

DATE IN

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SUSPENSE

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ENGINEER

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10.7.11

TYPE

NSL

APP NO

PT&W  
1178034758

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



PKI Exploration  
RDU 246289  
22# 2H  
EQ

ADMINISTRATIVE APPLICATION CHECKLIST

30-015-39262

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

- Application Acronyms: [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Bone Springs @ 7,440'  
Toyet @ 8,400'

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DISC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
- [D] Other: Specify

- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or -I Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

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2011 OCT - 4 PM 3:37

- [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

Common Ownership - No Notice Required!

- [4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

*[Signature]*

W. Thomas Kellahin  
706 Gonzales Road, Santa Fe, NM 87501  
email: tkellahin@comcast.net

Attorney for Applicant

Date 10/4/2011

Email: tkellahin@comcast.net

**KELLAHIN & KELLAHIN**  
ATTORNEY AT LAW

W. Thomas Kellahin  
706 Gonzales Road  
Santa Fe, New Mexico 87501

phone 505.982.4285  
Facsimile 505.216.2780  
[tkellahin@comcast.net](mailto:tkellahin@comcast.net)

October 4, 2011

**HAND DELIVERED**

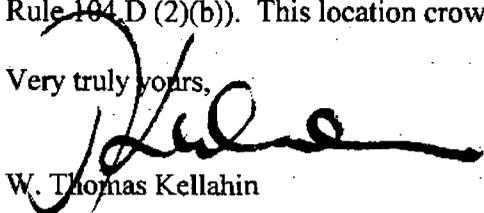
Ms. Jami Bailey, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Administrative Application of RKI Exploration & Production, LLC  
for Approval of an Unorthodox Well Location for its  
RDU "22" Well No. 2-H (API # 30-015-39262)  
W/2E/2 Section 22, T26S, R30E, Eddy County New Mexico  
Dedicated to 160-acre horizontal project area  
for production from the Bone Springs formation.

Dear Ms. Bailey:

On behalf of RKI Exploration & Production, LLC, please find enclosed our  
referenced Administrative Application that is being filed in accordance with Division  
Rule 104.D (2)(b)). This location crowds towards the E/2E/2 of Section 22.

Very truly yours,

  
W. Thomas Kellahin

CC: RKI Exploration & Production, LLC  
Attn: Cody Reid  
Phone 405-996-5767

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

**IN THE MATTER OF THE ADMINISTRATIVE  
APPLICATION OF RKI EXPLORATION & PRODUCTION, LLC  
FOR AN UNORTHODOX WELL LOCATION  
EDDY COUNTY, NEW MEXICO**

**ADMINISTRATIVE APPLICATION**

Comes now RKI EXPLORATION & PRODUCTION, LLC ("RKI") and by and through its attorneys, Kellahin & Kellahin, and in accordance with Division Rule 19.15.15.13, applies to the New Mexico Oil Conservation Division ("Division") for approval of an Unorthodox Well Location ("NSL") for its RDU "22" Federal Well No. 2-H (API # 30-015-39262) a horizontal wellbore with a surface location 330 feet FNL and 2105 feet FEL and a bottomhole location 401 feet FSL and 1683 feet FEL of Section 22 T26S, R30E, Eddy County New Mexico to be dedicated to a 160-acre spacing unit project area consisting of the W/2E/2 for Bone Spring formation production.

In support, RKI states:

- (1) RKI is the operator and a working interest owner of its RDU "22" Federal Well No. 2-H (API # 30-015-39262) a horizontal wellbore that has been drilled in the W/2E/2 of Section 22, T26S, R30E, Eddy County. See first page of APD and Form C-102 attached as Exhibit "A" and "B"
- (2) The drilling of this horizontal wellbore was made more difficult by an existing vertical well, the Ross Draw Unit Well No. 21, (API #30-015-30606) located Unit J 1650 feet FSL and 1980 feet FEL of Section 22. See C-102 Attached as Exhibit "C"
- (3) In order to avoid the Ross Draw Unit Well No. 21, RKI steered the subject horizontal wellbore towards the eastern edge of this project area but, unfortunately, encroached into the 330 feet side boundary set back of the project area by not more than five feet over a distance of 378 feet of the lateral. See plat attached as Exhibit "D"
- (4) RKI requests that the Division approve an eastern side boundary of 325 feet being a distance of 1,645 feet FEL of Section 22 as an unorthodox exception from the standard horizontal wellbore producing window of 330 feet.

### NOTIFICATION AND OWNERSHIP

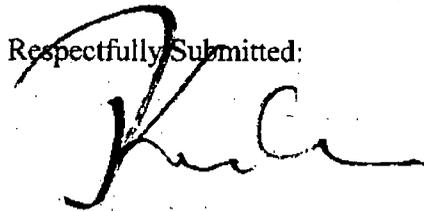
- (5) The ownership of the subject spacing unit is the same as adjoining spacing unit towards which this wellbore will encroach, being the E/2E/2 of Section 22.
- (6) In accordance with Division rules, because of common ownership, no notice is required and the Division at this time may process the application.

### CONCLUSION

(11) Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the hydrocarbons in the Bone Spring formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:



W. Thomas Kellahin

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

5. Lease Serial No.  
NM-480904B  
6. If Indian, Allottee or Tribe Name

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. Ross Draw Unit
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. RDU Federal 22-2H <b>(38361)</b>
2. Name of Operator RKI Exploration & Production, LLC. <b>(246289)</b>		9. API Well No. <b>30-015-39262</b>
3a. Address 3817 NW Expressway, Suite 950 Oklahoma City, Ok. 73112	3b. Phone No. (include area code) 405-996-5750	10. Field and Pool, or Exploratory <b>WILBERT B-03 32670164</b> Undesignated Bone Spring <b>(97863)</b>
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 330 FNL & 2105 FEL At proposed prod. zone 330 FSL & 1650 FEL		11. Sec., T. R. M. or Blk. and Survey or Area Section 22, T. 26 S., R. 30 E.
14. Distance in miles and direction from nearest town or post office* Approximately 14 miles southeast of Malaga, NM.		12. County or Parish Eddy
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 330 ft.		13. State NM
16. No. of acres in lease 640	17. Spacing Unit dedicated to this well 160	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 865 ft.	19. Proposed Depth 8400 ft. ✓	20. BLM/BIA Bond No. on file NLM-NMB-000460
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3091' GL ✓	22. Approximate date work will start*	23. Estimated duration 30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature <i>Barry W. Hunt</i>	Name (Printed/Typed) BARRY W. HUNT	Date 2/16/14
Title Permit Agent for RKI Exploration & Production, LLC.		
Approved by (Signature) <i>Don Peterson</i>	Name (Printed/Typed)	Date JUL 19 2011
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

**APPROVAL FOR TWO YEARS**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

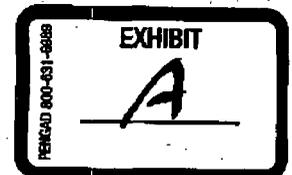
(Continued on page 2)

Carlsbad Controlled Water Basin (Instructions on page 2)

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

TEMP 10-12

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED



DISTRICT I  
1425 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised July 16, 2010

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number <b>30-015-39262</b>	Pool Code <b>97863</b>	Pool Name <b>WILDCAT G-03 5263016K; BONE SPAINS</b>
Property Code <b>38361</b>	Property Name <b>RDU FEDERAL 22</b>	Well Number <b>2H</b>
DGRID No. <b>246289</b>	Operator Name <b>RKI EXPLORATION &amp; PRODUCTION LLC</b>	Elevation <b>3091'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	22	26 S	30 E		330	NORTH	2105	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	22	26 S	30 E		330	SOUTH	1650	EAST	EDDY

Dedicated Acres <b>160</b>	Joint or Infill	Consolidation Code	Order No.
-------------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

**SURFACE LOCATION**  
 Lot - N 32°02'03.882"  
 Long - W 103°52'02.333"  
 NMSPC - N 376566.9  
 E 885744.5  
 (NAD-83)

**PROPOSED BOTTOM HOLE LOCATION**  
 Lot - N 32°01'17.781"  
 Long - W 103°51'56.906"  
 NMSPC - N 371912.5  
 E 886231.7  
 (NAD-83)

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.

*Berry W. Hunt* 4/16/11  
 Signature Date

Berry W. Hunt  
 Printed Name

Email Address

---

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

NOVEMBER 26 2010  
 Date Surveyed

*[Signature]*  
 Signature of Professional Surveyor

7977  
 Certificate No. Gary L. Jones

BASIN SURVEYS 23732

EXHIBIT  
**B**

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Grande Rd., Artesia, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-192  
 Revised February 21, 1994  
 Instructions on back  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies  
 AMENDED REPORT

RECEIVED  
 JUN 1999  
 OGD - ARTESIA

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Well Code 84330	Well Name Ross Draw (Wolfcamp)
Property Code	Property Name ROSS DRAW UNIT NO. 21	Well Number 21
OCRD No. 7377	Operator Name ENRON OIL & GAS COMPANY	Elevation 3043'

10 Surface Location

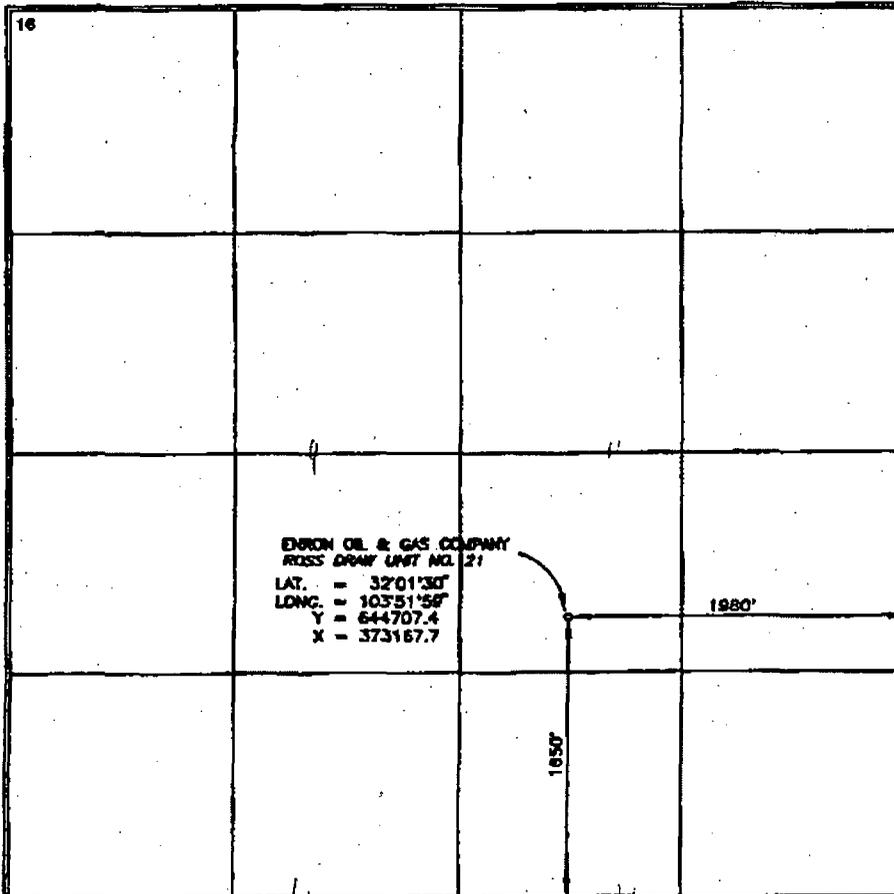
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	22	26-S	30-E		1650	SOUTH	1980	EAST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Mike Francis*  
 Signature  
 Mike Francis  
 Printed Name  
 Agent  
 Title  
 2-3-99  
 Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to best of my belief.

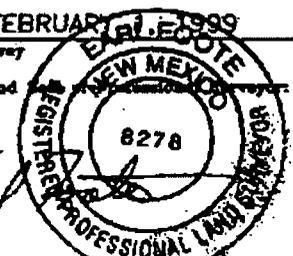
FEBRUARY 3, 1999  
 Date of Survey  
 Signature and  
  
 Certificate Number 8278

EXHIBIT  
 C

**RDU 22 FEDERAL-2H  
W/2 E/2 SECTION 22-26S-30E  
EDDY COUNTY, NEW MEXICO**

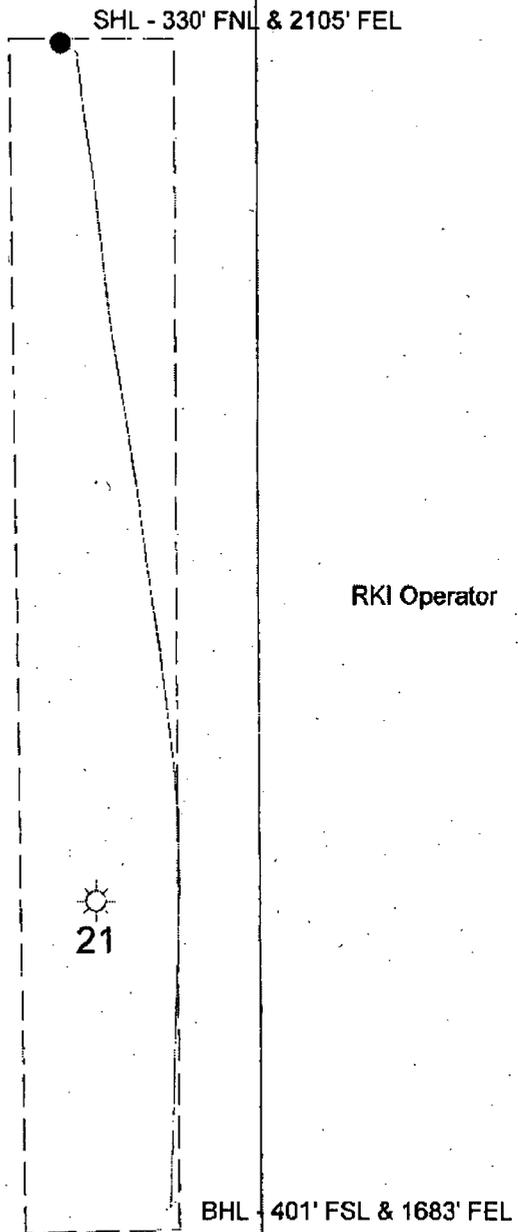
**AFFECTED OFFSET ACREAGE  
Working Interest Ownership\***

Khody Land & Minerals Company  
Estate of Ralph E. Williamson  
Estate of Lois Geraldine Williamson  
J.C. Williamson Family Trust  
Money Purchase Pension Plan for the  
Employees of CRW Corporation  
Jane Jiles  
Kerry Petroleum Company, Inc.  
ICA Energy  
Amy Williamson  
Elizabeth Anne Williamson  
Charlotte Ward Williamson

\*Affected offset acreage ownership is  
the same as the RDU 22 Federal-2H  
project area.

**22**

Affected Offset Acreage



PERCAD 800-431-8888

EXHIBIT

D