

Phantom Banks
Hennies

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AT508-84

Form 3160-3
(April 2004)

OCD-ARTESIA

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FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

DEC 11 2007

OCD-ARTESIA UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

63

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: ☐ DRILL

☒ REENTER

OGRD # 246289

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

☒ Single Zone ☐ Multiple Zone

2. Name of Operator

RKI EXPLORATION & PRODUCTION, LLC. (PAT McCOLLOM 405-996-5748)

3a. Address 3817 N. W. EXPRESSWAY
SUITE 950 OKLAHOMA CITY, OK

3b. Phone No. (include area code) Pool #
405-996-5748 52797

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 330' FSL & 467' FEL SECTION 15 T26S-R30E EDDY CO. NM

At proposed prod. zone SAME

14. Distance in miles and direction from nearest town or post office*

Approximately 17 miles Southeast of Malaga New Mexico

15. Distance from proposed*

location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

330'

16. No. of acres in lease

320

17. Spacing Unit dedicated to this well

40

18. Distance from proposed location*

to nearest well, drilling, completed,
applied for, on this lease, ft

NA

19. Proposed Depth

6885'

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3183' GL

22. Approximate date work will start*

WHEN APPROVED

23. Estimated duration

30 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification

6. Such other site specific information and/or plans as may be required by the
authorized officer

25. Signature

Joe T. Janica

Name (Printed/Typed)

Joe T. Janica

Date 10/15/07

Title

Agent

Approved by (Signature)

/s/ Don Peterson

Name (Printed/Typed)

/s/ Don Peterson

Date

DEC 07 2007

Title

FOR FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval 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.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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.

APPROVAL SUBJECT TO

GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

*(Instructions on page 2)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Carlsbad Controlled Water Basin

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Prop 11810
36883

Form C-102
Supersedes C-128
Effective 1-1-83

All distances must be from the outer boundaries of the Section.

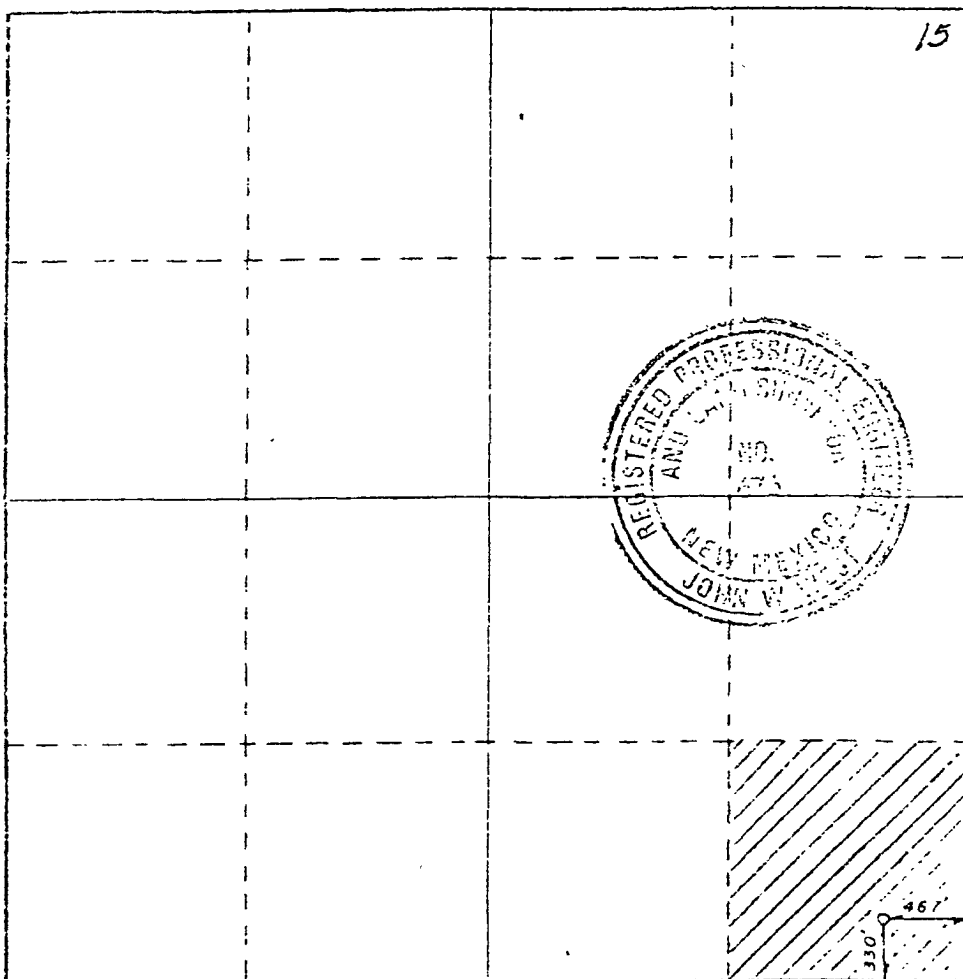
Operator J. C. WILLIAMSON			Lease WRIGHT FEDERAL		Well No. 1
Unit Letter P	Section 15	Township 26S	Range 30E	County EDDY	
Actual Well Location of Wells: 467 feet from the EAST line and 330 feet from the SOUTH line.					
Ground Level Elev. 3183.4	Producing Formation <i>Permian</i>		Pool Wildcat - Permian	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Jane Jiles
Production Secretary

J. C. Williamson

January 24, 1984

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

1/16/84

Engineer or Land Surveyor

John W. West

Certificate No. **JOHN W. WEST**

RONALD J. EIDSON, 3239

330 467 9' 132' 1680 1980 2312 2640 2720 1500 1000 500

THIS IS A RE-ENTRY USING A WELL SERVICE AND A REVERSE CIRCULATING UNIT TO DRILL OUT PLUGS AND CLEAN OUT TO TOTAL DEPTH.

1. Excavate around well. Re-install wellhead.
2. Install BOPE (standard annular preventor).
3. Drill out cement to top of 4-1/2" casing stub @ 1500'. Install 4-1/2" casing from top of casing stub to surface.
4. Drill out cement to 1530' and pressure test 4-1/2" casing to 500 psi. ← See COA
5. Drill out cement to 6833' (original PBTD).
6. Isolate perforation interval 5733' - 5830' and squeeze with 100 sx. of cement.
7. Acidize perforations 6044'-6143 and 6740'-6828' with NEFE acid.
8. Install tubing, rod pump, and rods. Set prime mover and place well on production.

WELL BORE SKETCH

OPERATOR/LEASE/WELL _____

NRE JOB NUMBER _____ DATE _____

FIELD/POOL _____ / _____

PLUG BACK DEPTH _____ KB _____ ELEVATION _____

Hole Size 12 1/4"

SURFACE CASING:
Size 10 3/4" Weight 40 Grade ?
Set at 401' with 150 Sacks Cement
Circulate _____ Sacks to Surface
Remarks: TOC Surface

Hole Size 8"

INTERMEDIATE CASING:
Size 7" Weight 23 Grade ?
Set at 3750' with 150 Sacks Cement
Circulate _____ Sacks to Surface
Cement Top: Calculated _____ Temperature Survey _____
Remarks: TOC Surface
Calculated TOC 2420'
w/ gauge hole 12-4-07 WWT

Hole Size 6 1/4"

PRODUCTION CASING:
Size 4 1/2" Weight 10.5 Grade ?
Set at 6885' with 200 Sacks Cement
Cement Top: Calculated _____ Temperature Survey _____
Remarks: TOC ?
Calculated TOC 4081'
w/ gauge hole 12-4-07 WWT

Well was P & A in 1996.

Plug # 1 50 Sx. 5772-5110'

Plug # 2 50 Sx. 3814'

4 1/2" casing shot off at 1500'

Plug # 3 from 1573-1390'

Plug # 4 268 Sx Plugged to surface.

APPLICATION TO RE-ENTER

RKI EXPLORATION & PRODUCTION, LLC.
SUN EX FEDERAL UNIT #3
UNIT "P" SECTION 15
T26S-R30E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6, the following information on the above will is provided for your information.

1. LOCATION: 330' FSL & 467' FEL SECTION 15 T26S-R30E EDDY CO. NM
2. ELEVATION ABOVE SEA LEVEL: 3183' GL.
3. GEOLOGIC NAME OF SURFACE FORMATION: Quaternary Aeolian Deposits.
4. DRILLING TOOLS AND ASSOCIATED EQUIPMENT: Conventional rotary drilling rig using drilling mud as a circulating medium for solids removal from hole.
5. PROPOSED DRILLING DEPTH: Old total depth 6835'
6. ESTIMATED TOPS OF GEOLOGICAL MARKERS:

Rustler Anhydrite	730'	Delaware Sand	3635'
Salado salt	1085'	Cherry Canyon	4554'
Delaware Lime	3605'	Brushy Canyon	5925'
7. POSSIBLE MINERAL BEARING FORMATION:

Delaware	Oil	Brushy Canyon	Oil
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8. CASING PROGRAM:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
12½"	0-401'	* 10 3/4"	40#	?	?	?
8"	0-3750'	* 7"	23#	?	?	?
6½"	0-6885'	* 4½"	10.5	?	?	?

Tie Back 4½" 10.5 STC J-55 New

* These are the casing sizes and setting depths reported to the BLM & OCD. 10-24-07

1500' tie back: Collapse SF-4.24 Burst SF-5.62 Tension SF-15.75

*per operator
CWW*

APPLICATION TO RE-ENTER

RKI EXPLORATION & PRODUCTION, LLC.
SUN EX FEDERAL UNIT #3
UNIT "P" SECTION 15
T26S-R30E EDDY CO. NM

9. CEMENTING & SETTING DEPTHS OF CASING:

10 3/4"	Surface.	401' of 10 3/4" casing set at 401' and cemented 350 Sx. of Class "C" cement.
7"	Intermediate	3750' of 7" 23# casing set at 3750' and cemented with 150 Sx. of Class "C" cement + 2% CaCl, + 1/2 lb Flocele/Sx..
4 1/2"	Production	6885' of 4 1/2" casing set at 6885' and cemented with 200 Sx. of 50/50 Class "C" POZ cement + 1/4# Flocele/Sx. + 6# Salt/Sx.

All above casing and setting depths and cement volumes were reported to The BLM & OCD

10 PRESSURE CONTROL EQUIPMENT:

A manually operated 3000 PSI B.O.P. with a set of blind rams and a set of pipe rams will be on the well at all times while drilling plugs, testing casing and during the completion of the well.

↑
see COFF

11. PROPOSED CIRCULATING SYSTEM:

10# ppg - per operator 10/21/07 *mark*
Brine water will be used to drill out plugs and clean hole. No reserve pits will be required as a reverse circulating rig will be used and steel tanks will be used to contain the brine water.

APPLICATION TO RE-ENTER

RKI EXPLORATION & PRODUCTION, LLC.

SUN EX FEDERAL UNIT #3

UNIT "P"

SECTION 15

T26S-R30E

EDDY CO. NM

12. LOGGING, COREING & TESTING:

A. No logging or open hole testing will be required.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H_2S in this area. If H_2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 2000± PSI, and Estimated BHT 145°.

No known presence of H_2S in this area as per BLM information.

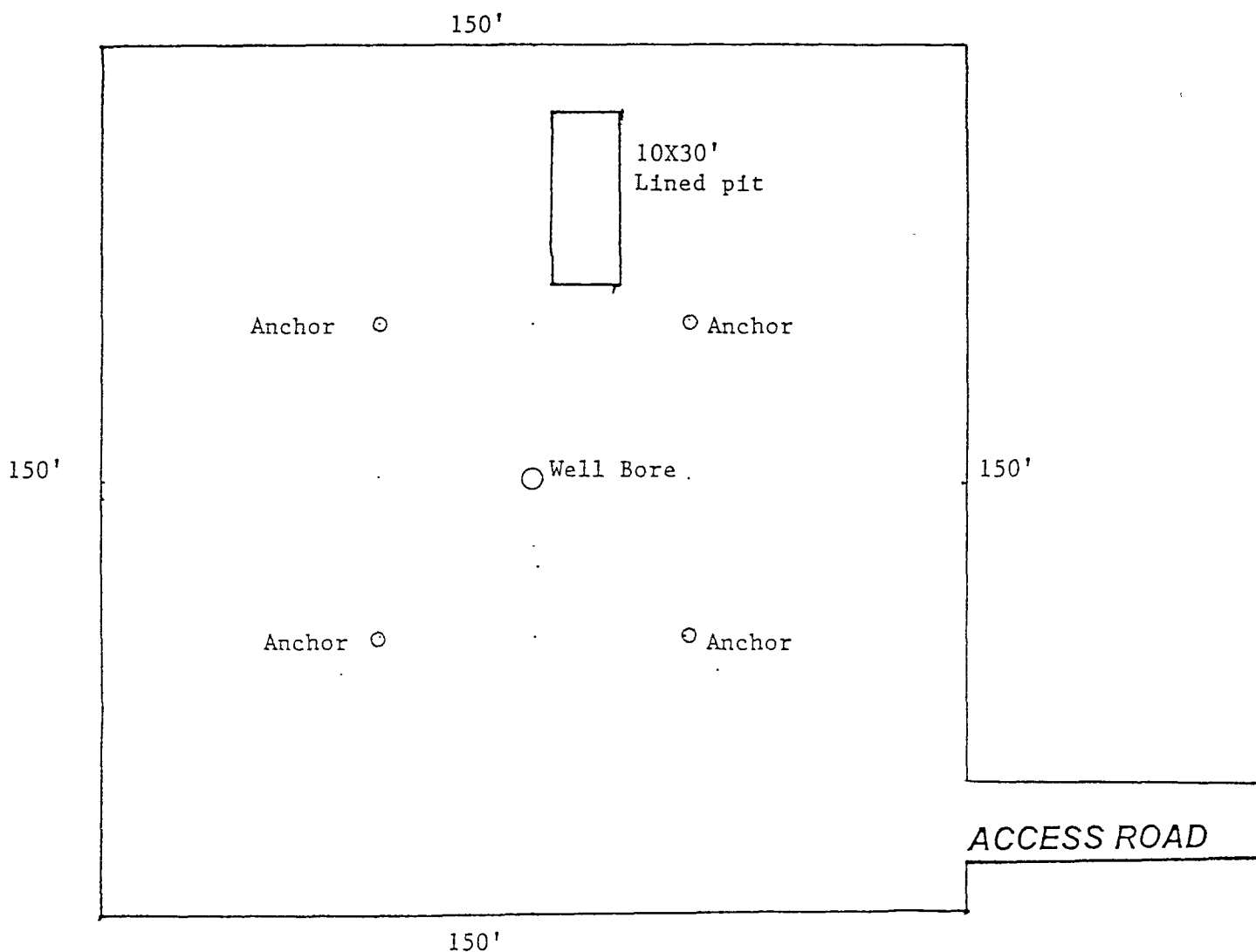
14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 6 days. If production casing is run then an additional 10 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The BRUSHY CANYON formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as an oil well.

Barry



See COA

EXHIBIT "D"
WELL SERVICE UNIT PLAT

RKI EXPLORATION & PRODUCTION, LLC.
SUN EX FEDERAL UNIT #3
UNIT "P" SECTION 15
T26S-R30E EDDY CO. NM

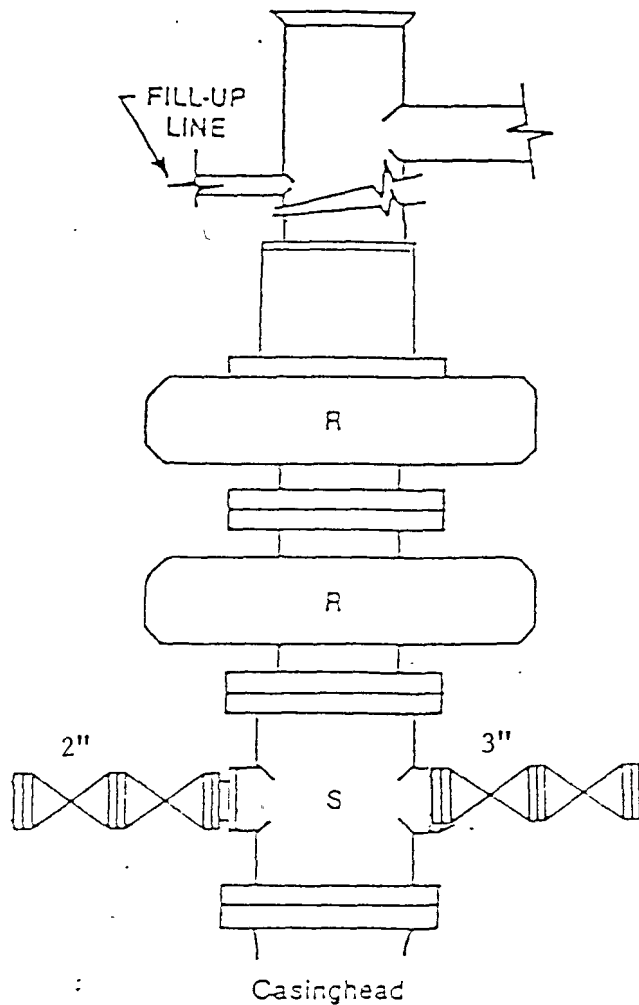


FIGURE K1-1. Recommended IADC Class 2 BOP stack, 3000 psi WP. Either SRd (left) or SA (right) arrangement is acceptable and drilling spool is optional.

EXHIBIT "E"
 SKETCH OF B.O.P. TO BE USED ON
 RKI EXPLORATION & PRODUCTION, LLC.
 SUN EX FEDERAL UNIT #3
 UNIT "P" SECTION 15
 T26S-R30E EDDY CO. NM

SURFACE USE PLAN

RKI EXPLORATION & PRODUCTION, LLC.
SUN EX FEDERAL UNIT #3
UNIT "P" SECTION 15
T26S-R30R EDDY CO. NM

1. EXISTING AND PROPOSED ROADS:

- A. Exhibit "B" is a reproduction of a County General Hi-way map showing existing roads. Exhibit "C" is a reproduction of a USGS topographic map showing existing roads and and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. All new roads will be constructed to BLM specifications.
- B. Exhibit "A" shows the proposed well site as staked.
- C. Directions to location: From Loving New Mexico take U. S. Hi-way 285 South for 17.1± miles to CR-725, turn Left (East) go 4.2 miles take pipeline road East for 9.5 miles, turn Right (South) go 1 mile, bear Right (Southwest) follow road 1.5 miles to location on the North side of road.
- D. Exhibit "C" is a topographic map showing location and roads in the area.

2. PLANNED ACCESS ROADS: No new roads will be required for this well.

- A. The access roads will be crowned and sitched to a 14' wide travel surface, within a 30' R-O-W.
- B. Gradient of all roads will be less than 5%.
- C. Turn-outs will be constructed where necessary.
- D. If require new access roads will be surface with a minimum of 4-6" of caliche. this material will be obtained from a local source.
- E. Center line for new roads will be flagged, road construction will be done as field conditions require.
- F. Culverts will be placed in the access road as drainage conditions require. Roads will be constructed to use low water crossings for drainage as required by the topographic conditions.

3. LOCATION OF EXISTING WELLS WITHIN A ONE MILE RADIUS: EXHIBIT "A-1"

- A. Water wells - None within 2 miles of location
- B. Disposal wells - None Known
- C. Drilling wells - None Known
- D. Producing wells - as shown on Exhibit "A-1"
- E. Abandoned wells - As shown on Exhibit "A-1"

SURFACE USE PLAN

RKI EXPLORATION & PRODUCTION, LLC.
SUN EX FEDERAL UNIT #3
UNIT "P" SECTION 15
T26S-R30R EDDY CO. NM

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Exhibit "C" shows proposed roads , flowlines and powerlines.

5. LOCATION & TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the location access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of the drill site, if additional material is required it will be obtained from a local source and transported over the location access roads as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE:

- A. All trash, junk and other waste material will be contained in trash cages or trash bins in order to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary land fill.
- B. Sewage from living quarters will be drained into holding tanks and will be cleaned out periodically. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of well.
- C. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for further drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a State approved disposal site. Later the pits will be broken out to speed drying. Water produced during completion will be stored in tanks and disposed of in State approved disposal site. Oil and condensate produced during completion will be put in storage tanks and sold.
- D. Drill cuttings will be disposed of in resebev pits or if necessary will be taken to a State approved landfarm and disposed of properly.
- E. Any remaining salts or mud additives will be collected by the supplier and to stock, this includes all broken bags.

8. ANCILLARY FACILITIES:

- A. No camps or air strips will be constructed on location.

SURFACE USE PLAN

RKI EXPLORATION & PRODUCTION, LLC.

SUN EX FEDERAL UNIT #3

UNIT "P"

SECTION 15

T26S-R30R

EDDY CO. NM

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the proposed well site layout.
- B. This Exhibit shows the location of reserve pit, sump pits, and living facilities.
- C. Mud pits in the active circulating system will be steel pits and the reserve pits will be unlined unless subsurface conditions encountered during pit construction indicate that a plastic liner is required to contain lateral migration.
- D. If needed the reserve pits will be lined with polyethelene. The pit liner will be no less than 12 mils thick and the liner will be extended at least 3 feet over the top of the dikes and secured in place to keep edge of liner in place.
- E. The reserve pit will be fenced on three sides and fenced with four strands of barbed wire during drilling and completion phases. The 4th side will be fenced after drilling operations are complete and the drilling rig has moved out. If the well is a producer the mud pits will remain fenced in until the mud has dried up enough to break out the pits and reclaimed according to BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the location and reserve pits will be allowed to dry properly, fluids may be moved and disposed of in accordance with article 7-E as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any will be reshaped to the original configuration with provisions made to alleviate future erosion. In case of the well completed as a producer the drilling pad will be necessary to construct production facilities. After the area has been shaped and contoured top soil from the spoil pile will be placed over the disturbed area to the extent possible so that revegetation procedures can be accomplished to comply with the BLM specifications.

If the well is a dry hole the pad and road area will be contoured to match the existing terrain. Top soil will be spread to the extent possible and revegetation will be carried out according to the BLM specifications.

Should the well be a producer the previously noted procedures will apply to those areas which are not required for production facilities.

CERTIFICATION

I HEREBY CERTIFY THAT I OR PERSONS UNDER MY SUPERVISION HAVE INSPECTED THE PROPOSED DRILL SITE AND THE ACCESS ROAD ROUTES, THAT I AM FAMILIAR WITH THE CONDITIONS THAT CURRENTLY EXIST, AND THAT THE STATEMENTS MADE IN THIS PLAN ARE TO THE BEST OF MY KNOWLEDGE ARE TRUE AND CORRECT, AND THAT THE WORK ASSOCIATED WITH THE OPERATIONS PROPOSED HEREIN WILL BE PERFORMED BY RKI EXPLORATION & PRODUCTION, LLC. ITS CONTRACTORS OR ITS SUB-CONTRACTORS IS IN CONFORMANCE WITH THIS PLAN AND THE TERMS AND THE CONDITIONS UNDER WHICH IT IS APPROVED. THIS STATEMENT IS SUBJECT TO THE PROVISIONS OF U.S.C. 1001 FOR THE FILING OF A FALSE STATEMENT.

OPERATORS REPRESENTATIVES

BEFORE CONSTRUCTION

JOE T. JANICA

TIERRA EXPLORATION, INC.
P. O. BOX 2188
HOBBS, NEW MEXICO 88241
PHONE OFFICE 505-391-8503

CELL 505-390-1598

DURING AND AFTER CONSTRUCTION

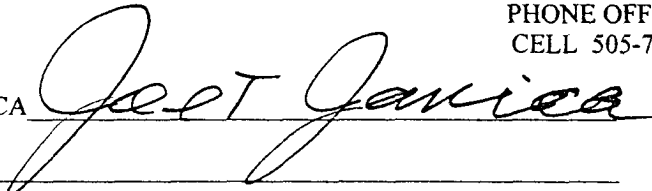
GENE SIMER

RKI EXPLORATION & PRODUCTION, LLC..
309 SOUTH HALAGUENO STREET
P. O. BOX 370
CARLSBAD, NEW MEXICO 88221-0370
PHONE OFFICE 505-885-3509
CELL 505-706-3225

NAME: JOE T. JANICA

DATE: 10/15/07

TITLE: AGENT



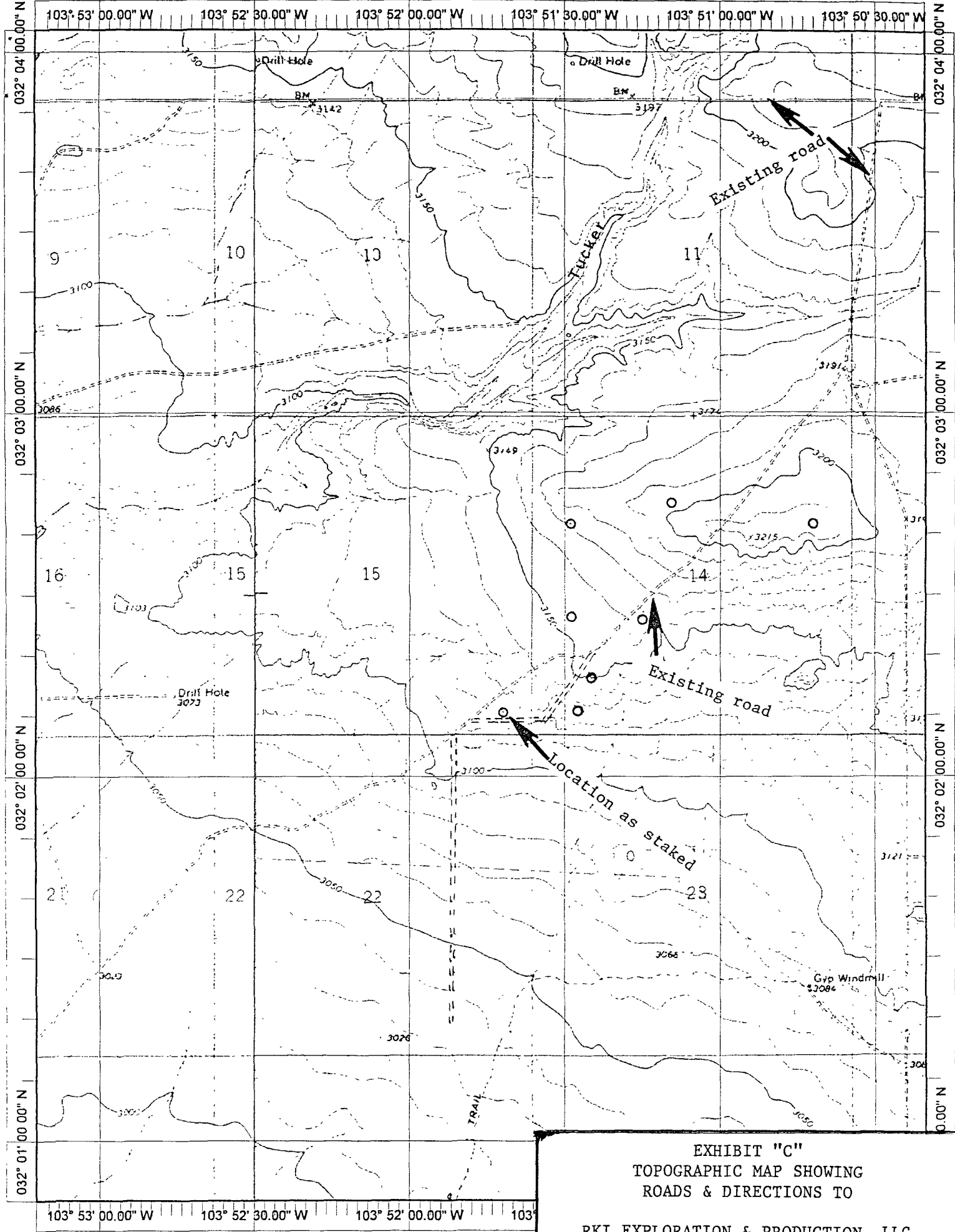


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

RKI EXPLORATION & PRODUCTION, LLC.
SUN EX FEDERAL UNIT #3
UNIT "P" SECTION 15
T26S-R30E

VI. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 2 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

B. CASING – RE-ENTRY

1. **The 10-3/4 inch surface casing exists and is set at 401 feet and cemented to surface.**
2. **The 7 inch intermediate casing exists and is set at 3750 feet and cemented to a calculated depth of 2420 feet. Annulus between the 7" and 10-3/4" casing strings will require review when well is plugged.**
3. **After tie-back of 4-1/2 inch casing and drilling to 1530', perform CIT on 4-1/2" casing string. A CIT of the entire 4-1/2" casing string is required since calculated TOC for this string with gauge hole is 4081' and well was plugged approximately 11 years ago.**
4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17. **A choke manifold is not required for this operation. The proposed BOP is a 2M per Onshore Order II. This is adequate based on operator's expected BHP of approximately 2000 psi.**
2. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

Engineer on call phone (after hours): Carlsbad: (575) 706-2779

WWI 120307