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**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. 20619

**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 vertical limits of the Pearl Bone Spring, South Pool (Pool Code 49685), underlying the E/2W/2 of Section 35, Township 19 South, Range 35 East, NMPM and the E/2W/2 of Section 2, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico. In support of this application, Applicant states:

1. Applicant is an interest owner in the E/2W/2 of Section 35 and the E/2W/2 of Section 2 and has the right to drill thereon.
2. Applicant proposes to drill its Perseus State 2 No. 2H well to be located at a standard well location having a surface location 100 FSL and 2310 FWL of Section 2 and a bottom hole location of 100 FNL and 2319 FWL of Section 35.
3. Applicant seeks to dedicate the E/2W/2 of Section 35 and the E/2W/2 of Section 2 to the well to form a non-standard 320-acre spacing and proration unit within the vertical limits of the Pearl Bone Spring South Pool.
4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 35 and the E/2W/2 of Section 2 for the purposes set forth herein.
5. Certain mineral owners have failed or refused to join in the drilling of the

proposed well, therefore, applicant seeks an order pooling all mineral interest owners in the E/2W/2 of Section 35 and the E/2W/2 of Section 2 pursuant to NMSA 1978, Section 70-2-17 as requested in this application.

6. The pooling of all mineral interests as requested in this application underlying the E/2W/2 of Section 35 and the E/2W/2 of Section 2 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

A. Pooling all mineral interests in the E/2W/2 of Section 35 and the E/2W/2 of Section 2 within the vertical limits of the Pearl Bone Spring South Pool.

B. Approving this application with respect to non-standard spacing and proration unit and unorthodox location.

C. Designating Applicant as the operator of the well;

D. Considering the cost of completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and,

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

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NMOCD Case No. 20619

Application of Ridge Runner Resources Operating, LLC for compulsory pooling, and non-standard spacing and proration unit, Lea County, New Mexico; Applicant seeks an order to pool all mineral interests of its Perseus 235 State Com No. 002H well to be located at a standard well location having a surface location 100 FSL and 2310 FWL and a bottom hole location of 100 FNL and 2319 FWL of Section 35, within the vertical limits of the Pearl Bone Spring, South Pool (Pool Code 49685), and a non-standard spacing and proration unit underlying the E/2W/2 of Section 35, Township 19 South, Range 35 East, NMPM and the E/2W/2 of Section 2, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico. The well is located approximately 5 miles southwest of Monument, New Mexico.