

District I1625 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

Form C-101
August 1, 2011

Permit 297858

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address Redwood Operating LLC PO Box 1370 Artesia, NM 882111370		2. OGRID Number 330211
		3. API Number 30-015-48797
4. Property Code 329373	5. Property Name CHOATE DAVIS 23 STATE SWD	6. Well No. 004

7. Surface Location

UL - Lot D	Section 23	Township 18S	Range 27E	Lot Idn D	Feet From 570	N/S Line N	Feet From 750	E/W Line W	County Eddy
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8. Proposed Bottom Hole Location

UL - Lot D	Section 23	Township 18S	Range 27E	Lot Idn D	Feet From 570	N/S Line N	Feet From 750	E/W Line W	County Eddy
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9. Pool Information

SWD;CISCO-CANYON	96186
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3459
16. Multiple N	17. Proposed Depth 8300	18. Formation Canyon	19. Contractor	20. Spud Date 11/1/2021
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits**21. Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	300	350	0
Int1	12.25	9.625	36	2800	850	0
Int2	8.75	7	26	7200	975	0
Prod	6.125	4.5	11.6	8300	100	7200

Casing/Cement Program: Additional Comments

Redwood Operating LLC proposed to drill 17 1/2" hole to 300', run 13 3/8" csg/cmt, drill 12 1/4" hole to 2800', run 9 5/8" csg/cmt, drill 8 3/4" hole to 7200', run 7" csg/cmt, drill 6 1/8" hole to 7000-8300, run 4 1/2" liner/cmt.

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
 I further certify I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒ if applicable.

Signature:

Printed Name: Electronically filed by Jerry Sherrell

Title: Regulatory Supervisor

Email Address: jerrys@mec.com

Date: 7/27/2021

Phone: 575-748-1288

OIL CONSERVATION DIVISION

Approved By: Katherine Pickford

Title: Geoscientist

Approved Date: 1/24/2022

Expiration Date: 1/24/2024

Conditions of Approval Attached

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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 API Number	² Pool Code	³ Pool Name
	96186	SWD; Cisco-Canyon
⁴ Property Code	⁵ Property Name	⁶ Well Number
322878	CHOATE DAVIS 23 STATE SWD	4
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
330211	REDWOOD OPERATING, LLC.	3459.5

¹⁰ Surface Location

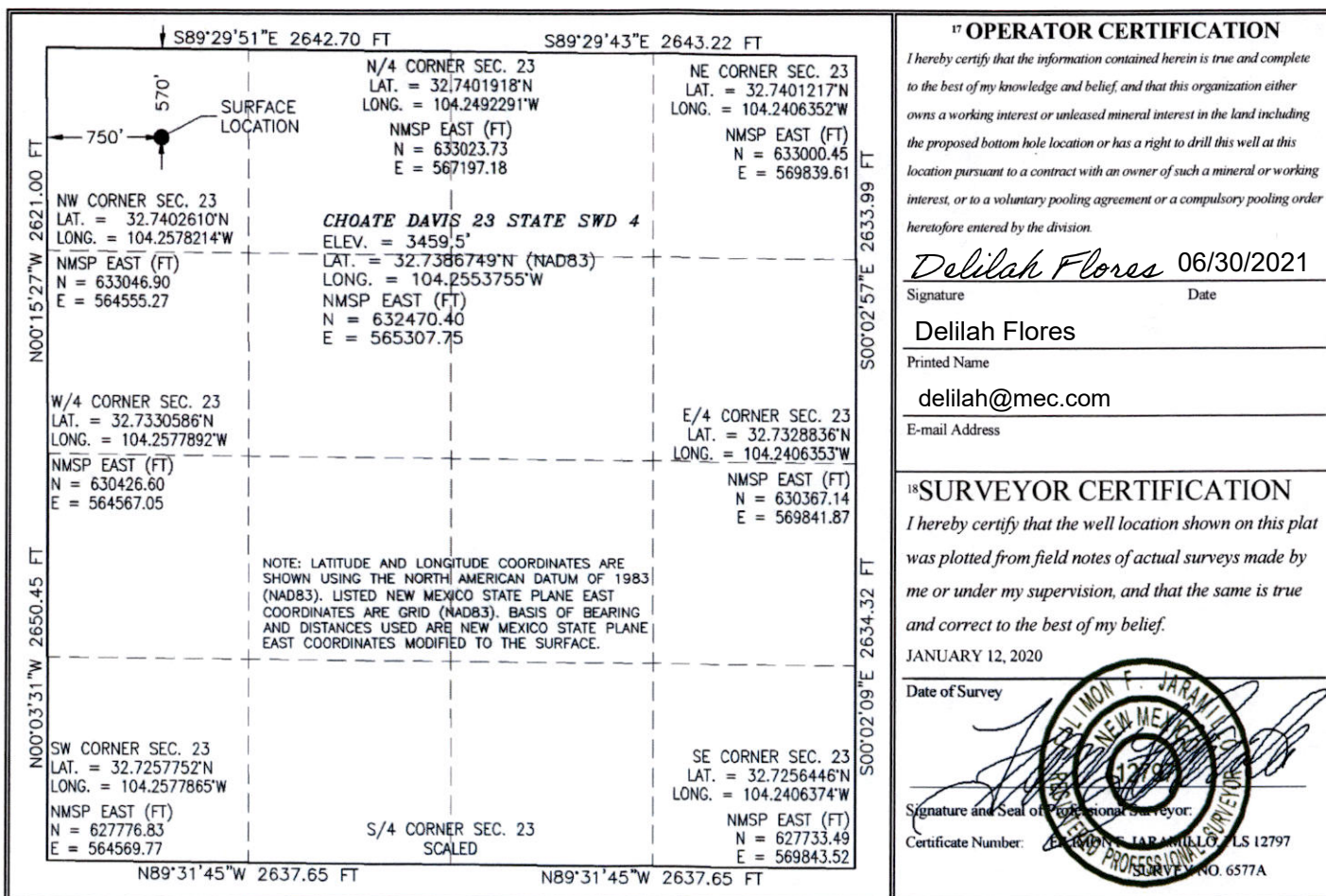
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	23	18 S	27 E		570	NORTH	750	WEST	EDDY

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
D	23	18 S	27 E		570	NORTH	750	WEST	EDDY

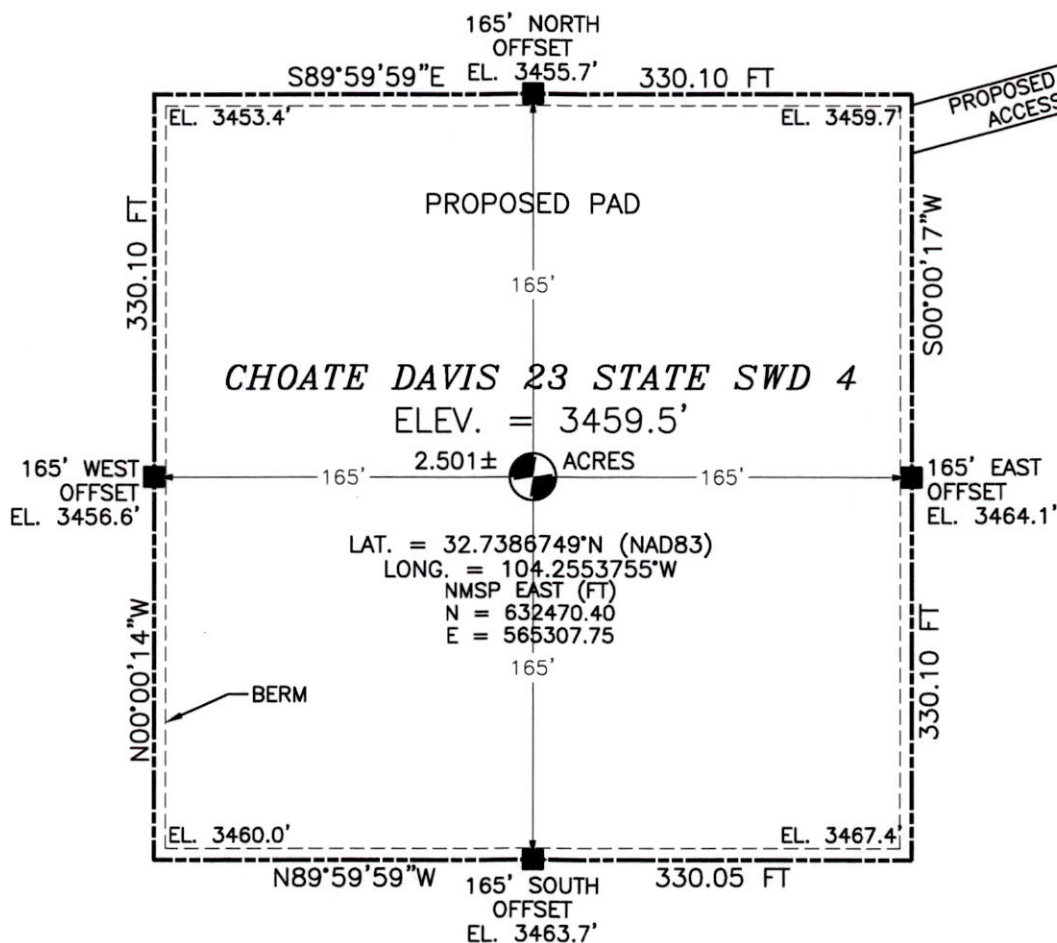
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
40			

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.



SECTION 23, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
SITE MAP

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.



08 40 80 160

SCALE 1" = 80'

DIRECTIONS TO LOCATION

FROM CR. 206 (ILLINOIS CAMP) & CR. 234 (OIL CENTER), GO NORTH ON CR. 206 0.7 MILE, TURN LEFT ON CALICHE ROAD AND GO WEST 2.1 MILES, TURN RIGHT AND GO NORTH 0.52 MILE, TURN LEFT AND GO SOUTHWEST 0.31 MILE, STAY RIGHT AND GO WEST-NORTHWEST 0.44 MILE, TURN LEFT AND GO SOUTH 0.44 MILE, TO ROAD SURVEY AND FOLLOW FLAGS WEST-SOUTHWEST 800' TO THE NORTHEAST PAD CORNER FOR THIS LOCATION.

I, FILIMON F. JARAMILLO, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR, CERTIFY THAT I HAVE DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT I HAVE COMPLIED WITH THE MINIMUM STANDARDS FOR SURVEYING IN THE STATE OF NEW MEXICO.

REDWOOD OPERATING, LLC.
CHOATE DAVIS 23 STATE SWD 4
LOCATED 570 FT. FROM THE NORTH LINE
AND 750 FT. FROM THE WEST LINE OF
SECTION 23, TOWNSHIP 18 SOUTH,
RANGE 27 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

JANUARY 12, 2021

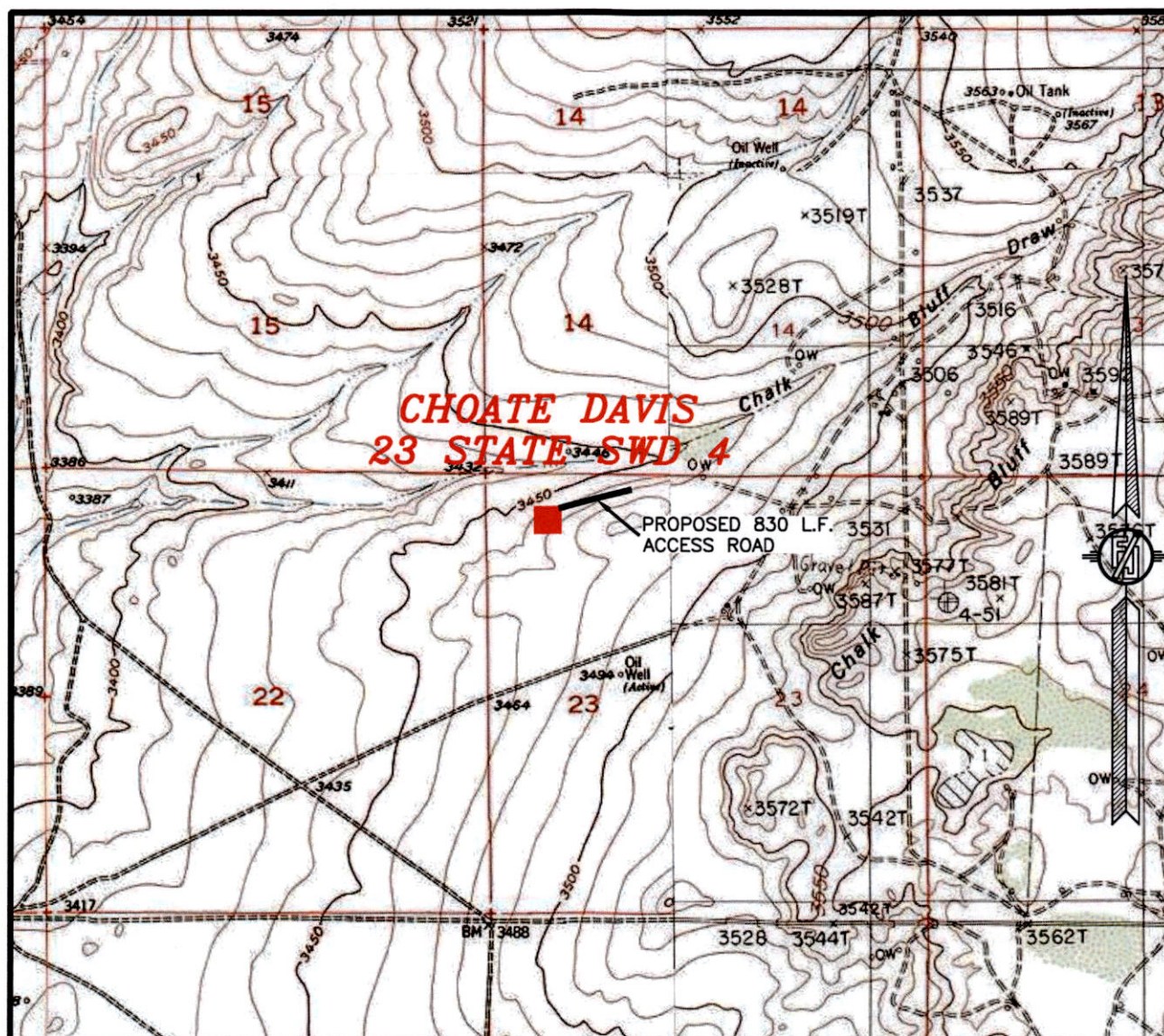
SURVEY NO. 6577A

MADRON SURVEYING, INC.

301 SOUTH CANAL
(575) 234-3341

CARLSBAD, NEW MEXICO

SECTION 23, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
LOCATION VERIFICATION MAP



USGS QUAD MAP:
LAKE McMILAN NORTH
ILLINOIS CAP

NOT TO SCALE

REDWOOD OPERATING, LLC.
CHOATE DAVIS 23 STATE SWD 4
LOCATED 570 FT. FROM THE NORTH LINE
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RANGE 27 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

JANUARY 12, 2021

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SURVEY NO. 6577A

CHOATE DAVIS
23 STATE SWD 4

0.33 MILE
0.44 MILE
0.44 MILE
0.52 MILE
2.1 MILES
0.7 MILE

Bluff
CR. 830'
CR. 206 (ILLINOIS CAMP)
CR. 234 (OIL CENTER)

Logan
Empire Oil Field
Artesia Oil Field
Oil City
Williams Hollow
FADE AWAY

NOT TO SCALE

FROM CR. 206 (ILLINOIS CAMP) & CR. 234 (OIL CENTER), GO NORTH ON CR. 206 0.7 MILE, TURN LEFT ON CALICHE ROAD AND GO WEST 2.1 MILES, TURN RIGHT AND GO NORTH 0.52 MILE, TURN LEFT AND GO SOUTHWEST 0.31 MILE, STAY RIGHT AND GO WEST-NORTHWEST 0.44 MILE, TURN LEFT AND GO SOUTH 0.44 MILE, TO ROAD SURVEY AND FOLLOW FLAGS WEST-SOUTHWEST 830' TO THE NORTHEAST PAD CORNER FOR THIS LOCATION.

**REDWOOD OPERATING, LLC.
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RANGE 27 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO**

JANUARY 12, 2021

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 **CARLSBAD, NEW MEXICO** SURVEY NO. 6577A

SECTION 23, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO
 AERIAL PHOTO



NOT TO SCALE
 AERIAL PHOTO:
 GOOGLE EARTH
 MAR. 2016

REDWOOD OPERATING, LLC.
CHOATE DAVIS 23 STATE SWD 4
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 EDDY COUNTY, STATE OF NEW MEXICO

JANUARY 12, 2021

SURVEY NO. 6577A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 23, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO
 AERIAL ACCESS ROUTE MAP



NOT TO SCALE
 AERIAL PHOTO:
 GOOGLE EARTH
 MAR. 2016

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

Form APD Conditions

Permit 297858

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: Redwood Operating LLC [330211] PO Box 1370 Artesia, NM 882111370	API Number: 30-015-48797
	Well: CHOATE DAVIS 23 STATE SWD #004

OCD Reviewer	Condition
ksimmons	Comply with all terms and conditions of SWD permit, including drilling and casing hole diameters, cementing, and placement of packer.
kpickford	Notify OCD 24 hours prior to casing & cement
kpickford	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
kpickford	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system
kpickford	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description

Effective May 25, 2021

I. Operator: Redwood Operating LLC **OGRID:** 330211 **Date:** 06 / 30 / 2021
30-015-5445

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Choate Davis 23 State SWD 4		UL D Sec. 23 T18S R27E	570 FNL 750 FWL	100	100	1,000

IV. Central Delivery Point Name: DCP Midstream Linam Ranch Processing Plant/Durango Midstream [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
Choate Davis 23 State SWD 4		10/01/2021	11/01/2021	12/01/2021	12/01/2021	12/15/2021

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan
EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☐ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☐ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

If Operator checks this box, Operator will select one of the following:

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	<i>Delilah Flores</i>
Printed Name:	Delilah Flores
Title:	Regulatory Technician I
E-mail Address:	regulatory@redwoodoperating.com
Date:	06/30/2021
Phone:	575-748-1288
OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form)	
Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

VI. Separation Equipment:

Redwood Operating LLC production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our completion project. Redwood Operating LLC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the completion to optimize gas capture and send gas to sales or flare based on analytical composition. Redwood Operating LLC operates facilities that are typically multi-well facilities. Redwood Operating LLC will upgrade production separation equipment, if necessary prior to new wells being completed, if determined to be undersized or inadequate. This equipment is already on-site and tied into our sales gas lines prior to the new drill operations.

VII. Operational Practices:

1. Subsection (A) Venting and Flaring of Natural Gas. Redwood Operating LLC understands the requirements of NMAC 19.15.27.8 which outlines that the venting and flaring of natural gas during drilling, completion or production operations that constitutes waste as defined in 19.15.2 are prohibited.
2. Subsection (B) Venting and Flaring during drilling operations. This gas capture plan is for a well being drilled.
3. Subsection (C) Venting and flaring during completion or recompletion. Flow lines will be routed for flow back fluids into a completion or storage tank and if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
4. Subsection (D) Venting and flaring during production operations
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
 - Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
 - Redwood Operating LLC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 14.
5. Subsection (E) Performance standards. All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
 - If a flare is utilized during production operations it will have a continuous pilot and is located more than 100 feet from any known well or storage tanks.
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D

of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.

6. Subsection (F) Measurement or estimation of vented and flared natural gas
 - Measurement equipment is installed to measure the volume of natural gas flared from process piping.
 - When measurement is not practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

1. Redwood Operating LLC has adequate storage and takeaway capacity for wells it chooses to complete as the flow lines at the sites are already in place and tied into a gathering system.
2. Redwood Operating LLC will flare rather than vent vessel blowdown gas when technically feasible during active and/or planned maintenance to equipment on-site.
3. Redwood Operating LLC combusts natural gas that would otherwise be vented or flared, when technically feasible.
4. Redwood Operating LLC will shut in wells in the event of a takeaway disruption, emergency situations, or other operations where venting or flaring may occur due to equipment failures.