

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.
NM-22634

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No.
2. Name of Operator RKI EXPLORATION & PRODUCTION, LLC.		8. Well Name and No. EAST PECOS FEDERAL 22-1H
3a. Address 210 PARK AVENUE, SUITE 900 OKLAHOMA CITY, OK 73102	3b. Phone No. (include area code) (405) 996-5767 (CODY REID)	9. API Well No. 30-015-40568
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SHL: 250 FSL & 1690 FWL, SECTION 22, T. 26 S., R. 29 E. BHL: 330 FNL & 1690 FWL, SECTION 22, T. 26 S., R. 29 E.		10. Field and Pool or Exploratory Area CORRAL CANYON; BONE SPRING, SOUTH
		11. County or Parish, State EDDY

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>INSTALL TWO</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>LOW PRESSURE</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>GAS LINES</u>

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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

RKI EXPLORATION & PRODUCTION, LLC. PROPOSES TO TRANSPORT LOW PRESSURE GAS FROM THE EAST PECOS FEDERAL 22-1H WELL, TO A SALES LINE VIA TWO, 4" POLY (SDR-7) SURFACE INSTALLED LINES WITH 125 PSI. THE LINES WILL FOLLOW THE SAME ROUTE AS THE PREVIOUSLY APPROVED SURFACE SWD LINES FROM THE 1H AND 2H WELLS TO THE NUEVO MIDSTREAM TIE IN THE SE/4SE/4 OF SECTION 27, T. 26 S., R. 29 E. THE ENTIRE ROUTE IS ON PRIVATE SURFACE (OWNER: GEORGE ROSS) AND AN AGREEMENT HAS BEEN OBTAINED. NOTE! 42 FT. IS ON FEDERAL LANDS AT TIE-IN AND TESSA CISNEROS (BLM-REALTY) SAID NO ROW WILL BE NECESSARY FOR THE 42 FT. SINCE NUEVO MIDSTREAM HAS THEIR TRACT APPROVED AT THIS SPOT AND MAJORITY OF ROUTE IS PRIVATE.

THE LINE LENGTH FOR BOTH LINES, LAID SIDE BY SIDE, WILL BE 7411.1 FT., 1.40 MILES OR 5.10 ACRES.

THE LINE WILL BE USED FOR THE LIFE OF THE EAST PECOS FEDERAL WELLS. THE LINE WILL TAKE ABOUT 5 DAYS TO BE INSTALLED AND WORK WILL BEGIN UPON APPROVAL OF SUNDRY NOTICE.

THE ENTIRE ROUTE IS WITHIN THE MOA AREA. THE LINE ROUTE CONTRIBUTION WAS PAID WITH THE SWD LINES SO NO FURTHER CONTRIBUTION IS REQUIRED AS PER ERIN GOSLIN (BLM).

Accepted for record
NMOCD 12/18/12

RECEIVED
JAN 08 2013
NMOCD ARTESIA

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
BARRY W. HUNT

Title PERMIT AGENT FOR RKI EXPLORATION & PRODUCTION, LLC.

Signature *Barry W. Hunt* Date 12/18/12

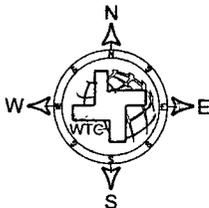
THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *James C. ...* Title FIELD MANAGER Date 1-4-13

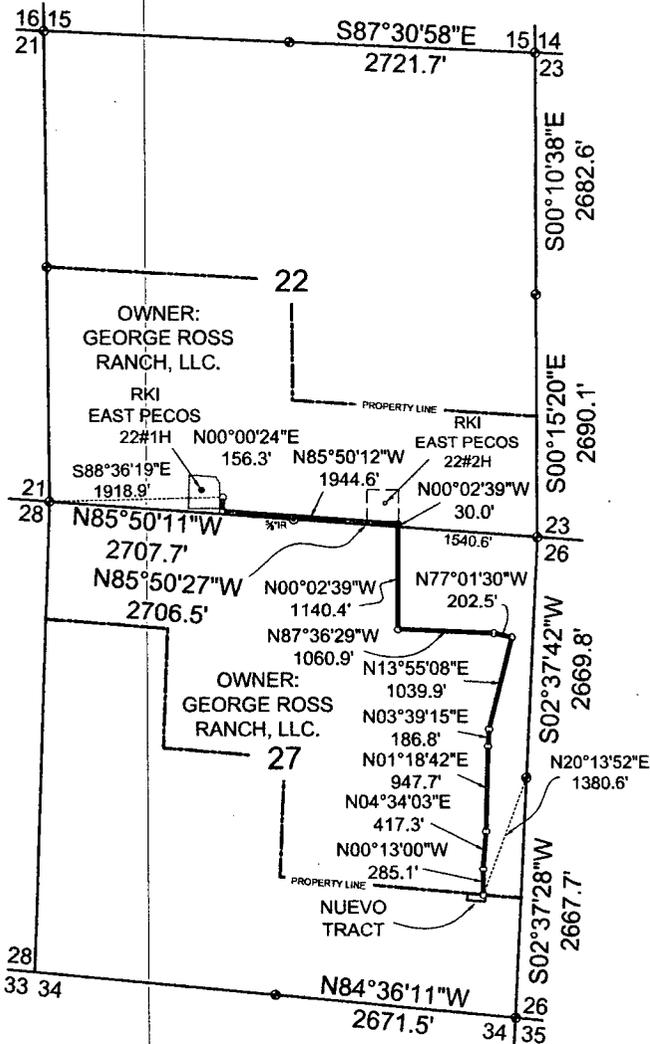
Office CARLSBAD FIELD OFFICE

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.

SECTION 22 & 27, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY CO., NM.



LAT: 32°01'16.02"N. - LON: 103°58'27.59"W.
 74+10.7 END SURVEY @ WELL PAD
 72+54.4.4 P.I. Δ 85°49'48"RT
 53+10.4.5 P.I. Δ 85°47'33"LT
 52+80.4 SECTION LINE
 41+40.0 P.I. Δ 87°33'50" RT.
 30+79.4 P.I. Δ 10°34'59" LT.
 28+76.6 P.I. Δ 90°56'38" LT.
 18+36.7 P.I. Δ 10°15'53" LT.
 16+49.9 P.I. Δ 02°20'33" RT.
 7+02.4 P.I. Δ 03°15'21" LT.
 2+85.1 P.I. Δ 04°47'03" RT.
 0+00.0 PROPERTY LINE
 LAT: 32°00'32.37"N. - LON: 103°57'54.29"W.



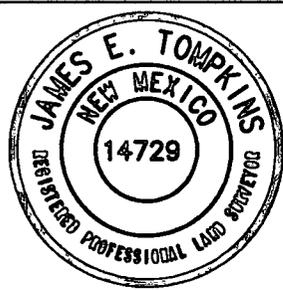
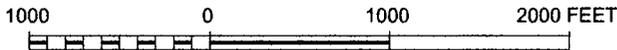
A STRIP OF LAND 30 FEET IN WIDTH AND 7410.7 FEET OR 449.13 RODS IN LENGTH, SITUATED IN SECTION 22 AND 27, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING 15 FEET LEFT AND 15 FEET RIGHT OF THE SURVEY OF CENTERLINE AS SHOWN HEREON.

SEC. 22, T26S, R29E - 2130.7 FEET = 129.13 RODS
 SEC. 27, T26S, R29E - 5280.4 FEET = 320.02 RODS

- BEGIN/END OR ANGLE POINT
- ⊙ IRON PIPE W/ BRASS CAP FOUND

NOTE:

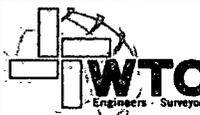
1. BASIS OF BEARING IS A TRANSVERSE MERCATOR PROJECTION OF THE NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE, NAD 83, BASED ON NGS STATION "RUSTLER", AND DISTANCES ARE OF GRID VALUE.



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
 JAMES E. TOMPKINS, N.M. P.L.S.
 SURVEY DATE: 12/12/2012
 JOB NO.: 48822
 12/17/2012
 No. 14729
 DRAFT GWS
 SHEET: 1 OF 1

RKI EXPLORATION & PRODUCTION
 TWO PROPOSED PIPELINES IN
 SECTIONS 22 AND 27, T26S, R29E,
 N.M.P.M., EDDY COUNTY, NEW MEXICO



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

BLM LEASE NUMBER: NM 22634

COMPANY NAME: RKI

ASSOCIATED WELL NO. & NAME: East Pecos Fed Com 22-1H

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the Sundry Notice and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 *et seq.* (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et seq.*) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:
 - a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

- (1) Land clearing.
- (2) Earth-disturbing and earth-moving work.
- (3) Blasting.
- (4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 20 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact

the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. Special Stipulations:

(March 1989)