Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMNM54290

6 If Indian, Allottee or Tribe Name

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

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No
NORTH BRUSHY DRAW FED 35 1H

2. Name of Operator
RKI EXPLORATION & PROD LLC
Contact: BILL AUBREY
E-Mail: baubrey@rkixp.com
[246289]

9. API Well No
30015-39753

3a Address
3817 NW EXPRESSWAY SUITE 950
OKLAHOMA CITY, OK 73112

3b Phone No (include area code)
Ph: 405-996-5750

10. Field and Pool, or Exploratory
CORRAL CANYON

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 35 T25S R29E NWNE Lot B 0330FNL 1980FEL

11. County or Parish, and State
EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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

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 recomplete 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 recompletion 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)

RECEIVED
DEC 09 2011
NMOCD ARTESIA

RKI Exploration and Production request permission to modify the drilling program for the North Brushy Draw Federal 35-1H. Listed below are the proposed changes.

Remove the 7" 26# N-80 0-8663' and the 4-1/2" 11.6# HCP-110 7663' to 12687' and replace with a string of 5-1/2" 17# HCP-110 0-12687'.

Cementing changes are as follows:
Stage 1: 1,350 sx PVL with 30% PF151, .5% PF174, .25 pps PF46, .5% PF79, 1% PF13, .4% PF112 mixed at 13.0 ppg (1.80 cf/sk).
Stage 2: 250 sx 35:65 Poz ?C? with 5% PF44, 6% PF20, .2% PF13, .25 pps PF46, .25 pps PF29 mixed at 12.6 ppg (2.04 cf/sk) followed by 100 sx ?C? with .3% PF13 mixed at 14.8 ppg (1.33 cf/sk). DV tool at approximately 5000?

Accepted for record
NMOCD
12/9/2011

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

Electronic Submission #124297 verified by the BLM Well Information System
For RKI EXPLORATION & PROD LLC, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH MCKINNEY on 11/30/2011 (12DLM0249SE)

Name *(Printed/Typed)* BILL AUBREY — Title OPERATIONS

Signature (Electronic Submission) — Date 11/29/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By CHRISTOPHER WALLS — Title PETROLEUM ENGINEER — Date 12/05/2011

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.

Office Carlsbad

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

RKI EXPLORATION & PRODUCTION, LLC.

North Brushy Draw Federal 35-1H
Surface Location: 330' FNL & 1,980' FEL
Bottom Hole Location: 330' FSL & 1,650' FEL
35-25S-29E
Eddy County, TX

1. The elevation of the unprepared ground is 3,021' feet above sea level.

2. The geologic name of the surface formation is Quaternary - Alluvium.

3. A rotary rig will be utilized to drill the well to 12,687' MD (8,300' TVD) and run casing. This equipment will then be rigged down and the well will be completed with a workover rig.

4. Proposed total depth is 12,687' MD, 8,300' TVD.

5. Estimated tops of important geologic markers:

Rustler	800'
Salado	1,100'
Castile	1,450'
Lamar Lime	3,500'
Delaware Top	3,560'
Bell Canyon Sand	3,560'
Cherry Canyon Sand	4,630'
Brushy Canyon Sand	5,675'
KOP	7,663'
Bone Spring	7,300'
TVD	8,300' (130 degree F)

6. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:

Bell Canyon	Oil (1,565 psi)
Cherry Canyon	Oil (2,030 psi)
Brushy Canyon	Oil (2,489 psi)
Bone Spring	Oil (3,221 psi)

7. The proposed casing program is as follows:

Surface: 13-3/8" 54.5# J-55 ST&C new casing set from 0' – 625'
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

Salt String: 9-5/8" 40# J-55 LT&C new casing set from 0' – 3,175'
Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

Production Casing: 5 ½" 17# HCP-110 LT&C new casing set from 0' – 12,687' Tension SF 2.0, Collapse SF 1.125, Burst SF 1.8.

8. Casing setting depth and cementing program:

a. 13-3/8" surface casing set at 625' in 17-1/2" hole. Circulate cement to surface with 450 sx "C" with 4% PF20, 2% PF1, .25 pps PF46, .25 pps PF29 mixed at 13.5 ppg (1.75 cf/sk) followed by 200 sx "C" with 2% PF1 mixed at 14.8 ppg (1.34 cf/sk).

b. 9-5/8" intermediate casing set at 3,175' in 12 1/4" hole. Cement will be circulated to surface with 950 sx 35:65 Poz "C" with 5% PF44, 6% PF20, .25 pps PF46, 25 pps PF29 mixed at 12.6 ppg (2.04 cf/sk) followed by 200 sx "C" with .1% PF13 mixed 14.8 ppg (1.33 cf/sk).

c. 5 ½" production casing set at 12,687' in 8 ¾" hole. Cement will be calculated to bring TOC to 2,875'. The well will be cemented in two stages as follows: **Stage 1:** 1,350 sx PVL with 30% PF151, .5% PF174, .25 pps PF46, .5% PF79, 1% PF13, .4% PF112 mixed at 13.0 ppg (1.80 cf/sk).
Stage 2: 250 sx 35:65 Poz "C" with 5% PF44, 6% PF20, .2% PF13, .25 pps PF46, .25 pps PF29 mixed at 12.6 ppg (2.04 cf/sk) followed by 100 sx "C" with .3% PF13 mixed at 14.8 ppg (1.33 cf/sk). DV tool at approximately 5000'

9. Pressure Control Equipment

After setting the 13 3/8" casing a 3,000 psi casing head will be installed and 5,000 psi BOP equipment will be utilized. The 13 3/8" casing will be tested to 1,500 psi before drilling out. The BOP equipment will be tested to 250/3,000 psi and the Hydril will be tested to 1,500 psi. After setting 9 5/8" casing a 5,000 psi casing head will be installed and 5,000 psi BOP equipment will be utilized. The 9 5/8" casing will be tested to 1,500 psi before drilling out. The BOP equipment will be tested to 250/5,000 psi and the Hydril will be tested to 1,500 psi. After setting the 7" casing a 5,000 psi tubing head will be installed and 5,000 psi BOP equipment will be utilized. The 7" casing will tested to 2,000 psi before drilling out. The BOP equipment will be tested to 250/5,000 psi and the Hydril will be tested to 2,000 psi.

The BOP equipment will consist of the following:

- Annular preventers
- Double ram with blind rams and pipe rams
- Drilling spool, or blowout preventer with 2 side outlets (choke side shall be a 3-inch minimum diameter, kill side shall be at least 2-inch diameter)

- A minimum of 2 choke line valves (3 inch minimum)
- 3 inch diameter choke line
- 2 kill line valves, one of which shall be a check valve (2 inch minimum)
- 2 chokes
- Pressure gauge on choke manifold
- Upper kelly cock valve with handle available
- Safety valve and subs to fit all drill string connections in use
- All BOPE connections subjected to well pressure shall be flanged, welded, or clamped
- Fill-up line above the uppermost preventer.

10. Mud Program:

0' – 625'	Bentonite/Lime mud. Paper for losses and seepage. 8.6 to 8.9 ppg, FV 32 to 36, PV 1 to 6, YP 1 to 6, WL NC.
625' - 3,175'	Brine. As needed LCM for losses and seepage. 10.0 to 10.1 ppg, FV 28 to 30, PV 1 to 3, YP 1 to 3, WL NC.
3,175' – 12,687'	Drill out fresh water/cut brine. MW 8.8 to 9.1 ppg, FV 28 to 30, PV 1 to 3, YP 1 to 3, WL NC.

11. Testing, Logging and Coring Program:

Testing program: No drillstem tests are anticipated.
Electric logging program: CNL/CAL/GR, DLL/CAL/GR. From 9 5/8" casing to kick off point. A gyro survey will also be run at kick off point.
Coring program: None.

12. No abnormal conditions or hazards are expected.