

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

CASE NOS: 22855

APPLICATION OF REDWOOD OPERATING  
LLC FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
JULY 7, 2022  
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before  
the New Mexico Oil Conservation Division, HEARING OFFICER  
WILLIAM BRANCARD and TECHNICAL EXAMINER DEAN McCLURE on  
Thursday, July 7, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102  
505-843-9241

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A P P E A R A N C E S

MICHAEL FELDEWERT  
PAULA VANCE  
HOLLAND & HART  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87501  
505-954-7286

I N D E X

CASE CALLED  
TAKEN UNDER ADVISEMENT 07  
REPORTER CERTIFICATE 08

1 HEARING EXAMINER BRANCARD: With that, go to Item  
2 60, Case 22855 Redwood Operating.

3 MS. VANCE: Good morning, Paula Vance with the  
4 Santa Fe office of Holland & Hart on behalf of the applicant  
5 Redwood Operating LLC. Can you hear me okay?

6 HEARING EXAMINER BRANCARD: We can. We are just  
7 admiring the artwork behind you.

8 MS. VANCE: I am working from home today.  
9 Unfortunately I am quarantined, so yes, you get to see my  
10 at-home office today.

11 HEARING EXAMINER BRANCARD: Thank you. Sabinal  
12 Energy Operating.

13 MR. JONES: Blake Jones with Steptoe & Johnson on  
14 behalf of Sabinal Energy Operating.

15 HEARING EXAMINER BRANCARD: Does Sabinal have any  
16 objection to this case going forward by affidavit?

17 MR. JONES: We do not. (Audio dropped) Sabinal  
18 withdraws its appearance.

19 HEARING EXAMINER BRANCARD: Thank you. Any other  
20 interested persons for Case 22855?

21 (No audible response.)

22 HEARING EXAMINER BRANCARD: Hearing none, Ms.  
23 Vance, you may proceed.

24 MS. VANCE: Thank you, Mr. Examiner. In Case  
25 22855 Redwood seeks to pool uncommitted mineral interest

1 within the Yeso formation, Pool Code 51120, underlying a  
2 standard 10060 acre horizontal spacing unit comprised of the  
3 N/2 N/2 of Section 11, Township 18 South, Range 26 East,  
4 Eddy County, New Mexico.

5 Redwood seeks to dedicate the spacing unit to the  
6 proposed Brainard 11 Number 2H well and Brainard 11 Number  
7 3H well. In this case we have provided the compulsory  
8 pooling checklist, as well as the affidavit and testimony of  
9 landman Derik Smith and geologist Charles Sadler, both of  
10 whom have previously testified before the Division, and  
11 their credentials have been accepted as a matter of record.

12 Mr. Smith's affidavit is Exhibit C, which  
13 includes sub Exhibits C-1, C-102s; C-2 tract map and  
14 ownership schedule; and C-3, a chronology of contacts. And  
15 I did want to note that this, the exhibits, the land  
16 exhibits do not include the sample well proposal letter or  
17 AFE because Redwood is only seeking to pool lessors whose  
18 lease instrument have an insufficient pooling authority, and  
19 since their royalty interests are not cost bearing, Redwood  
20 is not seeking to apply a 200 percent risk charge against  
21 their interest.

22 This is followed by Mr. Sadler's affidavit which  
23 is Exhibit D and includes sub Exhibits D-1, locater map;  
24 D-2, acreage position map; D-3 a project area and type log  
25 subsea structure map; and, D-4 a cross section map and

1 stratigraphic cross section.

2 In this case Mr. Sadler did not observe any  
3 faulting, pinchouts or other geologic impediments to the  
4 horizontal drilling of these wells.

5 Lastly are Exhibits E, the affidavit of notice  
6 and sample letters that were timely mailed on May 13, 2022,  
7 and additional notice was also sent out on June 17, 2022.

8 And Exhibit F, the affidavit of notice of  
9 publication which was timely published on May 17, 2022 and  
10 June 19, 2022.

11 And unless there are any questions, I would ask  
12 that all the exhibits and sub exhibits be admitted into the  
13 record and that Case 22855 be taken under advisement by the  
14 Division at this time.

15 HEARING EXAMINER BRANCARD: Thank you. Mr.  
16 McClure, questions?

17 TECHNICAL EXAMINER McCLURE: Yes, Mr. Brancard, I  
18 do. Ms. Vance, it looks like there is two copies of the  
19 exhibits submitted. They are slightly different file sizes.  
20 Is it the later one, is that the correct one, or not?

21 MS. VANCE: Yes. It's the later one and that was  
22 just a mistake on my end in the table of contents. The only  
23 difference is I updated a table of content, and that's it,  
24 but it would be the later one that's filed, yes.

25 TECHNICAL EXAMINER McCLURE: Thank you. No more

1 questions.

2 HEARING EXAMINER BRANCARD: We have been through  
3 this before. Is Redwood is a contract operator.

4 MS. VANCE: That's correct, and the relationship  
5 between Redwood and Pecos Oil & Gas LLC, that is described  
6 in the landman affidavit.

7 HEARING EXAMINER BRANCARD: Right, but as -- as  
8 we mentioned before, we have nothing here from Pecos,  
9 so what we need is -- what I believe we need, I think, is  
10 some sort of documentation from Pecos simply saying that  
11 Redwood is authorized to submit this application on their  
12 behalf.

13 MS. VANCE: I apologize. I was under the  
14 impression that we just covered that in the landman  
15 affidavit and not provide an additional affidavit. But if  
16 the Division would like that, we can take care of that.

17 HEARING EXAMINER BRANCARD: Okay. It's kind of  
18 hearsay on behalf of the landman. So anyway, that's the  
19 only questions I have. Are there any other questions or  
20 comments on Case 22855?

21 (No audible response.)

22 HEARING EXAMINER BRANCARD: Hearing none, Case  
23 22855 will be taken under advisement with the submittal of a  
24 letter or other documentation from Pecos.

25 MS. VANCE: Thank you, Mr. Hearing Examiner.

1 Thank you, Mr. McClure.

2 (Taken under advisement.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I do hereby certify that I reported the  
7 foregoing virtual proceedings in stenographic shorthand and  
8 that the foregoing pages are a true and correct transcript  
9 of those proceedings to the best of my ability.

10 I FURTHER CERTIFY that I am neither employed by  
11 nor related to any of the parties or attorneys in this case  
12 and that I have no interest in the final disposition of this  
13 case.

14 I FURTHER CERTIFY that the Virtual Proceeding was  
15 of poor to good quality.

16 Dated this 7th day of July 2022.

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/s/ Irene Delgado

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\_\_\_\_\_  
Court Reporter  
License Expires: 12-31-22

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