherrell
Production Clerk
jerrys@mec.com

JWS/

Enclosures

O: 575.748.1288
F: 575.748.9539
INFO@REDWOODOPERATING.COM

MEMO

DATE: February 2, 2021

TO: NMOCD

FROM: Staci Sanders

RE: **Off Lease Storage & Measurement**

Hawk 9 Federal Com #1H & 2H

#1H: SHL: 347' FNL & 373' FEL of Sec. 8, T18S, R27E

BHL: 500' FNL & 100' FEL of Sec. 9, T18S, R27E

#2H: SHL: 387' FNL & 373' FEL of Sec. 8, T18S, R27E

BHL: 820' FNL & 100' FEL of Sec. 9, T18S, R27E

Eddy County, New Mexico

Redwood Operating LLC is requesting approval for Off Lease Storage & Measurement for the Hawk 9 Federal Com #1H & #2H wells to be located at the Hawk 9 Federal #1H location (A-8-T18S-R27E).

Attached is a list of the Hawk 9 Federal Com #1H & #2H interest owners that have been notified via certified mail.

Please do not hesitate to contact me should you require any further information.

Sincerely,

Redwood Operating LLC



Staci Sanders
Land Manager

Hawk 9 Federal Com #1H & 2H Leases (2 Total)

1) Federal Lease NMNM-031186: N/2 NW/4 of Sec. 9, T18S-R27E

Interest Owners:

Office of Natural Resources Revenue RI
P.O. Box 25627
Denver, CO 80225-0627

Jane Ann Hudson Davis ORRI
6770 Wolf Creek Court
Rio Rancho, NM 87144

Joan Ann Hudson ORRI
660 Camino De Los Mares, Apt 334
San Clement, CA 92673

Pecos Oil & Gas, LLC WI
P.O. Box 1767
Artesia, NM 88211

2) Federal Lease NMNM-025604: N/2 NE/4 of Sec. 9, T18S-R27E

Interest Owners:

Office of Natural Resources Revenue RI
P.O. Box 25627
Denver, CO 80225-0627

Pecos Oil & Gas, LLC WI & ORRI
P.O. Box 1767
Artesia, NM 88211

MEMO

DATE: March 18, 2021

TO: NMOCD

FROM: Staci Sanders

RE: Off Lease Storage & Measurement

Hawk 9 Federal Com #1H & 2H

#1H: SHL: 347' FNL & 373' FEL of Sec. 8, T18S, R27E

BHL: 500' FNL & 100' FEL of Sec. 9, T18S, R27E

#2H: SHL: 387' FNL & 373' FEL of Sec. 8, T18S, R27E

BHL: 820' FNL & 100' FEL of Sec. 9, T18S, R27E

Eddy County, New Mexico

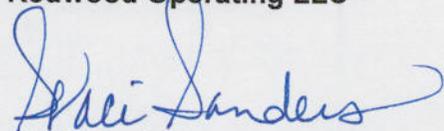
Redwood Operating LLC is requesting approval for Off Lease Storage & Measurement for the Hawk 9 Federal Com #1H & #2H wells to be located at the Hawk 9 Federal #1H location (A-8-T18S-R27E).

Redwood Operating LLC operates on behalf of Pecos Oil & Gas, LLC and Pecos Oil & Gas, LLC owns 100% of the working interest in these wells.

Please do not hesitate to contact me should you require any further information.

Sincerely,

Redwood Operating LLC



Staci Sanders
Land Manager

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

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

RECEIVED
MAR 04

EMNRD-OCDARTESIA

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

30-015- 46817	¹ API Number	51120	² Pool Code	RED LAKE; GLORIETA-YESO	³ Pool Name
327299	⁴ Property Code	HAWK 9 FEDERAL COM		⁵ Property Name	⁶ Well Number 1H
277558	⁷ OGRID.No.	LIME ROCK RESOURCES II-A, L.P.		⁸ Operator Name	⁹ Elevation 3477.3

Surface Location

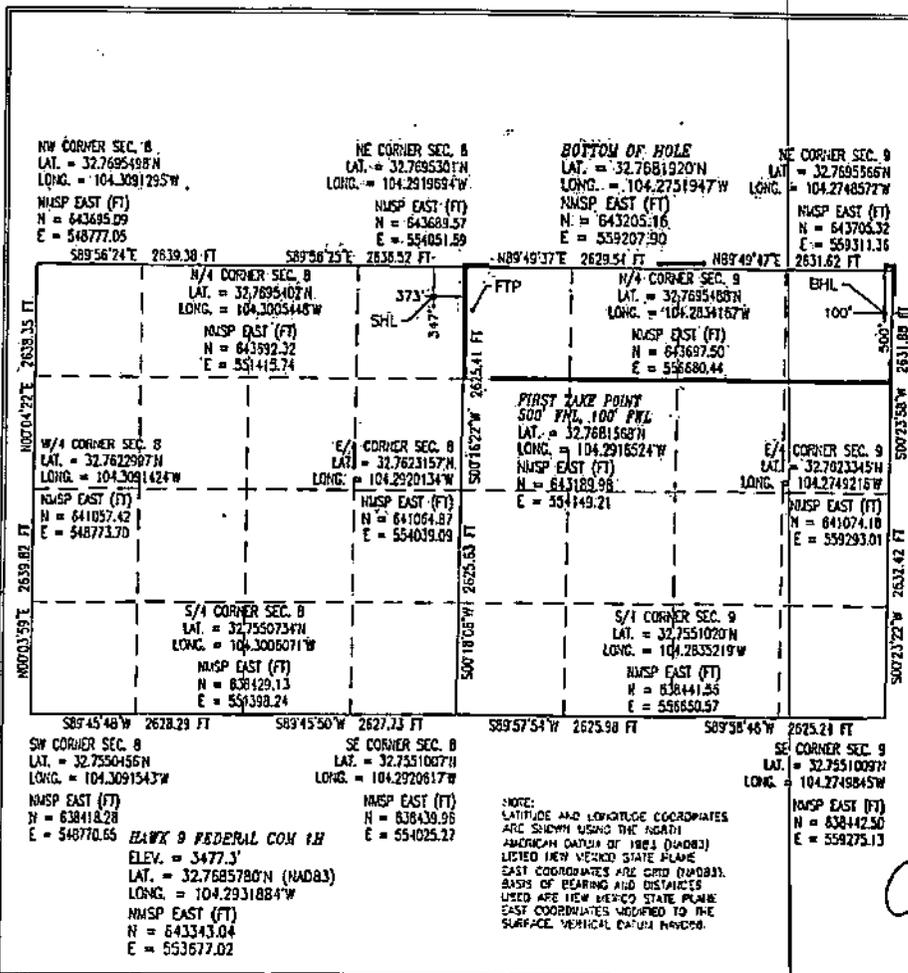
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	8	18 S	27 E		347	NORTH	373	EAST	EDDY

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
A	9	18 S	27 E		500	NORTH	100	EAST	EDDY

160.00	¹⁰ Dedicated Acres		¹¹ Joint or Infill	C	¹² Consolidation Code		¹³ 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.



"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 in 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.

Brian Wood 9-22-19
Signature Date

BRIAN WOOD

Printed Name

brian@permitswest.com
E-mail Address

505 466-8120

"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.

JUNE 12, 2019
Date of Survey

Filimon P. Jaramillo
Signature

FILIMON P. JARAMILLO, PLS
Professional Surveyor

Certificate Number: 71100
Survey No. 7034

RWP 3-10-20

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ APL Number 30-015-46977	² Pool Code 51120	³ Pool Name RED LAKE; GLORIETA-YESO
⁴ Property Code 327299	⁵ Property Name HAWK 9 FEDERAL COM	
⁷ OGRID No. 277558	⁸ Operator Name LIME ROCK RESOURCES II-A, L.P.	⁶ Well Number 2H
		⁹ Elevation 3477.1

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	8	18 S	27 E		387	NORTH	373	EAST	EDDY

¹¹ 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
A	9	18 S	27 E		820	NORTH	100	EAST	EDDY

¹² Dedicated Acres 160.00	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ 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.

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.

Brian Wood
Signature: **BRIAN WOOD** Date: **9-24-19**

Printed Name: **brian@permitswest.com**
E-mail Address: **505 466-8120**

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.

JUNE 12, 2019
Date of Survey

William F. Jaramillo
Signature and Seal of Professional Surveyor
Certificate Number: **WILLIAM F. JARAMILLO, PLS 12797**
SURVEY NO. 7035

NOTE:
LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83) LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83) BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE. VERTICAL DATUM NAVD83.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
LIME ROCK RESOURCES II-A, L.P.**

**CASE NO. 21050
ORDER NO. R-21183**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on February 6th, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Lime Rock Resources II-A, L.P. ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.
20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.
21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill,

CASE NO. 21050
ORDER NO. R-21183

Page 2 of 7

complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.

24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest

CASE NO. 21050
ORDER NO. R-21183

Page 3 of 7

an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

CASE NO. 21050
ORDER NO. R-21183

Page 4 of 7

35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR
AS/kms

Date: 4/23/2020

CASE NO. 21050
ORDER NO. R-21183

Page 5 of 7

Exhibit A**Exhibit "A" (Case 21050)**

Applicant: Lime Rock Resources II-A, L.P.
 Operator: OGRID 277558

Spacing Unit: Horizontal Oil
 Building Blocks: quarter-quarter section equivalents
 Spacing Unit Size: 160 acres (more or less)
 Orientation of Unit: West/East

Spacing Unit Description: N/2 N/2 of Section 9, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

Pooling this Vertical Extent: Yeso Formation
 Depth Severance? (Yes/No): No

Pool: Red Lake; Glorieta-Yeso (Pool Code 51120)
 Pool Spacing Unit Size: quarter-quarter sections
 Governing Well Setbacks: Horizontal Oil Well Rules
 Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: No
 Proximity Defining Well: N/A

Monthly charge for supervision: While drilling: \$8000 While producing: \$800
 As the charge for risk, 200 percent of reasonable well costs.

Proposed Wells:**Hawk 9 Federal Com 1H (API pending)**

SHL: 347 feet from the North line and 373 feet from the East line,
 (Unit A) of Section 8, Township 18 South, Range 27 East, NMPM.
 BHL: 500 feet from the North line and 100 feet from the East line,
 (Unit A) of Section 9, Township 18 South, Range 27 East, NMPM.

Completion Target: Yeso Formation at approx 3,800 feet TVD
 Well Orientation: West to East
 Completion Location expected to be: standard

CASE NO. 21050
 ORDER NO. R-21183

Page 6 of 7

Hawk 9 Federal Com 2H (API pending)

SHL: 387 feet from the North line and 373 feet from the East line,
(Unit A) of Section 8, Township 18 South, Range 27 East, NMPM.

BHL: 820 feet from the North line and 100 feet from the East line,
(Unit A) of Section 9, Township 18 South, Range 27 East, NMPM.

Completion Target: Yeso Formation, Blinbry Interval, at approx 3,580 feet TVD

Well Orientation: West to East

Completion Location expected to be: standard

CASE NO. 21050
ORDER NO. R-21183

Page 7 of 7

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the 1st day of May, 2021, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 18 South, Range 27 East, N.M.P.M.
Section 9: N/2N/2
Eddy County, New Mexico

containing 160 acres, and this agreement shall include the Yeso formation underlying said lands and the crude oil and associated natural gas, hereinafter referred to as "communitized substances," producible from such formation.

2. Attached hereto and made a part of this agreement for all purposes, is Exhibit "A", a plat designating the communitized area and, Exhibit B, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Redwood Operating LLC, P.O. Box 1370, Artesia, NM 88211-1370. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this

agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of $1/8^{\text{th}}$ or $12 \frac{1}{2}$ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed, and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining $7/8^{\text{th}}$ should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of the communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing, and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this

agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each Communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any non-communitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is May 1, 2021 and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not

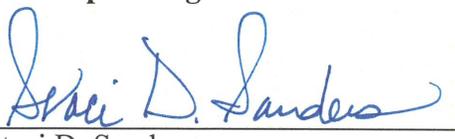
in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

- 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
- 12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
- 13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Operator:

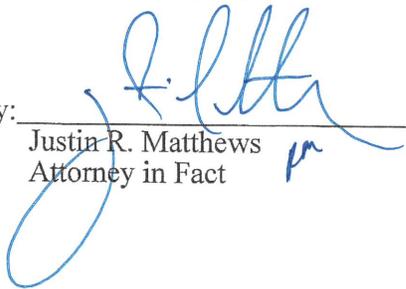
Redwood Operating LLC

By: 
 Staci D. Sanders
 Vice President - Land

Date: 3/18/2021

Lessee of Record

ZPZ Delaware I LLC

By: 
Justin R. Matthews
Attorney in Fact

Date: 4/7/21

Working Interest Owner & Lessee of Record

Pecos Oil & Gas, LLC

By: _____
Staci D. Sanders
Attorney-in-Fact

Date: _____

Lessee of Record

ZPZ Delaware I LLC

By: _____
Justin R. Matthews
Attorney in Fact

Date: _____

Working Interest Owner & Lessee of Record

Pecos Oil & Gas, LLC

By: Staci D. Sanders
Staci D. Sanders
Attorney-in-Fact

Date: 3/18/2021

ACKNOWLEDGEMENTS

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 18th day of March, 2021, by Staci D. Sanders, Vice President-Land of **Redwood Operating LLC**, a New Mexico limited liability company, on behalf of said company.



OFFICIAL SEAL
Dawna M. Rochelle
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 10-7-2023

Dawna M. Rochelle
Notary Public

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this ____ day of _____, 2021, by Justin R. Matthews, Attorney in Fact of **ZPZ Delaware I LLC**, a Delaware limited liability company, on behalf of said company.

Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this 18th day of March, 2021, by Staci D. Sanders, Attorney-in-Fact of **Pecos Oil & Gas, LLC**, a Delaware limited liability company, on behalf of said company.



OFFICIAL SEAL
Dawna M. Rochelle
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 10-7-2023

Dawna M. Rochelle
Notary Public

ACKNOWLEDGEMENTS

STATE OF NEW MEXICO §

COUNTY OF EDDY §

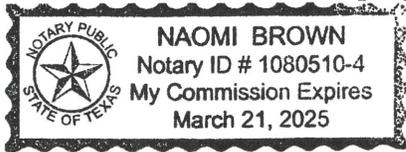
This instrument was acknowledged before me on this ___ day of _____, 2021, by Staci D. Sanders, Vice President-Land of **Redwood Operating LLC**, a New Mexico limited liability company, on behalf of said company.

Notary Public

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this 7th day of April, 2021, by Justin R. Matthews, Attorney in Fact of **ZPZ Delaware I LLC**, a Delaware limited liability company, on behalf of said company.



[Signature]
Notary Public

STATE OF NEW MEXICO §

COUNTY OF EDDY §

This instrument was acknowledged before me on this ___ day of _____, 2021, by Staci D. Sanders, Attorney-in-Fact of **Pecos Oil & Gas, LLC**, a Delaware limited liability company, on behalf of said company.

Notary Public

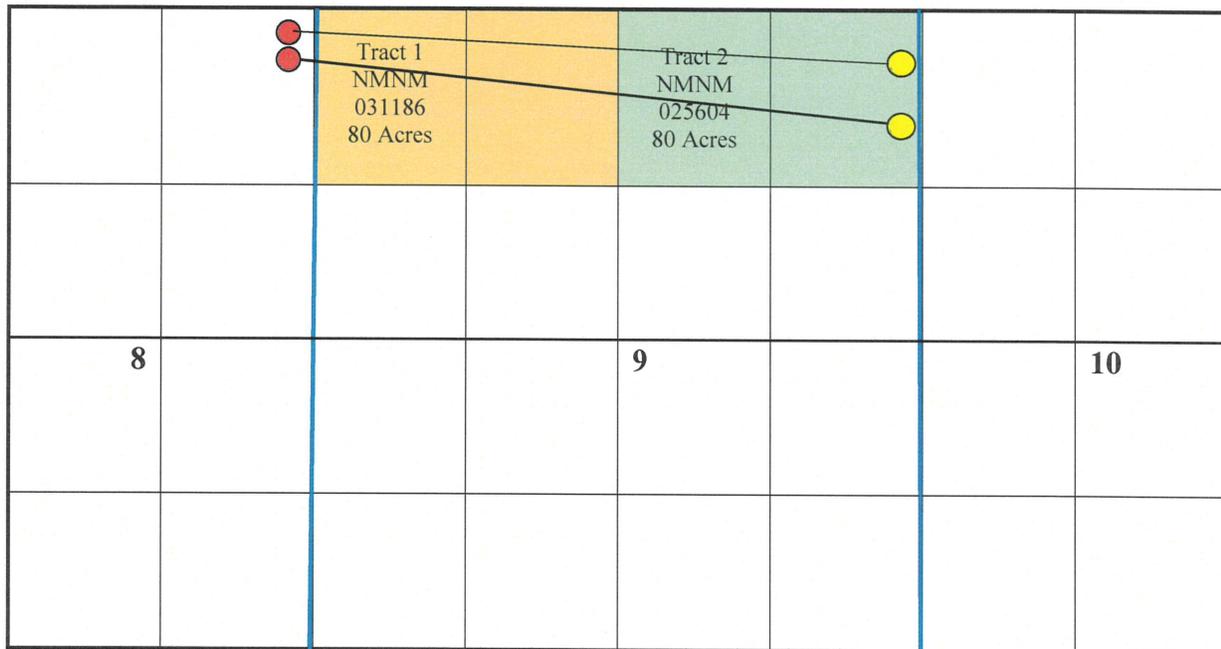
EXHIBIT A

Attached to and made a part of that certain Communitization Agreement dated effective May 1, 2021, covering the N/2N/2 of Section 9, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Plat of Communitized Area

Hawk 9 Federal Com #1H – API #30-015-46817

Hawk 9 Federal Com #2H – API #30-015-46977



Hawk 9 Federal Com #1H

- SHL: 347' FNL & 373' FEL, Sec. 8-T18S-R27E
- FTP: 500' FNL & 100' FWL, Sec. 9-T18S-R27E
- LTP: 500' FNL & 100' FEL, Sec. 9-T18S-R27E
- BHL: 500' FNL & 100' FEL, Sec. 9-T18S-R27E

Hawk 9 Federal Com #2H

- SHL: 387' FNL & 373' FEL, Sec. 8-T18S-R27E
- FTP: 820' FNL & 100' FWL, Sec. 9-T18S-R27E
- LTP: 820' FNL & 100' FEL, Sec. 9-T18S-R27E
- BHL: 820' FNL & 100' FEL, Sec. 9-T18S-R27E

EXHIBIT B

Attached to and made a part of that certain Communitization Agreement dated effective May 1, 2021, covering the N/2N/2 of Section 9, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Hawk 9 Federal Com #1H – API #30-015-46817

Hawk 9 Federal Com #2H – API #30-015-46977

Operator of Communitized Area: Redwood Operating LLC

DESCRIPTION OF LEASES COMMITTED

TRACT NO. 1

Lease Serial No.:	NMNM 031186
Description of Lands Committed:	<u>T18S, R27E, NMPM</u> <u>Section 9: N/2NW/4</u>
Number of Acres:	80 acres
Current Lessee of Record:	Pecos Oil & Gas, LLC
Name and Percent of WI Owners:	Pecos Oil & Gas, LLC 100%

TRACT NO. 2

Lease Serial No.:	NMNM 025604
Description of Lands Committed:	<u>T18S, R27E, NMPM</u> <u>Section 9: N/2NE/4</u>
Number of Acres:	80 acres
Current Lessee of Record:	ZPZ Delaware I LLC
Name and Percent of WI Owners:	Pecos Oil & Gas, LLC 100%

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No. 1	80.00	50.00%
Tract No. 2	80.00	50.00%
Total Acreage	160.00	100.00%

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Redwood Operating LLC **OGRID Number:** 330211
Well Name: Hawk 9 Federal Com 1H & 2H **API:** 30-015-46817 & 30-015-46977
Pool: Red Lake; Glorieta-Yeso **Pool Code:** 51120

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location - Spacing Unit - Simultaneous Dedication
 NSL NSP(PROJECT AREA) NSP(PORATION UNIT) SD

- B. Check one only for [I] or [II]
 [I] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 [II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jerry W. Sherrell
 Print or Type Name

2/17/2021
 Date

Jerry W. Sherrell
 Signature

575-748-1288
 Phone Number

jerrys@mec.com
 e-mail Address

From: [McClure, Dean, EMNRD](#)
To: [Jerry Sherrell](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Simmons, Kurt, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Glover, James](#); kparadis@blm.gov; [Walls, Christopher](#)
Subject: Approved Administrative Order OLM-234
Date: Friday, April 16, 2021 4:29:48 PM
Attachments: [OLM234 Order.pdf](#)

NMOCD has issued Administrative Order OLM-234 which authorizes Redwood Operating, LLC (330211) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	Location (NMPM)	Pool Code
30-015-46817	Hawk 9 Federal Com #1H	A-08-18S-27E	51120
30-015-46977	Hawk 9 Federal Com #2H	A-08-18S-27E	51120

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

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

**APPLICATION FOR OFF-LEASE MEASUREMENT
SUBMITTED BY REDWOOD OPERATING, LLC**

ORDER NO. OLM-234

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Redwood Operating, LLC (“Applicant”) submitted a complete application to off-lease measure the oil and gas production (“Application”) from the wells, pool, and lease identified in Exhibit A.
2. Applicant provided notice of the Application to all persons owning a working interest in the oil and gas production to be off-lease measured in accordance with 19.15.23.9(A)(5) NMAC, and those persons either submitted a written waiver or did not file an objection to the Application.
3. Applicant provided notice of the Application to the Bureau of Land Management or New Mexico State Land Office, as applicable.

CONCLUSIONS OF LAW

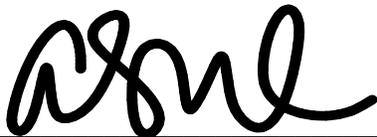
4. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, and 19.15.23 NMAC.
5. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) NMAC.
6. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to off-lease measure oil and gas production from the wells, pool, and lease identified in Exhibit A.
2. The oil and gas production from the wells identified in Exhibit A shall be physically separated from the oil and gas production from other wells and no commingling of production from different leases shall occur in accordance with 19.15.23.9(A)(3) NMAC and 19.15.23.9(A)(4) NMAC.
3. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.

4. Applicant shall measure the commingled gas at a central delivery point described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, regardless whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
5. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
6. OCD retains jurisdiction and reserves the right to modify or revoke this Order if it is deemed necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 4/16/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: OLM-234

Operator: Redwood Operating, LLC (330211)

Central Tank Battery: Hawk Condor Central Tank Battery

Central Tank Battery Location (NMPM): Unit A, Section 8, Township 18 South, Range 27 East

Gas Custody Transfer Meter Location (NMPM): Unit A, Section 8, Township 18 South, Range 27 East

Pools

Pool Name	Pool Code
RED LAKE; GLORIETA-YESO	51120

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)
CA Yeso BLM	N/2 N/2 Sec 9-T18S-R27E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-015-46817	Hawk 9 Federal Com #1H	A-08-18S-27E	51120	
30-015-46977	Hawk 9 Federal Com #2H	A-08-18S-27E	51120	

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 Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 18229

CONDITIONS OF APPROVAL

Operator:	REDWOOD OPERATING LLC	PO Box 1370	Artesia, NM882111370	OGRID:	330211	Action Number:	18229	Action Type:	C-107B
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OCD Reviewer	Condition
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.