

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

APPLICATION OF RIDGE RUNNER RESOURCES
OPERATING, LLC FOR COMPULSORY POOLING,
NON-STANDARD SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

CASE NO. 20660

APPLICATION FOR COMPULSORY POOLING, AND NON-STANDARD
SPACING AND PRORATION UNIT

RIDGE RUNNER RESOURCES OPERATING, LLC applies for an order pooling all mineral interests within the Bone Spring Formation, underlying Section 26, Township 20 South, Range 35 East, NMPM and Section 35, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico. In support of this application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above referenced horizontal spacing unit to the following four initial wells:

A. The proposed **Medusa 2635 State #1H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring Sand formation from orthodox SHL 100'FNL & 2400'FWL of Section 26 to BHL 100'FSL & 1980'FWL of Section 35;

B. The proposed **Medusa 2635 State #2H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring Sand formation from orthodox SHL 100'FNL & 330'FWL of Section 26 to BHL 100'FSL & 330'FWL of Section 35;

C. The proposed **Medusa 2635 State #3H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring Sand formation from orthodox SHL 100'FNL & 1980'FEL of Section 26 to BHL 100'FSL & 1980'FEL of Section 35;

D. The proposed **Medusa 2635 State #4H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring Sand formation from orthodox SHL 100'FNL & 330' FEL of Section 26 to BHL 100'FSL & 330'FEL of Section 35.

3. Because the proposed wells will be continuously drilled and completed, Applicant requests an extension of the time period to drill and complete the initial wells from 120 days to 365 days.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

5. The requested pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and the proposed spacing unit.

WHEREFORE, Applicant, requests after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted interests in this horizontal spacing unit;
- B. Approving four initial horizontal wells in this spacing unit;
- C. Authorizing an extension of the 120-day requirement to drill and complete the initial wells on this horizontal spacing unit;
- D. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision while drilling and after completing, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

- G. Imposing a 200% charge for risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

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CASE 20660

Application of Ridge Runner Resources Operating, LLC for compulsory, non-standard spacing and proration unit in Lea County, New Mexico. Applicant in the above cause seeks an order pooling mineral interests within the Bone Spring Formation, underlying Section 26, Township 20 South, Range 35 East, NMPM and Section 35, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico. The horizontal spacing unit will be dedicated to four initial wells to be simultaneously drilled:

- 1) The proposed **Medusa 2635 State #1H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring Sand formation from orthodox SHL 100' FNL & 2400' FWL of Section 26 to BHL 100' FSL & 1980' FWL of Section 35;
- 2) The proposed **Medusa 2635 State #2H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring Sand formation from orthodox SHL 100' FNL & 330' FWL of Section 26 to BHL 100' FSL & 330' FWL of Section 35;
- 3) The proposed **Medusa 2635 State #3H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring Sand formation from orthodox SHL 100' FNL & 1980' FEL of Section 26 to BHL 100' FSL & 1980' FEL of Section 35;
- 4) The proposed **Medusa 2635 State #4H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring Sand formation from orthodox SHL 100' FNL & 330' FEL of Section 26 to BHL 100' FSL & 330' FEL of Section 35.