12-118/2014 DATE IN	SUSPENSI	E ENGINEER 12/18/2014 NSP PMAM1435248253
6 [;] `\	٦	ABOVE THIS LINE FOR DIVISION USE ONLY NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505
	1	ADMINISTRATIVE APPLICATION CHECKLIST
THIS CHECI	KLIST IS MA	NDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
[D	Non-Stan HC-Down [PC-Poo i	:: dard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] hole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] of Commingling} [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] ified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1] TYPE	E OF AP [A]	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSP \square NSL \blacksquare NSP \square SD NSP \square Phod 4 ction, LLCOne Only for [B] or [C] $Z46 \ge 8q$
	Check [B]	Comminging - Storage - Measurement
	[C]	□ DHC □ CTB □ PLC □ PC □ OLS □ OLM Injection - Disposal - Pressure Increase - Enhanced Oil Recovery □ WFX □ PMX □ SWD □ IPI □ EOR □ PPR □ WFX □ PMX □ SWD □ IPI □ EOR □ PPR
	[D]	Other: Specify
[2] NOTI	[FICATI [A]	Other: Specify Ot
	[B]	Offset Operators, Leaseholders or Surface Owner π
	[C]	$\square Application is One Which Requires Published Legal Notice \qquad \qquad$
	[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.

	Dania Latan
Signati	Ire

Agent for RKI Exploration & Production, LLC Title

drcatanach@netscape.com E-Mail Address

12/18/14 Date

David Catanach Print or Type Name

Hand Delivered

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

Attention:	Mr. Scott Dawson
	Acting Division Director

Re: Application to Amend Order No. NSP-1996
RDX Federal Com 28 No. 7H (API No. 30-015-42280)
<u>Surface Location (SL)</u>: 330' FNL & 1905' FEL (Unit B)
<u>First Take Point (FTP)</u>: 660' FNL & 1900' FEL (Unit B)
Section 28, Township 26 South, Range 30 East, NMPM,
<u>Bottomhole Location (BHL)</u>: 230' FSL & 1715' FEL (Lot 2)
<u>Last Take Point (LTP)</u>: 660' FSL & 1715' FEL (Lot 2)
Irregular Section 33, Township 26 South, Range 30 East, NMPM,
Eddy County, New Mexico

Dear Mr. Dawson:

By Order No. NSP-1996 dated July 9, 2014 the Division authorized the establishment of a 224.78-acre non-standard spacing and proration unit comprising the W/2 E/2 of Section 28 and the NW/4 NE/4 and Lot 2 of Irregular Section 33, both in Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. This unit was to be dedicated to the RDX Federal Com 28 No. 7H, which was to be horizontally drilled at standard surface and last take point locations to test the Wildcat; G-03 S263016K; Bone Spring Pool (97863).

RKI Exploration & Production, LLC ("RKI") is now proposing to change the target formation in the RDX Federal Com 28 No. 7H from the Bone Spring formation to the Wolfcamp formation.

The subject well is located within one mile of the Ross Draw-Wolfcamp Gas Pool (84330) which is currently governed by Division Rule 19.19.15.10 which requires standard 320-acre spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located, and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary, or in the case of a horizontal well, no closer than 660 feet to the outer boundary of the project area.

Consequently, RKI requests that Order No. NSP-1996 be amended:

a) to establish a 449.58-acre Non-Standard Gas Spacing Unit/Horizontal Project Area comprising the the E/2 of Section 28 and the N/2 NE/4 and Lots 1 & 2 (NE/4 equivalent) of Irregular Section 33, both in Township 26 South, Range 30 East, NMPM, for the Undesignated Ross Draw-Wolfcamp Gas Pool;

b) to establish a 224.78-acre Non-Standard Oil Spacing Unit/Horizontal Project Area comprising the W/2 E/2 of Section 28 and the NW/4 NE/4 and Lot 2 of Irregular Section 33, Township 26 South, Range 30 East, NMPM, for the Wildcat-Wolfcamp Oil Pool; and

c) authority to dedicate the 449.58-acre Non-Standard Gas Spacing Unit/Horizontal Project Area to the RDX Federal Com 28 No. 7H in the event this well, after completion, is determined to be a gas well in the Undesignated Ross Draw-Wolfcamp Gas Pool; **OR IN THE ALTERNATIVE**, authority to dedicate the 224.78-acre Non-Standard Oil Spacing Unit/Horizontal Project Area to the RDX Federal Com 28 No. 7H in the event this well, after completion, is determined to be an oil well within the Wildcat-Wolfcamp Oil Pool.

Although the subject well is located within one mile of the Ross Draw-Wolfcamp Gas Pool, the well may or may not be completed in the same gas producing interval that is being produced in that pool. For that reason, it is possible that the RDX Federal Com 28 No. 7H will be completed as a gas well <u>OR</u> an oil well.

The RDX Federal Com 28 No. 7H will be located at standard FTP and LTP well locations regardless of whether the well is completed as a gas well or oil well. Consequently, it is not necessary to obtain non-standard well location approval for this well.

A Wildcat-Wolfcamp Oil Pool would be 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, or in the case of a horizontal well, no closer than 330 feet to the outer boundary of the project area.

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 Wolfcamp 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 Wolfcamp project areas. *RKI Exploration & Production, LLC Application to Amend Order No. NSP-1996 RDX Federal Com 28 No. 7H Page 3*

In addition to the currently proposed non-standard spacing units, RKI, as operator of the Wolfcamp formation in Sections 28 & 33, may form additional non-standard oil or gas Wolfcamp spacing units/horizontal project areas in these sections depending on the outcome of the RDX Federal Com 28 No. 7H.

Affected Offset Acreage-Non-Standard Spacing Units: 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 guarter-guarter section for 40-acre pools or formations, the one-half guarter 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". With regards to affected parties, RKI states that: i) RKI is the operator of the Wolfcamp formation in all of Section 28 and all of Irregular Section 33; ii) the only existing 320-acre Wolfcamp gas spacing units offsetting Sections 28 and 33 are located in the S/2 of Section 22 and the E/2 of Section 27, operated respectively, by EOG Resources, Inc., and RKI; iii) no party within any section offsetting Sections 28 and 33 is affected by either of the proposed non-standard spacing units; and iv) the leasehold ownership within Section 28 and Irregular Section 33 is not common, consequently, notice of this application is being provided to all leasehold owners in Sections 28 and Irregular Section 33. These leasehold owners include James W. Brock, Joe R. Henderson, Richard Brace Wigzell and Andrew Kenneth Wigzell, Trustees of the Wigzell 2009 Trust, Ellwade Corporation, Pioneer Natural Resources, USA, Inc., Trainer Partners, Ltd., and KP Acquisition Corporation.

Attached is a Form C-102 showing the proposed well and proposed nonstandard Wolfcamp gas and oil spacing units. Please note that there are currently no other existing Wolfcamp producing wells within either of the proposed non-standard spacing units. Also attached is a map that shows the proposed well and well locations, proposed non-standard gas spacing unit, proposed non-standard oil spacing unit, and other existing Wolfcamp spacing units directly offsetting Section 28 and Irregular Section 33.

In summary, approval of the application will provide RKI the opportunity to recover additional oil and/or gas reserves from the Ross Draw-Wolfcamp Gas Pool, or the Wildcat-Wolfcamp Oil Pool underlying either the W/2 E/2 of Section 28 and Unit B and Lot 2 (W/2 NE/4 equivalent) of Irregular Section 33, or the E/2 of Section 28 and N/2 NE/4 and Lots 1 & 2 (NE/4 equivalent) of Irregular Section 33 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

RKI Exploration & Production, LLC Application to Amend Order No. NSP-1996 RDX Federal Com 28 No. 7H Page 4

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

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Sincerely, David Latonach

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

Xc: OCD-Artesia

DISTRICT 1 1435 N Fromb, Dr., Hohn, MM 8224 Monet: (573) 393-018 Feat, (575) 393-020 DISTRICT II 811 & Fron Sc., Annuis, MM 8216 Monet: (503) 344-132 Fait; (515) 748-9720 DISTRICT III 1000 Rin Brauss Rd., Ann, MJ 87410 Monet: (503) 334-137 Fait; (503) 334-1370 DISTRICT IV 1228 & S., Froncis, Dr., Annu, Fe, NM 87885 Monet: (503) 374-384 Fait; (505) 454-1420

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

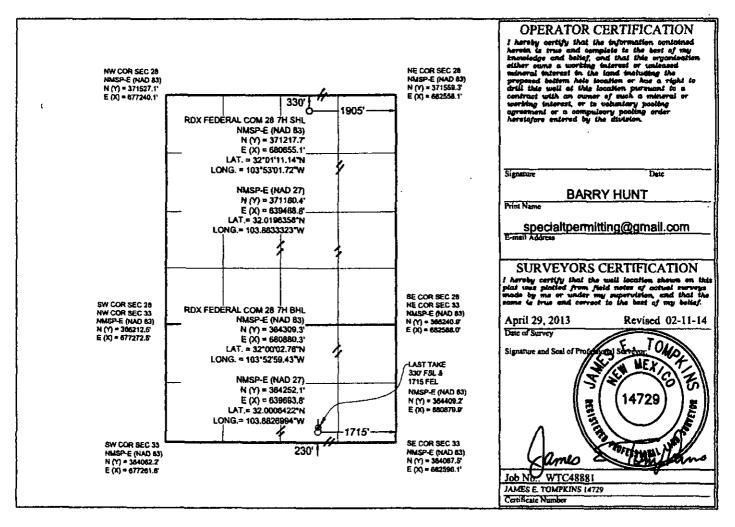
District Office

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number				Pool Code						
Property Code		[Property Name						mber	
		1		7H						
OGRID No.			Elevation							
24628	9	ļ	RKI EXPLORATION & PRODUCTION						3008'	
					Surface Locat	ion		*****		
UL or lot no,	Section	Township	Range	Lotidan	Feet from the	North/South line	Feet from the	East/West line	County	
в	28	26 S	30 E		330	NORTH	1905	EAST	EDDY	
			Bott	om Hole L	ocation If Diffe	rent From Surfac	e			
UL or lot no,	Section	Township	Range	Lot Ida	Feet from the	North/South line	Foot from the	East/West line	County	
2	33	26 S	30 E		230	SOUTH	1715	EAST	EDDY	
Dedicated Acres	Joint or	Infill	Consolidated Co	ie Order	No.					
224.78				1						

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.



DISTRICT I 1625 N. Frank Dr., Hobbs, NM 8200 Phone: 1537 99464 For: (155) 93-0750 DISTRICT H 3115 Fin St., Artens, NM 8216 Mone: (157) 444-133 For: (157) 744-9750 DISTRICT HI 1000 Ren Breast Rd., Assoc, RM 67410 DISTRICT IV DISTRICT IV DISTRICT IV 1220 6.5: Travels Dr., Santa, Fe, NM 97569 Home, (501) 476-9460 Pr.: (301) 476-342

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

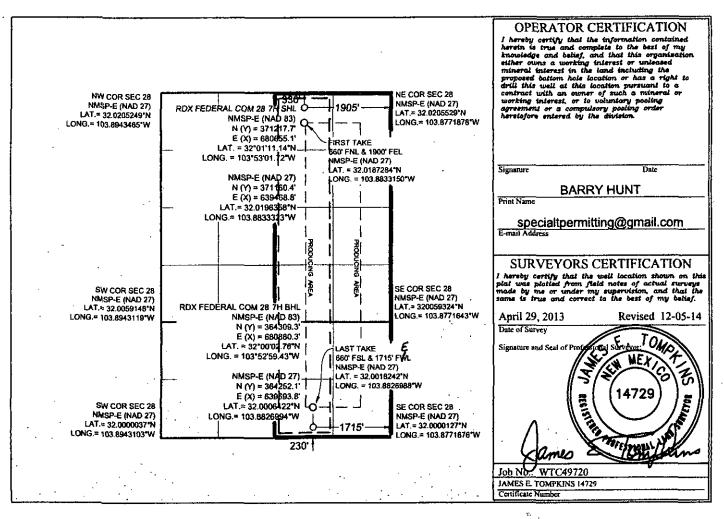
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

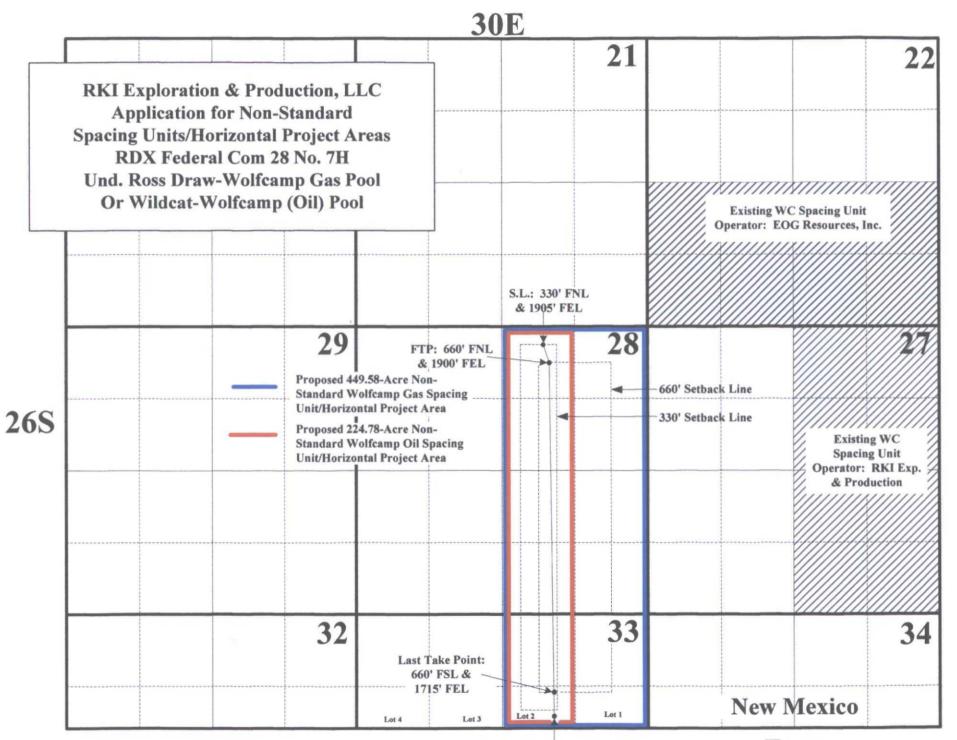
□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number			Pool Code			Pool Name				
30-015-42280		D	Und. Ross Draw-Wolfcamp Gas Pool						bl	
Property (Code	_	<u>_</u>		Property Name	or Wilder	at-Wolfcamp	(Oil) Pool 👘		
40485		Į		7H						
OGRID No.		<u> </u>		Elevation						
246289			RKI EXPLORATION & PRODUCTION						3008'	
		1	· • • •		Surface Locat	ion	· · · · · · · · · · · · · · · · · · ·			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
В	28	26 S	30 E		330	NORTH	1905	EAST	EDDY	
		L	Bott	om Hole L	ocation If Diffe	erent From Surfac	e	1	- -	
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
2	33	26 S	30 E		230	SOUTH	1715	EAST	EDDY	
Dedicated Acres	Joint o	Infill	Consolidated Co	de Order	No.		A			
449.58 A										
r 224.78 A	cres							· · · · · · · · · · · · · · · · · · ·		

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.





RDX Federal Com 28 No. 7H BHL: 230' FSL & 1715' FEL Texas

<u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

TO: (SEE ATTACHED OWNERSHIP/NOTICE LIST)

Re: RKI Exploration & Production, LLC Application to Amend Order No. NSP-1996 Application for Non-Standard Spacing Units/ Horizontal Project Areas (Wolfcamp Formation) Section 28 & Irregular Section 33, T-26 South, R-30 East, NMPM, Eddy County, New Mexico

Ladies & Gentlemen:

Enclosed please find a copy of an application filed by RKI Exploration & Production, LLC ("RKI") with the Oil Conservation Division seeking to amend Order No. NSP-1996 dated July 9, 2014. RKI proposes to establish a 449.58-Acre Non-Standard Wolfcamp Gas Spacing Unit/Horizontal Project Area, and a 224.78-Acre Non-Standard Wolfcamp Oil Spacing Unit/Horizontal Project Area in Sections 28 and Irregular Section 33, as more fully described in the application. Depending on whether the RDX Federal Com 28 No. 7H is determined to be an oil well or a gas well, one of these units will be dedicated to this well. Please note that the RDX Federal Com 28 No. 7H will be drilled at a standard well location for both oil and gas within these units.

You are being provided notice of this application 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 (ata

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

Enclosure

RKI Exploration & Production, LLC Application to Amend Order No. NSP-1996 Application for Non-Standard Spacing Units/ Horizontal Project Areas (Wolfcamp Formation) RDX Federal Com 28 No. 7H Section 28 & Irregular Section 33, T-26S, R-30E, NMPM, Eddy County, New Mexico <u>Notice List</u>

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

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

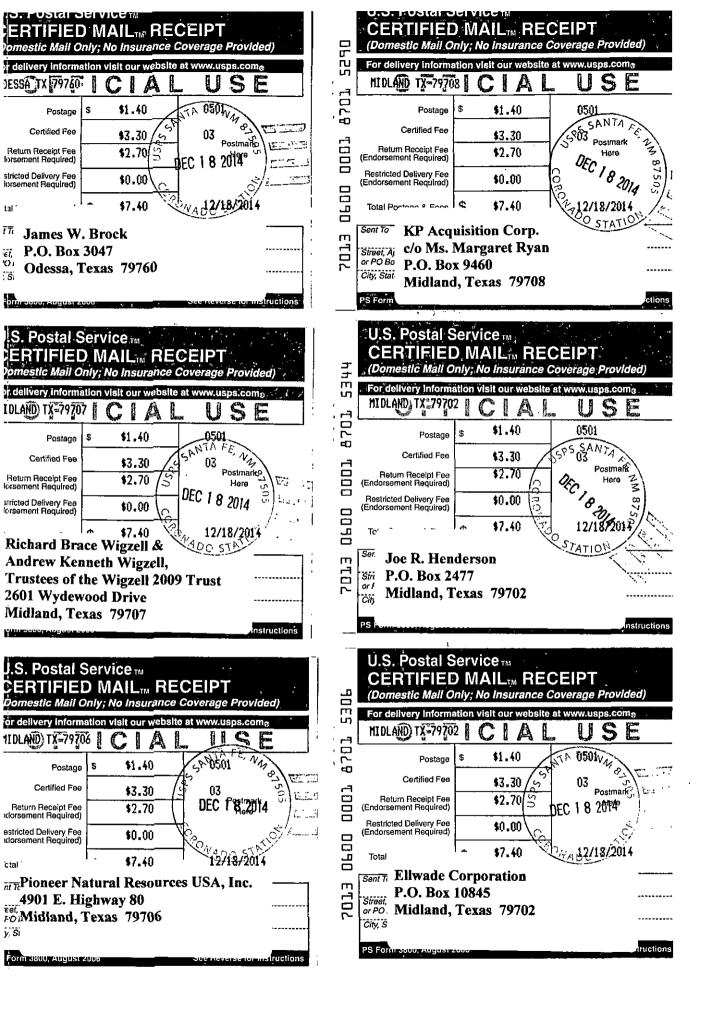
Richard Brace Wigzell & Andrew Kenneth Wigzell, Trustees of the Wigzell 2009 Trust 2601 Wydewood Drive Midland, Texas 79707

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

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

Randall Mark Trainer Trainer Partners, Ltd. P.O. Box 3788 Midland, Texas 79702

KP Acquisition Corp. c/o Ms. Margaret Ryan P.O. Box 9460 Midland, Texas 79708



CERTIFIED MAILTM RECEIPT (Domestic Mall Only; No Insurance Coverage Provided)								
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