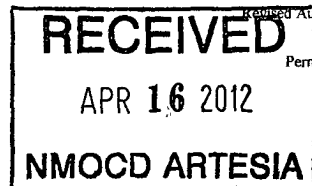


District I
1625 N French Dr, Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St, Artesia, NM 88210
Phone (575) 748-1283 Fax. (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St Francis Dr, Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address RKI Exploration & Production, LLC. 3817 NW Expressway, Suite 950, Oklahoma City, Oklahoma 73112		² OGRID Number 246289
⁴ Property Code 36900		³ API Number 30-015-46188
⁵ Property Name RDX 16		⁶ Well No. 11

⁷ Surface Location									
UL - Lot E	Section 16	Township 26S	Range 30E	Lot Idn	Feet from 1650	N/S Line N	Feet From 330	E/W Line W	County Eddy

⁸ Pool Information	
Brushy Draw Delaware East	8090

Additional Well Information				
⁹ Work Type N	¹⁰ Well Type 0	¹¹ Cable/Rotary R	¹² Lease Type S	¹³ Ground Level Elevation 3084'
¹⁴ Multiple No	¹⁵ Proposed Depth 7500'	¹⁶ Formation Delaware	¹⁷ Contractor Silver Oak	¹⁸ Spud Date
Depth to Ground water 450'		Distance from nearest fresh water well		Distance to nearest surface water 6 miles

¹⁹ Proposed Casing and Cement Program						
Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
	17 1/2"	13 3/8"	54.5#	500	444	Surface
	12 1/2"	9 5/8"	40#	3350	1021	Surface
	7 7/8"	5 1/2"	17#	7500	667	3050'

Casing/Cement Program: Additional Comments
H2S levels are not expected to be high enough to require a H2S program. See attached Drilling Plan & BOP

Proposed Blowout Prevention Program			
Type	Working Pressure	Test Pressure	Manufacturer
13 5/8" Double Ram 2FZ35-35	3,000#	3,000#	Guanghan

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input checked="" type="checkbox"/> . Closed Loop.		OIL CONSERVATION DIVISION	
Printed name: Barry W. Hunt		Approved By: T.C. Shepard	
Title: Permit Agent		Title: Geologist	
E-mail Address: specialtpermitting@gmail.com		Approved Date: 4/18/2012	Expiration Date: 4/18/2014
Date: 04/12/12	Phone (575) 361-4078	Conditions of Approval Attached	

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

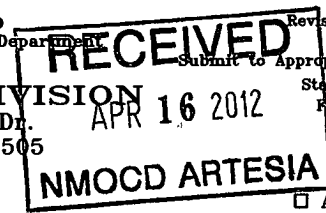
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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



Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-40188	Pool Code 8090	Pool Name Brushy Draw Delaware East
Property Code 36900	Property Name RDX "16"	Well Number 11
OGRID No. 246289	Operator Name RKI EXPLORATION & PRODUCTION	Elevation 3084'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	16	26 S	30 E		1650	NORTH	330	WEST	EDDY

Bottom Hole Location If Different From Surface

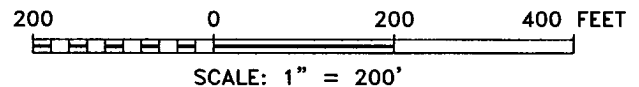
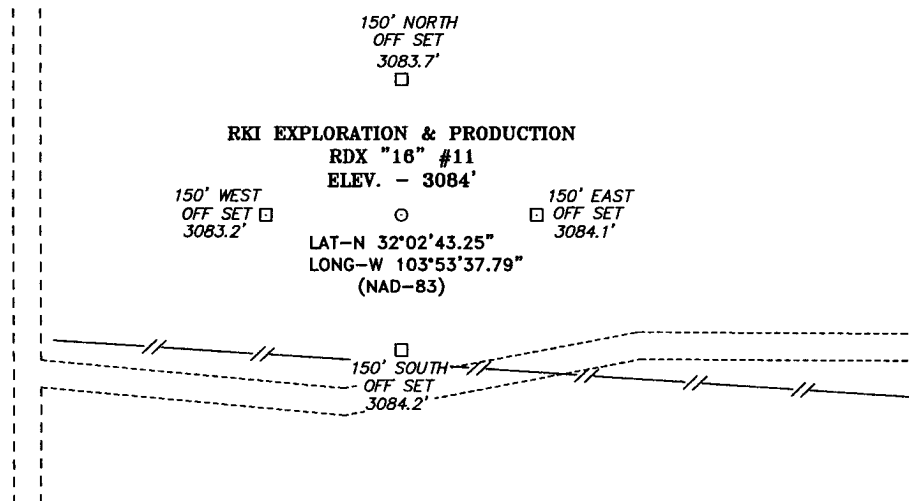
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	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

<p>SURFACE LOCATION LAT N.: 32°02'43.25" LONG W.: 103°53'37.79" SPC N.: 380509.981 E.: 677511.720 (NAD-83)</p>	<p>OPERATOR CERTIFICATION</p> <p>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 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.</p> <p><i>Barry W. Hunt</i> 4/12/12 Signature Date</p> <p>Barry W. Hunt Printed Name</p>	
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JUL 25 2008 Date Surveyed</p> <p><i>[Signature]</i> Signature & Seal of Professional Surveyor</p> <p>W.O. No. 19987</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>	

SECTION 16, TOWNSHIP 26 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF HWY 285 AND LONGHORN,
GO EAST 3.9 MILES TO SECOND ROAD ON RIGHT
PAST A LOW WATER CROSSING, GO EAST 5.9 MILES
TO LEAS ROAD, ON LEASE ROAD GO SOUTH 1.2
MILES TO 2-TRACK, GO EAST 200' TO PROPOSED
LOCATION.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 19987 Drawn By: J. M. SMALL

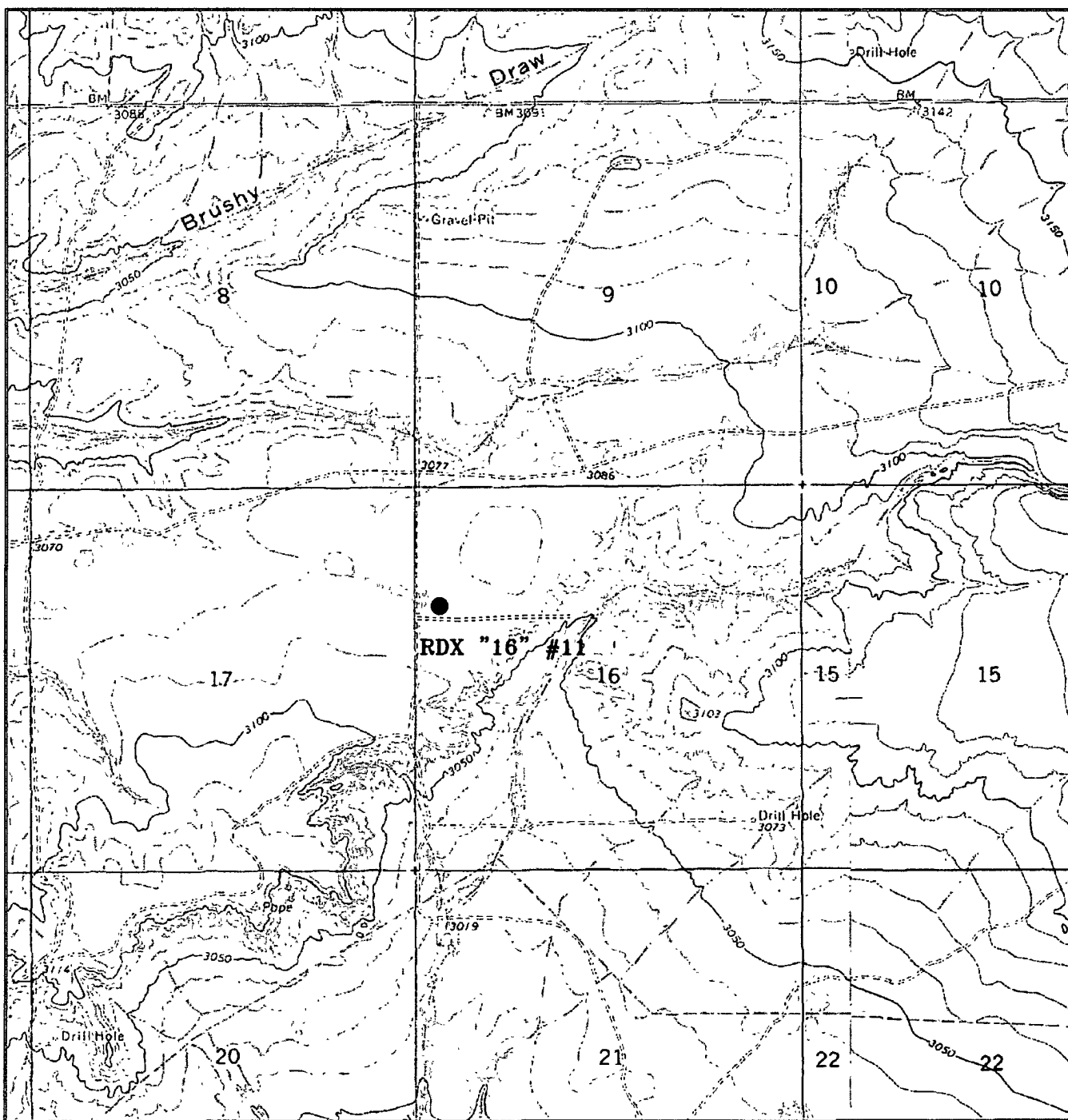
Date: 07-28-2008 Disk: JMS 19987

RKI EXPLORATION & PRODUCTION

REF: RDX "16" #11 / Well Pad Topo

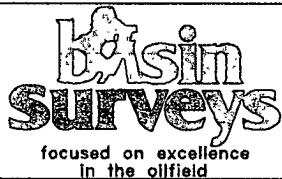
THE RDX "16" #11 LOCATED 1650' FROM
THE NORTH LINE AND 330' FROM THE WEST LINE OF
SECTION 16, TOWNSHIP 26 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 07-25-2008 Sheet 1 of 1 Sheets



RDX "16" #11

Located at 1650' FNL AND 330' FWL
Section 16, Township 26 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

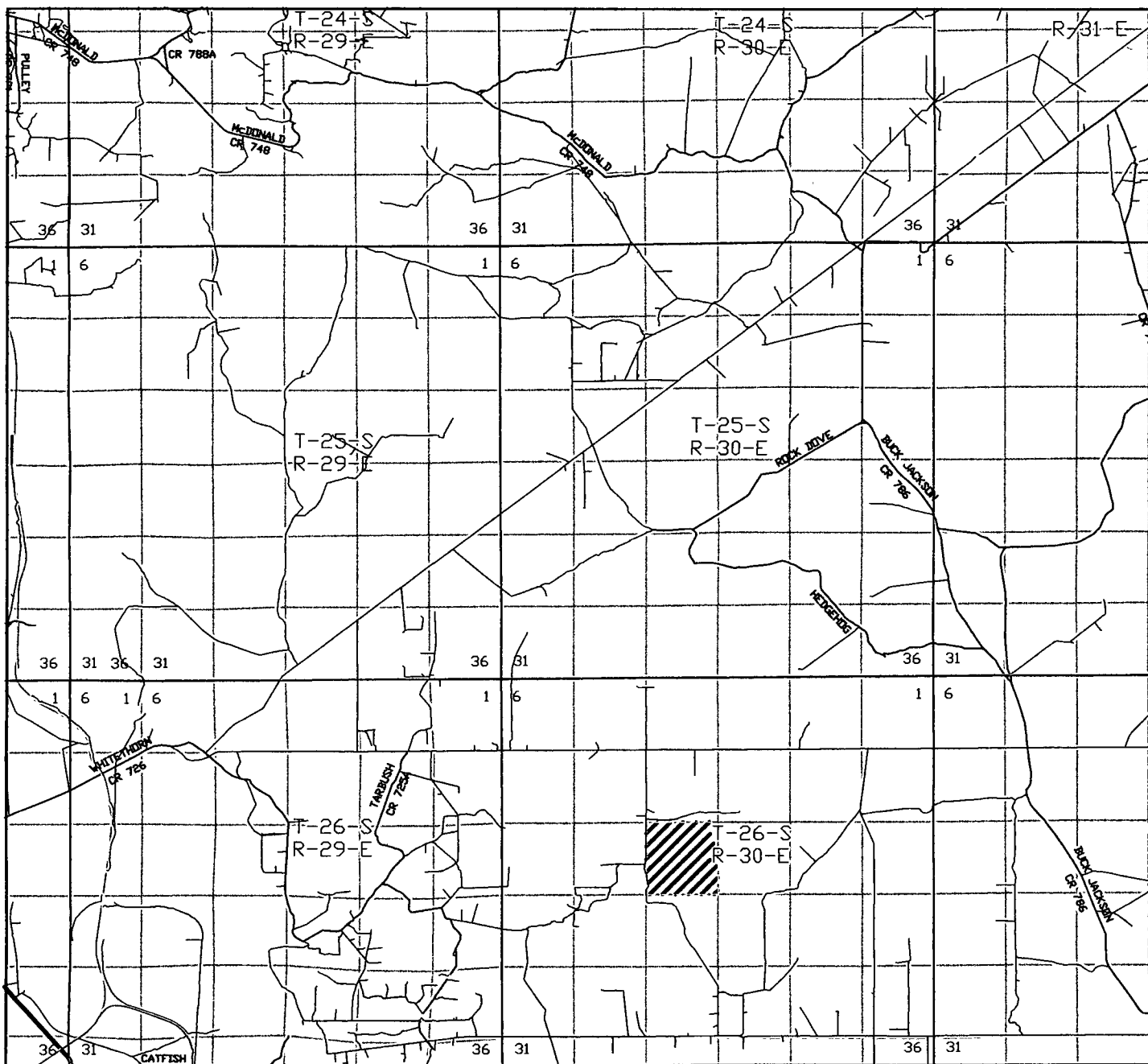
W.O. Number: 19987

Survey Date: 07-25-2008

Scale: 1" = 2000'

Date: 07-28-2008

RKI
EXPLORATION &
PRODUCTION



RDX "16" #11

Located at 1650' FNL and 330' FWL

Section 16, Township 26 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.

basin
surveys

focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: JMS 19987

Survey Date: 07-25-2008

Scale: 1" = 2 MILES

Date: 07-28-2008

RKI
**EXPLORATION &
PRODUCTION**

RKI Exploration & Production, LLC

DRILLING PLAN

Well RDX 16-11
 Location 1,650 FNL 330 FWL
 Section 16-26S-30E
 County Eddy
 State New Mexico

- 1) The elevation fo the unprepared ground is 3,084 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 7,500 feet and run casing.
 This equipment will then be rigged down and the well will be completed with a workover rig.
- 4) Proposed depth is 7,500 feet.

5) Estimated tops:

Rustler	927		
Salado	1,276		
Castile	1,756		
Lamar Lime	3,297		
Base of Lime	3,494		
Delaware Top	3,530		
Bell Canyon Sand	3,530	Oil	1,528 psi
Cherry Canyon Sand	4,596	Oil	1,990 psi
Brushy Canyon Sand	5,654	Oil	2,448 psi
Bone Spring	7,350		
TD	7,500		146 degree F

Bone Spring will be penetrated as rathole to enable the entire Brushy Canyon to be logged.

6) Casing program:

Hole Size	Top	Bottom	OD Csg	Wt/Grade	Connection	Collapse Design Factor	Burst Design Factor	Tension Design Factor
17 1/2"	0	500	13 3/8"	54.5#/J-55	ST&C	5.22	10.61	18.86
12 1/2"	0	3,350	9 5/8"	40#/J-55	LT&C	1.39	5.54	3.88
7 7/8"	0	7,500	5 1/2"	17#/N-80	LT&C	1.93	1.55	2.73

7) Cement program:

Surface 17 1/2" hole
 Pipe OD 13 3/8"
 Setting Depth 500 ft
 Annular Volume 0.69462 cf/ft
 Excess 1 100 %

Lead 244 sx 1.75 cf/sk 13.5 ppg
 Tail 200 sx 1.34 cf/sk 14.8 ppg

Lead: "C" + 4% PF20 + 2% PF1 + .125 pps PF29 + .2% PF46
 Tail: "C" + 1% PF1

Top of cement: Surface

Intermediate 12 1/2" hole
 Pipe OD 9 5/8"
 Setting Depth 3,350 ft
 Annular Volume 0.31318 cf/ft 0.3627 cf/ft
 Excess 1 100 %
 Total Annular Volume 1074 cf
 With Excess 2148 cf

Lead 821 sx 2.07 cf/sk 12.6 ppg
 Tail 200 sx 1.33 cf/sk 14.8 ppg

Lead: 35/65 Poz "C" + 5% PF44 + 6% PF20 + 3 pps PF42 + .125 pps PF29 + .2% PF46 + 1% PF1
 Tail: "C" + .2% PF13

Top of cement: Surface

Production 7 7/8" hole
 Pipe OD 5 1/2"
 Setting Depth 7,500 ft 300 ft
 Annular Volume 0.1733 cf/ft 0.26074 cf/ft
 Excess 0.35 35 %
 Total Annular Volume 797 cf
 With Excess 1,077 cf
 DV Tool Depth 5,000 ft

Stage 1 1.47 cf/sk 13.0 ppg
 Lead: 398 sx

Lead: PVL + 2% PF174 + .3% PF167 + .1% PF65 + .2% PF13 + .25 pps PF46
 Top of cement: DV tool

Stage 2 2.04 cf/sk 12.6 ppg
 Lead: 169 sx 1.47 cf/sk 13.0 ppg
 Tail: 100 sx

Lead: 35/65 Poz "C" + 5% PF44 + 6% PF20 + 3 pps PF42 + .2% PF13 + .125 pps PF130 + .25 pps PF46
 Tail: PVL + 2% PF174 + .3% PF167 + .1% PF65 + .2% PF13 + .25 pps PF46
 Top of cement: 3,050 ft

8) Pressure control equipment:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram type (3,000 psi WP) preventer, a bag-type annular preventer (3,000 psi WP), and rotating head. Both units will be hydraulically operated and the ram type preventer will be equipped with blind rams on top and pipe rams (sized to accommodate the drill pipe size being utilized) on bottom. A 13 3/8" SOW x 13 5/8" 3M casing head will be installed on the 13 3/8" casing and utilized until total depth is reached. All BOP and associated equipment will be tested to 3,000 psi and the annular will be tested to 1,500 psi after setting the 13 3/8" string. The 13 3/8" and 9 5/8" casing will be tested to .22 psi per ft of casing string length or 1,500 psi whichever is greater, but not to exceed 70% of the minimum yield.

The 9 5/8" casing will be hung in the casing head and the stack will not be nipped down at this point.

The stack will not be isolated and tested after running the 9 5/8" casing, but will be tested along with the 9 5/8" casing. Pipe rams will be operated and checked each 24 hour period and each time the drill string is out of the hole. These function test will be documented on the daily driller's log.

A drilling spool or blowout preventer with 2 side outlets (choke side shall be 3" minimum diameter, kill side shall be at least 2" diameter).

2 kill line valves, one of which will be a check valve.

2 chokes on the manifold along with a pressure gauge.

Upper kelly cock valve with handle available.

Safety valve and subs to fit all drill string connections in use.

All BOP equipment connections subjected to pressure will be flanged, welded, or clamped.

Fill up line above the upper most preventer.

9) Mud program:

Top	Bottom	Mud Wt.	Vis	PV	YP	Fluid Loss	Type System
0	500	8.5 to 8.9	32 to 36	6 - 12	2 - 8	NC	Fresh Water
500	3,350	9.8 to 10.0	28 to 30	1 - 6	1 - 6	NC	Brine
3,350	7,500	8.9 to 9.1	28 to 36	1 - 6	1 - 6	NC	Fresh Water

10) Logging, coring, and testing program:

No drillstem test are planned

Total depth to intermediate: CNL, Caliper, GR, DLL,

Intermediate to surface: CNL, GR

No coring is planned

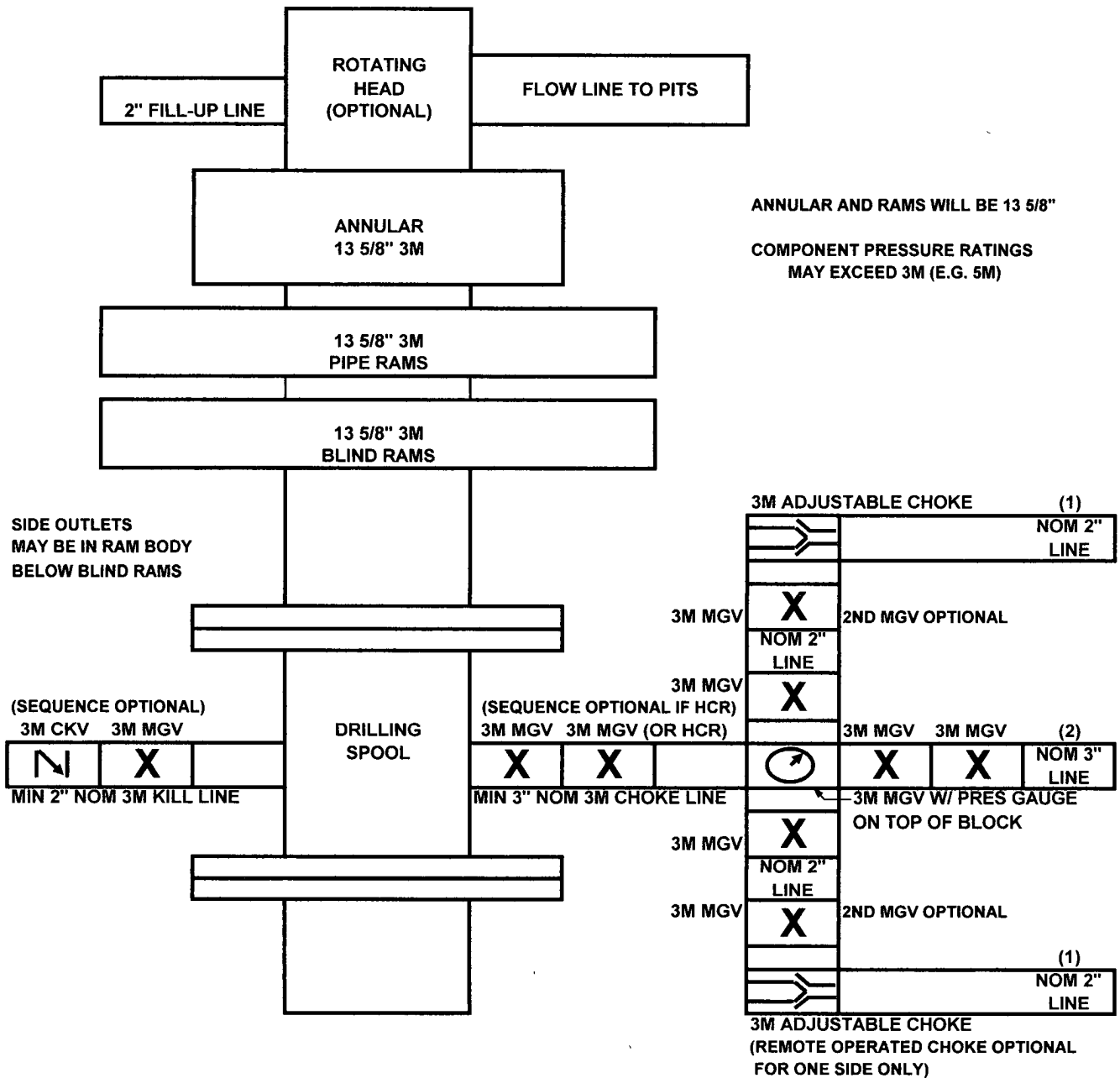
11) Potential hazards:

No abnormal pressure or temperature is expected. No H2S is known to exist in the area.

Lost circulation can occur in, lost circulation will be on location and readily available if needed.

12) Anticipated Start Date May '12
Duration 15 days

3M BOP SCHEMATIC



ANNULAR AND RAMS WILL BE 13 5/8"

COMPONENT PRESSURE RATINGS
MAY EXCEED 3M (E.G. 5M)

- (1) Line to mud gas separator and/or pit
(2) Bleed line to pit

MGV - Manual Gate Valve

CKV - Check Valve

HCR - Hydraulically Controlled Remote Valve