

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15414 (Re-Opened)
ORDER NO. R-14104-A**

**APPLICATION OF RKI EXPLORATION AND PRODUCTION, LLC TO RE-
OPEN CASE NO. 15414 TO POOL RECORD TITLE INTEREST OWNERS
UNDER THE TERMS OF COMPULSORY POOLING ORDER NO. R-14104,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 14, 2017, at Santa Fe, New Mexico, before Examiner Michael A. McMillan.

NOW, on this 4th day of October, 2017, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and the subject matter.

(2) The Division, by Order No. R-14104, issued in Case No. 15414 on December 21, 2015, approved the compulsory pooling of all uncommitted interests within a non-standard Wolfcamp gas spacing unit (the "Unit") consisting of the W/2 W/2 of Section 28, and the NW/4 NW/4 and Lot 4 (W/2 NW/4 equivalent) of Irregular Section 33, all in Township 26 South, Range 30 East, NMPM, Eddy County New Mexico. The Unit is presently dedicated to the RDX Federal Com 28 Well No. 9H (API No. 30-015-43294; "subject well"), a horizontal well drilled to test the Wolfcamp formation and completed on March 19th, 2015 within the Brushy Draw; Wolfcamp (O), Pool (Pool code 84330). The subject well has been reassigned to the Purple Sage; Wolfcamp (Gas) Pool (Pool code 98220).

(3) RKI Exploration and Production, LLC ("RKI or "Applicant") in the re-opened case has discovered additional record title owners whose interests were not pooled

in Case No. 15414 and who were not subject to the original Hearing Order. The record title interest owners have divested all of their operating rights in the Wolfcamp formation and would not be subject to liability for costs or to the Division approved risk penalty.

(4) The record title interest owner's estates have either not been probated in New Mexico, or the personal representatives, heirs or distributees have not filed the updated paperwork with the Bureau of Land Management ("BLM").

(5) Applicant appeared through counsel and presented testimony and proof of notice to all record title owners subject to pooling proceedings as affected parties of the proposed compulsory pooling within the Unit.

(6) Applicant provided notice to parties subject to pooling by certified mail, return receipt requested, and by publication before hearing in a newspaper of general circulation in Eddy County, New Mexico, the county in which the property is located, for those parties for whom return receipts were not returned.

(7) No other party entered an appearance or otherwise opposed this application.

The Division concludes as follows:

(8) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(9) Applicant is owner of an oil and gas working interest within the Unit. Applicant had the right to drill, and has drilled the subject well to a common source of supply within the Unit at that well's existing location.

(10) There are interest owners in the Unit that have not agreed to pool their interests.

(11) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(12) RKI Exploration and Production, LLC should be designated the operator of the subject well and the Unit.

(13) Any record title owner who was not duly noticed in the original Case No. 15414, and who receives notice of this order should file the required paperwork with the BLM and should not be subject to any other provisions of the compulsory pooling.

(14) Any working interest owner whose interest was pooled by Order No. R-

14104 who has not heretofore paid its share of well costs for the subject well should remain subject to the provisions of Ordering Paragraph (11) of that order.

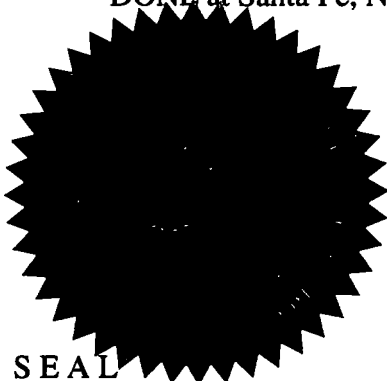
IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of RKI Exploration and Production, LLC, all uncommitted interests, whatever they may be, in the oil and gas in the Wolfcamp formation, (Purple Sage; Wolfcamp (Gas) Pool (Pool code 98220)), underlying the W/2 W/2 of Section 28, and Lot 4 and the NW/4 NW/4 (W/2 NW/4 equivalent) of Irregular Section 33, all in Township 26 South, Range 30 East, NMPM, Eddy County New Mexico (the "Unit"), are hereby pooled. This shall include interest owners of record title who own no working interest in the subject well.

(2) All provisions of Division Order No. R-14104 not inconsistent herewith shall remain in full force and effect.

(3) 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 the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

David R. Catanach

DAVID R. CATANACH
Director