Form 3160-3
(August 2007)

OPERATOR'S COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUN 24 2011

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NM-91078

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

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

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
Longview Federal 12-14 38684

2. Name of Operator RKI EXPLORATION & PRODUCTION, LLC. 246289

9. API Well No.
30-015-39159

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

3b. Phone No. *(include area code)*
405-996-5750

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

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 560 FNL & 730 FEL
At proposed prod. zone Same

11. Sec., T. R. M. or Blk. and Survey or Area
Section 12, T. 23 S., R. 28 E.

14 Distance in miles and direction from nearest town or post office*
Approximately 14 miles northwest of Loving, NM

12 County or Parish
Eddy

13. State
NM

15 Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any)
730 ft. (Lease)

16. No. of acres in lease
800

17. Spacing Unit dedicated to this well
80

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
1100 ft. to the Longview Fed 1-44

19. Proposed Depth
9200 ft.

20. BLM/BIA Bond No. on file
NLM-NMB-000460

21 Elevations (Show whether DF, KDB, RT, GL, etc.)
3024' 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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature Barry W. Hunt
Name *(Printed/Typed)* BARRY W. HUNT
Date 5/17/11

Title
Permit Agent for RKI Exploration & Production, LLC.

Approved by *(Signature)* Don Peterson
Name *(Printed/Typed)*
Date 6/20/11

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)

*(Instructions on page 2)

KZ 06/28/11

Carlsbad Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

RKI EXPLORATION & PRODUCTION, LLC.

LONGVIEW FEDERAL #12-14
560' FNL & 730' FEL
UNIT "A" SEC. 12-23S-28E
EDDY CO., NM

1. The elevation of the unprepared ground is 3024 feet above sea level.

2. The geologic name of the surface formation is Quaternary - Alluvium.

3. A rotary rig will be utilized to drill the well to 9,200' md. and run casing. This equipment will then be rigged down and the well will be completed with a pulling unit.

4. Proposed total depth is 9,200' md.

5. Estimated tops of important geologic markers:

Quaternary - Alluvium	Surface*
Rustler	203' md.
Salado	245' md.
Top of Salt	512' md.
Base of Salt	2,635' md.
Lamar Lime	2,740' md.
Base of Lime	2,780' md.
Delaware Top	2,840' md.
Bell Canyon Sand	2,840' md.
Cherry Canyon Sand	3,850' md.
Brushy Canyon Sand	4,815' md.
Bone Spring	6,400' md.
Bone Spring 1st Sand	7,510' md.
Bone Spring 2nd Sand	8,280' md.
TD	9,200' md.

*Water possible above Rustler

6. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:

Bell Canyon	Oil	2,840' md.
Cherry Canyon	Oil	3,850' md.
Brushy Canyon	Oil	4,815' md.
Bone Spring	Oil	6,400' md.

7. The proposed new casing program is as follows:

Surface (New): 13-3/8" 54.5# J-55 ST&C casing set from 0' - 260'
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

Intermediate (New): 9-5/8" 40# J-55 ST&C casing set from 0' - ~~3,530'~~ 2700' See COA
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

Production (New): 5-1/2" 17# N-80 LT&C casing set from 0' - 9,200'
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

8. Casing setting depth and cementing program:

a. 13-3/8" surface casing set at 260' in 17-1/2" hole. Circulate cement to surface with 335 sx Class C + 2% S1 mixed at 14.8 ppg, yield – 1.34 cf/sk, excess – 100%.

b. 9-5/8" casing set at ~~3,530'~~ in 12-1/4" hole. A fluid caliper will be performed to determine exact cement volume required. Cement will be circulated to surface with 750 sx 35:65 Poz Class C + 5% D44 + 6% D20 + .2% D46 + 0.125 pps D130 mixed at 12.6 ppg, yield – 2.05 cf/sk and 200 sks Class C + .2% D13 mixed at 14.8 ppg, yield – 1.33 cf/sk, excess – 25%.

c. 5-1/2" casing set at 9,200' in 7-7/8" hole. Hole will be logged to determine exact cement volume to circulate cement surface. The well will be cemented in two stages as follows: **Stage 1:** 750 sx PVL with 3% D174, .3% D167, .1% D65, .2% D46, .4% D800 mixed at 13.00 ppg (1.43cf/sk) , excess – 25%.
DV tool at approximately 4500'
Stage 2. 600 sx 35:65 Poz "C" with 5% D44, 6% D20, .2% D46, .3% D13, 2pps D42, .125 pps D130 mixed at 12.6 ppg (2.08 cf/sk), excess – 25%.

These are estimates final volumes will be determined from caliper log.

9. Pressure Control Equipment

After setting the 13 3/8" casing a 3000 psi casing head will be installed along with 5000 psi BOP equipment. The 13 3/8" casing will be tested to 1500 psi before drilling out. After setting the 9 5/8" casing a 5000 psi casing head will be installed along with 5000 psi BOP equipment. The 9 5/8" casing will be tested to 1500 psi before drilling out. BOP equipment will be tested to 250 psi low and 3000/5000 psi high (based on casing head). The annular preventer will be tested to 1500 psi. BOP equipment will consist of the following:

- Annular preventers
- Double ram with blind rams and pipe rams

- Drilling spool, or blowout preventer with 2 side outlets (choke side shall be a 3-inch
  minimum diameter, kill side shall be at least 2-inch diameter)
- Kill line (2 inch minimum)
- A minimum of 2 choke line valves (3 inch minimum)
- 3 inch diameter choke line
- 2 kill line valves, one of which shall be a check valve (2 inch minimum)
- 2 chokes
- Pressure gauge on choke manifold
- Upper kelly cock valve with handle available
- Safety valve and subs to fit all drill string connections in use
- All BOPE connections subjected to well pressure shall be flanged, welded, or clamped
- Fill-up line above the uppermost preventer.

10. Mud Program:

0' – 260'	Fresh water/native mud. Lime for pH control (9-10). Paper for seepage. Wt. 8.4 - 9.4 ppg, viscosity 32 - 34 cp.
260' – 3,530'	Saturated brine. Sweep as necessary, weight 10.0 ppg.
3,530' – 4,000'	Fresh Water/mud, weight 8.4 – 9.3. Sweep as necessary.
4,000' – 9,200'	Brine/Fresh water mud system, weight 8.4 – 9.5 ppg viscosity 30 - 34 cp. Control fluid loss < 15cc.

11. Testing, Logging and Coring Program: See COA

Testing program: No drillstem tests are anticipated.
Electric logging program: CNL/CAL/GR, DLL/CAL/GR.
Coring program: None.

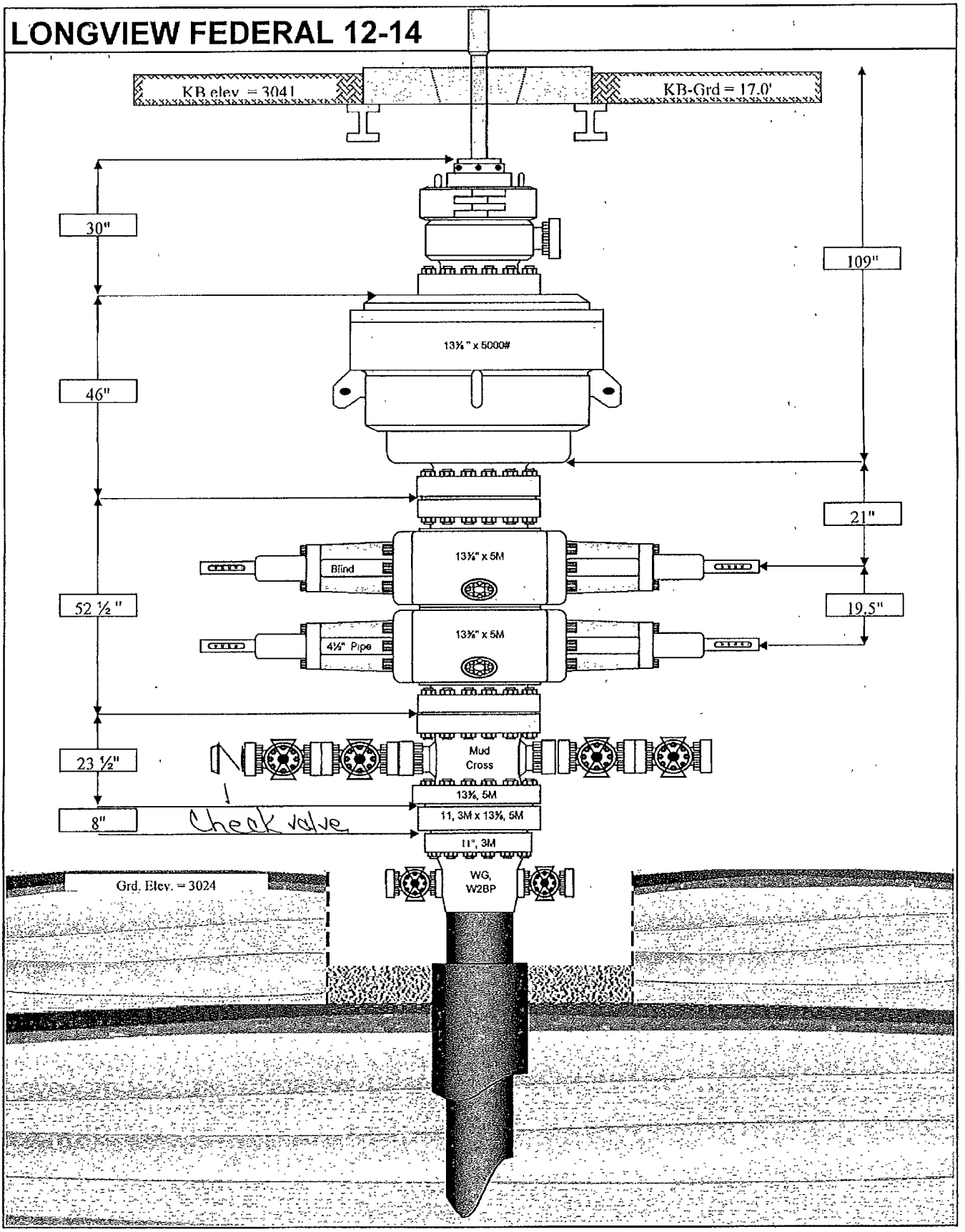
12. Potential Hazards:

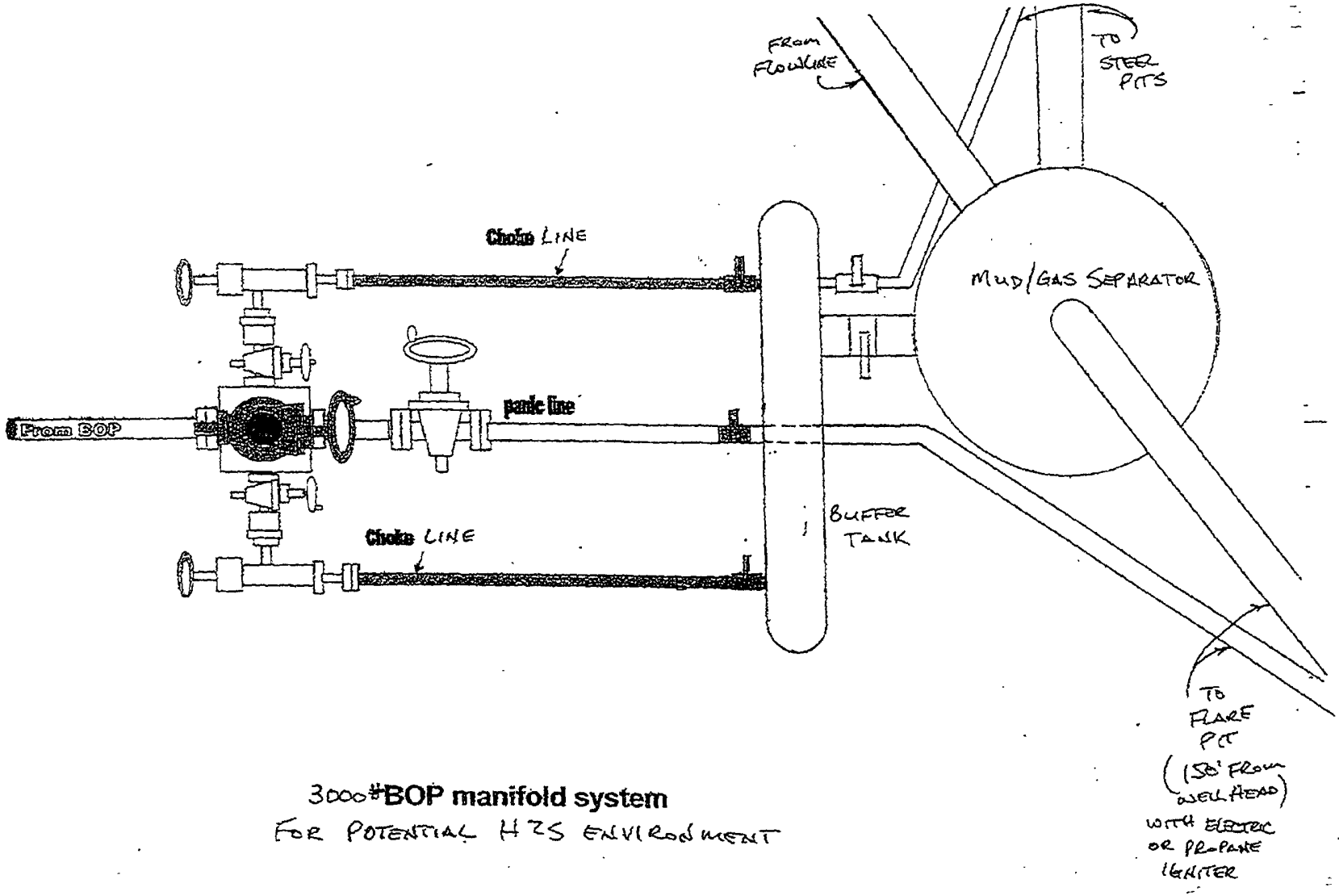
No abnormal pressures or temperatures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 3500 psi and estimated BHT 135.

13. Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be soon after BLM approval and as soon as a rig will be available, Move in operations and drilling is expected to take 32 days. If production casing is then an additional 30 days will be needed to complete the well and to construct surface facilities and/or lay flow lines in order to place well on production.

LONGVIEW FEDERAL 12-14





3000#BOP manifold system

For Potential H2S Environment

Choke Manifold

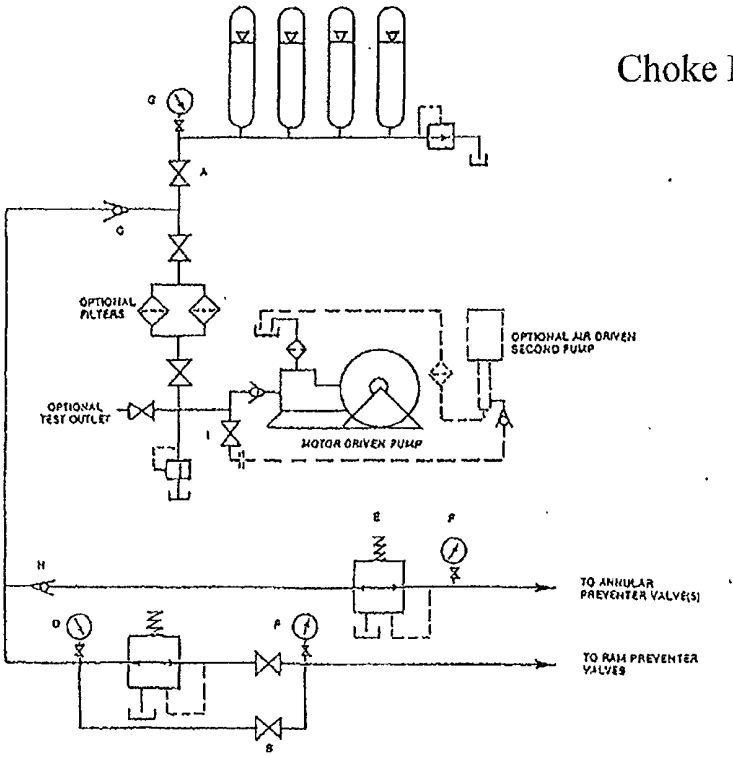


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

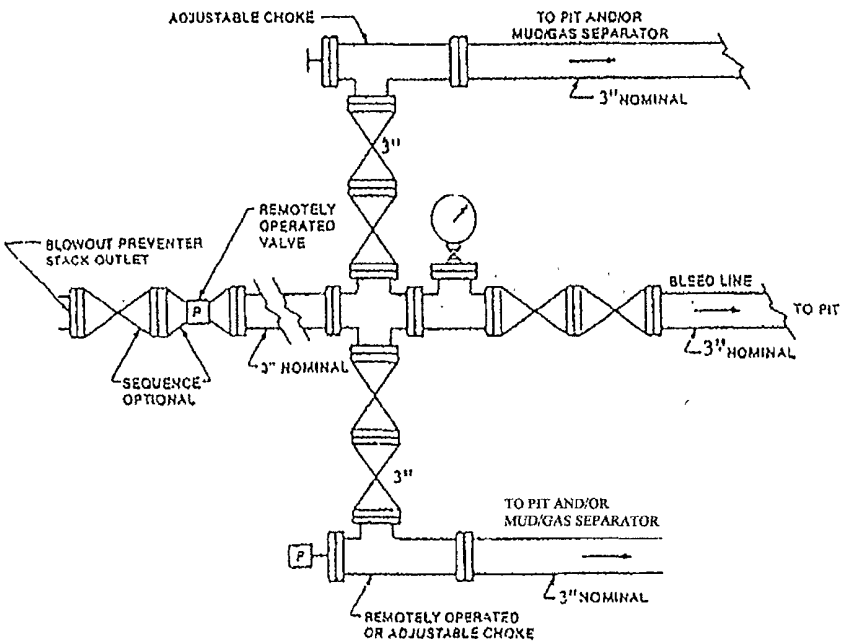


FIGURE K4-2 Typical choke manifold assembly for 5M rated working pressure service – surface installation

Plat for Closed Loop System