

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
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Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



December 22, 2014

RKI Exploration and Production, LLC
Attn: Mr. David Catanach

ADMINISTRATIVE NON-STANDARD PRORATION UNIT

Administrative Order NSP-2015
Administrative Application Reference No. pMAM1435249944

RKI Exploration and Production, LLC
OGRID 246289
RDX Federal Com 28 Well No. 7H
API No. 30-015-42280

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Lot 1, Lot 2 of Section 33, NE/4 NE/4, NW/4 NE/4 of Section 33, And E/2 of Section 28 Township 26 South, Range 30 East, Eddy County, New Mexico.	449.58	Ross Draw;Wolfcamp (Gas)	84330

Reference is made to your application received on December 18, 2014.

You have requested to drill this well at a non-standard gas spacing and proration unit described above in the referenced pool or formation. This proration unit is governed by statewide Rule 19.15.15.10.B NMAC, which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because a portion of the project area is non-standard.

Units Comprising this Project Area

<u>Unit</u>	<u>Acres</u>	<u>Pool</u>	<u>Code</u>
Lot 1, Lot 2, NE/4 NE/4, NW/4 NE/4 of Section 33, E/2 of Section 28	129.58 320	Ross Draw;Wolfcamp (Gas) Ross Draw;Wolfcamp (Gas)	84330 84330

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(3) NMAC.

Statewide Rule 19.15.15.10.B NMAC provides for 320-acre units, which consists of the E/2 of Section 28. However, Lot 1, Lot 2, NE/4 NE/4, and NW/4 NE/4 of Section 33, are comprised of 129.58-acres. According to Division Rule 19.15.15.11.B(1) NMAC, an administrative approval is required for a non-standard spacing unit that is less than 70 percent of a standard spacing unit, in this case 129.58-acres.

It is our understanding that you are seeking this location because the non-standard project area represents a reasonable and effective method by which portions of irregular Section 33 can be incorporated into the horizontal Wolfcamp project area.

It is also understood that since no acreage is being excluded in the project area, no interest owner is affected; therefore, notification is not required.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This Order is in conjunction with Division Order No. NSP-1996-A, issued on December 22, 2014.

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

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

DONE at Santa Fe, New Mexico, on December 22, 2014



for Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad