

**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. _____

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 480-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Section 36 and the SE/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 the following wells:
 - a. Morpheus 25/36 State Com B #3H well, which will be horizontally drilled from a surface location in Unit I of Section 25 to a bottom hole location in Unit O of Section 36; and
 - b. Morpheus 25/36 State Com B #4H well, which will be horizontally drilled from a surface location in Unit I of Section 25 to a bottom hole location in Unit P of Section 36.
3. The completed intervals of the wells 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 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 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 wells;

C. Authorizing Ridge Runner to recover its costs of drilling, equipping, and completing the wells and allocating the costs among the wells' 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HINKLE SHANOR LLP

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