

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF STRATA PRODUCTION CO.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**Case No. 22437**

**APPLICATION OF STRATA PRODUCTION CO.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**Case No. 22438**

**PRE-HEARING STATEMENT**

STRATA PRODUCTION COMPANY provides this Pre-Hearing Statement as required by the rules of the Division.

**APPEARANCES**

**APPLICANT**

STRATA PRODUCTION COMPANY

APPLICANT’S ATTORNEY:

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**OTHER PARTIES**

No other party has entered an appearance at this time.

**STATEMENT OF THE CASE**

In Case No. **22437**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the NE/4 SE/4 of Section 22, Township 23 South, Range 30 East and the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. The HSU will be dedicated to the

FNRU Fed Com 22 23 III 15H well,<sup>1</sup> to be horizontally drilled from an approximate surface hole location 2100' FSL and 850' FEL of Section 22, T23S-R30E, to an approximate bottom hole location 1650' FSL and 100' FEL of Section 23, T23S-R30E ("FNRU 22/23 III 15H"). The first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. The completed lateral for the FNRU 22/23 III 15H will comply with the standard setback.

In Case No. **22438**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the SE/4 SE/4 of Section 22, Township 23 South, Range 30 East and the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following well: FNRU Fed Com 22 23 PPI 16H well, to be horizontally drilled from an approximate surface hole location 330' FSL and 660' FEL of Section 22, T23S-R30E, to an approximate bottom hole location 330' FSL and 100' FEL of Section 23, T23S-R30E ("FNRU 22/23 PPI 16H"). The first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. The completed lateral for the FNRU 22/23 PPI 16H will comply with the standard setback.

The NE/4 SE/4 of Section 22 is included in the Fortyniner Ridge Unit. The surface holes of the proposed wells are located within the Fortyniner Ridge Unit due to limited availability of surface locations. The wells are located in a potash area. A subsurface pipeline located along the western boundary of Section 23 further limits surface availability. Strata will allocate production

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<sup>1</sup> The application in Case No. 22437 mistakenly referred to the FNRU Fed Com 22 23 ILL 15H. The correct well name is the FNRU Fed Com 22 23 III 15H.

to interests in the NE/4 SE/4 of Section 22 in accordance with the Fortyniner Ridge Unit’s unitized tract interest.

Also to be considered in each of the above-referenced cases will be the cost of drilling and completing the wells and allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 14 miles East of Loving, New Mexico.

The only party sought to be pooled in this proceeding is OXY USA Inc.

**PROPOSED EVIDENCE**

**APPLICANT:**

WITNESSES	EST. TIME	EXHIBITS
Mitch Krakauskas, Landman	By affidavit	5-6 for each case
Scott Kelley, Geologist	By affidavit	5-6 for each case

**PROCEDURAL MATTERS**

Assuming no opposition at the time of hearing, this case will be presented by affidavit.

Respectfully submitted,

**MONTGOMERY & ANDREWS, PA.**

By:     /s/Sharon T. Shaheen    

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

QUESTIONS

Action 69495

**QUESTIONS**

Operator: STRATA PRODUCTION CO P.O. Box 1030 Roswell, NM 882021030	OGRID: 21712
	Action Number: 69495
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.