

**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) 476-3470 Fax: (505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural**  
**Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**  
**Change of Operator**

Form C-145  
August 1, 2011  
Permit 223377

**Previous Operator Information**

OGRID: 13837  
Name: MACK ENERGY CORP  
Address: PO Box 960  
11344 Lovington Hwy  
City, State, Zip: Artesia, NM 88211

**New Operator Information**

Effective Date: Effective on the date of approval by the OCD  
OGRID: 246289  
Name: RKI EXPLORATION & PRODUCTION, LLC  
Address: 3500 One Williams Center  
City, State, Zip: Tulsa, OK 74172

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, RKI EXPLORATION & PRODUCTION, LLC certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(i) NMAC.

RKI EXPLORATION & PRODUCTION, LLC understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

As the operator of record of wells in New Mexico, RKI EXPLORATION & PRODUCTION, LLC agrees to the following statements:

1. I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I have familiarized myself with all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules (19.15.2-19.15.112 NMAC) and the Water quality Control Commission's rules (20.6.2-20.6.7 NMAC) are available at the New Mexico State Records Center and Archives website ([www.nmcp.state.nm.us](http://www.nmcp.state.nm.us)).
2. I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells, see 19.15.9.9(B) NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See 19.15.9.9(C)(2) NMAC.
3. I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See 19.15.7.24(C) NMAC.
4. I UNDERSTAND THAT New Mexico requires wells that have been inactive for certain time periods to be plugged or placed on approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance, or blanket plugging financial assurance for wells in temporarily abandoned status, even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See 19.15.8.9(C) NMAC. I understand that I can check my compliance with the single-well financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. I am responsible for reporting releases as defined by 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record.
7. I have read 19.15.5.9 NMAC, commonly known as "Rule 5.9" and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of 19.15.5.9 NMAC, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of 19.15.5.9 NMAC the OCD may, after notice and hearing, revoke my existing injection permits. See 19.15.26.8 NMAC.
8. For injection (or disposal) wells, I acknowledge that I have read and agree to operate my wells in compliance with 19.15.26 NMAC. I acknowledge that I have read and agree to the terms of my injection permit. I understand that I must report injection volume and injection pressure on my monthly C-115 report. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of any injection well to another operator, the OCD must approve the transfer or authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See 19.15.9.8.C NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See 19.15.9.9(B) NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.

## Previous Operator

Signature: Printed Name: Travis K. LanningTitle: Vice PresidentDate: 7-14-16 Phone: 575-748-1288

## New Operator

Signature:   
*CSM*Printed Name: Jeffrey SchmuhlTitle: VP of A&D and Business DevelopmentDate: 7-13-16 Phone: 539-573-1348



**District I**1825 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) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural**  
**Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Wells Selected for Transfer

Permit 223377  
Permit Status: DRAFT**Wells Selected for Transfer**

From:	MACK ENERGY CORP	OGRID:	13837
To:	RKI EXPLORATION & PRODUCTION, LLC	OGRID:	246289

**OCD District: Artesia**

Property	Well	Lease Type	ULSTR	OCD Unit	API	Well Type	Pool ID	Pool Name	Last Prod/Inj	Additional Bonding
316181	FEDERAL LL #001	F	N-13-23S-26E	N	30-015-20855	G	96594	CARLSBAD; UPPER PENN., S.	12/15	0
316185	STATE QQ COM #001	S	C-17-23S-27E	C	30-015-20868	G	73960	CARLSBAD;MORROW, SOUTH (GAS)	12/15	0
	STATE QQ COM #001	S	C-17-23S-27E	C	30-015-20868	G	73800	CARLSBAD;ATOKA, SOUTH (GAS)	12/15	
40443	PIT SWD #001	P	3-04-23S-27E	C	30-015-20993	S	96802	SWD;BELL CANYON-CHERRY CANYON	05/16	0
40393	CANAL SWD #001	P	L-03-23S-27E	L	30-015-21064	S	96802	SWD;BELL CANYON-CHERRY CANYON	05/16	0
316182	FEDERAL MM COM #002	F	H-13-23S-26E	H	30-015-32289	G	73880	CARLSBAD;CANYON, SOUTH (GAS)	12/15	0
316183	FEDERAL RR COM #002	F	I-24-23S-26E	I	30-015-32657	G	73960	CARLSBAD;MORROW, SOUTH (GAS)	11/15	0
316184	LOONEY FEE COM #001	P	K-21-22S-27E	K	30-015-32901	G	73960	CARLSBAD;MORROW, SOUTH (GAS)	05/16	0
316179	WEEMS #001	S	B-34-22S-27E	B	30-015-35789	G	82360	OTIS;MORROW (GAS)	05/16	0
39522	DERRICK FEE #001	P	H-04-23S-27E	H	30-015-40817	O	10380	CASS DRAW;BONE SPRING	05/16	0
	DERRICK FEE #001	P	H-04-23S-27E	H	30-015-40817	O	98125	WC-015 G-06 S232704H;UPPER WOLFCAMP	05/16	
39600	WIND FEE #001	P	G-04-23S-27E	G	30-015-40922	O	98125	WC-015 G-06 S232704H;UPPER WOLFCAMP	05/16	0
	WIND FEE #001	P	G-04-23S-27E	G	30-015-40922	O	10380	CASS DRAW;BONE SPRING	05/16	
39599	MAMMOTH FEE #001	P	J-03-23S-27E	J	30-015-40930	O	98125	WC-015 G-06 S232704H;UPPER WOLFCAMP	05/16	0
	MAMMOTH FEE #001	P	J-03-23S-27E	J	30-015-40930	O	10380	CASS DRAW;BONE SPRING	05/16	
40092	CARLSBAD FEE #001	P	P-35-22S-27E	P	30-015-41627	O	98125	WC-015 G-06 S232704H;UPPER WOLFCAMP	05/16	0
	CARLSBAD FEE #001	P	P-35-22S-27E	P	30-015-41627	O	10380	CASS DRAW;BONE SPRING	05/16	
39600	WIND FEE #002	P	F-04-23S-27E	F	30-015-41756	O	24670	FOREHAND RANCH;DELAWARE	05/16	0
40311	LOST RIVER FEE #001	P	P-23-23S-27E	P	30-015-41920	O	10380	CASS DRAW;BONE SPRING	05/16	0
	LOST RIVER FEE #001	P	P-23-23S-27E	P	30-015-41920	O	98125	WC-015 G-06 S232704H;UPPER WOLFCAMP	05/16	
40312	MARVEL FEE #001	P	F-01-23S-27E	F	30-015-41922	O	10380	CASS DRAW;BONE SPRING		0
40367	WARREN FEE #001	P	C-34-22S-27E	C	30-015-42014	O	10380			0

								CASS DRAW;BONE SPRING		
40369	BURNET FEE #001	P	O-03-23S-27E	O	30-015-42019	O	98125	WC-015 G-06 S232704H;UPPER WOLFCAMP	05/16	0
	BURNET FEE #001	P	O-03-23S-27E	O	30-015-42019	O	10380	CASS DRAW;BONE SPRING	05/16	
40408	PARADISE FEE #001	P	G-12-23S-27E	G	30-015-42086	O	10380	CASS DRAW;BONE SPRING		0
40417	APE FEE #001	P	L-04-23S-27E	L	30-015-42101	O	10380	CASS DRAW;BONE SPRING	05/16	0
	APE FEE #001	P	L-04-23S-27E	L	30-015-42101	O	98125	WC-015 G-06 S232704H;UPPER WOLFCAMP	05/16	
40442	LAVA FEE #001	P	P-03-23S-27E	P	30-015-42136	O	10380	CASS DRAW;BONE SPRING	05/16	0
	LAVA FEE #001	P	P-03-23S-27E	P	30-015-42136	O	98125	WC-015 G-06 S232704H;UPPER WOLFCAMP	05/16	
40479	SKELETON FEE #001	P	A-15-23S-27E	A	30-015-42249	O	24660	FOREHAND RANCH;BONE SPRING		0
40478	SANDIA FEE #001	P	A-15-23S-27E	A	30-015-42250	O	24660	FOREHAND RANCH;BONE SPRING		0
40486	PROMISE LAND FEE #001	P	E-23-23S-27E	E	30-015-42272	O	98125	WC-015 G-06 S232704H;UPPER WOLFCAMP	05/16	0
	PROMISE LAND FEE #001	P	E-23-23S-27E	E	30-015-42272	O	10380	CASS DRAW;BONE SPRING	05/16	
40504	CASCADE FEE #001	P	J-32-22S-27E	J	30-015-42320	O	10380	CASS DRAW;BONE SPRING		0
40514	HEPLER FEE #001	P	F-34-22S-27E	F	30-015-42350	O	98125	WC-015 G-06 S232704H;UPPER WOLFCAMP	05/16	0
	HEPLER FEE #001	P	F-34-22S-27E	F	30-015-42350	O	10380	CASS DRAW;BONE SPRING	05/16	
313183	OLD CAVERN FEE #001	P	K-32-22S-27E	K	30-015-42355	O	10380	CASS DRAW;BONE SPRING		0
313253	SMEDLEY FEE #001	P	J-35-22S-27E	J	30-015-42381	O	10380	CASS DRAW;BONE SPRING		0
40479	SKELETON FEE #002	P	C-15-23S-27E	C	30-015-42411	O	24660	FOREHAND RANCH;BONE SPRING		0
313388	GHOST SWD #001	P	B-15-23S-27E	B	30-015-42463	S	96802	SWD;BELL CANYON-CHERRY CANYON		0
313481	MARLEY FEE #001	S	K-34-22S-27E	K	30-015-42499	O	10380	CASS DRAW;BONE SPRING		0
313531	MINOT FEE #001	P	3-03-23S-27E	C	30-015-42524	O	10380	CASS DRAW;BONE SPRING		0
313533	KARST SWD #001	P	P-35-22S-27E	P	30-015-42528	S	96802	SWD;BELL CANYON-CHERRY CANYON		0
313532	HOLLOW SWD #001	P	O-28-23S-27E	O	30-015-42529	S	96802	SWD;BELL CANYON-CHERRY CANYON		0
313574	CLUB FEE #001	P	H-26-23S-28E	H	30-015-42571	O	15011	CULEBRA BLUFF;BONE SPRING, SOUTH		0
40311	LOST RIVER FEE #002	P	I-23-23S-27E	I	30-015-42700	O	10380	CASS DRAW;BONE SPRING		0
313753	ICE FEE #001	P	D-23-23S-27E	D	30-015-42703	O	10380	CASS DRAW;BONE SPRING		0
313865	SINKER SWD #001	P	P-23-23S-27E	P	30-015-42787	S	96802	SWD;BELL CANYON-CHERRY CANYON		0
40504	CASCADE FEE #002	P	I-32-22S-27E	I	30-015-42814	O	10380	CASS DRAW;BONE SPRING		0
313943	SPOON SWD #001	P	I-32-22S-27E	I	30-015-42824	S	96802	SWD;BELL CANYON-CHERRY CANYON		0
40478	SANDIA FEE #002	P	H-15-23S-27E	H	30-015-42868	O	24660	FOREHAND RANCH;BONE SPRING		0
313976	OZARK FEE #001	P	I-32-22S-27E	I	30-015-42870	O	10380	CASS DRAW;BONE SPRING		0
40311		P	O-23-23S-27E	O	30-015-42871	O	10380			0

	LOST RIVER FEE #003							CASS DRAW;BONE SPRING		
314327	DEN SWD #001	P	P-25-23S-27E	P	30-015-42990	S	96802	SWD;BELL CANYON- CHERRY CANYON		0
316383	CAVERN 16 STATE #001H	S	L-16-23S-27E	L	30-015-43841	G	76780	FOREHAND RANCH;WOLFCAMP (GAS)		0
<b>Total Additional bond</b>										0

**NMOCD Approval**Electronic Signature: Karen Sharp, District 2Date: August 02, 2016

**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) 476-3470 Fax:(505) 476-3462

State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

Comments

Permit 223377

CHANGEOP COMMENTS

Operator: MACK ENERGY CORP PO Box 960 Artesia, NM 88211	OGRID:	13837
	Permit Number:	223377
	Permit Type:	ChangeOp

Comments

Created By	Comment	Comment Date
degalligos	In violation of Rule 5.9 - 8 inactive wells	7/19/2016
degalligos	In violation of Rule 5.9 - 8 inactive wells	7/19/2016