

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

EA 11-889

5 Lease Serial No.
NM-91078

6 If Indian, Allottee or Tribe Name

7 If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Longview Federal 12-12

9. API Well No.

10 Field and Pool, or Exploratory
South Culebra Bluff Bone Spring11. Sec., T. R. M. or Blk. and Survey or Area
Section 12, T. 23 S., R. 28 E.12 County or Parish
Eddy13. State
NM1a. Type of work: ☒ DRILL ☐ REENTER1b Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2 Name of Operator RKI EXPLORATION & PRODUCTION, LLC.

3a. Address 3817 NW Expressway, Suite 950
Oklahoma City, Ok. 731123b Phone No. (include area code)
405-996-5750

4 Location of Well (Report location clearly and in accordance with any State requirements *)

At surface 540 FNL & 2060 FWL

At proposed prod. zone Same

14 Distance in miles and direction from nearest town or post office*
Approximately 15 miles northwest of Long, NM15 Distance from proposed* location to nearest property or lease line, ft.
(Also to nearest drig. unit line, if any)
780 ft.16 No. of acres in lease
80017. Spacing Unit dedicated to this well
8018. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
200 ft. to the Lentini Fed 12-1719 Proposed Depth
9200 ft.20 BLM/BIA Bond No. on file
NLM-NMB-00046021 Elevations (Show whether DF, KDB, RT, GL, etc.)
3016' 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.

2 A Drilling Plan.

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)

4 Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).

5. Operator certification

6. Such other site specific information and/or plans as may be required by the BLM

25 Signature

Barry W. Hunt

Name (Printed/Typed)

BARRY W. HUNT

Date

5/17/11

Title

Permit Agent for RKI Exploration & Production, LLC.

Approved by (Signature)

Is/ Don Peterson

Name (Printed/Typed)

Date

JUN 23 2011

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

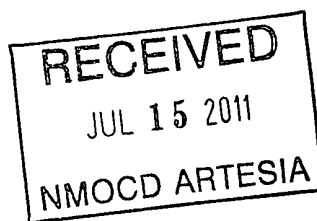
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

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)

*(Instructions on page 2)



Carlsbad Controlled Water Basin

K2 01/26/11

SEE ATTACHED FOR
CONDITIONS OF APPROVALApproval Subject to General Requirements
& Special Stipulations Attached

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No 1004-0137
Expires July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.5. Lease Serial No
NM-91078

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
RKI EXPLORATION & PRODUCTION, LLC.3a. Address
3817 NW Expressway, Suite 950
Oklahoma City, Ok 731123b. Phone No. (include area code)
405-996-5750

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

540 FNL & 2060 FWL, Section 12, T. 23 S., R. 28 E

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
Longview Federal 12-12

9. API Well No

10. Field and Pool or Exploratory Area
South Culebra Bluff Bone Spring11. Country or Parish, State
Eddy

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Amend APD
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	to include flowline &
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	power line

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

RKI Exploration & Production submitted an APD for the above mentioned well on 5/17/11 and initially proposed to have the battery on site. The company wishes to amend the APD application to now run production to the battery at the Longview Federal 1-44 well, which is in the SE1/4SE1/4 of section 1, T. 23 S., R. 28 E., all within the same lease. The company also wishes to amend application to include running power from the Longview Federal 1-44 to the proposed well utilizing the same route.

The line route (both lines will run together at 5 ft. apart) will run from the Longview Federal 12-12, east southeast, across country for 2000 ft., then follow the existing access road for the Longview Federal 1-44 (on north side of road) to the battery.

The flowline will be a surface installed, 2-7/8", steel line with 90 psi pressure in the line. The electric line will be a 3 phase, secondary line, 480 volt. with about 11 poles.

The total length of line is as follows:

Flowline: 3744 ft. or 1.29 acres.

Electric Line: 3507 ft. or 1.20 acres.

EA 11-089, specific to this project FWD 6-6-11, Rec approval, RWR

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

BARRY W. HUNT

Title Permit Agent for RKI Exploration & Production, LLC.

Signature

Date

6/7/11

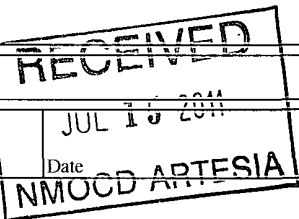
THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice 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.

Title

Office



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.

(Instructions on page 2)

RKI EXPLORATION & PRODUCTION, LLC.

LONGVIEW FEDERAL #12-12
540' FNL & 2060' FWL
UNIT "C" SEC. 12-23S-28E
EDDY CO., NM

1. The elevation of the unprepared ground is 3016 feet above sea level.
2. The geologic name of the surface formation is Quaternary - Alluvium.
3. A rotary rig will be utilized to drill the well to 9,200' md. and run casing. This equipment will then be rigged down and the well will be completed with a pulling unit.
4. Proposed total depth is 9,200' md.
5. Estimated tops of important geologic markers:

Quaternary - Alluvium	Surface*
Rustler	203' md.
Salado	245' md.
Top of Salt	512' md.
Base of Salt	2,635' md.
Lamar Lime	2,740' md.
Base of Lime	2,780' md.
Delaware Top	2,840' md.
Bell Canyon Sand	2,840' md.
Cherry Canyon Sand	3,850' md.
Brushy Canyon Sand	4,815' md.
Bone Spring	6,400' md.
Bone Spring 1st Sand	7,510' md.
Bone Spring 2 nd Sand	8,280' md.
TD	9,200' md.

*Water possible above Rustler

6. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:

Bell Canyon	Oil	2,840' md.
Cherry Canyon	Oil	3,850' md.
Brushy Canyon	Oil	4,815' md.
Bone Spring	Oil	6,400' md.

7. The proposed new casing program is as follows:

Surface (New): 13-3/8" 54.5# J-55 ST&C casing set from 0' - 260'
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

Intermediate (New): 9-5/8" 40# J-55 ST&C casing set from 0' - ~~3,530'~~²⁷⁰⁰
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

See COA

Production (New): 5-1/2" 17# N-80 LT&C casing set from 0' - 9,200'
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

8. Casing setting depth and cementing program:

- a. 13-3/8" surface casing set at 260' in 17-1/2" hole. Circulate cement to surface with 335 sx Class C + 2% S1 mixed at 14.8 ppg, yield – 1.34 cf/sk, excess – 100%.
- b. 9-5/8" casing set at ~~3,530'~~ in 12-1/4" hole. Cement will be circulated to surface with 750 sx 35:65 Poz Class C + 5% D44 + 6% D20 + .2% D46 + 0.125 pps D130 mixed at 12.6 ppg, yield – 2.05 cf/sk and 200 sks Class C + .2% D13 mixed at 14.8 ppg, yield – 1.33 cf/sk, excess – 25%.
- c. 5-1/2" casing set at 9,200' in 7-7/8" hole. Hole will be logged to determine exact cement volume to circulate cement surface. The well will be cemented in two stages as follows: **Stage 1:** 750 sx PVL with 3% D174, .3% D167, .1% D65, .2% D46, .4% D800 mixed at 13.00 ppg (1.43cf/sk), excess – 25%. DV tool at approximately 4500'
Stage 2. 600 sx 35:65 Poz "C" with 5% D44, 6% D20, .2% D46, .3% D13, 2pps D42, .125 pps D130 mixed at 12.6 ppg (2.08 cf/sk), excess – 25%.

These are estimates final volumes will be determined from caliper log.

9. Pressure Control Equipment

After setting the 13 3/8" casing a 3000 psi casing head will be installed along with 5000 psi BOP equipment. The 13 3/8" casing will be tested to 1500 psi before drilling out. After setting the 9 5/8" casing a 5000 psi casing head will be installed along with 5000 psi BOP equipment. The 9 5/8" casing will be tested to 1500 psi before drilling out. BOP equipment will be tested to 250 psi low and 3000/5000 psi high (based on casing head). The annular preventer will be tested to 1500 psi. BOP equipment will consist of the following:

- Annular preventers

- Double ram with blind rams and pipe rams
- Drilling spool, or blowout preventer with 2 side outlets (choke side shall be a 3-inch minimum diameter, kill side shall be at least 2-inch diameter)
- Kill line (2 inch minimum)
- A minimum of 2 choke line valves (3 inch minimum)
- 3 inch diameter choke line
- 2 kill line valves, one of which shall be a check valve (2 inch minimum)
- 2 chokes
- Pressure gauge on choke manifold
- Upper kelly cock valve with handle available
- Safety valve and subs to fit all drill string connections in use
- All BOPE connections subjected to well pressure shall be flanged, welded, or clamped
- Fill-up line above the uppermost preventer.

10. Mud Program:

0' – 260'	Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt. 8.4 - 9.4 ppg, viscosity 32 - 34 cp.
260' – ²⁷⁰⁰ 3,530'	Saturated brine. Sweep as necessary, weight 10.0 ppg.
3,530' – 4,000'	Fresh Water/mud, weight 8.4 – 9.3. Sweep as necessary.
4,000' – 9,200'	Brine/Fresh water mud system, weight 8.4 – 9.5 ppg viscosity 30 - 34 cp. Control fluid loss < 15cc.

11. Testing, Logging and Coring Program: *See COA*

Testing program: No drillstem tests are anticipated.
Electric logging program: CNL/CAL/GR, DLL/CAL/GR.
Coring program: None.

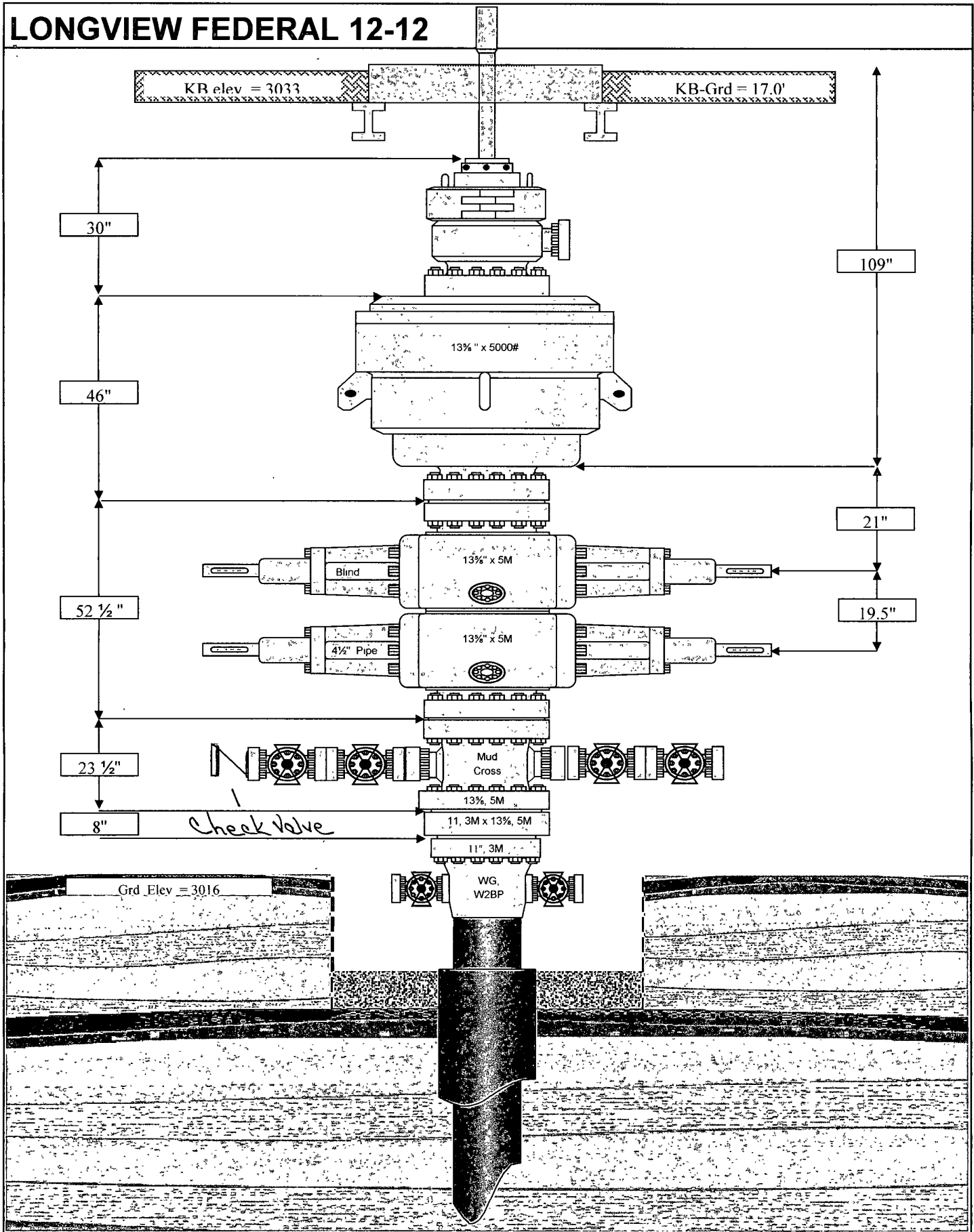
12. Potential Hazards:

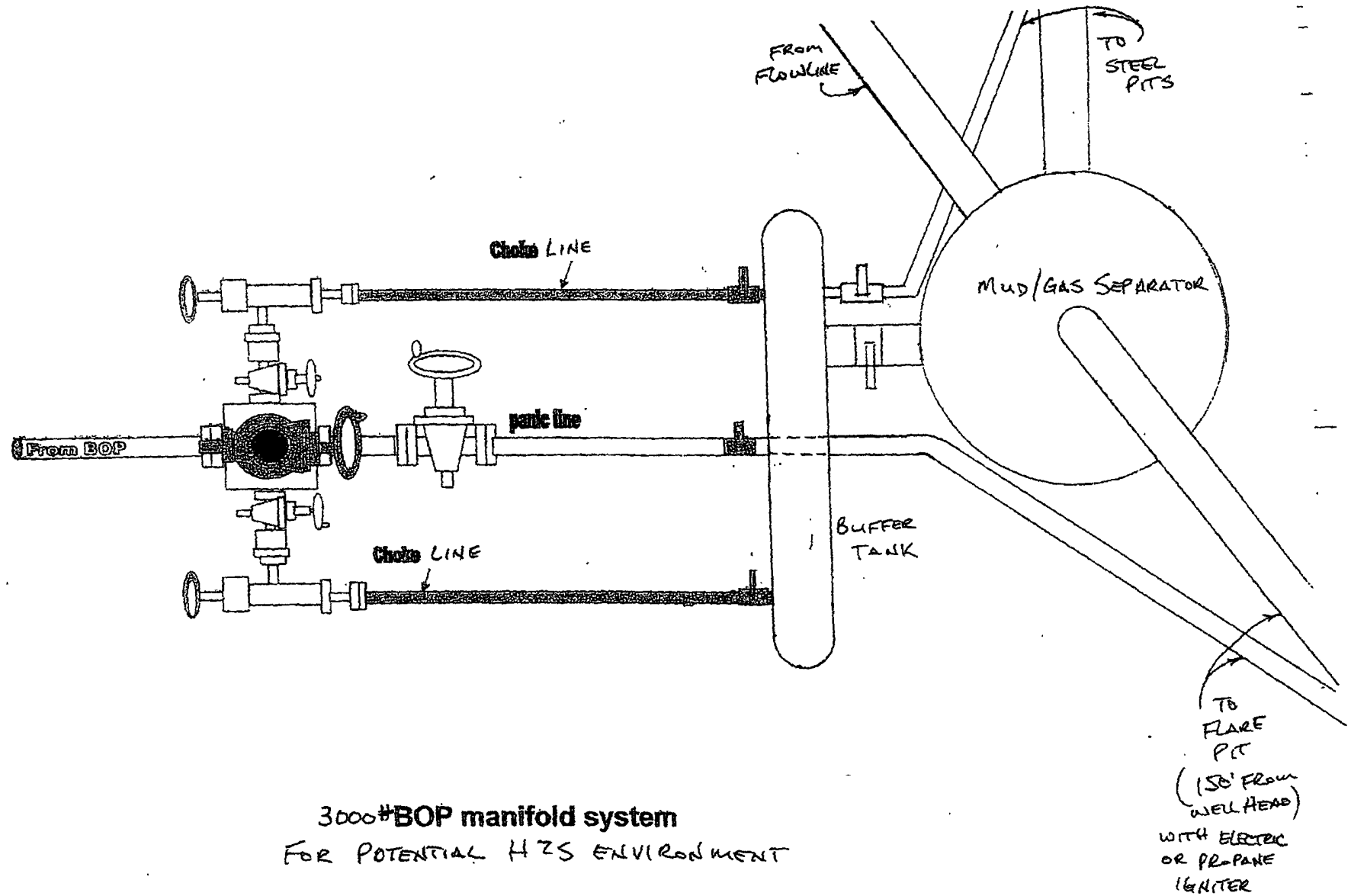
No abnormal pressures or temperatures are expected. There is no known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 3500 psi and estimated BHT 135.

13. Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be soon after BLM approval and as soon as a rig will be available, Move in operations and drilling is expected to take 32 days. If production casing is then an additional 30 days will be needed to complete the well and to construct surface facilities and/or lay flow lines in order to place well on production.

LONGVIEW FEDERAL 12-12





Choke Manifold

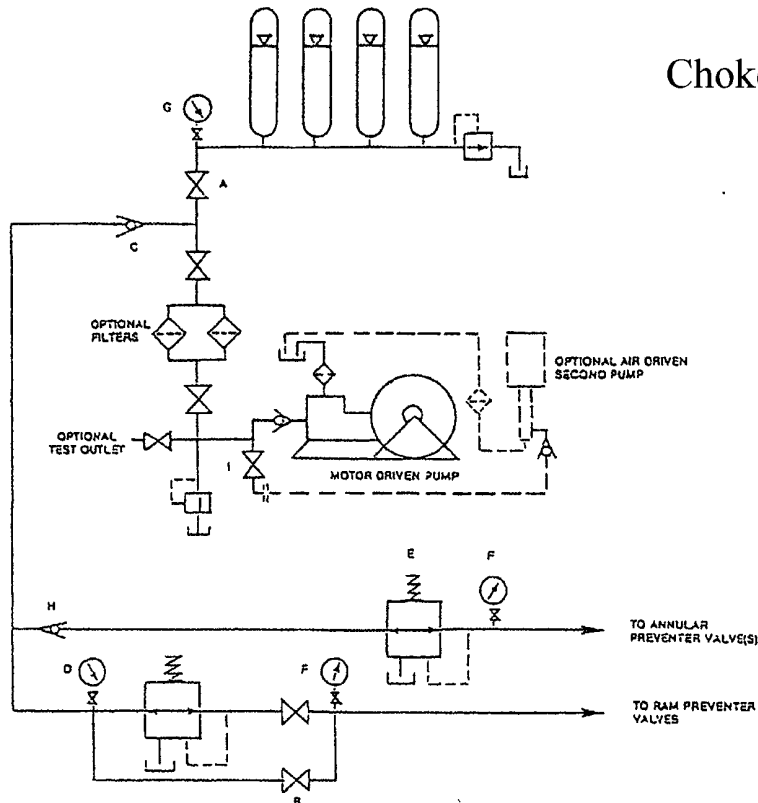


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

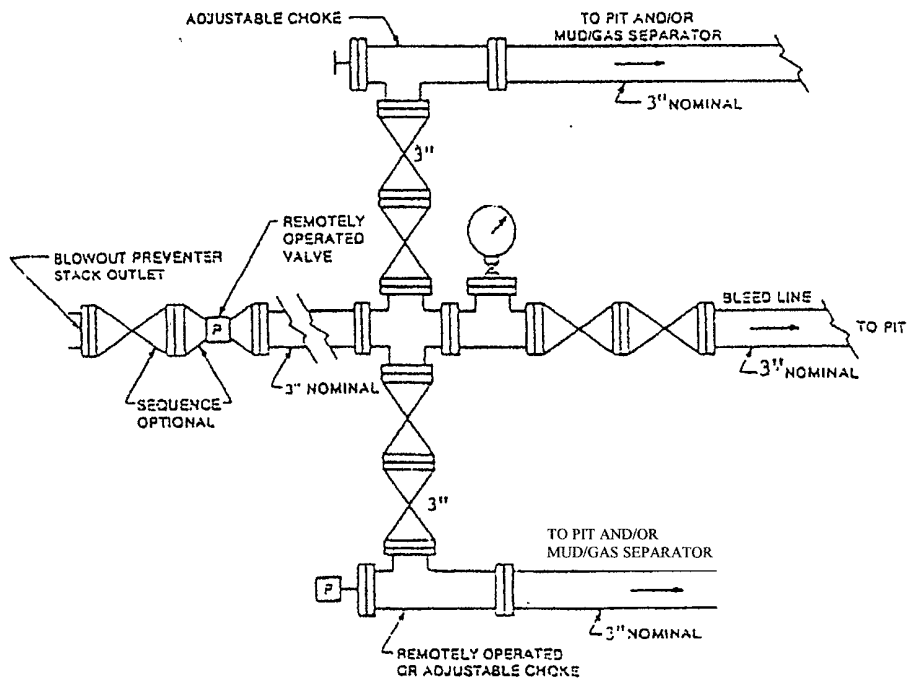


FIGURE K4-2 Typical choke manifold assembly for 5M rated working pressure service - surface installation

DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL

Operator RKE EXPL+PROD INC OGRID # 246289
 35684 Well Name & # LOAG VIEW FED 12#12 Surface Type (F) (S) (P)
 Location: UL C, Sect 12, Township 23 s, RNG 28 e, Sub-surface Type (F) (S) (P)

A. Date C101 rec'd / / C101 reviewed / /

B. 1. Check mark, Information is OK on Forms:

OGRID X, BONDING FED PROP CODE X, WELL # X, SIGNATURE

2. Inactive Well list as of: 7/26/11 # wells 123, # Inactive wells 5

a. District Grant APD but see number of inactive wells:

No letter required X, Sent Letter to Operator , to Santa Fe

3. Additional Bonding as of: 7/26/11

a. District Denial because operator needs addition bonding:

No Letter required X; Sent Letter to Operator , To Santa Fe

b. District Denial because of Inactive well list and Financial Assurance:

No Letter required X; Sent Letter to Operator , To Santa Fe

C. C102 YES , NO , Signature

1. Pool CULEBRA ALUFF, 134 SOUTH, Code 13011

a. Dedicated acreage 80, What Units CD

b. SUR. Location Standard X: Non-Standard Location

c. Well shares acres: Yes , No X, # of wells plus this well #

2. 2nd. Operator in same acreage, Yes , No X

Agreement Letter , Disagreement letter

3. Intent to Directional Drill Yes , No X

a. Dedicated acreage , What Units

b. Bottomhole Location Standard , Non-Standard Bottomhole

4. Downhole Commingle: Yes , No X

a. Pool #2 , Code , Acres

Pool #3 , Code , Acres

Pool #4 , Code , Acres

5. POTASH Area Yes , No FED

D. Blowout Preventer Yes X, No

E. H2S Yes X, No

F. C144 Pit Registration Yes , No need

G. Does APD require Santa Fe Approval:

1. Non-Standard Location: Yes , No X, NSL #

2. Non-Standard Proration: Yes , No X, NSP #

3. Simultaneous Dedication: Yes , No X, SD #

Number of wells Plus #

4. Injection order Yes , No X; PMX # or WFX #

5. SWD order Yes , NO X; SWD #

6. DHC from SF ; DHC-HOB ; Holding

7. OCD Approval Date / /

API #30-016- 39240

8. Reviewers