

RKI Exploration & Production, LLC

210 Park Avenue, Suite 900, Oklahoma City, OK 73102
405-949-2221 Fax 405-949-2223

March 7, 2013

Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Attention: Ms. Jami Bailey, CPG
Division Director

RE: Application for Unorthodox Location
Administrative Approval Request
RDX Federal 21 #1H
API No. 30-015-40849
SHL: 330' FSL & 1,500' FWL
BHL: 403' FNL & 2270' FWL
Project Area: Units C, F, K, N (E/2 W/2)
Section 21-26S-30E
Eddy County, New Mexico

OGRID 246289
Property 39072
Pool Ccd 97863

2013 MAR -7 AM 11:02

RECEIVED OGD

Dear Ms. Bailey:

RKI Exploration & Production, LLC ("RKI") respectfully requests administrative approval of an unorthodox oil well location for its RDX Federal 21 #1H well at the location described above, which is currently permitted in the Wildcat G-03 S263016K; Bone Spring Pool (97863), which requires wells located no closer than 330 feet to the outer boundary of the spacing unit.

The RDX Federal 21 #1H well has drilled and reached total depth. Please reference the attached plat showing the actual drill path in relation to the project area and 330' setback requirements.

The surface location of the RDX Federal 21 #1H is nonstandard towards the western boundary of the spacing unit by 150'; however, the well was drilled such that the first perforation in the target Bone Spring will be at a standard location within setback window, therefore it is believed that this well is standard in relation to the western boundary setback requirements of the spacing unit.

The bottom hole location of the RDX Federal 21 #1H is located at a standard location of 403' FNL & 2,270' FWL; however, during the course of drilling the lateral the wellbore drifted such that the wellbore is nonstandard towards the eastern setback boundary of the spacing unit. The wellbore is nonstandard by a maximum of 21' over a measured distance of just under 1,300'. The initial C-102 filed with the application to drill had an orthodox BHL of 330' FNL and 1650' FWL. The BHL was sundried during the course of drilling to 330' FNL & 2,245' FWL; final as-drilled BHL is 403' FNL & 2,270' FWL. As the course of the well deviated more than 50' from initial and sundried BHL, this well is considered to be unorthodox.

RKI is the operator and sole lessee of all offsetting tracts; therefore notification of this application is not required.

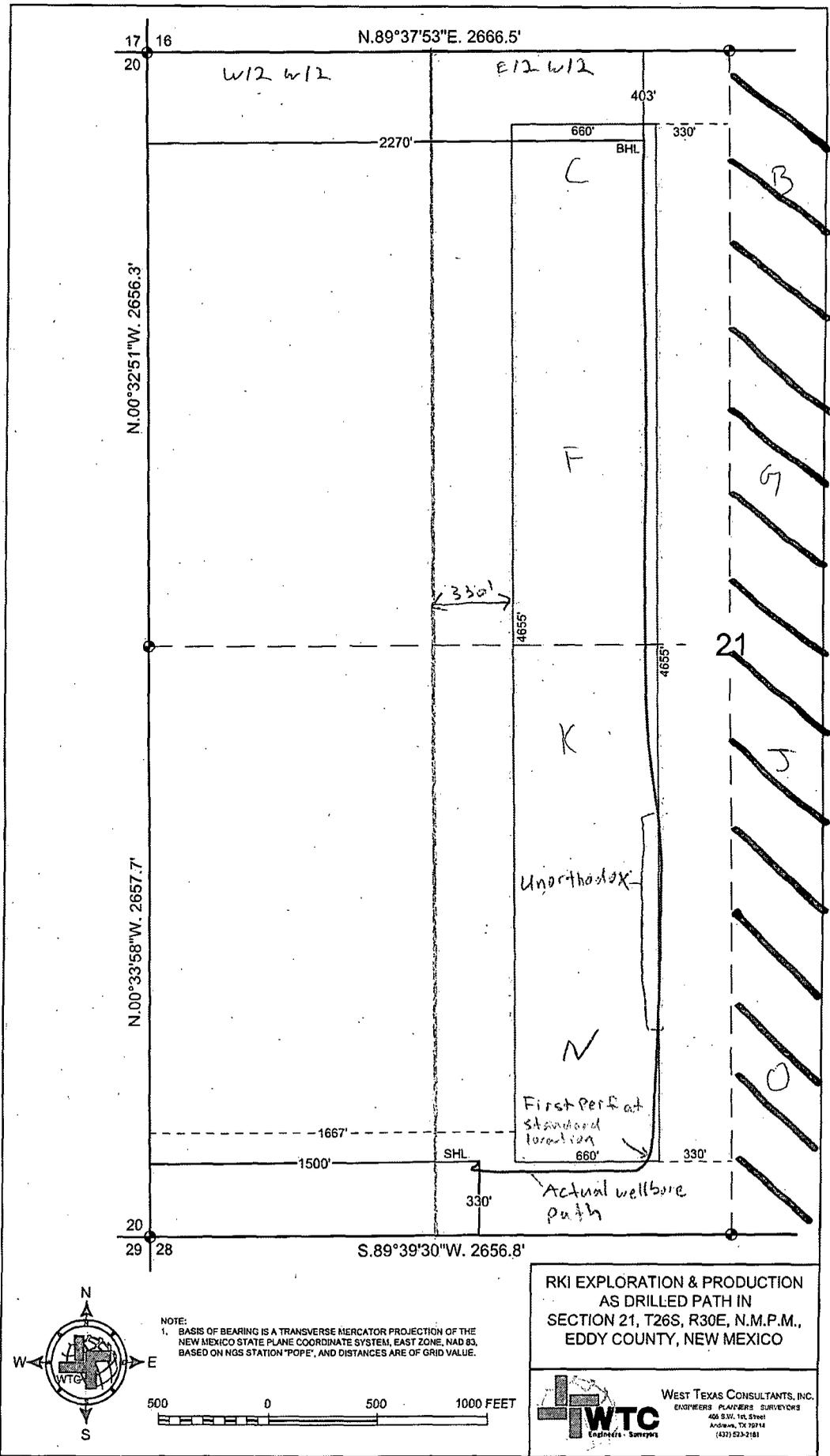
RDX Federal 21-1H
NSL Request

Thank you for your assistance in this matter. Should you have any questions or need any additional information, please do not hesitate to contact me by phone at 405.996.5767 or via email at creid@rkixp.com.

Sincerely,
RKI EXPLORATION & PRODUCTION, LLC

A handwritten signature in black ink, appearing to read "Cody Reid", written in a cursive style.

Cody Reid
Land Manager - Permian



☐ Affected Offset