

DATE IN	1/23/09	SUSPENSE	ENGINEER	W. Jones	LOGGED IN	1/23/09	TYPE	PLC	APP NO.	30-015-24599
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RECEIVED

ABOVE THIS LINE FOR DIVISION USE ONLY

2009 JAN 23

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



30-015-24599
 PIONEER Fed #1
 + RDX 15-1, 2; 16-1, 2; 9-1, 17-2
 RKI Exp. 1.
 246289

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/cr.
 [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.

Ben Stone

Print or Type Name

Signature

Title

Agent for RKI**1/14/09**

Date

neostone_consultant@ecocore.com (agent)
 e-mail Address



SOS Consulting, LLC

RECEIVED

2009 JAN 28 PM 12 55

January 26, 2009

NM Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Attn: Will Jones

Subject: BLM Form 3165 – RKI Exploration & Production – RDX Gas Gathering System

Dear Will:

Enclosed is the original of the subject form to document the inclusion of the RDX Well No.9-1 as part of the proposed system.

I appreciate your help and hope my submitting the data is “pieces” didn’t cause any confusion.

Thanks so much,

Ben Stone

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007**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 reverse side.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-102036 (and others)
2. Name of Operator RKI Exploration & Production, LLC		6. If Indian, Allottee or Tribe Name
3a. Address 3817 NW Expressway, Ste.950, OKC, OK 73112	3b. Phone No. (include area code) 405-949-2221	7. If Unit or CA/Agreement, Name and/or No. Ross Draw Unit (RDX)
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Unit Letter 'P', Section 15, Twp 26-S, Rng 30-E, NMPM		8. Well Name and No. RDX Well No.15-2
		9. API Well No. 30-015-36151 (and others)
		10. Field and Pool, or Exploratory Area Brushy Canyon Delaware (and others)
		11. County or Parish, State Eddy County, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 Commingle gas production from several BLM/State Leases
	<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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

For economic reasons, RKI will build a gas gathering system in its RDX unit to commingle gas production from the following marginal producers: RDX 15-1 (API 30-015-35955), Federal Lease No.NM-100558; RDX 15-2, (30-015-36151) NM-102036; RDX 9-1 (30-015-36211) NM-100558; RDX 16-1 (30-015-36004), State lease; RDX 16-2 (30-015-36383), State lease; RDX 17-2 (30-015-36464), NM-101110; Pioneer Federal #1 (30-015-24599), NM-020965.

Federal (NM-121572) and State (R-31315) rights-of-way have been obtained. Oil production will be separated and is not part of this application.

The gathering system utilizes individual orifice type, positive displacement well allocation meters. The sales meter will be located at the RDX Well No.15-2 located in UL 'P', Sec 15, Twp 26-S, Rng 30-E. The system is comprised of 2-inch PVC flow lines from individual wells and a 3-inch PVC trunk line installed on the surface. The system is designed to gather and transport for sale up to 500 mcf of produced natural gas at less than 125 psi (average 20-80 psi). Construction is underway and should be ready in February 2009.

Interest owners have been notified via certified U.S. mail and include BLM, State of New Mexico, RKI or its subsidiary for all wells except the Pioneer Federal No.1 located in UL 'J', Sec 17, Twp 26-S, Rng 30-E. A pool / lease commingling application is filed and pending with NMOC. There will be no reduction in the value of commingled gas and royalties will not be reduced.

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

Ben Stone, SOS Consulting, LLC, 903-488-9850

Title **Agent for RKI E & P**

Signature

Date

01/23/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

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)



RECEIVED

2009 JAN 26 PM 1 42

January 21, 2009

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attn: Will Jones

Subject: Application for Pool / Lease Commingling for the RDX Gas Gathering System

Dear Will,

RKI Exploration & Production, LLC is making application to the New Mexico Oil Conservation Division to commingle gas production from federal and state leases in the Ross Draw area in Sections 9, 15, 16 and 17, Township 26 South, Range 30 East, Eddy County, New Mexico. Gas production from the East Brushy Draw Delaware, the North Ross Draw Delaware and a Bone Spring Wildcat pools will be commingled through the RDX Gas Gathering System. Federal and state rights-of-way have been obtained and the system is currently under construction.

The RDX Gas Gathering System will make the sales of gas production possible as the wells involved produce only marginal amounts and must therefore be combined to be efficient and economic. The subject wells will be separately metered with calibrations performed periodically. The proposed commingling will not reduce any potential revenue or royalties to the state, BLM or individual interest owners.

The wells include the RDX numbers 15-1, 15-2, 16-1, 16-2, 9-2, and the 17-2. Also included is the Pioneer Federal No.1. Other RDX wells may be added to the system in the future as the area is still being developed.

RKI Exploration & Production is committed to efficient and economical operations and will remain in full compliance with state and federal regulations.

The C-107-B and all supporting data are attached. Interest owners have been notified via certified mail. Please let me know if additional information or data is required.

Thank you for your attention in this matter.

Regards,

Ben Stone, SOS Consulting, LLC
Agent for RKI Exploration & Production

Cc: Application File

facsimile transmittal

To: NMOCD - Will Jones Fax: 15054763462

From: SOS Consulting, LLC Date: 01/26/2009

Re: Additional Data for RKI PLC Application Pages: 2

Urgent

For Review

Please Comment

Please Reply

Please Recycle

Notes:

Hello Will - I'm sending a copy of the BLM Sundry for the RDX Gas Gathering System currently under construction by RKI Exploration & Production.

PLEASE NOTE THAT I INADVERTENTLY OMITTED THE RDX WELL NO. 9-1 FROM THE LIST OF WELLS IN THE APPLICATION. The well is shown on the maps and system schematic but did not make it on the separate list. I'm sending this form to confirm and document that the RDX 9-1 is indeed part of the proposed gathering system.

I will send a hard copy of this form via U.S. Mail to your attention.

Thanks, Ben Stone

CONFIDENTIAL

Form 3160-5
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.*FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 20075. Lease Serial No.
NM-102036 (and others)

6. If Indian, Allottee or Tribe Name

7. If Unit or C/L Agreement, Name and Unit No.
Ross Draw Unit (RDX)8. Well Name and No.
RDX Well No. 15-29. API Well No.
30-015-36151 (and others)10. Field and Pool, or Exploratory Area
Brushy Canyon Delaware (and others)11. County or Parish, State
Eddy County New Mexico

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
RKI Exploration & Production, LLC3a. Address
3817 NW Expressway, Ste.950, OKC, OK 731123b. Phone No. (include area code)
405-949-22214. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Unit Letter 'P', Section 15, Twp 26-S, Rng 30-E, NMPM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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
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The gathering system utilizes individual orifice type, positive displacement well allocation meters. The sales meter will be located at the RDX Well No. 15-2 located in UL 'P', Sec 15, Twp 26-S, Rng 30-E. The system is comprised of 2-inch PVC flow lines from individual wells and a 3-inch PVC trunk line installed on the surface. The system is designed to gather and transport for sale up to 500 mcf of produced natural gas at less than 125 psi (average 20-80 psi). Construction is underway and should be ready in February 2009.

Interest owners have been notified via certified U.S. mail and include BLM, State of New Mexico, RKI or its subsidiary, for all wells except the Pioneer Federal No. 1 located in UL 'J', Sec 17, Twp 26-S, Rng 30-E. A pool / lease commingling application is filed and pending with NMOCD. There will be no reduction in the value of commingled gas and royalties will not be reduced.

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

Ben Stone, SOS Consulting, LLC, 903-488-9850

Title Agent for RKI E & P

Signature

Date

01/23/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

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)

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

RECEIVED

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

2009 JAN 26 PM 11:22 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

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Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
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 [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.

Ben Stone

Print or Type Name

Signature

Agent for RKI

Title

1/14/09

Date

neostone_consultant@excite.com (agent)
 e-mail Address

Application Overview

RDX Gas Gathering System

Applicant:

RKI Exploration & Production, LLC
3817 NW Expressway, Suite 950
Oklahoma City, OK 73112
405-949-2221

Application prepared by:

Ben Stone, Partner
SOS Consulting, LLC
P.O. Box 300
Como, TX 75431
903-488-9850

Project name and area:

RDX Gas Gathering System
Sections 9, 15, 16 and 17, Township 26 South, Range 30 East, Eddy
County, New Mexico

Application purpose:

Commingling of gas production from 7 wells on various federal (sections 9, 16 and 17) and state (section 16) leases and produced from 3 pools underlying those leases. The system will increase gas production as the marginal amounts were otherwise uneconomical.

Ownership:

All wells except Pioneer Fed No.1 - BLM, State of New Mexico, Lobos
Energy Partners

Pioneer Fed No.1 – Diverse ownership listed on attached Notification List.

Allocation method:

Separately metered.

Gathering system volume:

Less than or equal to 500 mcf per day at less than 125 psi.

Commingled value:

No reduction in revenues.

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: RKI Exploration & Production

OPERATOR ADDRESS: 3817 NW Expressway, Ste.950, Oklahoma City, OK 73112

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non- Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
BRUSHY DRAW;DELAWARE, EAST (8090)	~ 1.12	~ 1.17		< \$1,092	< 300
ROSS DRAW;DELAWARE, NORTH (52797)	~ 1.2	~ 1.17		< \$ 364	< 100
WILDCAT; BONE SPRING (96403)	~ 1.3	~ 1.17		< \$ 364	< 100
				*Most recent sales price of \$3.64/mcf	

(2) Are any wells producing at top allowables? ☐ Yes ☒ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☒ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: 

TITLE: Agent

DATE: 1/08/09

TYPE OR PRINT NAME Ben Stone

TELEPHONE NO.: 903-488-9850

E-MAIL ADDRESS: neostone_consultant@excite.com

RDX Gas Gathering System

Project Description:

- a) Application is for a pool/lease commingling; specifically a collection of pipelines comprising a natural gas gathering system.
- b) Oil production will be separated and is not part of this application.
- c) The gathering system utilizes individual well allocation meters.
- d) The sales meter will be located at the RDX Well No.15-2 located in UL 'P', Sec 15, Twp 26-S, Rng 30-E.
- e) The system is comprised of 2-inch PVC flow lines from individual wells and a 3-inch PVC trunk line installed on the surface. (Refer to schematic.)
- f) The system is designed to gather and transport for sale up to 500 mcf of produced natural gas at less than 125 psi (average 20-80 psi).
- g) Interest owners include BLM, State of New Mexico, RKI or its subsidiary for all wells except the Pioneer Federal No.1 located in UL 'J', Sec 17, Twp 26-S, Rng 30-E. (Please see Notification List.)
- h) There will be no reduction in the value of commingled gas and royalties will not be reduced. (Please see completed form C-107-B.)
- i) Federal (NM-121572) and State (R-31315) rights-of-way have been obtained recently and will be renewed as required for the estimated 30-year life of the project.
- j) The gathering system will be used year round with only brief intervals of preventative and/or required maintenance.
- k) Once commenced, the construction phase will take approximately 30 days to complete.
- l) Little or no disturbance beyond the approved rights-of-way will be required for surface placement of the pipelines.
- m) RKI Exploration & Production will comply with all state and federal requirements and periodic reporting will be kept current.

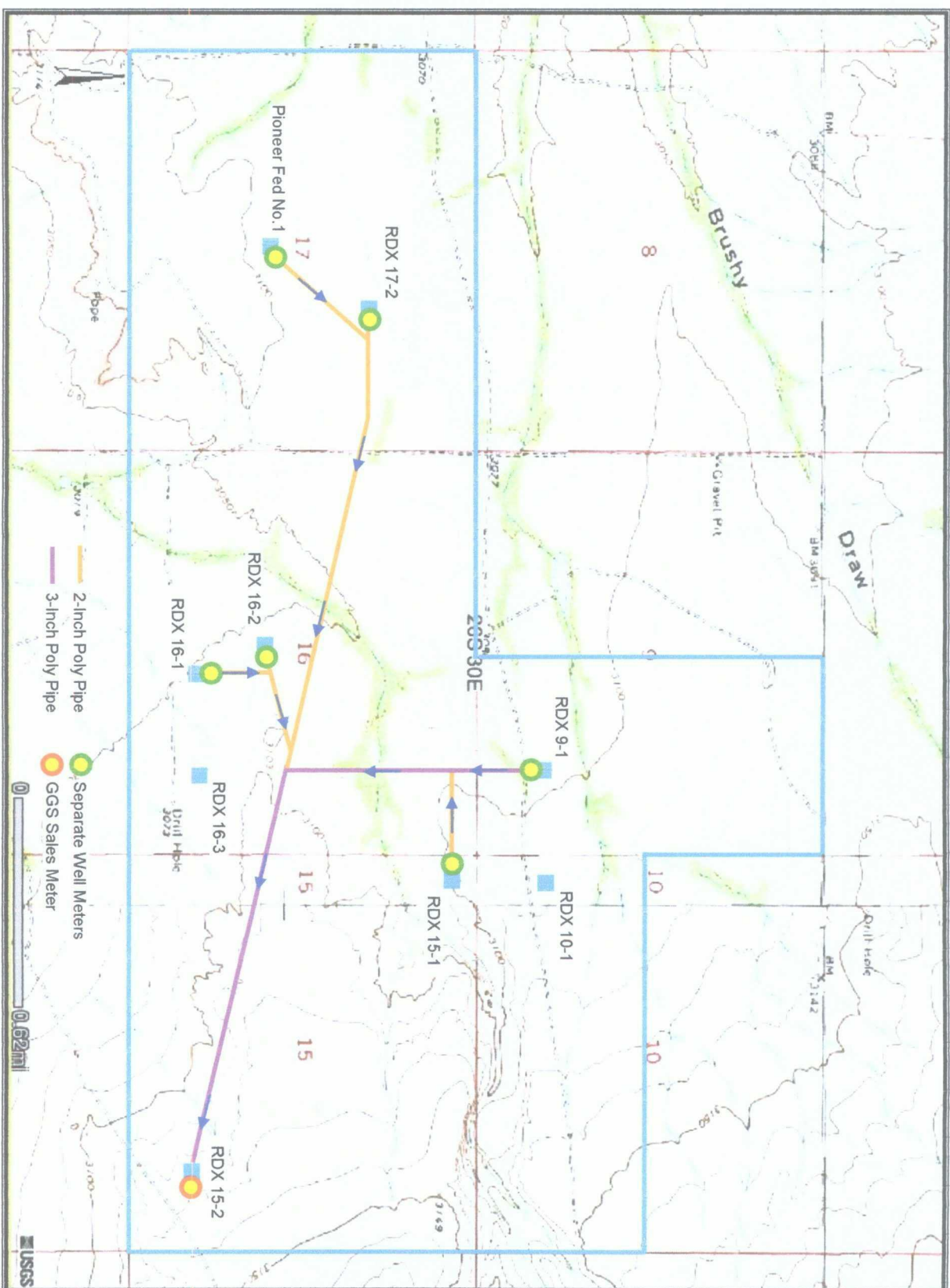
RDX Project Area Well List

Prop ID	Well Name & Number	Surface	Location	API Number	Type	Pool ID	Pool Name
36878	RDX 15 #001	Federal	D-15-26S-30E	30-015-35955	OIL	8090	BRUSHY DRAW; DELAWARE, EAST
	RDX 15 #002	Federal	P-15-26S-30E	30-015-36151	OIL	8090	BRUSHY DRAW; DELAWARE, EAST
	RDX 15 #002	Federal	P-15-26S-30E	30-015-36151	OIL	52797	ROSS DRAW; DELAWARE, NORTH
36900	RDX 16 #001	State	O-16-26S-30E	30-015-36004	OIL	8090	BRUSHY DRAW; DELAWARE, EAST
	RDX 16 #002	State	K-16-26S-30E	30-015-36383	OIL	96403	WILDCAT, BONE SPRING
37291	RDX 17 #002	Federal	G-17-26S-30E	30-015-36464	OIL	8090	BRUSHY DRAW; DELAWARE, EAST
305247	PIONEER FED #1	Federal	P-17-26S-30E	30-015-24599	OIL	8090	BRUSHY DRAW; DELAWARE, EAST

~~RDX 15 #001~~
~~RDX 15 #002~~
~~RDX 15 #002~~
~~RDX 16 #001~~
~~RDX 16 #002~~
~~RDX 17 #002~~
~~PIONEER FED #1~~
 RDX 9 #001 Fed P-9-26S-30E 30-015-36211
 5090 . 1
 11 11

RDX Gas Gathering System Project Area – System Schematic

Sections 9, 15, 16, 17, Twp 26-S, Rng 30-E



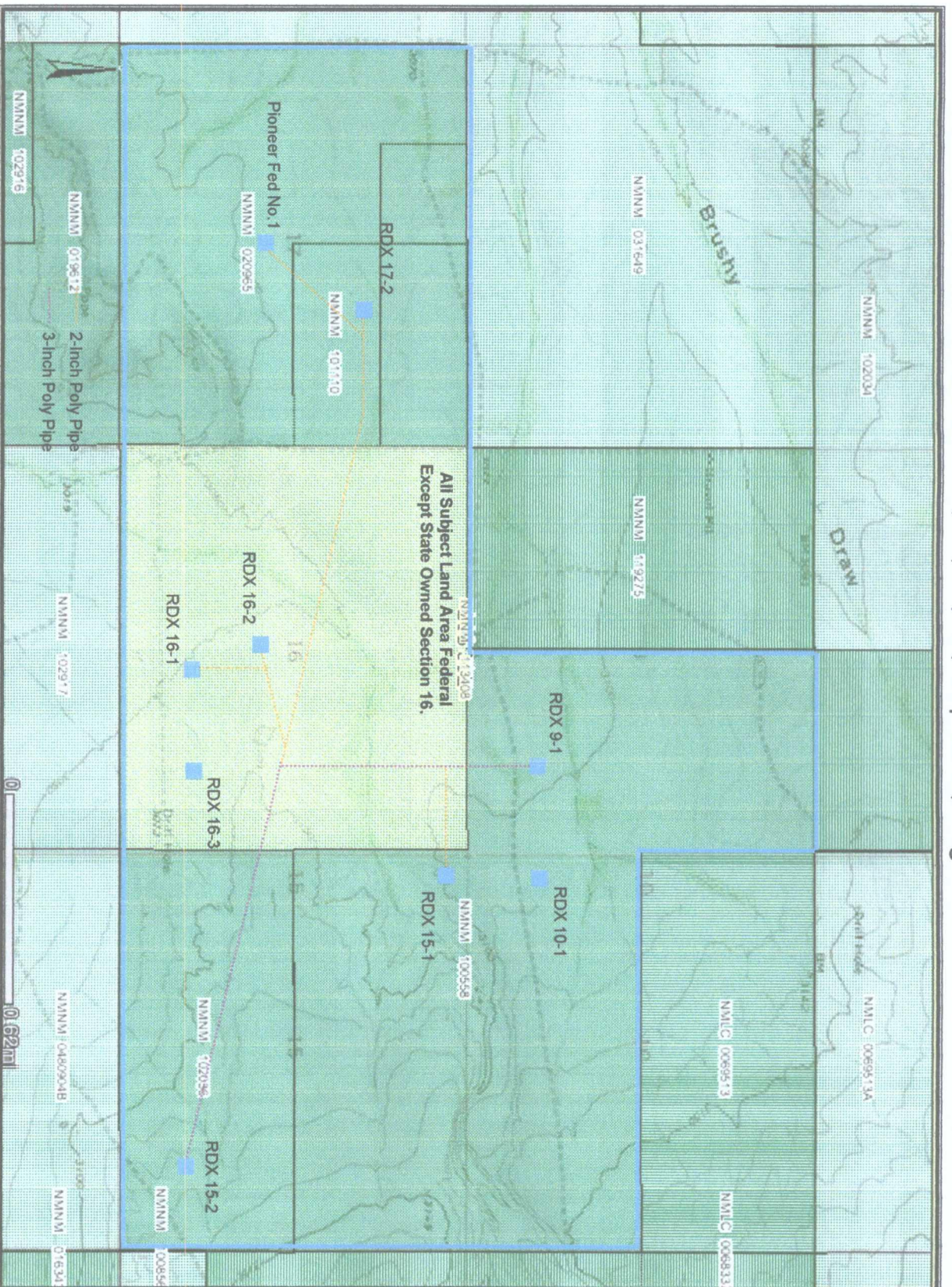
GIS Map by GeoCommunicator
 Drawn 9/23/2008
 by Ben Stone, SOS Consulting, LLC
 For RKI Exploration & Production



Well spots provided by RKI
 Carlsbad Field Office

RDX GGS Project Area – Land Management and Existing Leases

Sections 9, 15, 16, 17, Twp 26-S, Rng 30-E



GIS Map by GeoCommunicator
Drawn 9/23/2008
by Ben Stone, SOS Consulting, LLC
For RKI Exploration & Production



Well spots provided by RKI
Carlsbad Field Office

INTERESTED PARTY and NOTIFICATION LIST

SURFACE OWNER – Section 16

State of New Mexico
New Mexico State Land Office
Oil & Gas Division
P.O. Box 1148
Santa Fe, NM 87504

SURFACE OWNER – Sections 9, 15 and 17

Bureau of Land Management
Carlsbad Office
620 E. Greene St.
Carlsbad, NM 88220

ROYALTY INTEREST – Pioneer Federal No.1

Harry M. Bettis, Jr.
500 W. Texas Ave., Ste.830
Midland, TX 79701

Kaiser Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121-1468

William J. McCaw
P.O. Box 376
Artesia, NM 88211

Nadel & Gussman Permian, LLC
P.O. Box 973542
Dallas, TX 75397

L.E. Oppermann
500 W. Texas Ave., Ste.830
Midland, TX 79701

ROYALTY INTEREST – All other wells in RDX Project

Lobos Energy Partners
(A subsidiary of RKI Exploration & Production)
3817 NW Expressway, Ste.950
Oklahoma City, OK 73112



January 21, 2009

NOTIFICATION TO INTERESTED PARTIES

To Whom It May Concern:

RKI Exploration & Production, Oklahoma City, OK has made application to the New Mexico Oil Conservation Division to commingle gas production from federal and state leases in the Ross Draw area in Sections 9, 15, 16 and 17, Township 26 South, Range 30 East, Eddy County, New Mexico. Gas production from the East Brushy Draw Delaware, the North Ross Draw Delaware and a Bone Spring Wildcat pools will be commingled through the RDX Gas Gathering System, currently under construction.

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The wells include the RDX numbers 15-1, 15-2, 16-1, 16-2, 9-2 and the 17-2. Also included is the Pioneer Federal No.1. Other RDX wells may be added to the system in the future as the area is still being developed.

RKI Exploration & Production is committed to efficient and economical operations and will remain in full compliance with state and federal regulations.

If you have any questions or comments, please direct them to SOS Consulting, LLC at 903-488-9850 or RKI Exploration & Production at 405-949-2221. You may also contact the New Mexico Oil Conservation Division, Engineering Bureau directly at 505-476-3460. Thank you for your attention in this matter.

Regards,

Ben Stone, SOS Consulting, LLC
Agent for RKI Exploration & Production

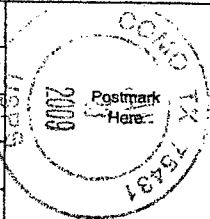
Cc: Application File

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 City, State, ZIP+4 MIDLAND, TX 79701

PS Form 3800, August 2005 See Reverse for Instructions

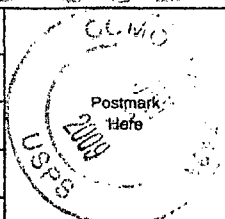


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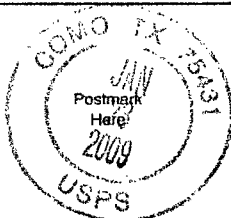


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 Street, Apt. No.,
 or PO Box No. POB 376
 City, State, ZIP+4 ARTESIA, NM 88211

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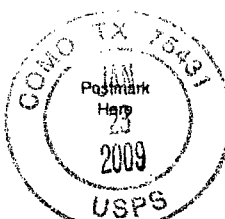


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 Street, Apt. No.,
 or PO Box No. 500 W. TEXAS, ST. 830
 City, State, ZIP+4 MIDLAND, TX 79701

PS Form 3800, August 2005 See Reverse for Instructions



facsimile transmittal

To: NMOCD - Will Jones

Fax: 1 5054763462

From: SOS Consulting, LLC

Date: 01/23/2009

Re: PLC ADMINISTRATIVE
APPLICATION

Pages: 10

XUrgent

For Review

Please Comment

Please Reply

Please Recycle

Notes:

PLEASE LOG IN AND POST THIS APPLICATION WITH TODAY'S DATE.

THE FULL APPLICATION IS ENROUTE VIA FEDEX but I would like to get this application
logged into the system today.

PLEASE WATCH FOR THE FULL APPLICATION ON NEXT MONDAY OR TUESDAY.

Thank you,

Ben Stone

CONFIDENTIAL

January 21, 2009

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attn: Will Jones

Subject: Application for Pool / Lease Commingling for the RDX Gas Gathering System

Dear Will,

RKI Exploration & Production, LLC is making application to the New Mexico Oil Conservation Division to commingle gas production from federal and state leases in the Ross Draw area in Sections 9, 15, 16 and 17, Township 26 South, Range 30 East, Eddy County, New Mexico. Gas production from the East Brushy Draw Delaware, the North Ross Draw Delaware and a Bone Spring Wildcat pools will be commingled through the RDX Gas Gathering System. Federal and state rights-of-way have been obtained and the system is currently under construction.

The RDX Gas Gathering System will make the sales of gas production possible as the wells involved produce only marginal amounts and must therefore be combined to be efficient and economic. The subject wells will be separately metered with calibrations performed periodically. The proposed commingling will not reduce any potential revenue or royalties to the state, BLM or individual interest owners.

The wells include the RDX numbers 15-1, 15-2, 16-1, 16-2, 9-2 and the 17-2. Also included is the Pioneer Federal No.1. Other RDX wells may be added to the system in the future as the area is still being developed.

RKI Exploration & Production is committed to efficient and economical operations and will remain in full compliance with state and federal regulations.

The C-107-B and all supporting data are attached. Interest owners have been notified via certified mail. Please let me know if additional information or data is required.

Thank you for your attention in this matter.

Regards,

Ben Stone, SOS Consulting, LLC
Agent for RKI Exploration & Production

Cc: Application File

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: RKI Exploration & Production

OPERATOR ADDRESS: 3817 NW Expressway, Ste. 950, Oklahoma City, OK 73112

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☒ FederalIs this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non- Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes
BRUSHY DRAW, DELAWARE, EAST (8090)	~ 1.12	~ 1.17	< \$1,092	< 300
ROSS DRAW, DELAWARE, NORTH (52797)	~ 1.2	~ 1.17	< \$ 364	< 100
WILDCAT, BONE SPRING (96403)	~ 1.3	~ 1.17	< \$ 364	< 100
			*Most recent sales price of \$3.64 mcf	

(2) Are any wells producing at top allowables? ☐ Yes ☒ No(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.(4) Measurement type: ☒ Metering ☐ Other (Specify)(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☒ No(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: _____ TITLE: Agent

DATE: 1/08/09

TYPE OR PRINT NAME Ben Stone

TELEPHONE NO.: 903-488-9850

E-MAIL ADDRESS: neostone_consultant@excite.com

Application Overview

RDX Gas Gathering System

Applicant:

RKI Exploration & Production, LLC
3817 NW Expressway, Suite 950
Oklahoma City, OK 73112
405-949-2221

Application prepared by:

Ben Stone, Partner
SOS Consulting, LLC
P.O. Box 300
Como, TX 75431
903-488-9850

Project name and area:

RDX Gas Gathering System
Sections 9, 15, 16 and 17, Township 26 South, Range 30 East, Eddy
County, New Mexico

Application purpose:

Commingling of gas production from 7 wells on various federal (sections 9, 16 and 17) and state (section 16) leases and produced from 3 pools underlying those leases. The system will increase gas production as the marginal amounts were otherwise uneconomical.

Ownership:

All wells except Pioneer Fed No.1 - BLM, State of New Mexico, Lobos
Energy Partners

Pioneer Fed No.1 – Diverse ownership listed on attached Notification List.

Allocation method:

Separately metered.

Gathering system volume:

Less than or equal to 500 mcf per day at less than 125 psi.

Commingled value:

No reduction in revenues.

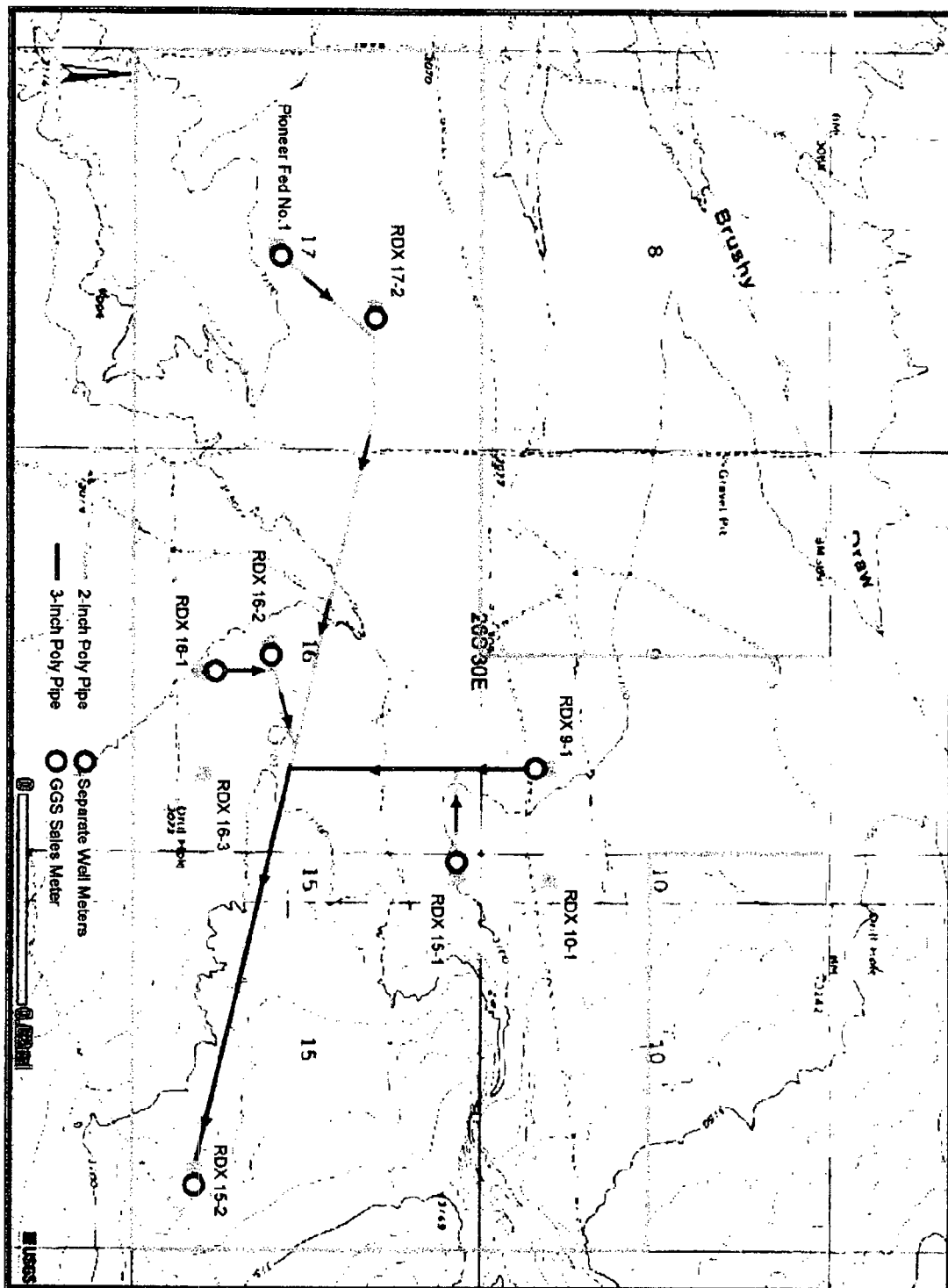
RDX Gas Gathering System

Project Description:

- a) Application is for a pool/lease commingling; specifically a collection of pipelines comprising a natural gas gathering system.
- b) Oil production will be separated and is not part of this application.
- c) The gathering system utilizes individual well allocation meters.
- d) The sales meter will be located at the RDX Well No.15-2 located in UL 'P', Sec 15, Twp 26-S, Rng 30-E.
- e) The system is comprised of 2-inch PVC flow lines from individual wells and a 3-inch PVC trunk line installed on the surface. (Refer to schematic.)
- f) The system is designed to gather and transport for sale up to 500 mcf of produced natural gas at less than 125 psi (average 20-80 psi).
- g) Interest owners include BLM, State of New Mexico, RKI or its subsidiary for all wells except the Pioneer Federal No.1 located in UL 'J', Sec 17, Twp 26-S, Rng 30-E. (Please see Notification List.)
- h) There will be no reduction in the value of commingled gas and royalties will not be reduced. (Please see completed form C-107-B.)
- i) Federal (NM-121572) and State (R-31315) rights-of-way have been obtained recently and will be renewed as required for the estimated 30-year life of the project.
- j) The gathering system will be used year round with only brief intervals of preventative and/or required maintenance.
- k) Once commenced, the construction phase will take approximately 30 days to complete.
- l) Little or no disturbance beyond the approved rights-of-way will be required for surface placement of the pipelines.
- m) RKI Exploration & Production will comply with all state and federal requirements and periodic reporting will be kept current.

RDX Gas Gathering System Project Area – System Schematic

Sections 9, 15, 16, 17, Twp 26-S, Rng 30-E



GIS Map by GeoCommunicator
 Drawn 8/23/2008
 by Ben Stone, SOS Consulting, LLC
 For RKI Exploration & Production

SOS Consulting, LLC

Well spots provided by RKI
 Carlsbad Field Office

INTERESTED PARTY and NOTIFICATION LIST

SURFACE OWNER – Section 16

State of New Mexico
New Mexico State Land Office
Oil & Gas Division
P.O. Box 1148
Santa Fe, NM 87504

SURFACE OWNER – Sections 9, 15 and 17

Bureau of Land Management
Carlsbad Office
620 E. Greene St.
Carlsbad, NM 88220

ROYALTY INTEREST – Pioneer Federal No.1

Harry M. Bettis, Jr.
500 W. Texas Ave., Ste.830
Midland, TX 79701

Kaiser Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121-1468

William J. McCaw
P.O. Box 376
Artesia, NM 88211

Nadel & Gussman Permian, LLC
P.O. Box 973542
Dallas, TX 75397

L.E. Oppermann
500 W. Texas Ave., Ste.830
Midland, TX 79701

ROYALTY INTEREST – All other wells in RDX Project

Lobos Energy Partners
(A subsidiary of RKI Exploration & Production)
3817 NW Expressway, Ste.950
Oklahoma City, OK 73112

January 21, 2009

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Regards,

Ben Stone, SOS Consulting, LLC
Agent for RKI Exploration & Production

Cc: Application File

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