

**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. 20106

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 Wolfcamp formation in a standard 640-acre horizontal spacing unit comprised of the W/2 of Section 27 and the W/2 of Section 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 the W/2 of Section 27 and the W/2 of Section 34 and has the right to drill a well thereon.
2. The horizontal spacing unit will be dedicated to Ridge Runner's proposed Warrior 2734 W #1H well, which will be horizontally drilled from a surface location in Unit D in Section 27 to a bottom hole location in Unit M in Section 34, Township 22 South, Range 28 East.
3. The completed interval of the Warrior 2734 W #1H well 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 those uncommitted mineral interests 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 interest owners in the horizontal spacing unit should be pooled.

WHEREFORE, Ridge Runner requests that this application be set for hearing on December 6, 2018 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Wolfcamp formation in the W/2 of Section 27 and the W/2 of Section 34, Township 22 South, Range 28 East;

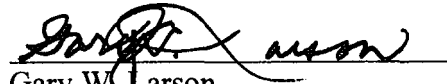
B. Authorizing Ridge Runner to recover its costs of drilling, equipping, and completing the Warrior 2734 W #1H well;

C. Considering the cost of drilling and completing the well and allocating the cost among the uncommitted mineral 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 2734 W #1H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

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PROPOSED NOTICE

Case No. _____: **Application of Ridge Runner Resources Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation in a standard 640-acre horizontal spacing unit comprised of the W/2 of Section 27 and the W/2 of Section 34, Township 22 South, Range 28 East in Eddy County. The horizontal spacing unit will be dedicated to the proposed Warrior 2734 W #1H well, which will be horizontally drilled from a surface location in Unit D in Section 27 to a bottom hole location in Unit M of Section 34, Township 22 South, Range 28 East. The completed interval for 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 location of the well is approximately nine (9) miles east of Carlsbad, New Mexico.

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