

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

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

WELL API NO. 30-015-31432
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 308797
7. Lease Name or Unit Agreement Name STATE W
8. Well Number 2
9. OGRID Number 246289
10. Pool name or Wildcat CARLSBAD; MORROW, SOUTH
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,325' KB

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
RKI EXPLORATION & PRODUCTION

3. Address of Operator
210 PARK AVE., SUITE 900, OKLAHOMA CITY, OK 73102

4. Well Location
 Unit Letter M : 660 feet from the SOUTH line and 660 feet from the WEST line
 Section 3 Township 23S Range 26E NMPM County EDDY

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Proposed date: 3/31/2014

Load wellbore and pressure test CIBP @ 10,220'/casing to 1,000 psi for 10 minutes.

Spot 25 sx Class H cement from 9,975'-10,220'. Spot 35 sx Class H cement from 9,475'-9,825'. WOCT. RIH w/ tubing and tag TOC (minimum TOC @ 9,492'). Set 7" CIBP @ 8,580'. Spot 25 sx Class H cement. Set 7" CIBP @ 6,550'. Spot 25 sx Class C cement.

Spot 25 sx Class C cement across DV tool at 5,993'. WOCT. RIH w/ tubing and tag TOC (minimum TOC @ 5,943'). Set 7" CIBP @ 3,025'. RIH and cut-off 7" casing 50' above free point. RIH and cut-off 7" casing 50' above free point. WOCT. Tag TOC (minimum 50' above 7" casing cut-off point). EOT @ 2,550'. Spot 35 sx Class C cement. WOCT. Tag TOC (minimum 2,450'). EOT @ 1,700'. Spot 60 sx Class C cement. WOCT. Tag TOC (minimum 1,500'). EOT @ 600'. Spot 60 sx Class C cement. WOCT. Tag TOC (minimum 400'). EOT @ 600'. Spot 60 sx Class C cement. Cut-off casing 3' below ground level. WO cap. Install 4" diameter marker extending 4' above ground level above well location. Pull safety anchors, clean and dress location.

See attached specifics and current and proposed well bore diagrams.

Spud Date: 12/18/2000

Rig Release Date: 2/08/2001

RECEIVED
 MAR 04 2014
 NMOCD ARTESIA

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Jody Noerdlinger TITLE Regulatory Analyst DATE 2/26/2014

Type or print name Jody Noerdlinger E-mail address: jnoerdlinger@rkixp.com PHONE: 405-996-5774

For State Use Only

APPROVED BY: [Signature]
 Conditions of Approval (if any):

TITLE Dist. P. Supervisor
 CONDITIONS OF APPROVAL ATTACHED

Approval Granted providing work is Completed by 3/13/2015

DATE 3/13/2014
 Approved for plugging of well bore only.
 Liability under bond is retained pending receipt of C-103 (Subsequent Report of Well Plugging) which may be found at OCD Web Page under Forms. www.emnrd.state.nm.us/oed.

*See Attached COA's

RKI Exploration & Production, LLC

State W-2

Plugging and Abandonment Procedure

South Carlsbad Field

Section 3-T23S-R26E
Eddy County, New Mexico

API # 30-015-31432
Property No. 198310

Spud Date: 12/18/2000
Comp Date: 2/01; 5/03; 11/04

Producing Formation: None; CIBP set @ 10,220' and well T&A'd in 11/30/09

KB Elev: 3,325'
GL Elev: 3,311'

TD: 12,000'
PBTD: 10,220'

Marker Joint: DV Tool @ 5,993'

CASING SUMMARY:

Safety Factor = 80% of new applied to burst, collapse and tension parameters in table.

Size	Depth (ft)	Weight (#/ft)	Grade psi	Connection Type	Capacity (bbls/ft)	ID (in)	Drift (in)	Burst (psi)	Collapse (psi)	Tension (lbs)
13 3/8"	500'	72	J-55	ST&C	0.1481	12.347	12.191	2,960	1,785	575,000
9 5/8"	2,500'	40	K-55	ST&C	0.0758	8.835	8.679	3,160	2,055	362,000
7"	9,765'	29	N-80	LT&C	0.0361	6.184	6.059	6,530	5,620	478,000
5"	9,542'-12,000'	18	P-110	F4LS	0.0178	4.276	4.151	8,110	8,400	317,000

Surface: 13 3/8" 72# J-55 STC: 0-500' - TOC @ surface
Intermediate: 9 5/8" 40# K-55 STC: 0' - 2,500' - TOC @ surface
Production: 7" 29# N-80: 0' - 9,765' - DV Tool @ 5,993'; TOC @ 2,980' per CBL
Liner: 5" 18# P-110 F4LS: 9,542' - 12,000'

COMPLETION HISTORY TO DATE: Morrow 11,648'-11,678', 11,484'-11,501'; Atoka-Strawn 10,412'-10,522' OA, 10,308'-10,336'. Well is temporarily abandoned.

OBJECTIVE: Plug and abandon wellbore.

RKI REQUIRES THAT HARD HATS, STEEL TOE BOOTS, FIRE RETARDANT CLOTHING, AND SAFETY GLASSES BE WORN ON LOCATION

HOLD SAFETY MEETING PRIOR TO COMMENCING PERFORATING, WIRE LINE AND PUMPING OPERATIONS

NO IGNITION SOURCES WITHIN 100 FT OF THE WELLHEAD, FLOWBACK TANKS OR MANIFOLD.

PROCEDURE:

- 1) Test safety anchors. Deliver and set flow back tank. HU flow line.
- 2) MI RU Service Unit.

- 3) Deliver, unload and tally 10,300' 2 7/8" 6.5# J-55 EUE workstring.
- 4) MI RU pump truck. Load wellbore and pressure test CIBP @ 10,220'/casing to 1,000 psi for 10 minutes.
- 5) ND WH and NU 3M Hydraulic BOP.
- 6) TIH w/ SN, tubing to 10,200'. Circulate hole with 360 bbls 10ppg mud. RD MO pump truck.
- 7) MI RU cementers. Spot 25 sx Class H cement (16.4 ppg/4.3 gps/1.06 cfs) from 9,975'-10,220'. Flush w/ 57 bbls 10 ppg mud.
- 8) POH, LD 425' tubing. Spot 35 sx Class H cement (16.4 ppg/4.3 gps/1.06 cfs) from 9,475'-9,825'. Flush w/ 54 bbls 10 ppg mud. POH w/ 20 stds tubing. Reverse circulate 54 bbls mud to clear tubing of cement. SI well. WOCT. RIH w/ tubing and tag TOC (minimum TOC @ 9,492').
- 9) TOH w/ tubing, LD 1,300'.
- 10) MI RU wireline. RIH w/ JB/GR to 8,600'. RIH and set 7" CIBP @ 8,580'.
- 11) TIH w/ SN, 8,570' 2 7/8" tubing.
- 12) Spot 25 sx Class H cement (16.4 ppg/4.3 gps/1.06 cfs). Flush w/ 48 bbls. 10 ppg mud.
- 13) TOH w/ tubing, LD 2,000'.
- 14) RIH w/ JB/GR to 6,600'. RIH and set 7" CIBP @ 6,550'.
- 15) TIH w/ SN, 6,540' 2 7/8" tubing.
- 16) Spot 25 sx Class C cement (14.8 ppg/6.3 gps/1.32 cfs). Flush w/ 37 bbls. 10 ppg mud.
- 17) TOH w/ tubing, LD 450' w/ EOT @6,075'. Spot 25 sx Class C cement (14.8 ppg/6.3 gps/1.32 cfs) across DV tool. Flush w/ 34 bbls. 10 ppg mud. POH w/ 20 stds. tubing. Reverse circulate tubing clean w/ 34 bbls mud. SI well. WOCT. RIH w/ tubing and tag TOC (minimum TOC @ 5,943').
- 18) TOH w/ tubing, LD 3,000' tubing.
- 19) RIH w/ JB/GR to 3,050'. Set 7" CIBP @ 3,025'.
- 20) ND BOP. Weld on pull sub on 7" casing. Pull free point on casing, pull casing slips. RIH and cut-off 7" casing 50' above free point. TOH, LD 7" casing. RD MO wireline unit.
- 21) TIH w/ SN, 2 7/8" to 50' **BELOW** 7" casing stub. Spot 50 sx Class C cement (14.8 ppg/6.3 gps/1.32 cfs). Flush w/ tubing volume **LESS 1 bbl**. 10 ppg mud. POH w/ 20 stds. tubing. Reverse circulate tubing volume + 5 bbls 10 ppg mud. SI well. WOCT. RIH w/ tubing and tag TOC (minimum 50' above 7" casing cut-off point).
- 22) LD tubing until EOT @ 2,550'. Spot 35 sx Class C cement (14.8 ppg/6.3 gps/1.32 cfs). Flush w/ 14 bbls. 10 ppg mud. POH w/ 20 stds of tubing. Reverse circulate tubing clean w/14 bbls. 10 ppg mud. SI well. WOCT. RIH w/ tubing and tag TOC (minimum 2,450').
- 23) LD tubing until EOT @ 1,700'. Spot 60 sx Class C cement (14.8 ppg/6.3 gps/1.32 cfs). Flush w/ 8½ bbls. 10 ppg mud. POH w/ 20 stds of tubing. Reverse circulate tubing clean w/ 8½" bbls. 10 ppg mud. SI well. WOCT. RIH w/ tubing and tag TOC (minimum 1,500').
- 24) LD tubing until EOT @ 600'. Spot 60 sx Class C cement (14.8 ppg/6.3 gps/1.32 cfs). Flush w/ 2 bbls. 10 ppg mud. POH w/ tubing. WOCT. RIH w/ tubing and tag TOC (minimum 400').
- 25) LD tubing until EOT @ 70'. Spot 25 sx Class C cement (14.8 ppg/6.3 gps/1.32 cfs). POH, LD w/ tubing.
- 26) RD MO Service Unit.

- 27) Cut-off casing 3' below ground level. WO cap. Install 4" diameter marker extending 4' above ground level above well location.
- 28) Pull safety anchors, clean and dress location.

RKI Contact List:

RKI	Title	Office	Cell
Ken Fairchild	Production Manager	405-996-5764	469-693-6051
Paul Munding	Sr. Production Engineer	405-987-2140	405-820-2825
Gene Thompson	Production Superintendent	575-885-1313	817-908-9219
Jaime McAlpine	Engineering Consultant	405-996-5741	405-850-6685

Emergency Contacts – New Mexico:

Hospital: Carlsbad Medical Center (575) 887-4100
2430 W. Pierce St., Carlsbad, NM 88220

Sheriff's Office: Lea County Sheriff Dept (575) 396-3611
Eddy County Sheriff Dept (575) 887-7551

Emergency Contacts – Texas:

Hospital: Reeves County Hospital (432) 447-3551
2323 Texas St, Pecos TX 79772

Sheriff's Office: Reeves County Sheriff Dept (432) 445-4901
Loving County Sheriff Dept (432) 377-2411

RKI Exploration and Production, LLC

State W-2

Section 3 T23S R26E

Eddy County, New Mexico

API No. 30-015-31432

PROPOSED

2/21/14; JLM

KB - 3,325'

GL - 3,311'

Spot 25 sx cmt 3'-70'

Spot 60 sx cmt 400'-600'

Spot 60 sx cmt 1,500' - 1,700'

Spot 35 sx cmt 2,450'-2,550'

Set CIBP @ 3,025'. Spot 50 sx cmt 50' in/50' out 7" casing stub (est. 2,750'-2,900')

Spot 25 sx cmt 5,925'-6,075'

CIBP @ 6,550' w/ 25 sx cmt

CIBP @ 8,580' w/ 25 sx cmt

Spot 35 sx cmt from 9,475'-9,825'

Spot 25 sx cmt 10,220'-9,975'

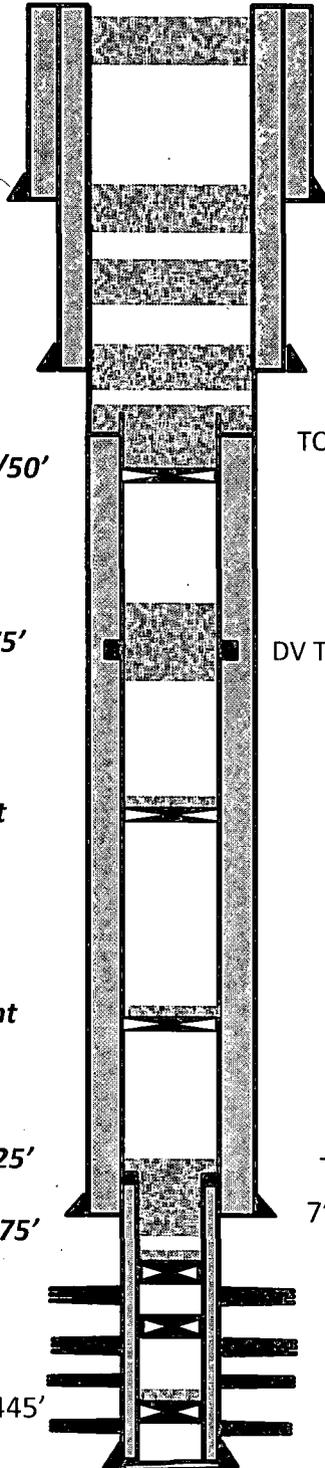
CIBP @ 10,220'

CIBP @ 10,390'

CIBP w/ 50' cmt @ 11,445'

PBTD 10,220'

TD 12,000'



13 3/8" 72# J-55 STC @ 500'

9 5/8" 40# K-55 STC @ 2,500'

TOC @ 2,980' per CBL

DV Tool @ 5,993' per CBL

TOL @ 9,542'

7" 29# N-80 LTC @ 9,765'

Strawn: 10,308'-10,336'

Strawn: 10,412'-10,522' OA

Morrow: 11,484'-11,501'

Morrow: 11,648'-11,678'

5" 18# P-110 FL4S @ 12,000'

RKI Exploration and Production, LLC

State W-2

Section 3 T23S R26E

Eddy County, New Mexico

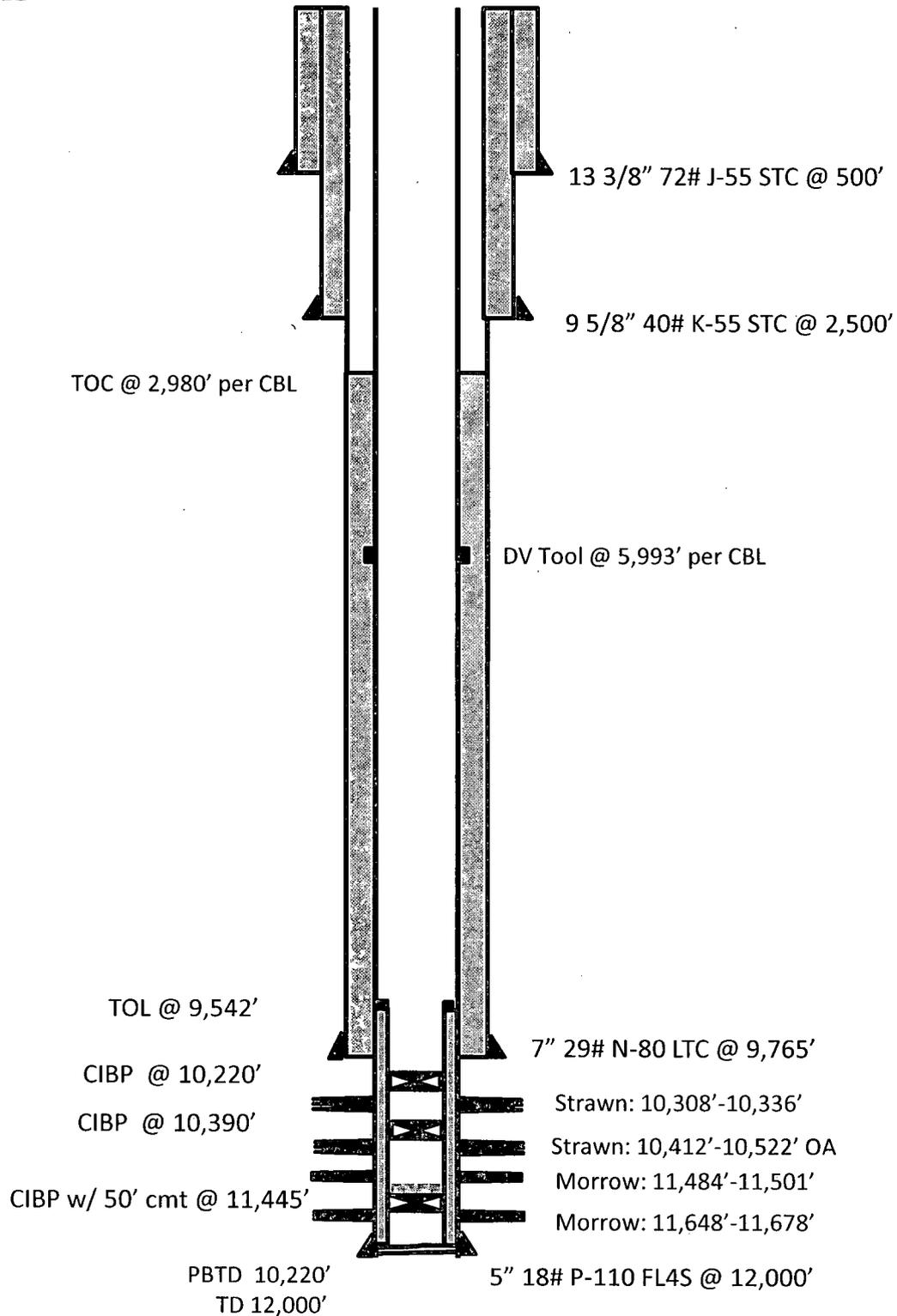
API No. 30-015-31432

CURRENT

KB - 3,325'

GL - 3,311'

10/11/13; JLM



NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
811 S. FIRST STREET
ARTESIA, NM 88210
(575)748-1283

CONDITIONS OF APPROVAL FOR PLUGGING & ABANDONMENT

Operator: RKI

Well Name & Number: State W # 2

API #: 30-015-31432

1. Produced water **will not** be used during any part of the plugging & abandonment operation.
2. Notify NMOCD Dist. 2 office at least 24 hrs before beginning work.
3. Closed Loop System is to be used for entire plugging operation. Upon completion, contents of steel pit are to be hauled to a permitted disposal location.
4. Trucking companies being used to haul oilfield waste fluids to a disposal – commercial or private – shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator, as well as the contractor, to verify that this permit is place prior to performing work. Drivers shall produce a copy upon request of NMOCD Field Inspectors.
5. A subsequent C-103 will serve as notification that the well bore has been plugged **ONLY**. A C-103 **FINAL** shall be filed before any bonding can be released on the well. Upon receipt of the Final, an inspection will be performed to verify that the location has been satisfactorily cleaned to NMOCD standards.
6. If work has not begun within 90 days of the approval of this procedure, an extension request must be filed, stating reason that well has not been plugged.
7. Every attempt must be made to clean the well bore out to below the perms, before any plugs can be set, by whatever means possible.
8. **Cement Retainers may not be used.**

9. Squeeze pressures are not to exceed 500 PSI, unless approval is given by NMOCD.
10. Plugs may be combined after consulting with and getting approval from NMOCD.
11. Minimum WOC time for tag plugs will be 4 Hrs.

DATE:

APPROVED BY:

GUIDELINES FOR PLUGGING AND ABANDONMENT

DISTRICT II / ARTESIA

- All cement plugs will be a minimum of 100' in length or a minimum of 25 sacks of cement, whichever is greater.
- Mud laden fluids must be placed between all cement plugs.
- Mud laden fluids must be mixed at 25 sacks of gel per 100 bbls of water.
- A cement plug is required to be set 50' below and 50' above all casing shoes and casing stub plugs. These plugs must be tagged.
- A CIBP with 35' of cement on top may be set in lieu of 100' cement plug.
- A plug as indicated above must be placed within 100' of top perforation. This plug must be tagged.
- Plugs set below and above salt zones must be tagged.
- No more than 2000' is to be allowed between cement plugs in open hole and no more than 3000' in cased hole.
- DV tools are required to have a 100' cement plug set 50' above and below the tool and must be tagged.

- Formations to be isolated with plugs placed at the top of each formation are:
 - Fusselman
 - Devonian
 - Morrow
 - Wolfcamp
 - Bone Spring
 - Delaware
 - Any Salt Section (Plug at top and bottom)
 - Abo
 - Glorieta
 - Yates (this plus is usually at base of salt section)

- If cement does not exist behind casing strings at recommended formation depths, the casing must be cut and pulled with plugs set at these depths or casing must be perforated and cement squeezed behind casing at the formation depths.
- In the R-111-P area (Potash Mine area) a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts common to the section penetrated and in suitable proportions, but not more than a 3% calcium chloride by weight of cement will be considered the desired mixture whenever possible (50' below and 50' above).