



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Carlsbad Field Office
620 E. Greene

Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



IN REPLY REFER TO:
NM134783
3105.2 (P0220)

Reference:

Communitization Agreement
East Pecos Fed Com 22 7H
T. 26 S., R. 29 E.,
Section 22: E2E2
Eddy County, NM

July 10, 2015

RKI Exploration
210 Park Avenue, Suite 900
Oklahoma City, OK 73102

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134783 involving 80 acres of Federal land in lease NM21767, and 80 acres of Federal land in lease NM22634, Eddy County, New Mexico, which comprise a 160 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2E2 of sec. 22, T. 26 S., R. 29 E., NMPM, and is effective 06/12/2014. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

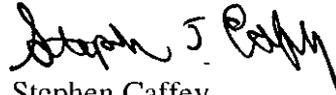
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Edward G. Fernandez, Petroleum Engineer at (575) 234-2220.

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Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,



Stephen Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

Determination - Approval - Certification

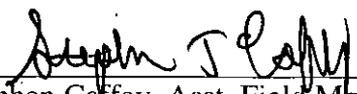
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.

- B. Approve the attached Communitization Agreement covering the E2E2 of sec. 22, T. 26 S., R. 29 E., NMPM, as to all producible hydrocarbons from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (e) are not met.

- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:



Stephen Caffey, Asst. Field Mgr.
Authorized Officer

Effective: 06/12/2014

Contract No.: Com. Agr. NM134783

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In Reply Refer to
NM134783
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134783

Date of Completion: 06/11/2014
Date of First Production: 06/12/2014
Field: Corral Canyon
Operator, Well Name & No, API Number: RKI Exploration; East Pecos Fed Com 22 7H;
3001542287
Surface Location: sec. 22, T.26 S., R.29 E.
Total Depth: 13,310 MD; 8,588 TVD
Surface Elevation: 2,899 GL
Producing Formation: Bone Spring (9,038 – 13,110)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 769 BBL; Gas 2,180 MCF; Water 1,184 BBL
Current Status: Producing Gas Well
Remarks: CA NM134783, effective 06/12/2014, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 22, E2E2, T. 26 S., R. 29 E., NMPM, and comprises 80 acres of Federal land in lease NM21767, and 80 acres of Federal land in lease NM22634, for a 160 acre well spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Deborah Ham at dham@blm.gov.

/S/ Deborah Ham
7/10/2015

cc:
ONRR-MS 63230B
First Production File
LLNM (P0220, File Room)