

DATE IN

10/4

SUSPENSE

10/4/11

ENGINEER

DB

LOGGED IN

10.7.11

TYPE

NSL

APP NO

1178034758

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



PT&W
246289
RDI
22# 2H
EQ

ADMINISTRATIVE APPLICATION CHECKLIST

30-015-39262

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
☐ DISC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

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

- [D] Other: Specify

- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or -I 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.

W. Thomas Kellahin

706 Gonzales Road, Santa Fe, NM 87501

email: tkellahin@comcast.net

Attorney for Applicant

Date

10/4/2011

Email: tkellahin@comcast.net

2011 OCT -4 PM 3:37

RECEIVED OOD

Common Ownership - No
Notice
Required

KELLAHIN & KELLAHIN
ATTORNEY AT LAW

W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501

phone 505.982.4285
Facsimile 505.216.2780
tkellahin@comcast.net

October 4, 2011

HAND DELIVERED

Ms. Jami Bailey, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Administrative Application of RKI Exploration & Production, LLC
for Approval of an Unorthodox Well Location for its
RDU "22" Well No. 2-H (API # 30-015-39262)
W/2E/2 Section 22, T26S, R30E, Eddy County New Mexico
Dedicated to 160-acre horizontal project area
for production from the Bone Springs formation.

Dear Ms. Bailey:

On behalf of RKI Exploration & Production, LLC, please find enclosed our
referenced Administrative Application that is being filed in accordance with Division
Rule 104.D (2)(b)). This location crowds towards the E/2E/2 of Section 22.

Very truly yours,


W. Thomas Kellahin

CC: RKI Exploration & Production, LLC
Attn: Cody Reid
Phone 405-996-5767

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE ADMINISTRATIVE
APPLICATION OF RKI EXPLORATION & PRODUCTION, LLC
FOR AN UNORTHODOX WELL LOCATION
EDDY COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now RKI EXPLORATION & PRODUCTION, LLC ("RKI") and by and through its attorneys, Kellahin & Kellahin, and in accordance with Division Rule 19.15.15.13, applies to the New Mexico Oil Conservation Division ("Division") for approval of an Unorthodox Well Location ("NSL") for its RDU "22" Federal Well No. 2-H (API # 30-015-39262) a horizontal wellbore with a surface location 330 feet FNL and 2105 feet FEL and a bottomhole location 401 feet FSL and 1683 feet FEL of Section 22 T26S, R30E, Eddy County New Mexico to be dedicated to a 160-acre spacing unit project area consisting of the W/2E/2 for Bone Spring formation production.

In support, RKI states:

- (1) RKI is the operator and a working interest owner of its RDU "22" Federal Well No. 2-H (API # 30-015-39262) a horizontal wellbore that has been drilled in the W/2E/2 of Section 22, T26S, R30E, Eddy County. See first page of APD and Form C-102 attached as Exhibit "A" and "B"
- (2) The drilling of this horizontal wellbore was made more difficult by an existing vertical well, the Ross Draw Unit Well No. 21, (API #30-015-30606) located Unit J 1650 feet FSL and 1980 feet FEL of Section 22. See C-102 Attached as Exhibit "C"
- (3) In order to avoid the Ross Draw Unit Well No. 21, RKI steered the subject horizontal wellbore towards the eastern edge of this project area but, unfortunately, encroached into the 330 feet side boundary set back of the project area by not more than five feet over a distance of 378 feet of the lateral. See plat attached as Exhibit "D"
- (4) RKI requests that the Division approve an eastern side boundary of 325 feet being a distance of 1,645 feet FEL of Section 22 as an unorthodox exception from the standard horizontal wellbore producing window of 330 feet.

NOTIFICATION AND OWNERSHIP

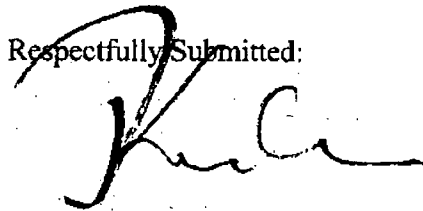
- (5) The ownership of the subject spacing unit is the same as adjoining spacing unit towards which this wellbore will encroach, being the E/2E/2 of Section 22.
- (6) In accordance with Division rules, because of common ownership, no notice is required and the Division at this time may process the application.

CONCLUSION

(11) Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the hydrocarbons in the Bone Spring formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the printed name.

W. Thomas Kellahin

OCD-ARTESIA

ATS-11-118
FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010 EA 703

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-480904B
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator RKI Exploration & Production, LLC. <246289>		7. If Unit or CA Agreement, Name and No. Ross Draw Unit
3a. Address 3817 NW Expressway, Suite 950 Oklahoma City, Ok. 73112		8. Lease Name and Well No. RDU Federal 22-2H <38361>
3b. Phone No. (include area code) 405-996-5750		9. API Well No. 30-015-39262
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 330 FNL & 2105 FEL At proposed prod. zone 330 FSL & 1650 FEL		10. Field and Pool, or Exploratory Wildcat 15-03 3267016K Undesignated Bone Spring <97863>
14. Distance in miles and direction from nearest town or post office* Approximately 14 miles southeast of Malaga, NM.		11. Sec., T. R. M. or Blk. and Survey or Area Section 22, T. 26 S., R. 30 E.
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330 ft.	16. No. of acres in lease 640	12. County or Parish Eddy
17. Spacing Unit dedicated to this well 160	13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 865 ft.	19. Proposed Depth 8400 ft. ✓	20. BLM/BIA Bond No. on file NLM-NMB-000460
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3091' GL ✓	22. Approximate date work will start*	23. Estimated duration 30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|--|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above) |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature <i>Barry W. Hunt</i>	Name (Printed/Typed) BARRY W. HUNT	Date 4/6/14
Title Permit Agent for RKI Exploration & Production, LLC.		
Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed)	Date JUL 19 2011
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

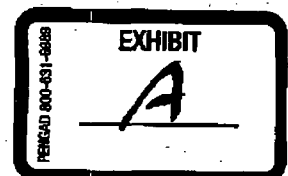
(Continued on page 2)

Carlsbad Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Temp 10-12

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED



DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Bravo Rd., Aztec, 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 July 16, 2010

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-39262	Pool Code 97863	Pool Name WILDCAT G-03 5263016K; DONE SAVING
Property Code 38361	Property Name RDU, FEDERAL 22	Well Number 2H
DGRID No. 246289	Operator Name RKI EXPLORATION & PRODUCTION LLC	Elevation 3091'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	22	26 S	30 E		330	NORTH	2105	EAST	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
O	22	26 S	30 E		330	SOUTH	1650	EAST	EDDY
Dedicated Acres 160	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°02'03.882" Long - W 103°52'02.333" NAD83 - E 685744.5 (NAD-83)</p>	<p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32°01'17.781" Long - W 103°51'56.906" NAD83 - E 686231.7 (NAD-83)</p>	<p>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 a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.</p> <p><i>Berry W. Hunt</i> 4/6/11 Signature Date <i>Berry W. Hunt</i> Printed Name</p> <p>Email Address</p> <p>SURVEYOR 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.</p> <p>NOVEMBER 4 2010 Date Surveyed Signature of Professional Surveyor Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 23732</p>
--	---	---

PENGAD 800-831-8888

EXHIBIT

B

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Branco Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number	*Well Code	*Well Name
	84330	Ross Draw (Wolfcamp)
*Property Code	*Property Name	*Well Number
	ROSS DRAW UNIT NO. 21	21
*OCRD No.	*Operator Name	*Elevation
7377	ENRON OIL & GAS COMPANY	3043'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
J	22	26-S	30-E		1650	SOUTH	1980	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

*Dedicated Acres	*Joint or Infill	*Consolidation Code	*Order No.
320			

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>16</p> <p>ENRON OIL & GAS COMPANY ROSS DRAW UNIT NO. 21 LAT. = 32°01'30" LONG. = 103°51'55" Y = 644707.4 X = 373167.7</p> <p>1980'</p> <p>1950'</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Mike Francis</i> Signature Mike Francis Printed Name Agent Title 2-3-99 Date</p>	
	<p>18 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 best of my belief.</p> <p>FEBRUARY 1999 Date of Survey Signature and Seal of Registered Professional Land Surveyor 8278 Certificate Number</p>	
	<p>8278</p>	
	<p>EXHIBIT</p> <p>C</p>	

8278
EXHIBIT
C

**RDU 22 FEDERAL-2H
W/2 E/2 SECTION 22-26S-30E
EDDY COUNTY, NEW MEXICO**

**AFFECTED OFFSET ACREAGE
Working Interest Ownership***

Khody Land & Minerals Company
Estate of Ralph E. Williamson
Estate of Lois Geraldine Williamson
J.C. Williamson Family Trust
Money Purchase Pension Plan for the
Employees of CRW Corporation
Jane Jiles
Kerry Petroleum Company, Inc.
ICA Energy
Amy Williamson
Elizabeth Anne Williamson
Charlotte Ward Williamson

*Affected offset acreage ownership is
the same as the RDU 22 Federal-2H
project area.

22

☐ Affected Offset Acreage

SHL - 330' FNL & 2105' FEL

21

BHL - 401' FSL & 1683' FEL

RKI Operator

PERCAD 910-431-8889

EXHIBIT

D