

Jones

RECEIVED OGD

RKI Exploration & Production, LLC

2015 JUL 27 P 3: 210 Park Avenue, Suite 700, Oklahoma City, OK 73102
405-949-2221 Fax 405-996-5772

July 21, 2015

SENT VIA U.S. CERTIFIED MAIL

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

RE: Pooling Order No. R-14016
RDX Federal Com 17-26H
E/2 Section 17-26S-30E
Eddy County, NM

Gentlemen:

Please find enclosed a copy of RKI Exploration & Production, LLC's cost estimate for its RDX Federal Com 17-26H submitted to EOG Resources, Inc., as a Pooled Working Interest Owner, in accordance with the terms and provisions of NMOCD Pooling Order No. R-14016.

Please call me at 405.987.2226 or email me at SMcCurdy@rkixp.com should you have any questions or concerns.

Sincerely,



Sam McCurdy
District Landman – Permian Basin

Encl.

RKI Exploration & Production, LLC

210 Park Avenue, Suite 900, Oklahoma City, OK 73102
405-949-2221 Fax 405-996-5772

July 21, 2015

VIA CERTIFIED MAIL

EOG Resources, Inc.
5509 Champions Drive
Midland, TX 79706

RE: Pooling Order No. R-14016
RDX Federal Com 17 26H
E/2 Section 17 T26S-R30E
Eddy County, NM

Gentlemen:

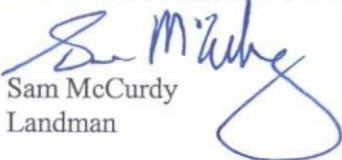
In accordance with the terms of New Mexico Oil Conservation Division Pooling Order No. R-14016, RKI Exploration & Production, LLC hereby submits the enclosed cost estimate in the form of an AFE to drill, complete and equip the following Wolfcamp well:

Well Name: RDX Federal Com 17 26H
SHL: 200' FSL & 1425' FEL
BHL: Approximately 330' FNL & 1,980' FEL
Legal: Section 17-26S-30E, Eddy County, NM
Objective: Approximately 10,670' TVD and 15,281' TMD, or a depth sufficient to test the Wolfcamp Formation
AFE CWC: \$7,070,109.00

Also, enclosed for reference is a copy of the aforementioned Pooling Order. EOG Resources, Inc. is hereby considered a Pooled Working Interest Owner thereunder. Please make an election within the timeline set forth in said Pooling Order.

Should you have any questions, please do not hesitate to contact me at 405.987.2226 or via email at smccurdy@rkixp.com.

Sincerely,
RKI EXPLORATION & PRODUCTION, LLC


Sam McCurdy
Landman

Encl.

COPY



RKI
210 Park Ave Suite #900
Oklahoma City, OK 73102
(405) 949-2221

AUTHORIZATION FOR EXPENDITURE					
Wellname:	RDX FEDERAL COM 17-26H (153525)			AFE Status:	1. Assign-Construct
Operator:	RKI EXPLORATION & PRODUCTION			AFE Number:	153525
AFE Group:	2014 - Permian	AFE Type:	Drill, Complete and Equip	AFE Date:	9/17/2014
Prospect:	Delaware Basin	Well Type:	OIL	Job Start Date:	
Q/Q/Q-S/T/R:	SW / SE / - 17 / 26S / 30E	Depth:	10,670	County, State:	EDDY, NM
Location:		Field:	ROSS DRAW	Prep. By:	K. Fischer
Surface Location:	200 ft. from S line	1425 ft. from E line			
	Long. 103° 53' 58.27"	Lat. 32° 02'08.87"	XLoc:	675763.3	YLoc: 377031
Bottom Hole Location:	330 ft. from N line	1980 ft. from E line			
	Long. 103° 54' 04.60"	Lat. 32°02'56.21"	XLoc:	675199.2	YLoc: 381812.9
Remarks:	TVD: 10,670' TMD: 15,281'				

Justification:

To drill, complete and equip a horizontal Wolfcamp well.

Account #	Cost Breakdown	Drilling	Dry Hole	Completion Cost	Workover	Total
176-100-1020	IDC - CEMENT & EQUIPMENT	\$150,000	\$150,000	\$0	\$0	\$150,000
176-100-1060	IDC - DRILLING CONDUCTOR & RATHOLE	\$20,000	\$20,000	\$0	\$0	\$20,000
176-100-1070	IDC - DRILLING MUD/CHEMICALS	\$100,000	\$100,000	\$0	\$0	\$100,000
176-100-1100	IDC - DRILLING RIG - DAYWORK	\$555,000	\$555,000	\$0	\$0	\$555,000
176-100-1160	IDC - ROAD/LOCATION	\$65,000	\$65,000	\$0	\$0	\$65,000
176-100-1180	(Do Not Use) IDC - DRILLING - MISCELLANEOUS	\$53,155	\$53,155	\$0	\$0	\$53,155
176-100-1190	IDC - DIRECTIONAL COSTS	\$337,500	\$337,500	\$0	\$0	\$337,500
176-100-1200	IDC - BOTTOM HOLE ASSEMBLY	\$204,000	\$204,000	\$0	\$0	\$204,000
176-100-1220	IDC - FUEL/POWER	\$120,000	\$120,000	\$0	\$0	\$120,000
176-100-1240	IDC - OPEN HOLE LOGGING	\$25,000	\$25,000	\$0	\$0	\$25,000
176-100-1250	IDC - LABOR/TRANSPORTATION	\$85,000	\$85,000	\$0	\$0	\$85,000
176-100-1290	IDC - INSPECTION/RECURS/REPLACE	\$65,000	\$65,000	\$0	\$0	\$65,000
176-100-1340	IDC - EQUIPMENT RENTAL	\$324,000	\$324,000	\$0	\$0	\$324,000
176-100-1350	IDC - SUPERVISION	\$75,000	\$75,000	\$0	\$0	\$75,000
176-100-1360	IDC - MUD LOGGING	\$96,000	\$96,000	\$0	\$0	\$96,000
176-100-1370	IDC - CASING CREWS	\$50,000	\$50,000	\$0	\$0	\$50,000
176-100-1430	IDC - BITS/REAMERS/STABILIZERS	\$55,000	\$55,000	\$0	\$0	\$55,000
176-100-1510	IDC - WATER/DRILLING MUD DISPOSAL	\$165,000	\$165,000	\$0	\$0	\$165,000
176-100-1570	IDC - REGULATORY	\$7,000	\$7,000	\$0	\$0	\$7,000
176-100-1590	IDC - WELDING	\$28,000	\$28,000	\$0	\$0	\$28,000
176-100-1640	IDC - SURFACE DAMAGES	\$10,000	\$10,000	\$0	\$0	\$10,000
176-100-1670	IDC - SURVEY & PERMITS	\$7,000	\$7,000	\$0	\$0	\$7,000
176-100-1700	IDC - TRUCKING	\$35,000	\$35,000	\$0	\$0	\$35,000
176-100-1730	IDC - WATER	\$72,000	\$72,000	\$0	\$0	\$72,000
176-100-2030	ICC - CASSED HOLE LOGS	\$0	\$0	\$25,000	\$0	\$25,000
176-100-2040	ICC - CASING CREW-PRODUCTION CASING	\$0	\$0	\$25,000	\$0	\$25,000
176-100-2050	ICC - CEMENT & CEMENT SERVICES	\$0	\$0	\$65,000	\$0	\$65,000
176-100-2090	ICC - FRAC TANK RENTAL	\$0	\$0	\$32,000	\$0	\$32,000
176-100-2140	ICC - FRAC WATER TRANSFER	\$0	\$0	\$250,000	\$0	\$250,000
176-100-2150	ICC - FRAC WATER	\$0	\$0	\$50,000	\$0	\$50,000
176-100-2170	ICC - DRILLING RIG - DAYWORK	\$0	\$0	\$18,500	\$0	\$18,500
176-100-2270	ICC - PITS/ROAD/LOCATION/DOZER	\$0	\$0	\$15,000	\$0	\$15,000
176-100-2310	ICC - BITS/STABILIZERS/MILLS	\$0	\$0	\$2,500	\$0	\$2,500
176-100-2320	ICC - COIL TUBING/TOOLS	\$0	\$0	\$90,000	\$0	\$90,000

176-100-2360	ICC - PERFORATING	\$0	\$0	\$125,000	\$0	\$125,000
176-100-2370	ICC - BOP, ROTATING HEAD, ETC.	\$0	\$0	\$35,000	\$0	\$35,000
176-100-2380	ICC - PUMP TRUCK	\$0	\$0	\$50,000	\$0	\$50,000
176-100-2390	ICC - RENTAL OF EQUIPMENT	\$0	\$0	\$450,000	\$0	\$450,000
176-100-2430	ICC - TREATMENT (FRACTURING)	\$0	\$0	\$1,300,000	\$0	\$1,300,000
176-100-2440	ICC - TRUCKING	\$0	\$0	\$35,000	\$0	\$35,000
176-100-2450	ICC - FLOWBACK EQUIPMENT	\$0	\$0	\$50,000	\$0	\$50,000
176-100-2470	ICC - ROUSTABOUTS	\$0	\$0	\$75,000	\$0	\$75,000
176-100-2510	ICC - SUPERVISION	\$0	\$0	\$75,000	\$0	\$75,000
176-100-2520	ICC - WATER/DRILLING MUD DISPOSAL	\$0	\$0	\$50,000	\$0	\$50,000
176-100-2530	ICC - COMPLETION RIG	\$0	\$0	\$55,000	\$0	\$55,000
176-100-2590	ICC - WELDING &/OR CONTRACT LABOR	\$0	\$0	\$22,000	\$0	\$22,000
176-100-2630	ICC - MISCELLANEOUS EXPENSE	\$0	\$0	\$45,345	\$0	\$45,345
176-100-6120	IDC FAC-LOCATION/PADS/ROAD	\$0	\$0	\$7,000	\$0	\$7,000
176-100-6140	IDC FAC-RENTAL EQUIPMENT	\$0	\$0	\$9,200	\$0	\$9,200
176-100-6150	IDC FAC-ROW/PAD DAMAGES	\$0	\$0	\$3,500	\$0	\$3,500
176-100-6220	IDC FAC-BACKHOE	\$0	\$0	\$7,500	\$0	\$7,500
176-100-6230	IDC FAC-CRANE	\$0	\$0	\$7,500	\$0	\$7,500
176-100-6250	IDC FAC-GPS AS BUILT	\$0	\$0	\$2,000	\$0	\$2,000
INTANGIBLE DEVELOPMENT		\$2,703,655	\$2,703,655	\$2,977,045	\$0	\$5,680,700
174-100-1890	TDC - CASING HEAD	\$45,000	\$45,000	\$0	\$0	\$45,000
174-100-1900	TDC - SURFACE CASING	\$37,500	\$37,500	\$0	\$0	\$37,500
174-100-1910	TDC - INTERMEDIATE CASING	\$262,260	\$262,260	\$0	\$0	\$262,260
174-100-2690	TCC - DOWNHOLE PUMP (Do Not Use)	\$0	\$0	\$150,000	\$0	\$150,000
174-100-2770	TCC - PRODUCTION CASING - NEW	\$0	\$0	\$305,620	\$0	\$305,620
174-100-2790	TCC - PRODUCTION TUBING - NEW	\$0	\$0	\$65,930	\$0	\$65,930
174-100-2910	TCC - TUBING HEAD & VALVES FOR TREE	\$0	\$0	\$75,000	\$0	\$75,000
174-100-6010	TANG FAC - BUILDING	\$0	\$0	\$1,500	\$0	\$1,500
174-100-6020	TANG FAC-CIRCULATING/TRANSFER PUMPS	\$0	\$0	\$10,000	\$0	\$10,000
174-100-6030	TANG FAC-CHEMICAL TANKS/PUMPS	\$0	\$0	\$5,800	\$0	\$5,800
174-100-6040	TANG FAC - COMBUSTER/FLARE	\$0	\$0	\$6,500	\$0	\$6,500
174-100-6050	TANG FAC-CONTAINMENT/TANK PADS	\$0	\$0	\$50,000	\$0	\$50,000
174-100-6060	TANG FAC-FLOWLINES	\$0	\$0	\$20,000	\$0	\$20,000
174-100-6080	TANG FAC-I&E MATERIAL	\$0	\$0	\$35,000	\$0	\$35,000
174-100-6130	TANG FAC-PIPE/VALVES/FITTINGS	\$0	\$0	\$71,000	\$0	\$71,000
174-100-6180	TANG FAC-TANKS/WALKWAYS	\$0	\$0	\$75,000	\$0	\$75,000
174-100-6200	TANG FAC-MISCELLANEOUS SUPPLIES	\$0	\$0	\$4,000	\$0	\$4,000
174-100-6210	TANG FAC-SUPERVISION	\$0	\$0	\$6,500	\$0	\$6,500
174-100-6220	TANG FAC- HHS SKID PACKAGE	\$0	\$0	\$90,000	\$0	\$90,000
174-100-6240	TANG FAC-ELECTRICIAN/AUTOMATION	\$0	\$0	\$13,000	\$0	\$13,000
174-100-6270	TANG FAC-ROUSTABOUT	\$0	\$0	\$30,000	\$0	\$30,000
174-100-6280	TANG FAC-TANK STRAPPING	\$0	\$0	\$3,000	\$0	\$3,000
174-100-6290	TANG FAC-TRUCKING	\$0	\$0	\$5,000	\$0	\$5,000
174-100-6300	TANG FAC-WELDERS	\$0	\$0	\$8,800	\$0	\$8,800
174-100-6310	TANG FAC-MISCELLANEOUS LABOR	\$0	\$0	\$13,000	\$0	\$13,000
TANGIBLE DEVELOPMENT		\$344,760	\$344,760	\$1,044,650	\$0	\$1,389,410
Totals					\$0	\$7,070,109

Approved by:

VP of Operations:

Brent Umerham

Date:

Non-Operator:

Date: