

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

**APPLICATION OF RKI EXPLORATION
AND PRODUCTION, LLC TO RE-OPEN
CASE NOS. 15341 AND 15477 TO MODIFY
ORDER NOS. R-14016-A AND R-14154
TO FORM A SINGLE SPACING AND
PRORATION UNIT TO CONFORM WITH
THE PURPLE SAGE-WOLFCAMP GAS POOL,
EDDY COUNTY, NEW MEXICO.**

**CASE NOS. 15341 (re-opened)
and 15477 (re-opened)**

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APPLICATION

RKI Exploration and Production, LLC ("RKI") through its undersigned attorneys, hereby makes application to the Oil Conservation Division to re-open Case Nos. 15341 and 15477 to modify Order Nos. R-14016-A and R-14154 to form a single 320-acre spacing and proration unit to conform with the spacing requirements of the Purple Sage-Wolfcamp Gas Pool as set forth in Order No. R-14262. In support of this application, RKI states:

1. On November 5, 2015, the Division entered Order No. R-14016-A granting RKI's application to pool all uncommitted interests within the Wolfcamp formation (Brushy Draw; Wolfcamp (Oil) Pool (97136)) underlying the W/2 E/2 of Section 17, Township 26 South, Range 30 East, NMPM, in Eddy County, New Mexico. The order dedicated the 160-acre non-standard spacing unit to RKI's RDX Federal Com 17 Well No. 26H (API No. 30-015-42752).

2. On April 14, 2016, the Division entered Order No. R-14154 granting RKI's application to pool all uncommitted interests within the Wolfcamp formation (Brushy Draw; Wolfcamp (Oil) Pool (97136)) underlying the E/2 E/2 of Section 17, Township 26 South, Range

30 East, NMPM, in Eddy County, New Mexico. The order dedicated the 160-acre non-standard spacing unit to RKI's RDX Federal Com 17 Well No. 41H (API No. 30-015-43634).

3. Both spacing units are within the boundary of the Purple Sage-Wolfcamp Gas Pool. *See* Order No. R-14262. Order No. R-14262 abolishes existing Wolfcamp pools within the boundaries of the Purple Sage-Wolfcamp Gas Pool. In addition, Order No. R-14262 permits all existing or permitted wells within the Purple Sage-Wolfcamp Pool to "increase spacing to the standard 320-acre gas spacing unit in the Pool by filing an application to increase spacing as provided by the Division rules." *See* Order No. R-14262, p. 8, paragraph 7.

4. On March 1, 2017, the Oil Conservation Division District Office approved a C-102 sundry placing the RDX Federal Com 17 No. 41H in the Purple Sage-Wolfcamp Gas Pool.

5. To conform with the Division's standard spacing for the Purple Sage-Wolfcamp Gas Pool, RKI seeks to form a single spacing unit comprised of the E/2 of Section 17, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

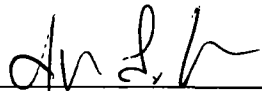
6. Order R-14016-A and R-14154 both pool EOG Resources, Inc. EOG owns a proportional interest in the E/2 E/2 and W/2 E/2 of Section 17. Therefore, the revenue interests of the pooled party will not change. The overriding royalty and royalty owners are identical and own identical interests throughout the E/2 of Section 17.

7. All interest owners in the E/2 of Section 17 will be provided notice of this hearing.

WHEREFORE, RKI Exploration and Production, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 30, 2017, and after notice and hearing as required by law, the Division amend existing orders Order R-14016-A and R-14154 to approve a single 320-acre spacing and proration unit pursuant to the standard spacing for the Purple Sage-Wolfcamp Gas Pool.

Respectfully submitted,

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CASE Nos. 15341 (re-opened) and 15477 (re-opened): Application of RKI Exploration And Production, LLC To Re-Open Case Nos. 15341 And 15477 Modify Order Nos. R-14016-A And R-14154 To Form A Single Spacing And Proration Unit To Conform With The Purple Sage-Wolfcamp Gas Pool, Eddy County, New Mexico. Applicant in the above-styled cause seeks to re-open Case Nos. 15341 and 15477 to modify Order Nos. R-14016-A and R-14154 to form a single 320-acre spacing and proration unit to conform with the spacing requirements of the Purple Sage-Wolfcamp Gas Pool as set forth in Order No. R-14262. The proposed 320-acre spacing and proration unit is comprised of the E/2 of Section 17, Township 26 South, Range 30 East, NMPM, Eddy County New Mexico. Said area is located approximately 9.5 miles Southwest of Ross Place, New Mexico.