

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

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

Case No. 22435

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

Case No. 22436



*Roadrunner Fed Com 23 ILL 5H
Roadrunner Fed Com 23 PML 6H*

January 6, 2022

Table of Contents

| | |
|---|-----|
| | Tab |
| Checklists..... | 1 |
| Applications..... | 2 |
| Affidavit of Landman Mitch Krakauskas – Exhibit A..... | 3 |
| Landman Exhibits..... | 4 |
| Exhibit A-1: General Location Map | |
| Exhibit A-2: Tract Map with Leasehold Owners | |
| Exhibit A-3: Tract Map with Proration Unit Working Interest Percentages | |
| Exhibit A-4: Ownership Breakdown | |
| Exhibit A-5: Chronology of Contacts | |
| Exhibit A-6: C-102s | |
| Exhibit A-7: Well Proposal Letter and AFEs | |
| Affidavit of Geologist Scott Kelley– Exhibit B..... | 5 |
| Geologist Exhibits..... | 6 |
| Exhibit B-1: Regional View | |
| Exhibit B-1b: Delaware Basin Stratigraphic Column | |
| Exhibit B-2: Base of Brushy Canyon Formation Structure | |
| Exhibit B-3: Base of Brushy Canyon Structure | |
| Exhibit B-4: Target Interval on Offset Log | |
| Exhibit B-5: Cross Section Line | |
| Exhibit B-6: Structural Cross Section | |
| Exhibit B-7: Gunbarrel Diagram and Landing Zone | |
| Affidavit of Notice – Exhibit C..... | 7 |

Tab 1.

COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

| | |
|--|--|
| Case: 22435 | APPLICANT'S RESPONSE |
| Date | January 6, 2021 |
| Applicant | Strata Production Company |
| Designated Operator & OGRID (affiliation if applicable) | 21712 |
| Applicant's Counsel: | Montgomery & Andrews, P.A. (Sharon Shaheen & Ricardo Gonzales) |
| Case Title: | Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico |
| Entries of Appearance/Intervenors: | None at this time |
| Well Family | Roadrunner Fed Com Wells |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Delaware Formation |
| Primary Product (Oil or Gas): | Oil |
| Pooling this vertical extent: | Delaware Formation |
| Pool Name and Pool Code: | Forty Niner Ridge; Delaware [24750] |
| Well Location Setback Rules: | Statewide rules |
| Spacing Unit Size: | 160 acres, more or less |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 160 acres, more or less |
| Building Blocks: | Quarter-quarter section (40 ac) |
| Orientation: | East-West |
| Description: TRS/County | N/2 S/2 of Section 23, T23S, R30E, Eddy County, NM |
| Standard Horizontal Well Spacing Unit (Y/N), if No, describe | Yes |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | No |
| Proximity Tracts: If yes, description | n/a |
| Proximity Defining Well: if yes, description | n/a |
| Applicant's Ownership in Each Tract | Tract 1 (N/2 SW/4): 39.25%; Tract 2 (N/2 SE/4): 22.875%; see Exhibits A-2 through A-4 |
| Well(s) | |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | |
| Well #1 | Roadrunner Fed Com 23 ILL 5H, API No. Pending SHL: 1980' FSL and 330' FEL, Section 23, T23S-R30E, NMPM BHL: 2310' FSL and 100' FWL, Section 23, T-23S-R30E, NMPM Completion Target: Brushy Canyon at approx. 7649' Well Orientation: East to West Completion location expected to be standard |

| | | |
|--|---|--------------------|
| Horizontal Well First and Last Take Point <i>Received by OCD: 1/4/2022 4:41:05 PM</i> | FTP (~1980 FSL and 330' FEL of Section 23, T23S-R30E) LTP (~2310' FSL and 100' FWL of Section 23, T23S-R30E) | <i>Page 5 of 5</i> |
| Completion Target (Formation, TVD and MD) | Brushy Canyon - TVD (~7649'), MD (~12,403') | |
| | | |
| AFE Capex and Operating Costs | | |
| Drilling Supervision/Month \$ | \$8000; see Exhibit A, ¶ 21 | |
| Production Supervision/Month \$ | \$800; see Exhibit A, ¶ 21 | |
| Justification for Supervision Costs | Please see AFE at Exhibit A-7 | |
| Requested Risk Charge | 200%; see Exhibit A, ¶ 21 | |
| Notice of Hearing | | |
| Proposed Notice of Hearing | Submitted with online filing of Application | |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit C | |
| Proof of Published Notice of Hearing (10 days before hearing) | n/a | |
| Ownership Determination | | |
| Land Ownership Schematic of the Spacing Unit | See Exhibits A-2 & A-3 | |
| Tract List (including lease numbers and owners) | See Exhibits A-2 & A-3 | |
| Pooled Parties (including ownership type) | Exhibit A, ¶ 9 | |
| Unlocatable Parties to be Pooled | None | |
| Ownership Depth Severance (including percentage above & below) | None | |
| Joinder | | |
| | | |
| Sample Copy of Proposal Letter | Exhibit A-7 | |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit A-4 | |
| Chronology of Contact with Non-Joined Working Interests | Exhibit A-5 | |
| Overhead Rates In Proposal Letter | n/a | |
| Cost Estimate to Drill and Complete | Exhibit A-7 | |
| Cost Estimate to Equip Well | Exhibit A-7 | |
| Cost Estimate for Production Facilities | Exhibit A-7 | |
| Geology | | |
| Summary (including special considerations) | Exhibit B, ¶¶ 5-14; see Exhibits B-1 through B-7 | |
| Spacing Unit Schematic | Exhibit B-3 | |
| Gunbarrel/Lateral Trajectory Schematic | Exhibit B-7 | |
| Well Orientation (with rationale) | Exhibit B, ¶ 14(d) | |
| Target Formation | Exhibit B-4 | |
| HSU Cross Section | Exhibit B-5 | |
| Depth Severance Discussion | n/a; see Exhibit A, ¶ 14 | |
| Forms, Figures and Tables | | |
| C-102 | Exhibit A-6 | |
| Tracts | Exhibits A-2 & A-3 | |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibits A-2 through A-4 | |

| | |
|--|--------------------------|
| General Location Map (including basin) | Exhibit B-1 |
| Well Bore Location Map | Exhibit A-3 |
| Structure Contour Map - Subsea Depth | Exhibit B-2 |
| Cross Section Location Map (including wells) | Exhibit B-5 |
| Cross Section (including Landing Zone) | Exhibits B-6 and B-7 |
| Additional Information | |
| Special Provisions/Stipulations | None |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| Printed Name (Attorney or Party Representative): | Sharon T. Shaheen |
| Signed Name (Attorney or Party Representative): | <i>Sharon T. Shaheen</i> |
| Date: | 1/4/2022 |

COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

| | |
|--|---|
| Case: 22436 | APPLICANT'S RESPONSE |
| Date | January 6, 2021 |
| Applicant | Strata Production Company |
| Designated Operator & OGRID (affiliation if applicable) | 21712 |
| Applicant's Counsel: | Montgomery & Andrews, P.A. (Sharon Shaheen & Ricardo Gonzales) |
| Case Title: | Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico |
| Entries of Appearance/Intervenors: | None at this time |
| Well Family | Roadrunner Fed Com Wells |
| Formation/Pool | |
| Formation Name(s) or Vertical Extent: | Delaware Formation |
| Primary Product (Oil or Gas): | Oil |
| Pooling this vertical extent: | Delaware Formation |
| Pool Name and Pool Code: | Forty Niner Ridge; Delaware [24750] |
| Well Location Setback Rules: | Statewide rules |
| Spacing Unit Size: | 160 acres, more or less |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 160 acres, more or less |
| Building Blocks: | Quarter-quarter section (40 ac) |
| Orientation: | East-West |
| Description: TRS/County | S/2 S/2 of Section 23, T23S, R30E, Eddy County, NM |
| Standard Horizontal Well Spacing Unit (Y/N), if No, describe | Yes |
| Other Situations | |
| Depth Severance: Y/N. If yes, description | No |
| Proximity Tracts: If yes, description | n/a |
| Proximity Defining Well: if yes, description | n/a |
| Applicant's Ownership in Each Tract | Tract 1 (S/2 SW/4): 39.25%; Tract 2 (S/2 SE/4): 22.875%; see Exhibits A-2 through A-4 |
| Well(s) | |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | |

| | |
|--|--|
| Well #1 <i>Received by OCD: 1/4/2022 4:41:05 PM</i> | Roadrunner Fed Com 23 PML 6H, API No. Pending SHL: 860' FSL and 530' FEL, Section 23, T23S-R30E, NMPM BHL: 990' FSL and 100' FWL, Section 23, T-23S-R30E, NMPM Completion Target: Brushy Canyon at approx. 7643' Well Orientation: East to West Completion location expected to be standard |
| Horizontal Well First and Last Take Points | FTP (~860 FSL and 330' FEL of Section 23, T23S-R30E) LTP (~990' FSL and 100' FWL of Section 23, T23S-R30E) |
| Completion Target (Formation, TVD and MD) | Brushy Canyon - TVD (~7643'), MD (~12,691') |
| AFE Capex and Operating Costs | |
| Drilling Supervision/Month \$ | \$8000; see Exhibit A, ¶ 21 |
| Production Supervision/Month \$ | \$800; see Exhibit A, ¶ 21 |
| Justification for Supervision Costs | Please see AFE at Exhibit A-7 |
| Requested Risk Charge | 200%; see Exhibit A, ¶ 21 |
| Notice of Hearing | |
| Proposed Notice of Hearing | Submitted with online filing of Application |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit C |
| Proof of Published Notice of Hearing (10 days before hearing) | n/a |
| Ownership Determination | |
| Land Ownership Schematic of the Spacing Unit | See Exhibits A-2 & A-3 |
| Tract List (including lease numbers and owners) | See Exhibits A-2 & A-3 |
| Pooled Parties (including ownership type) | See Exhibit A, ¶ 9 |
| Unlocatable Parties to be Pooled | None |
| Ownership Depth Severance (including percentage above & below) | None |
| Joinder | |
| Sample Copy of Proposal Letter | Exhibit A-7 |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit A-4 |
| Chronology of Contact with Non-Joined Working Interests | Exhibit A-5 |
| Overhead Rates In Proposal Letter | n/a |
| Cost Estimate to Drill and Complete | Exhibit A-7 |
| Cost Estimate to Equip Well | Exhibit A-7 |
| Cost Estimate for Production Facilities | Exhibit A-7 |
| Geology | |
| Summary (including special considerations) | Exhibit B, ¶¶ 5-14; see Exhibits B-1 through B-7 |
| Spacing Unit Schematic | Exhibit B-3 |
| Gunbarrel/Lateral Trajectory Schematic | Exhibit B-7 |
| Well Orientation (with rationale) | Exhibit B, ¶ 14(d) |
| Target Formation | Exhibit B-4 |
| HSU Cross Section | Exhibit B-5 |

| | |
|--|-----------------------------------|
| Depth Severance Discussion | n/a; see Exhibit A, ¶ 14 |
| Forms, Figures and Tables | |
| C-102 | Exhibit A-6 |
| Tracts | Exhibits A-2 & A-3 |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibits A-2 through A-4 |
| General Location Map (including basin) | Exhibit A-1 |
| Well Bore Location Map | Exhibit A-3; see Exhibit A-6 at 2 |
| Structure Contour Map - Subsea Depth | Exhibit B-2 |
| Cross Section Location Map (including wells) | Exhibit B-5 |
| Cross Section (including Landing Zone) | Exhibits B-6 and B-7 |
| Additional Information | |
| Special Provisions/Stipulations | |
| CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate. | |
| Printed Name (Attorney or Party Representative): | Sharon T. Shaheen |
| Signed Name (Attorney or Party Representative): | <i>Sharon T. Shaheen</i> |
| Date: | 1/4/2022 |

Tab 2.

**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. _____

APPLICATION

Strata Production Company, OGRID No. 21712 ("Strata"), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and Ricardo S. Gonzales), hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 160 acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. In support of its application, Strata states as follows:

1. Strata is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Strata proposes to drill the following 1-mile well in the proposed HSU: **Roadrunner Fed Com 23 ILL 5H** well, to be horizontally drilled from an approximate surface hole location 1980' FSL and 330' FEL of Section 23, T23S-R30E, to an approximate bottom hole location 2310' FSL and 100' FWL of Section 23, T23S-R30E ("Roadrunner 23 ILL 5H").
3. The first and last take points for the proposed well will meet the setback requirements set forth in the statewide rules for horizontal oil wells. The completed lateral for the Roadrunner 23 ILL 5H well complies with the standard setback.

4. Strata has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

5. Approval of the HSU and the pooling of all mineral interest owners in the Lower Brushy Canyon formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to permit Strata to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Strata should be designated the operator of the HSU. The only uncommitted interest in this HSU is owned by OXY USA Inc., and OXY USA Inc. is therefore the only interest owner to be pooled in this proceeding.

WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on January 6, 2022, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 160-acre, more or less, HSU comprised of the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico;

B. Pooling all mineral interests in the Delaware formation underlying the HSU;

C. Allowing the drilling of the following 1-mile well in the proposed HSU:
Roadrunner 23 ILL 5H;

D. Designating Strata as operator of the HSU and the well to be drilled thereon;

E. Authorizing Strata to recover its costs of drilling, equipping and completing the well;

F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Strata in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

Sharon T. Shaheen
Ricardo S. Gonzales
Post Office Box 2307
Santa Fe, NM 87504-2307
(505) 986-2678
sshaheen@montand.com
rgonzales@montand.com

Attorneys for Strata Production Company

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

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
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Case No. _____

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1. Strata is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Strata proposes to drill the following 1-mile well in the proposed HSU: **Roadrunner Fed Com 23 PML 6H** well, to be horizontally drilled from an approximate surface hole location 860' FSL and 530' FEL of Section 23, T23S-R30E, to an approximate bottom hole location 990' FSL and 100' FWL of Section 23, T23S-R30E ("Roadrunner 23 PML 6H");
3. The first and last take points for the proposed well will meet the setback requirements set forth in the statewide rules for horizontal oil wells. The completed lateral for the Roadrunner 23 PML 6H well complies with the standard setbacks.

4. Strata has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

5. Approval of the HSU and the pooling of all mineral interest owners in the Lower Brushy Canyon formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to permit Strata to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Strata should be designated the operator of the HSU. The only uncommitted interest in this HSU is owned by OXY USA Inc., and OXY USA Inc. is therefore the only interest owner to be pooled in this proceeding.

WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on January 6, 2022, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 160-acre, more or less, HSU comprised of the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico;

B. Pooling all mineral interests in the Delaware formation underlying the HSU;

C. Allowing the drilling of the following 1-mile well in the proposed HSU:
Roadrunner 23 PML 6H;

D. Designating Strata as operator of the HSU and the well to be drilled thereon;

E. Authorizing Strata to recover its costs of drilling, equipping and completing the well;

F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Strata in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

Sharon T. Shaheen
Ricardo S. Gonzales
Post Office Box 2307
Santa Fe, NM 87504-2307
(505) 986-2678
sshaheen@montand.com
rgonzales@montand.com

Attorneys for Strata Production Company

Tab 3.

**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. 22435

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

Case No. 22436

AFFIDAVIT OF LANDMAN MITCH KRAKAUSKAS

I, Mitch Krakauskas, being first duly sworn, do hereby depose and attest as follows:

1. I am over the age of eighteen and have personal knowledge of the matters stated herein.

2. I am employed as the Vice President of Strata Production Company (“Strata” or “Applicant”), and I am familiar with the subject applications and the lands involved.

3. This affidavit is submitted in connection with the filing by Strata of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC

4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record. My education and work experience are as follows: I graduated from New Mexico State University with a bachelor’s degree in Agricultural Business and Economics in December 2005. After graduation, I worked as an independent petroleum landman from January 2006 to March 2009, working throughout New Mexico, Texas, Colorado and Arizona. I have worked for Strata since April 2009. I have worked on New Mexico land matters for approximately fifteen years. I am a Certified Professional Landman through the American Association of Professional Landmen.

Exhibit A

5. The purpose of this application is to force pool working interest owners into the horizontal spacing units (“HSU”) described below, and in the wells to be drilled in the HSUs.

6. In Case No. **22435**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 160-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the Roadrunner Fed Com 23 ILL 5H well, to be horizontally drilled from an approximate surface hole location 1980’ FSL and 330’ FEL of Section 23, T23S-R30E, to an approximate bottom hole location 2310’ FSL and 100’ FWL of Section 23, T23S-R30E. The first take point will be located at approximately 1980’ FSL and 330’ FEL of Section 23, T23S-R30E. The last take point will be located at approximately 2310’ FSL and 100’ FWL of Section 23, T23S-R30E.

7. In Case No. **22436**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 160-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the Roadrunner Fed Com 23 PML 6H well, to be horizontally drilled from an approximate surface hole location 860’ FSL and 530’ FEL of Section 23, T23S-R30E, to an approximate bottom hole location 990’ FSL and 100’ FWL of Section 23, T23S-R30E. The first take point will be located at approximately 860’ FSL and 330’ FEL of Section 23, T23S-R30E. The last take point will be located at approximately 990’ FSL and 100’ FWL of Section 23, T23S-R30E.

8. The first and last take points and completed laterals will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

9. No opposition is expected. OXY USA, Inc. (“OXY”), an uncommitted working interest owner, was contacted regarding the proposed well. Strata continues to work toward a voluntary agreement with OXY, which is the only interest owner sought to be pooled in this proceeding.

10. A general location map is attached as **Exhibit A-1**.

11. Maps illustrating the tracts in the proposed HSUs and the ownership of each individual tract can be found in the exhibit package as **Exhibit A-2**.

12. Maps illustrating the unit ownership can be found in the exhibit package as **Exhibit A-3**.

13. The ownership breakdown of interests and a list of parties to be pooled can be found at **Exhibit A-4**.

14. A depth severance does not exist.

15. A chronology of contacts with OXY is attached as **Exhibit A-5**.

16. The location of the proposed wells within the respective HSUs is depicted in the draft C-102 Forms attached as **Exhibit A-6**. The draft C-102 Forms also indicate the locations of each surface hole, bottom hole, and the first and last take points.

17. I have conducted a diligent search of the public records in Eddy County, New Mexico, where the wells will be located, and conducted phone directory and computer searches to obtain contact information for parties entitled to notification. I mailed OXY a well proposal, including an Authorization for Expenditure (“AFE”), for each well.

18. **Exhibit A-7** is a copy of the well proposal letter and AFEs for the proposed wells that were attached thereto. The estimated costs of the wells set forth in the AFEs are fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

19. **Exhibit A-8** includes a copy of the notice letter that was sent with the Application to all of the uncommitted interest owners in the proposed HSU.

20. Strata has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

21. Strata requests the Division to approve operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures.

22. Strata requests the maximum cost, plus 200% risk charge, be assessed against non-consenting working interest owners.

23. Strata requests that it be designated operator of the wells.

24. The exhibits attached hereto were prepared by me, or compiled from Strata's business records.

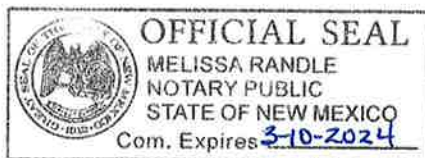
25. The granting of the Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

26. The foregoing is correct and complete to the best of my knowledge and belief.


Mitch Krakauskas

Subscribed to and sworn before me on this 4th day of January, 2022.

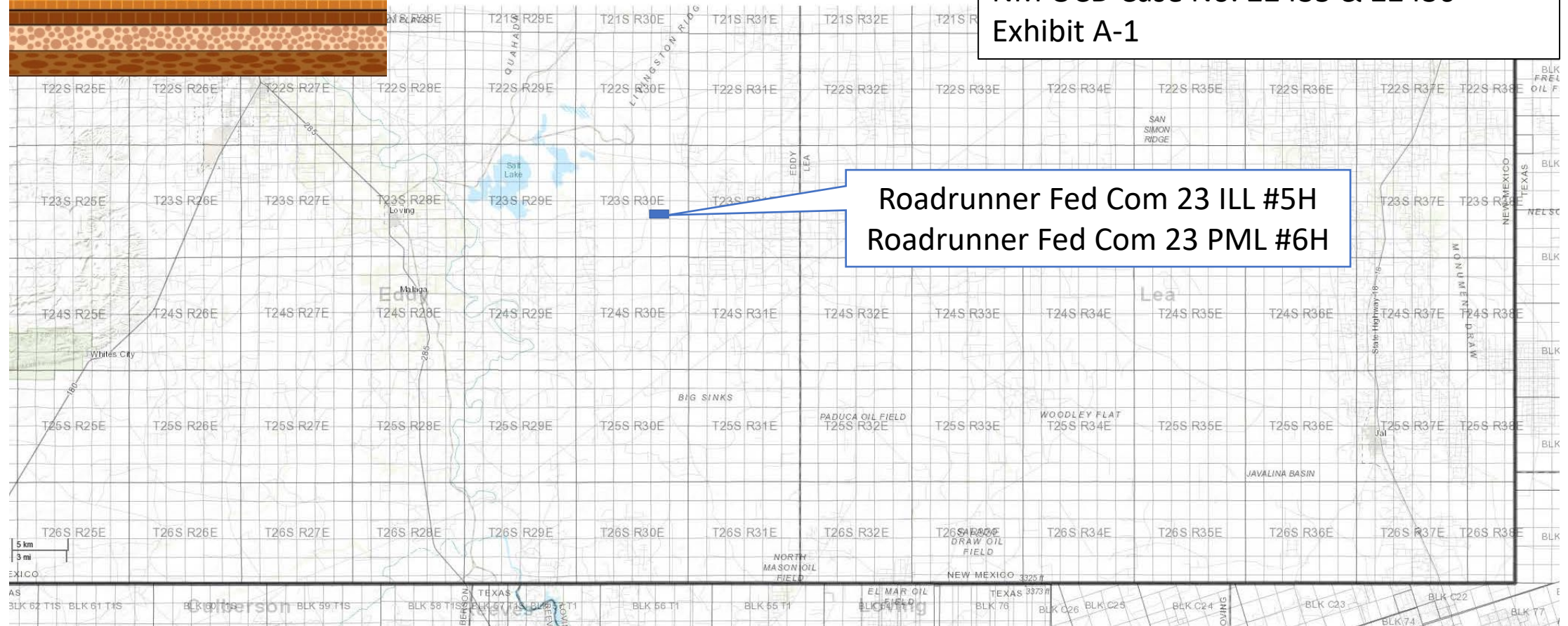
My commission expires: March 10, 2024

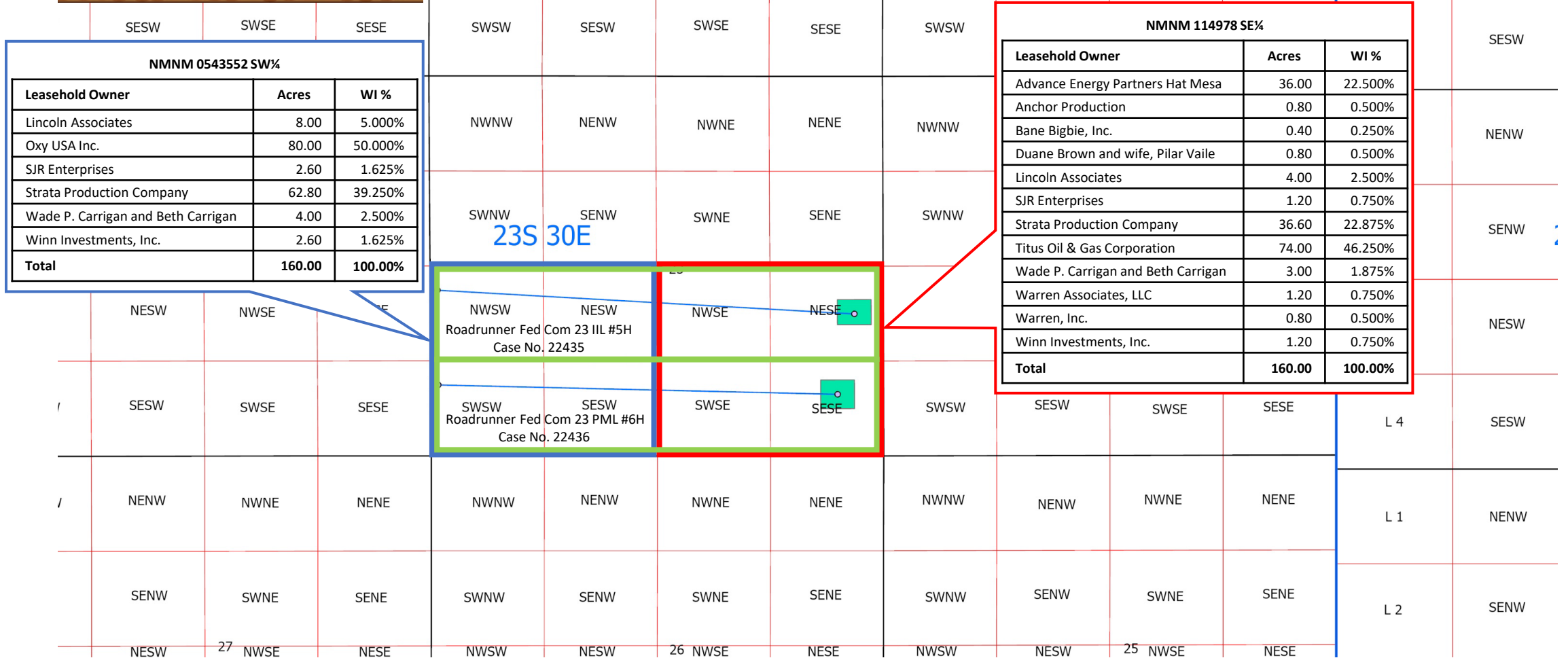


Tab 4.



Roadrunner Fed Com 23 ILL #5H
 Roadrunner Fed Com 23 PML #6H
 NM OCD Case No. 22435 & 22436
 Exhibit A-1







Roadrunner Fed Com 23 ILL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit A-3

| Roadrunner Fed Com 23 PML #6H Case No. 22436 Proration Unit WI % | | |
|--|--------|----------|
| Leasehold Owner | Acres | WI % |
| Advance Energy Partners Hat Mesa | 36.00 | 11.250% |
| Anchor Production | 0.80 | 0.250% |
| Bane Bigbie, Inc. | 0.40 | 0.125% |
| Duane Brown and wife, Pilar Vaile | 0.80 | 0.250% |
| Lincoln Associates | 12.00 | 3.750% |
| Oxy USA Inc. | 80.00 | 25.000% |
| SJR Enterprises | 3.80 | 1.188% |
| Strata Production Company | 99.40 | 31.0625% |
| Titus Oil & Gas Corporation | 74.00 | 23.125% |
| Wade P. Carrigan and Beth Carrigan | 7.00 | 2.188% |
| Warren Associates, LLC | 1.20 | 0.375% |
| Warren, Inc. | 0.80 | 0.250% |
| Winn Investments, Inc. | 3.80 | 1.188% |
| Total | 320.00 | 100.00% |

| Roadrunner Fed Com 23 ILL #5H Case No. 22435 Proration Unit WI % | | |
|--|--------|----------|
| Leasehold Owner | Acres | WI % |
| Advance Energy Partners Hat Mesa | 36.00 | 11.250% |
| Anchor Production | 0.80 | 0.250% |
| Bane Bigbie, Inc. | 0.40 | 0.125% |
| Duane Brown and wife, Pilar Vaile | 0.80 | 0.250% |
| Lincoln Associates | 12.00 | 3.750% |
| Oxy USA Inc. | 80.00 | 25.000% |
| SJR Enterprises | 3.80 | 1.188% |
| Strata Production Company | 99.40 | 31.0625% |
| Titus Oil & Gas Corporation | 74.00 | 23.125% |
| Wade P. Carrigan and Beth Carrigan | 7.00 | 2.188% |
| Warren Associates, LLC | 1.20 | 0.375% |
| Warren, Inc. | 0.80 | 0.250% |
| Winn Investments, Inc. | 3.80 | 1.188% |
| Total | 320.00 | 100.00% |



Roadrunner Fed Com 23 ILL #5H
 Roadrunner Fed Com 23 PML #6H
 NM OCD Case No. 22435 & 22436
 Exhibit A-4

CONTRACT AREA ROADRUNNER FED COM 23 ILL #5H – Case No. 22435:

N½S½ of Sec. 23-23S-30E, Eddy County, New Mexico, 160.00 acres, more or less

UNIT INTEREST OF THE PARTIES:

| Interest Owners: | Net Acres | WI % |
|---------------------------------------|------------------|-----------------|
| Advance Energy Partners Hat Mesa, LLC | 18.000 | 11.250% |
| Anchor Production | 0.400 | 0.250% |
| Bane Bigbie, Inc. | 0.200 | 0.125% |
| Duane Brown and wife, Pilar Vaile | 0.400 | 0.250% |
| Lincoln Associates | 6.000 | 3.750% |
| Oxy USA Inc. | 40.000 | 25.000% |
| SJR Enterprises | 1.900 | 1.188% |
| Strata Production Company | 49.700 | 31.0625% |
| Titus Oil & Gas Corporation | 37.000 | 23.125% |
| Wade P. Carrigan and Beth Carrigan | 3.500 | 2.188% |
| Warren Associates, LLC | 0.600 | 0.375% |
| Warren, Inc. | 0.400 | 0.250% |
| Winn Investments, Inc. | 1.900 | 1.188% |
| Total | 160.00 | 100.000% |

TRACT INTEREST OF THE PARTIES:

Tract 1 (N½SW¼ of Sec. 23-23S-30E, 80.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 4.000 | 5.000% |
| Oxy USA Inc. | 40.000 | 50.000% |
| SJR Enterprises | 1.300 | 1.625% |
| Strata Production Company | 31.400 | 39.250% |
| Wade P. Carrigan and Beth Carrigan | 2.000 | 2.500% |
| Winn Investments, Inc. | 1.300 | 1.625% |
| Total | 80.00 | 100.000% |

Tract 2 (N½SE¼ of Sec. 23-23S-30E, 80.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Advance Energy Partners Hat Mesa | 18.000 | 22.500% |
| Anchor Production | 0.400 | 0.500% |
| Bane Bigbie, Inc. | 0.200 | 0.250% |
| Duane Brown and wife, Pilar Vaile | 0.400 | 0.500% |
| Lincoln Associates | 2.000 | 2.500% |
| SJR Enterprises | 0.600 | 0.750% |
| Strata Production Company | 18.300 | 22.875% |
| Titus Oil & Gas Corporation | 37.000 | 46.250% |
| Wade P. Carrigan and Beth Carrigan | 1.500 | 1.875% |
| Warren Associates, LLC | 0.600 | 0.750% |
| Warren, Inc. | 0.400 | 0.500% |
| Winn Investments, Inc. | 0.600 | 0.750% |
| Total | 80.00 | 100.000% |

CONTRACT AREA ROADRUNNER FED COM 23 ILL #5H – Case No. 22436:

S½S½ of Sec. 23-23S-30E, Eddy County, New Mexico, 160.00 acres, more or less

UNIT INTEREST OF THE PARTIES:

| Interest Owners: | Net Acres | WI % |
|---------------------------------------|------------------|-----------------|
| Advance Energy Partners Hat Mesa, LLC | 18.000 | 11.250% |
| Anchor Production | 0.400 | 0.250% |
| Bane Bigbie, Inc. | 0.200 | 0.125% |
| Duane Brown and wife, Pilar Vaile | 0.400 | 0.250% |
| Lincoln Associates | 6.000 | 3.750% |
| Oxy USA Inc. | 40.000 | 25.000% |
| SJR Enterprises | 1.900 | 1.188% |
| Strata Production Company | 49.700 | 31.0625% |
| Titus Oil & Gas Corporation | 37.000 | 23.125% |
| Wade P. Carrigan and Beth Carrigan | 3.500 | 2.188% |
| Warren Associates, LLC | 0.600 | 0.375% |
| Warren, Inc. | 0.400 | 0.250% |
| Winn Investments, Inc. | 1.900 | 1.188% |
| Total | 160.00 | 100.000% |

TRACT INTEREST OF THE PARTIES:

Tract 1 (SW¼ of Sec. 23-23S-30E, 160.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 4.000 | 5.000% |
| Oxy USA Inc. | 40.000 | 50.000% |
| SJR Enterprises | 1.300 | 1.625% |
| Strata Production Company | 31.400 | 39.250% |
| Wade P. Carrigan and Beth Carrigan | 2.000 | 2.500% |
| Winn Investments, Inc. | 1.300 | 1.625% |
| Total | 80.00 | 100.000% |

Tract 2 (SE¼ of Sec. 23-23S-30E, 160.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Advance Energy Partners Hat Mesa | 18.000 | 22.500% |
| Anchor Production | 0.400 | 0.500% |
| Bane Bigbie, Inc. | 0.200 | 0.250% |
| Duane Brown and wife, Pilar Vaile | 0.400 | 0.500% |
| Lincoln Associates | 2.000 | 2.500% |
| SJR Enterprises | 0.600 | 0.750% |
| Strata Production Company | 18.300 | 22.875% |
| Titus Oil & Gas Corporation | 37.000 | 46.250% |
| Wade P. Carrigan and Beth Carrigan | 1.500 | 1.875% |
| Warren Associates, LLC | 0.600 | 0.750% |
| Warren, Inc. | 0.400 | 0.500% |
| Winn Investments, Inc. | 0.600 | 0.750% |
| Total | 80.00 | 100.000% |

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Tract 1:

Lessor: United State of America
Lessee: Messrs G. Burke and H. McCall
Serial No.: NMNM 0543552
Date: June 1, 1964
Description: SW $\frac{1}{4}$ of Sec. 23-23S-30E, Eddy County, New Mexico, 160.00 acres, more or less

Tract 2¹:

Lessor: United State of America
Lessee: Rubicon Oil & Gas II, L.P.
Serial No.: NMNM 114978
Date: December 1, 2005
Description: SE $\frac{1}{4}$ of Sec. 23-23S-30E, Eddy County, New Mexico, 160.00 acres, more or less

¹ This tract is subject to a Joint Operating Agreements dated September 1, 2005, April 3, 2006 and January 1, 2008 naming Strata Production Company as Operator or Strata has assumed Operatorship per those agreements.



Roadrunner Fed Com 23 ILL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit A-5

Interest Owner: Oxy USA Inc.

Contact Type: Phone, Email, USPS

Notes: Contacted Matthew Cole regarding the proposed development on March 16, 2021. Continued to discuss with Mr. Cole for 9 months and sent proposals and discussed the possibility of a farmout or JOA covering these lands naming Strata as Operator. Sent formal proposal on September 2, 2021 and continued discussions via phone. Mr. Cole continued to say his team was looking into this, but he could not get a response out of them. On November 10, 2021 Mr. Cole informed me that it would be months before they could give me an answer as they did not have an approved 2022 budget for the area. He informed me that the best path forward was compulsory pooling, it was the only way his team would evaluate the proposals. On November 11, 2021, I informed Mr. Cole that we were moving forward with pooling and asked if he had a JOA that Oxy would like to use so we could avoid the pooling process. This was the last communication I had with Oxy and never heard back.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
OIL CONSERVATION
1220 South St
Santa Fe, NM 87505

Roadrunner Fed Com 23 ILL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit A-6

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--|--|--|
| ¹ API Number | ² Pool Code 24750 | ³ Pool Name Forty Niner Ridge; Delaware |
| ⁴ Property Code | ⁵ Property Name ROADRUNNER FED 23 ILL | ⁶ Well Number 5H |
| ⁷ OGRID NO. 21712 | ⁸ Operator Name STRATA PRODUCTION COMPANY | ⁹ Elevation 3268' |

¹⁰ Surface Location

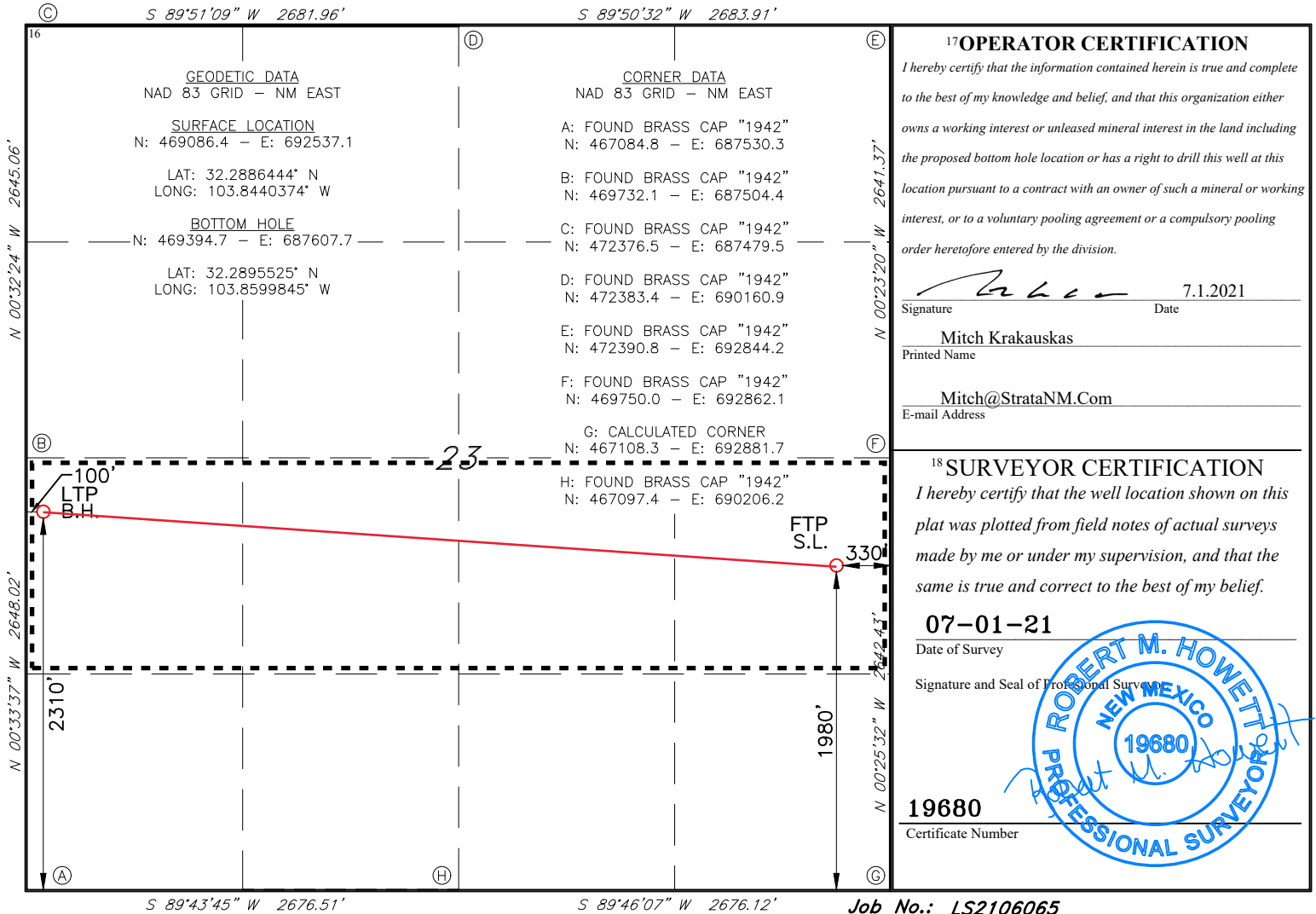
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| I | 23 | 23S | 30E | | 1980 | SOUTH | 330 | EAST | EDDY |

¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| L | 23 | 23S | 30E | | 2310 | SOUTH | 100 | WEST | EDDY |

| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 160 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|---|-------------------------------|----------------------------------|-------------------------|

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--|--|--|
| ¹ API Number | ² Pool Code 24750 | ³ Pool Name Forty Niner Ridge; Delaware |
| ⁴ Property Code | ⁵ Property Name ROADRUNNER FED 23 PML | ⁶ Well Number 6H |
| ⁷ OGRID NO. 21712 | ⁸ Operator Name STRATA PRODUCTION COMPANY | ⁹ Elevation 3279' |

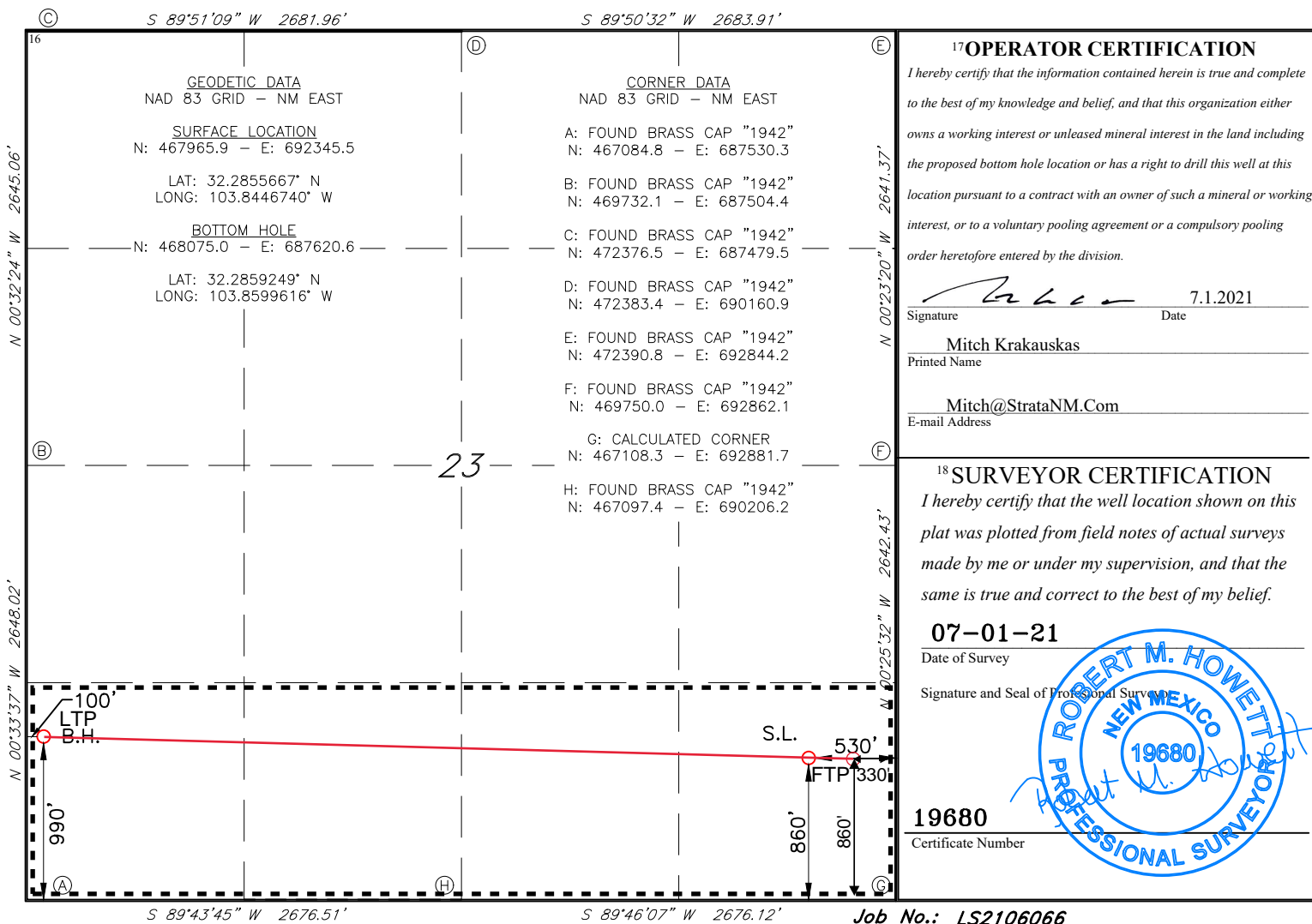
¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| P | 23 | 23S | 30E | | 860 | SOUTH | 530 | EAST | EDDY |

¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|-------------------------------|----------------------------------|-------------------------|---------|---------------|------------------|---------------|----------------|-------------|
| M | 23 | 23S | 30E | | 990 | SOUTH | 100 | WEST | EDDY |
| ¹² Dedicated Acres 160 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. | | | | | | |

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (575) 622-1127
FACSIMILE (575) 623-3533

1301 NORTH SYCAMORE AVENUE
ROSWELL, NEW MEXICO 88201
www.stratanm.com

September 2, 2021

To: OXY USA Inc.
P. O. Box 27570
Houston, TX 77227

Roadrunner Fed Com 23 ILL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit A-7

Subject: Roadrunner Federal Com 23 ILL #5H
Roadrunner Federal Com 23 PML #6H
FNRU Federal Com 22 23 III #15H
FNRU Federal Com 22 23 PPI #16H

Dear Sir/Madam:

Strata Production Company ("Strata") proposes the drilling and completion of the Roadrunner Federal Com 23 ILL #5H, Roadrunner Federal Com 23 PML #6H, FNRU Federal Com 22 23 III #15H, FNRU Federal Com 22 23 PPI #16H (collectively, the "Wells") located in Sections 22 & 23, Township 23 South, Range 30 East, Eddy County, New Mexico.

In connection with the above, please note the following:

The estimated cost of drilling, testing, completing, and equipping of each well is itemized on the four (4) enclosed Authority for Expenditures ("AFE") dated July 19, 2021.

Roadrunner Federal Com 23 ILL #5H: To be drilled from the legal location with a proposed surface hole location 1980' FSL and 330' FEL and a proposed bottom hole location of 2310' FSL and 100' FWL of Section 23, Township 23 South, Range 30 East. The well will have a targeted interval within the lower Brushy Canyon (L Zone – 7649' TVD) and will be drilled horizontally to a measured depth of approximately 12403'.

Roadrunner Federal Com 23 PML #6H: To be drilled from the legal location with a proposed surface hole location 860' FSL and 530' FEL and a proposed bottom hole location of 990' FSL and 100' FWL of Section 23, Township 23 South, Range 30 East. The well will have a targeted interval within the lower Brushy Canyon (L Zone – 7643' TVD) and will be drilled horizontally to a measured depth of approximately 12691'.

FNRU Federal Com 22 23 III #15H: To be drilled from the legal location with a proposed surface hole location 2100' FSL and 850' FEL of section 22 and a proposed bottom hole location of 1650' FSL and 100' FEL of Section 23, Township 23 South, Range 30 East. The well will have a targeted interval within the middle Brushy Canyon (I Zone – 7331' TVD) and will be drilled horizontally to a measured depth of approximately 13199'.

FNRU Federal Com 22 23 PPI #16H: To be drilled from the legal location with a proposed surface hole location 330' FSL and 660' FEL of section 22 and a proposed bottom hole location of 330' FSL and 100' FEL of Section 23, Township 23 South, Range 30 East. The well will have a targeted interval within the middle Brushy Canyon (I Zone – 7315') and will be drilled horizontally to a measured depth of approximately 12967'.

Strata reserves the right to modify the locations and drilling plans described above in order to address regulatory requirements. Strata will advise you of any such modifications.

Strata is proposing to drill the Wells under the terms of the modified 1989 AAPL form Operating Agreement ("JOA"). The JOA dated September 1, 2021, by and between Strata Production Company, as Operator and Oxy USA Inc. as Non-Operator, covers Section 23: W½ and Section 26: N½, Township 23 South, Range 30 East, Eddy County, New Mexico, being 640 acres, more or less, with the following general provisions:

- 100%/300%/300% Non-consent penalty;
- \$8,000/\$800 Drilling and producing rate;
- Strata Production Company named as Operator from the surface to base of the Delaware Formation.

Strata requests that you indicate your election in the drilling and completion of the Wells on each AFE, sign and return one copy of each AFE to the undersigned within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFEs are only an estimate of costs to be incurred and by electing to participate in the Wells, each working interest owner shall be responsible for its proportionate share of all costs incurred.

If you are interested in divesting of your interest or wish to discuss this proposal further, please contact myself at (575) 622-1127 ext. 23 or by email mitch@stratanm.com.

Sincerely,



Mitch Krakauskas
Vice President

Enclosures: as stated


STRATA PRODUCTION COMPANY
AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS

| | | | | | | | | | | |
|---|--|--|--|--|--|--|--|------------------------|---|--|
| WELL NAME AND NUMBER Roadrunner Federal Com 23 ILL #5H | | | | | | | AFE NUMBER FNR-23-23-30-5I-0721 | | DATE 8/17/2021 | |
| LOCATION: SHL 1980' FSL & 330' FEL Sec 23-T23S-R30E BHL 2310' FSL & 100' FWL Sec 23-T23S-R30E | | | | | | | FIELD Forty Niner Ridge Delaware | | | |
| API NUMBER TBD | | | | | | | COUNTY OR PARISH Eddy | | STATE New Mexico | |
| PROJECT DESCRIPTION AND LOCATION DRILL A NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE L SAND, TVD 7,649' AND MD 12,403'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL | | | | | | | SECTION 23 | TOWNSHIP 23S | RANGE 30E | |
| | | | | | | | PROPOSED FORMATION Delaware | | PROPOSED DEPTH 7,649' TVD / 12403' MD | |

| | | | | | | | | | |
|-----------|---|--|--|--|--|--|-------------|-------------|-------------|
| ACCT CODE | INTANGIBLES | | | | | | DRY HOLE | RUN CSG | TOTAL |
| | Drilling - Footage Ft. @ \$ /Ft. | | | | | | | | |
| | Drilling - Day Work - BCP 16 Days @ \$ 18000 /Day | | | | | | \$288,000 | | \$288,000 |
| | Drilling - Day Work - ACP 4 Days @ \$ 18000 /Day | | | | | | | \$72,000 | \$72,000 |
| | Completion Rig, Power Swivel, and Reverse Unit etc | | | | | | | \$133,000 | \$133,000 |
| | Mobilization & Demobilization- Other Contractors Charges | | | | | | \$200,000 | | \$200,000 |
| | Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion | | | | | | \$139,000 | \$500 | \$139,500 |
| | Drill Bits, Coring & DST | | | | | | \$65,000 | \$5,000 | \$70,000 |
| | Transportation and Hauling | | | | | | \$24,500 | \$6,000 | \$30,500 |
| | Drilling Mud, Chemicals & Completion Fluids | | | | | | \$82,700 | \$12,500 | \$95,200 |
| | Fuel, Power, Water | | | | | | \$111,000 | \$230,000 | \$341,000 |
| | Cementing Services, Cementing Equipment, Hangers; Packers | | | | | | \$120,250 | \$90,500 | \$210,750 |
| | Mud Logging | | | | | | \$31,500 | | \$31,500 |
| | Open Hole Logging and Side Wall Coring | | | | | | \$65,000 | | \$65,000 |
| | Cased Hole Logging and Perforating | | | | | | | \$120,000 | \$120,000 |
| | Equipment Rental Including Solids Control, Closed Loop & Directional Services | | | | | | \$405,251 | \$44,000 | \$449,251 |
| | Insurance | | | | | | \$23,125 | | \$23,125 |
| | Other Well Services, NU/BOP, Casing Inspection | | | | | | \$49,500 | \$50,500 | \$100,000 |
| | Overhead | | | | | | \$10,000 | \$5,000 | \$15,000 |
| | Supervision: Wellsite, Engineering, Geological, Consultants | | | | | | \$98,000 | \$35,750 | \$133,750 |
| | Contract Services | | | | | | \$11,400 | \$10,000 | \$21,400 |
| | Fluids & Cuttings Disposal | | | | | | \$263,000 | \$5,500 | \$268,500 |
| | Environmental Charges | | | | | | | | |
| | Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) | | | | | | | \$700,000 | \$700,000 |
| | Plugging Costs | | | | | | | | |
| | Miscellaneous Costs, Tax and Contingencies | | | | | | \$176,667 | \$176,284 | \$352,951 |
| | TOTAL INTANGIBLES | | | | | | \$2,163,893 | \$1,696,534 | \$3,860,427 |

| | | | | | | | | | |
|-----------|--|---------------|-------------------------------------|-------------|-------------|---------------|-------------|-------------|-------------|
| ACCT CODE | TANGIBLES | | | | | | DRY HOLE | COMPLETION | TOTAL |
| | CASING | FOOTAGE | SIZE | WEIGHT | GRADE | COST/FT | | | |
| | Conductor | 80 | 20" | 94# | H40 | 300.00 | \$24,000 | | \$24,000 |
| | Surface | 500 | 13³/₈" | 48# | H40 | 40.53 | \$20,265 | | \$20,265 |
| | Surface | | | | | | | | |
| | Intermediate | 4200 | 9 5/8" | 40# | J55 | 37.50 | \$157,500 | | \$157,500 |
| | Intermediate | | | | | | | | |
| | Liner | | | | | | | | |
| | Production | 12,450 | 5.5" | 20# | P110 | 21.12 | | \$262,944 | \$262,944 |
| | Production | | | | | | | | |
| | Tubing | 7500 | 2 7/8" | 6.5# | L80 | 8.50 | | \$63,750 | \$63,750 |
| | Subsurface Well Equipment (Packers/Bottom Hole Pump) | | | | | | | | |
| | Rods, etc | | | | | | | | |
| | Wellhead Equipment (Casing Head/Christmas Tree) | | | | | | \$19,350 | \$8,850 | \$28,200 |
| | Pumping Equipment (Pumping Unit or Sub Pump) | | | | | | | | |
| | Flowlines | | | | | | | \$32,000 | \$32,000 |
| | Tanks | | | | | | | \$120,000 | \$120,000 |
| | Sales Line Equipment | | | | | | | \$12,000 | \$12,000 |
| | Separator-Prod. Equip. | | | | | | | \$28,500 | \$28,500 |
| | Valves,Fittings etc. | | | | | | | \$20,750 | \$20,750 |
| | Installation of Surface Lease Equipment | | | | | | | \$112,500 | \$112,500 |
| | Other Lease & Well Equip. | | | | | | | \$22,000 | \$22,000 |
| | TOTAL TANGIBLES | | | | | | \$221,115 | \$683,294 | \$904,409 |
| | TOTAL WELL COSTS | | | | | | \$2,385,008 | \$2,379,828 | \$4,764,836 |

| | | | | | |
|---|--|--|--|--|--|
| Strata Production Company Working Interest 31.06% | | Strata Production Co. - DRY HOLE \$740,843 | | Strata Production Co.- COMPLETED \$1,480,077 | |
|---|--|--|--|--|--|

| | | | | | |
|---|--|------------|--|---|--|
| PREPARED BY: Matt Murphy, Engineer | | | | DATE: 8/17/2021 | |
| APPROVED BY: Mitch Krakauskas, Vice President | | | | DATE: 9/2/2021 | |
| | | | | SIGNED:  | |
| JOINT INTEREST SHARE Due to rig availability and timing, the undersigned agrees that this AFE is valid for 180 days from execution. | | | | | |
| COMPANY NAME: | | SIGNATURE: | | DATE: | |
| | | | | | |

By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: _____ Date: _____

AUTHORITY FOR EXPENDITURE

ESTIMATED WELL COSTS

| | | | |
|---|----------------------|----------|------------------------|
| WELL NAME AND NUMBER | AFE NUMBER | | DATE |
| Roadrunner Federal Com 23 PML #6H | FNR-23-23-30-6P-0721 | | 8/17/2021 |
| LOCATION: SHL 860' FSL & 530' FEL Sec 23-T23S-R30E BHL 990' FSL & 100' FWL Sec 23-T23S-R30E | FIELD | | |
| API NUMBER | COUNTY OR PARISH | | STATE |
| TBD | Eddy | | New Mexico |
| PROJECT DESCRIPTION AND LOCATION | SECTION | TOWNSHIP | RANGE |
| | 23 | 23S | 30E |
| DRILL A NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE L SAND, TVD 7,643' AND MD 12,691'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL | PROPOSED FORMATION | | PROPOSED DEPTH |
| | Delaware | | 7,643' TVD / 12691' MD |

| ACCT CODE | INTANGIBLES | DRY HOLE | RUN CSG | TOTAL |
|-----------|---|-------------|-------------|-------------|
| | Drilling - Footage Ft. @ \$ /Ft. | | | |
| | Drilling - Day Work - BCP 14 Days @ \$ 18000 /Day | \$252,000 | | \$252,000 |
| | Drilling - Day Work - ACP 4 Days @ \$ 18000 /Day | | \$72,000 | \$72,000 |
| | Completion Rig, Power Swivel, and Reverse Unit etc | | \$133,000 | \$133,000 |
| | Mobilization & Demobilization- Other Contractors Charges | \$200,000 | | \$200,000 |
| | Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion | \$139,000 | \$500 | \$139,500 |
| | Drill Bits, Coring & DST | \$65,000 | \$5,000 | \$70,000 |
| | Transportation and Hauling | \$24,500 | \$9,500 | \$34,000 |
| | Drilling Mud, Chemicals & Completion Fluids | \$79,100 | \$12,500 | \$91,600 |
| | Fuel, Power, Water | \$93,000 | \$230,000 | \$323,000 |
| | Cementing Services, Cementing Equipment, Hangers; Packers | \$118,750 | \$60,500 | \$179,250 |
| | Mud Logging | \$29,000 | | \$29,000 |
| | Open Hole Logging and Side Wall Coring | \$65,000 | | \$65,000 |
| | Cased Hole Logging and Perforating | | \$120,000 | \$120,000 |
| | Equipment Rental Including Solids Control, Closed Loop & Directional Services | \$367,151 | \$44,000 | \$411,151 |
| | Insurance | \$18,780 | | \$18,780 |
| | Other Well Services, NU/BOP, Casing Inspection | \$49,500 | \$50,500 | \$100,000 |
| | Overhead | \$10,000 | \$5,000 | \$15,000 |
| | Supervision: Wellsite, Engineering, Geological, Consultants | \$91,000 | \$35,750 | \$126,750 |
| | Contract Services | \$11,400 | \$10,000 | \$21,400 |
| | Fluids & Cuttings Disposal | \$263,000 | \$5,500 | \$268,500 |
| | Environmental Charges | | | |
| | Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) | | \$700,000 | \$700,000 |
| | Plugging Costs | | | |
| | Miscellaneous Costs, Tax and Contingencies | \$167,784 | \$174,586 | \$342,370 |
| | TOTAL INTANGIBLES | \$2,043,965 | \$1,668,336 | \$3,712,301 |

| ACCT CODE | TANGIBLES | | | | | | DRY HOLE | COMPLETION | TOTAL |
|-----------|--|---------|---------|--------|-------|---------|-------------|-------------|-------------|
| | CASING | FOOTAGE | SIZE | WEIGHT | GRADE | COST/FT | | | |
| | Conductor | 80 | 20" | 94# | H40 | 300.00 | \$24,000 | | \$24,000 |
| | Surface | 500 | 13 3/8" | 48# | H40 | 40.53 | \$20,265 | | \$20,265 |
| | Surface | | | | | | | | |
| | Intermediate | 4200 | 9 5/8" | 40# | J55 | 37.50 | \$157,500 | | \$157,500 |
| | Intermediate | | | | | | | | |
| | Liner | | | | | | | | |
| | Production | 12,700 | 5.5" | 20# | P110 | 21.12 | | \$268,224 | \$268,224 |
| | Production | | | | | | | | |
| | Tubing | 7500 | 2 7/8" | 6.5# | L80 | 8.50 | | \$63,750 | \$63,750 |
| | Subsurface Well Equipment (Packers/Bottom Hole Pump) | | | | | | | | |
| | Rods, etc | | | | | | | | |
| | Wellhead Equipment (Casing Head/Christmas Tree) | | | | | | \$19,350 | \$8,850 | \$28,200 |
| | Pumping Equipment (Pumping Unit or Sub Pump) | | | | | | | | |
| | Flowlines | | | | | | | \$32,000 | \$32,000 |
| | Tanks | | | | | | | \$120,000 | \$120,000 |
| | Sales Line Equipment | | | | | | | \$12,000 | \$12,000 |
| | Separator-Prod. Equip. | | | | | | | \$28,500 | \$28,500 |
| | Valves,Fittings etc. | | | | | | | \$20,750 | \$20,750 |
| | Installation of Surface Lease Equipment | | | | | | | \$112,500 | \$112,500 |
| | Other Lease & Well Equip. | | | | | | | \$22,000 | \$22,000 |
| | TOTAL TANGIBLES | | | | | | \$221,115 | \$688,574 | \$909,689 |
| | TOTAL WELL COSTS | | | | | | \$2,265,080 | \$2,356,910 | \$4,621,990 |

| | | |
|--|----------------------------------|----------------------------------|
| Strata Production Company Working Interest | Strata Production Co. - DRY HOLE | Strata Production Co.- COMPLETED |
| 31.06% | \$703,590 | \$1,435,706 |

| | | |
|---|-----------------|---|
| PREPARED BY: Matt Murphy, Engineer | DATE: 8/17/2021 | |
| APPROVED BY: Mitch Krakauskas, Vice President | DATE: 9/2/2021 | SIGNED:  |

| | | | | |
|----------------------|------------|-------|-------------------|--|
| JOINT INTEREST SHARE | | | | Due to rig availability and timing, the undersigned agrees that this AFE is valid for 180 days from execution. |
| COMPANY NAME: | SIGNATURE: | DATE: | WORKING INTEREST: | |
| | | | | |

By execution of this AFE, the above signee is agreeing to be covered by the Operator’s well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator’s well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: _____ Date: _____

AUTHORITY FOR EXPENDITURE


ESTIMATED WELL COSTS

| | | | | | | | | | | |
|---|--|--|--|--|--|--|-----------------------|----------|------------------------|--|
| WELL NAME AND NUMBER | | | | | | | AFE NUMBER | | DATE | |
| FNRU Federal Com 22 23 III #15H | | | | | | | FNR-22-23-30-15I-0721 | | 8/17/2021 | |
| LOCATION: SHL 2100' FSL & 850' FEL Sec 22-T23S-R30E BHL 1650' FSL & 100' FEL Sec 23-T23S-R30E | | | | | | | FIELD | | | |
| API NUMBER | | | | | | | COUNTY OR PARISH | | STATE | |
| TBD | | | | | | | Eddy | | New Mexico | |
| PROJECT DESCRIPTION AND LOCATION DRILL A NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE L SAND, TVD 7,331' AND MD 13,199'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL | | | | | | | SECTION | TOWNSHIP | RANGE | |
| | | | | | | | 22 | 23S | 30E | |
| | | | | | | | PROPOSED FORMATION | | PROPOSED DEPTH | |
| | | | | | | | Delaware | | 7,331' TVD / 13199' MD | |

| | | | | | | | | | |
|-----------|---|--|--|--|--|--|-------------|-------------|-------------|
| ACCT CODE | INTANGIBLES | | | | | | DRY HOLE | RUN CSG | TOTAL |
| | Drilling - Footage Ft. @ \$ /Ft. | | | | | | | | |
| | Drilling - Day Work - BCP 14 Days @ \$ 18000 /Day | | | | | | \$252,000 | | \$252,000 |
| | Drilling - Day Work - ACP 4 Days @ \$ 18000 /Day | | | | | | | \$72,000 | \$72,000 |
| | Completion Rig, Power Swivel, and Reverse Unit etc | | | | | | | \$133,000 | \$133,000 |
| | Mobilization & Demobilization- Other Contractors Charges | | | | | | \$200,000 | | \$200,000 |
| | Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion | | | | | | \$189,000 | \$500 | \$189,500 |
| | Drill Bits, Coring & DST | | | | | | \$65,000 | \$5,000 | \$70,000 |
| | Transportation and Hauling | | | | | | \$24,500 | \$9,500 | \$34,000 |
| | Drilling Mud, Chemicals & Completion Fluids | | | | | | \$81,400 | \$12,500 | \$93,900 |
| | Fuel, Power, Water | | | | | | \$102,000 | \$230,000 | \$332,000 |
| | Cementing Services, Cementing Equipment, Hangers; Packers | | | | | | \$118,750 | \$60,500 | \$179,250 |
| | Mud Logging | | | | | | \$27,500 | | \$27,500 |
| | Open Hole Logging and Side Wall Coring | | | | | | \$65,000 | | \$65,000 |
| | Cased Hole Logging and Perforating | | | | | | | \$120,000 | \$120,000 |
| | Equipment Rental Including Solids Control, Closed Loop & Directional Services | | | | | | \$349,150 | \$44,000 | \$393,150 |
| | Insurance | | | | | | \$24,420 | | \$24,420 |
| | Other Well Services, NU/BOP, Casing Inspection | | | | | | \$49,500 | \$50,500 | \$100,000 |
| | Overhead | | | | | | \$10,000 | \$5,000 | \$15,000 |
| | Supervision: Wellsite, Engineering, Geological, Consultants | | | | | | \$91,000 | \$35,750 | \$126,750 |
| | Contract Services | | | | | | \$10,800 | \$10,000 | \$20,800 |
| | Fluids & Cuttings Disposal | | | | | | \$263,000 | \$5,500 | \$268,500 |
| | Environmental Charges | | | | | | | | |
| | Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) | | | | | | | \$700,000 | \$700,000 |
| | Plugging Costs | | | | | | | | |
| | Miscellaneous Costs, Tax and Contingencies | | | | | | \$171,531 | \$175,431 | \$346,962 |
| | TOTAL INTANGIBLES | | | | | | \$2,094,551 | \$1,669,181 | \$3,763,732 |

| | | | | | | | | | |
|-----------|--|---------|---------|--------|-------|---------|-------------|-------------|-------------|
| ACCT CODE | TANGIBLES | | | | | | DRY HOLE | COMPLETION | TOTAL |
| | CASING | FOOTAGE | SIZE | WEIGHT | GRADE | COST/FT | | | |
| | Conductor | 80 | 20" | 94# | H40 | 300.00 | \$24,000 | | \$24,000 |
| | Surface | 500 | 13 3/8" | 48# | H40 | 40.53 | \$20,265 | | \$20,265 |
| | Surface | | | | | | | | |
| | Intermediate | 4200 | 9 5/8" | 40# | J55 | 37.50 | \$157,500 | | \$157,500 |
| | Intermediate | | | | | | | | |
| | Liner | | | | | | | | |
| | Production | 13,200 | 5.5" | 20# | P110 | 21.12 | | \$278,784 | \$278,784 |
| | Production | | | | | | | | |
| | Tubing | 7500 | 2 7/8" | 6.5# | L80 | 8.50 | | \$63,750 | \$63,750 |
| | Subsurface Well Equipment (Packers/Bottom Hole Pump) | | | | | | | | |
| | Rods, etc | | | | | | | | |
| | Wellhead Equipment (Casing Head/Christmas Tree) | | | | | | \$19,350 | \$8,850 | \$28,200 |
| | Pumping Equipment (Pumping Unit or Sub Pump) | | | | | | | | |
| | Flowlines | | | | | | | \$32,000 | \$32,000 |
| | Tanks | | | | | | | \$120,000 | \$120,000 |
| | Sales Line Equipment | | | | | | | \$12,000 | \$12,000 |
| | Separator-Prod. Equip. | | | | | | | \$28,500 | \$28,500 |
| | Valves,Fittings etc. | | | | | | | \$20,750 | \$20,750 |
| | Installation of Surface Lease Equipment | | | | | | | \$112,500 | \$112,500 |
| | Other Lease & Well Equip. | | | | | | | \$22,000 | \$22,000 |
| | TOTAL TANGIBLES | | | | | | \$221,115 | \$699,134 | \$920,249 |
| | TOTAL WELL COSTS | | | | | | \$2,315,666 | \$2,368,315 | \$4,683,981 |

| | | | | | |
|--|--|----------------------------------|--|----------------------------------|--|
| Strata Production Company Working Interest | | Strata Production Co. - DRY HOLE | | Strata Production Co.- COMPLETED | |
| 35.69% | | \$826,380 | | \$1,671,548 | |

| | | | | | |
|---|--|------------|--|---|--|
| PREPARED BY: Matt Murphy, Engineer | | | | DATE: 8/17/2021 | |
| APPROVED BY: Mitch Krakauskas, Vice President | | | | DATE: 9/2/2021 | |
| | | | | SIGNED:  | |
| JOINT INTEREST SHARE Due to rig availability and timing, the undersigned agrees that this AFE is valid for 180 days from execution. | | | | | |
| COMPANY NAME: | | SIGNATURE: | | DATE: | |
| | | | | | |

By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: _____ Date: _____

AUTHORITY FOR EXPENDITURE

ESTIMATED WELL COSTS

| | | | | | | | | | |
|---|--|--|--|--|--|-------------------------------------|----------|------------------------|--|
| WELL NAME AND NUMBER | | | | | | AFE NUMBER | | DATE | |
| FNRU Federal Com 22 23 PPI #16H | | | | | | FNR-22-23-30-16P-0721 | | 8/17/2021 | |
| LOCATION: SHL 330' FSL & 660' FEL Sec 22-T23S-R30E BHL 330' FSL & 100' FEL Sec 23-T23S-R30E | | | | | | FIELD Forty Niner Ridge Delaware | | | |
| API NUMBER | | | | | | COUNTY OR PARISH | | STATE | |
| TBD | | | | | | Eddy | | New Mexico | |
| PROJECT DESCRIPTION AND LOCATION DRILL A NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE L SAND, TVD 7,315' AND MD 12,967'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL | | | | | | SECTION | TOWNSHIP | RANGE | |
| | | | | | | 22 | 23S | 30E | |
| | | | | | | PROPOSED FORMATION | | PROPOSED DEPTH | |
| | | | | | | Delaware | | 7,315' TVD / 12967' MD | |

| | | | | | | | | | |
|-----------|---|--|--|--|--|--|-------------|-------------|-------------|
| ACCT CODE | INTANGIBLES | | | | | | DRY HOLE | RUN CSG | TOTAL |
| | Drilling - Footage Ft. @ \$ /Ft. | | | | | | | | |
| | Drilling - Day Work - BCP 14 Days @ \$ 18000 /Day | | | | | | \$252,000 | | \$252,000 |
| | Drilling - Day Work - ACP 4 Days @ \$ 18000 /Day | | | | | | | \$72,000 | \$72,000 |
| | Completion Rig, Power Swivel, and Reverse Unit etc | | | | | | | \$133,000 | \$133,000 |
| | Mobilization & Demobilization- Other Contractors Charges | | | | | | \$200,000 | | \$200,000 |
| | Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion | | | | | | \$189,000 | \$500 | \$189,500 |
| | Drill Bits, Coring & DST | | | | | | \$65,000 | \$5,000 | \$70,000 |
| | Transportation and Hauling | | | | | | \$24,500 | \$9,500 | \$34,000 |
| | Drilling Mud, Chemicals & Completion Fluids | | | | | | \$81,400 | \$12,500 | \$93,900 |
| | Fuel, Power, Water | | | | | | \$102,000 | \$230,000 | \$332,000 |
| | Cementing Services, Cementing Equipment, Hangers; Packers | | | | | | \$118,750 | \$60,500 | \$179,250 |
| | Mud Logging | | | | | | \$29,000 | | \$29,000 |
| | Open Hole Logging and Side Wall Coring | | | | | | \$65,000 | | \$65,000 |
| | Cased Hole Logging and Perforating | | | | | | | \$120,000 | \$120,000 |
| | Equipment Rental Including Solids Control, Closed Loop & Directional Services | | | | | | \$351,150 | \$44,000 | \$395,150 |
| | Insurance | | | | | | \$24,050 | | \$24,050 |
| | Other Well Services, NU/BOP, Casing Inspection | | | | | | \$47,000 | \$50,500 | \$97,500 |
| | Overhead | | | | | | \$10,000 | \$5,000 | \$15,000 |
| | Supervision: Wellsite, Engineering, Geological, Consultants | | | | | | \$91,000 | \$35,750 | \$126,750 |
| | Contract Services | | | | | | \$11,400 | \$10,000 | \$21,400 |
| | Fluids & Cuttings Disposal | | | | | | \$263,000 | \$5,500 | \$268,500 |
| | Environmental Charges | | | | | | | | |
| | Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) | | | | | | | \$700,000 | \$700,000 |
| | Plugging Costs | | | | | | | | |
| | Miscellaneous Costs, Tax and Contingencies | | | | | | \$171,629 | \$175,093 | \$346,722 |
| | TOTAL INTANGIBLES | | | | | | \$2,095,879 | \$1,668,843 | \$3,764,722 |

| | | | | | | | | | |
|-----------|--|---------|---------|--------|-------|---------|-------------|-------------|-------------|
| ACCT CODE | TANGIBLES | | | | | | DRY HOLE | COMPLETION | TOTAL |
| | CASING | FOOTAGE | SIZE | WEIGHT | GRADE | COST/FT | | | |
| | Conductor | 80 | 20" | 94# | H40 | 300.00 | \$24,000 | \$24,000 | |
| | Surface | 500 | 13 3/8" | 48# | H40 | 40.53 | \$20,265 | \$20,265 | |
| | Surface | | | | | | | | |
| | Intermediate | 4200 | 9 5/8" | 40# | J55 | 37.50 | \$157,500 | \$157,500 | |
| | Intermediate | | | | | | | | |
| | Liner | | | | | | | | |
| | Production | 13,000 | 5.5" | 20# | P110 | 21.12 | | \$274,560 | |
| | Production | | | | | | | | |
| | Tubing | 7500 | 2 7/8" | 6.5# | L80 | 8.50 | | \$63,750 | |
| | Subsurface Well Equipment (Packers/Bottom Hole Pump) | | | | | | | | |
| | Rods, etc | | | | | | | | |
| | Wellhead Equipment (Casing Head/Christmas Tree) | | | | | | \$19,350 | \$8,850 | \$28,200 |
| | Pumping Equipment (Pumping Unit or Sub Pump) | | | | | | | | |
| | Flowlines | | | | | | | \$32,000 | \$32,000 |
| | Tanks | | | | | | | \$120,000 | \$120,000 |
| | Sales Line Equipment | | | | | | | \$12,000 | \$12,000 |
| | Separator-Prod. Equip. | | | | | | | \$28,500 | \$28,500 |
| | Valves,Fittings etc. | | | | | | | \$20,750 | \$20,750 |
| | Installation of Surface Lease Equipment | | | | | | | \$112,500 | \$112,500 |
| | Other Lease & Well Equip. | | | | | | | \$22,000 | \$22,000 |
| | TOTAL TANGIBLES | | | | | | \$221,115 | \$694,910 | \$916,025 |
| | TOTAL WELL COSTS | | | | | | \$2,316,994 | \$2,363,753 | \$4,680,747 |

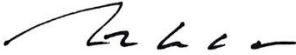
| | | |
|--|----------------------------------|----------------------------------|
| Strata Production Company Working Interest | Strata Production Co. - DRY HOLE | Strata Production Co.- COMPLETED |
| 35.69% | \$826,854 | \$1,670,394 |

PREPARED BY: Matt Murphy, Engineer

DATE: 8/17/2021

APPROVED BY: Mitch Krakauskas, Vice President

DATE: 9/2/2021

SIGNED: 

JOINT INTEREST SHARE

Due to rig availability and timing, the undersigned agrees that this AFE is valid for 180 days from execution.

| | | | |
|---------------|------------|-------|-------------------|
| COMPANY NAME: | SIGNATURE: | DATE: | WORKING INTEREST: |
| | | | |

By: _____

Date: _____

By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

Tab 5.

**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. 22435

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

Case No. 22436

AFFIDAVIT OF GEOLOGIST SCOTT KELLEY

I, Scott Kelley, being first duly sworn, do hereby depose and attest as follows:

1. I am over the age of eighteen and have personal knowledge of the matters stated herein.
2. I am employed as the geologist for Strata Production Company (“Strata” or “Applicant”), and I am familiar with the subject applications and the lands involved.
3. This affidavit is submitted in connection with the filing by Strata of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.
4. I have not previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My education and work experience are as follows: I have a Bachelor’s degree in geology from the University of Oklahoma and a Master’s degree in geology from the University of Texas at Arlington. I have been working continuously as a professional geologist since 2009. I worked for 2 years at Geosite Inc., 2 years at Panther Energy Company, 6 Years at Pioneer Natural Resources and have been at Strata Production Company for 2 and a half years.
5. **Exhibit B-1** shows the regional setting for the proposed wells.
6. **Exhibit B-2** is a regional Brushy Canyon structure map with 50’ contour intervals, which illustrates the locations of the HSUs in a yellow highlighted rectangle.

Exhibit B

7. **Exhibit B-3** is a Spacing Unit Schematic showing the Brushy Canyon structure with 50' contour intervals, which illustrates the location of the HSUs by a red outline and the approximate locations of the proposed wells.

8. **Exhibit B-4** is a type log of the production portion of the Brushy Canyon formation . The log includes a gamma ray log, a density porosity log and a deep resistivity log. These are the key logs used to identify and evaluate reservoirs and landing targets for the proposed wells.

9. **Exhibit B-5** is a Brushy Canyon structural cross section map with the location of the HSU outlined in red and the approximate locations of the proposed wells.

10. **Exhibit B-6** is the structural cross section and indicates that these wells are being placed in a zone that has an estimated gross interval thickness of 300'. This gross thickness is being calculated from the top of the Bone Spring to the top of the J Marker within the Brushy Canyon formation.

11. **Exhibit B-7** is a gunbarrel diagram depicting each well. These diagrams show the approximate landing zones in reference to the type log for the area and the associated spacing of the wellbores within the HSU.

12. The measured depths and true vertical depths for each well are approximately as follows:

| | MD | TVD |
|-----------------------------------|---------|-------|
| Roadrunner Federal Com 23 ILL #5H | 12,403' | 7649' |
| Roadrunner Federal Com 23 PML #6H | 12,691' | 7643' |

13. The true vertical landing depth of the target formation is approximately 7660' based on the structural cross section, **Exhibit B-6**.

14. Based on my geologic study of the area, I conclude the following:
 - a. The horizontal spacing and proration units are justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter-quarter section in the HSU will contribute more or less equally to production.
 - d. Due to the limitation of surface occupancy and the wells being located in the Secretary's Potash Area, we are limited to drilling from approved Drill Islands. Therefore, the most efficient way to develop this acreage is as proposed. There is no known and generally accepted preferential drilling orientation based on present-day stress regime or other geological factors that would counter the proposed west east well orientation. Many Brushy Canyon Fm. horizontal wells are oriented W-E, so an established trend is present. This orientation also fits our lease boundaries and aligns with the remainder of Strata's planned development in the adjoining tracts. Therefore, the preferred well orientation does not strand any acreage or reserves.
15. The exhibits attached hereto were prepared by me or compiled from Strata's business records.
16. The granting of the Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.
17. The foregoing is correct and complete to the best of my knowledge and belief.

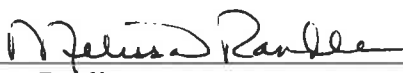
FURTHER AFFIANT SAYETH NAUGHT.



Michael Scott Kelley

STATE OF NEW MEXICO)
)ss
COUNTY OF CHAVES)

Subscribed to and sworn before me on this 4th day of January, 2022.



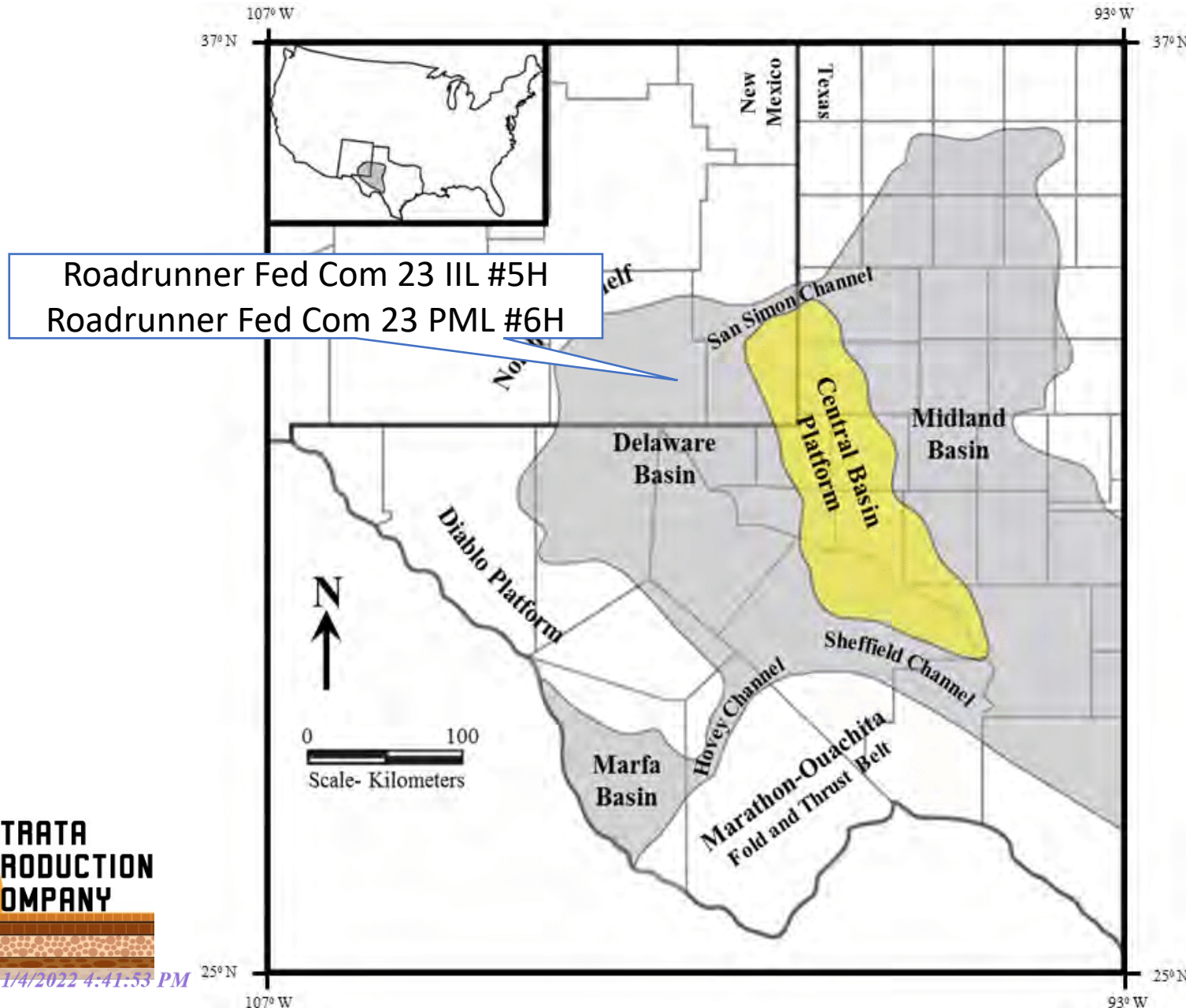
Notary Public

My commission expires: March 10, 2024.



Tab 6.

Regional View of the Delaware Basin

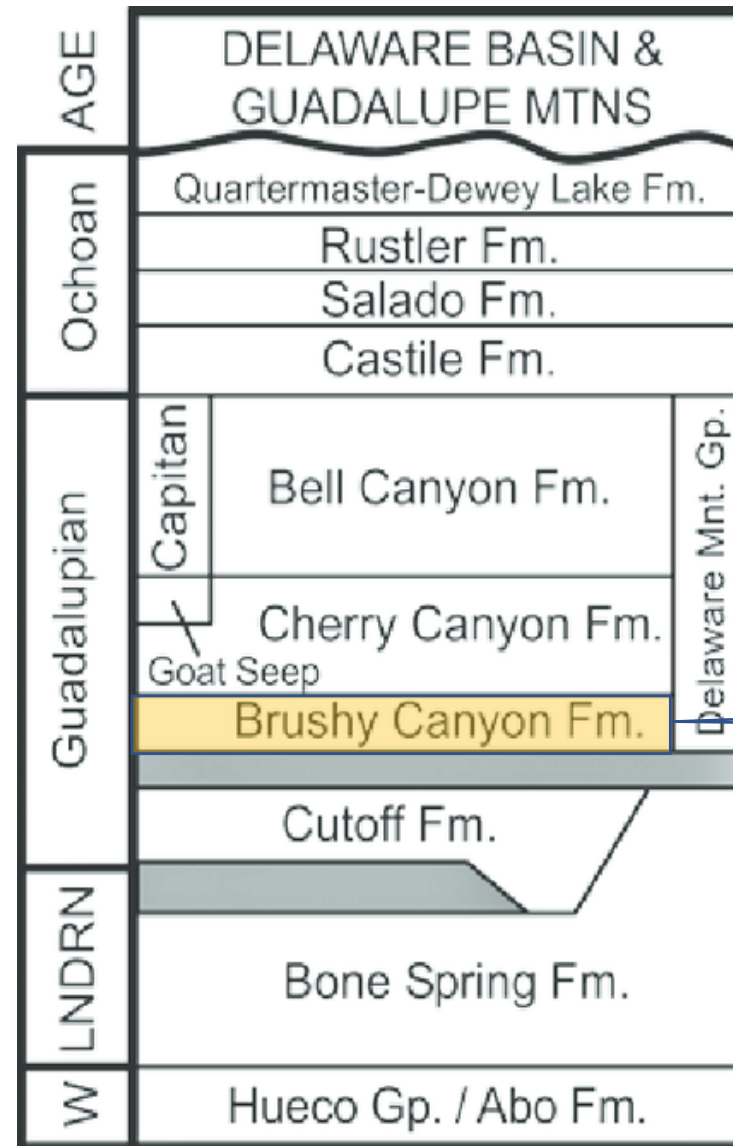


Roadrunner Fed Com 23 IIL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit B-1

Roadrunner Fed Com 23 IIL #5H
Roadrunner Fed Com 23 PML #6H



Delaware Basin Stratigraphic Column

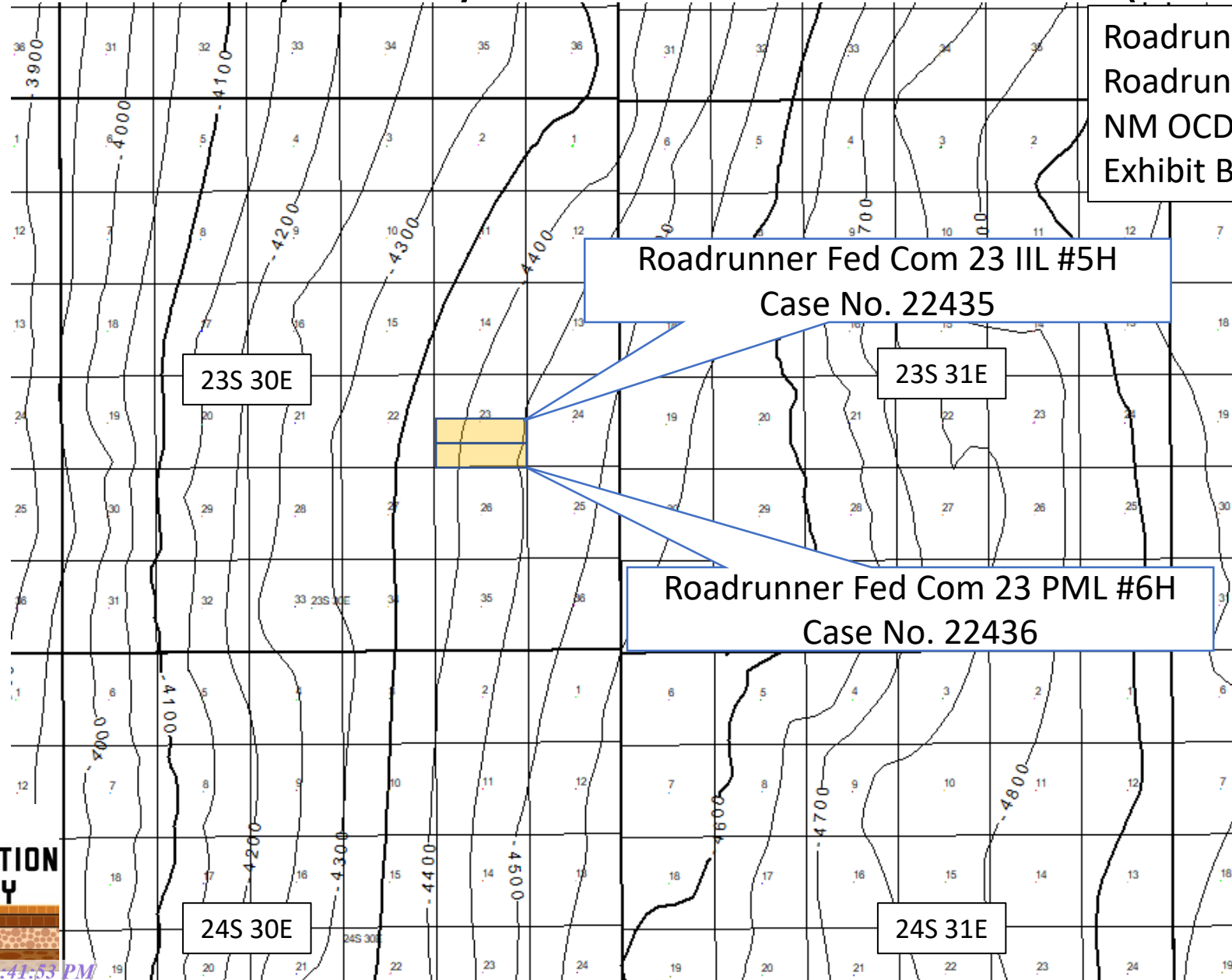


Roadrunner Fed Com 23 IIL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit B-1b

Target Zone



Base of Brushy Canyon Fm. Structure (TVDSS)



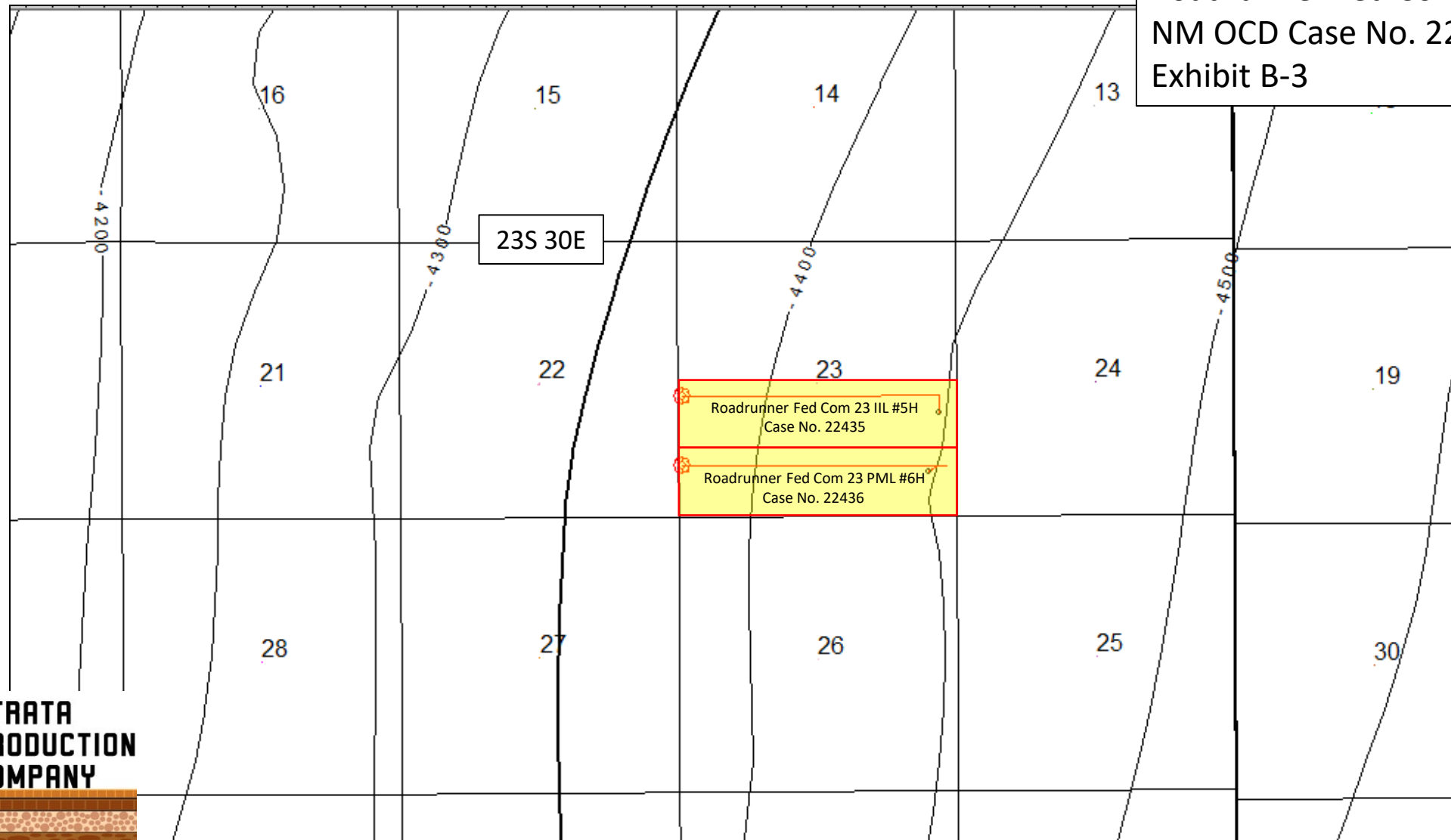
Roadrunner Fed Com 23 IIL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit B-2

Roadrunner Fed Com 23 IIL #5H
Case No. 22435

Roadrunner Fed Com 23 PML #6H
Case No. 22436



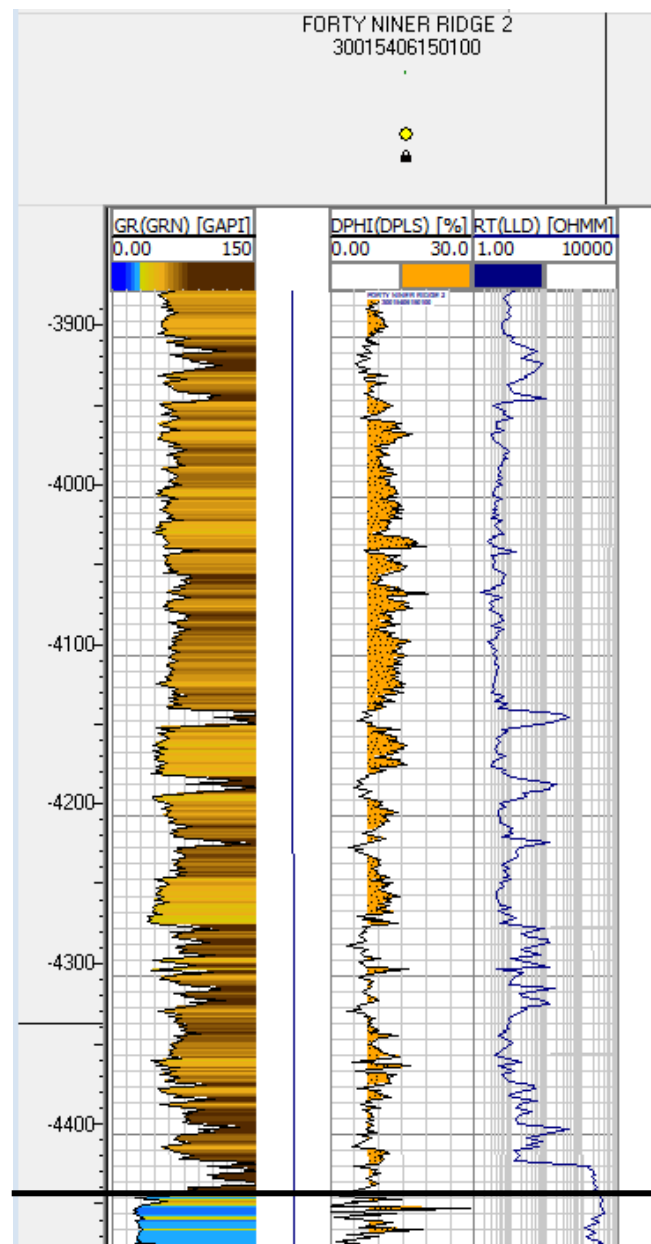
Base of Brushy Canyon Structure (TVDSS)



Roadrunner Fed Com 23 IIL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit B-3



Target Interval on Offset Log



Roadrunner Fed Com 23 ILL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit B-4

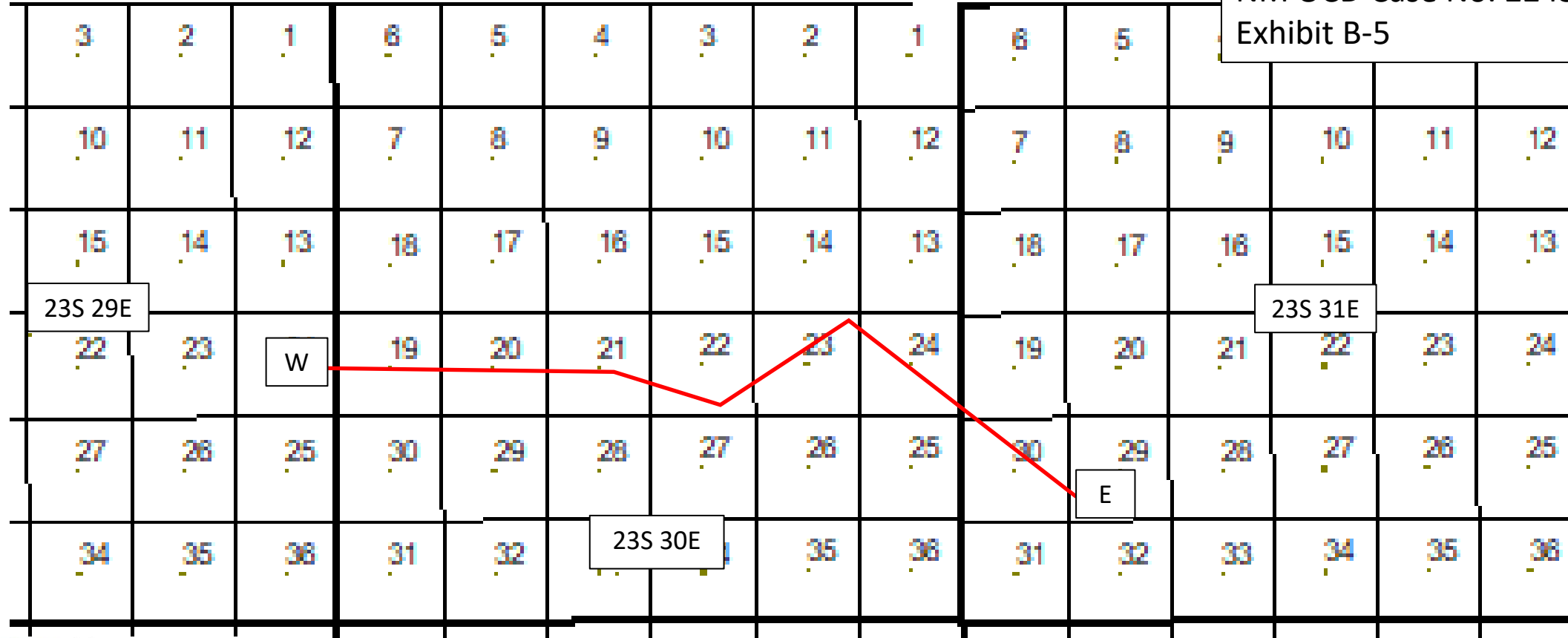
Target Interval
Roadrunner Fed Com 23 ILL #5H
Roadrunner Fed Com 23 PML #6H

Lower Brushy Canyon Fm. (Base)



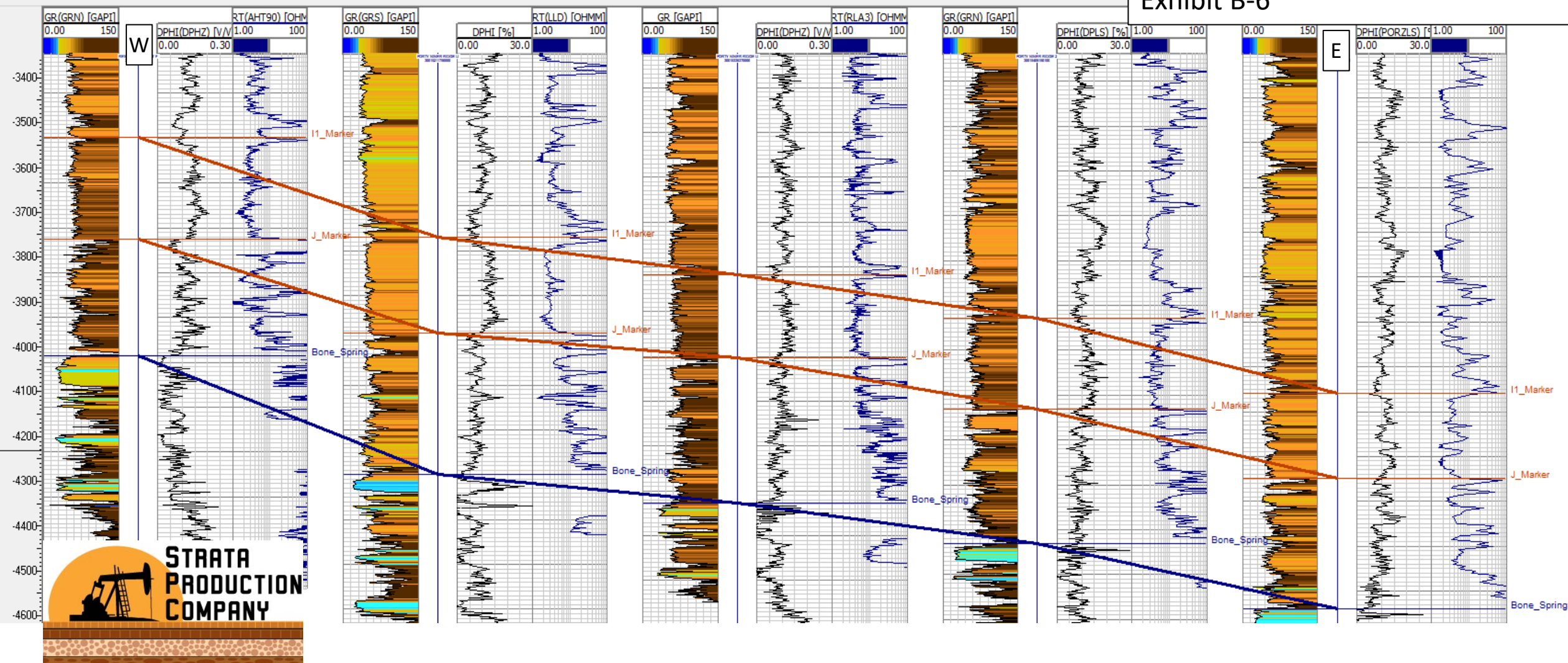
Cross Section Line

Roadrunner Fed Com 23 IIL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit B-5



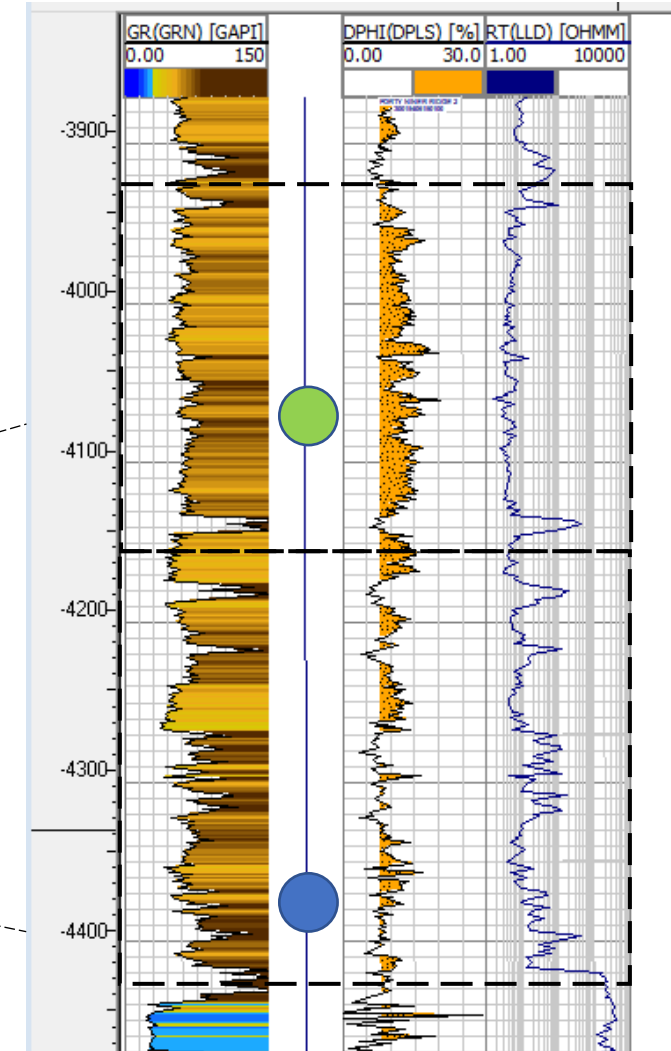
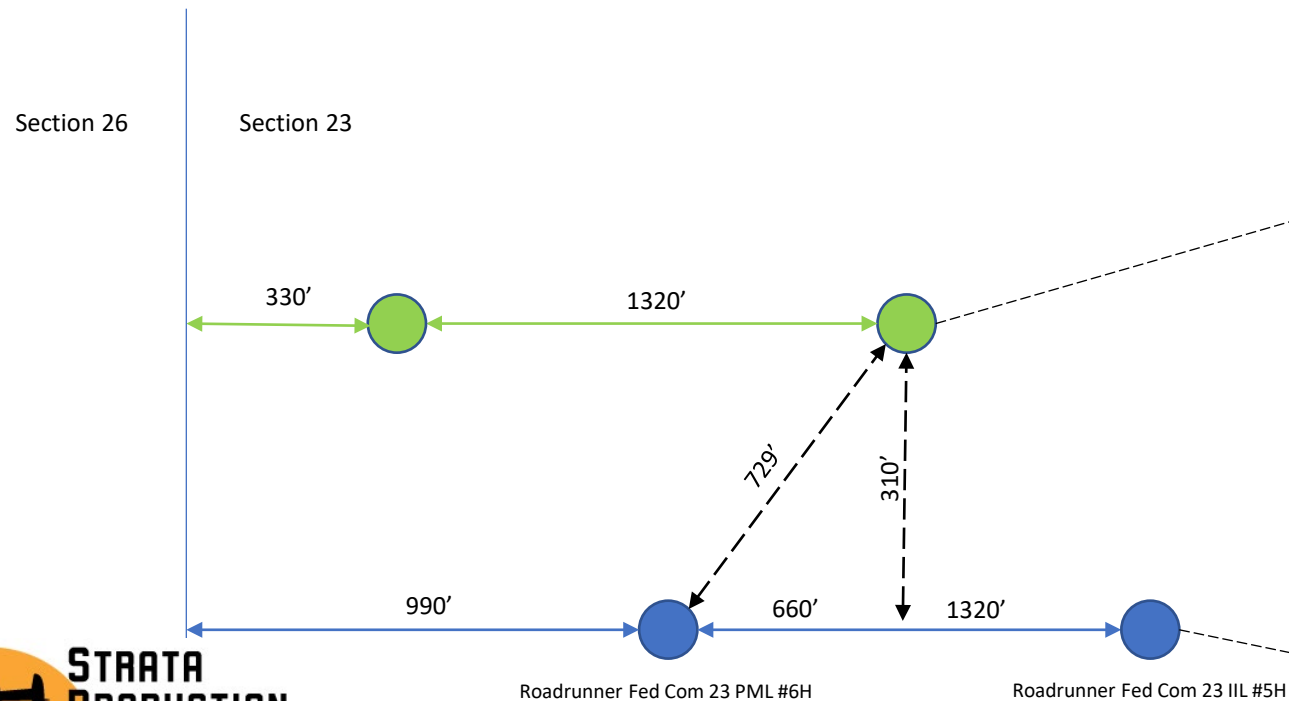
Structural Cross section

Roadrunner Fed Com 23 IIL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit B-6



Gun Barrel Diagram and Landing Zone

Roadrunner Fed Com 23 IIL #5H
Roadrunner Fed Com 23 PML #6H
NM OCD Case No. 22435 & 22436
Exhibit B-7



Tab 7.

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

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

Case Nos. 22435-22438

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Sharon T. Shaheen, attorney for Applicant STRATA PRODUCTION CO., upon oath state that I caused notice of the application to be sent by certified mail through the United States Postal Service ("USPS") on December 13, 2021, to the one uncommitted interest owner sought to be pooled in this proceeding. Evidence of receipt by Oxy USA Inc. is attached hereto as Exhibit A.


SHARON T. SHAHEEN

SUBSCRIBED AND SWORN to before me on this 4th day of January.


Notary Public

My Commission Expires: August 13, 2023

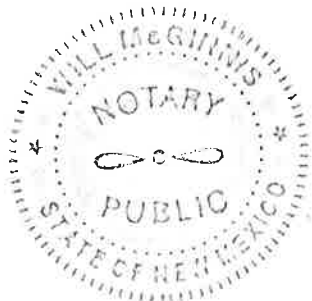


Exhibit C

| SENDER: COMPLETE THIS SECTION | | COMPLETE THIS SECTION ON DELIVERY | |
|---|--|--|--|
| <p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> | | <p>A. Signature <i>CV19</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> | |
| <p>1. Article Addressed to:</p> <p><i>Oxy USA Inc.</i> <i>5 Greenway Plaza</i> <i>Houston, TX 77046</i></p> | | <p>B. Received by (Printed Name) <i>CV19</i> C. Date of Delivery <i>12-10-21</i></p> | |
| <p>2. Article Number (Transfer from service label)</p> <p><i>7021 0950 0001 6540 1603</i></p> | | <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p> | |
| <p>9590 9402 1258 5246 3540 30</p> | | <p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p> | |
| <p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p> | | <p>Domestic Return Receipt</p> | |

| U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only | |
|--|--|
| For delivery information, visit our website at www.usps.com ®. | |
| OFFICIAL USE | |
| <p>Certified Mail Fee</p> <p>\$ <i>✓</i></p> <p>Extra Services & Fees (check box, add fee as appropriate)</p> <p><input checked="" type="checkbox"/> Return Receipt (hardcopy) \$</p> <p><input type="checkbox"/> Return Receipt (electronic) \$</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery \$</p> <p><input type="checkbox"/> Adult Signature Required \$</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery \$</p> <p>Postage</p> <p>\$</p> <p>Total Postage and Fees</p> <p>\$</p> | <p>SANTA FE NM Postmark DEC 13 2021 Here USPO 87504</p> |
| <p>Sent To <i>Oxy USA Inc.</i></p> <p>Street and Apt. No., or PO Box No. <i>5 Greenway Plaza</i></p> <p>City, State, ZIP+4® <i>Houston, TX 77046</i></p> | |
| <p>PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions</p> | |

Exhibit A