

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

**APPLICATION OF RIDGE RUNNER RESOURCES
OPERATING, LLC FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Ridge Runner Resources Operating, LLC ("Ridge Runner") applies for an order pooling all uncommitted mineral interests in the Bone Spring formation in a 1,280-acre standard horizontal spacing unit comprised of Sections 27 and 34, Township 22 South, Range 28 East in Eddy County, New Mexico. In support of its application, Ridge Runner states:

1. Ridge Runner (OGRID No. 373013) is a working interest owner in Sections 27 and 34 and has the right to drill wells thereon.
2. The proposed horizontal spacing unit will be dedicated to the following wells:
 - the Warrior Fed Com 2734 B #1H well, which has a surface location in Unit M in Section 22 and a bottom hole location in Unit M in Section 34;
 - the Warrior Fed Com 2734 B #2H well, which has a surface location in Unit P in Section 22 and a bottom hole location in Unit P in Section 34;
 - the Warrior Fed Com 2734 B #3H well, which has a surface location in Unit M in Section 22 and a bottom hole location in Unit N in Section 34; and
 - the Warrior Fed Com 2734 B #4H well, which has a surface location in Unit P in Section 22 and a bottom hole location in Unit O in Section 34.
3. The completed intervals for the wells will be orthodox.

4. Ridge Runner has undertaken diligent, good-faith efforts to obtain voluntary agreements from the mineral interest owners in the proposed horizontal spacing unit to participate in the wells, 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 Bone Spring formation underlying Sections 27 and 34 will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Ridge Runner 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, Ridge Runner requests that this application be set for hearing on August 27-28, 2019 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying Sections 27 and 34, Township 22 South, Range 28 East;

B. Designating Ridge Runner as the operator of the Warrior Fed Com 2734 B #1H, #2H, #3H, and #4H wells;

C. Authorizing Ridge Runner to recover its costs of drilling, equipping, and completing the wells and allocating the costs among the 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 Ridge Runner in drilling and completing the Warrior Fed Com 2734 B #1H, #2H, #3H, and #4H wells against any mineral interest owner who does not voluntarily participate in the drilling of the wells.

HINKLE SHANOR LLP



Gary W. Larson

Dana S. Hardy

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

glarson@hinklelawfirm.com

dhardy@hinklelawfirm.com

*Counsel for Ridge Runner Resources Operating,
LLC*