

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

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised August 1, 2011

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

WELL API NO. 30-015-40836
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 303271
7. Lease Name or Unit Agreement Name PINNACLE
8. Well Number 35H
9. OGRID Number 246289
10. Pool name or Wildcat South Culebra Bluff; Bone Spring, South

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

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
RKI EXPLORATION & PRODUCTION, LLC.

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

4. Well Location
 Unit Letter B 200 feet from the North line and 1819 feet from the East line
 Section 36 Township 22 S. Range 28 E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

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

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

RKI Exploration & Production, LLC. Proposes to construct a 250' x 250' frac pit and a 150' x 100' road turnaround.

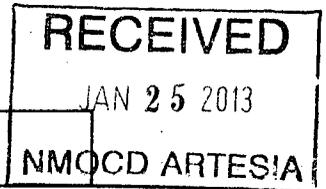
The frac pit will be located in Unit Letter D of section 36, T. 22 S., R. 28 E. so as to serve all the horizontal wells across the north half of this state section as well as the BLM section 35. The Pinnacle State 35H will be the first well to be served.

Attached is the fresh water analysis report for the water to be used in the frac pit and survey plats of the pits size & location. Construction will begin as soon as notification that Sundry has been approved.

Pit # 213860

Spud Date:

Rig Release Date:



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

SIGNATURE Barry W. Hunt TITLE Permit Agent DATE 1/23/13
 Type or print name BARRY W. HUNT E-mail address:
specialtpermitting@gmail.com PHONE: (575) 361-4078

For State Use Only

APPROVED BY: Signed By Mike Brannon TITLE _____ DATE JAN 29 2013
 Conditions of Approval (if any):

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Conditions of Approval For Fresh Water Containment Pit

RKI E&P, LLC * Pinnacle 35H * 30-015-40836 * B-36-22s-28e * Eddy County, NM

- Lined pit permitted for fresh water only. Any deviation must be approved by NMOCD
- Operator is responsible for surface owner notification/approval for additional land usage.

Pit approval date: 1/29/13

Per C-103 – pit will be located in unit letter D-36-22s-28e

HALLIBURTON

PERMAIN BASIN OPERATIONS LABORATORY
 WATER ANALYSIS REPORT
 HOBBS, NEW MEXICO

COMPANY: RKI
 LEASE: _____

REPORT W13-001
 DATE January 13, 2013
 DISTRICT Hobbs

SUBMITTED BY _____

TANK
 SAMPLE

	_____	_____	_____	_____	_____
Sample Temp.	<u>70</u> °F	_____ °F	_____ °F	_____ °F	_____ °F
RESISTIVITY	_____	_____	_____	_____	_____
SPECIFIC GR.	<u>1.005</u>	_____	_____	_____	_____
pH	<u>7.96</u>	_____	_____	_____	_____
CALCIUM	<u>250</u> mpl	_____ mpl	_____ mpl	_____ mpl	_____ mpl
MAGNESIUM	<u>150</u> mpl	_____ mpl	_____ mpl	_____ mpl	_____ mpl
CHLORIDE	<u>2312</u> mpl	_____ mpl	_____ mpl	_____ mpl	_____ mpl
SULFATES	<u><400</u> mpl	_____ mpl	_____ mpl	_____ mpl	_____ mpl
BICARBONATES	<u>189</u> mpl	_____ mpl	_____ mpl	_____ mpl	_____ mpl
SOLUBLE IRON	<u>0</u> mpl	_____ mpl	_____ mpl	_____ mpl	_____ mpl
KCL	<u>none</u>	_____	_____	_____	_____
Sodium	_____ mpl	_____ mpl	_____ mpl	_____ mpl	_____ mpl
TDS	_____ mpl	_____ mpl	_____ mpl	_____ mpl	_____ mpl
OIL GRAVITY	_____ @ 60°F	_____ @ 60°F	_____ @ 60°F	_____ @ 60°F	_____ @ 60°F

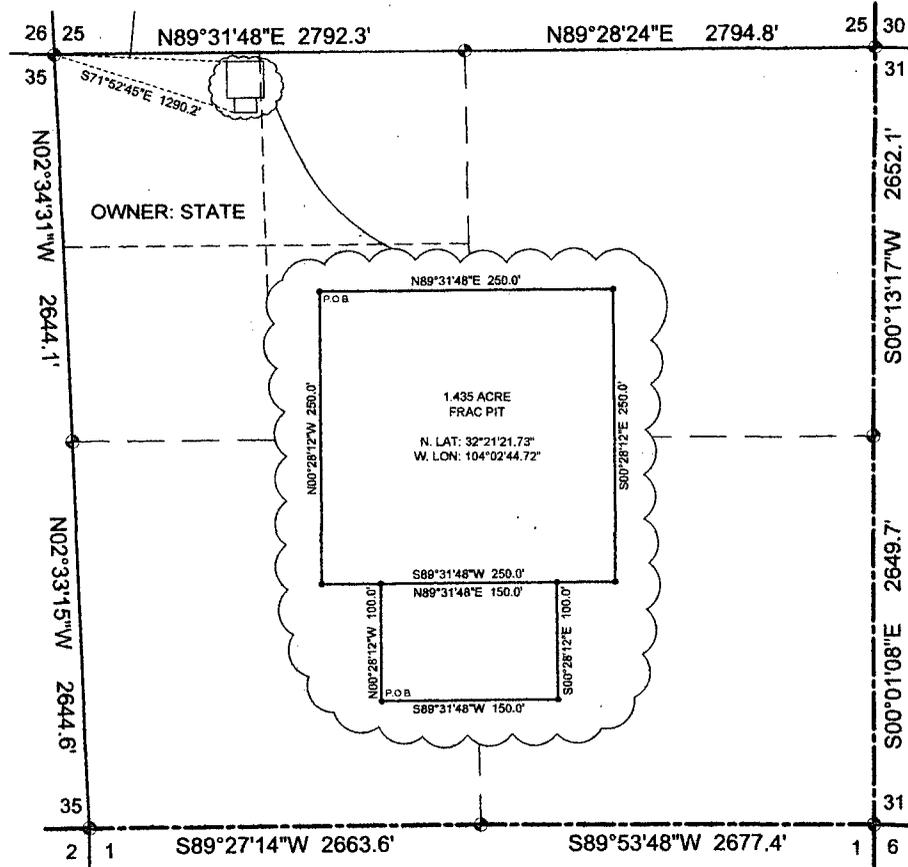
REMARKS Gel Stability WG-18 R(21) 0mins-R(21) 60mins R(21)

MPL = Milligrams per liter
 Resistivity measured in: Ohm/m2/m

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management: it may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Co.

ANALYST: SB

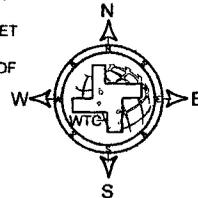
SECTION 36, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY CO., NM.



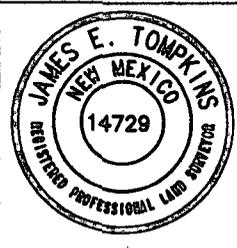
- = 1/2" REBAR W/RED PLASTIC CAP
- ⊕ = FND. USGS BRASS CAP

DESCRIPTION OF A PROPOSED FRAC PIT TOTALING 1.435 ACRES, SITUATED IN SECTION 36, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS; BEGINNING AT A 1/2" REBAR SET WITH A RED PLASTIC CAP MARKED "TX 1985 NM 14729" (RPC) FOR THE NORTHWEST CORNER OF SAID 1.435 ACRES, FROM WHICH A USGS BRASS CAP FOUND FOR THE COMMON CORNER OF SECTIONS 25-26-35-36, T22S, R28E, BEARS N. 87°28'37"W., 1174.5 FEET; THENCE N.89°31'48"E., 250.0 FEET TO AN RPC SET FOR THE NORTHEAST CORNER; THENCE S.00°28'12"E. 250.0 FEET TO AN RPC SET FOR THE SOUTHEAST CORNER; THENCE S.89°31'48"W., 250.0 FEET TO AN RPC SET FOR THE SOUTHWEST CORNER; THENCE N.00°28'12"W., 250.0 FEET TO THE POINT OF BEGINNING; CONTAINING 1.435 ACRES OF LAND AND DIVIDED BY FORTIES AS FOLLOWS.
 NE4/NW4 = 0.127 AC., NW4/NW4 = 1.308 AC.

DESCRIPTION OF A PROPOSED 150.0 FEET BY 150.0 FEET TURNING AREA, SITUATED IN SECTION 36, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS; BEGINNING AT A 1/2" REBAR SET WITH A RED PLASTIC CAP MARKED "TX 1985 NM 14729" (RPC) FOR THE SOUTHWEST CORNER OF SAID 150.0 BY 150.0 FEET TURNING AREA, FROM WHICH A USGS BRASS CAP FOUND FOR THE COMMON CORNER OF SECTIONS 25-26-35-36, T22S, R28E, BEARS N. 71°52'45"W., 1290.2 FEET; THENCE N.00°28'12"W., 100.0 FEET TO AN RPC SET FOR THE NORTHWEST CORNER; THENCE N.89°31'48"E. 150.0 FEET TO AN RPC SET FOR THE NORTHEAST CORNER; THENCE S.00°28'12"E., 100.0 FEET TO AN RPC SET FOR THE SOUTHEAST CORNER; THENCE S.89°31'48"W., 150.0 FEET TO THE POINT OF BEGINNING; CONTAINING 0.344 ACRES OF LAND AND DIVIDED BY FORTIES AS FOLLOWS.
 NW4/NW4 = 0.344 AC.



- NOTE:
1. BASIS OF BEARING IS A TRANSVERSE MERCATOR PROJECTION OF THE NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE, NAD 83, BASED ON NGS STATION "LOVING", AND DISTANCES ARE OF GRID VALUE.
 2. LATITUDE AND LONGITUDE SHOWN IS THE CENTER OF THE FRAC PIT.



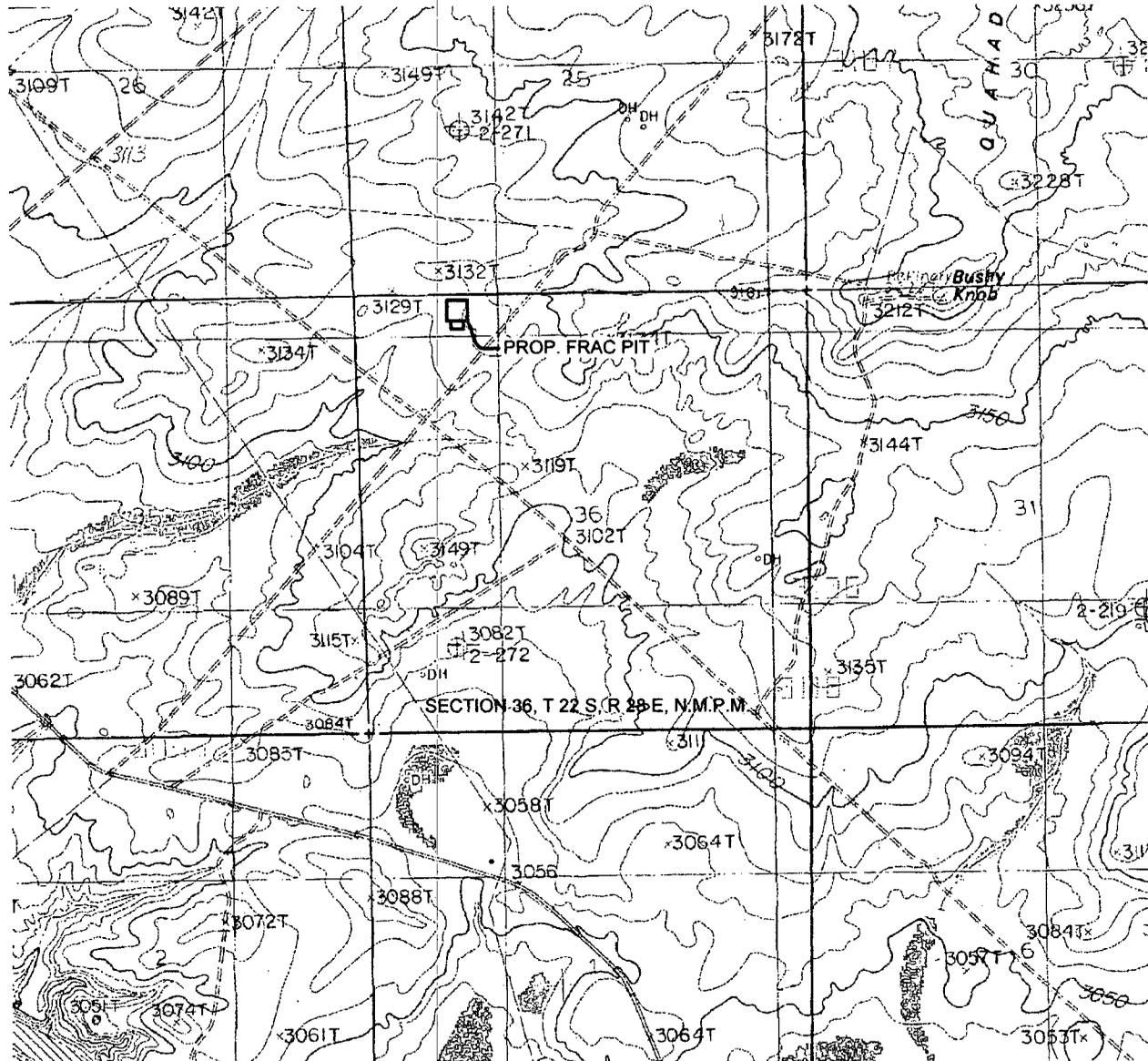
I, JAMES E. TOMPKINS, NEW MEXICO PROFESSIONAL SURVEYOR NO. 14729, DO HEREBY CERTIFY THAT THIS PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

James E. Tompkins 12/26/2012
 JAMES E. TOMPKINS, N.M. P.L.S. No. 14729
 SURVEY DATE: 12/10/2012 DRAFT GMY
 JOB NO.: 48548 SHEET: 1 OF 1

RKI EXPLORATION & PRODUCTION
 PROPOSED FRAC PIT AND TURN AREA
 SECTION 36, T22S, R28E, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

WTC
 West Texas Consultants, Inc.
 ENGINEERS PLANNERS SURVEYORS
 400 S.W. 1st Street
 Andrews, TX 79714
 (432) 523-2181

LOCATION VERIFICATION MAP



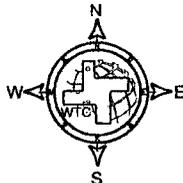
SCALE: 1" = 2000'

SECTION 36, T 22 S, R 28 E, N.M.P.M.

COUNTY: EDDY STATE: NM

DESCRIPTION: FRAC PIT

OPERATOR: RKI EXPLORATION & PRODUCTION



DRIVING DIRECTIONS:

From the intersection of New Mexico State Highway 31 & County Road 605 (US Refinery Road). Go North on County Road 605 for 2.3 miles to lease road right. Go right 1.3 miles and turn left and the pit is on the left ±400 feet.



WEST TEXAS CONSULTANTS, INC.
ENGINEERS PLANNERS SURVEYORS
405 S.W. 1st STREET
ANDREWS, TEXAS 79714
(432) 523-2181

RKI EXPLORATION & PRODUCTION

JOB No.: WTC48820

