

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTRECEIVED
OCD Artesia

JAN 30 2013

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*5. Lease Serial No.
NMNM91078

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
LONGVIEW FEDERAL 12 149. API Well No.
30-015-3915910. Field and Pool, or Exploratory
S.CULEBRA BLUFF-BONE SPRG11. County or Parish, and State
EDDY COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
RKI EXPLORATION & PRODUCTIONContact: CHARLES K AHN
E-Mail: cahn@rkixp.com3a. Address
210 PARK AVENUE, SUITE 900
OKLAHOMA CITY, OK 731023b. Phone No. (include area code)
Ph: 405-996-5771
Fx: 405-996-57724. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 12 T23S R28E NENE 560FNL 730FEL**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☒ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☐ Other

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

The existing well bore of Longview Federal 12-14 well is currently completed in the first Bone Spring formation (7,414 feet to 7,447 feet). RKI intends to perforate and complete within the Delaware Sands (approximately 5,958 feet to 6,462 feet) by January of 2013 and will immediately conduct production tests on that zone. The vertical extents of separation between completions in the subject formations is within 150 percent from the top of the upper interval to the bottom of the lower interval so crossflow is not anticipated. RKI will provide pressure data as it is available from any additional testing that may be conducted. Monthly well tests will be conducted and the wells may be separately metered in the future. Production from these pools is mature and predictable in the subject area. In summary, RKI intends to commingle both zones referenced above.

Ownership of the Longview Federal property is individually owned by the applicant or its wholly owned subsidiaries.

Accepted for record
NMOCD
SUBJECT TO LIKE
APPROVAL BY STATE
7/31/2013SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #187883 verified by the BLM Well Information System
For RKI EXPLORATION & PRODUCTION, sent to the Carlsbad

Accepted for record

NMOCD
7/31/2013

Name (Printed/Typed) CHARLES K AHN

Title EH&S/REGULATORY MANAGER

Signature (Electronic Submission)

Date 01/22/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

JAN 23 2013

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Approved By _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #187883 that would not fit on the form

32. Additional remarks, continued

The surface is owned by the U.S. Bureau of Land Management and royalties to the federal government will not be reduced as a result of this commingling.



SOS Consulting, LLC

June 15, 2012

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

Attn: Ms. Jami Bailey, Director

Re: Application of RKI Exploration & Production, LLC to downhole commingle production in its Longview '12' Federal Well No. 14 from the South Culebra Bluff Bone Spring and East Herradura Bend Delaware pools.

Dear Ms. Bailey,

Please find enclosed the above-referenced application(s) for downhole commingling on Form C-107A and all supporting data.

RKI Exploration & Production seeks to continually optimize efficiency, both economically and operationally, of its operations. Approval of this application is consistent with that goal as well as the NMOCD's mission of preventing waste and protection of correlative rights.

The Longview Federal properties are individually owned by the applicant or its wholly owned subsidiaries. The surface is owned by the U.S. Department of the Interior, Bureau of Land Management. Royalties to the state or federal government will not be reduced as a result of this commingling. A copy of this application has been furnished to the Bureau of Land Management, Carlsbad office.

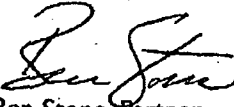
The existing wellbore of the subject well is currently completed in the Bone Spring formation and RKI intends to perforate and complete the Delaware portion within the next 12 months and will immediately conduct production tests on that zone. The vertical extents of separation between completions in the subject formations is well within the 150-percent guideline however, RKI will provide pressure data as it is available from any additional testing that may be conducted. Monthly well tests will be conducted and the well may be separately metered in the future.

In the future, RKI further intends to apply for pre-approval for downhole commingling of production from additional Pinnacle wells from the East Herradura Bend Delaware and South Culebra Bluff Bone Spring pools. Production from these pools is mature and predictable in the subject area. Such pre-approval would also lend towards increased efficiencies for RKI as well as the NMOCD. This individual well application will be included as the initial dataset for a pre-approved downhole pool combination application. Due diligence for that effort is ongoing and all data in support of such application will be provided including notification to all operators with ownership in the subject pools.

Finally, RKI will provide recommended fixed allocation percentages for these wells after analysis of the data obtained from upcoming production tests.

I respectfully request that the processing of these applications proceed swiftly and if you or your staff requires additional information or has any questions, please do not hesitate to call or email me.

Best regards,

A handwritten signature in black ink, appearing to read "Ben Stone", written in a cursive style.

Ben Stone, Partner
SOS Consulting, LLC
Agent for RKI E&P

Cc: Bureau of Land Management - Carlsbad Office
Application file

APPLICATION FOR DOWNHOLE COMMINGLING

☒ Yes ☐ No

RKI Exploration & Production, LLC

3817 NW Expressway, Suite 950, Oklahoma City, OK 73112

Operator

Address

Longview '12' Federal Well No.14

UL 'A', Section 12, Twp 23 South, Rng 28 East

Eddy County

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 246289 Property Code 38684 API No. 30 - 015 - 39159 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	East Herradura Bend; Delaware		South Culebra Bluff; Bone Spring
Pool Code	30670		15011
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	~5950' - ~6265' Perf		7414' - 7447' Perf
Method of Production (Flowing or Artificial Lift)	Artificial lift		Artificial lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			Not required per 150% rule
Oil Gravity or Gas BTU (Degree API or Gas BTU)	New zone (inferred data) Oil ~42.5; Gas ~1215		Oil ~42.5; Gas ~1250
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Estimates inferred Rates: (data attached)	Date: Rates:	Date: 11/30/2011 Rates: 92 o / 349 g / 488 w Per month
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas TBD % TBD %	Oil Gas % %	Oil Gas TBD % TBD %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

6/19/12 DATE IN	SUSPENSE	Jones, W ENGINEER	6/19/12 LOGGED IN	DHC TYPE	PJD01217130042 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE.

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____

06R1D 246289
 API 30-015-34159
 Well No Longview 12 Federal
 Located A 12 23S 28E

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- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☒ Does Not Apply
- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

- [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ben Stone, SOS Consulting

Print or Type Name

Signature

Ben Stone

Agent for RKI E&P

Title

6/15/12

Date

ben@sosconsulting.us

e-mail Address

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



Administrative Order DHC-4578

Order Date: 7/10/2012

Application Reference Number: pJDO1217130042

RKI EXPLORATION & PRODUCTION, LLC
3817 NW EXPRESSWAY, SUITE 950
OKLAHOMA CITY, OK 73112

Attention: Ben Stone

LONGVIEW 12 FEDERAL Well No. 014
API No: 30-015-39159
Unit A, Section 12, Township 23 South, Range 28 East, NMPM
Eddy County, New Mexico

Pool:	CULEBRA BLUFF; BONE SPRING, SOUTH	Oil 15011
Names:	HERRADURA BEND; DELAWARE, EAST	Oil 30670

Reference is made to your recent application for an exception to 19.15.12.9A NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.


It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A NMAC, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

The production allocation percentages of oil and gas between these pools shall be supplied to the Division's Santa Fe office within 60 days following completion of this well or workover.

REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.

Pursuant to 19.15.12.11B NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



JAMI BAILEY
Director

JB/wvj

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad

**Longview Federal 12 14
30-015-39159
RKI Exploration & Production
January 23, 2013
Conditions of Approval**

- 1. Surface disturbance beyond the existing pad must have prior approval.**
- 2. Closed loop system required.**
- 3. Operator to have H2S monitoring on location as H2S is always a potential hazard.**
- 4. A minimum of a 5M BOP is required and must be tested prior to beginning work.**
- 5. Operator shall perform a production test on the Delaware prior to commingling.**
- 6. Subsequent sundry and completion report required. Completion report shall show production from each formation.**

JAM 012313