

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



March 13, 2013

RKI Exploration & Production, LLC
Attn: Mr. Cody Reid

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6777
Administrative Application Reference No. pPRG1307049403

RKI Exploration & Production, LLC
OGRID 246289
RDX Federal 21 Well No. 1H
API No. 30-015-40849

Proposed Location:

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|--------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 330 FSL & 1500 FWL | N | 21 | 26S | 30E | Eddy |
| Penetration Point | 330 FSL & 2270 FWL | N | 21 | 26S | 30E | Eddy |
| Terminus | 403 FNL & 2270 FWL | C | 21 | 26S | 30E | Eddy |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|-----------------------|--------------|---------------------|------------------|
| E/2 W/2 of Section 21 | 160 | Wildcat Bone Spring | 97863 |

Reference is made to your application received on March 11, 2013.

You have requested approval of an unorthodox oil well location for the well described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. The location is unorthodox because portions of the proposed completed interval are less than 330 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location approval due to a drilling error, because, while the penetration point and terminus are at standard locations, a portion of the

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wellbore lateral deviated more than 50 feet to the east of the prescribed setback from the eastern boundary of the project area.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with a large initial "J" and "B".

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia
United States Bureau of Land Management