

06-11-2014 DATE IN	SUSPENSE	MCNUTCH ENGINEER	06/11/2014 LOGGED IN	NSP TYPE	PEH 1416253294 APP NO.
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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]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☒ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

Handwritten notes:
NSP-1445
RKI EXPLORATION & PRODUCTION
30-015-42272-00-00
Pool 97863
WILL CAT 6-03 5263016
BONE SP 2256

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [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
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [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
Print or Type Name

David Catanach
Signature

Agent for RKI Exploration & Production, LLC
Title

6/11/14
Date

drcatanach@netscape.com
E-Mail Address

June 11, 2014

Hand Delivered

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

Attention: 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.

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)

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,

A handwritten signature in black ink that reads "David Catanach". The signature is written in a cursive style with a large, stylized 'C'.

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

Xc: OCD-Artesia

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) 746-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Artesia, 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 & 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 SPRING
Property Code	Property Name RDX FEDERAL COM 28		Well Number 4H
OGRID No. 246289	Operator Name RKI EXPLORATION & PRODUCTION		Elevation 3012'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	28	26 S	30 E		360	NORTH	2160	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
3	33	26 S	30 E		230	SOUTH	1715	WEST	EDDY

Dedicated Acres 224.76	Joint or Infill	Consolidated Code	Order No.
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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.

NW COR SEC 28
NMSP-E (NAD 83)
N (Y) = 371527.1'
E (X) = 677240.1'

NE COR SEC 28
NMSP-E (NAD 83)
N (Y) = 371559.3'
E (X) = 682558.1'

SW COR SEC 28
NMSP-E (NAD 83)
N (Y) = 366212.5'
E (X) = 677272.5'

SE COR SEC 28
NMSP-E (NAD 83)
N (Y) = 366240.9'
E (X) = 682588.0'

LAST TAKE
330' FSL &
1715 FWL
NMSP-E (NAD 83)
N (Y) = 364400.3'
E (X) = 678995.4'

SW COR SEC 33
NMSP-E (NAD 83)
N (Y) = 364062.2'
E (X) = 677281.8'

SE COR SEC 33
NMSP-E (NAD 83)
N (Y) = 364087.5'
E (X) = 682596.1'

RDX FEDERAL COM 28 4H SHL
NMSP-E (NAD 83)
N (Y) = 371179.9'
E (X) = 679402.2'
LAT. = 32°01'10.82"N
LONG. = 103°53'16.27"W

RDX FEDERAL COM 28 4H BHL
NMSP-E (NAD 83)
N (Y) = 364300.3'
E (X) = 678995.8'
LAT. = 32°00'02.75"N
LONG. = 103°53'21.31"W

NMSP-E (NAD 27)
N (Y) = 371122.6'
E (X) = 638215.9'
LAT. = 32.0195461°N
LONG. = 103.8873753°W

NMSP-E (NAD 27)
N (Y) = 366364.6'
E (X) = 637799.8'
LAT. = 32.0006389°N
LONG. = 103.8887783°W

OPERATOR CERTIFICATION

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 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.

Signature _____ Date _____

BARRY HUNT

Print Name _____

specialtpermitting@gmail.com

E-mail Address _____

SURVEYORS CERTIFICATION

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.

March 01, 2013 Revised 02-11-14

Date of Survey _____

Signature and Seal of Professional Surveyor _____

JAMES E. TOMPKINS
NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
14729

Job No. **WTC48881**

JAMES E. TOMPKINS 14729

Certificate Number _____

30E

22

21

27

34

28

33

29

32

RKI Exploration & Production, LLC
Application for Non-Standard
Spacing Unit/Horizontal Project Area
RDX Federal Com 28 No. 4H
Wildcat G-03 S263016K; Bone Spring

S.L. 360' FNL
& 2160' FWL

Proposed 224.76-acre
Bone Spring Non-Standard Spacing
Unit/Horizontal Project Area

330' Setback Line

Existing or proposed Bone Spring
Horizontal Project Areas:
Operator: RKI Exploration &
Production, LLC

Last Take Point:
330' FSL & 1715' FWL

Existing Bone Spring Project Area: Operator:
Yates Petroleum Corp.

Lot 1

Lot 2

Lot 3

Lot 4

New Mexico

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

Texas

26S

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 Wydeewood 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

June 11, 2014

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

7012 3050 0000 6819 6721

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
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Certified Fee	2.70
Return Receipt Fee (Endorsement Required)	3.30
Restricted Delivery Fee (Endorsement Required)	0.45
Total	\$8.45

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

PS Form 3800, August 2006 Instructions

7012 3050 0000 6819 6707

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Postage	\$ 2.45
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	0.00
Total	\$8.45

Sent To: **Ellwade Corporation**
P.O. Box 10845
Midland, Texas 79702

PS Form 3800, August 2006 Instructions

7012 3050 0000 6819 6736

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Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	0.00
Total	\$8.45

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

PS Form 3800, August 2006 See Reverse for Instructions

7012 3050 0000 6819 6714

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Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	0.00
Total	\$8.45

To: **Richard Brace Wigzell &
 Andrew Kenneth Wigzell,
 Trustees of the Wigzell 2009 Trust**
2601 Wyndwood Drive
Midland, Texas 79707

PS Form 3800, August 2006 See Reverse for Instructions

7012 3050 0000 6819 6714

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Restricted Delivery Fee (Endorsement Required)	0.00
Total	\$8.45

To: **Pioneer Natural Res., USA, Inc.**
4901 E. Highway 80
Midland, Texas 79706

PS Form 3800, August 2006 See Reverse for Instructions