

Split Estate

EA-12-1114

Form 3160-3
(March 2012)

OCD Artesia

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

5 Lease Serial No.
NM-226345H, NM 21767 BH

6 If Indian, Allottee or Tribe Name

7 If Unit or CA Agreement, Name and No.

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2 Name of Operator RKI EXPLORATION & PRODUCTION LLC.

8. Lease Name and Well No. **4393867**
EAST PECOS FEDERAL COM 22-2H

9 API Well No.

30-015-40582

3a. Address 3817 NW EXPRESSWAY, SUITE 950
OKLAHOMA CITY, OK. 73112

3b Phone No. (include area code)
405-996-5750 (BILL AUBREY)

10 Field and Pool or Exploratory
UNDESIGNATED BONE SPRING **BS. South**
433547

4 Location of Well (Report location clearly and in accordance with any State requirements *)

At surface 250 FSL & 1690 FEL

At proposed prod. zone 330 FNL & 1690 FEL

11. Sec., T. R. M. or Blk. and Survey or Area
SECTION 22, T. 26 S., R. 29 E.

14 Distance in miles and direction from nearest town or post office*

APPROXIMATELY 15 MILES SOUTHEAST OF MALAGA, NM

12 County or Parish
EDDY

13. State
NM

15 Distance from proposed*
location to nearest
property or lease line, ft
(Also to nearest drig. unit line, if any)

250 FT.

16 No. of acres in lease

480

17 Spacing Unit dedicated to this well

160

18 Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft

740 FT.

19 Proposed Depth

TVD: 7086
MD: 11583

20 BLM/BIA Bond No. on file

NLM-NMB-000460

21 Elevations (Show whether DF, KDB, RT, GL, etc.)

2881.6' GL

22 Approximate date work will start*

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.

2. A Drilling Plan.

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).

4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification

6. Such other site specific information and/or plans as may be required by the
BLM.

25. Signature

Barry W. Hunt

Name (Printed/Typed)

BARRY W. HUNT

Date

6/22/12

Title

PERMIT AGENT FOR RKI EXPLORATION & PRODUCTION, LLC.

Approved by (Signature):

/s/ Don Peterson

Name (Printed/Typed)

/s/ Don Peterson

Date

AUG - 1 2012

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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.

APPROVAL FOR TWO YEARS

Conditions of approval, if any, are attached.

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)

Carlsbad Controlled Water Basin

RECEIVED

AUG 03 2012

NMOCD ARTESIA

Approval Subject to General Requirements
& Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or RKI Exploration and Production, LLC am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U. S. C. 1001 for the filing of false statements. Executed this 22nd. day of June 2012.

Signed: Barry W. Hunt

Printed Name: Barry Hunt

Position: Agent for RKI Exploration & Production, LLC.

Address: 1403 Springs Farm Place, Carlsbad, NM 88220

Telephone: (575) 361-4078

E-mail: specialtpermitting@gmail.com

Field Representative: Gene Simer

Address: P. O. Box 370, Carlsbad, NM 88221

Telephone: Office: (575) 885-1313, Cell: (575) 706-3225

ACKNOWLEDGEMENTS

STATE OF TEXAS)
)
COUNTY OF Dallas)

This instrument was acknowledged before me on this 19th day of June, 2012, by Worth Ross, _____ Manager of George Ross Ranch, LLC.

Given under my hand and seal the day and year last above written.

My commission expires:

August 20, 2013

Commission # _____

Notary Public



STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on this 20th day of June, 2012, by F.G. Taylor, Attorney-in-Fact for RKI Exploration & Production, LLC.

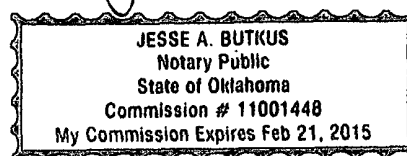
Given under my hand and seal the day and year last above written.

My commission expires:

2/21/2015

Commission # 11001448

Notary Public



DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-40582	Pool Code 13354	Pool Name Corral Canyon UNDESIGNATED BONE SPRING
Property Code 39386	Property Name EAST PECOS FEDERAL COM 22	Well Number 2H
OGRID No 246289	Operator Name RKI EXPLORATION & PRODUCTION	Elevation 2881.6'

Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	22	26	29		250	SOUTH	1690	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	22	26	29		330	NORTH	1690	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidated Code	Order No
160			11583 8/1

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

EAST PECOS FEDERAL COM 22-2H BHL NMSP-E (NAD 83) Y = 376282 5' N X = 654370.7' E N LAT. = 32° 02' 02.24" W LONG. = -103° 58' 06 83" NMSP-E (NAD 27) Y = 376225 0' N X = 613185 0' E N LAT. = 32.033830922° W LONG. = -103.968081092°		OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature <u>Barry W. Hunt</u> Date <u>6/22/12</u> Print Name <u>Barry W. Hunt</u> E-mail Address _____
		SURVEYORS CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. April 26, 2012 Date of Survey Signature and Seal of Professional Surveyor
		EAST PECOS FEDERAL COM 22-2H SHL NMSP-E (NAD 83) Y = 371539 5' N X = 654393 6' E N LAT. = 32° 01' 15.30" W LONG. = -103° 58' 06.75" NMSP-E (NAD 27) Y = 371482 1' N X = 613207 8' E N LAT. = 32.020792352° W LONG. = -103.968059345°

RKI Exploration & Production, LLC

DRILLING PLAN

Well East Pecos Fed Com 22-2H
 Location Surface: 250 FSL 1,690 FEL
 Bottom Hole: 330 FNL 1,690 FEL
 22-26S-29E
 County Eddy
 State New Mexico

- 1) The elevation of the unprepared ground is 2,881.6 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 11,583 feet and run casing.
 This equipment will then be rigged down and the well will be completed with a workover rig.
- 4) Proposed depth is 11,583 feet

5) Estimated tops:

*	MD	TVD	
Rustler	400		
Salado	700		
Castile	1,200		
Lamar Lime	2,590		
Base of Lime	2,610		
Delaware Top	3,010		
Bell Canyon Sand	3,010		Oil 1,324 psi
Cherry Canyon Sand	3,650		Oil 1,606 psi
Brushy Canyon Sand	4,646		Oil 2,044 psi
Bone Spring	6,336		
KOP	6,513	6,513	
Landing Point (Avalon Shale)	7,413	7,086	Oil 3,262 psi
TD	11,583	7,086	

*Water anticipated at 200 feet.

BHT = 140 degree F

6) Casing program: All new casing

	Hole Size	Top	Bottom	OD Csg	Wt/Grade	Connection	Collapse Design Factor	Burst Design Factor	Tension Design Factor
See TOA	17 1/2"	0	450 325	13 3/8"	54.5#/J-55	ST&C	5.71	27.58	20.96
	12 1/2"	0	2,600 2850	9 5/8"	40#/J-55	LT&C	1.77	6.91	5.00
	8 3/4"	0	11,583	5 1/2"	17#/HCP-110	LT&C	1.68	1.55	6.13
	Collapse	1.125							
	Burst	1.0							
	Tension	2.0							

7) Cement program:

Surface 17 1/2" hole
 Pipe OD 13 3/8"
 Setting Depth ~~450~~ ft
 Annular Volume 0.69462 cf/ft
 Excess 0.35 35 %

Lead 88 sx 1.75 cf/sk 13.5 ppg
 Tail 200 sx 1.34 cf/sk 14.8 ppg

Lead: "C" + 4% PF20 (gel) + 2% PF1 (CC) + .125 pps PF29 (CelloFlake) + .2% PF46 (antifoam)

Tail: "C" + 1% PF1 (CC)

Top of cement: Surface

Cement volume will be determined from fluid caliper

Intermediate 12 1/2" hole
 Pipe OD 9 5/8"
 Setting Depth ~~2,600~~ ft
 Annular Volume 0.31318 cf/ft 0.3627 cf/ft
 Excess 0.35 35 %

Lead 372 sx 2.07 cf/sk 12.6 ppg
 Tail 200 sx 1.33 cf/sk 14.8 ppg

Lead: 35/65 Poz "C" + 5% PF44 (salt) + 6% PF20 (gel) + 3 pps PF42 (KoalSeal) + .125 pps PF29 (CelloFlake) + .2% PF46 (antifoam) + 1% PF1 (CC)

Tail: "C" + .2% PF13 (retarder)

Top of cement: Surface

Cement volume will be determined from fluid caliper

Production 8 3/4" hole
 Pipe OD 5 1/2"
 Setting Depth 11,583 ft
 Annular Volume 0.2526 cf/ft 0.26074 cf/ft 300 ft
 Excess 0.35 35 %
 Total Annular Volume 2,347 cf
 With Excess 3,169 cf
 DV Tool Depth 5000 ft

Stage 1

Lead: 1,200 sx 1.87 cf/sk 13.0 ppg

Lead: PVL + 30% PF151 (expander) + 5% PF174 (expanding agent) + .7% PF606 (gel suppressing agent) + .5% PF13 (retarder) + .2% PF153 (Uniflac)

Top of cement: DV tool

Stage 2

Lead: 388 sx 2.04 cf/sk 12.6 ppg
 Tail: 100 sx 1.33 cf/sk 14.8 ppg

Lead: 35/65 Poz "C" + 5% PF44 (salt) + 6% PF20 (gel) + .2% PF13 (retarder) + .125 pps PF29 (CelloFlake) + .25 pps PF46 (antifoam)

Tail: "C" + .3% PF13 (retarder)

Top of cement: 2,300 ft

Final cement cement volume will be determined from caliper

8) Pressure control equipment:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram type (3,000 psi WP) preventer, a bag-type annular preventer (3,000 psi WP), and rotating head. Both units will be hydraulically operated and the ram type preventer will be equipped with blind rams on top and pipe rams (sized to accommodate the drill pipe size being utilized) on bottom. A 13 3/8" SOW x 13 5/8" 3M casing head will be installed on the 13 3/8" casing and utilized until total depth is reached. All BOP and associated equipment will be tested to 3,000 psi and the annular will be tested to 1,500 psi after setting the 13 3/8" string. The 13 3/8" and 9 5/8" casing will be tested to .22 psi per ft of casing string length or 1,500 psi whichever is greater, but not to exceed 70% of the minimum yield.

The 9 5/8" casing will be hung in the casing head and the stack will not be nipped down at this point.

The stack will not be isolated and tested after running the 9 5/8" casing, but will be tested along with the 9 5/8" casing. Pipe rams will be operated and checked each 24 hour period and each time the drill string is out of the hole.

These function test will be documented on the daily driller's log.

A drilling spool or blowout preventer with 2 side outlets (choke side shall be 3" minimum diameter, kill side shall be at least 2" diameter).

2 kill line valves, one of which will be a check valve.

2 chokes on the manifold along with a pressure gauge.

Upper kelly cock valve with handle available.

Safety valve and subs to fit all drill string connections in use.

All BOP equipment connections subjected to pressure will be flanged, welded, or clamped.

Fill up line above the upper most preventer.

*See
COA*

9) Mud program:

Top	Bottom	Mud Wt.	Vis	PV	YP	Fluid Loss	Type System
0	450	8.5 to 8.9	32 to 36	1 - 6	1 - 6	NC	Fresh Water
325	450	9.8 to 10.0	28 to 30	1 - 3	1 - 3	NC	Brine
2450	2,600	8.9 to 9.1	28 to 36	1 - 3	1 - 3	NC	Fresh Water

10) Logging, coring, and testing program: *See COA*

No drillstem test are planned

KOP to intermediate: CNL, Caliper, GR, DLL,

Intermediate to surface: CNL, GR

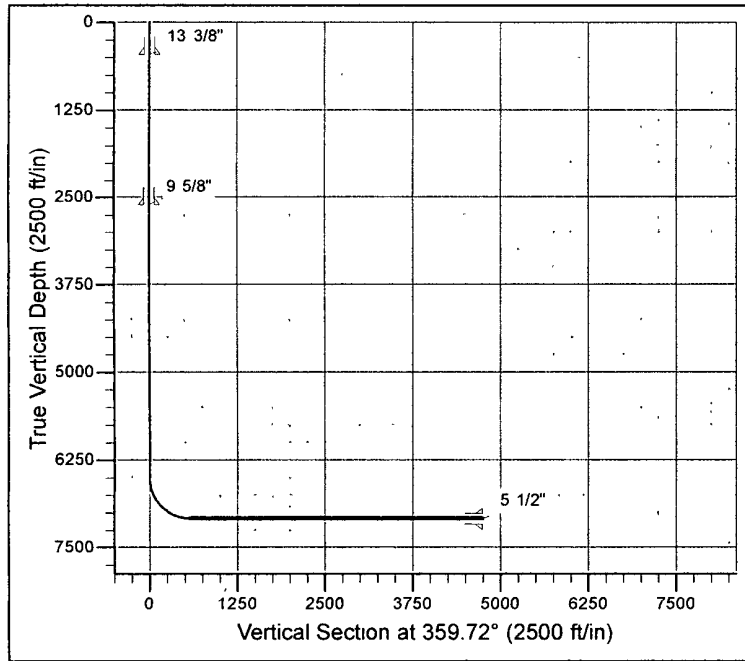
No coring is planned

11) Potential hazards:

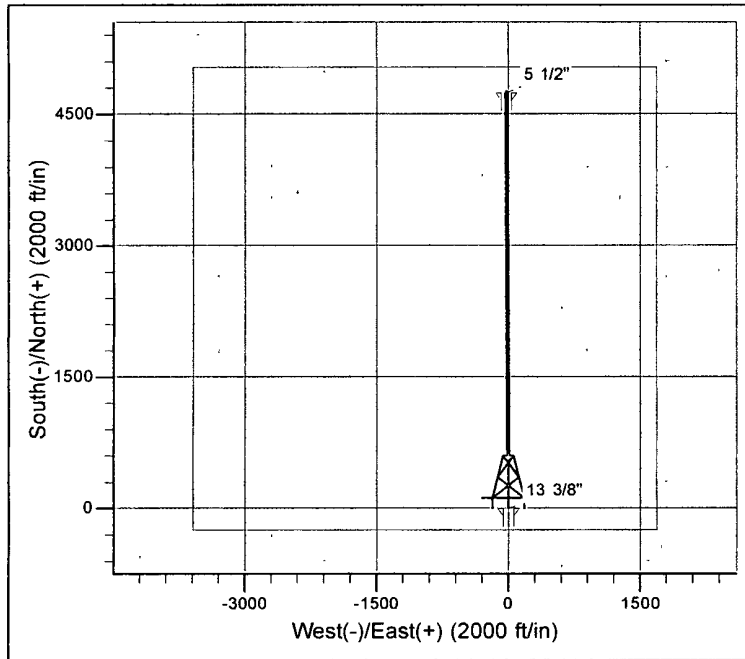
No abnormal pressure or temperature is expected. No H2S is known to exist in the area.

Though lost circulation is not anticipated, lost circulation material will be available on location.

12) Anticipated start date June '12
Duration 25 days



East Pecos Fed Com 22-2H
Section 22-26S-29E
Eddy County, NM



BHL

Surface Location

SECTION DETAILS											
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSec	Target	
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0		
2	6513	0.00	0.00	6513.0	0.0	0.0	0.00	0.00	0.0		
3	7413	90.00	359.72	7086.0	573.0	-2.8	10.00	359.72	573.0		
4	11583	90.00	359.72	7086.0	4743.2	-22.9	0.00	0.00	4743.2	East Pecos Fed Com 22-2H	

H HEADER INFORMATION -----
H COMPANY : RKI 2
H FIELD : Eddy County, NM
H SITE : Section 22-26S-29E
H WELL : East Pecos Fed Com 22-2H
H WELLPATH: Wellbore #1
H DEPTHUNT: ft

H-----

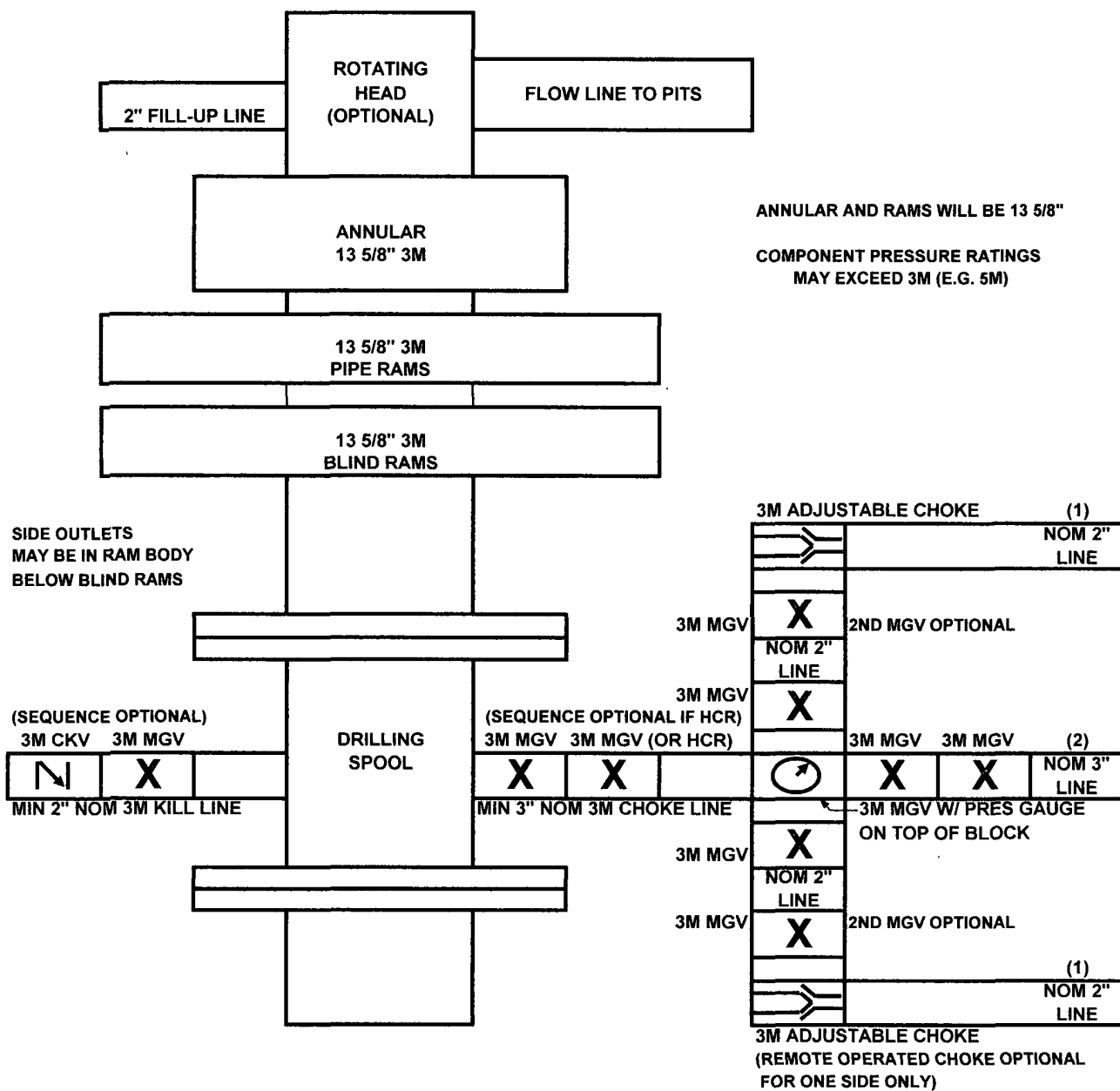
H SURVEY LIST

H MD	INC	AZI	TVD	NS	EW
0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	0.00	100.00	0.00	0.00
200.00	0.00	0.00	200.00	0.00	0.00
300.00	0.00	0.00	300.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00
1000.00	0.00	0.00	1000.00	0.00	0.00
1100.00	0.00	0.00	1100.00	0.00	0.00
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1500.00	0.00	0.00	1500.00	0.00	0.00
1600.00	0.00	0.00	1600.00	0.00	0.00
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1800.00	0.00	0.00	1800.00	0.00	0.00
1900.00	0.00	0.00	1900.00	0.00	0.00
2000.00	0.00	0.00	2000.00	0.00	0.00
2100.00	0.00	0.00	2100.00	0.00	0.00
2200.00	0.00	0.00	2200.00	0.00	0.00
2300.00	0.00	0.00	2300.00	0.00	0.00
2400.00	0.00	0.00	2400.00	0.00	0.00
2500.00	0.00	0.00	2500.00	0.00	0.00
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2700.00	0.00	0.00	2700.00	0.00	0.00
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3100.00	0.00	0.00	3100.00	0.00	0.00
3200.00	0.00	0.00	3200.00	0.00	0.00
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3400.00	0.00	0.00	3400.00	0.00	0.00
3500.00	0.00	0.00	3500.00	0.00	0.00
3600.00	0.00	0.00	3600.00	0.00	0.00
3700.00	0.00	0.00	3700.00	0.00	0.00
3800.00	0.00	0.00	3800.00	0.00	0.00
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4000.00	0.00	0.00	4000.00	0.00	0.00
4100.00	0.00	0.00	4100.00	0.00	0.00
4200.00	0.00	0.00	4200.00	0.00	0.00
4300.00	0.00	0.00	4300.00	0.00	0.00
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4500.00	0.00	0.00	4500.00	0.00	0.00

4600.00	0.00	0.00	4600.00	0.00	0.00
4700.00	0.00	0.00	4700.00	0.00	0.00
4800.00	0.00	0.00	4800.00	0.00	0.00
4900.00	0.00	0.00	4900.00	0.00	0.00
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5800.00	0.00	0.00	5800.00	0.00	0.00
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6200.00	0.00	0.00	6200.00	0.00	0.00
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6400.00	0.00	0.00	6400.00	0.00	0.00
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6550.00	3.70	359.72	6549.97	1.19	-0.01
6600.00	8.70	359.72	6599.67	6.59	-0.03
6650.00	13.70	359.72	6648.70	16.29	-0.08
6700.00	18.70	359.72	6696.70	30.23	-0.15
6750.00	23.70	359.72	6743.30	48.30	-0.23
6800.00	28.70	359.72	6788.15	70.37	-0.34
6850.00	33.70	359.72	6830.91	96.26	-0.46
6900.00	38.70	359.72	6871.25	125.78	-0.61
6950.00	43.70	359.72	6908.86	158.70	-0.77
7000.00	48.70	359.72	6943.46	194.77	-0.94
7050.00	53.70	359.72	6974.78	233.72	-1.13
7100.00	58.70	359.72	7002.59	275.26	-1.33
7150.00	63.70	359.72	7026.67	319.06	-1.54
7200.00	68.70	359.72	7046.85	364.79	-1.76
7250.00	73.70	359.72	7062.96	412.10	-1.99
7300.00	78.70	359.72	7074.88	460.64	-2.22
7350.00	83.70	359.72	7082.54	510.04	-2.46
7400.00	88.70	359.72	7085.85	559.91	-2.70
7413.04	90.00	359.72	7086.00	572.95	-2.77
7500.00	90.00	359.72	7086.00	659.91	-3.19
7600.00	90.00	359.72	7086.00	759.91	-3.67
7700.00	90.00	359.72	7086.00	859.91	-4.15
7800.00	90.00	359.72	7086.00	959.90	-4.63
7900.00	90.00	359.72	7086.00	1059.90	-5.12
8000.00	90.00	359.72	7086.00	1159.90	-5.60
8100.00	90.00	359.72	7086.00	1259.90	-6.08
8200.00	90.00	359.72	7086.00	1359.90	-6.57
8300.00	90.00	359.72	7086.00	1459.90	-7.05
8400.00	90.00	359.72	7086.00	1559.90	-7.53
8500.00	90.00	359.72	7086.00	1659.90	-8.01
8600.00	90.00	359.72	7086.00	1759.90	-8.50
8700.00	90.00	359.72	7086.00	1859.89	-8.98
8800.00	90.00	359.72	7086.00	1959.89	-9.46
8900.00	90.00	359.72	7086.00	2059.89	-9.95
9000.00	90.00	359.72	7086.00	2159.89	-10.43
9100.00	90.00	359.72	7086.00	2259.89	-10.91

9200.00	90.00	359.72	7086.00	2359.89	-11.39
9300.00	90.00	359.72	7086.00	2459.89	-11.88
9400.00	90.00	359.72	7086.00	2559.89	-12.36
9500.00	90.00	359.72	7086.00	2659.88	-12.84
9600.00	90.00	359.72	7086.00	2759.88	-13.33
9700.00	90.00	359.72	7086.00	2859.88	-13.81
9800.00	90.00	359.72	7086.00	2959.88	-14.29
9900.00	90.00	359.72	7086.00	3059.88	-14.77
10000.00	90.00	359.72	7086.00	3159.88	-15.26
10100.00	90.00	359.72	7086.00	3259.88	-15.74
10200.00	90.00	359.72	7086.00	3359.88	-16.22
10300.00	90.00	359.72	7086.00	3459.88	-16.71
10400.00	90.00	359.72	7086.00	3559.87	-17.19
10500.00	90.00	359.72	7086.00	3659.87	-17.67
10600.00	90.00	359.72	7086.00	3759.87	-18.15
10700.00	90.00	359.72	7086.00	3859.87	-18.64
10800.00	90.00	359.72	7086.00	3959.87	-19.12
10900.00	90.00	359.72	7086.00	4059.87	-19.60
11000.00	90.00	359.72	7086.00	4159.87	-20.09
11100.00	90.00	359.72	7086.00	4259.87	-20.57
11200.00	90.00	359.72	7086.00	4359.86	-21.05
11300.00	90.00	359.72	7086.00	4459.86	-21.53
11400.00	90.00	359.72	7086.00	4559.86	-22.02
11500.00	90.00	359.72	7086.00	4659.86	-22.50
11583.32	90.00	359.72	7086.00	4743.18	-22.90

3M BOP SCHEMATIC

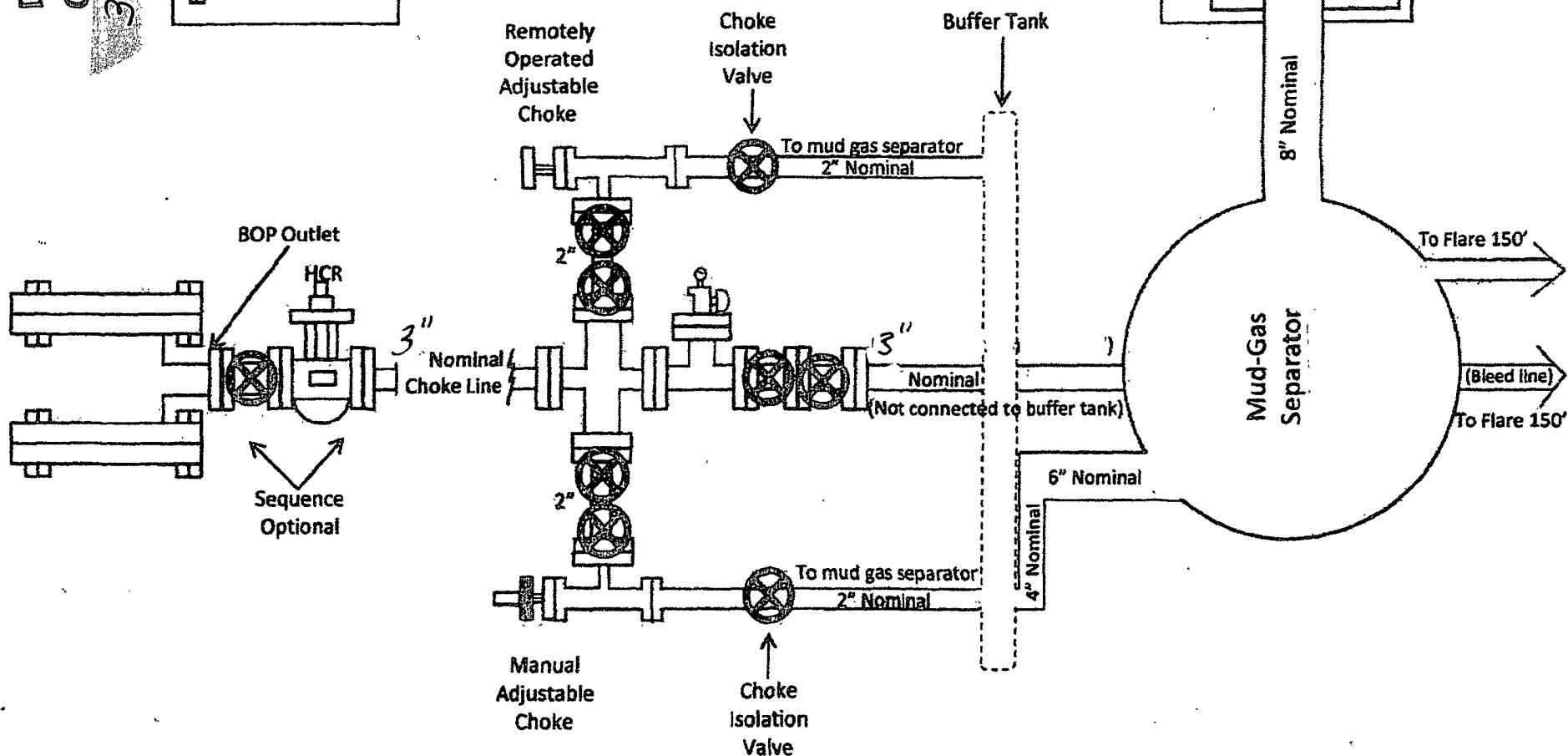


- (1) Line to mud gas separator and/or pit
(2) Bleed line to pit

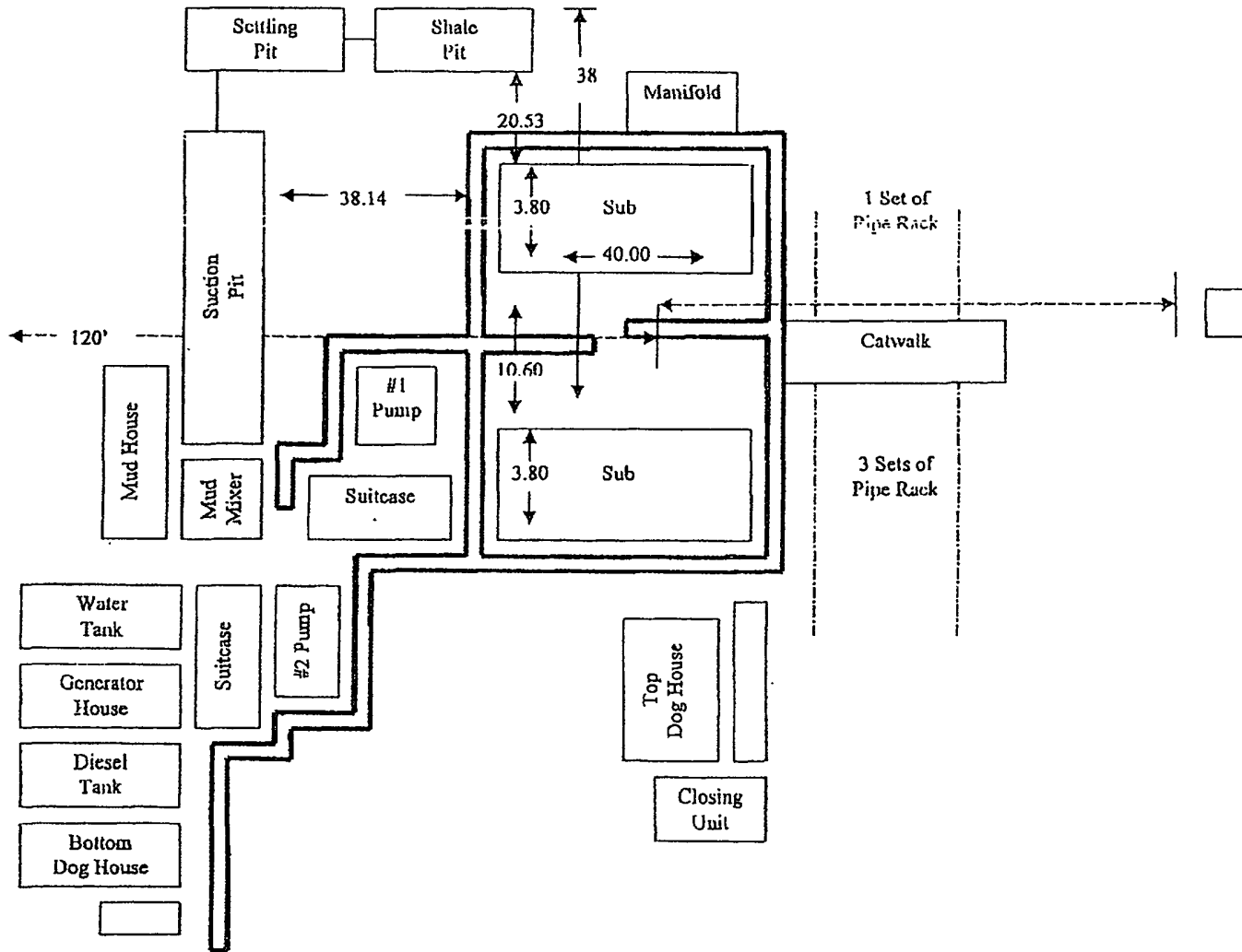
MGV - Manual Gate Valve
CKV - Check Valve
HCR - Hydraulically Controlled Remote Valve

Drilling Operations
Choke Manifold
3M Service

Exhibit E-1 - Choke Manifold Diagram



Plat for Closed Loop System



PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	RKI EXPLORATION & PRODUCTION
LEASE NO.:	NM21767
WELL NAME & NO.:	2H-EAST PECOS FED COM 22
SURFACE HOLE FOOTAGE:	0250'/S. & 1690'/E.
BOTTOM HOLE FOOTAGE:	0330'/S. & 1690'/E.
LOCATION:	Section 2215, T. 26 S., R. 29 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

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