

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



RKI Eppel
(246289)

Longview Fed #44

ADMINISTRATIVE APPLICATION CHECKLIST 30-015-38070

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

6246

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.

Print or Type Name

Signature

Title

Date

W. THOMAS KELLAHIN
KELLAHIN AND KELLAHIN
ATTORNEYS AT LAW

706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

(505) 982-4285
FAX (505) 215-2780
TRELLAHIN@COMCAST.NET

RECEIVED OGD
2010 AUG 23 P 2:15

8/23/10

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-216-2780
TKELLAHIN@COMCAST.NET

August 23, 2010

HAND DELIVERED

Mr. Mark Fesmire, PE, 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
Longview Federal "21" Well No. 44, Unit P, (API # 30-015-38070)
NSL Footage: 360 feet FSL and 330 feet FEL
of Section 1, T23S, R28E, Eddy County New Mexico
dedication of 80-acre spacing unit consisting of the
S/2SE/4 of Sec 1, T23S R28E for production from
the Bone Springs formation including the
South Culebra Bluff-Bone Spring Pool (code 15011)

Dear Mr. Fesmire:

On behalf of RKI Exploration & Production, LLC, please find enclosed our referenced application that is being filed in accordance with Division Rule 104.D (2)(b)). This location crowds towards the southern corner of the SE/4SE/4 of Section 1.

Very truly yours,


W. Thomas Kellahin

CC: RKI Exploration & Production, LLC
Attn: Chip Taylor

**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 General Rule 104.F, applies to the New Mexico Oil Conservation Division ("Division") for approval of an Unorthodox Well Location ("NSL") for its Longview Federal "1" Well No. 44, Unit P, Footage: 360 feet FSI and 330 feet FEL of Section 1 T23S, R28E, Eddy County New Mexico to be dedicated to a 80-acre spacing unit consisting of the S/2SE/4 for Bone Spring formation production within the South Culebra Bluff-Bone Spring Pool (15011), in the event this well is productive.

In support, RKI states:

- (1) RKI is the operator and sole working interest owner for the drilling of its Longview Federal "1" Well No. 44 (API # 30-015-38070) Unit P for an 80-acre spacing unit dedicated to the S/2SE/4 of Section 1, T23S, R28E, Eddy County. See Form C-102 attached as Exhibit "A"

LOCATOR MAP

- (2) The S/2SE/4 of Section 1 contains no existing wellbores. Although the OCD Website shows two wells neither was drilled: (a) Chevron's API # 30-015-28473 in Unit O and Chevron's API # 30-015-28474 in Unit P. See Locator Map attached as Exhibit "B"
- (3) The RKI requested location, "NSL" is based upon a combination topographical and geologic reasons.

TOPOGRAPHICAL REASONS

- (4) RKI filed its Federal APD, which was approved by the BLM after the BLM required that the wellbore be re-located to its present location for as to avoid an existing playa. See first page of APD attached as Exhibit "C"; note on Sundry Notice about BLM attached as Exhibit "D" and topo map attached as Exhibit "E"

- (5) Subsequently, RKI build the well location and discovered that this location is unorthodox ("NSL") because of special rules for the South Culebra Bluff-Bones Springs that requires well to be located with 150 feet of the center of either 40-acre tract of the 80-acre spacing unit. See Order R-6139, dated October 19, 1979.
- (6) RKI will commence drilling this wellbore on August 23, 2010

GEOLOGIC REASONS

- (7) RKI's geologist has concluded that the proposed unorthodox well location is better than any standard location within the standard drilling window for this spacing unit because the NSL has potentially thicker section of Bone Spring. In this case, RKI is looking at a location with very little data and the chances of a structural change increase. This well will allow RKI a better chance to understand the structural and stratigraphic components in the southern part of its Longview lease. See structure map and thickness map attached as Exhibits "F" & "G"
- (8) Direction drilling from the proposed unorthodox surface location to a standard subsurface location is prohibitively expensive.

NOTIFICATION AND OWNERSHIP

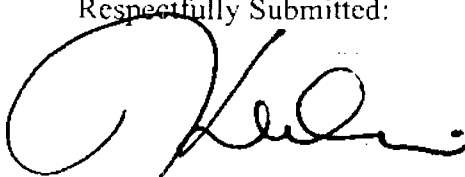
- (9) The ownership of the subject spacing unit in Unit P is the same as two of the three adjoining spacing units towards which this wellbore will encroach, being the NE/4 of Section 12, T23S, R28E and the SW/4 of Section 6, T23S, R29E. See portion of RKI's farmout agreement with covering this acreage attached as Exhibit "H"
- (10) The NW/4 of Section 7, T23S, R29E, NMPM is controlled by Yates Petroleum Corporation.
- (11) Yates Petroleum Corporation and signed a waiver of notice and objection. See waiver attached as Exhibit "I"
- (12) In accordance with Division rules, because of common ownership, and the waiver by Yates no further notice is required and the application may be processed by the Division at this time.

CONCLUSION

- (13) 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:



W. Thomas Kellahin

DISTRICT I
1685 N. French Dr., Hobbs, NM 88240
DISTRICT II
301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87508

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 16, 2008

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-38070	Pool Code 15011	Pool Name SOUTH CULEBREA BLUFF BONE SPRING
Property Code	Property Name LONGVIEW FEDERAL "1"	Well Number 44
OCRD No.	Operator Name RKI EXPLORATION & PRODUCTION LLC	Elevation 3039'

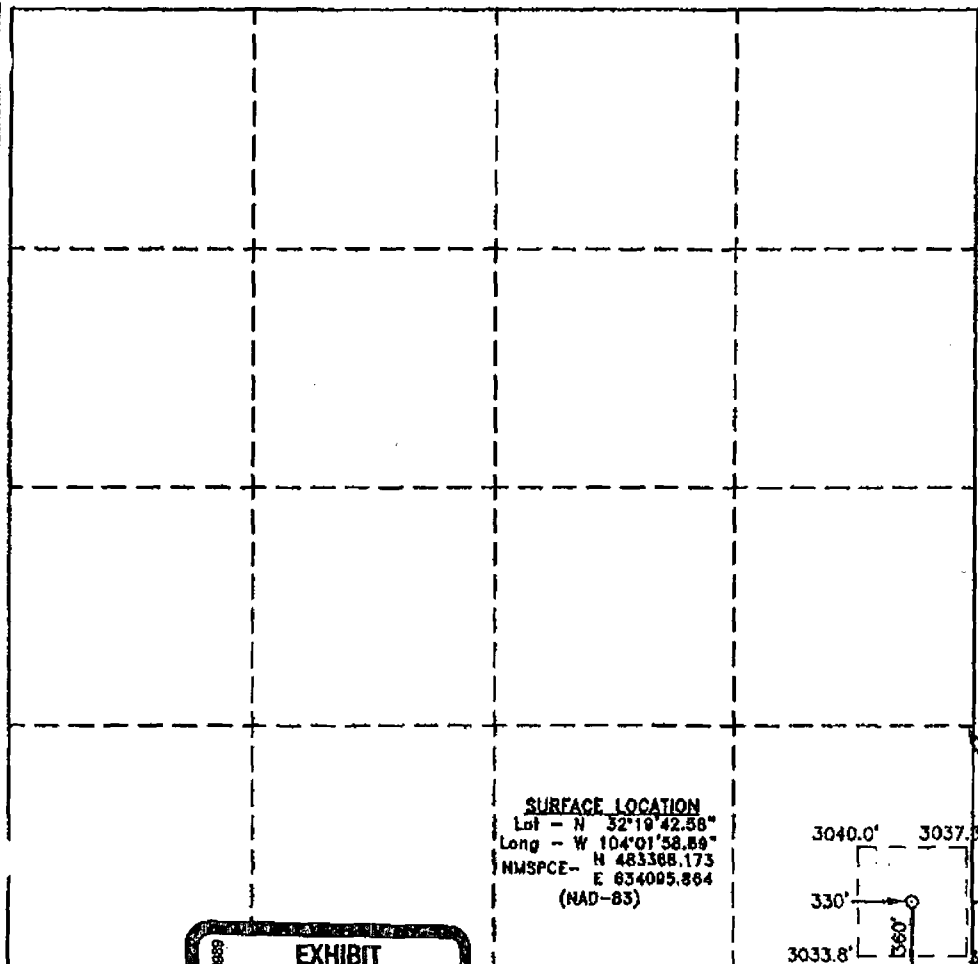
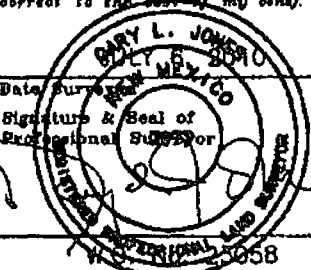
Surface Location

UL or lot No. P	Section 1	Township 23 S	Range 28 E	Lot Idn	Feet from the 360	North/South line SOUTH	Feet from the 330	East/West line EAST	County EDDY
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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
Dedicated Acres 80	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>OPERATOR CERTIFICATION</p> <p>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 this division.</p> <p><i>Barry W. Hunt</i> 7/6/10 Signature Date</p> <p>Barry W. Hunt Printed Name</p>
	<p>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 the best of my belief.</p> <p></p> <p>Date Surveyed Signature & Seal of Professional Surveyor Certificate No. Gary L. Jones 7977</p>

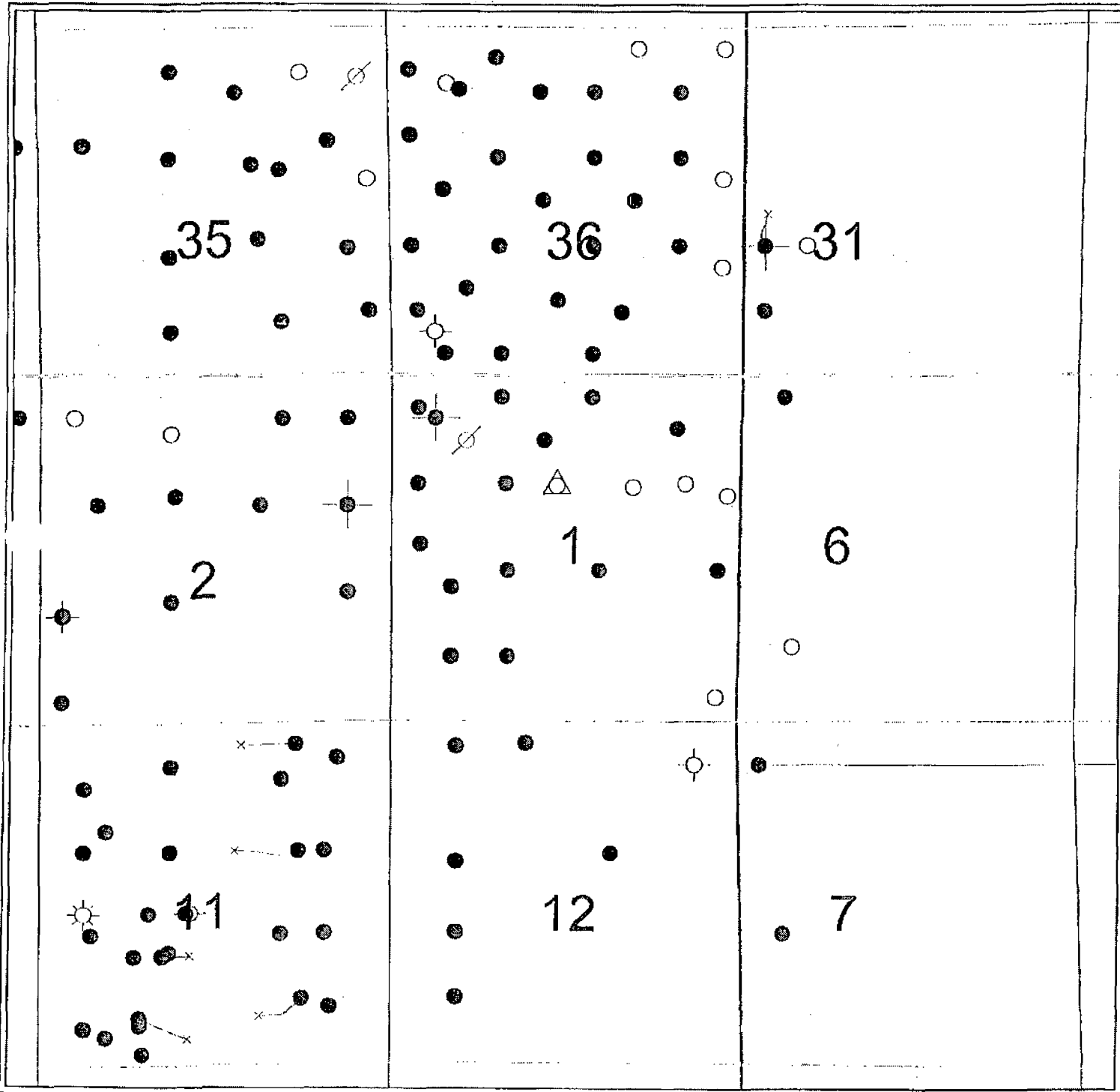
SURFACE LOCATION
Lat - N 32°19'42.58"
Long - W 104°01'58.89"
NMSPC- N 483368.173
E 634095.864
(NAD-83)

3040.0' 3037.3'
330'
3033.8' 3035.3'

EXHIBIT
A

PERM 30-015-38070

BASIN SURVEYS



PEIRA 2/23/2010 9 03 37 AM



Operator Copy

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER SECRETARY'S POTASH		5. Lease Serial No. NM-91078
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator RKI Exploration & Production, LLC.		7. If Unit or CA Agreement, Name and No.
3a. Address 3817 NW Expressway, Suite 950 Oklahoma City, Oklahoma 73112		8. Lease Name and Well No. Longview Federal 1-44
3b. Phone No. (include area code) 405-996-5750		9. API Well No.
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 360' 510 FSL & 330 FEL, Section 01, T. 23 S., R. 28 E. At proposed prod. zone Same 716/11.02		10. Field and Pool, or Exploratory South Culebra Bluff Bone Spring
14. Distance in miles and direction from nearest town or post office* Approximately 3 miles northeast of Loving, NM.		11. Sec., T. R. M. or Blk. and Survey or Area Section 01, T. 23 S., R. 28 E.
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 330 ft.	16. No. of acres in lease 800	12. County or Parish Eddy
17. Spacing Unit dedicated to this well 80	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1800 ft.	13. State NM
19. Proposed Depth 9200 ft.	20. BLM/BIA Bond No. on file NLM-NMB-000460	
21. Elevations (Show whether DF, KDE, RT, GL, etc.) 3042' 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, shall be attached to this form:

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

25. Signature <i>Barry W. Hunt</i>	Name (Printed Typed) Barry W. Hunt	Date 4/30/10
Title Permitting Agent for RKI Exploration & Production, LLC.		
Approved by <i>Linda S. C. Rundell</i>	Name (Printed Typed) Linda S. C. Rundell	Date 7/16/10
Title STATE DIRECTOR NM STATE 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.

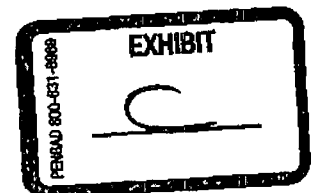
Conditions of approval, if any, are attached.

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.

*(Instructions on page 2)

Carlsbad Controlled Water Basin



SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

OPERATOR'S COPY

Form 3160-5
(August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
RKI Exploration & Production, LLC.

3a. Address
3817 NW Expressway, Suite 950
Oklahoma City, Oklahoma 73112

3b. Phone No. (include area code)
405-988-5750 (Bill Aubrey)

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
360 FSL & 330 FEL, Section 1, T. 23 S., R. 28 E.

5. Lease Serial No.
NM-91078

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
Longview Federal 1-44

9. API Well No.

10. Field and Pool or Exploratory Area
South Culebra Bluff / Bone Spring

11. Country or Parish, State
Eddy

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Move of location</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Attached are the new plats for the requested move by BLM for the above mentioned well due to the close proximity of a Playa.

Old location: 510 FSL & 330 FEL, Section 1, T. 23 S., R. 28 E.
to New location: 360 FSL & 330 FEL, Section 1, T. 23 S., R. 28 E.



14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

BARRY W. HUNT

Title Permit Agent for RKI Exploration & Production, LLC.

Signature

Barry W. Hunt

Date

7/6/10

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Indra S. Rudee

Title STATE DIRECTOR

Date

7/10/10

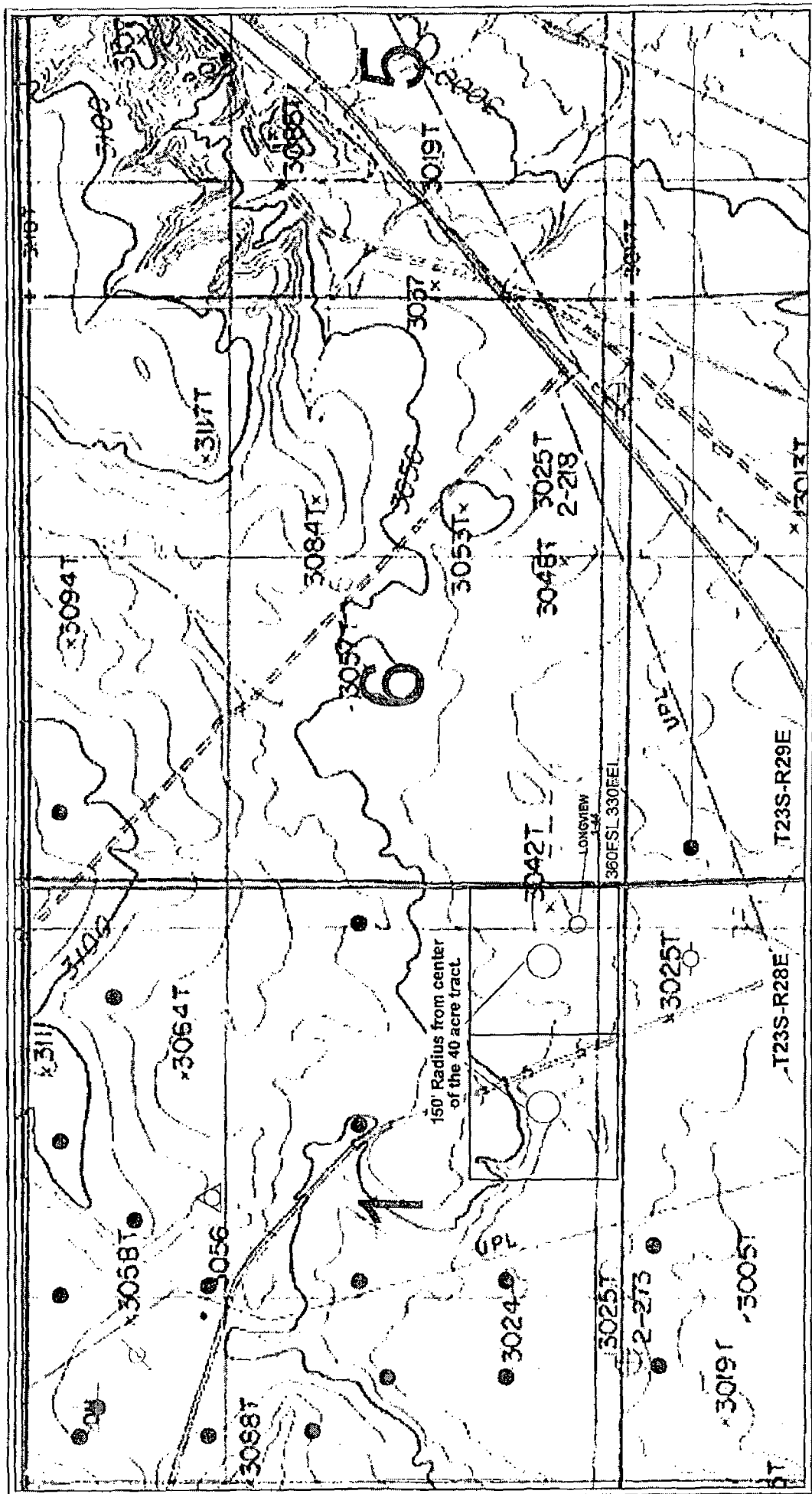
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would allow the applicant to conduct operations thereon.

Office

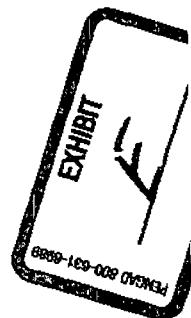
NM STATE OFFICE

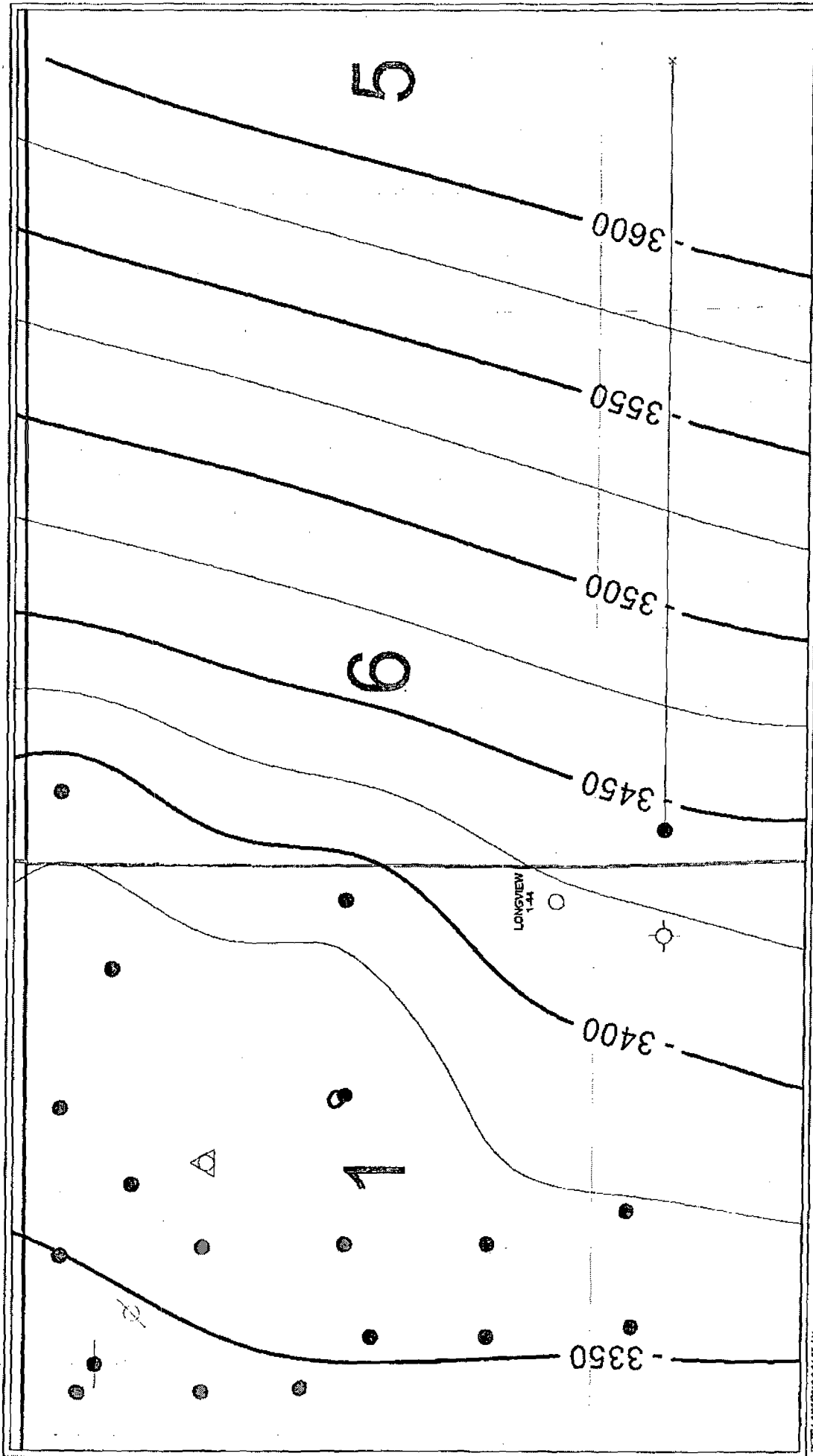
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



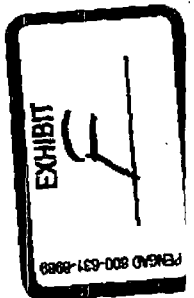
PETRA 672201C 6-23-05 AM



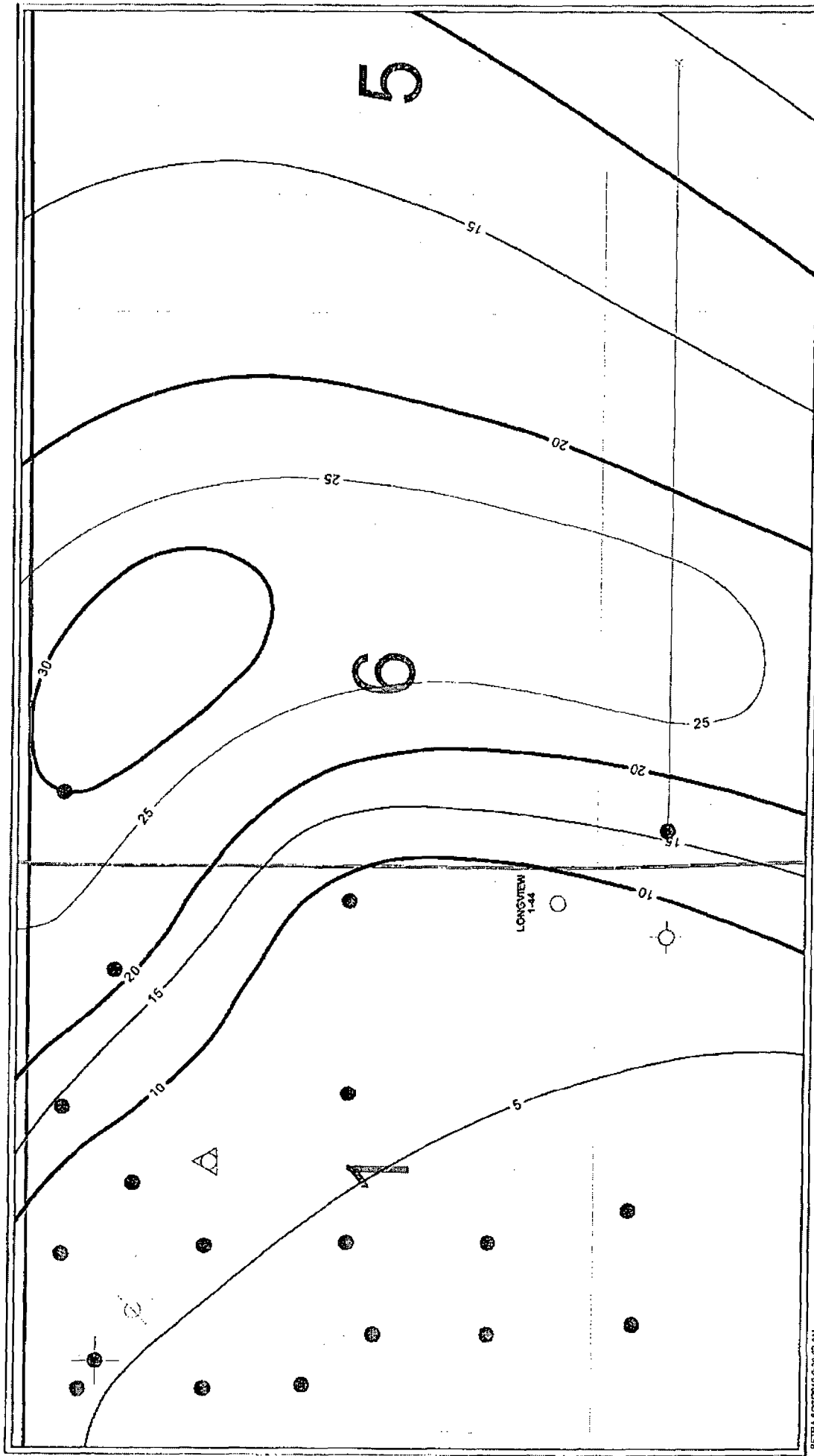


RKI Exploration & Production

Bone Spring Avalon Structure



PETRA 60320-02137 M



RKI Exploration & Production

Bone Spring Avalon Sand Isopach

EXHIBIT
6
TENGAD 800-031-6889

PETRA 6/25/2010 9:36:02 AM

EAST HERRADURA BEND FIELD FARMOUT

EDDY COUNTY, NEW MEXICO

FARMOUT AGREEMENT No. QLS- 706107, QLS-019819, QLS-019808

BETWEEN

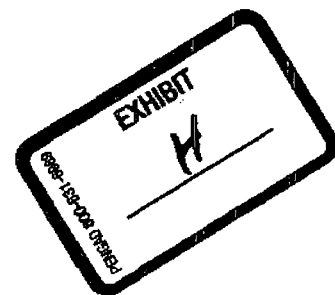
CHEVRON U.S.A. INC.

AND

LOBOS ENERGY PARTNERS LLC

Effective Date May 1, 2009

East Herradura Bend Field; QLS-706107; QLS-019819; QLS-019808
Farmout Agreement (2008)
Execution Version



21.6 **Time of the Essence.** Farmee acknowledges that time is of the essence with respect to this Agreement. By executing this Agreement, Farmee confirms that the timeframes for performing Operations under this Agreement are reasonable for all periods of time provided in this Agreement.

21.7 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed an original of this Agreement, and which together will constitute one and the same instrument; provided that neither Party will be bound to this Agreement unless and until both Parties have executed a counterpart.

21.8 **Drafting.** Preparation of this Agreement has been a joint effort of the Parties and the resulting Agreement must not be construed more severely against one of the Parties than against the other.

The remainder of this page intentionally left blank.

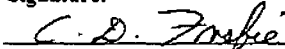
IMPORTANT NOTICE: THIS AGREEMENT CONTAINS PROVISIONS REGARDING INDEMNITIES AND WARRANTIES THAT EXPRESS THE AGREEMENT OF THE PARTIES CONCERNING CLAIMS ARISING OUT OF THIS AGREEMENT.

The Parties have executed this Agreement in triplicate as evidenced by the following signatures of authorized representatives of the Parties:

FARMOR:
CHEVRON U.S.A. INC.

FARMEE:
LOBOS ENERGY PARTNERS, LLC,

Signature:



Name: C. D. Frisbie

Title: Attorney-in-Fact

Signature:



Name: J. C. Welch

Title: Attorney-in-Fact

3. DESCRIPTION OF FARMOUT LEASES AND LANDS:

LAND FILE #: QLS-706107
LEASE DATE: April 1, 1973
LESSOR: United States of America (NM- 91078)
LESSEE: A. Charles Lentini
DESCRIPTION: Township 23 South, Range 28 East, Eddy County, New Mexico

Section 1: Lot 1, S1/2NE1/4, NE1/4SE1/4, S1/2SE1/4, all depths; Lot 2, 3, 4
S1/2NW1/4, SW1/4, NW1/4SE1/4, as to all depths below the base of the
Delaware formation

Section 12: N1/2NE1/4, all depths; N1/2NW1/4, as to all depths below the base
of the Delaware formation

LAND FILE #: QLS-019803
LEASE DATE: July 1, 1985
LESSOR: United States of America (NM-61349)
LESSEE: Warren Robert Haas
DESCRIPTION: Township 22 South, Range 29 East, Eddy County, New Mexico

Section 31: Lots 1, 2, E1/2NW1/4, E1/2SW1/4, Lot 3 all depths; Lot 4, all depths
below the base of the Delaware formation

Township 23 South, Range 29 East, Eddy County, New Mexico

Section 6: Lots 1, 2, 3, 4, 5, 6, 7, S1/2NE1/4, SE1/4NW1/4, NE1/4SW1/4,
SE1/4SW1/4, SE1/4, all depths

LAND FILE #: QLS-019819
LEASE DATE: November 1, 1990
LESSOR: State of New Mexico (V-3479)
LESSEE: Fortson Oil Company
DESCRIPTION: Township 22 South, Range 28 East, Eddy County, New Mexico

Section 36: SE1/4SE1/4, all depths

4. NOTICES:

Chevron U.S.A. Inc.
Attn: Land Manager
11111 S. Wilcrest
Houston, Texas 77099
Fax: 281-561-3880

Lobos Energy Partners, LLC
Attn: Land Department
3817 NW Expressway, Suite 950
Oklahoma City, Oklahoma 73112
Fax: 405-949-2223

END OF EXHIBIT A

RKI Exploration & Production, LLC

3817 NW Expressway, Suite 950, Oklahoma City, OK 73112
405-949-2221 Fax 405-949-2223

August 20, 2010

VIA FACSIMILE: 576-748-4572

Yates Petroleum Corporation
Attn: Janet Richardson
105 S. 4th Street
Artesia, NM 88210-2122

Re: Longview Federal #1-44
360' FSL & 330' FEL
Section 1-23S-28E
Eddy County, NM

Dear Ms. Richardson:

Pursuant to our discussions, RKI Exploration & Production, LLC ("RKI") has permitted the Longview Federal #1-44 at the above location. Subsequent to the permit being approved by the BLM, it was discovered that this location is unorthodox pursuant to the special field rules for the South Culebra Bluff Bone Spring pool. Yates Petroleum Corporation ("Yates") is an offsetting operator and is entitled to notice of RKI's upcoming NSL application. This letter shall set forth in writing our verbal agreement, to wit:

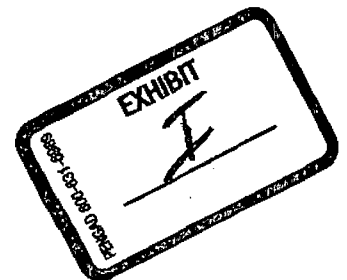
1. Yates waives its right to notice and agrees to not object or protest an NSL application filed by RKI for the above location.
2. RKI agrees to provide Yates all well information obtained in the drilling of the Longview Federal #1-44.
3. RKI agrees to not protest an application for a NSL filed by Yates at a mirror location in the NW/4 of Section 7-23S-29E.
4. Should Yates drill or cause to be drilled a well at the location mentioned in Paragraph 3 above, then Yates will provide to RKI like information as requested in Paragraph 2 above.

If the above meets with your approval, please signify by signing and returning a copy of this letter to me by facsimile at (405) 949-2223 or via email at ctaylor@rkixp.com.

Sincerely,

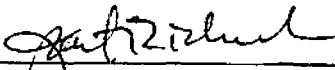
RKI Exploration & Production, LLC


Chip Taylor
Land Manager



Agreed to and accepted this 23rd day of August, 2010.

Yates Petroleum Corporation

By: 

Title: ASSISTANT LAND MANAGER