

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
May 27, 2004

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505  
JUN 06 2008  
OCD-ARTESIA

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address RKI EXPLORATION & PRODUCTION, LLC. 3817 NW EXPRESSWAY SUITE 950 OKLAHOMA CITY, OKLAHOMA 73112		<sup>2</sup> OGRID Number 246289 <sup>3</sup> APL Number 36124 30 - 015 - 50380
<sup>4</sup> Property Code 303271	<sup>5</sup> Property Name PINNACLE STATE	<sup>6</sup> Well No. 20
<sup>9</sup> Proposed Pool 1 GULEBRA BLUFF BONE SPRING SOUTH 15011		<sup>10</sup> Proposed Pool 2

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	36	22S	28E		2630'	NORTH	2335'	WEST	EDDY

<sup>8</sup> Proposed 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

Additional Well Information

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code O	<sup>13</sup> Cable/Rotary ROTARY	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3101'
<sup>16</sup> Multiple NO	<sup>17</sup> Proposed Depth 7120'	<sup>18</sup> Formation BONE SPRING	<sup>19</sup> Contractor TECO DRILLING	<sup>20</sup> Spud Date WHEN APPROVED
Depth to Groundwater Less than 100'		Distance from nearest fresh water well UNKNOWN		Distance from nearest surface water Pecos River 2 Mi Southwest
Pit: Liner: Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: _____ Closed-Loop System <input checked="" type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	14"	CONDUCTOR	80'	Redi-mix	Surface
12 1/4"	9 5/8"	36#	300' ±	155 Sx.	Surface
7 7/8"	5 1/2"	17#	7120' ±	675 Sx.	Surface

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

NOTE: NEW PIT RULE 19.15.17  
NMAC.

For use of closed loop system-  
complete new form C-144.

SEE ATTACHED SHEET

NOTE: New Pit Rule  
NMAC 19-15-17

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒ a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Joe T. Janica

Title: Permit Engineer

E-mail Address: joejanica@valornet.com

Date: 06/05/08

Phone: 575-391-8503

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Conditions of Approval Attached ☐

Gene Simer 706-3225

1. Drill a 26" hole to 80'. Set 80' of 20" 53# conductor pipe and cement to surface with Redi-mix.
2. Drill 12½" hole to 300'±. Run and set 300' of 9 5/8" 36# J-55 ST&C CASING. Cement with 160 Sx. of Class "C" cement + 2% CaCl + ¼# Flocele/Sx (Yield 1.34) circulate cement to surface.
3. Drill 7 7/8" hole to 7120'±. Run and set 7120' of 5½" 17# J-55 ST&C casing. Cement in two stages with the DV Tool at 4000'±. Cement 1st stage with 210 Sx. of Class "C" cement + additives (Yield 2.47). Tail in with 140 Sx of Class "C" cement + additives, (Yield 1.3). Cement 2nd stage with 200 Sx. of Class "C" cement + additives (Yield 2.47). Tail in with 125 Sx. of Class "C" cement + additives (Yield 1.30). Circulate cement to surface.
4. Cement volumes on both strings of pipe may have to be re-calculated after the open hole logs have been run and volumes re-calculated from caliper logs.
5. Fresh water mud will be used to drill the surface hole and saturated brine water will be used to drill the 7 7/8" hole in order to reduce washing out the salt formation.
6. The Bureau of Land Management does not have any records of the presence of H<sub>2</sub>S in this area. RKI Exploration & Production, LLC. has drilled wells in this area and have not encountered any H<sub>2</sub>S while drilling their wells.

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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 15011	Pool Name CULEBRA BLUFF BONE SPRING SOUTH
Property Code 303271	Property Name PINNACLE STATE	Well Number 20
OGRID No. 246289	Operator Name RKI EXPLORATION & PRODUCTION	Elevation 3101'

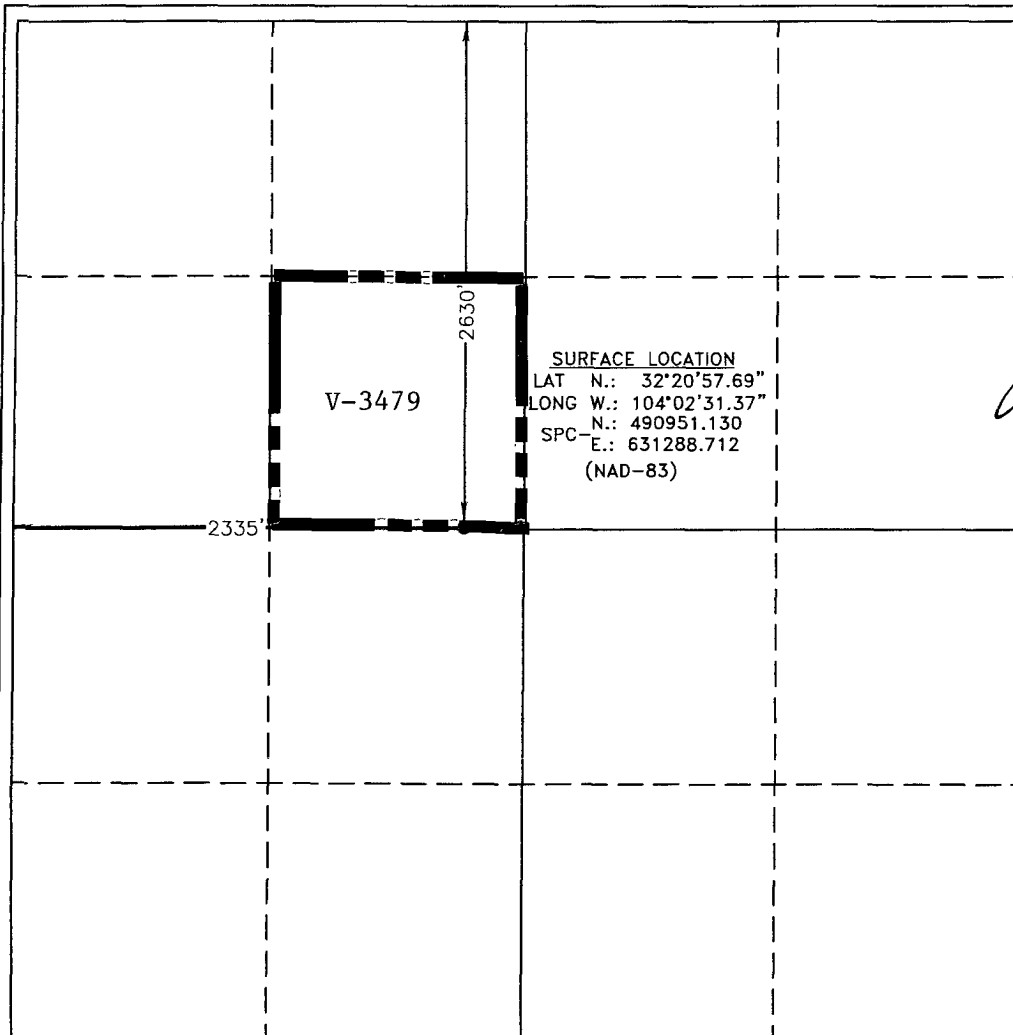
Surface Location

UL or lot No. F	Section 36	Township 22 S	Range 28 E	Lot Idn	Feet from the 2630	North/South line NORTH	Feet from the 2335	East/West line WEST	County EDDY
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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
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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



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 pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature

Date

Joe T. Janica

06/05/08

Printed Name

SURVEYOR 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

FEBRUARY 17, 2008

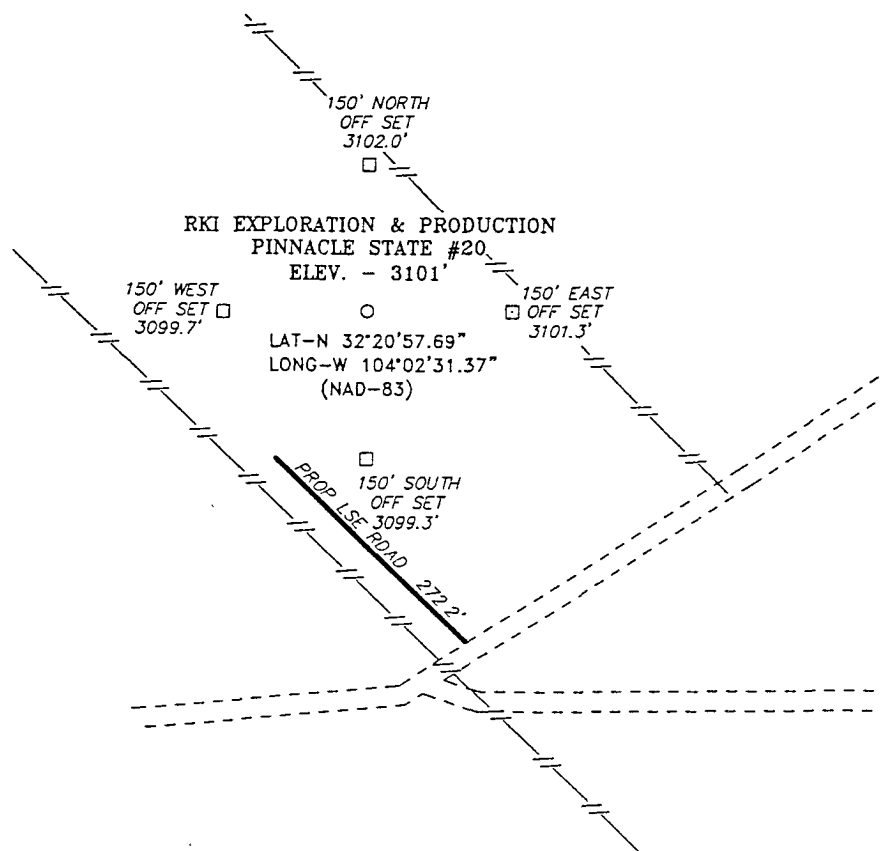
Date Surveyed  
Signature & Seal of  
Professional Surveyor  
7977

Plat No. 19238

Certificate No. Gary L. Jones 7977

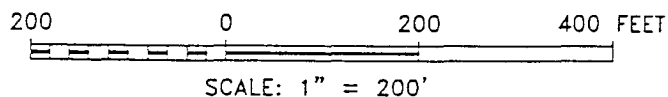
BASIN SURVEYS

SECTION 36, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



**DIRECTIONS TO LOCATION:**

FROM THE JUNCTION OF CO. RD. 605 AND STATE HWY. 31, GO NORTHWEST ON CO. RD. 605 FOR APPROX. 1.9 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTHEAST FOR APPROX. 1.1 MILES TO PROPOSED LEASE ROAD.



**RKI EXPLORATION & PRODUCTION**

REF: PINNACLE STATE #20/ Well Pad Topo

THE PINNACLE STATE #20 LOCATED 2630' FROM  
THE NORTH LINE AND 2335' FROM THE WEST LINE OF  
SECTION 36, TOWNSHIP 22 SOUTH, RANGE 28 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

**Basin Surveys** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 19238

Drawn By: J. M. SMALL

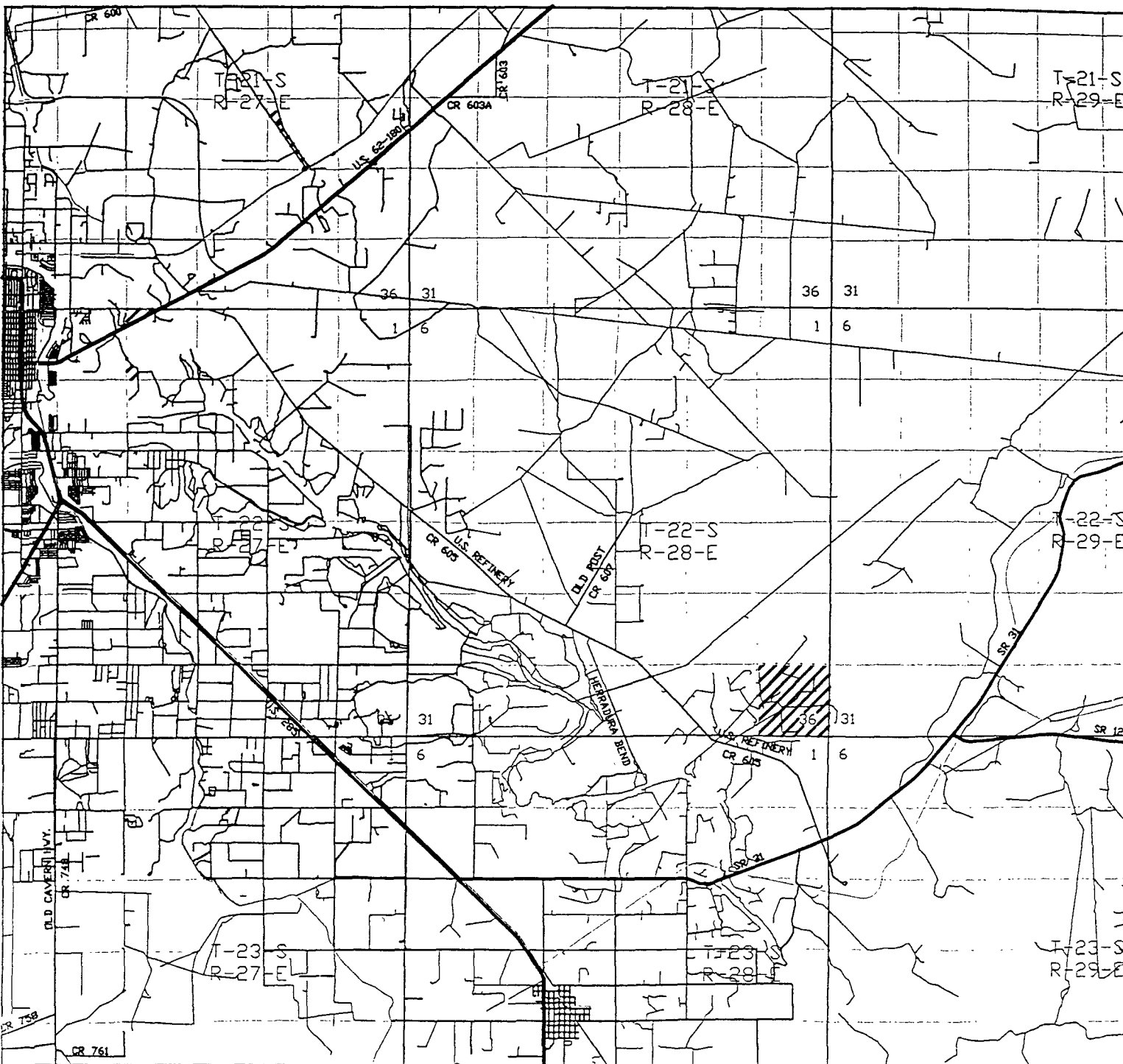
Date: 02-19-2008

Disk: JMS 19238W

Survey Date: 02-17-2008

Sheet 1 of 1 Sheets

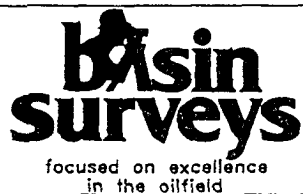




# PINNACLE STATE #20

Located at 2630' FNL and 2335' FWL

Section 36, Township 22 South, Range 28 East,  
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786  
1120 N. West County Rd.  
Hobbs, New Mexico 88241  
(505) 393-7316 - Office  
(505) 392-3074 - Fax  
basinsurveys.com

W.O. Number: JMS 19238TR

Survey Date: 02-17-2008

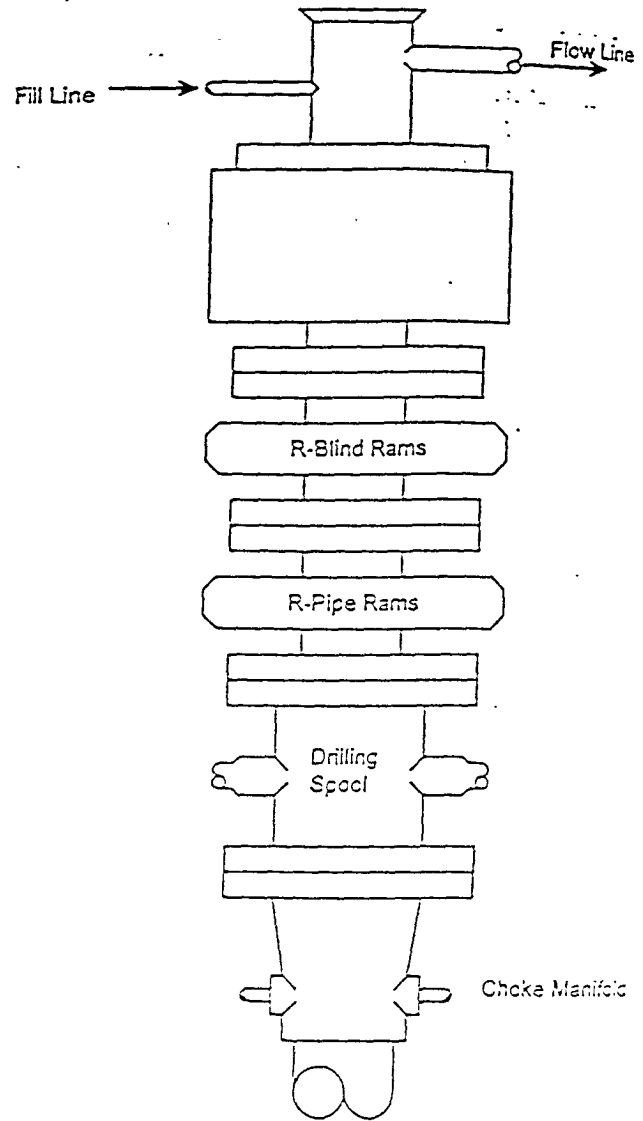
Scale: 1" = 2 MILES

Date: 02-19-2008

RKI  
EXPLORATION &  
PRODUCTION

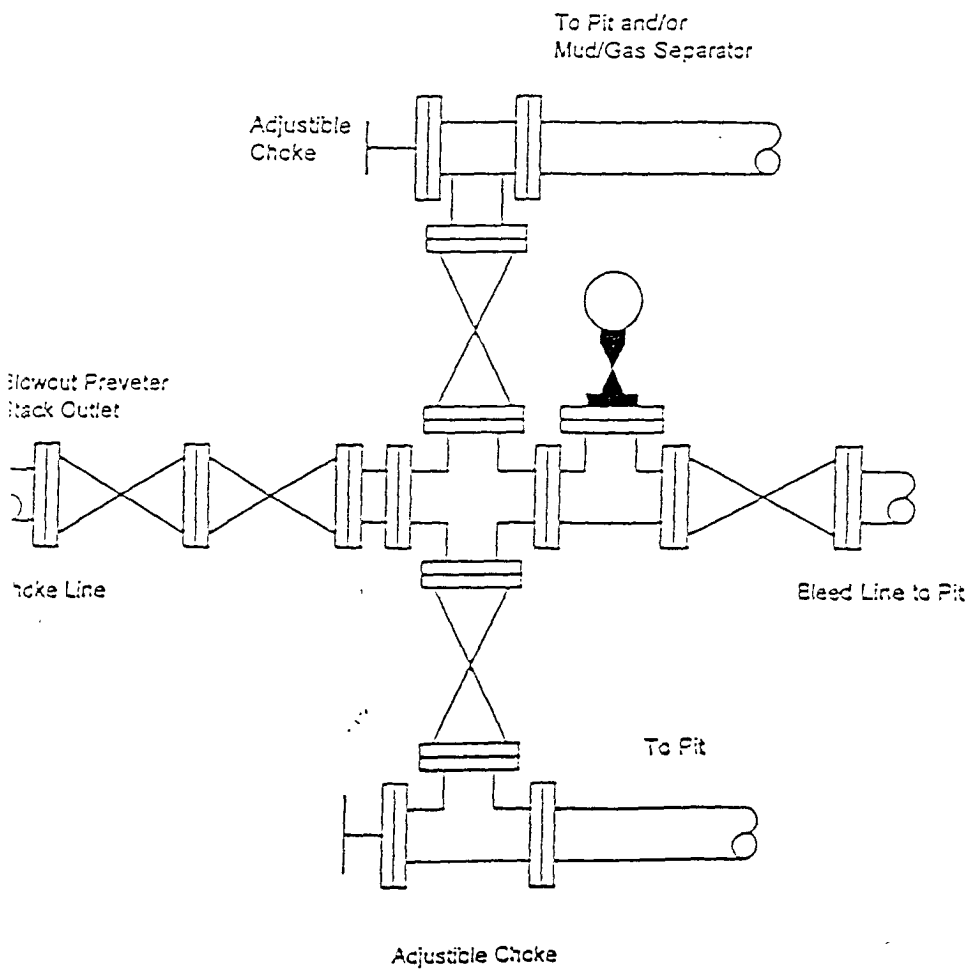
# BLOWOUT PREVENTER SYSTEM

3000 PSI



Type 900 SERIES  
3000 PSI WP

## Choke Manifold Assembly for 5M WP System



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Joanna Prukop**  
Cabinet Secretary  
**Reese Fullerton**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



June 1, 2008

Mr. W. Thomas Kellahin  
Kellahin & Kellahin  
706 Gonzales Rd  
Santa Fe, NM 87501

**Administrative Order NSL-5773-A**

**Re: RKI Exploration & Production, LLC**  
**Pinnacle State Well No. 20**  
**API No. 30-015**  
**Unit F, Section 36-22S-28E**  
**Eddy County**

**JUN 09 2008**  
**OCD-ARTESIA**

Dear Mr. Kellahin:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-12729251**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of RKI Exploration & Production, LLC (RKI) on May 5, 2008, and

(b) the Division's records pertinent to this request, including the Division's records pertaining to Administrative Order R-5773.

RKI has requested to drill the above-referenced well at an unorthodox Delaware and Bone Spring oil well location, 2630 feet from the North line and 2335 feet from the West line (Unit F) of Section 36, Township 22 South, Range 28 East, N.M.P.M., in Eddy County, New Mexico.

The SE/4 NW/4 of Section 36 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the East Herradura Bend-Delaware Pool (30670). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern and eastern unit boundaries.

The E/2 NW/4 of Section 36 will be dedicated to this well in order to form a standard 80-acre oil spacing unit in the undesignated South Culebra Bluff-Bone Spring Pool (15011). Spacing in this





pool is governed by Rules 2 and 4 of the Special Rules and Regulations for the South Culebra Bluff-Bone Spring Pool, as adopted by Order R-6139 issued on October 12, 1979, which provide for 80-acre units with wells to be located within 150 feet of the center of a quarter/quarter section. The proposed location is more than 150 feet south and east from the center of the SE/4 NW/4 of Section 36.

Your application on behalf of RKI has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that this location is being requested because RKI's geologic interpretation indicates that the well can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells located at standard locations.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because of common ownership

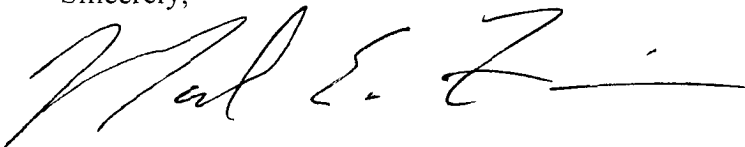
Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This Order amends Order R-5773, which approved the drilling of a well of the same name at a different (also unorthodox) location within Section 36. It is understood that this well will be drilled at the location indicated in this Order R-5773-A, and not at the location specified in original Order R-5773.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal line extending to the right.

Mark E. Fesmire, P.E.  
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia  
New Mexico State Land Office - Santa Fe