

NEW MEXICO OIL CONSERVATION DIVISION
RECEIVED

95 MAY 15 AM 8 52

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

320 GOLD AVENUE, S.W.

SUITE 1200

P. O. BOX 1216

ALBUQUERQUE, NEW MEXICO 87103-1216

TELEPHONE
(505) 243-5400

FACSIMILE
(505) 243-1700

HAROLD D. STRATTON, JR.*
SEALY H. CAVIN, JR.†
STEPHEN D. INGRAM†

*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

May 12, 1995

*Case No.
11295*

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Addressees listed at Exhibit A hereto.

Re: Application by Strata Production Company for Approval of a Horizontal Well, Nonstandard Spacing and Proration Unit and Increased Allowable, Roosevelt County, New Mexico

Gentlemen:

This letter is to advise you that Strata Production Company has filed the enclosed Application with the New Mexico Oil Conservation Division seeking approval to initiate a horizontal well in the SE/4NE/4 of Section 21, Township 7 South, Range 34 East, NMPM, Roosevelt County, New Mexico, forming a nonstandard 120-acre oil spacing and proration unit in the San Andres Formation, by re-entering its Sunrise Federal No. 1 Well at a surface location 1980 feet from the North line and 660 feet from the East line of said Section 21. Applicant proposes to re-enter the Sunrise Federal No. 1 Well to a depth of approximately 4200 feet and then drill horizontally in the San Andres Formation due East to a bottom hole location 1980 feet from the North line and 1640 feet from the West line of Section 22, Township 7 South, Range 34 East, NMPM, Roosevelt County, New Mexico. Applicant proposes that the SE/4NE/4 of Section 21 and the S/2NW/4 of Section 22 be dedicated to a 120-acre, nonstandard spacing and proration unit for the proposed well. Applicant further proposes that the proposed well be granted an allowable of 240 barrels of oil per day since said well will cover three (3) separate 40-acre tracts. The location is approximately 9 miles Northwest of Milnesand, New Mexico.

Our records indicate that you are a party entitled to notice pursuant to New Mexico Oil Conservation Division Rule 1207.

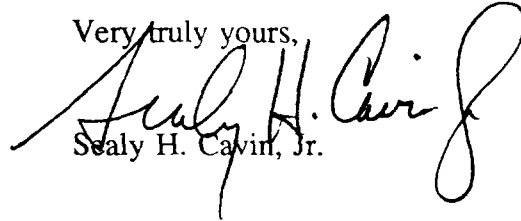
The Application has been set for hearing before a division examiner on June 1, 1995. The Application was filed with the New Mexico Oil Conservation Division on May 9, 1995 and

May 12, 1995

Page 2

notice of the case by publication was properly made. We are enclosing for your information a copy of the Application.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sealy H. Cavin, Jr.", with a large, stylized flourish at the end.

Sealy H. Cavin, Jr.

SHC/skc

Enclosures

cc: William J. LeMay, Oil Conservation Division (w/o encl.)
Jo McInerney, Landman, Strata Production Company (w/encl.)
Bruce Stubbs, Pecos Petroleum Engineering (w/encl.)

EXHIBIT A

David B. Ainsworth
351 6th Street SE
Valley City, North Dakota 58072

Jerry Ainsworth
207 North Union Street
Roswell, New Mexico 88201

Joe C. Ainsworth, III
2727 North O'Conner
Irving, Texas 75062

Marion Jones Ainsworth
2178 Trafalgar Lane
East Lansing, Michigan 48826

Ross N. Ainsworth
General Delivery
Milnesand, New Mexico 88125

Sallie Cole Ainsworth
General Delivery
Crossroads, New Mexico 88114

Bureau of Land Management
P.O. Box 27115
Santa Fe, New Mexico 87502-7115
Attn: Bill Calkins, State Director

H. H. Davis Trust
405 E. 17th Street
Roswell, New Mexico 88130

Paul Thomas Davis, Jr.
2601A SRR 41
Elida, New Mexico 88116

T. E. Davis, Jr.
2601A SRR 41
Elida, New Mexico 88116

Eva Kay Gober
Box 7
Bledsoe, Texas 79314

Mary Nell Hays
5511 28th Street
Lubbock, Texas 79407

Exalee A. Howard
1210 W. Avenue "H"
Lovington, New Mexico 88260

Nancy A. Johnson
803 Cherry Lane
East Lansing, Michigan 48826

J. L. McClellan
109 West 3rd Street
Roswell, New Mexico 88202

Murphy Operating Corporation
Post Office Box 1030
Roswell, New Mexico 88202-1030

Permian Resources, Inc.
Post Office Box 590
608 N. Main Street
Midland, Texas 79702-0590

Gary B. Sample
3030 Old North
Dallas, Texas 75234

State Land Office
P.O. Box 1148
Santa Fe, New Mexico 87504-1148
Attn: Jami Bailey, Deputy Director

UMC Petroleum Corporation
410 17th Street, Suite 1400
Denver, Colorado 88202-4427
Attn: Georgia Kofoed

Eileen Yadon
1703 W. Storey
Midland, Texas 79701