

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING NOVEMBER 30, 2017**

**CASE No. 15341 (RE-OPENED)
CASE No. 15477 (RE-OPENED)**

*RDX FEDERAL COM 17 WELL NO. 26H
RDX FEDERAL COM 17 WELL NO. 40H*

EDDY COUNTY, NEW MEXICO



STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF RKI EXPLORATION
AND PRODUCTION, LLC TO RE-OPEN
CASE NOS. 15341 AND 15477 TO MODIFY
ORDER NOS. R-14016-A AND R-14154
TO FORM A SINGLE SPACING AND
PRORATION UNIT TO CONFORM WITH
THE PURPLE SAGE-WOLFCAMP GAS POOL,
EDDY COUNTY, NEW MEXICO.

CASE NOS. 15341 (re-opened)
and 15477 (re-opened)

AFFIDAVIT OF AARON YOUNG

STATE OF OKLAHOMA)
) ss.
COUNTY OF TULSA)

Aaron Young, being first duly sworn on oath, states as follows:

1. My name is Aaron Young. I reside in Tulsa County, Oklahoma. I am a Landman employed by RKI Exploration and Production, LLC ("RKI"). I am familiar with the status of the lands in Section 17, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. I have previously been qualified as an expert witness in petroleum land matters in front of the Oil Conservation Division.
2. Division Order R-14016-A, entered on November 5, 2015, created a 160-acre spacing and proration unit consisting of the W/2 E/2 of Section 17, Township 26 South, Range 30 East, NMPM, in Eddy County, New Mexico. This order further pooled the uncommitted interests in the Wolfcamp formation (Brushy Draw; Wolfcamp (Oil) Pool (97136)) in this spacing and proration unit (the "Unit") and dedicated the Unit to the **RDX Federal Com 17 Well No. 26H** (API No. 30-015-42752), a horizontal well that has been drilled from a surface location 200 feet from the South line and 1425 feet from the East line (Unit O) to a bottom hole location 500 feet from the North line and 1980 feet from the East line (Unit B) of Section 17. Attachment A to this affidavit is a copy of Order R-14016-A.
3. Division Order R-14154, entered on April 25, 2016, created a 160-acre spacing and proration unit consisting of the E/2 E/2 of Section 17, Township 26 South, Range 30 East, NMPM, in Eddy County, New Mexico. This order further pooled the uncommitted interests in the Wolfcamp formation (Brushy Draw; Wolfcamp (Oil) Pool (97136)) in this

spacing and proration unit (the "Unit") and dedicated the Unit to the **RDX Federal Com 17 Well No. 40H** (API No. 30-015-43634), a horizontal well that has been drilled from a surface location 175 feet from the North line and 1310 feet from the East line (Unit A) to a bottom hole location 300 feet from the North line and 330 feet from the East line (Unit P) of Section 17. **Attachment B** to this affidavit is a copy of Order R-14154.

4. Since the entry of Order Nos. R-14016-A and R-14154, the Division created the Purple Sage-Wolfcamp Gas Pool. *See* Order No. R-14262. Order No. R-14262 abolishes existing Wolfcamp pools within the boundaries of the Purple Sage-Wolfcamp Gas Pool. In addition, Order No. R-14262 permits all existing or permitted wells within the Purple Sage-Wolfcamp Pool to "increase spacing to the standard 320-acre gas spacing unit in the Pool by filing an application to increase spacing as provided by the Division rules." *See* Order No. R-14262, p. 8, paragraph 7.

5. Both pooled spacing units are within the boundaries of the Purple-Sage Wolfcamp Gas Pool. *See* Order No. R-14262. On March 1, 2017, the Oil Conservation Division District Office approved a C-102 sundry placing the RDX Federal Com 17 No. 41H in the Purple Sage-Wolfcamp Gas Pool.

6. Based on the 320-acre spacing set forth in the Purple-Sage Wolfcamp Gas Pool, RKI requests to consolidate the two 160-acre pooled spacing units in order to facilitate development, particularly related to internal setback requirements.

7. Ownership in each pooled spacing unit is identical. *See **Attachment C***. The sole working interest owner is EOG Resources, Inc. EOG owns 25.00% working interest and 21.875% net revenue interest in each spacing unit and has elected under each pooling order to non-consent each well. Combination of the two spacing units will not change the revenue interests of the pooled party.

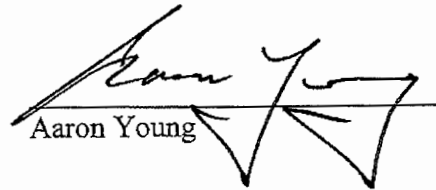
8. The overriding royalty and royalty owners are also identical and own identical interests throughout the E/2 of Section 17. Combination of the two spacing units will have no effect on payment for overriding royalty and royalty interest owners.

9. RKI has provided notice to EOG and to the overriding royalty and royalty interest owners of its request to combine the two spacing units pursuant to the rules of the Purple Sage-Wolfcamp Gas Pool. **Attachment D** is an affidavit and letter from my attorney at Holland & Hart providing notice of this hearing to all interest owners.

10. For these reasons, RKI respectfully requests that the Division amend existing orders Order R-14016-A and R-14154 to approve a single 320-acre spacing and proration unit pursuant to the standard spacing for the Purple Sage-Wolfcamp Gas Pool.

FURTHER AFFIANT SAYETH NOT.

FURTHER AFFIANT SAYETH NOT.


Aaron Young

SUBSCRIBED AND SWORN before me on this 28th day of NOVEMBER, 2017.


Notary Public

My Commission Expires:

10.14.2020



**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**(Re-opened)
CASE NO. 15341
ORDER NO. R-14016-A**

**APPLICATION OF RKI EXPLORATION AND PRODUCTION TO RE-OPEN
CASE NO. 15341 TO AMEND THE SPACING UNIT UNDER THE TERMS OF
COMPULSORY POOLING ORDER NO. R-14016, EDDY COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 15, 2015, at Santa Fe, New Mexico, before Examiner Michael McMillan.

NOW, on this 5th day of November, 2015, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) RKI Exploration and Production ("RKI" or "Applicant"), seeks approval of a non-standard 160-acre oil spacing and proration unit ("Unit") for oil production in the Wolfcamp formation, Brushy Draw; Wolfcamp (O) Pool (pool code 97136), comprising the W/2 E/2 of Section 17, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. Applicant further seeks the pooling of all uncommitted interests in the Unit.

(3) The Unit will be dedicated to the Applicant's RDX Federal Com. 17 Well No. 26H (the "subject well"; API No. 30-015-42752), a horizontal well drilled from a surface location 200 feet from the South line and 1425 feet from the East line (Unit O) of Section 17, to a terminus or bottomhole location 500 feet from the North line and 1980

**BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 1-A
Submitted by: RKI EXPLORATION & PROD.
Hearing Date: November 30, 2017**

feet from the East line (Unit B) of Section 17. The completed interval will remain within the 330-foot standard setbacks required by the Division Rule 19.15.15.9(A) NMAC.

(4) The subject well is within the Brushy Draw; Wolfcamp (O) Pool (pool code 97136). Spacing in this pool is governed by Division Rule 19.15.15.9A. NMAC, which provides for standard 40-acre units, each comprising a governmental quarter-quarter section, and 330-foot setbacks from the unit boundaries. The proposed Unit and project area consists of four (4) adjacent quarter-quarter sections.

(5) Applicant appeared at the hearing through counsel and presented land and geologic evidence to the effect that:

- (a) the Wolfcamp formation is suitable for development by horizontal drilling;
- (b) Division Order No. R-14016 was approved on July 15, 2015 for the subject well in the Undesignated Ross Draw; Wolfcamp Gas pool (pool code 84330).
- (c) Artesia District Office of the Division changed the pool designation from a gas pool to an oil pool as per Division Rule 19.15.15.11 A(2)NMAC;
- (d) the new pool for the subject well is the Brushy Draw; Wolfcamp (O) Pool (pool code 97136);
- (e) the dedicated acreage changed from the E/2 of Section 17, which was 320 acres to the W/2 E/2 of Section 17, which is 160 acres;
- (f) the Applicant's RDX Federal Com. 17 Well No. 16H located in Section 17 Township 26 South, Range 30 East, produces in the correlative zone as the subject well, and the API gravity of the oil is 45 degrees. This well is shown on the left-hand side of Cross-section A-A`;
- (g) the landing zone on Cross-section A-A` is the producing zone;
- (h) all quarter-quarter sections to be included in the Unit are expected to be productive in the Wolfcamp formation, so that formation of the Unit as requested will not impair correlative rights;
- (i) notice was provided for compulsory pooling within the Unit to all interest owners subject to pooling proceedings;
- (j) All parties subject to pooling were located; and

- (k) All other aspects of Hearing Order No. R-14016 should remain in effect.

(6) No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division concludes that:

(7) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(8) Applicant is an owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit at the proposed location.

(9) There are interest owners in the Unit that have not agreed to pool their interests.

(10) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(11) Producing GOR and API gravity of the well completion is indicative of an oil reservoir.

(12) The subject well should be reassigned to the Brushy Draw; Wolfcamp (O) Pool (pool code 97136).

(13) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the well.

(14) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7,500 per month while drilling and \$750 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

IT IS THEREFORE ORDERED THAT:

(1) The application of RKI Exploration and Production to amend Division Order No. R-14016 is hereby approved.

(2) A non-standard 160-acre oil spacing and proration unit is hereby established for oil production from the Wolfcamp formation consisting of the W/2 E/2 of Section 17, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) Pursuant to the application of RKI Exploration and Production, all uncommitted interests, whatever they may be, in the oil and gas in the Wolfcamp formation underlying the Unit, are hereby pooled.

(4) The Unit shall be dedicated to the Applicant's RDX Federal Com. 17 Well No. 26H (the "subject well"; API No. 30-015-42752), a horizontal well drilled from a surface location 200 feet from the South line and 1425 feet from the East line (Unit O) of Section 17, to a terminus or bottomhole location 500 feet from the North line and 1980 feet from the East line (Unit B) of Section 17. However, the completed interval will remain within the 330-foot standard setbacks required by Division Rules.

(5) The subject well shall be reassigned to the Brushy Draw; Wolfcamp (O) Pool (pool code 97136).

(6) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

(7) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(8) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

(9) The operator is hereby authorized to withhold the following costs and charges from production:

- (a) the proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and
- (b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(10) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(11) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$7,500 per month while drilling and \$750 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

(12) Except as provided in Paragraphs (9) and (11) above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 70-8A7-8A-28, as amended).

(13) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(14) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this order shall thereafter be of no further effect.

(15) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this Order.

(16) All other provisions of Order No. R-14016 shall remain in full force and effect.

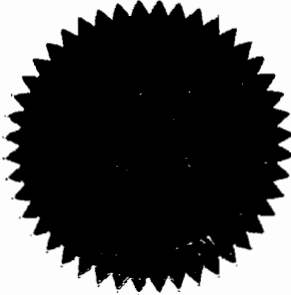
(17) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

David R. Catanach

DAVID R. CATANACH
Director



SEAL

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15477
ORDER NO. R-14154**

**APPLICATION OF RKI EXPLORATION & PRODUCTION, LLC FOR A NON-
STANDARD SPACING AND PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 14, 2016, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 25th day of April, 2016, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and of the subject matter.

(2) RKI Exploration & Production, LLC (the "Applicant") seeks approval of a 160-acre non-standard oil spacing and proration unit and project area (the "Unit") for oil and gas production from the Wolfcamp formation, Brushy Draw; Wolfcamp (Oil) Pool (Pool code 97136), comprising the E/2 E/2 of Section 17, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit for the Wolfcamp formation.

(3) The Unit will be dedicated to Applicant's RDX Federal Com 17 Well No. 40H (the "proposed well"; API No. 30-015-43634), a horizontal well to be drilled from a surface location 175 feet from the North line and 1310 feet from the East line (Unit A) to a bottomhole location 300 feet from the South line and 330 feet from the East line (Unit P), all in Section 17, Township 26 South, Range 30 East, NMPM. The location of the completed interval will be standard for oil production within the Unit.

(4) The proposed oil well is within the Brushy Draw; Wolfcamp (Oil) Pool and is subject to Division Rule 19.15.15.9(A) NMAC, which provides for 330-foot setbacks from the unit boundaries and standard 40-acre units each comprising a governmental quarter-quarter section. The proposed Unit and project area consists of four adjacent quarter quarter sections oriented north to south.

(5) Applicant appeared through counsel and presented the following land and geologic evidence:

- (a) The Wolfcamp formation in this area is suitable for development by horizontal drilling;
- (b) the proposed orientation of the horizontal well from north to south is appropriate for the Unit;
- (c) all quarter quarter sections to be included in the Unit are expected to be productive in the Wolfcamp formation, so that the Unit as requested will not impair correlative rights;
- (d) notice was provided to lessees or operators of surrounding tracts as affected parties of the proposed non-standard spacing unit;
- (e) notice was provided to all interest owners subject to pooling proceedings as affected parties of the proposed compulsory pooling within the Unit; and
- (f) all affected parties were successfully contacted and provided with notice.

(6) No other party entered an appearance or otherwise opposed this application.

The Division concludes as follows:

(7) The proposed non-standard unit should be approved in order to enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste and protecting correlative rights.

(8) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(9) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit at the proposed location.

(10) There are interest owners in the Unit that have not agreed to pool their interests.

(11) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(12) RKI Exploration & Production, LLC should be designated the operator of the proposed well and the Unit.

(13) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the proposed well.

(14) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7500 per month while drilling and \$750 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of RKI Exploration & Production, LLC, a 160-acre non-standard oil spacing and proration unit (the "Unit") is hereby established for oil and gas production from the Wolfcamp formation, Brushy Draw; Wolfcamp (Oil) Pool (Pool code 97136), comprising the E/2 E/2 of Section 17, Township 26 South, Range 30 East NMPM, Eddy County, New Mexico.

(2) All uncommitted interests, whatever they may be, in the oil and gas in the Wolfcamp formation underlying the Unit, are hereby pooled.

(3) The Unit shall be dedicated to Applicant's RDX Federal Com 17 Well No. 40H (the "proposed well"; API No. 30-015-43634), a horizontal well to be drilled from a surface location 175 feet from the North line and 1310 feet from the East line (Unit A) to a bottomhole location 300 feet from the South line and 330 feet from the East line (Unit P), all in Section 17, Township 26 South, Range 30 East, NMPM. The location of the completed interval will be standard for oil production within the Unit.

(4) The operator of the Unit shall commence drilling the proposed well on or before April 30, 2017, and shall thereafter continue drilling the proposed well with due diligence to test the Wolfcamp formation.

(5) In the event the operator does not commence drilling the proposed well on or before April 30, 2017, Ordering Paragraphs (1) and (2) shall be of no effect, unless the

operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the Unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the standard spacing units included in the proposed project area (or Unit) then the operator shall apply to the Division for an amendment to this order to contract the Unit so that it includes only those standard spacing units in which the well is completed.

(7) Upon final plugging and abandonment of the proposed well and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled Unit created by this Order shall terminate, unless this order has been amended to authorize further operations.

(8) RKI Exploration & Production, LLC (OGRID 246289) is hereby designated the operator of the well and the Unit.

(9) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

(10) Within 30 days from the date the schedule of estimated well costs is furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(12) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

(13) The operator is hereby authorized to withhold the following costs and charges from production from each well:

- (a) The proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and
- (b) As a charge for the risk involved in drilling the well, 200% of the above costs.

(14) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(15) Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$7500 per month while drilling and \$750 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "*Accounting Procedure-Joint Operations*." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

(16) Except as provided in Paragraphs (13) and (15) above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(17) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this Order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

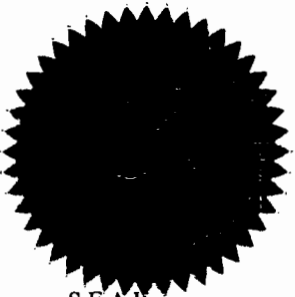
(18) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(19) The operator of the well and the Unit shall notify the Division in writing of the subsequent voluntary agreement of parties subject to the compulsory pooling provisions of this order.

(20) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



David R. Catanach

DAVID R. CATANACH
Director

SEAL

Exhibit C
Ownership

RDX Federal Com 17 #26H- W/2 E/2 Section 17

<u>Owner</u>	<u>Working Interest</u>	<u>Net Revenue Interest</u>	<u>Net Revenue Interest</u>
	<u>After Payout</u>	<u>Before Payout</u>	<u>After Payout</u>
RKI Exploration & Production LLC	75.00%	78.1250%	56.2500%
EOG Resources, Inc.	25.00%	0.00%	21.8750%
Kaiser-Francis Oil Company	0.00%	3.7500%	3.7500%
Les Oppermann	0.00%	0.9375%	0.9375%
Harry M. Bettis	0.00%	0.9375%	0.9375%
Exxon Mobil Corporation	0.00%	3.7500%	3.7500%
<u>United States of America</u>	<u>0.00%</u>	<u>12.5000%</u>	<u>12.5000%</u>
Total	100.0000%	100.0000%	100.0000%

RDX Federal Com 17 #40H- E/2 E/2 Section 17

<u>Owner</u>	<u>Working Interest</u>	<u>Net Revenue Interest</u>	<u>Net Revenue Interest</u>
	<u>After Payout</u>	<u>Before Payout</u>	<u>After Payout</u>
RKI Exploration & Production LLC	75.00%	78.1250%	56.2500%
EOG Resources, Inc.	25.00%	0.00%	21.8750%
Kaiser-Francis Oil Company	0.00%	3.7500%	3.7500%
Les Oppermann	0.00%	0.9375%	0.9375%
Harry M. Bettis	0.00%	0.9375%	0.9375%
Exxon Mobil Corporation	0.00%	3.7500%	3.7500%
<u>United States of America</u>	<u>0.00%</u>	<u>12.5000%</u>	<u>12.5000%</u>
Total	100.0000%	100.0000%	100.0000%

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

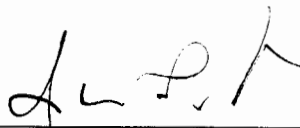
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**CASE NOS. 15341 (re-opened)
and 15477 (re-opened)**

AFFIDAVIT

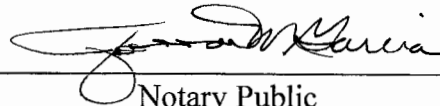
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Jordan L. Kessler, attorney in fact and authorized representative of RKI Exploration And Production, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.

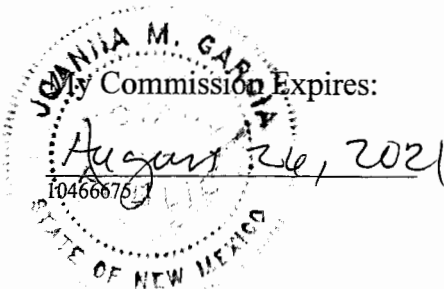


Jordan L. Kessler

SUBSCRIBED AND SWORN to before me this 29th day of November, 2017, by Jordan L. Kessler.



Notary Public



**BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 1-D
Submitted by: RKI EXPLORATION & PROD.
Hearing Date: November 30, 2017**

HOLLAND & HART LLP



Jordan L. Kessler

Associate

Phone (505) 988-4421

Fax (505) 983-6043

JLKessler@hollandhart.com

November 9, 2017

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: AFFECTED PARTIES

Re: Application of RKI Exploration And Production, LLC To Re-Open Case Nos. 15341 And 15477 Modify Order Nos. R-14016-A And R-14154 To Form A Single Spacing And Proration Unit To Conform With The Purple Sage-Wolfcamp Gas Pool, Eddy County, New Mexico.

Ladies & Gentlemen:

This letter is to advise you that RKI Exploration and Production has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on November 30, 2017. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Aaron Young, at (539) 573-3531 or aaron.young@wpenergy.com.

Sincerely,

Jordan L. Kessler

RKI EXPLORATION AND PRODUCTION, LLC

Holland & Hart LLP

Phone (505) 988-4421 **Fax** (505) 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington D.C.

Application of RKI Exploration and Production, LLC To Re-Open
Case Nos. 15341 & 15477
Affected Parties (6)

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

Les Oppermann
1505 Neely Ave.
Midland, Texas 79705

Harry M. Bettis
500 W. Texas Ave, Suite 830
Midland, Texas 79701

Exxon Mobil Corporation
810 Houston Street
Fort Worth, Texas 76102

United States of America
301 Dinosaur Trail
Santa Fe, New Mexico 87508

RKI Exploration & Production, LLC
3500 One Williams Center, MD 35
Tulsa, Oklahoma 74172

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
Domestic Mail Only Application of Restricted Delivery
For delivery information, Open Case Nos. 15341 & 15477
Affected Parties (6)
OFFICIAL USE
Certified Mail Fee
Extra Services & Fees (check box, add fee as appropriate)
Return Receipt (hardcopy) \$3.45
Return Receipt (electronic) \$2.70
Certified Mail Restricted Delivery \$
Adult Signature Required \$
Adult Signature Restricted Delivery \$
Postmark Here
Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, Oklahoma 74121
PS Form 3800, April 2015 usage \$38.00 per 100 units
See reverse for instructions

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
Domestic Mail Only Application of Restricted Delivery
For delivery information, Open Case Nos. 15341 & 15477
Affected Parties (6)
OFFICIAL USE
Certified Mail Fee
Extra Services & Fees (check box, add fee as appropriate)
Return Receipt (hardcopy) \$3.45
Return Receipt (electronic) \$2.70
Certified Mail Restricted Delivery \$
Adult Signature Required \$
Adult Signature Restricted Delivery \$
Postage \$
Les Oppermann
1505 Neely Ave.
Midland, Texas 79705
PS Form 3800, April 2015 usage \$38.00 per 100 units
See reverse for instructions

SENDER COMPLETE THIS SECTION
Complete items 1, 2, and 3.
Print your name and address on the reverse so that we can return the card to you.
Attach this card to the back of the mailpiece, or on the front if space permits.
1. Article Addressed to:
Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, Oklahoma 74121
2. Article Number (transfer from service label)
7017 1450 0002 1696 8535
PS Form 3811, July 2015 PSN 7530-02-000-9053

SENDER COMPLETE THIS SECTION
Complete items 1, 2, and 3.
Print your name and address on the reverse so that we can return the card to you.
Attach this card to the back of the mailpiece, or on the front if space permits.
1. Article Addressed to:
Les Oppermann
1505 Neely Ave.
Midland, Texas 79705
2. Article Number (transfer from service label)
7017 1450 0002 1696 8542
PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY
A. Signature
B. Received by (Printed Name)
C. Date of Delivery
D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:
3. Service Type
Priority Mail Express®
Registered Mail™
Registered Mail Restricted Delivery
Certified Mail®
Certified Mail Restricted Delivery
Collect on Delivery
Collect on Delivery Restricted Delivery
Mail
Mail Restricted Delivery
Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY
A. Signature
B. Received by (Printed Name)
C. Date of Delivery
D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:
3. Service Type
Priority Mail Express®
Registered Mail™
Registered Mail Restricted Delivery
Certified Mail®
Certified Mail Restricted Delivery
Collect on Delivery
Collect on Delivery Restricted Delivery
Mail
Mail Restricted Delivery
Domestic Return Receipt

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

Application of POST-EXP. and Production, LLC To Re-Open Case Nos. 15341 & 15477

OFFICIAL

For delivery information, see PS Form 3800, April 2015 PSN 7530-02-000-9059

Certified Mail Fee \$ 3.45

Extra Services & Fees (check box and fee as applicable)

☒ Return Receipt (hardcopy) \$ 2.80

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postmark Here

Harry M. Bettis
 500 W. Texas Ave., Suite 830
 Midland, Texas 79701

PS Form 3800, April 2015 PSN 7530-02-000-9059 See Reverse for Instructions

7017 1450 2000 054T 2102

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

Application of POST-EXP. and Production, LLC To Re-Open Case Nos. 15341 & 15477

OFFICIAL

For delivery information, see PS Form 3800, April 2015 PSN 7530-02-000-9059

Certified Mail Fee \$ 3.45

Extra Services & Fees (check box and fee as applicable)

☒ Return Receipt (hardcopy) \$ 2.80

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postmark Here

Exxon Mobil Corporation
 810 Houston Street
 Fort Worth, Texas 76102

PS Form 3800, April 2015 PSN 7530-02-000-9059 See Reverse for Instructions

7017 1450 2000 054T 2102

CERTIFIED MAIL

Complete items 1, 2, and 3.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mailpiece, or on the front if space permits.

1 Article Addressed to:

Harry M. Bettis
 500 W. Texas Ave, Suite 830
 Midland, Texas 79701

2 Article Number (transfer from service label)
 7017 1450 0002 1696 8559

3 Service Type
☒ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail®
☒ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Mail Restricted Delivery
☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

4 Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

A. Signature [Signature] ☐ Agent
☒ Addressee

B. Received by (Printed Name) [Name] G. Date of Delivery 7/13

Domestic Return Receipt

PS Form 3811, July 2015 PSN 7530-02-000-9059

**70171450000216968566****Add Name****Delivered:**FORT WORTH, TX 76102 on
November 14, 2017 at 7:39 am

Additional Information

Your item was picked up at a postal facility at 7:39 am on November 14, 2017 in FORT WORTH, TX 76102.

Get Text and Email Updates

Tracking History**November 14, 2017****7:39 am**Delivered, Individual Picked Up at Postal Facility,
FORT WORTH, TX 76102

November 13, 2017**9:50 am**In Transit to Destination,
On its way to FORT WORTH, TX 76102

November 12, 2017**5:50 am**Departed USPS Regional Facility,
FORT WORTH TX DISTRIBUTION CENTER

November 11, 2017**10:01 am**Arrived at USPS Regional Facility,
FORT WORTH TX DISTRIBUTION CENTER

November 11, 2017**9:03 am**In Transit to Destination,
On its way to FORT WORTH, TX 76102

November 10, 2017**3:03 am**Departed USPS Facility,
ALBUQUERQUE, NM 87101

11/29/2017

Detail

November 9, 2017

9:35 pm

Arrived at USPS Facility,
ALBUQUERQUE, NM 87101

[Remove from Tracking](#)

U.S. Postal Service[™]
CERTIFIED MAIL[®] RECEIPT
Domestic Mail Only

For delivery information, see Application of Restricted Delivery and Production, LLC To Re-Open Case Nos. 15341 & 15477 Affected Parties (6)

OFFICIAL USE

Certified Mail Fee \$34.50

Extra Services & Fees (check box, add fee as appropriate)

<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 34.50
<input type="checkbox"/> Return Receipt (electronic)	\$ 0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ 0.00
<input type="checkbox"/> Adult Signature Required	\$ 0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ 0.00

United States of America
301 Dinosaur Trail
Santa Fe, New Mexico 87508

Only, state, ZIP+4[®]

PS Form 3800, April 2015 PSN 7530-02-900-9053 See Reverse for Instructions

U.S. Postal Service[™]
CERTIFIED MAIL[®] RECEIPT
Domestic Mail Only

For delivery information, see Application of RKT Exploration and Production, LLC To Re-Open Case Nos. 15341 & 15477 Affected Parties (6)

OFFICIAL USE

Certified Mail Fee \$34.50

Extra Services & Fees (check box, add fee as appropriate)

<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 34.50
<input type="checkbox"/> Return Receipt (electronic)	\$ 0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ 0.00
<input type="checkbox"/> Adult Signature Required	\$ 0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ 0.00

RKI Exploration & Production, LLC
3500 One Williams Center, MD 35
Tulsa, Oklahoma 74172

PS Form 3800, April 2015 PSN 7530-02-900-9053 See Reverse for Instructions

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

United States of America
301 Dinosaur Trail
Santa Fe, New Mexico 87508



9590 9402 3164 7166 2849 74

Article Number (Transfer from service label)

7017 1450 0002 1696 8573

PS Form 3811, July 2015 PSN 7530-02-900-9053

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

RKI Exploration & Production, LLC
3500 One Williams Center, MD 35
Tulsa, Oklahoma 74172



9590 9402 3164 7166 2849 67

Article Number (Transfer from service label)

7017 1450 0002 1696 8580

PS Form 3811, July 2015 PSN 7530-02-900-9053

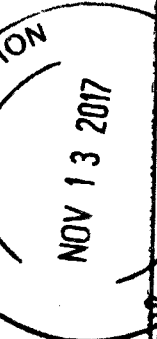
COMPLETE THIS SECTION ON DELIVERY

A. Signature *[Signature]* ☒ Agent ☐ Addressee

B. Received by (Printed Name) *[Signature]* C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below:



3. Service Type

<input checked="" type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express [®]
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail [™]
<input type="checkbox"/> Certified Mail [®]	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation [™]
<input type="checkbox"/> Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature *[Signature]* ☒ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below:

3. Service Type

<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express [®]
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail [™]
<input type="checkbox"/> Certified Mail [®]	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation [™]
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery

Domestic Return Receipt