

**BEFORE THE OIL CONSERVATION COMMISSION  
EXAMINER HEARING NOVEMBER 15, 2018**

**CASE NO. 16480**

**EDDY COUNTY, NEW MEXICO**

**Boxer 32-22-27 #401H**

**WPX ENERGY<sup>®</sup>**

The logo for WPX Energy is displayed in a large, bold, black font. To the right of the text is a stylized graphic consisting of several parallel, slanted lines that form a triangular shape, resembling a mountain or a series of steps. The background of the entire page is a photograph of an oil field. In the foreground, there are several oil pumpjacks (nodding donkeys) and some industrial buildings. In the background, there are more pumpjacks and a line of trees under a clear sky. The overall tone of the image is somewhat muted, with a lot of brown and grey colors.

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

APPLICATION OF RKI EXPLORATION AND PRODUCTION, LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16480

AFFIDAVIT OF AARON YOUNG IN SUPPORT OF  
CASE NO. 16480

Aaron Young, of lawful age and being first duly sworn, declares as follows:

1. My name is Aaron Young. I work for RKI Exploration and Production, LLC ("RKI") as a Landman. RKI is in the process of changing its name to WPX Energy Permian, LLC. A change of operator form has not yet been provided to the Division.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by RKI in this case, and I am familiar with the status of the lands in the subject area.
4. RKI seeks an order pooling all uncommitted interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool (98220)) in the 320-acre, more or less, horizontal spacing unit comprised of the S/2 of Section 32, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. The standard horizontal spacing unit will be dedicated to the **Boxer 32-22-27 Fee No. 401H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) to a standard bottom hole location in in the NW/4 SW/4 (Unit L) of Section 32.

5. **RKI Exhibit No. 1A** contains a Form C-102 for the proposed well. RKI has been informed that the well will be placed in the Purple Sage Wolfcamp Gas Pool (Pool Code 98220). The C-102 also reflects that the completed interval for this well will remain within the standard offset required by the Special Rules for the Purple Sage Pool set forth in Order No. R-14262.

6. There are no ownership depth severances in the subject acreage.

7. RKI requests 320-acre building blocks for its proposed horizontal spacing unit.

8. **RKI Exhibit 1B** identifies the three tracts of land comprising the proposed spacing unit and confirms that the subject acreage is comprised of fee lands. This exhibit further identifies the interest ownership by tract in the spacing unit. RKI seeks to pool the working interest of Marathon Oil Permian, LLC, Novo Oil & Gas Northern Delaware, LLC, and Yates Industries, highlighted in bold.

9. RKI also seeks to pool certain unmarketable title owners. These companies and individuals purport to own an interest in the proposed spacing unit; however, whether they own an interest is in dispute. RKI seeks to pool these entities out of an abundance of caution, in the event that they do in fact own an interest.

10. RKI does not seek to pool overriding royalty interest owners. The documents creating any overriding royalty interest authorize pooling.

11. **RKI Exhibit 1C** contain the well proposal letters along with an AFE provided to interest owners. All parties, including those designated “unmarketable title, were provided copies of the well proposal letter and accompanying AFE.

12. The costs reflected in the Statement of Estimated Well Costs are consistent with what other operators have incurred for drilling similar horizontal wells in the area.

13. RKI has estimated the overhead and administrative costs for drilling and producing the proposed wells at \$7,500 per month while drilling and \$750 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.

14. In my opinion, RKI has made a good faith effort to reach an agreement with the parties it is seeking to pool. RKI has proposed the well to each interest owner it seeks to pool and has had follow up conversations with most interest owners. With respect to the unmarketable title owners, RKI has been working diligently with the parties to verify whether they own an interest. If RKI reaches an agreement with any of the proposed pool parties before the Division enters an order, I will let the Division know that RKI is no longer seeking to pool those parties.

15. I provided the law firm of Holland & Hart LLP a list of names and addresses for the proposed pool parties. The names and last known addresses are included in Exhibit 3. In compiling these notice lists, RKI conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches. All parties were locatable.

16. **RKI Exhibit 1-A through 1-C** were either prepared by me or compiled under my direction and supervision.

  
AARON YOUNG

STATE OF OKLAHOMA     )  
COUNTY OF Tulsa     )

SUBSCRIBED and SWORN to before me this 14 day of November 2018 by  
Aaron Young.

  
NOTARY PUBLIC

My Commission Expires:

07-05-2021



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number		<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name PURPLE SAGE WOLFCAMP GAS POOL
<sup>4</sup> Property Code	<sup>5</sup> Property Name BOXER 32-22-27 FEE		<sup>6</sup> Well Number 401H
<sup>7</sup> OGRID No. 246289	<sup>8</sup> Operator Name RKI EXPLORATION & PRODUCTION, LLC		<sup>9</sup> Elevation 3,152'

<sup>10</sup> Surface Location



UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	32	22 S	27 E		1,726	SOUTH	380	EAST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

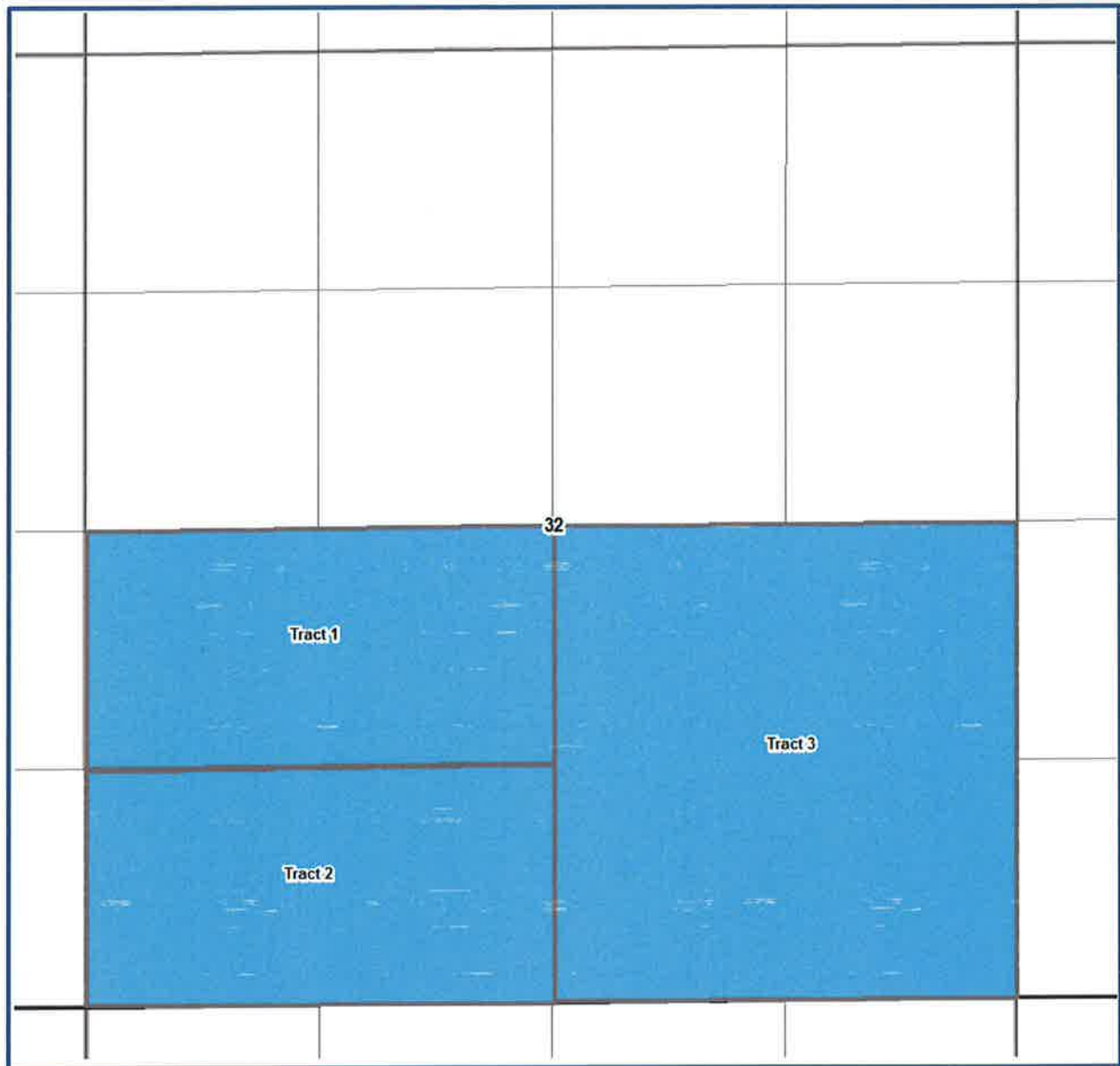
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	32	22 S	27 E		2,401	SOUTH	230	WEST	EDDY

<sup>12</sup> Dedicated Acres 320 AC S/2	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p><sup>16</sup></p> <p><b>BOTTOM HOLE LOCATION</b> NAD 83 (NME) Y= 490,294.6 X= 576,379.9 LAT.= 32.347840°N LONG.= 104.219859°W NAD 27 (NME) Y= 490,235.5 X= 535,198.7 LAT.= 32.347721°N LONG.= 104.219355°W</p> <p><b>SEC. 32 T22S R27E</b></p> <p><b>FIRST TAKE POINT</b> NAD 83 (NME) Y= 490,302.8 X= 581,132.0 LAT.= 32.347847°N LONG.= 104.204470°W NAD 27 (NME) Y= 490,243.6 X= 539,950.7 LAT.= 32.347729°N LONG.= 104.203967°W</p> <p><b>LAST TAKE POINT</b> NAD 83 (NME) Y= 490,294.7 X= 576,480.0 LAT.= 32.347840°N LONG.= 104.219534°W NAD 27 (NME) Y= 490,235.6 X= 535,298.8 LAT.= 32.347721°N LONG.= 104.219031°W</p> <p><b>SURFACE HOLE LOCATION</b> NAD 83 (NME) Y= 489,661.5 X= 581,058.7 LAT.= 32.346085°N LONG.= 104.204710°W NAD 27 (NME) Y= 489,602.3 X= 539,877.4 LAT.= 32.345966°N LONG.= 104.204207°W</p>	<p><sup>17</sup> <b>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><b>BEFORE THE OIL CONSERVATION DIVISION</b> Santa Fe, New Mexico <b>Exhibit No. 1A</b> Submitted by: <b>WPX Energy</b> Hearing Date: November 15, 2018 Case No 16480</p> <p><sup>18</sup> <b>SURVEYOR CERTIFICATION</b> <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>09-25-2018 Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p> MARK DILLON HARP 23786 Certificate Number</p> <p> AW 2018051181</p>
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Boxer 32-22-27 Fee #401H  
Section 32, T22S-R27E, NMPM,  
Eddy Co., New Mexico



Boxer 32-22-27 Fee #401H  
Section 32, T22S-R27E, NMPPM,  
Eddy Co., New Mexico

Tract 1- (80.00 acres)

WPX Energy Permian, LLC- 100.00%

Tract 2- (80.00 acres)

**Marathon Oil Permian, LLC- 50.00%**

**Novo Oil & Gas Northern Delaware, LLC- 50.00%**

Tract 3- (160.00 acres)

WPX Energy Permian, LLC – 99.453125%

**Yates Industries- 0.546875%**

Strangers in Title added for curative matters:

Scratch Properties, LLC  
PO Box 1287  
Artesia, NM 88211

Tularosa Mineral Company, LLC  
PO Box 471349  
Fort Worth, TX 76147

Streambed Holdings, LLC  
4455 Camp Bowie Blvd., Ste 114, Box 128  
Fort Worth, TX 76107

Shiller Properties LLC  
320 Remuda  
Clovis, New Mexico 88101

Robert L. Pearson  
7373 E. 29<sup>th</sup> St. North, Apt 124  
Wichita, Kansas 67226

UNIT RECAPITULATION S2 Section 32

WPX Energy Permian, LLC- 74.7266%



**Marathon Oil Permian, LLC- 12.50%**  
**Novo Oil & Gas Northern Delaware, LLC- 12.50%**  
**Yates Industries- 0.2734%**  
**Scratch Properties, LLC- 0.00%**  
**Tularosa Mineral Company, LLC- 0.00%**  
**Streambed Holdings, LLC- 0.00%**  
**Shiller Properties LLC- 0.00%**  
**Robert L. Pearson- 0.00%**

**Uncommitted owners in proposed standard horizontal spacing unit.**

Boxer 32-22-27 Fee #401H  
July 31, 2018  
Page No. 2

Exhibit "A"  
Working Interest Owners

Marathon Oil Permian, LLC  
5555 San Felipe Street  
Houston, TX 77056

Scratch Properties, LLC  
PO Box 1287  
Artesia, NM 88211

Tularosa Mineral Company, LLC  
PO Box 471349  
Fort Worth, TX 76147

Streambed Holdings, LLC  
4455 Camp Bowie Blvd., Ste 114, Box 128  
Fort Worth, TX 76107



July 31, 2018

*Via Certified Mail, Return Receipt Requested*

Working Interest Owners  
Listed on Attached Exhibit "A"

Re: Boxer 32-22-27 Fee #401H  
SHL: 1,726' FSL & 380' FEL, or at a legal location in Unit I of Section 32  
BHL: 2,260' FSL & 230' FEL, or at a legal location in Unit L of Section 32  
Township 22 South, Range 27 East  
Eddy County, New Mexico

Dear Sir or Madam,

WPX Energy Permian, LLC f/k/a RKI Exploration & Production, LLC ("WPX") hereby proposes the drilling of a horizontal well to a depth to test the Wolfcamp formation at a total measured depth of approximately 14,227', and a horizontal spacing unit consisting of the S/2 of Sections 32, Township 22 South, Range 27 East being 320 acres, more or less. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$7,370,712, being the total estimated cost to drill and complete said well.

WPX is proposing to drill this well under the terms of a modified 1989 A.A.P.L Form 610 Model Form Operating Agreement, which is enclosed herewith for your review and execution. The Operating Agreement covers the S/2 of Section 32, Township 22 South, Range 27 East, Eddy County, New Mexico. It has the following general terms:

- 100%/300% Non-consenting penalty
- \$7,500/\$750 Drilling and Producing Rate
- WPX named as Operator

Please have the appropriate party execute, notarize and return one (1) original of each signatory page, being the Operating Agreement and Recording Memorandum or Exhibit "H". If you do not wish to participate in the proposed operation, WPX would like to negotiate a voluntary agreement that includes the leasehold interest.

If an agreement is not reached within 30 days of the date of this letter, WPX will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic requirements, to my attention at the letterhead address or by email to [aaron.young@wpxenergy.com](mailto:aaron.young@wpxenergy.com).

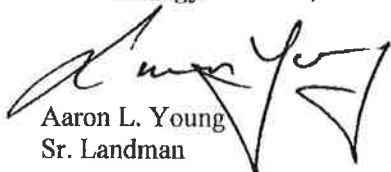
BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 1C  
Submitted by: WPX Energy  
Hearing Date: November 15, 2018  
Case No 16480

Boxer 32-22-27 Fee #401H  
July 31, 2018  
Page No. 2

Should you have any questions, please do not hesitate to contact me at 539.573.3531.

Sincerely,

**WPX Energy Permian, LLC**

  
Aaron L. Young  
Sr. Landman

Enclosures

\_\_\_\_\_ I/We hereby elect to participate in the Boxer 32-22-27 Fee #401H

\_\_\_\_\_ I/We hereby elect not to participate in the Boxer 32-22-27 Fee #401H

Company: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

October 24, 2018

*Via Certified Mail, Return Receipt Requested*

Working Interest Owners  
Listed on Attached Exhibit "A"

Re: Boxer 32-22-27 Fee #401H  
SHL: 1,726' FSL & 380' FEL, or at a legal location in Unit I of Section 32  
BHL: 2,260' FSL & 230' FEL, or at a legal location in Unit L of Section 32  
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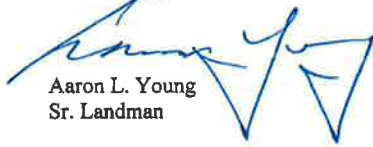
Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic requirements, to my attention at the letterhead address or by email to [aaron.young@wpxenergy.com](mailto:aaron.young@wpxenergy.com).

Boxer 32-22-27 Fee #401H  
October 24, 2018  
Page No. 2

Should you have any questions, please do not hesitate to contact me at 539.573.3531.

Sincerely,

**WPX Energy Permian, LLC**



Aaron L. Young  
Sr. Landman

Enclosures

\_\_\_\_\_ I/We hereby elect to participate in the Boxer 32-22-27 Fee #401H

\_\_\_\_\_ I/We hereby elect not to participate in the Boxer 32-22-27 Fee #401H

**Yates Industries, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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Boxer 32-22-27 Fee #401H  
October 24, 2018  
Page No. 2

Exhibit "A"  
Working Interest Owners

Yates Industries, LLC  
P.O. Box 1091  
Artesia, New Mexico 88211

3035-WPX ENERGY PERMIAN, LLC AFE # (WT48293-62483768), Complete										
Well Name: BOXER 32-22-27 FEE 401H				Well#: 62483768				Field: PHANTOM		
Location: 32-22S-27E				County: EDDY				State: NM		
BHL: 2260' FSL & 230' FEL SEC 32				SHL: 1726' FSL & 380' FEL SEC 32						
Formation: WOLFCAMP XY				Total Depth: 0.0				Days:		
Effective Date: 05/01/2018				Type Code: Development				Desc:		
Budget No: FP1120430-2018 PERMIAN OPERATED D&C (3035)				Aries ID: RC1KP1KRU8				Pad Name:		
Operator: WPX ENERGY PERMIAN LLC				Asset Group: PERMIAN				Proj Manager: Knopp, Bryan		
AFE Desc: Cost to drill, complete, and equip a one mile lateral well targeting the Wolfcamp XY formation.										
8500 8600 Tangible										
Tubular Goods										
DRL	CMP	Line Item	Feet	Size	Wt.	GradeConn	\$/FT	DRILL	COMP	TOTAL
8739		CASING/LINER (PROD)						76300	0	76300
8810		CASING (INT1)						55300	0	55300
8820		CASING (INT2)						235800	0	235800
8889		CASING (SURF)						12100	0	12100
Other Equipment										
8855		LINER HANGER & TOE SLEEVE					75000	0	75000	
8918		WELLHEAD - MATERIALS					37000	0	37000	
8716		ARTIFICIAL LIFT - MATERIALS					0	150000	150000	
8902		TUBING & ACCESSORIES					0	55000	55000	
8918		WELLHEAD - MATERIALS					0	35000	35000	
8510 8610 Offset Well Tangible										
Offset Well - Tangible										
Total Tangible Costs							491500	240000	731500	
8300 8400 Intangible										
Drilling Costs										
DRL	CMP	Line Item						DRILL	COMP	TOTAL
8212		FUEL EXPENSES						68300	0	68300
8298		MISCELLANEOUS - MATERIALS						16200	0	16200
8732		BITS						71266	0	71266
8734		CASING CREWS & TOOLS						46500	0	46500
8742		TRUCKING						116100	0	116100
8743		WELLHEAD - SERVICES						17900	0	17900
8757		DIRECTIONAL EQUIPMENT - SERVICES						190300	0	190300
8758		DRILL FLUIDS & CHEMICALS - MATERIALS						130200	0	130200
8760		RIG DAYWORK						455700	0	455700
8774		GENERAL LABOR						54700	0	54700
8781		CENTRALIZERS & FLOAT EQUIP (SURF) (INT1) (INT2) (PROD)						18100	0	18100
8783		FLUID & CUTTINGS DISPOSAL						86400	0	86400
8803		MAN CAMP						10000	0	10000
8823		LIVING FACILITIES & SANITATION						50500	0	50500
8862		CONDUCTOR/RAT HOLE - SERVICES						23100	0	23100
8868		RENTAL EQUIPMENT (DOWNHOLE)						75400	0	75400
8869		RENTAL EQUIPMENT (SURFACE)						115400	0	115400
8885		SOLIDS CONTROL - MATERIALS						18900	0	18900
8910		WATER - MATERIALS						4500	0	4500
8911		FLUID HAULING						120000	0	120000
8917		WELLSITE SUPERVISION						107200	0	107200
8989		DRILL FLUIDS & CHEMICALS - SERVICES						23000	0	23000
8994		SOLIDS CONTROL - SERVICES						81400	0	81400
Cementing										
8400		CEMENT (SURF) - MATERIALS						13500	0	13500
8401		CEMENT (PROD) - MATERIALS						22000	0	22000
8811		CEMENT (INT1) - MATERIALS						15000	0	15000
8821		CEMENT (INT2) - MATERIALS						40000	0	40000
8857		CEMENT (PROD) - SERVICES						25000	0	25000
8891		CEMENT (SURF) - SERVICES						15000	0	15000
8938		CEMENT (INT2) - SERVICES						27000	0	27000
8949		CEMENT (INT1) - SERVICES						11000	0	11000
Formation Treatment										
8212		FUEL EXPENSES						0	306250	306250
8402		STIMULATION - MATERIALS						0	829491	829491
8403		FRAC WATER - MATERIALS						0	23810	23810
8708		STIMULATION - SERVICES						0	988200	988200
8728		COIL TUBING - SERVICES						0	189600	189600
8730		ACCESS & LOCATION - SERVICES						0	15000	15000
8738		PERFORATING & WIRELINE - SERVICES						0	228000	228000
8742		TRUCKING						0	20000	20000
8743		WELLHEAD - SERVICES						0	58200	58200
8772		ENVIRONMENTAL MITIGATION						0	10000	10000
8774		GENERAL LABOR						0	15000	15000
8783		FLUID & CUTTINGS DISPOSAL						0	68571	68571
8787		FRAC WATER - SERVICES						0	110000	110000
8846		PACKERS & PLUGS						0	17500	17500
8868		RENTAL EQUIPMENT (DOWNHOLE)						0	62400	62400
8869		RENTAL EQUIPMENT (SURFACE)						0	106680	106680
8870		RENTAL EQUIPMENT (TANKS)						0	30000	30000
8875		ACCESS & LOCATION - MATERIALS						0	10000	10000
8879		RUBBER GOODS						0	15000	15000



8910	WATER - MATERIALS	0	297619	297619
8911	FLUID HAULING	0	91704	91704
8917	WELLSITE SUPERVISION	0	106400	106400
<b>Special Services</b>				
8718	TUBULAR INSPECTION	16000	0	16000
8837	MUD LOGGING	33400	0	33400
8733	LOGGING (CASED HOLE)	0	35000	35000
8843	FLOWBACK - SERVICES	0	120500	120500
<b>Materials</b>				
<b>Access Location and Cleanup</b>				
8219	SAFETY - MATERIALS	500	0	500
8250	AIR QUALITY MGMT - SERVICES	33400	0	33400
8295	RIG MOVING RATE	122500	0	122500
8715	ARCH	5000	0	5000
8730	ACCESS & LOCATION - SERVICES	150000	0	150000
8740	RIG MOBILIZATION/DEMobilIZATION	200000	0	200000
8791	SURVEY & MAPPING - SERVICES	5000	0	5000
8875	ACCESS & LOCATION - MATERIALS	50000	0	50000
8880	SAFETY - SERVICES	9700	0	9700
8899	TITLE OPINION-ABSTRACT	50000	0	50000
8934	ROW & SURFACE USE PAYMENTS NON-PERPETUAL	12500	0	12500
<b>Contract Supervision/Contract Professional Services etc.</b>				
8310	Offset Well Intangible			
<b>Offset Well Intangible</b>				
<b>Total Intangible Costs</b>		<b>2757566</b>	<b>3754925</b>	<b>6512491</b>
<b>Well Connect</b>				
8211	FITTINGS/PIPES/ETC-NON PROCESS RELATED	0	125000	125000
8242	ELECTRICAL/AUTOMATION MATERIALS	0	68000	68000
8272	ELECTRICAL/AUTOMATION LABOR	0	40000	40000
8274	HEAT TRACE LABOR	0	5000	5000
8277	HEAT TRACE MATERIALS	0	9000	9000
8279	TELEMETRY RADIO/FIBER MATERIALS	0	600	600
8312	TANK BATTERY INSTALL AND CONSTRUCTION	0	106500	106500
8396	TELEMETRY RADIO/FIBER LABOR	0	400	400
8397	CONTAINMENT AND LINERS	0	15000	15000
8473	ENGINEERING SERVICES	0	4000	4000
8730	ACCESS & LOCATION - SERVICES	0	70000	70000
8742	TRUCKING	0	5000	5000
8791	SURVEY & MAPPING - SERVICES	0	2300	2300
8828	MEASUREMENT EQUIPMENT	0	32000	32000
8856	PRODUCTION EQUIPMENT	0	250000	250000
8877	ROW & SURFACE USE PAYMENTS PERPETUAL	0	6200	6200
8893	PRODUCTION STORAGE TANKS	0	60000	60000
8967	PRODUCTION EQUIPMENT - NON CONTROLLABLE	0	1000	1000
<b>Total Well Connect Costs</b>		<b>0</b>	<b>800000</b>	<b>800000</b>
<b>Total Cost</b>		<b>3249066</b>	<b>4794925</b>	<b>8043991</b>
<b>Working Interest</b>				
<b>Working Interest Owner</b>			<b>Decimal</b>	<b>Cost Share</b>
WPX ENERGY PERMIAN, LLC			0.74730000	6011274
OTHER			0.25270000	2032717
<b>Totals</b>			<b>1.00000000</b>	<b>8043991</b>
<b>Approvers</b>				
Date: 07/16/2018	Prepared By:	Cassie Staves		
Date: 10/14/2018	Approved By:	William Westler		
Date: 10/23/2018	Approved By:	Matthew Hinson		
Date:	Partners Approval:			
<b>Estimated costs only - Each participating Owner to pay proportionate share of Actual Well Costs</b>				

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

APPLICATION OF RKI EXPLORATION AND PRODUCTION, LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

AFFIDAVIT OF KASMIRA WORKMAN IN SUPPORT OF  
CASE NO. 16480

CASE NO. 16480

Kasmira Workman, of lawful age and being first duly sworn, declares as follows:

1. My name is Kasmira Workman. I work for RKI Exploration and Production, LLC as a Geologist. RKI is in the process of changing its name to WPX Energy Permian, LLC. A change of operator form has not yet been submitted to the Division.
2. I have previously testified before the New Mexico Oil Conservation Division, by affidavit, as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by RKI in this case and I have conducted a geologic study of the Wolfcamp formation underlying the subject acreage.
4. RKI is targeting the Wolfcamp formation (Wolfcamp Y) with its proposed **Boxer 32-22-27 No. 401H Well**.
5. **RKI Exhibit 2A** is a subsea structure map that I prepared for the top of the Wolfcamp Y. The contour interval is 50 feet. The proposed spacing unit is denoted by a green box, and the proposed wellbore path is depicted by a blue line. The structure map shows that the area is gently dipping to the East. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval with a horizontal well.

6. **RKI Exhibit 2B** identifies the wells that I used to construct a stratigraphic cross-section map for the Wolfcamp Y interval. I chose these wells because I consider them to be representative of the geology of the area.

7. **RKI Exhibit 2B** also contains a stratigraphic cross section for the Wolfcamp Y interval using the representative wells. Each well in the cross-section contains gamma ray, resistivity, and porosity logs. The proposed target interval in the Wolfcamp Y is identified with a green line. This cross-section demonstrates that the targeted interval extends across the subject acreage.

8. The west to east orientation for the proposed wells in the Wolfcamp Y interval will place the wells perpendicular to the known stress direction in the subject area and is appropriate to efficiently and effectively develop the targeted interval under the subject acreage.

9. Based on my geologic study of the area, the Wolfcamp formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing and proration units will contribute more-or-less equally to the production from the wellbores.

10. In my opinion, the granting of RKI's application in this case will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

FURTHER AFFIANT SAYETH NOT.

  
KASMIRA WORKMAN

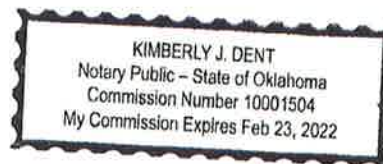
STATE OF OKLAHOMA )  
COUNTY OF TULSA )

SUBSCRIBED and SWORN to before me this 14 day of November 2018 by  
Kasmira Workman.

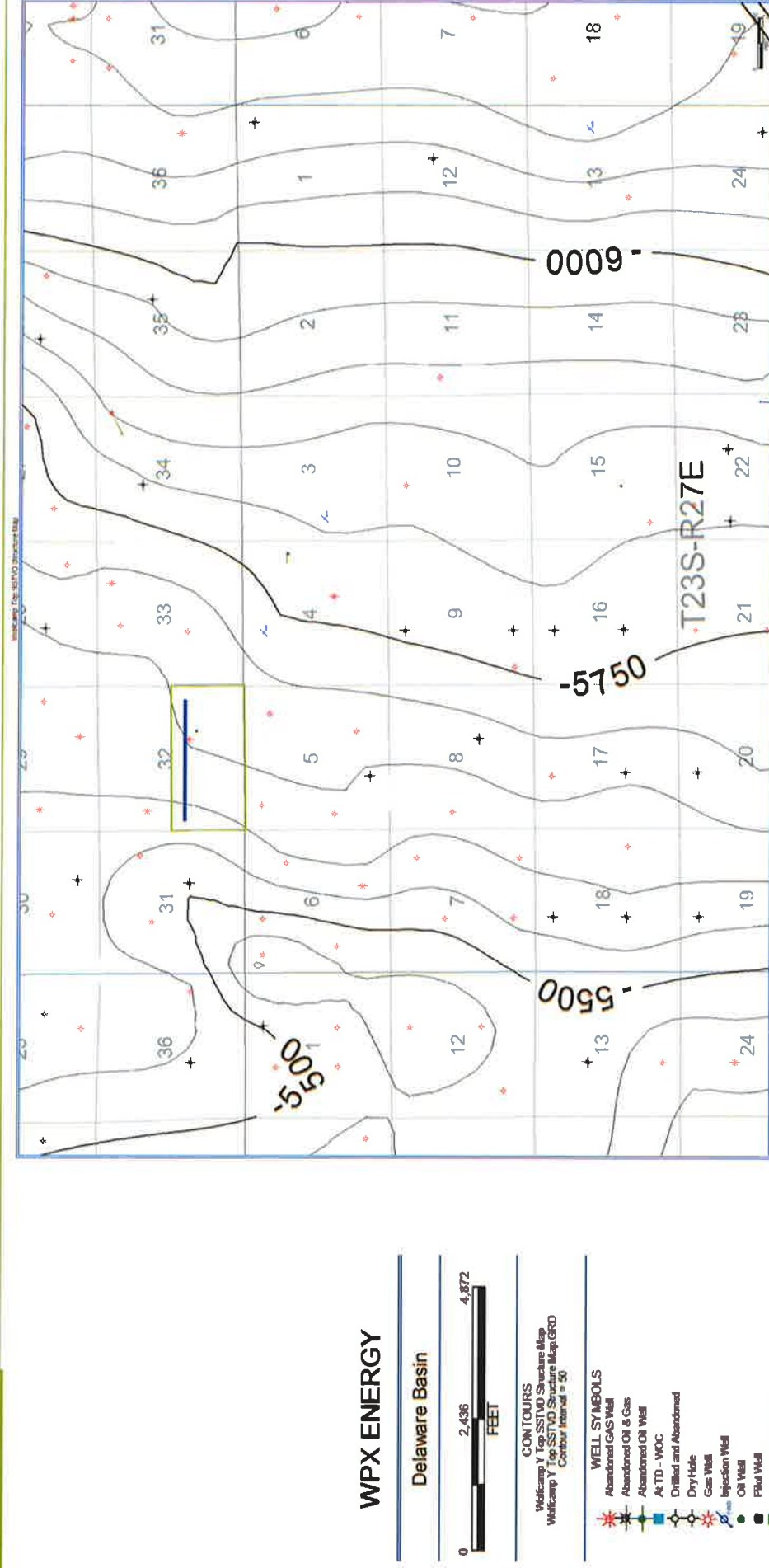
Kimberly J. Dent  
NOTARY PUBLIC

My Commission Expires:

2-23-2022



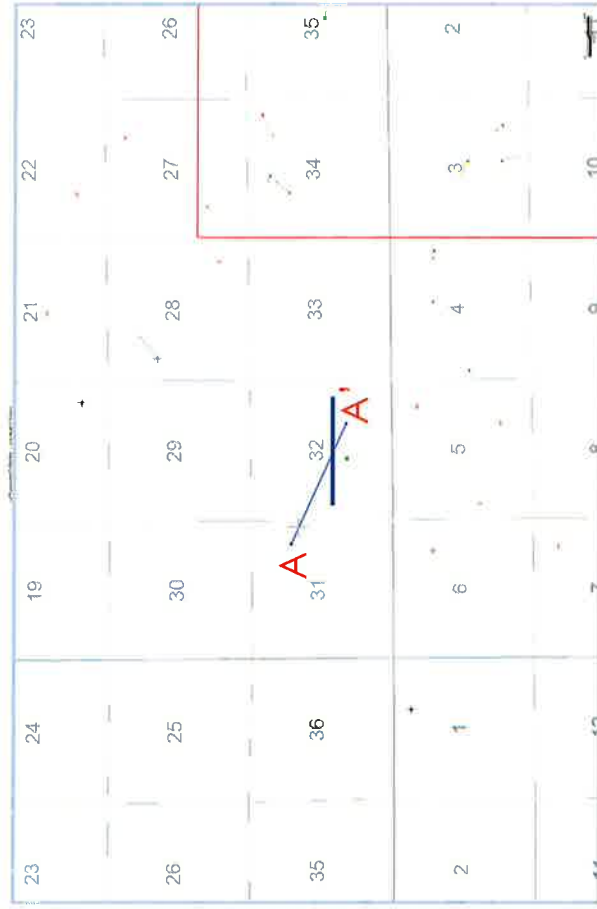
# Wolfcamp Y Top SSTVD Structure Map- Boxer 32-22-27 #401H





# Stratigraphic Cross-Section – Boxer 32-22-27 #401H

A

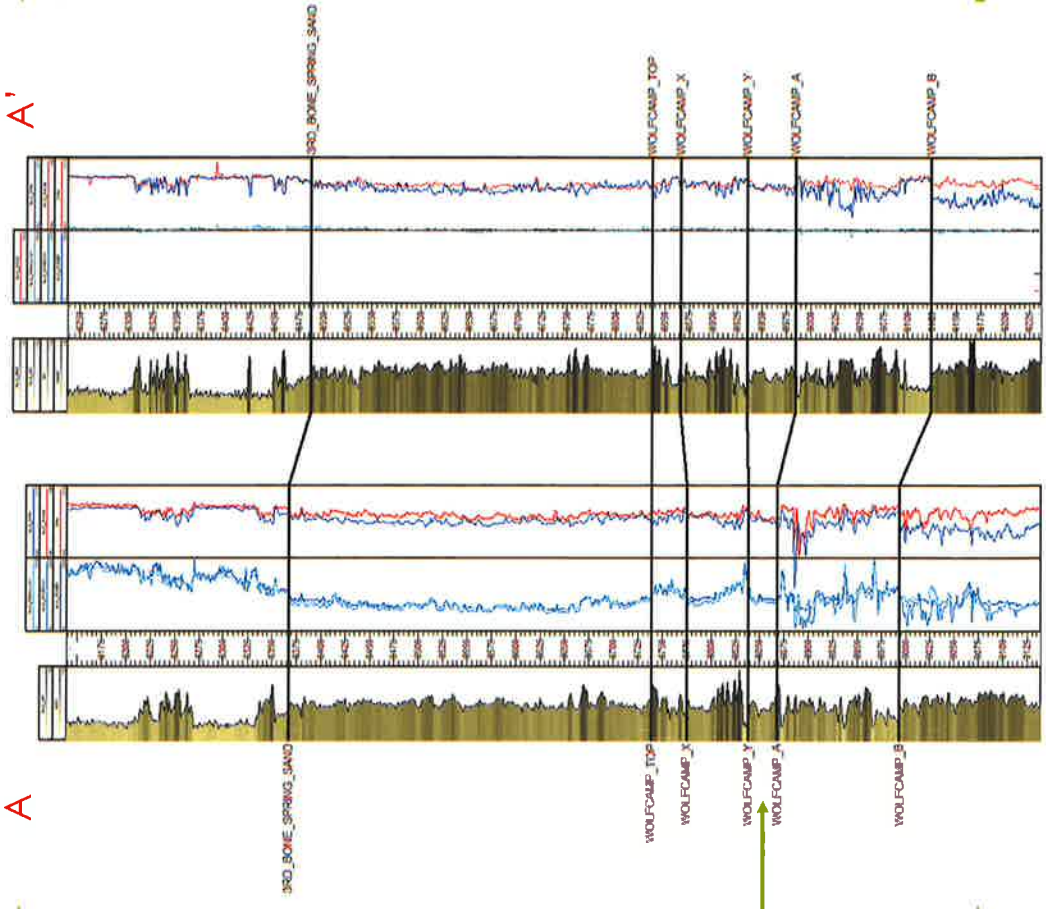


Proposed Target

A'

ALLEN COM-2  
30015327950000

CASCADE FEE 1  
30015423200000



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

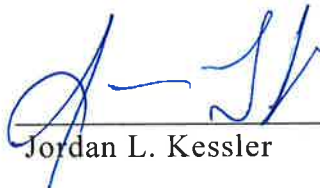
**APPLICATION OF RKI EXPLORATION AND PRODUCTION, LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 16480**

**AFFIDAVIT**

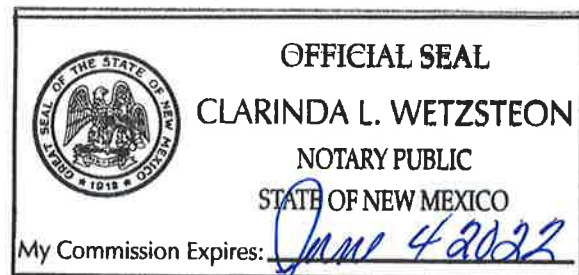
STATE OF NEW MEXICO   )  
  ) ss.  
COUNTY OF SANTA FE   )

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 Applications have been provided under the notice letters and proof of receipts attached hereto.

  
\_\_\_\_\_  
Jordan L. Kessler

SUBSCRIBED AND SWORN to before me this 14th Day of November 2018 by Jordan L. Kessler.

  
\_\_\_\_\_  
Notary Public



**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. 3**  
Submitted by: **WPX Energy**  
Hearing Date: November 15, 2018  
Case No 16480

**WPXENERGY.**

November 14, 2018

*Sent via Email*

To: [sdayhoff@yates505.com](mailto:sdayhoff@yates505.com) & [hpalomin@yates505.com](mailto:hpalomin@yates505.com)

Yates Industries  
ATTN: Shari Dayhoff  
500 West Texas, Suite 1020  
Midland, Texas 79701

Re: Request for Waiver of Notice: Case No. 16480  
Application Of RKI Exploration and Production, LLC for Compulsory Pooling, Eddy County

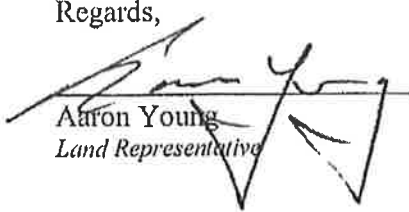
Dear Ms. Dayhoff,

In Case No. 16480, RKI Exploration and Production, LLC. ("RKI") seeks an order from the Oil Conservation Division pooling all uncommitted interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool (98220)) in the 320-acre, more or less, horizontal spacing unit comprised of the S/2 of Section 32, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. The spacing unit will be dedicated to the **Boxer 32-22-27 Fee No. 401H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) to a standard bottom hole location in in the NW/4 SW/4 (Unit L) of Section 32. The completed interval for this well will remain within the standard offset required by the Special Rules for the Purple Sage Pool set forth in Order No. R-14262.

Your company owns an interest in the proposed spacing unit. RKI respectfully requests that your company waive any right to notice of the application and hearing in front of the Oil Conservation Division pursuant to NMAC 19.15.4.12(A)(9). Please indicate your agreement to waive any right to notice by having an authorized party date and execute both copies of this letter in the spaces provided below on behalf of your company. Please return one executed copy to the attention of Aaron Young at the address listed below.

Should you have any questions, please do not hesitate to contact me directly at 539 573-3531. Thank you in advance for your prompt attention to this matter.

Regards,

  
Aaron Young  
Land Representative



Company: Yates Industries

Yates Industries hereby waives its right to notice pursuant to NMAC 19.15.4.12(A)(9) of the application and hearing for RKI's Case No. 16480 in front of the Oil Conservation Division.

✓ I waive the right to notice of the captioned Unit hearing in front of the Oil Conservation Division.

       I do not waive the right to notice of the captioned Unit hearing in front of the Oil Conservation Division.

BY:

ITS:

DATE:

*M. L. Chumbley*  
*Attorney-in-Fact*  
*11-14-18*

**Jordan L. Kessler****Associate****Phone** (505) 988-4421**Fax** (505) 983-6043

JKessler@hollandhart.com

October 12, 2018

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED****TO: POOLED PARTIES****Re: Application of RKI Exploration and Production, LLC for compulsory pooling, Eddy County, New Mexico.**  
**Boxer 32-22-27 Fee No. 401H Well**

Ladies &amp; Gentlemen:

This letter is to advise you that RKI Exploration and Production, LLC 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 1, 2018. 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 business 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@wpxenenergy.com.

Sincerely,

Jordan L. Kessler

**RKI EXPLORATION AND PRODUCTION, LLC**



## Shipment Confirmation Acceptance Notice

### A. Mailer Action

**Note to Mailer:** The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

WPX - Boxer

CM# 55449.0002 20181012

PP List

Shipment Date: 10/09/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	7
Total	7

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

### B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.  
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0010 7008 69



Firm Mailing Book For Accountable Mail

Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). <b>Postmark with Date of Receipt.</b>												
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
1. 9214 8901 9403 8373 7998 48		Marathon Oil Permian LLC 5555 San Felipe St Houston TX 77056		0.49	3.45								1.50			
2. 9214 8901 9403 8373 7998 55		Novo Oil & Gas LLC 1001 West Wiltshire Boulevard Suite 206 Oklahoma City OK 73116		0.49	3.45								1.50			
3. 9214 8901 9403 8373 7998 62		Scratch Properties LLC PO BOX 1287 Artesia NM 89211		0.49	3.45								1.50			
4. 9214 8901 9403 8373 7998 79		Tularosa Mineral Company LLC PO BOX 471349 Ft Worth TX 76147		0.49	3.45								1.50			
5. 9214 8901 9403 8373 7998 86		Streambed Holdings LLC 4455 Camp Bowie Blvd Ste 114 Box 128 Ft Worth TX 76107		0.49	3.45								1.50			
6. 9214 8901 9403 8373 7998 93		Shiller Properties LLC 320 Remuda Clovis NM 88101		0.49	3.45								1.50			
7. 9214 8901 9403 8373 7999 09		Robert L Pearson 7373 E 29th St N Apt 124 Wichita KS 67226		0.49	3.45								1.50			
Total Number of Pieces Listed by Sender 7		Total Number of Pieces Received at Post Office		Postmaster, Per (Name of receiving employee)												
PS Form 3877, April 2015 PSN 7530-02-000-9098		(Page 1 of 1)		Complete in Ink										Privacy Notice: For more information on USPS privacy policies, visit <a href="https://usps.com/privacypolicy">usps.com/privacypolicy</a> .		



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9214 8901 9403 8373 7999 09	Rober L Pearson 7373 E 29th St N Apt 124 Wichita KS 67226	Delivered Signature Received	No	
9214 8901 9403 8373 7998 93	Shiller Properties LLC 320 Remuda Clovis NM 88101	Delivered Signature Received	No	
9214 8901 9403 8373 7998 86	Streambed Holdings LLC 4455 Camp Bowie Blvd Ste 114 Box 128 Ft Worth TX 76107	Delivered Signature Received	No	
9214 8901 9403 8373 7998 79	Tularosa Mineral Company LLC PO BOX 471349 Ft Worth TX 76147	Delivered Signature Received	No	
9214 8901 9403 8373 7998 62	Scratch Properties LLC PO BOX 1287 Artesia NM 88211	Delivered Signature Received	No	
9214 8901 9403 8373 7998 55	Novo Oil & Gas LLC 1001 West Wilshire Boulevard Suite 206 Oklahoma City OK 73116	Delivered Signature Received	No	
9214 8901 9403 8373 7998 48	Marathon Oil Permian LLC 5555 San Felipe St Houston TX 77056	In-Transit	No	

20 items per page

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Mail Piece Tracking Number: **9214 8901 9403 8373 7998 48**

### Recipient

Marathon Oil Permian LLC  
5555 San Felipe St  
Houston TX 77056

Date & Time	Event	Event Location
10/17/2018 01:10	AWAITING DELIVERY SCAN	HOUSTON,TX, 77056
10/16/2018 11:10	OUT FOR DELIVERY	HOUSTON,TX, 77056
10/16/2018 11:00	SORTING/PROCESSING COMPLETE	HOUSTON,TX, 77056
10/15/2018 13:47	ARRIVAL AT UNIT	HOUSTON,TX, 77057
10/15/2018 00:42	PROCESSED THROUGH USPS FACILITY	NORTH HOUSTON,TX, 77315
10/14/2018 12:01	PROCESSED THROUGH USPS FACILITY	NORTH HOUSTON,TX, 77315
10/12/2018 21:44	DEPART USPS FACILITY	ALBUQUERQUE,NM, 87101
10/12/2018 21:27	PROCESSED THROUGH USPS FACILITY	ALBUQUERQUE,NM, 87101
10/12/2018 20:12	ORIGIN ACCEPTANCE	SANTA FE,NM, 87501
10/12/2018 15:26	SHIPMENT RECEIVED ACCEPTANCE PENDING	SANTA FE,NM, 87501
10/09/2018 15:46	PRE-SHIPMENT INFO SENT USPS AWAITS ITEM	SANTA FE,NM, 87501



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**CURRENT-ARGUS**

**AFFIDAVIT OF PUBLICATION**

**Ad No.**  
**0001266677**

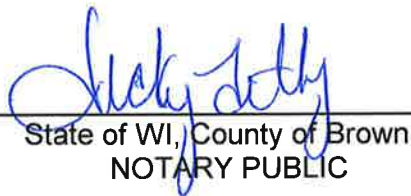
DAVID WASHINGTON  
110 NORTH GUADALUPE, SUITE 1 PO BOX 2208  
  
SANTA FE NM 87504

I, a legal clerk of the **Carlsbad Current-Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

10/30/18

  
\_\_\_\_\_  
Legal Clerk

Subscribed and sworn before me this  
30th of October 2018.

  
\_\_\_\_\_  
State of WI, County of Brown  
NOTARY PUBLIC

  
\_\_\_\_\_  
My Commission Expires

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

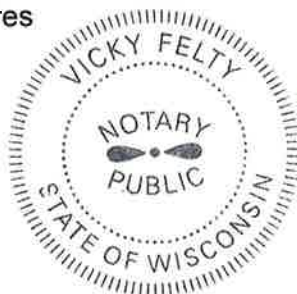
The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **November 15, 2018**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **November 5, 2018**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW MEXICO TO:  
All named parties and persons  
having any right, title, interest  
or claim in the following case  
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

**To: All overriding royalty interest owners and pooled parties, including Marathon Oil Permian, LLC; Novo Oil & Gas, LLC; Novo Oil & Gas Northern Delaware, LLC; Scratch Properties, LLC; Tularosa Mineral Company, LLC; Streambed Holdings, LLC; Shiller Properties LLC; Robert L. Pearson. his heirs and devisee Yates Industries, LLC.**

**Case No. 16480: Application of RKI Exploration and Production, LLC for compulsory pooling Eddy County, New Mexico** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool (98220)) in the 320-acre, more or less, spacing and proration unit comprised of the S/2 of Section 32, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Said unit is to be dedicated to the applicant's proposed **Boxer 32-22-27 Fee No. 401H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) to a standard bottom hole location in the NW/4 SW/4 (Unit L) of Section 32. The completed interval for this well will remain within the offset required by the Special Rules set forth in Order No. R-14262. Also to be considered will be the cost of drilling





and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of RKI Exploration and Production, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 miles southwest of Carlsbad, New Mexico.

October 30, 2018 #1266677