

12/18/2014 DATE IN	SUSPENSE	MAM ENGINEER	12/18/2014 LOGGED IN	NSP TYPE	PMAM143524944 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 _____

- [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

Signature

Date

Agent for RKI Exploration & Production, LLC
Title

drcatanach@netscape.com
E-Mail Address

NSP
 - RZK EXPLANATION
 246289
 WELL
 - RDX FEDERAL COM 28
 30-015-4228
 RECEIVED OGD
 2011 DEC 18 P 1:23
 POOL
 - ROSS DRAWING
 WOLF CAMP (GAS)
 84330

December 18, 2014

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)
Surface Location (SL): 330' FNL & 1905' FEL (Unit B)
First Take Point (FTP): 660' FNL & 1900' FEL (Unit B)
Section 28, Township 26 South, Range 30 East, NMPM,
Bottomhole Location (BHL): 230' FSL & 1715' FEL (Lot 2)
Last Take Point (LTP): 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 **OR** 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.

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 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". **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 non-standard 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.

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 'D' and 'C'.

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

Xc: OCD-Artesia

DISTRICT I
1615 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
DISTRICT II
911 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-0720
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87418
Phone: (505) 334-6174 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 30-015-42280	Pool Code	Pool Name Und. Ross Draw-Wolfcamp Gas Pool or Wildcat-Wolfcamp (Oil) Pool
Property Code 40485	Property Name RDX FEDERAL COM 28	7H
OGRID No. 246289	Operator Name RKI EXPLORATION & PRODUCTION	Elevation 3008'

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	28	26 S	30 E		330	NORTH	1905	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
2	33	26 S	30 E		230	SOUTH	1715	EAST	EDDY

Dedicated Acres 449.58 Acres or 224.78 Acres	Joint or Infill	Consolidated 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.

NW COR SEC 28
NMSP-E (NAD 27)
LAT. = 32.0205249°N
LONG. = 103.8943465°W

SW COR SEC 28
NMSP-E (NAD 27)
LAT. = 32.0059148°N
LONG. = 103.8943118°W

SE COR SEC 28
NMSP-E (NAD 27)
LAT. = 32.0059324°N
LONG. = 103.8771643°W

SW COR SEC 28
NMSP-E (NAD 27)
LAT. = 32.0000037°N
LONG. = 103.8943103°W

SE COR SEC 28
NMSP-E (NAD 27)
LAT. = 32.0000127°N
LONG. = 103.8771676°W

RDX FEDERAL COM 28 7H SHL
NMSP-E (NAD 83)
N (Y) = 371217.7
E (X) = 680655.1
LAT. = 32°01'11.14"N
LONG. = 103°53'01.72"W

RDX FEDERAL COM 28 7H BHL
NMSP-E (NAD 83)
N (Y) = 364309.3
E (X) = 680680.3
LAT. = 32°00'04.76"N
LONG. = 103°52'59.43"W

PRODUCING AREA
NON-PRODUCING AREA

FIRST TAKE
660' FNL & 1900' FEL
NMSP-E (NAD 27)
LAT. = 32.0187284°N
LONG. = 103.8833150°W

LAST TAKE
660' FSL & 1715' FVL
NMSP-E (NAD 27)
LAT. = 32.0018242°N
LONG. = 103.8826988°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.

April 29, 2013 Revised 12-05-14

Date of Survey _____

Signature and Seal of Professional Surveyor _____

JAMES E. TOMPKINS
REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
14729

Job No. **WTC49720**

JAMES E. TOMPKINS 14729

Certificate Number _____

30E

21

22

RKI Exploration & Production, LLC
Application for Non-Standard
Spacing Units/Horizontal Project Areas
RDX Federal Com 28 No. 7H
Und. Ross Draw-Wolfcamp Gas Pool
Or Wildcat-Wolfcamp (Oil) Pool

Existing WC Spacing Unit
Operator: EOG Resources, Inc.

S.L.: 330' FNL
& 1905' FEL

29

FTP: 660' FNL
& 1900' FEL

28

27

Proposed 449.58-Acre Non-
Standard Wolfcamp Gas Spacing
Unit/Horizontal Project Area

Proposed 224.78-Acre Non-
Standard Wolfcamp Oil Spacing
Unit/Horizontal Project Area

660' Setback Line

330' Setback Line

Existing WC
Spacing Unit
Operator: RKI Exp.
& Production

32

33

34

Last Take Point:
660' FSL &
1715' FEL

Lot 4

Lot 3

Lot 2

Lot 1

New Mexico

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

Texas

26S

December 18, 2014

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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 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
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

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

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Restricted Delivery Fee (Endorsement Required)	\$0.00
Total	\$7.40

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

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Total	\$7.40

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

PS Form 3800, August 2006 Instructions

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

Form 3800, August 2006 Instructions

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

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

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

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Certified Fee	\$3.30
Return Receipt Fee (Endorsement Required)	\$2.70
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total	\$7.40
Sent To: Randall Mark Trainer	
Street, or P.O. Trainer Partners, Ltd.	
City, St P.O. Box 3788	
Midland, Texas 79702	
PS Form 3800, August 2009 Instructions	

