

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

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

CASE NO. 16400

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 (Purple Sage Wolfcamp Gas Pool (98220)) in the 320-acre, more or less, spacing and proration unit comprised of the N/2 of Section 10, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of its application, RKI states:

1. RKI Exploration and Production, LLC (OGRID No. 246289) is a working interest owner in the proposed spacing unit and has the right to drill thereon.
2. RKI proposes to dedicate the above-referenced non-standard spacing and proration unit as the project area for its **Johnson 10-23-27 Fee No. 401H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9 to a standard bottom hole location in in the SE/4 NE/4 (Unit H) of Section 10.
3. The completed interval for this well will remain within the standard offset required by the Special Rules set forth in Order No. R-14262.
5. 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.
6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

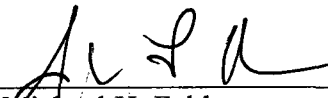
7. In order to permit RKI to obtain it's just and fair share of the oil and gas underlying the subject lands, all mineral interests in this non-standard spacing unit should be pooled and RKI Exploration and Production, LLC should be designated the operator of this non-standard spacing and proration unit.

WHEREFORE, RKI requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 6, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in this spacing and proration unit;
- B. Designating RKI Exploration and Production, LLC operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing RKI to recover its costs of drilling, equipping and completing the well;
- D. 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
- E. 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 NO. 16400: Application of RKI Exploration and Production, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool (98220)) in the 320-acre, more or less, spacing and proration unit comprised of the N/2 of Section 10, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. Said unit is to be dedicated to the applicant's proposed **Johnson 10-23-27 Fee No. 401H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9 to a standard bottom hole location in in the SE/4 NE/4 (Unit H) of Section 10. The completed interval for this well will remain within the offset required by the Special Rules set forth in Order No. R-14262. 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 RKI Exploration and Production, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles south of Carlsbad, New Mexico.

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