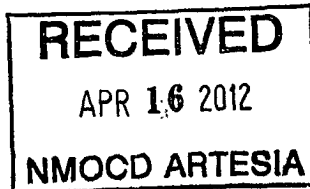


District I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr.,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

Form C-101
Revised August 1, 2011



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
³ Property Code 36900		⁴ Property Name RDX 16
		⁵ API Number 30-015-40189
		⁶ Well No. 16

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
L	16	26S	30E		2610	S	330	W	Eddy

⁸ Pool Information

Brushy Draw Delaware East	NSL	8090
---------------------------	-----	------

Additional Well Information

⁹ Work Type N	¹⁰ Well Type 0	¹¹ Cable/Rotary R	¹² Lease Type S	¹³ Ground Level Elevation 3090'
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

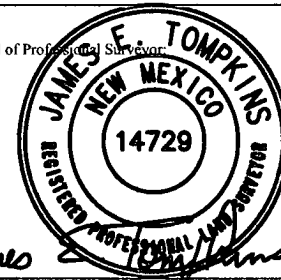
H2S levels are not expected to be high enough to require a H2S program. See attached Drilling Plan & BOP
--

Proposed Blowout Prevention Program

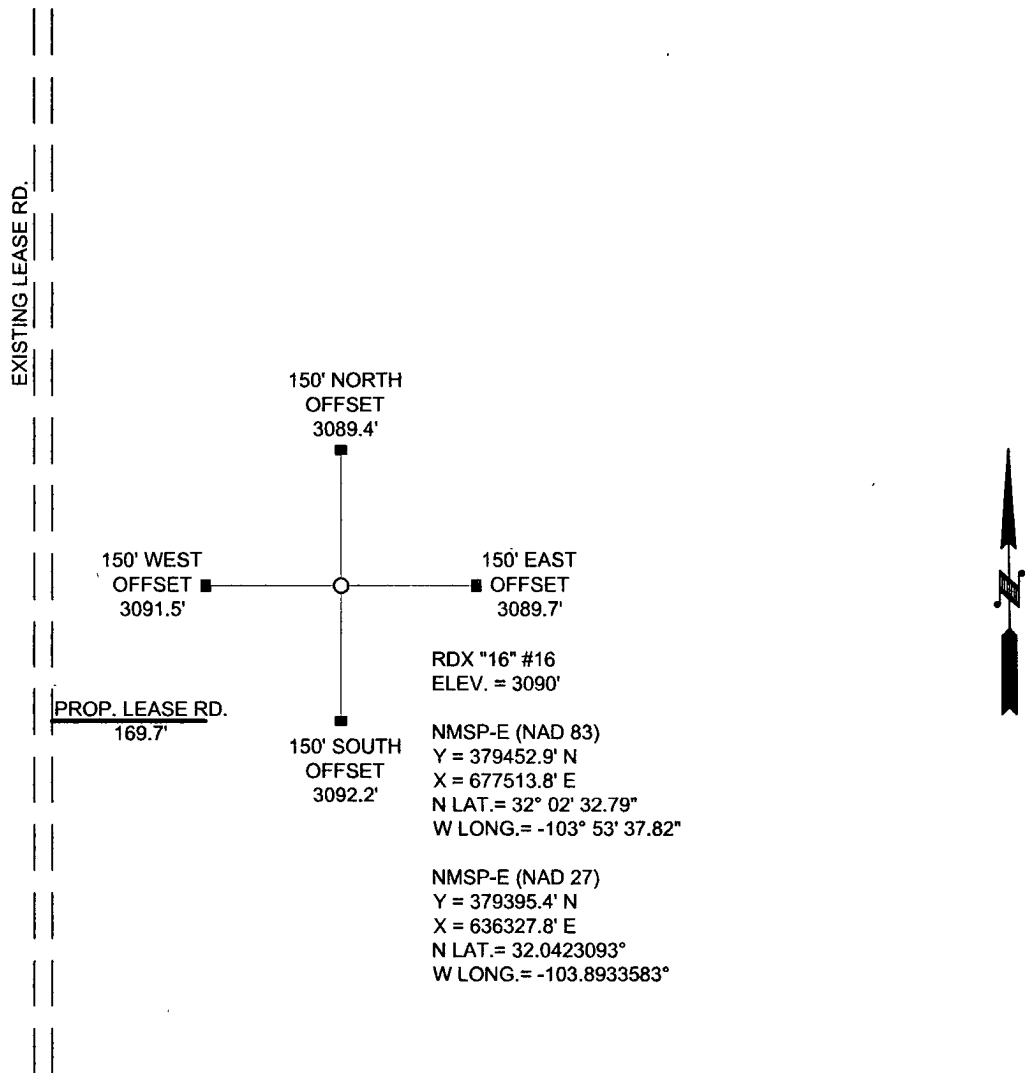
Type	Working Pressure	Test Pressure	Manufacturer
13 5/8" Double Ram 2FZ35-35	3,000#	3,000#	Guanghan

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: specialpermitting@gmail.com		Approved Date: 4/18/2012	
Date: 04/12/12		Expiration Date: 4/18/2014	
Phone (575) 361-4078		Conditions of Approval Attached: Cannot produce until NSL is in place	

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

				<p>OPERATOR CERTIFICATION</p> <p><i>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 released 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 voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Barry W. Hunt</i> 4/12/12 Signature Date</p> <p><i>Barry W. Hunt</i> Print Name</p> <p>_____ E-mail Address</p>
<p>330'</p>	<p>NMSP-E (NAD 83) Y = 379452.9' N X = 677513.8' E N LAT. = 32° 02' 32.79" W LONG. = -103° 53' 37.82"</p> <p>NMSP-E (NAD 27) Y = 379395.4' N X = 636327.8' E N LAT. = 32.0423093° W LONG. = -103.8933583°</p>			<p>SURVEYORS CERTIFICATION</p> <p><i>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.</i></p> <p>April 11, 2012 Date of Survey</p> <p>_____ Signature and Seal of Professional Surveyor</p>
<p>2610'</p>				<p></p> <p><i>James E. Tompkins</i></p> <p>Job No. WTC48507 JAMES E. TOMPKINS 14729 Certificate Number</p>

SITE LOCATION



SCALE: 1" = 200'

SECTION 16, T-26-S, R-30-E, N.M.P.M.

COUNTY: EDDY STATE: NM

DESCRIPTION: 2,610' FSL & 330' FWL

OPERATOR: RKI EXPLORATION & PRODUCTION

WELL NAME: RDX "16" #16

DRIVING DIRECTIONS:

Beginning at US 285 at the Texas-New Mexico State line go Northerly 3.7 miles to CR 725 (Longhorn Road). On CR 725 go Northeasterly around a bend, and across Pecos River for approx. 4.2 miles to a "Y". Take left fork going Northeasterly (Pipeline Rd.) for approx. 6.2 miles to a lease road 4-way. Turn right and go South on lease road for approx. 1.51 miles from which the location flag is ± 170.00 feet East.

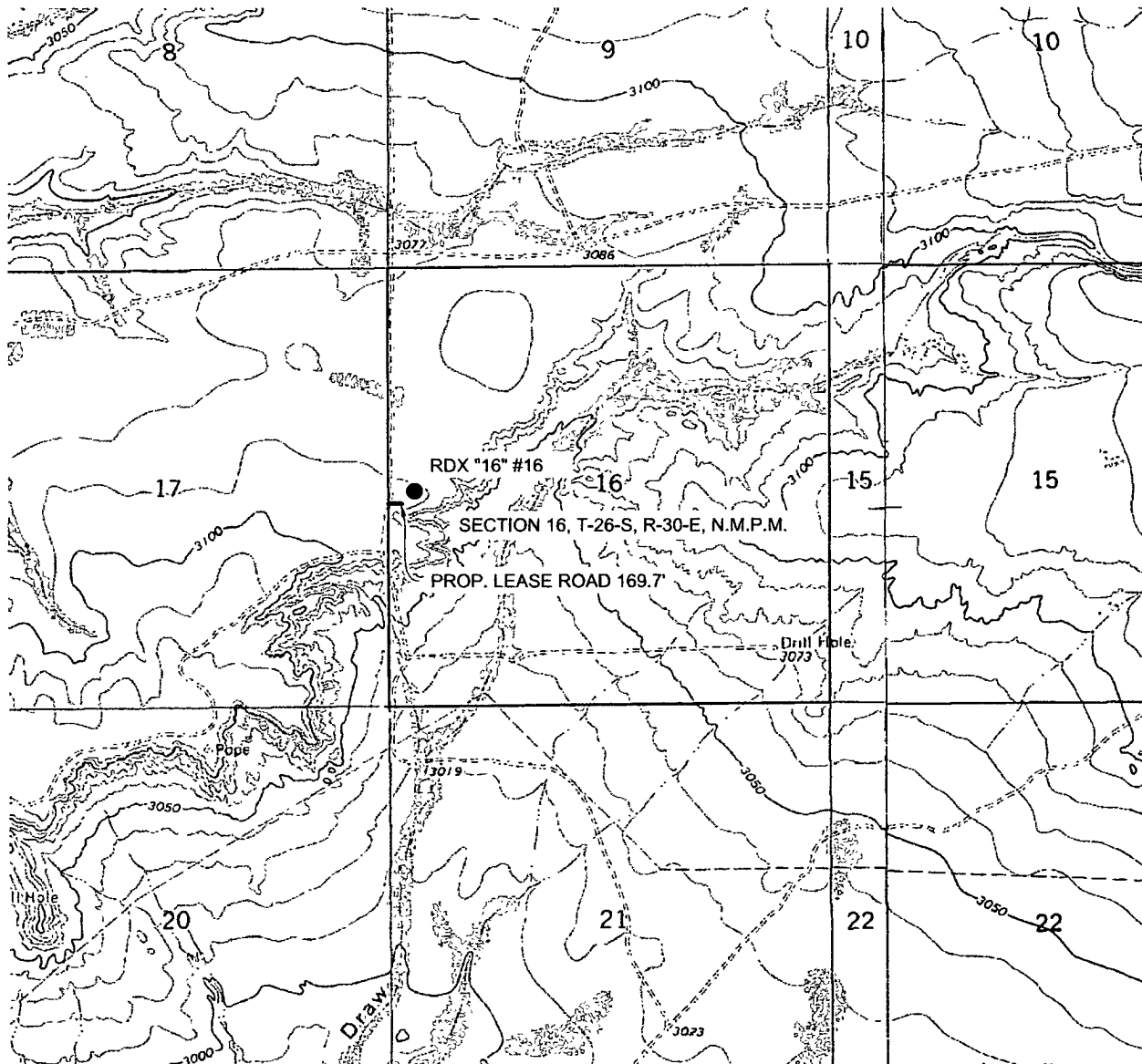


WEST TEXAS CONSULTANTS, INC.
ENGINEERS PLANNERS SURVEYORS
405 S.W. 1st STREET
ANDREWS, TEXAS 79714
(432) 523-2181
TEXAS REGISTERED ENGINEERING FIRM F-2746
TEXAS REGISTERED SURVEYOR FIRM #100792-00

RKI EXPLORATION & PRODUCTION

JOB No.: WTC48507

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SECTION 16, T-26-S, R-30-E, N.M.P.M.

COUNTY: EDDY STATE: NM

DESCRIPTION: 2,610' FSL & 330' FWL

OPERATOR: RKI EXPLORATION & PRODUCTION

WELL NAME: RDX #16" #16

DRIVING DIRECTIONS:

Beginning at US 285 at the Texas-New Mexico State line go Northerly 3.7 miles to CR 725 (Longhorn Road). On CR 725 go Northeasterly around a bend, and across Pecos River for approx. 4.2 miles to a "Y". Take left fork going Northeasterly (Pipeline Rd.) for approx. 6.2 miles to a lease road 4-way. Turn right and go South on lease road for approx. 1.51 miles from which the location flag is ± 170.00 feet East.

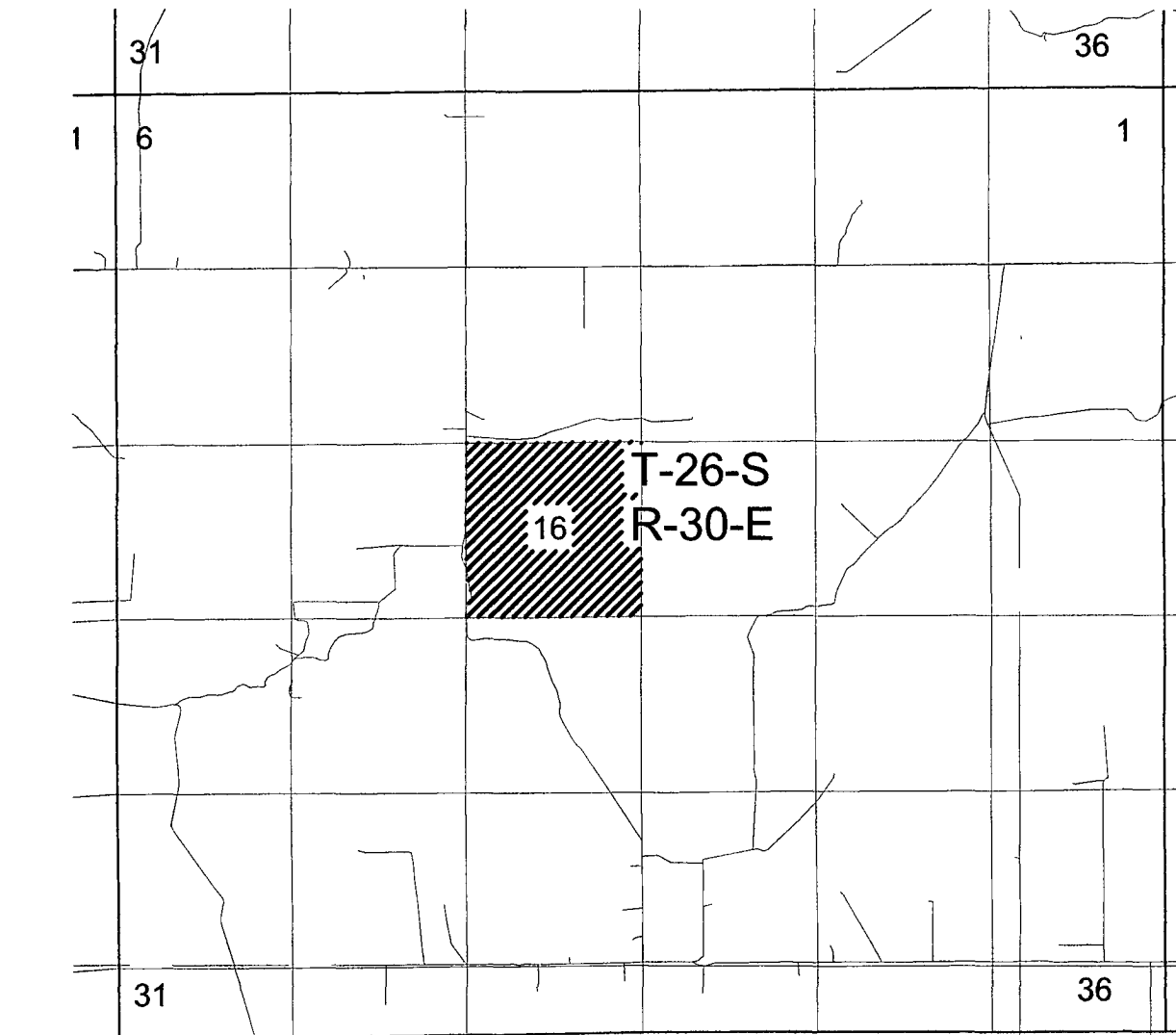


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RKI EXPLORATION & PRODUCTION

JOB No.: WTC48507

VICINITY MAP



SECTION 16, T-26-S, R-30-E, N.M.P.M.

COUNTY: EDDY STATE: NM

DESCRIPTION: 2,610' FSL & 330' FWL

OPERATOR: RKI EXPLORATION & PRODUCTION

WELL NAME: RDX "16" #16

DRIVING DIRECTIONS:

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TEXAS REGISTERED ENGINEERING FIRM F-2746
TEXAS REGISTERED SURVEYOR FIRM #100792-00

RKI EXPLORATION & PRODUCTION

JOB No.: WTC48507

2: WTC48507 & Gas Survey VAC Exploration & Production VES07-RN Exploration, State & Fed RD 10-12 RD 21-44 Eddy Co Drawing VES07-RD 16-16-WMP.dwg

AERIAL MAP



SCALE: 1" = 2000'

SECTION 16, T-26-S, R-30-E, N.M.P.M.

COUNTY: EDDY STATE: NM

DESCRIPTION: 2,610' FSL & 330' FWL

OPERATOR: RKI EXPLORATION & PRODUCTION

WELL NAME: RDX "16" #16

DRIVING DIRECTIONS:

Beginning at US 285 at the Texas-New Mexico State line go Northerly 3.7 miles to CR 725 (Longhorn Road). On CR 725 go Northeasterly around a bend, and across Pecos River for approx. 4.2 miles to a "Y". Take left fork going Northeasterly (Pipeline Rd.) for approx. 6.2 miles to a lease road 4-way. Turn right and go South on lease road for approx. 1.51 miles from which the location flag is \pm 170.00 feet East.



WEST TEXAS CONSULTANTS, INC.

ENGINEERS PLANNERS SURVEYORS

405 S.W. 1st. STREET

REWS, TEXAS 79714
(409) 592-8181

TEXAS REGISTERED ENGINEERING FIRM F-2746

TEXAS REGISTERED SURVEYOR FIRM #100792-00

RKI EXPLORATION & PRODUCTION

JOB No : WTC48507

\\Projects\\ON & ES\\Surveys\\NKL Exploration & Production\\48507-HRI Exploration- S'ake & Hiet RUX 16-12 RUX 21-43 RUX 21-44 Eddy Co\\Drowning\\48507-HUX 16-16-ALUMAL DWG

RKI Exploration & Production, LLC

DRILLING PLAN

Well RDX 16-16
 Location 2,610 FSL 330 FWL
 Section 16-26S-30E
 County Eddy
 State New Mexico

- 1) The elevation for the unprepared ground is 3,090 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
 Annular Volume 0.1733 cf/ft 0.26074 cf/ft 300 ft
 Excess 0.35 35 %
 Total Annular Volume 797 cf
 With Excess 1,077 cf
 DV Tool Depth 5,000 ft

Stage 1

Lead: 398 sx 1.47 cf/sk 13.0 ppg

Lead: PVL + 2% PF174 + .3% PF167 + .1% PF65 + .2% PF13 + .25 pps PF46

Top of cement: DV tool

Stage 2

Lead: 169 sx 2.04 cf/sk 12.6 ppg

Tail: 100 sx 1.47 cf/sk 13.0 ppg

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

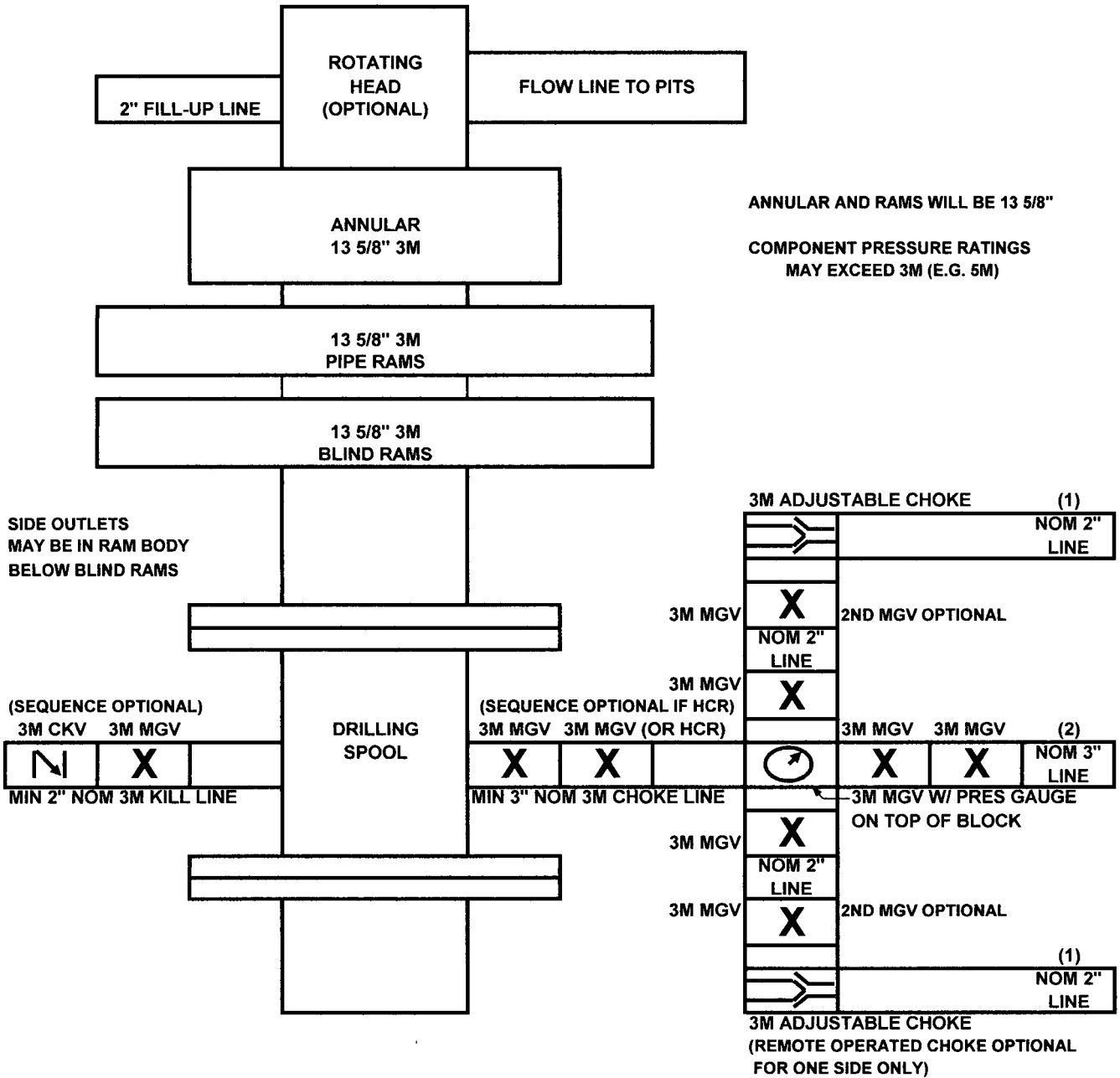
11) Potential hazards:

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



- (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

RKI Exploration and Production
3817 N. W. Expressway, Suite 950
Oklahoma City, OK. 73112

Closed Loop System

Design Plan

Equipment List

- 2 – 414 Swaco Centrifuges
- 2 – 4 screen Mongoose shale shakers
- 2 – 250 bbl. tanks to hold fluid
- 2 – CRI Bins with track system
- 2 – 500 bbl. frac tanks for fresh water
- 2 – 500 bbl. frac tanks for brine water

Operation and Maintenance

- Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed
- Any leak in system will be repaired and/or contained immediately
- OCD notified within 48 hours
- Remediation process started

Closure Plan

During drilling operations, all liquids, drilling fluids and cuttings will be hauled off via CRI (Controlled Recovery Incorporated). Permit #: R-9166.

RKI Exploration & Production LLC

P.O. Box 370, Carlsbad, NM 88221
Office 505-885-1313 Fax 505-885-3509

July 17, 2009

To Whom It May Concern:

Mr. Barry Hunt is employed by RKI Exploration & Production to sign as their agent for APD's and Right of Ways in the states of New Mexico and Texas.

If you have any questions, please contact me at my office at 575-885-1313.

Sincerely,

RKI Exploration & Production, LLC

A handwritten signature in cursive script, appearing to read "Gene Simer".

Gene Simer
Production Superintendent