

*Will cannot be spud until new bonding requirements are met*

**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) 748-8720

**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-101  
August 1, 2011  
Permit 263375

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

|  |  |                               |
|--|--|-------------------------------|
| 1. Operator Name and Address<br>RKI EXPLORATION & PRODUCTION, LLC<br>3500 One Williams Center<br>Tulsa, OK 74172 |  | 2. OGRID Number<br>246289     |
|  |  | 3. API Number<br>30-015-45744 |
| 4. Property Code<br>325000   | 5. Property Name<br>SHEPHERD 3 2 23 27 FEE | 6. Well No.<br>401H           |

**7. Surface Location**

|               |              |                 |              |         |                   |               |                   |               |                |
|---------------|--------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|----------------|
| UL - Lot<br>L | Section<br>3 | Township<br>23S | Range<br>27E | Lot Idn | Feet From<br>2361 | N/S Line<br>S | Feet From<br>1195 | E/W Line<br>W | County<br>Eddy |
|---------------|--------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|----------------|

**8. Proposed Bottom Hole Location**

|               |              |                 |              |              |                   |               |                  |               |                |
|---------------|--------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot<br>H | Section<br>2 | Township<br>23S | Range<br>27E | Lot Idn<br>H | Feet From<br>2122 | N/S Line<br>N | Feet From<br>230 | E/W Line<br>E | County<br>Eddy |
|---------------|--------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|

**9. Pool Information**

|                            |       |
|----------------------------|-------|
| PURPLE SAGE;WOLFCAMP (GAS) | 98220 |
|----------------------------|-------|

**Additional Well Information**

|                           |                             |  |                           |                                    |
|---------------------------|-----------------------------|--|---------------------------|------------------------------------|
| 11. Work Type<br>New Well | 12. Well Type<br>GAS        | 13. Cable/Rotary                       | 14. Lease Type<br>Private | 15. Ground Level Elevation<br>3112 |
| 16. Multiple<br>N         | 17. Proposed Depth<br>19170 | 18. Formation<br>Wolfcamp              | 19. Contractor            | 20. Spud Date<br>3/22/2019         |
| Depth to Ground water     |                             | Distance from nearest fresh water well |                           | Distance to nearest surface water  |

☒ We will be using a closed-loop system in lieu of lined pits

**21. Proposed Casing and Cement Program**

| Type | Hole Size | Casing Size | Casing Weight/lb | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5      | 13.375      | 54.5             | 396           | 440             | 0             |
| Int1 | 12.25     | 9.625       | 40               | 2115          | 513             | 0             |
| Int2 | 8.75      | 7           | 29               | 9503          | 804             | 0             |
| Prod | 6.125     | 4.5         | 13.5             | 19170         | 1153            | 8253          |

**Casing/Cement Program: Additional Comments**

|  |
|--|
|  |
|--|

**22. Proposed Blowout Prevention Program**

| Type    | Working Pressure | Test Pressure | Manufacturer |
|---------|------------------|---------------|--------------|
| Annular | 5000             | 1500          | CAMERON      |
| Pipe    | 10000            | 5000          | CAMERON      |
| Pipe    | 10000            | 5000          | CAMERON      |
| Blind   | 10000            | 5000          | CAMERON      |

|  |                             |                                  |  |
|--|-----------------------------|----------------------------------|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. |                             | <b>OIL CONSERVATION DIVISION</b> |  |
| Signature:   |                             |                                  |  |
| Printed Name: Electronically filed by Roxana M Day   | Approved By: Raymond Podany |                                  |  |
| Title:   | Title: Geologist            |                                  |  |
| Email Address: roxana.day@wpenergy.com   | Approved Date: 2/20/2019    | Expiration Date: 2/20/2021       |  |
| Date: 2/12/2019  | Phone: 539-573-5278         | Conditions of Approval Attached  |  |

## Klein, Ranell, EMNRD

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**From:** Klein, Ranell, EMNRD  
**Sent:** Thursday, February 21, 2019 9:15 AM  
**To:** Walker, Josh; Rader, Larry  
**Subject:** Shepher 3 2 23 27 Fee #401H  
**Attachments:** RKI Shepher 3 2 23 27 Fee #401H.pdf

Good morning!

Ray approved this APD on February 20, 2019. This APD should not have been approved, as RKI has not met the new financial assurance requirement that went into effect on January 15, 2019. I have made a copy of the top page of the approved APD and written a note on the top of the page that "well cannot be spud until financial assurance requirements are met" and will have that and this email scanned into the well file. I do have an email from Josh saying that the new bond had been overnighted to Santa Fe, but to date our records have not been updated.

Thank you!

*Rusty Klein*

*Business Operations Specialist – A*

*NMCCD – Division 2*

*811 South First Street*

*Artesia, NM 88210*

*575-748-1283 – ext. 109*