

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

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

Case No. 21767

**RIDGE RUNNER RESOURCES OPERATING, LLC'S
HEARING EXHIBITS**

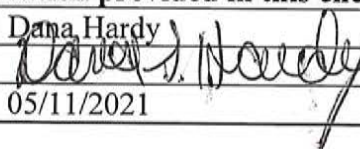
Compulsory Pooling Checklist

- | | |
|-----------|----------------------------------------------------------|
| Exhibit A | Self-Affirmed Statement of Bob Shelton |
| A-1 | Application & Proposed Notice |
| A-2 | C-102 |
| A-3 | Plat of Tracts, Tract Ownership, and Unit Recapitulation |
| A-4 | Well Proposal Letter & AFE(s) |
| A-5 | Summary of Communications |
| A-6 | Hearing Notice Letter and Return Receipts |
| A-7 | Affidavit of Publication |
| Exhibit B | Self-Affirmed Statement of Michael Burke |
| B-1 | General Location and Cross Section Map |
| B-2 | Type Log |
| B-3 | Gun Barrel Schematic |
| B-4 | Structure Map |
| B-5 | Gross Interval Isopach Map |
| B-6 | Cross Section |

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21767	APPLICANT'S RESPONSE
Date:	05/20/2021
Applicant	Ridge Runner Resources Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID # 373013
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Ridge Runner Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	Centennial Resource Production, LLC; ConocoPhillips
Well Family	Morpheus 25/36
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	1 st Bone Spring
Pool Name and Pool Code:	Wilson; Bone Spring, North Pool (Pool code 97704)
Well Location Setback Rules:	Statewide
Spacing Unit Size:	~240 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	~240 acres
Building Blocks:	Quarter-quarter
Orientation:	Standup
Description: TRS/County	E/2W/2 of Section 36 and E/2SW/4 of Section 25, Township 20 South, Range 35 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name (API [if assigned]); Surface hole location; Bottom hole location; Completion target (TVD); Orientation, Completion status (standard or non-standard).	
Well #1	Morpheus 25/36 State Com B #2H (API # Pending) SHL: ~ 2540 FSL, 1350 FWL, OR UNIT L, 25-T20S-R35E BHL: ~ 100 FSL, 1980 FWL, OR UNIT N, 36-T20S-R35E Completion Target: 1 st Bone Spring (~9490' TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-10

AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-7
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-8
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-9
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-6
Overhead Rates in Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit A-10
Cost Estimate to Equip Well	Exhibit A-10
Cost Estimate for Production Facilities	Exhibit A-10
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-3
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-6
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3, Exhibit A-4
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1, Exhibit B-3
Structure Contour Map - Subsea Depth	Exhibit B-4
Cross Section Location Map (including wells)	Exhibit B-1
Cross Section (including Landing Zone)	Exhibit B-6
Additional Information	Exhibit B-2 (type log)
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana Hardy
Signed Name (Attorney or Party Representative):	
Date:	05/11/2021

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

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

CASE NO. 21767

SELF-AFFIRMED STATEMENT
OF BOB SHELTON

1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.
2. I am the Vice President of Land at Ridge Runner Resources Operating, LLC ("Ridge Runner"). I have had direct involvement with Ridge Runner's development of the acreage that is the subject of Ridge Runner's application in this case. Copies of the application and proposed notice are attached as **Exhibit A-1**.
3. I have previously testified before the Division, and my qualifications as an expert in petroleum land matters were accepted.
4. None of the parties proposed to be pooled in this case indicated opposition to this proceeding, therefore I do not expect any opposition at hearing.
5. Ridge Runner seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the E/2W/2 of Section 36 and the E/2SW/4 of Section 25, Township 20 South, Range 35 East in Lea County, New Mexico ("HSU").
6. The HSU will be dedicated to Ridge Runner's proposed Morpheus 25/36 State Com B #2H well, which will be horizontally drilled from a surface location in Unit L of Section 25 to a bottom hole location in Unit N of Section 36.

RIDGE RUNNER
RESOURCES OPERATING,
LLC
Case No. 21767

Exhibit A

7. The proposed well is located in the Wilson;Bone Spring, North Pool (Pool code 97704).
8. With respect to well setback requirements, this pool is subject to the statewide horizontal well rules set out in NMAC 19.15.16.15.
9. The C-102 for the proposed well is attached as **Exhibit A-2**.
10. **Exhibit A-3** is a plat of the tracts included in the HSU and identifies the ownership interest and type in each tract, the parties Ridge Runner seeks to pool, any applicable lease numbers, and contains a unit recapitulation.
11. There are no depth severances in the Bone Spring formation within the HSU.
12. Ridge Runner has the right to pool any overriding royalty owners in the HSU.
13. **Exhibit A-4** contains a sample well proposal letter and AFE sent to working interest owners for the proposed well. The estimated costs reflected on the AFEs are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the area.
14. Ridge Runner has conducted a diligent search of all public records in Lea County, including phone directories and computer databases.
15. All interest owners Ridge Runner seeks to pool are locatable.
16. In my opinion, Ridge Runner made a good-faith effort to reach voluntary joinder of uncommitted interests in the proposed well as indicated by the chronology of contact described in **Exhibit A-5**.
17. Ridge Runner requests overhead and administrative rates of \$8,000 per month while the well is being drilled and \$800 per month while the well is producing. These rates are fair and are comparable to the rates charged by Ridge Runner and by other operators in the vicinity.

18. Notice of Ridge Runner's application and the Division hearing was provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. A sample of the notice letter and associated green cards are attached as **Exhibit A-6**.

19. Notice of Ridge Runner's application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-7**.

20. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

21. In my opinion, the granting of Ridge Runner's application would prevent the drilling of unnecessary wells, protect correlative rights, and prevent waste.

22. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 21 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Bob Shelton
Bob Shelton

4/19/21
Date

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

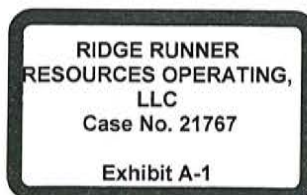
**APPLICATION OF RIDGE RUNNER
RESOURCES OPERATING, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 21767

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 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Section 36 and the E/2 SW/4 of Section 25, Township 20 South, Range 35 East in Lea County, New Mexico. In support of its application, Ridge Runner states the following.

1. Ridge Runner (OGRID No. 373013) is a working interest owner in the horizontal spacing unit and has the right to drill thereon.
2. The horizontal spacing unit will be dedicated to Ridge Runner’s proposed Morpheus 25/36 State Com B #2H well, which will be horizontally drilled from a surface location in Unit L of Section 25 to a bottom hole location in Unit N of Section 36.
3. The completed interval of the well will be orthodox.
4. Ridge Runner 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 Bone Spring formation underlying the proposed horizontal spacing unit will prevent 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 April 8, 2021 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed horizontal spacing unit;
- B. Designating Ridge Runner as operator of the well;
- C. Authorizing Ridge Runner to recover its costs of drilling, equipping, and completing the 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 Ridge Runner in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
dhardy@hinklelawfirm.com

Counsel for Ridge Runner Resources Operating, LLC

Application of Ridge Runner Resources Operating, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant applies for an order pooling all uncommitted mineral interests in the Bone Spring formation in a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Section 36 and the E/2 SW/4 of Section 25, Township 20 South, Range 35 East in Lea County, New Mexico. The horizontal spacing unit will be dedicated to Ridge Runner's proposed Morpheus 25/36 State Com B #2H well, which will be horizontally drilled from a surface location in Unit L of Section 25 to a bottom hole location in Unit N of Section 36. The completed interval of the well will be orthodox. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs, the designation of Ridge Runner Resources Operating, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed well is located approximately 16 miles Southwest of Hobbs, New Mexico.

District I
1625 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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

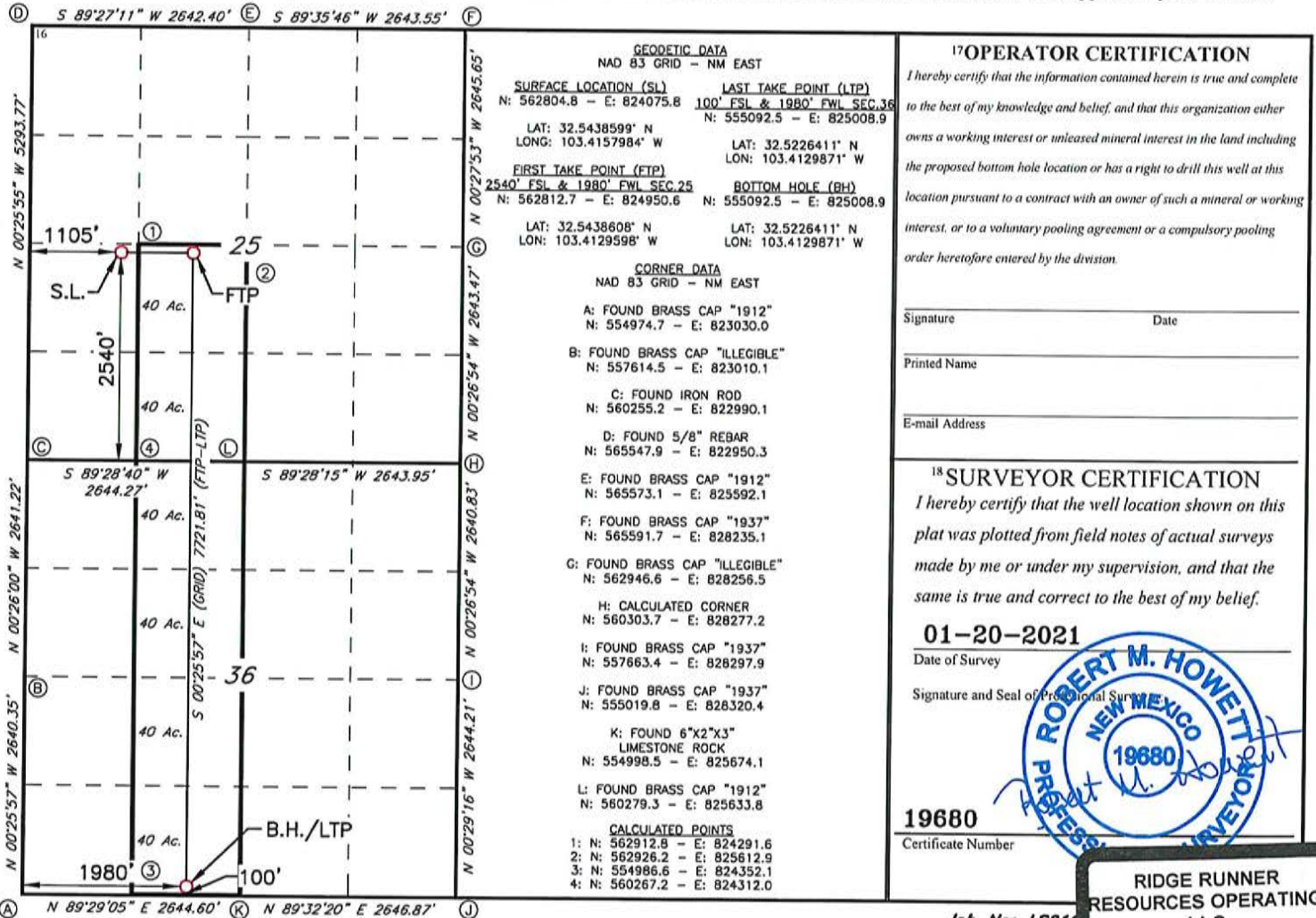
Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name MORPHEUS 25/36 STATE COM B						6 Well Number 2H	
7 GRID NO.		8 Operator Name RIDGE RUNNER RESOURCES OPERATING, LLC						9 Elevation 3675'	
10 Surface Location									
UL or lot no. L	Section 25	Township 20S	Range 35E	Lot Idn	Feet from the 2540	North/South line SOUTH	Feet From the 1105	East/West line WEST	County LEA
11 Bottom Hole Location If Different From Surface									
UL or lot no. N	Section 36	Township 20S	Range 35E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the 1980	East/West line WEST	County LEA
12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.						

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



Job No: LS210

RIDGE RUNNER RESOURCES OPERATING, LLC
Case No. 21767
Exhibit A-2

Exhibit A-3

Attached to and made a part of those certain Oil Conservation Division Compulsory Pooling Cases 21766 - 21768.

Case No. 21766 – Morpheus 25/36 #1H Well

W/2SW/4 of Section 25 and the W/2W/2 of Section 36

Ownership	
Ridge Runner Resources	66.67%
Centennial Development Exploration Co.	21.79%
Marathon Oil Permian, LLC	10.25%
ConocoPhillips	1.29%
<i>Unit Total</i>	<i>100.00%</i>

Case No. 21767 – Morpheus 25/36 #2H Well

E/2SW/4 of Section 25 and the E/2W/2 of Section 36

Ownership	
Ridge Runner Resources	66.67%
Centennial Development Exploration Co.	20.51%
Marathon	10.26%
Conoco Phillips	2.56%
<i>Unit Total</i>	<i>100.00%</i>

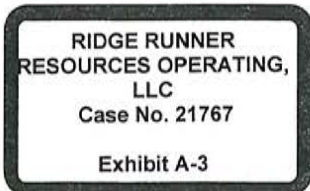
Case No. 21768 – Morpheus 25/36 #3H and #4H Wells

SE/4 Section 25 and the E/2 of Section 36

Ownership	
Ridge Runner Resources	66.67%
XTO Holdings, LLC	33.33%
<i>Unit Total</i>	<i>100.00%</i>

Parties to be pooled

Section 25			
Morpheus #1	Morpheus #2	Morpheus #3, #4	
Section 36			



Robert (Bob) Shelton
Vice President Land
BShelton@3roperating.com
Cell 432.528.6134



1004 N. Big Spring Street
Suite 325
Midland, TX 79701
(432) 684-7877

December 28, 2020

Conoco Phillips Company
PO Box 2197
Houston, Texas 77252

Re: Morpheus 25-36 #1, #2, #3, #4, H Wells,
S/2 of Section 25 and all of Section 36,
T-20-S, R-35-E, Lea, County, New Mexico
Rawlins Prospect

Via: Certified Mail Return Receipt Requested

Ladies and Gentlemen,

Ridge Runner Resources Operating, LLC, "RRR" hereby proposes the Morpheus 25-36 State Com B Wells, #1H, #2H, #3H and #4H, each a 1.5-mile 1st Bone Spring well at surface and bottom hole locations as follows:

Morpheus 25-36 State Com B #1H – SHL – 2,540' FSL and 1,320' FWL of Section 25; BHL – 100' FSL and 660' FWL of Section 36 – TVD 9,490'

Morpheus 25-36 State Com B #2H – SHL - 2,540' FSL and 1,350' FWL of Section 25; BHL – 100' FSL and 1,980' FWL of Section 36 – TVD 9,490'

Morpheus 25-36 State Com B #3H – SHL – 2,540' FSL and 1,320' FEL of Section 25; BHL – 100' FSL and 1,980' FEL of Section 36 – TVD 9,000'

Morpheus 25-36 State Com B #4H – SHL – 2,540' FSL and 1,290' FEL of Section 25; BHL – 100' FSL and 660' FEL of Section 36 – TVD 9,000'

All in Township 20 South, Range 35 East, Lea County New Mexico.

Estimated total well cost for the #1 and #2 wells is \$7,420,822 and for the #3 and #4 wells is \$7,409,627. Please see the attached AFE's.



Conoco Phillips Company

December 28, 2020

Page 2

As a leasehold owner, each company has the right to participate for its share of working interest in the 4 wells. In the event your company elects not to participate for its WI share, RRR is agreeable to making a mutually agreeable acreage trade or for RRR's acquisition of the company's interest under other mutually agreeable terms. In the event a trade cannot be reached within the next thirty (30) days, RRR will file for a compulsory pooling, with the New Mexico Oil Conservation Division.

Thank you for considering RRR's proposal. We look forward to your response.

Yours truly,

Bob Shelton
Vice President Land

Project: Laguna Valley - Rawlins prospect
 Field: Featherstone; Bone Spring
 Well: Morpheus 2536 State Com B #2H
 Location: 5HL ±2540' FSL (100' from lease) & 1350' FWL of Section 25-T205-R35E
 6HL 100' FSL & 1980' FWL of Section 36-T205-R35E
 Lea Co., NM

Authority For Expenditure (AFE)
 TD (MD): 17,453 ft MD
 TVD: 9,490 ft
 Drilled Lateral Length: 7,722 ft VS
 Completed Lateral: 7,563 ft VS
 Target: 1st Bone Spring

AFE #

Surface location is approximate and may be moved to find a suitable legal location free of terrain/obstacles/habitat/cultural or any other surface use constraint.

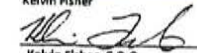
Prognosis: New drill horizontal 1st Bone Spring well. Closed loop. Completion: 7563 perf interval x 2500 lb/ft (18 9 MM lb), 2500 gal/ft (450k bbl), 60 bpm. 151' stages = 50 stages, plug & perf frac. Rigless prep w/ acid crew. CT drill-out. Flow up tubing and packer, then gas lift.

	Code	Drilling Intangibles	Code	Completion Intangibles	Code	Production Intangibles	Total Cost
Permits/ Well Signs	149	15,000					15,000
Damages/ Right of Way	179	30,000	379				30,000
Title & Abstracts, Drilling Title Opinion	142	10,000					10,000
Survey and Stake Location	191	5,000	381				5,000
Locations and Roads, Frac Pit	143	100,000	343	100,000			200,000
Pit Lining	143		335	10,000			10,000
Conductor (drilled & set)	121	20,000					20,000
Mobilization / Demobilization	107	80,000	367				80,000
Drilling (Day Work)	22	days spud - RR \$18,000 per day	104	352,000	304		352,000
Bits	118		315	75,000		3,000	78,000
Downhole drilling tools & stabilization, survey tool	123			50,000			50,000
Mud Logging	147	12 days \$2,000 per day		24,000			24,000
Open Hole Surveys/ Gyro	148						0
Water well, pump & line	190			5,000	10,000		15,000
Water/Brine/Mud Hauling	159			10,000	20,000		30,000
Fresh Water \$ 2.00 10,000 bbl drilling	190			20,000	1,060,430		1,100,430
Brine Water	115			10,000			10,000
Fuel \$ 2.00 1,400 gal/day	108			81,600	309	250,000	311,600
Mud & Chemicals Oil based mud in lateral, 9.0 ppg.	146			200,000	348	25,000	225,000
Tubular Inspection Casing: clean, drift, visual 3 strings.	139			30,000	330		30,000
Drill string rental	128						0
Casing Crew & LO Machine, CRT	117			30,000	317		30,000
Welding	191			1,500	391		1,500
Cementing	118			200,000	318		200,000
Directional Drilling 18 days \$13,000 per day	127			208,000			208,000
Wellsite Supervisor	108			55,000	308	40,000	95,000
Open Hole Logs	144						0
Solids Control Equipment \$3,000 per day	172			66,000			66,000
Cuttings Haul-off & Disposal	141			150,000			150,000
Surface Rental Equipment \$4,000 /# Drilling Frac stack, light tower, generator, housing	132			88,000	532	280,000	368,000
BOP Rental, stripper head	190				360		0
Pulling Unit 5 days, 4000/d					354	20,000	20,000
Acidizing Add crew to prep loc.					310	20,000	20,000
Frac Frac: see Prognosis above.					334	1,500,000	1,500,000
Water Transfer					306	30,000	30,000
Completion Tools 50 frac plugs					321	75,000	75,000
Cased Hole Wireline & Perforating 50 stages (0 guns per stage), 10k tube.					344	370,000	370,000
Cold Tubing + Tools, Nitrogen					319	175,000	175,000
Flowback & Well Testing					333	120,000	120,000
Trucking	187			30,000	307	30,000	60,000
Environmental, Pit Closure					348	25,000	25,000
Materials & Supplies	178			5,000	378		5,000
Contract Labor, Roustabouts Wellhead field service, NU crews, oil cleaning, battery construction	189			10,000	369	10,000	20,000
Contingencies						40,000	40,000
TOTAL INTANGIBLES				1,921,100		4,193,430	6,114,530

Prognosis: 3 string casing program: deep 13-3/8" surface, shallow 9-5/8" intermediate in Lamar Lm, KOP 8977 then build & turn to 9490' TVD curve, 5-1/2" longstring. \$400k single well allocation for single well tank battery (scalable for additional wells).

	Code	Drilling Intangibles	Code	Completion Intangibles	Code	Production Intangibles	Total Cost
Tubulars							
Surface	204	108,000					108,000
1st Intermediate	206	221,270					221,270
2nd Intermediate	206						0
Production	408		408				0
Production	408	288,847	408				288,847
Tubing	412			58,173			58,173
Wellhead Equipment	293			20,000	493	10,000	30,000
Float Equipment & Centralizers, Wet Shoe.	233,210			35,000	410		35,000
Liner hanger, Packer, TAC, other Tools	254				454	20,000	20,000
Flowlines, Valves, Fittings					434,432	45,000	45,000
Tanks					460	65,000	65,000
Battery: Pumps 458/Meters 450/Controls/Valves/Connections 432/Vapor Rec 484					478	75,000	75,000
Separation Equipment					439	40,000	40,000
Gas Lift Valves and surface equipment					438		0
Compressors/Dehydrators High pressure gas available.					450	15,000	15,000
Gas Meter Run					482,470		0
Downhole Pumping Equipment & Rods					485		0
Pumping Unit, base and prime mover						428	40,000
Electrical Installation							0
Contingencies							0
TOTAL TANGIBLES		671,117		198,173		395,000	1,264,290
TOTAL WELL COST		2,692,217		4,381,603		447,000	7,420,822

Prepared By: Kelvin Fisher Date: 12/18/2020 Drill & Complete 6,973,822

Approval:  Date: 12/18/2020

Partner Approval
 Joint Owner: Amount:
 Working Interest: Joint Owner Approval: _____

By execution of this AFE, the above signer is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: _____ Date: _____

Case Nos. 21766-21767 (Morpheus 25-36 State Com B #1H, #2H)

Communication Timeline

Date of Contact	From	To	Regarding
3/16/2021	Gavin Smith (Centennial)	Brian Cassens	Did not receive the well proposal on these wells
3/16/2021	Bob Shelton	Gavin Smith (Centennial)	Sent copies of the forced pooling application, proposal letter and green card spreadsheet
3/16/2021	Dana Hardy	Gavin Smith (Centennial)	Sent copies of the hearing notice letters
3/16/2021	Bob Shelton	Chase Rice (Marathon)	Sent a copy of the proposal letter and trying to determine who we need to talk to about this proposal
3/16/2021	Gavin Smith (Centennial)	Bob Shelton	Requesting to see copies of green cards and also requesting a continuance so that Centennial can have time to work something out with RRR
3/16/2021	Ashley Rouch (Concho)	Bob Shelton	Sent Mark Carter's contact information
3/16/2021	Bob Shelton	Ashley Rouch (Concho)	Following up with Ashley about who we need to talk to about this proposal
3/16/2021	Bob Shelton	Mark Carter (Conoco)	Sent copies of the pooling applications and green card spreadsheet - asking who would be handling this proposal
3/18/2021	Sarah Byrne (Conoco)	Bob Shelton	Received well proposals and requesting ballots for each proposal so they can evaluate
3/22/2021	Sarah Byrne (Conoco)	Bob Shelton	Following up on request and asking for a copy of the AFE's
3/22/2021	Bob Shelton	Sarah Byrne (Conoco)	Letting Sarah know that AFE's were sent with JOA and proposal/wells have been staked, but one will be moved/title was run, but we don't have a title opinion/wells require APD/all other info will be available following the election process
3/19/2021	Bob Shelton	Gavin Smith (Centennial)	Send a copy of the green card
3/22/2021	Jeff Broussard (Marathon)	Bob Shelton	Marathon does not own interest in the proposed wells/spacing units so were not inclined to respond
3/22/2021	Bob Shelton	Jeff Broussard (Marathon)	RRR brokerage ownership report reflects Marathon to own a leasehold interest in the SW/4 of Section 25
3/22/2021	Jeff Broussard (Marathon)	Bob Shelton	Asking RRR to provide what we show Marathon's interest is and where it is coming from
3/22/2021	Bob Shelton	Jeff Broussard (Marathon)	Redacting ownership
3/22/2021	Bob Shelton	Jeff Broussard (Marathon)	Sent over part of the ownership report
3/23/2021	Sarah Byrne (Conoco)	Bob Shelton	Going to make sure that there isn't something he missed and will update if needed.
3/23/2021	Cydnee Phipps	Bob Shelton	Requesting copies of the JOA and AFE's
3/23/2021	Sarah Byrne (Conoco)	Sarah Byrne (Conoco)	Sent copies of requested documents
3/24/2021	Andrew Kendall (Conoco)	Cydnee Phipps	Confirmed receipt of documents
3/24/2021	Bob Shelton	Bob Shelton	Verifying title in the proposed area and requested something from the broker regarding title information
3/24/2021	Bob Shelton	Andrew Kendall (Conoco)	Sent a redacted copy of the broker's ownership
4/6/2021	Andrew Kendall (Conoco)	Bob Shelton	Havent been able to verify COPC's leasehold in the lease. Is there a plan to get an opinion showing interest?
4/6/2021	Bob Shelton	Andrew Kendall (Conoco)	Verifying that there will be an opinion prior to drilling
4/7/2021	Bob Shelton	Jeff Broussard (Marathon)	Confirming that RRR sent an ownership report to Marathon. Offering to send the runsheet
4/7/2021	Jeff Broussard (Marathon)	Bob Shelton	Confirmed receipt of the ownership report. Marathon isn't sure where their interest came from.
4/13/2021	Bob Shelton	Edward Gorde (Total E&P)	Confirming receipt of Total's letter. The assign from Fina to Manix does not include the lands reflected as pooled lands.
3/16/2021	Blair Brummell (XTO)	Bob Shelton	Asking if RRR has permits and about forced pooling



HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

March 9, 2021

VIA CERTIFIED MAIL

Centennial Development Exploration Company
1001 17th Street, #1800
Denver, CO 80202

Re: Ridge Runner Resources Operating, LLC/New Mexico Oil Conservation Division
Application, NMOCD Case No. 21767

Sir/Madam:

Enclosed is an application that Ridge Runner Resources Operating, LLC ("Ridge Runner") has filed with the New Mexico Oil Conservation Division (the "Division").

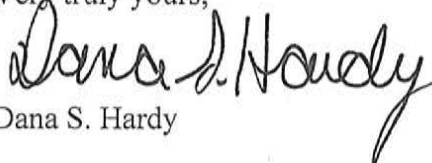
Ridge Runner applies for an order pooling all uncommitted mineral interests in the Bone Spring formation in a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Section 36 and the E/2 SW/4 of Section 25, Township 20 South, Range 35 East in Lea County, New Mexico.

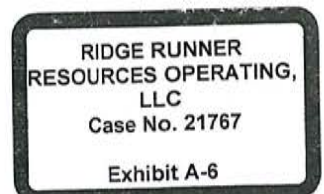
During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. You are not required to attend the hearing, but as an owner of an interest that may be affected by the application, you may appear at the hearing and present testimony. If you do not appear at that time and become a party of record, you will be precluded from contesting the matter at a later date.

A party appearing in a Division case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Thursday, April 1, 2021. The Pre-Hearing Statement must be filed with the Division and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly yours,


Dana S. Hardy



Enclosure

PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332

PO BOX 1720
ARTESIA, NEW MEXICO 88211
575-622-6510
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7601 JEFFERSON ST NE · SUITE 180
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505-858-8320
(FAX) 505-858-8321



HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

March 9, 2021

VIA CERTIFIED MAIL

Conoco Phillips Company
P.O. Box 2197
Houston, TX 77252

Re: Ridge Runner Resources Operating, LLC/New Mexico Oil Conservation Division
Application, NMOCD Case No. 21767

Sir/Madam:

Enclosed is an application that Ridge Runner Resources Operating, LLC ("Ridge Runner") has filed with the New Mexico Oil Conservation Division (the "Division").

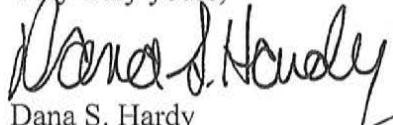
Ridge Runner applies for an order pooling all uncommitted mineral interests in the Bone Spring formation in a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Section 36 and the E/2 SW/4 of Section 25, Township 20 South, Range 35 East in Lea County, New Mexico.

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505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

March 9, 2021

VIA CERTIFIED MAIL

Marathon Oil Permian, LLC
5555 San Felipe Street
Houston, TX 77056

Re: Ridge Runner Resources Operating, LLC/New Mexico Oil Conservation Division
Application, NMOCD Case No. 21767

Sir/Madam:

Enclosed is an application that Ridge Runner Resources Operating, LLC ("Ridge Runner") has filed with the New Mexico Oil Conservation Division (the "Division").

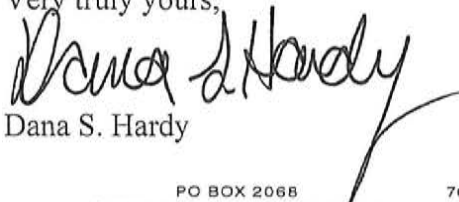
Ridge Runner applies for an order pooling all uncommitted mineral interests in the Bone Spring formation in a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Section 36 and the E/2 SW/4 of Section 25, Township 20 South, Range 35 East in Lea County, New Mexico.

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Dana S. Hardy

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1001 17th Street, #1800
Denver, CO 80202

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions



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<p>1. Article Addressed to:</p> <p>Centennial Development Exploration Company 1001 17th Street, #1800 Denver, CO 80202</p> <p> 9590 9402 5751 0003 4201 95</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
<p>2. Article Number (Transfer from service label)</p> <p>7019 2970 0000 7641 4245</p>	

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PS Form 3800, April 2015 PSN 7530-02-000-9047		See Reverse for Instructions	

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Conoco Phillips Company
P.O. Box 2197
Houston, TX 77252



9590 9402 5751 0003 4202 25

2. Article Number (Transfer from carrier label)

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A. Signature

ConocoPhillips

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery
3/11/24

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3. Service Type

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- Certified Mail Restricted Delivery \$
- Adult Signature Required \$
- Adult Signature Restricted Delivery \$

Postage

\$

Total Postage and Fees

\$

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Sent To

Marathon Oil Permian, LLC
 Street: 5555 San Felipe Street
 City, St: Houston, TX 77056



PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Marathon Oil Permian, LLC
 5555 San Felipe Street
 Houston, TX 77056



9590 9402 5751 0003 4202 18

2. Article Number (Transfer from service label)

7019 2970 0000 7641 4269

PS Form 3811, July 2015 PSN 7530-02-000-9053

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A. Signature
 X CA Agent Addressee

B. Received by (Printed Name) CA C. Date of Delivery 3-13-21

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Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA


I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
March 11, 2021
and ending with the issue dated
March 11, 2021.

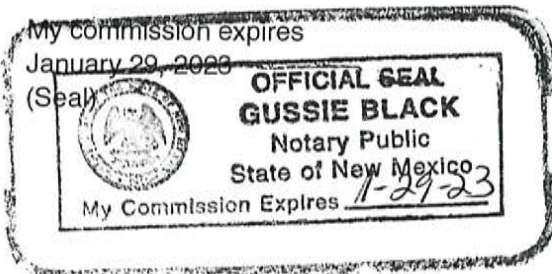


Publisher

Sworn and subscribed to before me this
11th day of March 2021.



Business Manager



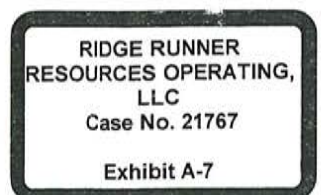
This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL	LEGAL
LEGAL NOTICE March 11, 2021	
This is to notify all interested parties, including Centennial Development Exploration Company, Conoco Phillips Company, Marathon Oil Permian, LLC, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Ridge Runner Resources Operating, LLC (Case No. 21767). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for that <u>http://www.emnrd.state.nm.us/OCD/hearings.html</u> . Applicant applies for an order pooling all uncommitted mineral interests in the Bone Spring formation in a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Section 36 and the E/2 SW/4 of Section 25, Township 20 South, Range 35 East in Lea County, New Mexico. The horizontal spacing unit will be dedicated to Ridge Runner's proposed Morpheus 25/36 State Com B #2H well, which will be horizontally drilled from a surface location in Unit L of Section 25 to a bottom hole location in Unit N of Section 36. The completed interval of the well will be orthodox. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs, the designation of Ridge Runner Resources Operating, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed well is located approximately 16 miles Southwest of Hobbs, New Mexico. #36279	

02107475

00251932

GILBERT
HINKLE, SHANOR LLP
PO BOX 2068
SANTA FE, NM 87504



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

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

CASE NOS. 21766-21767

SELF-AFFIRMED STATEMENT OF
MICHAEL BURKE

1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.

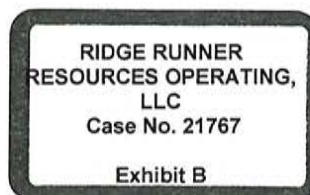
2. I am a geologist at Ridge Runner Resources Operating, LLC (“Ridge Runner”). I am familiar with the geological matters that pertain to Ridge Runner’s applications.

3. I have previously testified before the New Mexico Oil Conservation Division as an expert in geology, and my qualifications were accepted.

4. A general location map of the proposed horizontal spacing units (“HSUs”) is attached as **Exhibit B-1**. The map depicts horizontal wells that have been completed in or permitted to the Bone Spring formation marked with a brown dot at the bottom hole location. The map also depicts the proposed Morpheus 25/36 State Com B #1H and 2H wells (“Wells”) and the proposed HSUs with purple boxes.

5. Attached as **Exhibit B-2** is a type log consisting of well logs of a well drilled within the paths of the proposed laterals that shows the formation tops, the significant producing zones, and the target depths of the lateral wellbores.

6. A gun barrel diagram is attached as **Exhibit B-3**.



7. A structure map of the Bone Spring formation is attached as **Exhibit B-4**. The map shows that in this vicinity the subsurface is uniformly underlain by this formation at a depth of ~8050' – ~11,250' MD (H = ~3200'). The structural dip is to the west at ~400' per mile (~4.5 degree). There are no significant structural or stratigraphic interruptions (faults, truncation, etc.). The various individual stratigraphic zones exhibit local thickness and reservoir quality variations.

8. Attached as **Exhibit B-5** is a gross interval isopach map of the Bone Spring formation containing the target zones for the Wells used to construct a cross-section from A to A'. It shows that the Bone Spring formation across the HSU is continuous.

9. Attached as **Exhibit B-6** is a stratigraphic cross-section for the representative wells from A to A' identified in **Exhibit B-5**. The well logs on the cross section provide a representative sample of the Bone Spring formation in this area. The target zone(s) for the Wells are continuous across the HSUs.

10. A north to south well orientation is preferred in this area based on horizontal stress.

11. Based on the information discussed above, I am able to conclude that:

- (a) the HSUs are justified from a geologic standpoint;
- (b) there is no faulting or other geologic impediment that could adversely affect the drilling of the Wells; and
- (c) each quarter-quarter section in the HSUs will contribute more or less equally to production.

12. In my opinion, the granting of Ridge Runner's applications will prevent the drilling of unnecessary wells, protect correlative rights, and prevent waste.

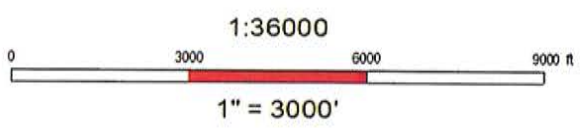
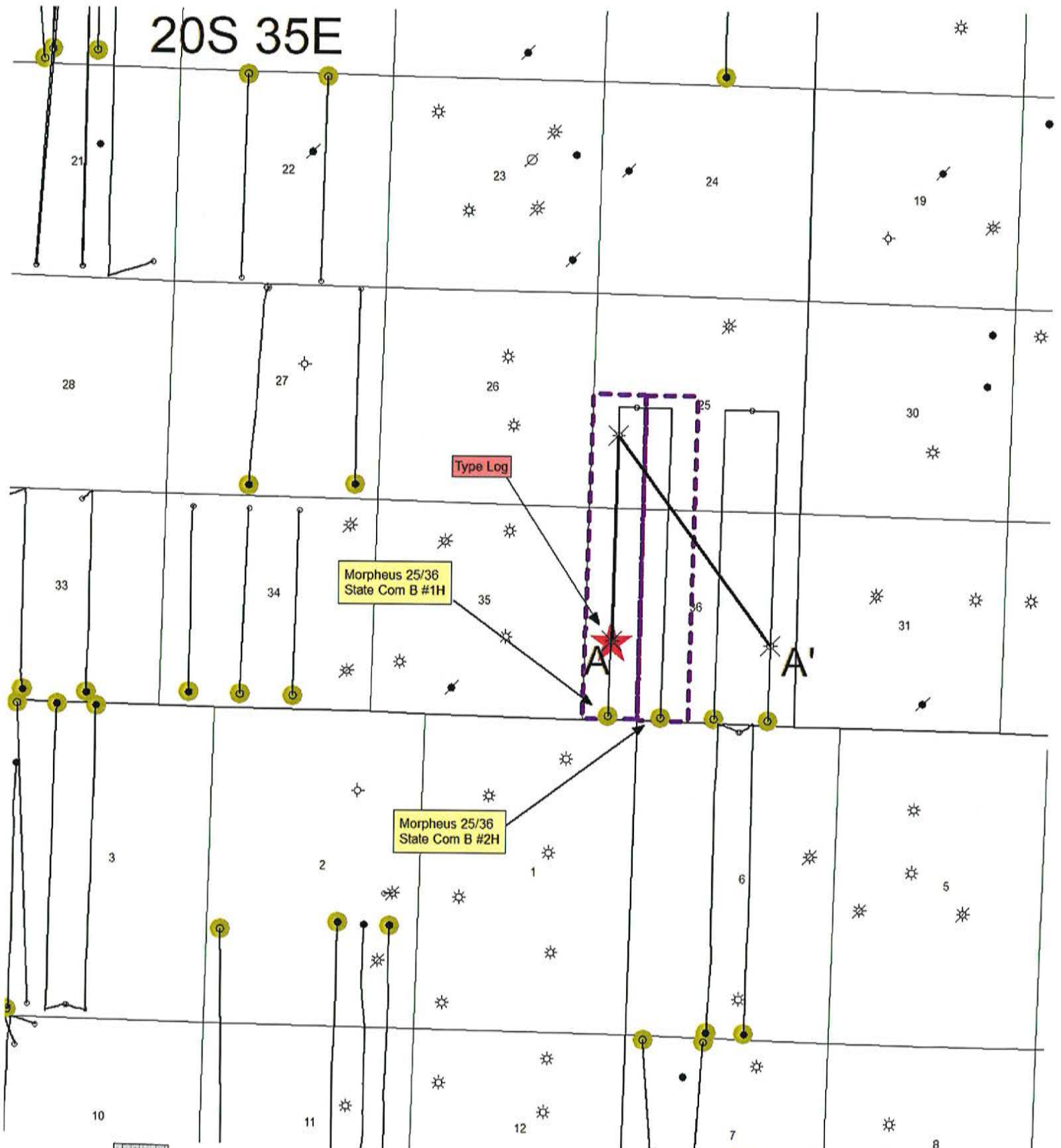
13. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

14. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 13 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Michael Burke
Michael Burke

4-28-21
Date

20S 35E

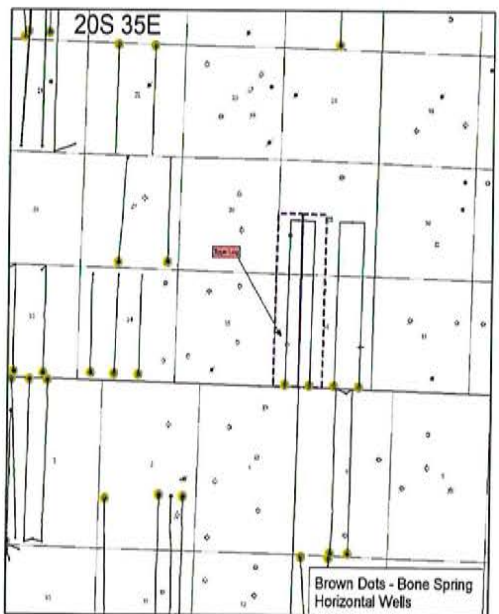
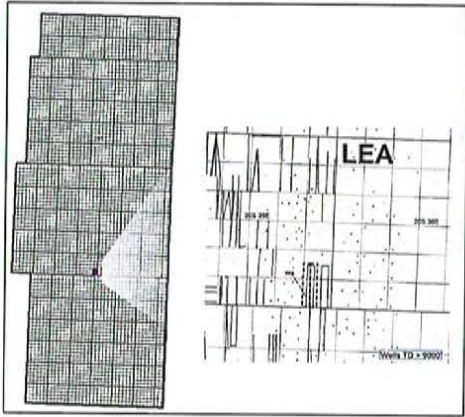
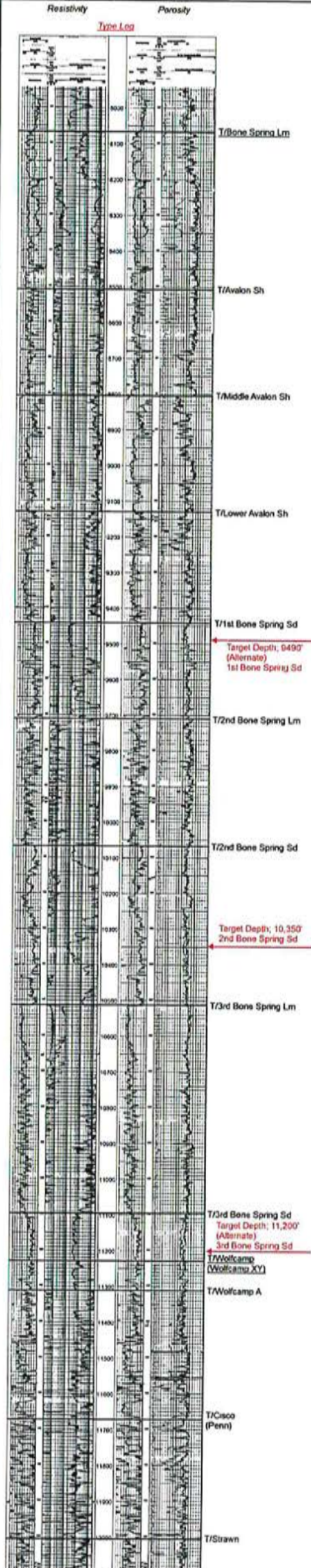


RR RIDGE RUNNER RESOURCES
Bone Spring Prod. Pk. 8 N. 35E 20S 35E
Morpheus

Author: [blank]
Wells: > 500

RIDGE RUNNER RESOURCES OPERATING, LLC
Case No. 21767
Exhibit B-1

NOV 11 2010
 HARRIS & ASSOC CO
 WEST QUARTER OF THE 1
 TWP 25 N R 36E SEC 25 NE



**RIDGE RUNNER
 RESOURCES OPERATING,
 LLC**
 Case No. 21767
 Exhibit B-2

MORPHEUS 25/36 STATE COM B #1H & 2H
Sec. 25 & 36 / T20S / R35E - Lea Co., New Mexico

Gun Barrel View

Morpheus 25/36 State Com B #1H Morpheus 25/36 State Com B #2H

Distance from West Line		Depth	Zone
330	660 990 1320 1650 1980 2310 2640	8070'	Top Bone Spring
X		8805'	Top Avalon Sh Middle
X	X	9440'	Top 1st Bone Spring Sd
O	O	9710'	Base 1st Bone Spring Sd
		10,070'	Top 2nd Bone Spring Sd
X	X	10,515'	Base 2nd Bone Spring Sd
		11,095'	Top 3rd Bone Spring Sd
		11,230'	Base 3rd Bone Spring Sd

O Proposed Location
 X Future Location

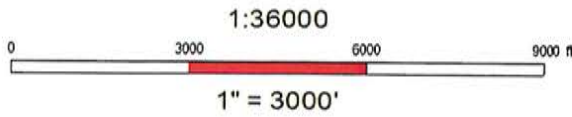
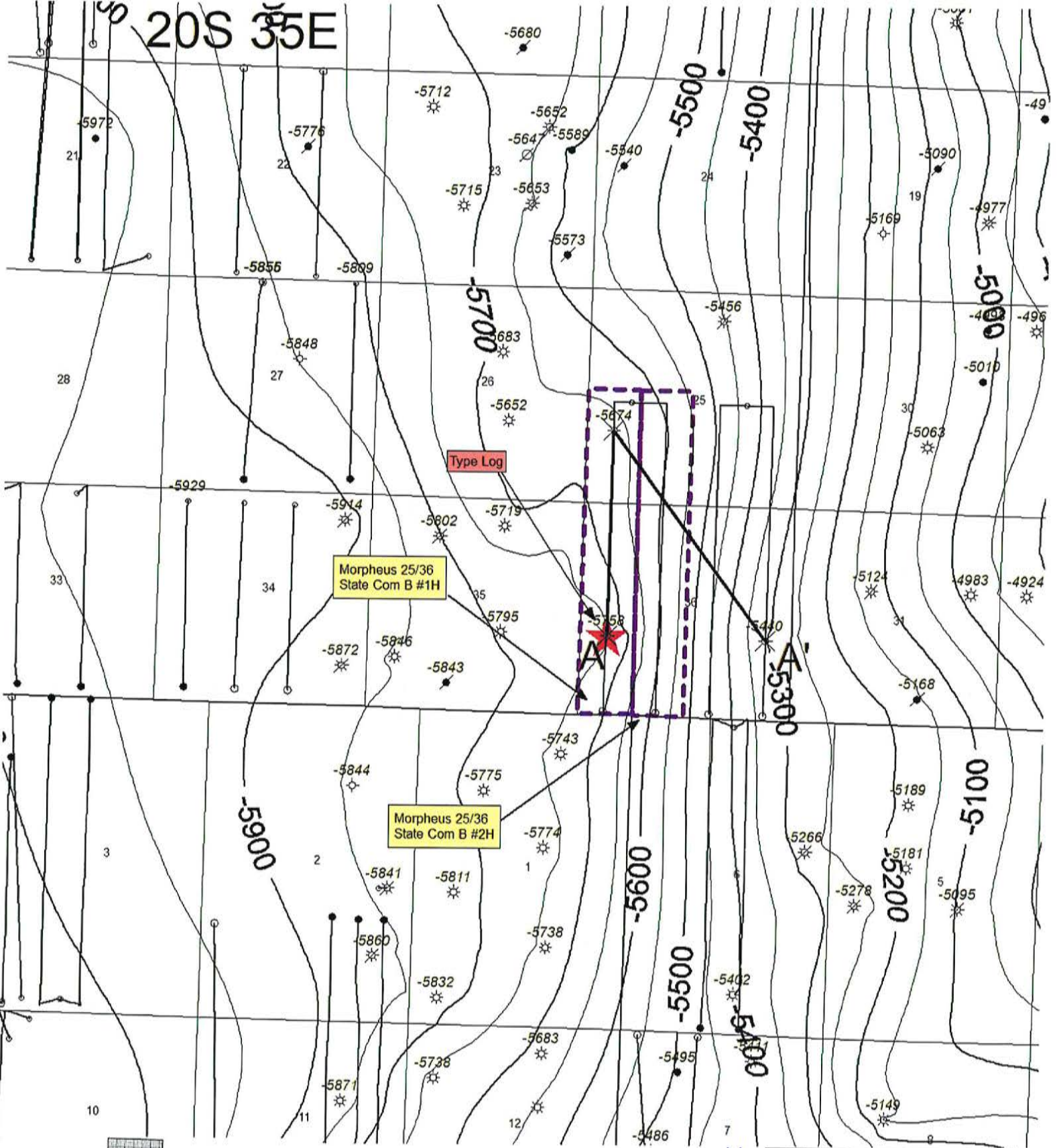
Well Orientation & Spacing

Sec. 25 & 36 / T20S / R 35E	
Section 25 NW1/4	Section 25 E1/2
L	K
M	N
D	C
E	F
L	K
M	N
Section 36 E1/2	

RIDGE RUNNER
RESOURCES OPERATING,
LLC
 Case No. 21767

Exhibit B-3

20S 35E

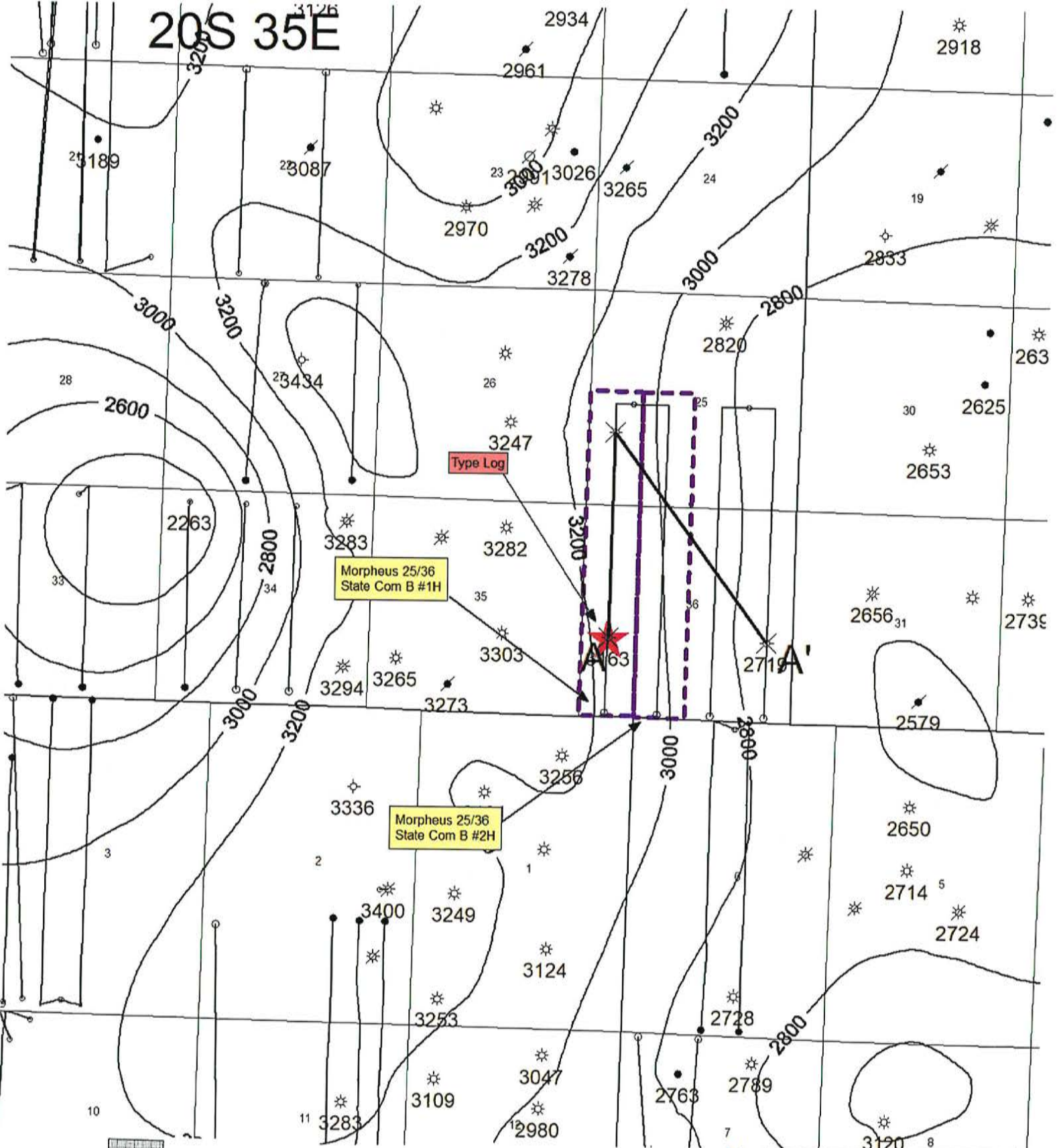


1" Bone Spring Structure Map
Morpheus

Author:	
Map:	
Well:	5002

**RIDGE RUNNER
RESOURCES OPERATING,
LLC**
Case No. 21767
Exhibit B-4

20S 35E



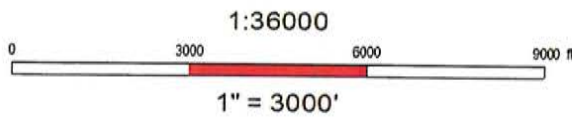
Type Log

Morpheus 25/36 State Com B #1H

Morpheus 25/36 State Com B #2H

A63

A'



RR RIDGE RUNNER RESOURCES

Bone Spring-Gross-McLeach Map Morpheus

Author:	
Revised:	
Well:	
Scale:	5002

RIDGE RUNNER RESOURCES OPERATING, LLC

Case No. 21767

Exhibit B-5

Stratigraphic X-Section A - A' (Westh - East)
 Datum: T/1st Bone Spring Sand
 Lea Co., NM

A

A'

West

East

Resistivity

Porosity

Resistivity

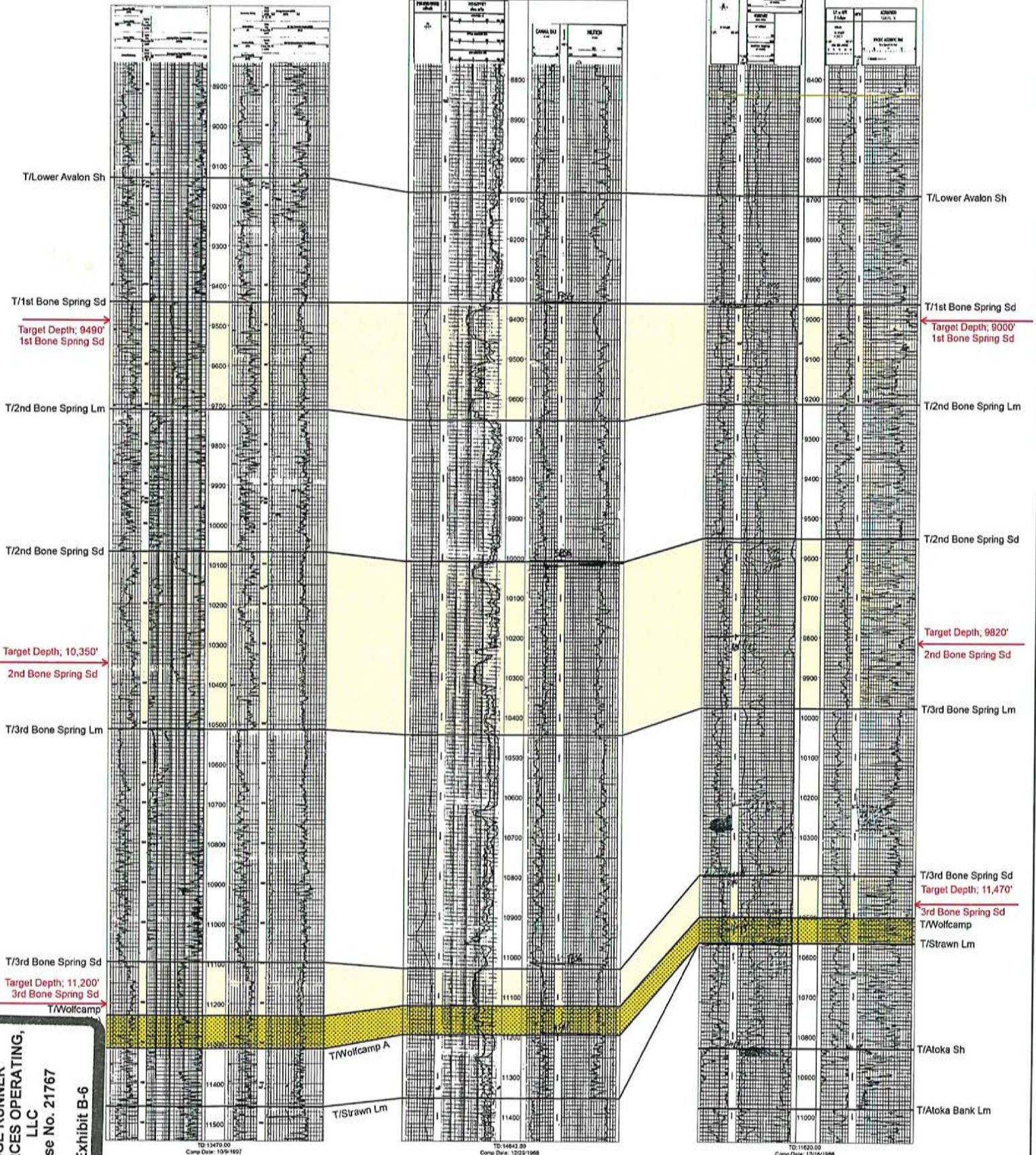
Porosity

Resistivity

Porosity

Type Log

Type Log



RIDGE RUNNER
 RESOURCES OPERATING,
 LLC
 Case No. 21767
 Exhibit B-6

T/13470.00
 Comp Date: 10/9/1997

T/14643.39
 Comp Date: 12/22/1988

T/11620.00
 Comp Date: 12/16/1988