

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

**APPLICATION OF RILEY PERMIAN
OPERATING CO., LLC FOR COMPULSORY POOLING,
LEA AND ROOSEVELT COUNTIES, NEW MEXICO**

Case No. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Riley Permian Operating Co., LLC ("Riley") applies for an order pooling all uncommitted mineral interests in the San Andres formation in a 240-acre, more or less, standard horizontal spacing unit comprised of the W/2 W/2 of Section 4, Township 9 South, Range 34 East in Lea County and the W/2 SW/4 of Section 33, Township 8 South, Range 34 East in Roosevelt County, New Mexico. In support of its application, Riley states the following.

1. Riley (OGRID No. 372290) is a working interest owner in the proposed horizontal spacing unit and has the right to drill a well thereon.
2. The horizontal spacing unit will be dedicated to the Torino 4-33 #3H well, which will be horizontally drilled from a surface location in Unit D in Section 9, Township 9 South, Range 34 East in Lea County to a bottom hole location in Unit L in Section 33, Township 8 South, Range 34 East in Roosevelt County.
3. The completed interval for the well will be orthodox.
4. Riley has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well but has been unable to obtain voluntary agreements from all of the mineral interest owners.
5. The pooling of all uncommitted mineral interests in the San Andres formation underlying the W/2 W/2 of Section 4, Township 9 South, Range 34 East in Lea County and the

W/2 SW/4 of Section 33, Township 8 South, Range 34 East in Roosevelt County will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Riley to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the horizontal spacing unit should be pooled.

WHEREFORE, Riley requests that this application be set for hearing on July 9, 2020 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the San Andres formation underlying the W/2 W/2 of Section 4, Township 9 South, Range 34 East in Lea County and the W/2 SW/4 of Section 33, Township 8 South, Range 34 East in Roosevelt County;

B. Designating Riley as the operator of the Torino 4-33 #3H well;

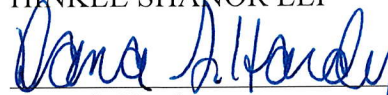
C. Authorizing Riley to recover its costs of drilling, equipping, and completing the Torino 4-33 #3H well and allocating the costs among the well's working interest owners;

D. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

E. Imposing a 200% penalty for the risk assumed by Riley in drilling and completing the Torino 4-33 #3H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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