

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne Sandoval, Division Director
Oil Conservation Division



November 5, 2021

Jerry W. Sherrell
PO Box 960
Artesia, NM 88210

Re: Operator Request for Agreed Compliance Order

Dear Mr. Sherrell,

This letter outlines how oil and gas operators with excessive non-compliant wells may request to enter into an Agreed Compliance Order (ACO) with the New Mexico Oil Conservation Division (OCD).

Operators with excessive non-compliant wells per rule **19.15.5.9(B) NMAC** may choose to enter into an ACO with the OCD.

Before entering into an ACO, operators must provide the OCD with a plan of well development activities. The plan requirements include the following information in Excel spreadsheet format:

- A list of all non-compliant wells
- The number of wells per month to be completed (brought into production or plugged)
- For each well, identify if it is to be plugged or produced, and by what date
- For each well, the average production per month of the well before it stopped producing
- What type of financial assurance each well is covered by
- A summary of all prior ACO's with detail on what has been done and needs to still be completed pursuant to that ACO.

Attached, is the OCD's ACO form for operator review and use. This form may not be altered in any way.

If you choose to enter into the ACO, please email the ACO and well development plan to OCDAdminComp@state.nm.us.

If you have any questions, please contact, Karen Collins at karen.collins@state.nm.us

Sincerely,

Karen Collins

Karen Collins

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

IN RE: Redwood Operating LLC [330211]

NMOCD-ACOI-201937

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and Redwood Operating LLC [330211] ("Operator") enter into this Agreed Compliance Order ("Order").

I. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. OCD is charged with the administration and enforcement of the Act and the rules adopted thereunder and has jurisdiction over Operator and its wells in the state of New Mexico.
2. Operator is the operator of record for 452 wells under OGRID # 330211.
3. Operator has or will shut-in each of the wells listed on **Exhibit "A"** ("Well" or "Wells") due to Economics, and each Well is or will become inactive under 19.15.25 NMAC on the specified date:
4. Operator has sufficient financial assurance for the Wells under 19.15.8.9(C) NMAC.
5. Operator intends to restore production from the Wells before the applicability of the requirement for inactive well financial assurance under 19.15.8.9(D) NMAC.
6. OCD is authorized to impose sanctions for violations of the Oil and Gas Act and the rules adopted thereunder, including denial or revocation of registrations, applications, permits, authorizations and transfers, and the assessment of civil penalties. *See* 19.15.5.10 NMAC.
7. Operator requests the Order in order to avoid sanctions for violating the Oil and Gas Act and 19.15.25 NMAC with respect to the Wells.
8. Operator admits the findings of fact and waives any right to appeal from the Order.

II. ORDER

9. No later than the date listed on Exhibit A, Operator shall take one of the following actions for each well
 - (a) restore the Well to production and file a C-115;
 - (b) place the Well on approved temporary abandonment status in accordance with 19.15.25 NMAC; and
 - (c) plug the Well in accordance with 19.15.25 NMAC and file a C-105.
10. No later than the 15th day of each month following the entry of this Order, Operator shall file a report describing the action taken for each Well, and such other information as OCD may request for time to time. The report shall be sent by electronic mail to OCD's Administrative and Compliance Bureau, at OCDAdminComp@state.nm.us
11. Operator shall maintain sufficient financial assurance for the Wells under 19.15.8.9(C) NMAC.
12. If Operator fails to comply with a requirement of this Order for a Well, the Well shall be deemed to be out of compliance with the Oil and Gas Act the Oil and Gas Act and the rules adopted thereunder, and not subject to an agreed compliance order setting a schedule for bringing the Well into compliance.
13. If Operator fails to comply with a requirement of this Order, no later than thirty (30) days after receipt of a written demand from OCD, in addition to any other sanction imposed by OCD pursuant to the Oil and Gas Act and the rules adopted thereunder, Operator shall pay a stipulated penalty of \$500.00 for each day until it complies with each separate requirement ("Stipulated Penalty"). Each failure to comply with a requirement of this Order shall be subject to a separate Stipulated Penalty.
14. If Operator fails to pay the Stipulated Penalty or portion thereof within thirty (30) days after receipt of a written demand from OCD, it shall pay interest on the Stipulated Penalty or unpaid portion thereof until paid in full at the interest rate of 8.75 percent.
15. Operator shall not transfer a Well to another operator unless approved in writing by OCD.

16. Notwithstanding the foregoing provisions, OCD reserves the right to apply for authorization to plug a Well and to forfeit the financial assurance if the Well poses an imminent threat to the public health or environment.
17. OCD reserves the right to sanction Operator for any alleged violation not addressed in this Order.

NEW MEXICO OIL CONSERVATION DIVISION



Adrienne Sandoval
Director

Date: 12/22/21



Name
Vice President

Date: 11/12/2021

REDWOOD OPERATING LLC. Will either return to production or plug 6 wells per month.

Wells will be plugged as permits and AFE's are approved. Updated spreadsheet will be submitted on the 15th of each month.

Wells are being evaluated monthly to be placed on production based on WTI prices and well equipment prices.

Redwood Operating LLC Has a Plugging Bond 8013023 \$250,000 and Financial Assurance Bond 8013068 \$300,000

API	Well	Operator	Well Production		Plug or Production Date
			per day	Last Production	
30-015-43300	BRAINARD 12L #001	Redwood Operating LLC	30	Mar-21	
30-015-29994	CARTER COLLIER 5 FEDERAL #006	Redwood Operating LLC	10	Aug-20	
30-015-29995	CARTER COLLIER 5 FEDERAL #009	Redwood Operating LLC	45	Aug-20	
30-015-00790	CARTER COLLIER FEDERAL #001	Redwood Operating LLC	10	Aug-20	
30-015-30047	COMPTON 33 FEDERAL #002	Redwood Operating LLC	60	Aug-20	
30-015-41439	COMPTON 5 P FEDERAL #004	Redwood Operating LLC	15	Aug-20	
30-015-36970	CONDOR 7 FEDERAL COM #003H	Redwood Operating LLC	11	Mar-21	
30-015-36940	CONDOR 7 #007H	Redwood Operating LLC	30	Feb-21	
30-015-34014	EAGLE 26 M FEDERAL #001	Redwood Operating LLC	30	Aug-20	
30-015-34007	EAGLE 26 N FEDERAL #002	Redwood Operating LLC	10	Aug-20	
30-015-34082	EAGLE 26 P FEDERAL #003	Redwood Operating LLC	10	Aug-20	
30-015-29936	EAGLE 27 FEDERAL #001	Redwood Operating LLC	30	Jun-21	
30-015-43768	EAGLE 27 M FEDERAL #008	Redwood Operating LLC	30	Aug-20	
30-015-29593	EAGLE 33 A FEDERAL #002	Redwood Operating LLC	30	Aug-20	
30-015-29211	EAGLE 33 B FEDERAL #003	Redwood Operating LLC	10	Aug-20	
30-015-41226	EAGLE 33 G FEDERAL #027	Redwood Operating LLC	30	Aug-20	
30-015-41214	EAGLE 33 N FEDERAL #026	Redwood Operating LLC	3	Oct-19	Plugged 10/27/2021
30-015-42263	EAGLE 33 N FEDERAL #031	Redwood Operating LLC	15	May-21	
30-015-39459	EAGLE 33 O FEDERAL #019	Redwood Operating LLC	15	Aug-20	
30-015-33832	EAGLE 33 O FEDERAL #020	Redwood Operating LLC	15	Aug-20	
30-015-33829	EAGLE 33 P FEDERAL #015	Redwood Operating LLC	30	Feb-21	
30-015-41288	EAGLE 33 P FEDERAL #024	Redwood Operating LLC	15	Aug-20	
30-015-29108	EAGLE 34 A FEDERAL #001	Redwood Operating LLC	3	Aug-20	
30-015-29096	EAGLE 34 C FEDERAL #005	Redwood Operating LLC	30	Aug-20	
30-015-33272	EAGLE 34 C FEDERAL #051	Redwood Operating LLC	10	Aug-20	
30-015-43813	EAGLE 34 C FEDERAL #085	Redwood Operating LLC	30	Jan-21	
30-015-41216	EAGLE 34 D FEDERAL #072	Redwood Operating LLC	60	Mar-21	
30-015-29083	EAGLE 34 E FEDERAL #009	Redwood Operating LLC	30	Aug-20	
30-015-33463	EAGLE 34 E FEDERAL #053	Redwood Operating LLC	10	Aug-20	
30-015-29084	EAGLE 34 F FEDERAL #011	Redwood Operating LLC	30	Aug-20	
30-015-41287	EAGLE 34 F FEDERAL #069	Redwood Operating LLC	15	Mar-21	
30-015-31735	EAGLE 34 FEDERAL #030	Redwood Operating LLC	0	Aug-20	
30-015-32840	EAGLE 34 FEDERAL #034Q	Redwood Operating LLC	3	Aug-20	
30-015-29636	EAGLE 34 G FEDERAL #014	Redwood Operating LLC	30	Aug-20	
30-015-43770	EAGLE 34 G FEDERAL #087	Redwood Operating LLC	30	May-21	
30-015-29654	EAGLE 34 H FEDERAL #016	Redwood Operating LLC	0	Aug-20	
30-015-40812	EAGLE 34 H FEDERAL #066	Redwood Operating LLC	60	Aug-20	
30-015-29091	EAGLE 34 I FEDERAL #017	Redwood Operating LLC	15	May-21	
30-015-31734	EAGLE 34 J FEDERAL #029	Redwood Operating LLC	30	Aug-20	
30-015-41446	EAGLE 34 J FEDERAL #063	Redwood Operating LLC	60	Aug-20	
30-015-43772	EAGLE 34 J FEDERAL #081	Redwood Operating LLC	30	Aug-20	
30-015-29112	EAGLE 34 K FEDERAL #021	Redwood Operating LLC	0	Aug-20	
30-015-29642	EAGLE 34 K FEDERAL #022	Redwood Operating LLC	30	Aug-20	
30-015-33192	EAGLE 34 K FEDERAL #043	Redwood Operating LLC	30	Aug-20	
30-015-41433	EAGLE 34 K FEDERAL #065	Redwood Operating LLC	15	Mar-21	
30-015-43886	EAGLE 34 K FEDERAL #077	Redwood Operating LLC	60	Aug-20	
30-015-33353	EAGLE 34 L FEDERAL #058	Redwood Operating LLC	30	Nov-20	
30-015-41215	EAGLE 34 L FEDERAL #068	Redwood Operating LLC	30	Aug-20	
30-015-42522	EAGLE 34 L FEDERAL #079	Redwood Operating LLC	15	Mar-21	
30-015-29114	EAGLE 34 M FEDERAL #025	Redwood Operating LLC	30	May-21	
30-015-32839	EAGLE 34 M FEDERAL #033Q	Redwood Operating LLC	30	Aug-20	
30-015-42640	EAGLE 34 M FEDERAL #074	Redwood Operating LLC	20	Sep-20	
30-015-29115	EAGLE 34 N FEDERAL #027	Redwood Operating LLC	15	Aug-20	
30-015-32842	EAGLE 34 N FEDERAL #036	Redwood Operating LLC	30	Aug-20	
30-015-41213	EAGLE 34 N FEDERAL #064	Redwood Operating LLC	30	Aug-20	
30-015-33427	EAGLE 35 A FEDERAL #019	Redwood Operating LLC	30	Aug-20	
30-015-43180	EAGLE 35 A FEDERAL #030	Redwood Operating LLC	30	May-21	
30-015-33235	EAGLE 35 C FEDERAL #016	Redwood Operating LLC	15	Jul-21	
30-015-41440	EAGLE 35 C FEDERAL #026	Redwood Operating LLC	15	Aug-20	

30-015-33267	EAGLE 35 D FEDERAL #017	Redwood Operating LLC	30	Aug-20
30-015-40811	EAGLE 35 D FEDERAL #022	Redwood Operating LLC	15	Apr-21
30-015-33035	EAGLE 35 E FEDERAL #010	Redwood Operating LLC	30	Aug-20
30-015-33242	EAGLE 35 E FEDERAL #011	Redwood Operating LLC	15	Aug-20
30-015-32837	EAGLE 35 F FEDERAL #012	Redwood Operating LLC	10	Aug-20
30-015-41751	EAGLE 35 F FEDERAL #024	Redwood Operating LLC	30	Aug-20
30-015-41697	EAGLE 35 H FEDERAL #025	Redwood Operating LLC	30	Aug-20
30-015-29090	EAGLE 35 L FEDERAL #001	Redwood Operating LLC	0	Aug-20
30-015-29633	EAGLE 35 L FEDERAL #002	Redwood Operating LLC	15	Aug-20
30-015-32836	EAGLE 35 L FEDERAL #004C	Redwood Operating LLC	30	Aug-20
30-015-34760	EVEREST 14 N #005	Redwood Operating LLC	15	Nov-20
30-015-40488	EVEREST 14 N #008	Redwood Operating LLC	15	Nov-20
30-015-41015	EVEREST 14 O #007	Redwood Operating LLC	30	Apr-21
30-015-35745	EVEREST 14P #006	Redwood Operating LLC	15	Nov-20
30-015-40521	EVEREST ESTATE 15 P FEE #001	Redwood Operating LLC	30	May-20 Plugged 11/2/2021
30-015-33833	FALCON 3 B FEDERAL #022	Redwood Operating LLC	30	Aug-20
30-015-41255	FALCON 3 C FEDERAL #031	Redwood Operating LLC	15	Aug-20
30-015-29162	FALCON 3 D FEDERAL #005	Redwood Operating LLC	30	Nov-20
30-015-34190	FALCON 3 D FEDERAL #026Q	Redwood Operating LLC	60	Aug-20
30-015-29126	FALCON 3 G FEDERAL #007	Redwood Operating LLC	0	Nov-20
30-015-29545	FALCON 3 H FEDERAL #010	Redwood Operating LLC	15	Aug-20
30-015-29164	FALCON 3 K FEDERAL #015	Redwood Operating LLC	0	Aug-20
30-015-43686	FALCON 3 K FEDERAL #036	Redwood Operating LLC	30	Jun-21
30-015-29212	FALCON 3 N FEDERAL #017	Redwood Operating LLC	15	Aug-20
30-015-29575	FALCON 3 N FEDERAL #018	Redwood Operating LLC	0	Nov-20
30-015-35808	FALCON 3G FEDERAL #009	Redwood Operating LLC	30	Aug-20
30-015-30218	FRED 6 FEDERAL #003	Redwood Operating LLC	30	Nov-20
30-015-00799	FRED FEDERAL #001	Redwood Operating LLC	15	Nov-20
30-015-28301	HAWK 8 D FEDERAL #046	Redwood Operating LLC	15	Aug-20
30-015-39807	HAWK 8 L FEDERAL #015	Redwood Operating LLC	30	Jul-21
30-015-29016	HAWK 8 N FEDERAL #007	Redwood Operating LLC	30	Aug-20
30-015-29055	HAWK 8 N FEDERAL #008	Redwood Operating LLC	30	Aug-20
30-015-29069	HAWK 8 O FEDERAL #009	Redwood Operating LLC	15	Aug-20
30-015-43219	HAWK 8E FEDERAL #048	Redwood Operating LLC	30	May-21
30-015-34337	HAWK 8K FEDERAL #013	Redwood Operating LLC	15	Aug-20
30-015-43951	HAWK 8K FEDERAL #051	Redwood Operating LLC	30	Jun-21
30-015-29154	HAWK 9 B FEDERAL #003	Redwood Operating LLC	60	Aug-20
30-015-29025	HAWK 9 E FEDERAL #005	Redwood Operating LLC	30	Aug-20
30-015-29026	HAWK 9 F FEDERAL #007	Redwood Operating LLC	30	Aug-20
30-015-29482	HAWK 9 I FEDERAL #014	Redwood Operating LLC	60	Aug-20
30-015-29516	HAWK 9 J FEDERAL #015	Redwood Operating LLC	15	Aug-20
30-015-29484	HAWK 9 O FEDERAL #017	Redwood Operating LLC	0	Aug-20
30-015-40977	HIGGINS TRUST 13 A #002	Redwood Operating LLC	30	Aug-19
30-015-10438	HONDO B FEDERAL #001	Redwood Operating LLC	15	Aug-20
30-015-29052	HONDO FEDERAL #005	Redwood Operating LLC	30	Aug-20
30-015-29053	HONDO FEDERAL #006	Redwood Operating LLC	15	Aug-20
30-015-29650	JACKSON #002	Redwood Operating LLC	30	Aug-20
30-015-29411	JOHNSTON #002	Redwood Operating LLC	15	Nov-20
30-015-00782	JULIA A FEDERAL #001	Redwood Operating LLC	30	Nov-20
30-015-00791	JULIA B FEDERAL #001	Redwood Operating LLC	30	Nov-20
30-015-40796	KAISER 18 A #015	Redwood Operating LLC	65	Aug-20
30-015-34718	KAISER 18H #010	Redwood Operating LLC	0	Aug-20
30-015-39453	KAISER 7 K #003	Redwood Operating LLC	15	Aug-20
30-015-43112	KAISER 7M #014	Redwood Operating LLC	30	Aug-20
30-015-30132	KAISER B #006	Redwood Operating LLC	15	Apr-21
30-015-39541	KAISER B 18 G #012	Redwood Operating LLC	15	Aug-20
30-015-40904	KAISER B 18B #013	Redwood Operating LLC	70	Jun-20
30-015-41376	KAISER B 18B #016	Redwood Operating LLC	30	Jul-21
30-015-29087	KITE 4 E FEDERAL #001	Redwood Operating LLC	30	Aug-20
30-015-40482	LEAVITT 13 C #001	Redwood Operating LLC	30	May-21
30-015-21759	LEAVITT COM #001	Redwood Operating LLC	30	Jul-21
30-015-30406	LOGAN 2 STATE #002	Redwood Operating LLC	10	Aug-20
30-015-40783	LOGAN 2C STATE #004	Redwood Operating LLC	15	Aug-20
30-015-41119	LOGAN 2C STATE #005	Redwood Operating LLC	30	Aug-20
30-015-30440	LOGAN 35 B FEDERAL #008	Redwood Operating LLC	10	Aug-20
30-015-30409	LOGAN 35 B FEDERAL #009	Redwood Operating LLC	30	Nov-20

30-015-36081	LOGAN 35 FEDERAL #001	Redwood Operating LLC	0	Aug-20
30-015-30408	LOGAN 35 FEDERAL #003	Redwood Operating LLC	0	Aug-20
30-015-30437	LOGAN 35 FEDERAL #004	Redwood Operating LLC	0	Aug-20
30-015-30749	LOGAN 35 FEDERAL #011	Redwood Operating LLC	10	Aug-20
30-015-40806	LOGAN 35 M FEDERAL #016	Redwood Operating LLC	30	Nov-20
30-015-40807	LOGAN B 35 N FEDERAL #018	Redwood Operating LLC	30	Nov-20
30-015-42319	MALCO B 6 P FEDERAL #011	Redwood Operating LLC	10	Mar-21
30-015-30410	MANN 3 FEDERAL #001	Redwood Operating LLC	9	Aug-20
30-015-30442	MANN 3 FEDERAL #003	Redwood Operating LLC	9	Aug-20
30-015-43755	MANN 3 FEDERAL #005	Redwood Operating LLC	9	Apr-21
30-015-40804	MATTHEWS 25 FEDERAL #001	Redwood Operating LLC	75	Aug-20
30-015-35031	OXY WHIPSNAKE FEDERAL #001	Redwood Operating LLC	30	May-21
30-015-00800	PATON FEDERAL #002	Redwood Operating LLC	0	Oct-20
30-015-40945	PETERSON 7 1L FEDERAL COM #001H	Redwood Operating LLC	45	Apr-21
30-015-36260	RED RAIDERS FEDERAL #001	Redwood Operating LLC	15	Nov-20
30-015-41436	SIMON A 5 N FEDERAL #003	Redwood Operating LLC	30	Nov-20
30-015-35095	SIMPSON 15 A #001	Redwood Operating LLC	30	Nov-20
30-015-00281	SIMPSON 15 B #134	Redwood Operating LLC	30	Nov-19
30-015-21528	STIRLING #001	Redwood Operating LLC	30	Aug-20
30-015-39454	STIRLING 6 M #002	Redwood Operating LLC	15	Jul-21
30-015-40492	STIRLING 6 M #003	Redwood Operating LLC	45	Aug-20
30-015-41069	STIRLING 6 M #004	Redwood Operating LLC	30	Aug-20
30-015-34838	STIRLING 7 C #004	Redwood Operating LLC	15	Aug-20
30-015-35243	STIRLING 7 D #005	Redwood Operating LLC	15	Aug-20
30-015-40875	STIRLING 7 D #009	Redwood Operating LLC	30	Aug-20
30-015-40486	TERRY 14 C #002	Redwood Operating LLC	15	Jun-21
30-015-43297	TERRY 14E #004	Redwood Operating LLC	15	Mar-21
30-015-40493	VANDERGRIFF 13 M #001	Redwood Operating LLC	10	Nov-20
30-015-40494	WALDROP 13 O #002	Redwood Operating LLC	15	Nov-20
30-015-39429	WALDROP 13 P FEE #001	Redwood Operating LLC	9	Sep-19
30-015-30467	WINDFOHR 4 FEDERAL #001	Redwood Operating LLC	30	Aug-20
30-015-30468	WINDFOHR 4 FEDERAL #003	Redwood Operating LLC	30	Aug-20 Plugged 11/8/2021
30-015-30420	WINDFOHR 4 FEDERAL #008	Redwood Operating LLC	15	Aug-20
30-015-42052	WINDFOHR 4 FEDERAL #010	Redwood Operating LLC	15	Nov-20