Date

06/11/2014

NSP

drcatanach@netscape.com

E-Mail Address

PEH 1416253294

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



## ADMINISTRATIVE APPLICATION CHECKLIST THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE **Application Acronyms:** [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [PC-Pool Commingling] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [PPR-Positive Production Response] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [1]**TYPE OF APPLICATION** - Check Those Which Apply for [A] Check One Only for [B] or [C] [B][C] [D] Other: Specify [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or $\square$ Does Not Apply Working, Royalty or Overriding Royalty Interest Owners [A] Offset Operators, Leaseholders or Surface Owner [B] [C] Application is One Which Requires Published Legal Notice [D]Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office For all of the above, Proof of Notification or Publication is Attached, and/or, [E][F]Waivers are Attached [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE. [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division. Note: Statement must be completed by an individual with managerial and/or supervisory capacity. David Catanach Agent for RKI Exploration & Production, LLC Print or Type Name Signature Title

## **Hand Delivered**

New Mexico Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, New Mexico 87505

Attention: N

Ms. Jami Bailey Division Director

Re:

Application for Non-Standard Spacing Unit/

Horizontal Project Area

RDX Federal Com 28 No. 4H (API No. 30-015-42278)

Surface Location (SL): 360' FNL & 2160' FWL (Unit C)

Section 28, Township 26 South, Range 30 East, NMPM,

**Bottomhole Location (BHL):** 230' FSL & 1715' FWL (Lot 3)

**Last Take Point (LTP):** 330' FSL & 1715' FWL (Lot 3)

Irregular Section 33, Township 26 South, Range 30 East, NMPM,

Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.11, RKI Exploration & Production, LLC ("RKI") respectfully requests administrative approval for a 224.76-Acre Non-Standard Spacing Unit/Horizontal Project Area comprising the E/2 W/2 of Section 28 and Unit C and Lot 3 (E/2 NW/4 equivalent) of Irregular Section 33, both in Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

The proposed RDX Federal Com 28 No. 4H, which will be drilled as a horizontal well at a standard well location to test the Wildcat G-03 S263016K Bone Spring Pool (97863), will be dedicated to the proposed non-standard spacing unit. Additional wells may be drilled and dedicated to the proposed non-standard spacing unit if the RDX Federal Com 28 No. 4H is successful.

The Wildcat G-03 S263016K Bone Spring Pool is currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

The attached plat shows that Section 33 is an irregular section whose southern boundary is the New Mexico/Texas State Line. This section is comprised of four standard 40-acre units (Units A, B, C & D) and four non-standard lots (Lots 1-4) that each comprise approximately 24 acres.

RKI Exploration & Production, LLC Application for Non-Standard Spacing Unit/ Horizontal Project Area RDX Federal Com 28 No. 4H Page 2

The concurrent development of Sections 28 and 33 in the Bone Spring formation in the manner proposed by RKI represents a reasonable and effective method by which portions of Irregular Section 33 can be incorporated into horizontal Bone Spring project areas.

In addition to the currently proposed non-standard spacing unit, RKI, as operator of the Bone Spring formation in Sections 28 & 33, is concurrently filing for approval of three additional non-standard Bone Spring Spacing Units/Horizontal Project Areas comprising: i) the W/2 W/2 of Section 28 and Unit D and Lot 4 (W/2 NW/4 equivalent) of Irregular Section 33; ii) W/2 E/2 of Section 28 and Unit B and Lot 2 (W/2 NE/4 equivalent) of Irregular Section 33 and; iii) E/2 E/2 of Section 28 and Unit A and Lot 1 (E/2 NE/4 equivalent) of Irregular Section 33.

Affected Offset Acreage-Non-Standard Spacing Unit: Division Rule 19.15.4.12(A)(3) requires that notice for non-standard proration units be provided to "owners of interest in the mineral estate to be excluded from the proration unit in the quarter-quarter section for 40-acre pools or formations, the one-half quarter section for 80-acre pools or formations, the quarter section for 160-acre pools or formations, the half section for 320-acre pools or formations or section for 640-acre pools or formations in which the non-standard unit is located". As shown on the attached plat, and as previously stated in this application, all acreage in Section 28 and Irregular Section 33 will ultimately be included in one of four horizontal Bone Spring Project Areas operated by RKI. Please note that RKI will operate all Bone Spring acreage in Section 28 and Irregular Section 33. Also please note that the working interest ownership is not entirely uniform within Section 28 and Irregular Section 33. Consequently, notice of this application, and the three additional concurrently filed applications described above, is being provided to all working interest owners in Section 28 and Irregular Section 33. These working interest owners include Khody Land & Minerals Company, a wholly owned subsidiary of RKI, James W. Brock, Joe R. Henderson, Richard Brace Wigzell and Andrew Kenneth Wigzell, Trustees of the Wigzell 2009 Trust, Ellwade Corporation and Pioneer Natural Resources, USA, Inc.

Attached is a Form C-102 showing the proposed well and proposed non-standard spacing unit. Please note that there are currently no other existing Bone Spring producing wells within the proposed non-standard spacing unit. Also attached is a map that shows other existing or proposed non-standard spacing units/Bone Spring horizontal project areas that either directly offset the proposed non-standard spacing unit, or are located within Sections 28 and Irregular Section 33.

In summary, approval of the application will provide RKI the opportunity to recover additional oil and gas reserves from the Wildcat G-03 S263016K Bone Spring Pool underlying the E/2 W/2 of Section 28 and Unit C and Lot 3 (E/2 NW/4 equivalent)

RKI Exploration & Production, LLC
Application for Non-Standard Spacing Unit/
Horizontal Project Area
RDX Federal Com 28 No. 4H
Page 3

of Irregular Section 33 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,

David Catanach, Agent RKI Exploration & Production, LLC 210 Park Avenue, Suite 900 Oklahoma City, OK 73102

Xc: OCD-Artesia

DISTRICT I

1053 N. Franch Iv., Hobbs, NNt 88240

Plane: (575) 393-010 Fez: (575) 393-0720

DISTRICT II

811 S. Frier St., Artexia, NM 88210

Plone: (575) 748-1235 Fez: (575) 748-9720

DISTRICT III

1000 Rio Branos Rd., Ance, NM 87410

Plone: (595) 346-178 Fez: (595) 334-6170

DISTRICT IV

1210 S. St. Francia Dr., Sams Fc, NM 87505

Plone: (595) 3476-3460 Fez: (505) 476-3462

## State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

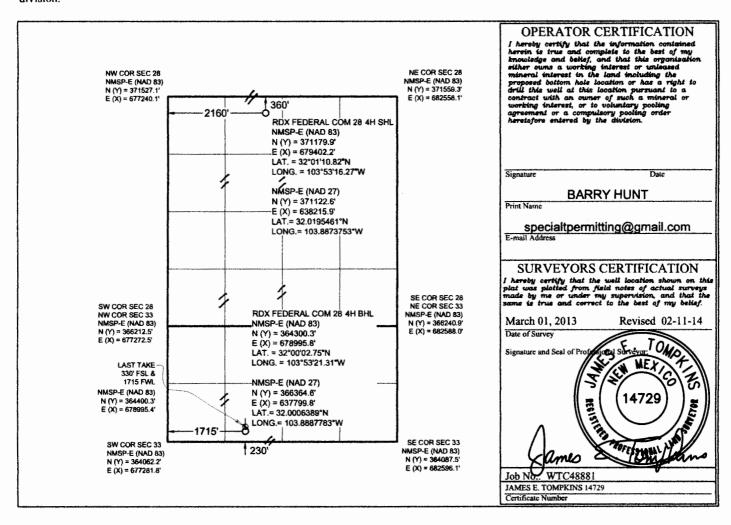
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

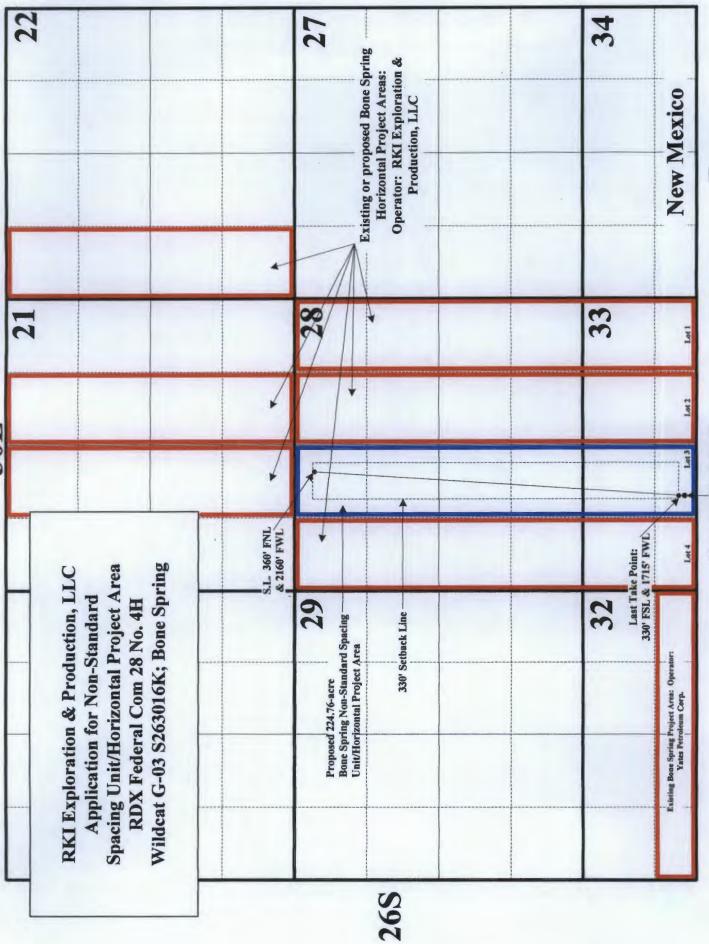
☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number				Pool Code		Pool Name UNDESIGNATED BONE SPRI			
Property Code		Property Name RDX FEDERAL COM 28					Well Number 4H		
OGRID No. 246289		Operator Name RKI EXPLORATION & PRODUCTION						Elevation 3012'	
					Surface Local	ion			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
С	28	26 S	30 E		360	NORTH	2160	WEST	EDDY
			Bott	om Hole I	ocation If Diff	erent From Surfac	e		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	33	26 S	30 E		230	SOUTH	1715	WEST	EDDY
Dedicated Acres 224.76	Joint or	Intill	Consolidated Con	ie Orde	r 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.





Texas

RDX Federal Com 28 No. 4H BHL: 230' FSL & 1715' FWL

# RKI Exploration & Production, LLC Application for Non-Standard Spacing Unit/ Horizontal Project Area RDX Federal Com 28 No. 4H Section 28 & Irregular Section 33, T-26S, R-30E, NMPM, Eddy County, New Mexico Notice List

James W. Brock P.O. Box 3047 Odessa, Texas 79760

Joe R. Henderson P.O. Box 2477 Midland, Texas 79702

Richard Brace Wigzell & Andrew Kenneth Wigzell, Trustees of the Wigzell 2009 Trust 2601 Wydewood Drive Midland, Texas 79707

Ellwade Corporation P.O. Box 10845 Midland, Texas 79702

Pioneer Natural Resources USA, Inc. 4901 E. Highway 80 Midland, Texas 79706

## CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: (SEE ATTACHED OWNERSHIP/NOTICE LIST)

Re: RKI Exploration & Production, LLC

Applications for 4 Non-Standard Spacing Units/

Horizontal Project Areas

Section 28 & Irregular Section 33, T-26 South, R-30 East, NMPM,

Eddy County, New Mexico

## Ladies & Gentlemen:

Enclosed please find a copy of each of four applications filed by RKI Exploration & Production, LLC with the Oil Conservation Division seeking approval to establish four separate non-standard spacing and proration units/horizontal project areas in the Bone Spring formation described as follows. Each of these units will be dedicated to one or more horizontal wells that are to be drilled to develop the Bone Spring interval.

## **Non-Standard Spacing Unit**

## **Dedicated Well**

W/2 W/2 of Section 28 & Unit D & Lot 4 of Irregular Section 33	RDX Fed. Com 28 # 2H
E/2 W/2 of Section 28 & Unit C & Lot 3 of Irregular Section 33	RDX Fed Com 28 # 4H
W/2 E/2 of Section 28 & Unit B & Lot 2 of Irregular Section 33	RDX Fed Com 28 # 7H
E/2 E/2 of Section 28 & Unit A & Lot 1 of Irregular Section 33	RDX Fed Com 28 # 1H

You are being provided notice of these applications as the owner of an interest that may be affected by the proposed non-standard spacing units. Objections must be filed with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 20 days.

If you should have any questions, please contact me at (505) 690-9453.

Sincerely,

David Catanach-Agent

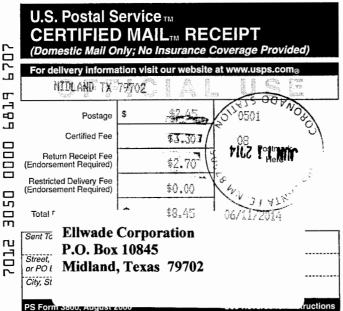
RKI Exploration & Production, LLC

210 Park Avenue, Suite 900

Oklahoma City, Oklahoma 73102

**Enclosure** 





CERTIFIED MAIL

RECEIPT (Domestic Mall Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps. ODESSA TX 79760 Б 87 \$ Postage \$2,45 **05**01 直 Certified Fee \$3.30 0000 Return Receipt Fee (Endorsement Required) \$2.70 Restricted Delivery Fee (Endorsement Required) 20 \$0.00 Total Postago & Food | ¢ 3 \$8.45 James W. Brock TU P.O. Box 3047 Odessa, Texas 79760

U.S. Postal Service™ CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) ۰ MIDLAND TX 79707 87 Postage \$2.45h 0501 ┚ Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee 20 3 Total Richard Brace Wigzell & 06. Andrew Kenneth Wigzell, ΓU Trustees of the Wigzell 2009 Trust 707 Street 2601 Wydewood Drive or PO City, S Midland, Texas 79707 PS Form 3800, August 2006 truction



4901 E. Highway 80 Midland, Texas 79706

PS Form 3800, August 2006

U.S. Postal Service ™

e for Instructions