

RKI Exploration & Production, LLC

210 Park Avenue, Suite 900, Oklahoma City, OK 73102
405-949-2221 Fax 405-996-5772

August 13, 2014

VIA CERTIFIED MAIL

XTO Energy, Inc.
810 Houston St.
Fort Worth, TX 76102
Attn: Permian Land Dept.

RE: Well Proposal
North Brushy Draw 35 Federal Com. #4H
Section 35 T25S-R29E
Eddy County, NM

Gentlemen:

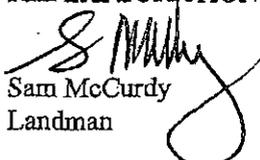
RKI Exploration & Production, LLC hereby proposes the drilling of the following well:

Well Name: North Brushy Draw 35 Federal Com. #4H
SHL: 175' FSL & 2,365' FWL
BHL: Approximately 600' FSL & 1980' FWL
Legal: Section 35-25S-29E, Eddy County, NM
Objective: Approximately 10,440' TVD and 14,243' TMD, or a depth sufficient to test the
Wolfcamp Formation
AFE CWC: \$8,338,811

RKI proposes forming a Working Interest Unit covering W/2 of Section 35 T25S-R29E, Eddy County, NM naming RKI as the operator thereunder with the enclosed 1989 JOA as the governing agreement. In the event XTO elects to participate, please sign and return one copy of the enclosed AFE to the undersigned. A ballot is also included on the next page for convenience.

Should you have any questions, please do not hesitate to contact me at 405.987.2226 or via email at smccurdy@rkixp.com. Should you elect not to participate in the proposed operation, RKI would be willing to discuss farmout agreements, term assignments or other alternatives.

Sincerely,
RKI EXPLORATION & PRODUCTION, LLC


Sam McCurdy
Landman

Encl.

BEFORE THE OIL CONVERSATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: RKI EXPLORATION &
PRODUCTION
Hearing Date: October 16, 2014



RKI
 210 Park Ave Suite #900
 Oklahoma City, OK 73102
 (405) 949-2221

AUTHORIZATION FOR EXPENDITURE					
Wellname	BRUSHY N. DRAW 35-4H (155320)			AFE Status:	1. Assign-Construct
Operator:	RKI EXPLORATION & PRODUCTION			AFE Number:	155320
AFE Group:	2014 - Permian	AFE Type:	DRILL	AFE Date:	7/18/2014
Prospect:		Well Type:	Oil	Job Start Date:	
Q/Q/Q-S/T/R:	11 - 35 / 25S / 29E	Depth:	10,440	County, State:	EDDY, NM
Location:		Field:	BONE SPRING	Prep. By:	K. Fischer
Surface Location:	175 ft. from S line 2365 ft. from W line				
	Long:	103°57'21.54"W	Lat:	32°04'46.02"N	XLoc: 658211.3 YLoc: 392845.9
Bottom Hole Location:	600 ft. from N line 1980 ft. from W line				
	Long:	103°57'25.98"W	Lat:	32°05'30.90"N	XLoc: 657813.3 YLoc: 397379
Remarks:	TMD: 14,243' TVD: 10,440'				

Justification:

To drill, complete and equip a horizontal Wolfcamp well.

Account #	Cost Breakdown	Drilling	Dry Hole	Completion Cost	Workover	Total
176-100-1020	IDC - CEMENT & EQUIPMENT	\$225,000	\$225,000	\$0	\$0	\$225,000
176-100-1060	IDC - DRILLING CONDUCTOR & RATHOLE	\$25,000	\$25,000	\$0	\$0	\$25,000
176-100-1070	IDC - DRILLING MUD/CHEMICALS	\$250,000	\$250,000	\$0	\$0	\$250,000
176-100-1100	IDC - DRILLING RIG - DAYWORK	\$700,000	\$700,000	\$0	\$0	\$700,000
176-100-1160	IDC - ROAD/LOCATION	\$75,000	\$75,000	\$0	\$0	\$75,000
176-100-1180	(Do Not Use) IDC - DRILLING - MISCELLANEOUS	\$169,499	\$169,499	\$0	\$0	\$169,499
176-100-1190	IDC - DIRECTIONAL COSTS	\$387,500	\$387,500	\$0	\$0	\$387,500
176-100-1200	IDC - BOTTOM HOLE ASSEMBLY	\$160,000	\$160,000	\$0	\$0	\$160,000
176-100-1220	IDC - FUEL/POWER	\$160,000	\$160,000	\$0	\$0	\$160,000
176-100-1240	IDC - OPEN HOLE LOGGING	\$30,000	\$30,000	\$0	\$0	\$30,000
176-100-1250	IDC - LABOR/TRANSPORTATION	\$100,000	\$100,000	\$0	\$0	\$100,000
176-100-1290	IDC - INSPECTION/RECUTS/REPLACE	\$25,000	\$25,000	\$0	\$0	\$25,000
176-100-1340	IDC - EQUIPMENT RENTAL	\$260,000	\$260,000	\$0	\$0	\$260,000
176-100-1350	IDC - SUPERVISION	\$80,000	\$80,000	\$0	\$0	\$80,000
176-100-1360	IDC - MUD LOGGING	\$50,000	\$50,000	\$0	\$0	\$50,000
176-100-1370	IDC - CASING CREWS	\$50,000	\$50,000	\$0	\$0	\$50,000
176-100-1430	IDC - BITS/REAMERS/STABILIZERS	\$62,500	\$62,500	\$0	\$0	\$62,500
176-100-1510	IDC - WATER/DRILLING MUD DISPOSAL	\$180,000	\$180,000	\$0	\$0	\$180,000
176-100-1570	IDC - REGULATORY	\$7,000	\$7,000	\$0	\$0	\$7,000
176-100-1590	IDC - WELDING	\$15,000	\$15,000	\$0	\$0	\$15,000
176-100-1640	IDC - SURFACE DAMAGES	\$10,000	\$10,000	\$0	\$0	\$10,000
176-100-1670	IDC - SURVEY & PERMITS	\$7,000	\$7,000	\$0	\$0	\$7,000
176-100-1700	IDC - TRUCKING	\$25,000	\$25,000	\$0	\$0	\$25,000
176-100-1730	IDC - WATER	\$72,000	\$72,000	\$0	\$0	\$72,000
176-100-2030	ICC - CASED HOLE LOGS	\$0	\$0	\$15,000	\$0	\$15,000
176-100-2040	ICC - CASING CREW-PRODUCTION CASING	\$0	\$0	\$10,000	\$0	\$10,000
176-100-2050	ICC - CEMENT & CEMENT SERVICES	\$0	\$0	\$75,000	\$0	\$75,000
176-100-2090	ICC - FRAC TANK RENTAL	\$0	\$0	\$25,000	\$0	\$25,000
176-100-2120	ICC - ELECTRICAL INSTALLATION	\$0	\$0	\$25,000	\$0	\$25,000
176-100-2140	ICC - FRAC WATER TRANSFER	\$0	\$0	\$50,000	\$0	\$50,000
176-100-2150	ICC - FRAC WATER	\$0	\$0	\$250,000	\$0	\$250,000
176-100-2170	ICC - DRILLING RIG - DAYWORK	\$0	\$0	\$17,500	\$0	\$17,500
176-100-2270	ICC - PITS/ROAD/LOCATION/DOZER	\$0	\$0	\$5,000	\$0	\$5,000
176-100-2310	ICC - BITS/STABILIZERS/MILLS	\$0	\$0	\$2,500	\$0	\$2,500

176-100-2320	ICC - COIL TUBING/TOOLS	\$0	\$0	\$175,000	\$0	\$175,000
176-100-2360	ICC - PERFORATING	\$0	\$0	\$180,000	\$0	\$180,000
176-100-2370	ICC - BOP, ROTATING HEAD, ETC.	\$0	\$0	\$5,500	\$0	\$5,500
176-100-2380	ICC - PUMP TRUCK	\$0	\$0	\$25,000	\$0	\$25,000
176-100-2430	ICC - TREATMENT (FRACTURING)	\$0	\$0	\$2,000,000	\$0	\$2,000,000
176-100-2440	ICC - TRUCKING	\$0	\$0	\$50,000	\$0	\$50,000
176-100-2450	ICC - FLOWBACK EQUIPMENT	\$0	\$0	\$50,000	\$0	\$50,000
176-100-2470	ICC - ROUSTABOUTS	\$0	\$0	\$125,000	\$0	\$125,000
176-100-2510	ICC - SUPERVISION	\$0	\$0	\$30,000	\$0	\$30,000
176-100-2520	ICC - WATER/DRILLING MUD DISPOSAL	\$0	\$0	\$312,500	\$0	\$312,500
176-100-2530	ICC - COMPLETION RIG	\$0	\$0	\$55,000	\$0	\$55,000
176-100-2590	ICC - WELDING &/OR CONTRACT LABOR	\$0	\$0	\$2,500	\$0	\$2,500
176-100-2630	ICC - MISCELLANEOUS EXPENSE	\$0	\$0	\$227,587	\$0	\$227,587
INTANGIBLE DEVELOPMENT		\$3,125,499	\$3,125,499	\$3,713,087	\$0	\$6,838,586
174-100-1890	TDC - CASING HEAD	\$25,000	\$25,000	\$0	\$0	\$25,000
174-100-1900	TDC - SURFACE CASING	\$32,300	\$32,300	\$0	\$0	\$32,300
174-100-1910	TDC - INTERMEDIATE CASING	\$376,681	\$376,681	\$0	\$0	\$376,681
174-100-2690	(Do Not Use) TCC - DOWNHOLE PUMP	\$0	\$0	\$150,000	\$0	\$150,000
174-100-2770	TCC - PRODUCTION CASING - NEW	\$0	\$0	\$427,290	\$0	\$427,290
174-100-2790	TCC - PRODUCTION TUBING - NEW	\$0	\$0	\$63,954	\$0	\$63,954
174-100-2890	TCC - TANK BTTY W/HEATER & SEPARATOR	\$0	\$0	\$400,000	\$0	\$400,000
174-100-2910	TCC - TUBING HEAD & VALVES FOR TREE	\$0	\$0	\$25,000	\$0	\$25,000
TANGIBLE DEVELOPMENT		\$433,981	\$433,981	\$1,066,244	\$0	\$1,500,225
Totals						\$8,338,811

Approved by:

VP Operations: _____
 Timothy K. Haddican

Date: _____

Non-Operator: _____

Date: _____

This AFE is an estimate only and non-operator, by execution of same, commits to pay its proportionate share of actual cost incurred.