

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

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APPLICATION OF RKI EXPLORATION AND PRODUCTION
FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 15216

APPLICATION

RKI Exploration and Production, ("RKI") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 35, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, RKI states:

1. RKI Exploration and Production (OGRID No. 246289) is a working interest owner in the W/2 of Section 35 and has the right to drill thereon.

2. RKI proposes to dedicate the above-referenced spacing and proration unit as the project area for its **North Brushy Draw Federal Com 35 #4H Well**, which will be horizontally drilled from a surface location in the SE/4SW/4 (Unit N) to a non-standard bottom hole location in in the NE/4NW/4 (Unit C) of Section 35. The completed interval for this well will commence in SE/4SW/4 (Unit N) of Section 35 and remain within the 660-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC.

3. RKI has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit RKI to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests in this standard spacing unit should be pooled and RKI Exploration and Production should be designated the operator of this standard spacing and proration unit.

WHEREFORE, RKI requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 16, 2014, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving a 320-acre standard spacing and proration unit in the Wolfcamp formation, comprised of the W/2 of Section 35, Township 25 South, Range 29 East, NMPM;
- B. Pooling all mineral interests in this standard spacing and proration unit;
- C. Designating RKI Exploration and Production operator of this standard spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing RKI to recover its costs of drilling, equipping and completing the well;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by RKI in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR RKI EXPLORATION AND
PRODUCTION**

CASE 15216 :

Application of RKI Exploration and Production for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 35, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico. This 320-acre standard unit is to be dedicated to applicant's **North Brushy Draw Federal Com 35 #4H Well**, which will be horizontally drilled from a surface location in the SE/4SW/4 (Unit N) to a non-standard bottom hole location in NE/4NW/4 (Unit C) of Section 35. The completed interval for this well will commence in the SE/4SW/4 (Unit N) of Section 35 and remain within the 660-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 miles Northeast of Red Bluff, New Mexico.