

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

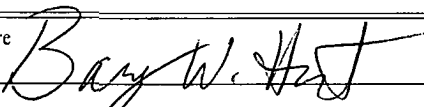
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-20965
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator RKI EXPLORATION & PRODUCTION, LLC.		7. If Unit or CA Agreement, Name and No.
3a. Address 3817 NW Expressway, Suite 950 Oklahoma City, Ok. 73112	3b. Phone No. (include area code) 405-996-5750	8. Lease Name and Well No. RDX Fed Com 17-6H
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 330 FSL & 2260 FEL At proposed prod. zone 330 FNL & 2310 FEL		9. API Well No. 30-015-39308
14. Distance in miles and direction from nearest town or post office* Approximately 10 miles southeast of Malaga, NM		10. Field and Pool, or Exploratory Undesignated Bone Spring
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 330 ft.	16. No. of acres in lease 520	11. Sec, T. R. M. or Blk and Survey or Area Section 17, T. 26 S., R. 30 E.
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1650 ft. south of #1	19. Proposed Depth 8400 ft. TVD <input checked="" type="checkbox"/> 12,813 MD	12. County or Parish Eddy
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3134' GL	22. Approximate date work will start*	13. State NM
23. Estimated duration 30 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature 	Name (Printed/Typed) BARRY W. HUNT	Date 4/26/11
Title Permit Agent for RKI Exploration & Production, LLC.		
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed)	Date
Title FIELD MANAGER.	Office CARLSBAD FIELD OFFICE	JUL 19 2011

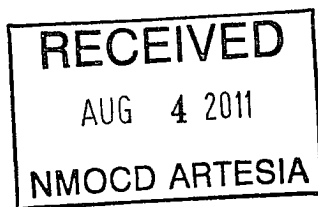
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)



Carlsbad Controlled Water Basin

ISSUED FOR
CONDITIONS OF APPROVALApproval Subject to General Requirements
& Special Stipulations Attached

RKI EXPLORATION & PRODUCTION, LLC.

RDX Federal Com 17-6H

Surface Location: 330' FSL & 2,260' FEL

Bottom Hole Location: 330' FNL & 2,310' FEL

Section 17, T26S, R30E

Eddy County, NM

1. The elevation of the unprepared ground is 3,132' feet above sea level.
2. The geologic name of the surface formation is Quaternary - Alluvium.
3. A rotary rig will be utilized to drill the well to 12,813' MD and run casing. This equipment will then be rigged down and the well will be completed with a workover rig.
4. Proposed total depth is 12,813' MD, 8,400' TVD.
5. Estimated tops of important geologic markers:

Rustler	800'
Salado	1,100'
Castile	1,640'
Lamar Lime	3,560'
Base of Lime	3,582'
Delaware Top	3,615'
Bell Canyon Sand	3,615'
Cherry Canyon Sand	4,690'
Brushy Canyon Sand	5,750'
KOP	7,827'
Bone Spring	7,440'
TVD	8,400' (135 degree F)

6. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:

Bell Canyon	Oil (1,565 psi)
Cherry Canyon	Oil (2,030 psi)
Brushy Canyon	Oil (2,489 psi)
Bone Spring	Oil (3,221 psi)

7. The proposed casing program is as follows:

Surface: 13-3/8" 54.5# J-55 ST&C new casing set from 0' - 900' ^{030 54.5#}
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

Intermediate: 9-5/8" 40# J-55 LT&C new casing set from 0' - 3,300'
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

Production: 5-1/2" 17# P-110 LT&C new casing set from 0' – 12,833'
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

8. Casing setting depth and cementing program:

- ~~930~~
- a. 13-3/8" surface casing set at 900' in 17-1/2" hole. Circulate cement to surface with 675 sx "C" with 4% D20, 2% S1, .2% D46, .125 pps D130 mixed at 12.9 ppg (1.97 cf/sk) followed by 200 sx "C" with 1% S1, .125 pps D130 mixed at 14.8 ppg (1.34 cf/sk).
 - b. 9-5/8" intermediate casing set at 3,300' in 12 1/4" hole. Cement will be circulated to surface with 840 sx 35:65 Poz "C" with 5% D44, 6% D20, .2% D46, 2 pps D42, .125 pps D130, .1% D13 mixed at 12.6 ppg (2.07 cf/sk) followed by 200 sx "C" with .2% D13 mixed 14.8 ppg (1.33 cf/sk).
 - c. 5-1/2" production casing set at 12,833' in 8 3/4" hole. Cement will be calculated to bring TOC to 3,000'. The well will be cemented in two stages as follows: **Stage 1:** 1,410 sx PVL with 30% D151, 2% D174, .2% D46, .5% D79, .8% D800, .05 gps D177 mixed at 13.0 ppg (1.83 cf/sk). **Stage 2:** 310 sx 35:65 Poz "C" with 5% D44, 6% D20, .2% D13, .2% D46, 2 pps D42, .125 pps D130 mixed at 12.6 ppg (2.07 cf/sk). DV tool at approximately 5,000'.

9. Pressure Control Equipment (5,000 psi system):

After setting the 13 3/8" casing a 13 5/8" 3M head will be installed and the 5M BOP equipment consisting of the follow will be utilized.

- Annular preventer
- Pipe ram and blind ram
- Drilling spool with 2 side outlets (choke side shall be a 3 inch minimum diameter, kill side shall be at least 2 inch diameter)
- 3 inch diameter choke line
- 2 choke line valves (3 inch minimum)
- Kill line (2 inch minimum) which runs to outer edge of the substructure
- 2 chokes with 1 remotely controlled from rig floor
- 2 kill line valves and a check valve (2 inch minimum)
- Upper kelly cock valve with handle available
- Lower kelly cock valve with handle available
- Safety valve and subs to fit all drill string connections
- Inside BOP or float sub
- Pressure gauge on choke manifold
- All connections subjected to well pressure shall be flanged or welded
- Fill up line above uppermost preventer

After setting the 9 5/8" casing a 11" 5M head will be installed and the 5M BOP equipment consisting of the follow will be utilized.

- Annular preventer
- Pipe ram and blind ram
- Drilling spool with 2 side outlets (choke side shall be a 3 inch minimum diameter, kill side shall be at least 2 inch diameter)
- 3 inch diameter choke line
- 2 choke line valves (3 inch minimum)
- Kill line (2 inch minimum) which runs to outer edge of the substructure
- 2 chokes with 1 remotely controlled from rig floor
- 2 kill line valves and a check valve (2 inch minimum)
- Upper kelly cock valve with handle available
- Lower kelly cock valve with handle available
- Safety valve and subs to fit all drill string connections
- Inside BOP or float sub
- Pressure gauge on choke manifold
- All connections subjected to well pressure shall be flanged or welded
- Fill up line above uppermost preventer

see COA [Equipment will be tested to full working pressure of the stack if isolated by a test plug or 70% of the internal yield pressure of the casing if the stack is not isolated by a test plug. The annular preventer shall be tested to 50% of the rated working pressure. Equipment shall be tested whenever any seal subject to test pressure is broken, following any repairs, and at 30 day intervals. Annular shall be functionally operated at least weekly, pipe and blind rams shall be activated each trip.

13 3/8" and the 9 5/8" casing shall be tested to .22 psi/ft of casing length or 1,500 psi whichever is greater, but not to exceed 70% of the minimum internal yield pressure.

10. Mud Program:

- 0' - 900' ⁹³⁰ Bentonite/Lime mud. Paper for losses and seepage. 8.4 to 9.0 ppg, PV 3 to 5, YP 5 to 7, WL NC.
- 900' - 3,300' Brine. As needed LCM for losses and seepage. 10.0 to 10.1 ppg, PV 1 to 3, YP 1 to 3, WL NC.
- 3,300' - 60 deg. Drill out fresh water/cut brine adding KCl increasing MW to 8.5 to 8.6 ppg, PV 1, YP 1, WL NC.
- 60 deg. - 12,813' 8.8 to 9.0 ppg, PV 12 - 14, YP 20 - 22, WL 12 - 15.

11. Testing, Logging and Coring Program: *See COA*

Testing program: No drillstem tests are anticipated.

Electric logging program: CNL/CAL/GR, DLL/CAL/GR. From 9 5/8" casing to kick off point. A gyro survey will also be run at kick off point.

Coring program: None.

12. No abnormal conditions or hazards are expected.

RKI Exploration & Production

RDX 17-6H

17-26S-30E

Eddy County, NM

Wellbore #1

Plan: Design #1

Standard Planning Report

25 April, 2011

RKI Exploration & Production

Planning Report

Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Site 17-26S-30E
Company:	RKI Exploration & Production	TVD Reference:	WELL @ 0.0ft (Original Well Elev)
Project:	RDX 17-6H	MD Reference:	WELL @ 0.0ft (Original Well Elev)
Site:	17-26S-30E	North Reference:	Grid
Well:	Eddy County, NM	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Project	RDX 17-6H		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Central Zone		

Site	17-26S-30E		
Site Position:		Northing:	117,285.91 m
From:	Lat/Long	Easting:	721,767.51 m
Position Uncertainty:	0.0 ft	Slot Radius:	13.200 in
		Latitude:	32° 2' 10.130 N
		Longitude:	103° 54' 7.980 W
		Grid Convergence:	1.25 °

Well	Eddy County, NM		
Well Position	+N/-S	0.0 ft	Northing: 117,285.91 m
	+E/-W	0.0 ft	Easting: 721,767.51 m
Position Uncertainty	0.0 ft	Wellhead Elevation:	Ground Level: 0.0 ft

Wellbore	Wellbore #1		
Magnetics	Model Name	Sample Date	Declination (°)
	IGRF200510	4/25/2011	7.73
			Dip Angle (°)
			59.98
			Field Strength (nT)
			48,542

Design	Design #1		
Audit Notes:			
Version:	Phase:	PROTOTYPE	Tie On Depth: 0.0
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(ft)	(ft)	(ft)
	0.0	0.0	0.0
			Direction (°)
			358.27

Plan Sections										
Measured Depth	Inclination	Azimuth	Vertical Depth	+N/-S	+E/-W	Dogleg Rate	Build Rate	Turn Rate	TFO	Target
(ft)	(°)	(°)	(ft)	(ft)	(ft)	(°/100ft)	(°/100ft)	(°/100ft)	(°)	
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
7,827.0	0.00	0.00	7,827.0	0.0	0.0	0.00	0.00	0.00	0.00	
8,727.0	90.00	358.27	8,400.0	572.7	-17.3	10.00	10.00	0.00	358.27	
12,813.3	90.00	358.27	8,400.0	4,657.1	-140.9	0.00	0.00	0.00	0.00	1

RKI Exploration & Production

Planning Report

Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Site 17-26S-30E
Company:	RKI Exploration & Production	TVD Reference:	WELL @ 0.0ft (Original Well Elev)
Project:	RDX 17-6H	MD Reference:	WELL @ 0.0ft (Original Well Elev)
Site:	17-26S-30E	North Reference:	Grid
Well:	Eddy County, NM	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
7,000.0	0.00	0.00	7,000.0	0.0	0.0	0.0	0.00	0.00	0.00
7,100.0	0.00	0.00	7,100.0	0.0	0.0	0.0	0.00	0.00	0.00
7,200.0	0.00	0.00	7,200.0	0.0	0.0	0.0	0.00	0.00	0.00
7,300.0	0.00	0.00	7,300.0	0.0	0.0	0.0	0.00	0.00	0.00
7,400.0	0.00	0.00	7,400.0	0.0	0.0	0.0	0.00	0.00	0.00
7,500.0	0.00	0.00	7,500.0	0.0	0.0	0.0	0.00	0.00	0.00
7,600.0	0.00	0.00	7,600.0	0.0	0.0	0.0	0.00	0.00	0.00
7,700.0	0.00	0.00	7,700.0	0.0	0.0	0.0	0.00	0.00	0.00
7,800.0	0.00	0.00	7,800.0	0.0	0.0	0.0	0.00	0.00	0.00
7,827.0	0.00	0.00	7,827.0	0.0	0.0	0.0	0.00	0.00	0.00
7,850.0	2.30	358.27	7,850.0	0.5	0.0	0.5	10.00	10.00	0.00
7,900.0	7.30	358.27	7,899.8	4.6	-0.1	4.6	10.00	10.00	0.00
7,950.0	12.30	358.27	7,949.1	13.1	-0.4	13.1	10.00	10.00	0.00
8,000.0	17.30	358.27	7,997.4	25.9	-0.8	25.9	10.00	10.00	0.00
8,050.0	22.30	358.27	8,044.4	42.8	-1.3	42.8	10.00	10.00	0.00
8,100.0	27.30	358.27	8,089.8	63.8	-1.9	63.8	10.00	10.00	0.00
8,150.0	32.30	358.27	8,133.2	88.6	-2.7	88.6	10.00	10.00	0.00
8,200.0	37.30	358.27	8,174.2	117.1	-3.5	117.2	10.00	10.00	0.00
8,250.0	42.30	358.27	8,212.6	149.1	-4.5	149.2	10.00	10.00	0.00
8,300.0	47.30	358.27	8,248.1	184.3	-5.6	184.4	10.00	10.00	0.00
8,350.0	52.30	358.27	8,280.4	222.4	-6.7	222.5	10.00	10.00	0.00
8,400.0	57.30	358.27	8,309.2	263.3	-8.0	263.4	10.00	10.00	0.00
8,450.0	62.30	358.27	8,334.3	306.4	-9.3	306.6	10.00	10.00	0.00
8,500.0	67.30	358.27	8,355.6	351.7	-10.6	351.8	10.00	10.00	0.00
8,550.0	72.30	358.27	8,372.9	398.5	-12.1	398.7	10.00	10.00	0.00
8,600.0	77.30	358.27	8,386.0	446.7	-13.5	447.0	10.00	10.00	0.00
8,650.0	82.30	358.27	8,394.8	495.9	-15.0	496.1	10.00	10.00	0.00
8,700.0	87.30	358.27	8,399.4	545.7	-16.5	545.9	10.00	10.00	0.00
8,727.0	90.00	358.27	8,400.0	572.7	-17.3	573.0	10.00	10.00	0.00
8,800.0	90.00	358.27	8,400.0	645.6	-19.5	645.9	0.00	0.00	0.00
8,900.0	90.00	358.27	8,400.0	745.6	-22.6	745.9	0.00	0.00	0.00
9,000.0	90.00	358.27	8,400.0	845.5	-25.6	845.9	0.00	0.00	0.00
9,100.0	90.00	358.27	8,400.0	945.5	-28.6	945.9	0.00	0.00	0.00
9,200.0	90.00	358.27	8,400.0	1,045.4	-31.6	1,045.9	0.00	0.00	0.00
9,300.0	90.00	358.27	8,400.0	1,145.4	-34.7	1,145.9	0.00	0.00	0.00
9,400.0	90.00	358.27	8,400.0	1,245.3	-37.7	1,245.9	0.00	0.00	0.00
9,500.0	90.00	358.27	8,400.0	1,345.3	-40.7	1,345.9	0.00	0.00	0.00
9,600.0	90.00	358.27	8,400.0	1,445.3	-43.7	1,445.9	0.00	0.00	0.00
9,700.0	90.00	358.27	8,400.0	1,545.2	-46.8	1,545.9	0.00	0.00	0.00
9,800.0	90.00	358.27	8,400.0	1,645.2	-49.8	1,645.9	0.00	0.00	0.00
9,900.0	90.00	358.27	8,400.0	1,745.1	-52.8	1,745.9	0.00	0.00	0.00
10,000.0	90.00	358.27	8,400.0	1,845.1	-55.8	1,845.9	0.00	0.00	0.00
10,100.0	90.00	358.27	8,400.0	1,945.0	-58.9	1,945.9	0.00	0.00	0.00
10,200.0	90.00	358.27	8,400.0	2,045.0	-61.9	2,045.9	0.00	0.00	0.00
10,300.0	90.00	358.27	8,400.0	2,144.9	-64.9	2,145.9	0.00	0.00	0.00
10,400.0	90.00	358.27	8,400.0	2,244.9	-67.9	2,245.9	0.00	0.00	0.00
10,500.0	90.00	358.27	8,400.0	2,344.8	-71.0	2,345.9	0.00	0.00	0.00
10,600.0	90.00	358.27	8,400.0	2,444.8	-74.0	2,445.9	0.00	0.00	0.00
10,700.0	90.00	358.27	8,400.0	2,544.8	-77.0	2,545.9	0.00	0.00	0.00
10,800.0	90.00	358.27	8,400.0	2,644.7	-80.0	2,645.9	0.00	0.00	0.00
10,900.0	90.00	358.27	8,400.0	2,744.7	-83.1	2,745.9	0.00	0.00	0.00
11,000.0	90.00	358.27	8,400.0	2,844.6	-86.1	2,845.9	0.00	0.00	0.00
11,100.0	90.00	358.27	8,400.0	2,944.6	-89.1	2,945.9	0.00	0.00	0.00
11,200.0	90.00	358.27	8,400.0	3,044.5	-92.1	3,045.9	0.00	0.00	0.00

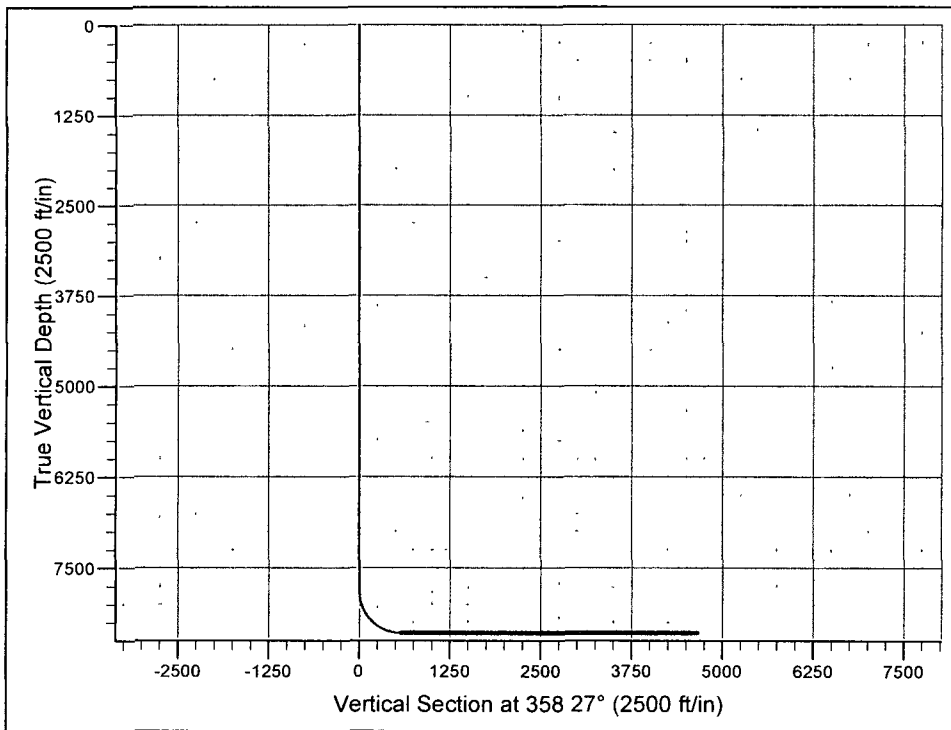
RKI Exploration & Production

Planning Report

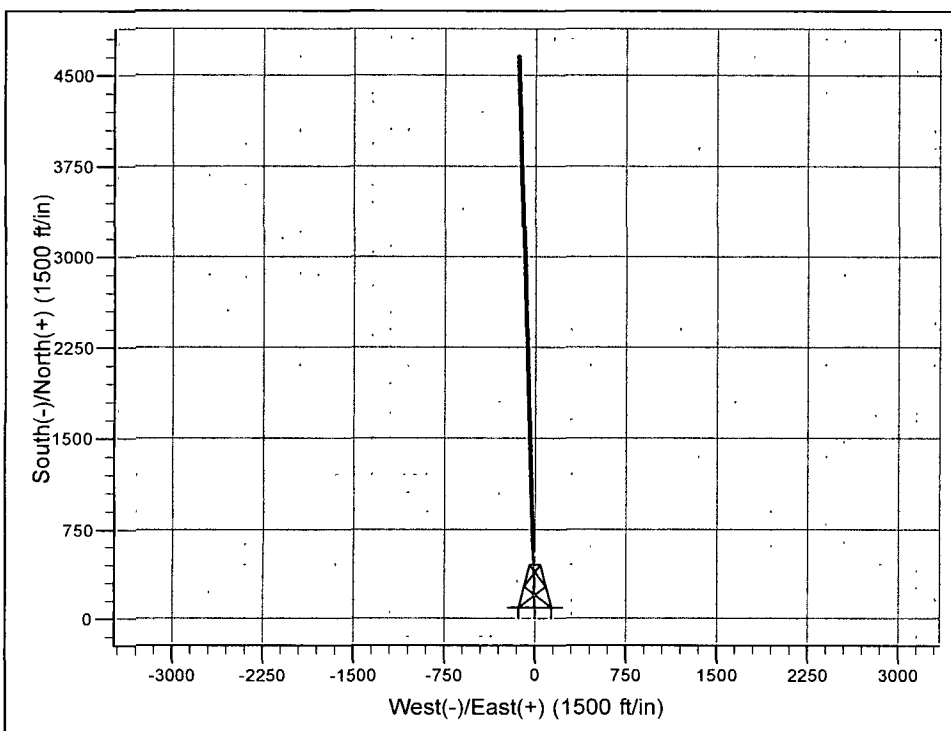
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Site:	17-26S-30E	North Reference:	Grid
Well:	Eddy County, NM	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
11,300.0	90.00	358.27	8,400.0	3,144.5	-95.2	3,145.9	0.00	0.00	0.00
11,400.0	90.00	358.27	8,400.0	3,244.4	-98.2	3,245.9	0.00	0.00	0.00
11,500.0	90.00	358.27	8,400.0	3,344.4	-101.2	3,345.9	0.00	0.00	0.00
11,600.0	90.00	358.27	8,400.0	3,444.3	-104.2	3,445.9	0.00	0.00	0.00
11,700.0	90.00	358.27	8,400.0	3,544.3	-107.3	3,545.9	0.00	0.00	0.00
11,800.0	90.00	358.27	8,400.0	3,644.2	-110.3	3,645.9	0.00	0.00	0.00
11,900.0	90.00	358.27	8,400.0	3,744.2	-113.3	3,745.9	0.00	0.00	0.00
12,000.0	90.00	358.27	8,400.0	3,844.2	-116.3	3,845.9	0.00	0.00	0.00
12,100.0	90.00	358.27	8,400.0	3,944.1	-119.3	3,945.9	0.00	0.00	0.00
12,200.0	90.00	358.27	8,400.0	4,044.1	-122.4	4,045.9	0.00	0.00	0.00
12,300.0	90.00	358.27	8,400.0	4,144.0	-125.4	4,145.9	0.00	0.00	0.00
12,400.0	90.00	358.27	8,400.0	4,244.0	-128.4	4,245.9	0.00	0.00	0.00
12,500.0	90.00	358.27	8,400.0	4,343.9	-131.4	4,345.9	0.00	0.00	0.00
12,600.0	90.00	358.27	8,400.0	4,443.9	-134.5	4,445.9	0.00	0.00	0.00
12,700.0	90.00	358.27	8,400.0	4,543.8	-137.5	4,545.9	0.00	0.00	0.00
12,800.0	90.00	358.27	8,400.0	4,643.8	-140.5	4,645.9	0.00	0.00	0.00
12,813.3	90.00	358.27	8,400.0	4,657.1	-140.9	4,659.2	0.00	0.00	0.00



RDX 17-6H



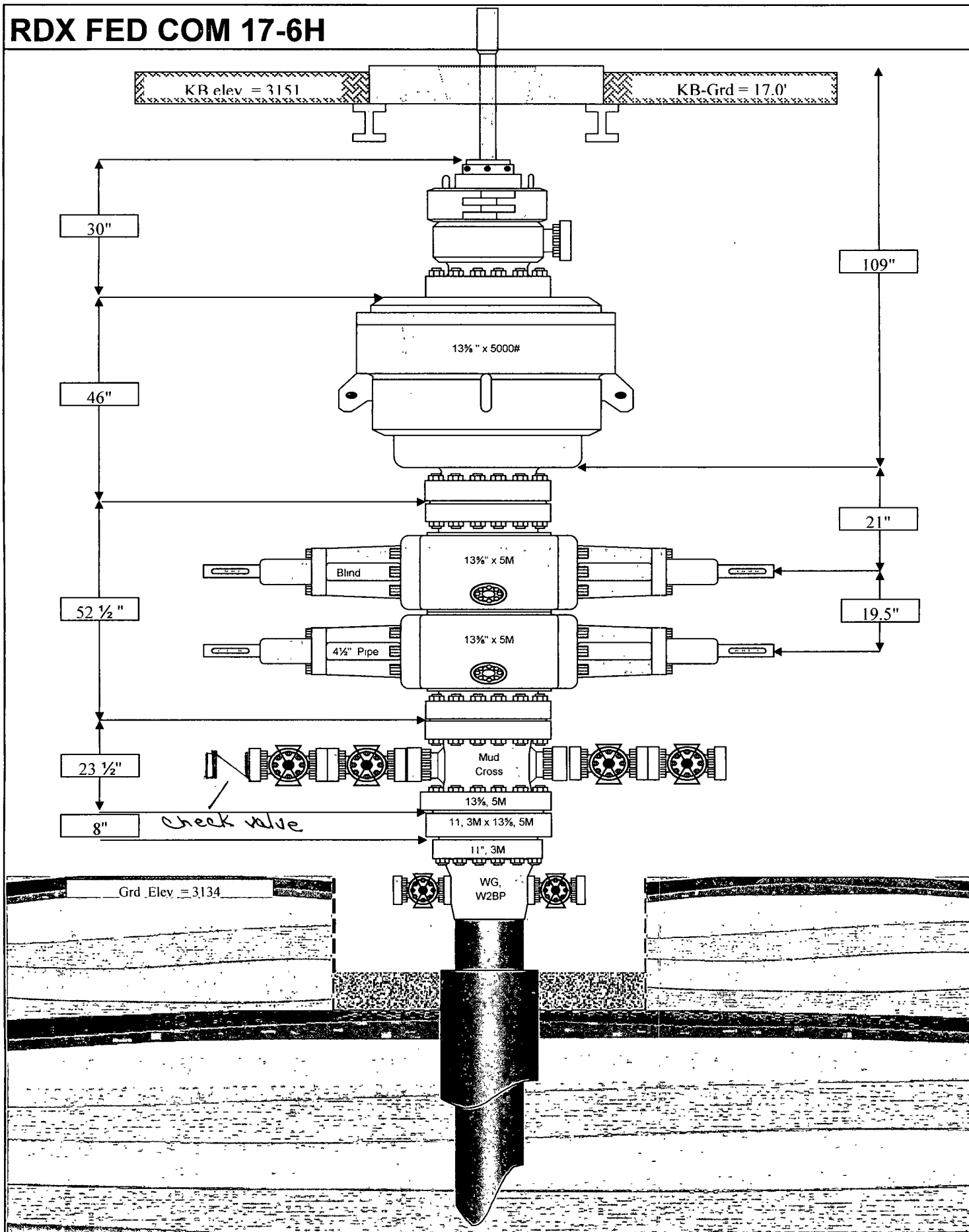
BHL: 330' FNL & 2310' FEL

Surf: 330' FSL & 2260' FEL

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
2	7827	0.00	0.00	7827.0	0.0	0.0	0.00	0.00	0.0	
3	8727	90.00	358.27	8400.0	572.7	-17.3	10.00	358.27	573.0	
4	12813	90.00	358.27	8400.0	4657.1	-140.9	0.00	0.00	4659.2	1

RDX FED COM 17-6H



Choke Manifold

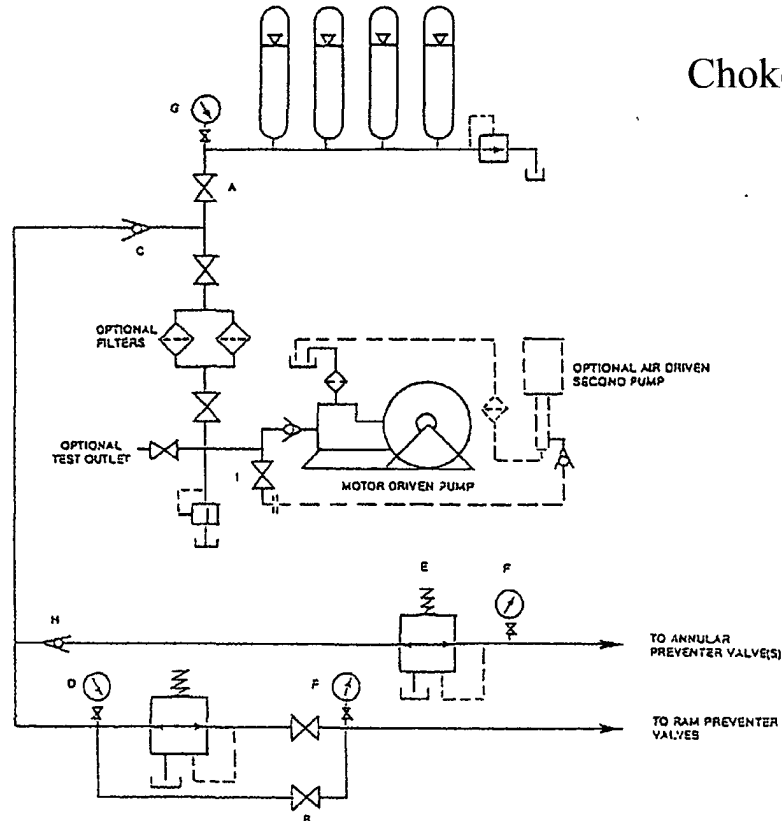


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

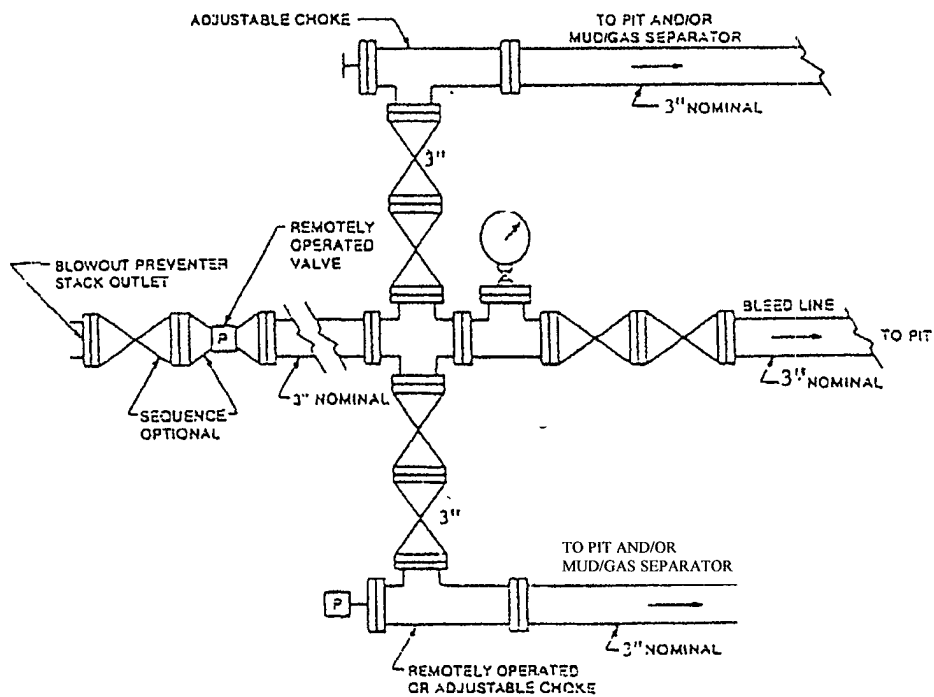


FIGURE K4-2 Typical choke manifold assembly for 5M rated working pressure service - surface installation