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

APPLICATION OF STRATA PRODUCTION CO. TO AMEND ORDER NO. R-22047, EDDY COUNTY, NEW MEXICO

Order No. R-22047 (Re-Open)

Case No. 22657

APPLICATION OF STRATA PRODUCTION CO. TO AMEND ORDER NO. R-22048, EDDY COUNTY, NEW MEXICO Case No. 22658 Order No. R-22048 (Re-Open)



FNRU Fed Com 22 23 III 15H and 22 23 PPI 16H

April 7, 2022

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Table of Contents

		Tab
Affidavit of Mitch Kral	kauskas – Exhibit A	1
Exhibit 1-A:	Case No. 22657 Application	
Exhibit 1-B:	Case No. 22658 Application	
Exhibit 2-A:	Order No. R-22047	
Exhibit 2-B:	Order No. R-22048	
Exhibit 3:	Sample pooling proposal letter	
Exhibit 4:	Sample notice letter	
Affidavit of Notice – E	Exhibit B	2

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Tab 1.

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

APPLICATION OF STRATA PRODUCTION CO. TO AMEND ORDER NO. R-22047, **EDDY COUNTY, NEW MEXICO**

Case No. 22657 **Order No. R-22047** (Re-Open)

APPLICATION OF STRATA PRODUCTION CO. TO AMEND ORDER NO. R-22048, **EDDY COUNTY, NEW MEXICO**

Case No. 22658 **Order No. R-22048** (Re-Open)

AFFIDAVIT OF LANDMAN MITCH KRAKAUSKAS

I, being duly sworn on oath, state the following:

1. I am over the age of 18, and have the capacity to execute this Affidavit, which is based on my personal knowledge.

2. I am employed as the Land Manager 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 abovereferenced 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

Strata Production Company NMOCD Case Nos. 22657 & 22658 April 7, 2022

1

5. The purpose of these applications is to amend Order Nos. R-22047 and R-22048 previously issued in Case Nos. 22437 and 22438, respectively, to pool certain overriding royalty owners and royalty owners without pooling clauses ("Royalty Owners") who have interests in the following wells:

- a. The **FNRU Fed Com 22 23 III 15H** well ("FNRU 22 23 III 15H Well") approved in Order No. R-22047.; and
- b. The **FNRU Fed Com 22 23 PPI 16H** well ("FNRU 22 23 PPI 16H Well") approved in Order No. R-22048.
- 6. The pertinent applications are attached as follows:
 - a. Case No. 22657, regarding amending Order No. 22047 (previously Case No. 22437) for the FNRU 22 23 III 15H Well, is attached as Exhibit 1-A; and
 - b. Case No. 22658, regarding amending Order No. 22048 (previously Case No. 22438) for the FNRU 22 23 PPI 16H Well, is attached as Exhibit 1-B.

7. Order No. R-22047¹ pooled uncommitted working interest owners 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 and the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico, dedicated to the FNRU 22 23 III 15H Well. Order No. R-22047 is attached as **Exhibit 2-A**.

8. Order No. R-22048² pooled uncommitted working interest owners in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal

¹ In Order No. R-22047, OXY USA Inc. was the only uncommitted working interest owner in this HSU, and therefore was the only interest owner pooled in the previous proceeding.

² In Order No. R-22048, OXY USA Inc. was the only uncommitted working interest owner in this HSU, and therefore was the only interest owner pooled in the previous proceeding.

spacing and proration unit ("HSU") comprised of the SE/4 SE/4 of Section 22 and the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico, dedicated to the FNRU 22 23 PPI 16H Well. Order No. R-22048 is attached as **Exhibit 2-B**.

The Orders designated Strata as the operator of the above-referenced wells and the HSUs.

10. Strata is a working interest owner in the HSUs and has the right to drill thereon.

11. Strata requests the Division to re-open these matters to pool the Royalty Owners who have interests in the above-referenced wells and the HSUs.

12. The Division hearing in Case Nos. 22437 and 22438 was held on January 6, 2022.

The Division entered Order No. R-22047 in Case No. 22437 and Order No. R-22048 in Case No. 22438 on February 23, 2022.

14. On January 25, 2022, Strata sent letters to the Royalty Owners seeking their voluntary agreement through ratifications to the communitization agreement. *See* Exhibit 3 attached hereto. Approximately 64 Royalty Owners responded by providing ratifications.

15. On March 18, 2022, notice of these applications was sent by certified mail to those Royalty Owners who had not returned a ratification, as reflected in Exhibit A to the notice letter attached hereto as **Exhibit 4**. No parties entered appearances in these matters and no opposition is expected. Proof of notification, including proof of publication and a spreadsheet with the status of certified mail delivery, can be found at Tab 2 of the exhibit package.

16. Strata has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from the Royalty Owners.

17. Pooling the Royalty Owners will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

3

18. In order to permit Strata to obtain its just and fair share of the oil and gas underlying the subject lands, the Royalty Owners who have interests in the above-referenced wells and the HSUs should be pooled.

19. Strata is in good standing under the statewide rules and regulations.

20. Strata incorporates all exhibits provided and admitted into the record at the hearing for the original Case Nos. 22437 and 22438 by reference herein.

21. Strata is not requesting changes to any provisions in Order Nos. R-22047 and R-22048 and asks that all rights and privileges granted to Strata in the orders remain the same.

22. The exhibits to this affidavit were prepared by me, or compiled from Strata's business records.

23. The granting of these applications is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

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

4

FURTHER AFFIANT SAYETH NAUGHT.

41 -6 Mitch Krakauskas

STATE OF NEW MEXICO))ss COUNTY OF CHAVES)

Subscribed to and sworn before me on this $__$ day of April, 2022.

Notary Public

My commission expires: 3.3.25

STATE OF NEW MEXICO NOTARY PUBLIC Tamara Hill Commission Number 1132748 My Commission Expires March 3, 2025

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

APPLICATION OF STRATA PRODUCTION CO. TO AMEND ORDER NO. R-22047, EDDY COUNTY, NEW MEXICO

Case No. ____ Order No. R-22047 (Re-Open)

APPLICATION

Strata Production Company, OGRID No. 21712 ("Strata"), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and Troy S. Lawton), hereby files this application with the Oil Conservation Division to amend Order No. R-22047 entered in Case No. 22437 to include overriding royalty owners and royalty owners without pooling clauses who have interests in the pooled spacing unit and the **FNRU Fed Com 22 23 III 15H** ("FNRU 22 23 III 15H Well") to be drilled therein. In support of its application, Strata states as follows:

1. Order No. R-22047¹ pooled uncommitted working interest owners 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 and the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico, dedicated to the FNRU 22 23 III 15H Well.

2. Strata is a working interest owner in the proposed HSU and has the right to drill thereon.

3. Order No. R-22047 designated Strata as the operator of the FNRU 22 23 III 15H Well Exhibit 1-A

Exhibit 1-A Strata Production Company NMOCD Case Nos. 22657 & 22658 April 7, 2022

¹ In Order No. R-22047, OXY USA Inc. was the only uncommitted working interest owner in this HSU, and therefore was the only interest owner pooled in the proceeding.

4. Strata requests that the Division re-open the matter to pool certain overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU 22 23 III 15H Well and the HSU.

5. The Division Hearing in Case No. 22437 was held on January 6, 2022.

6. The Division entered Order No. R-22047 in Case No. 22437 on February 23, 2022.

7. Strata has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from certain overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU 22 23 III 15H Well and the HSU.

8. Pooling the overriding royalty interest owners and royalty owners without pooling clauses will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

9. In order to permit Strata to obtain its just and fair share of the oil and gas underlying the subject lands, overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU 22 23 III 15H Well and the HSU should be pooled.

10. WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on April 7, 2022 and that, after notice and hearing as required by law, the Division enter an order amending Order No. R-22047 to pool overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU 22 23 III 15H Well and HSU.

Respectfully submitted, MONTGOMERY & ANDREWS, P.A.

<u>/s/ Sharon T. Shaheen</u> Sharon T. Shaheen Troy S. Lawton Post Office Box 2307 Santa Fe, NM 87504-2307 (505) 986-2678 <u>sshaheen@montand.com</u> <u>tlawton@montand.com</u> *Attorneys for Strata Production Company* *Application of Strata Production Co. to Amend Order No. R-22047, Eddy County, New Mexico (Re-Open).* Applicant in the above-styled cause seeks to re-open Case No. 22437 for the limited purpose of amending Division Order No. R-22047 to pool all overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU Fed Com 22 23 III 15H well, proposed to be drilled into the Delaware formation (Forty Niner Ridge; Delaware [24750]) underlying the NE/4 SE/4 of Section 22 and the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. The well and lands are located approximately 15 miles East of Loving, New Mexico.

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

APPLICATION OF STRATA PRODUCTION CO. TO AMEND ORDER NO. R-22048, EDDY COUNTY, NEW MEXICO

Case No. ____ Order No. R-22048 (Re-Open)

APPLICATION

Strata Production Company, OGRID No. 21712 ("Strata"), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and Troy S. Lawton), hereby files this application with the Oil Conservation Division to amend Order No. R-22048 entered in Case No. 22438 to include overriding royalty owners and royalty owners without pooling clauses who have interests in the pooled spacing unit and the **FNRU Fed Com 22 23 PPI 16H** ("FNRU 22 23 PPI 16H Well") to be drilled therein. In support of its application, Strata states as follows:

1. Order No. R-22048¹ pooled uncommitted working interest owners 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 and the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico, dedicated to the FNRU 22 23 PPI 16H Well.

2. Strata is a working interest owner in the proposed HSU and has the right to drill thereon.

3. Order No. R-22048 designated Strata as the operator of the FNRU 22 23 PPI 16H Well and the HSU. Exhibit 1-B

Exhibit 1-B Strata Production Company NMOCD Case Nos. 22657 & 22658 April 7, 2022

¹ In Order No. R-22048, OXY USA Inc. was the only uncommitted working interest owner in this HSU, and therefore was the only interest owner pooled in the proceeding.

4. Strata requests that the Division re-open the matter to pool certain overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU 22 23 PPI 16H Well and the HSU.

5. The Division Hearing in Case No. 22438 was held on January 6, 2022.

6. The Division entered Order No. R-22048 in Case No. 22438 on February 23, 2022.

7. Strata has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from certain overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU 22 23 PPI 16H Well and the HSU.

8. Pooling the overriding royalty interest owners and royalty owners without pooling clauses will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

9. In order to permit Strata to obtain its just and fair share of the oil and gas underlying the subject lands, overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU 22 23 PPI 16H Well and the HSU should be pooled.

10. WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on April 7, 2022 and that, after notice and hearing as required by law, the Division enter an order amending Order No. R-22048 to pool overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU 22 23 PPI 16H Well and HSU.

Respectfully submitted, MONTGOMERY & ANDREWS, P.A.

<u>/s/ Sharon T. Shaheen</u> Sharon T. Shaheen Troy S. Lawton Post Office Box 2307 Santa Fe, NM 87504-2307 (505) 986-2678 <u>sshaheen@montand.com</u> <u>tlawton@montand.com</u> *Attorneys for Strata Production Company*

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Application of Strata Production Co. to Amend Order No. R-22048, Eddy County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 22438 for the limited purpose of amending Division Order No. R-22048 to pool all overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU Fed Com 22 23 PPI 16H well, proposed to be drilled into the Delaware formation (Forty Niner Ridge; Delaware [24750]) underlying the SE/4 SE/4 of Section 22 and the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. The well and lands are located approximately 15 miles East of Loving, New Mexico.

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY STRATA PRODUCTION COMPANY

CASE NO. 22437 ORDER NO. R-22047

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on January 6, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Strata Production Company ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

Exhibit 2-A Strata Production Company NMOCD Case Nos. 22657 & 22658

depth(s) and location(s) in the Unit described in Exhibit A.

- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

<u>ORDER</u>

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22437 ORDER NO. R-22047 well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

CASE NO. 22437 ORDER NO. R-22047 of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION ADRIENNE SANDOVAL DIRECTOR AES/jag

Date: <u>2/23/2022</u>

CASE NO. 22437 ORDER NO. R-22047

Exhibit A

COMPULSORY POOLING APPLICA	TION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST	BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 22437 APPLICANT'S RESPONSE		
Date	January 6, 2021	
Applicant	Strata Production Company	
Designated Operator & OGRID (affiliation if applicable)	21712	
	Montgomery & Andrews, P.A. (Sharon Shaheen & Ricardo	
Applicant's Counsel:	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	FNRU 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:	200 acres, more or less	
Spacing Unit		
Type (Horizontal/Vertical)	Horizontal	
Size (Acres)	200 acres, more or less	
Building Blocks:	Quarter-quarter section (40 ac)	
Orientation:	West-East	
Description: TRS/County	NE/4 SE/4 of Section 22 and 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 (NE/4 SE/4): 54.182%; Tract 2 (N/2 SW/4): 39.25%; Tract 3 (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)		

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CASE NO. 22437 ORDER NO. R-22047

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Horizontal Well First and Last Take Points	FTP (~2100 FSL and 990' FEL of Section 22, T23S-R30E) LTP (~1650' FSL and 100' FEL of Section 23, T23S-R30E)
Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7331'), MD (~13,199')
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000; see Exhibit A, ¶ 22
Production Supervision/Month \$	\$800; see Exhibit A, ¶ 22
Justification for Supervision Costs	Please see AFE at Exhibit A-7
Requested Risk Charge	200%; see Exhibit A, ¶ 23
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, ¶ 10
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	
e aneno antes 🖡	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, ¶¶ 5-15; 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, ¶ 15(d)
Target Formation	Exhibit B-4
HSU Cross Section	Exhibit B-5

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CASE NO. 22437 ORDER NO. R-22047

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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	
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 pro	ovided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen	
Signed Name (Attorney or Party Representative):	Sharm I Shakeen	
Date:	1/4/2022	

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CASE NO. 22437 ORDER NO. R-22047

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY STRATA PRODUCTION COMPANY

CASE NO. 22438 ORDER NO. R-22048

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on January 6, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Strata Production Company ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the Exhibit 2-B

Strata Production Company

NMOCD Case Nos. 22657 & 22658

depth(s) and location(s) in the Unit described in Exhibit A.

- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

<u>ORDER</u>

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22438 ORDER NO. R-22048 well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

CASE NO. 22438 ORDER NO. R-22048 of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION OCTOBER ADRIENNE SANDOVAL DIRECTOR AES/jag

Date: 2/23/2022

CASE NO. 22438 ORDER NO. R-22048

Exhibit A

COMPULSORY POOLING APPLICA	TION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST I	BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 22438 APPLICANT'S RESPONSE		
Date	January 6, 2021	
Applicant	Strata Production Company	
Designated Operator & OGRID (affiliation if applicable)	21712	
	Montgomery & Andrews, P.A. (Sharon Shaheen & Ricardo	
Applicant's Counsel:	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	FNRU 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:	200 acres, more or less	
Spacing Unit		
Type (Horizontal/Vertical)	Horizontal	
Size (Acres)	200 acres, more or less	
Building Blocks:	Quarter-quarter section (40 ac)	
Orientation:	West-East	
Description: TRS/County	SE/4 SE/4 of Section 22 and 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 (SE/4 SE/4): 54.182%; Tract 2 (S/2 SW/4): 39.25%; Tract 3 (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)		

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CASE NO. 22438 ORDER NO. R-22048

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Welleteived by OCD: 1/4/2022 4:42:22 PM	FNRU Fed Com 22 23 PPI 16H, API No. PendingPageSHL: 330' FSL and 660' FEL, Section 22, T23S-R30E, NMPMBHL: 330' FSL and 100' FEL, Section 23, T-23S-R30E, NMPMCompletion Target: Brushy Canyon at approx. 7315'Well Orientation: West to EastCompletion location expected to be standard
Horizontal Well First and Last Take Points	FTP (~330 FSL and 990' FEL of Section 22, T23S-R30E) LTP (~330' FSL and 100' FEL of Section 23, T23S-R30E)
Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7315'), MD (~12,967')
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000; see Exhibit A, ¶ 22
Production Supervision/Month \$	\$800; see Exhibit A, ¶ 22
Justification for Supervision Costs	Please see AFE at Exhibit A-7
Requested Risk Charge	200%; see Exhibit A, ¶ 23
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, ¶ 10
Unlocatable Parties to be Pooled Ownership Depth Severance (including percentage above &	None
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 Cost Estimate to Drill and Complete	n/a Exhibit A-7
Cost Estimate to Equip Well	Exhibit A-7
Cost Estimate to Equip well Cost Estimate for Production Facilities	Exhibit A-7
Geology	
Summary (including special considerations)	Exhibit B, ¶¶ 5-15; 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, ¶ 15(d)
Target Formation	Exhibit B-4
HSU Cross Section	Exhibit B-5

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CASE NO. 22438 ORDER NO. R-22048

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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	
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 pro	ovided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen	
Signed Name (Attorney or Party Representative):	Sharon of Shakeen	
Date:	1/4/2022	

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CASE NO. 22438 ORDER NO. R-22048

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POST OFFICE DRAWER 1030 ROSWELL, NM 88202-1030



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

January 25, 2022

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- To: Overriding Royalty Interest Owner or Royalty Interest Owner
- From: Mitch Krakauskas Strata Production Company P.O. Box 1030 **Roswell, NM 88202**
- RE: Federal Comm Agreement FNRU Fed Com 22 23 III #15H NE¹/₄SE¹/₄ Section 22, T23S-R30E N¹/₂S¹/₂ Section 23, T23S-R30E Eddy County, New Mexico

Federal Comm Agreement Roadrunner Fed Com 23 ILL #5H N¹/₂S¹/₂ Section 23, T23S-R30E Eddy County, New Mexico

Federal Comm Agreement FNRU Fed Com 22 23 PPI #16H SE¹/₄SE¹/₄ Section 22, T23S-R30E S¹/₂S¹/₂ Section 23, T23S-R30E Eddy County, New Mexico

Federal Comm Agreement Roadrunner Fed Com 23 PML #6H S¹/₂S¹/₂ Section 23, T23S-R30E Eddy County, New Mexico

Ladies and Gentlemen:

Strata Production Company ("Strata") is seeking voluntary agreement for the proposed spacing units by requesting your signature on the enclosed Federal Communitization Agreement Ratifications ("CA"). If you do not sign the CA, Strata will be seeking to pool your interest by filing an application with the Oil Conservation Division.

Enclosed for your further handling are four (4) separate proposed CA's and four (4) sets of Ratifications all dated January 1, 2022 covering the captioned land and 2 sets of extra Ratification signature/notary pages of the same for each agreement. All four (4) agreements pool the leases covering the captioned land for Delaware Formation production. The FNRU Fed Com 22 23 III #15H well is a horizontal well with NE¼SE¼ of the captioned Section 22 and the N¹/₂S¹/₂ of the captioned Section 23 being dedicated to the well as the proration unit (Middle Brushy Delaware Formation). The FNRU Fed Com 22 23 PPI #16H well is a horizontal well with SE¹/₄SE¹/₄ of the captioned Section 22 and the S¹/₂S¹/₂ of the captioned Section 23 being dedicated to the well as the proration unit (Middle Brushy Delaware Formation). The Roadrunner Fed Com 23 ILL #5H well is a horizontal well with N1/2S1/2 of the captioned Section 23 being dedicated to the well as the proration unit (Lower Brushy Delaware Formation). The

Page 29 of 85

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

Exhibit 3 Strata Production Company NMOCD Case Nos. 22657 & 22658 April 7, 2022

Roadrunner Fed Com 23 PML #6H well is a horizontal well with S½S½ of the captioned Section 23 being dedicated to the well as the proration unit (Lower Brushy Delaware Formation).

In reference to the above, please execute all four (4) sets of Ratification signature/notary pages (eight (8) total, attached behind the agreements) and send them to me in the attached prepaid envelope for further handling. Please retain each copy of the CA and Ratification for your file.

Should you have any questions regarding the above, please email Jack Richardson at Jack@JBarCane.Com or call at (505) 681-9905.

Sincerely,

Jahr -

Mitch Krakauskas Vice President mitch@stratanm.com (575) 622-1127 ext. 23

Enclosures: As Stated

RATIFICATION OF COMMUNITIZATION AGREEMENT FNRU Fed Com 22 23 III #15H NE¹/₄SE¹/₄ Section 22, T23S-R30E & N¹/₂S¹/₂ Section 23, T23S-R30E Eddy County, New Mexico Delaware Formation (Middle Brushy)

Strata Production Company, as Operator, executed a Communitization Agreement dated January 1, 2022, pooling and combining the oil and gas leases set forth therein, insofar as they cover the 200.00 acre communitized area comprised of the NE¼SE¼ Section 22, T23S-R30E and the N½S½ Section 23, T23S-R30E, Eddy County, New Mexico, as to the Delaware formation.

ConocoPhillips Company, whose address is 600 W. Illinois Ave., Midland, TX 79701, is an owner of an overriding royalty interest, royalty interest or production payment interest located in the unit referenced above.

ConocoPhillips Company, desires to adopt, ratify and confirm the Communitization Agreement insofar as it covers the right, title and interest in and to the oil and gas leases and the lands included in the communitized area created by Strata Production Company.

In consideration of the premises ConocoPhillips Company, does hereby adopt, ratify and confirm the above-described Communitization Agreement insofar as it covers its right, title and interest in the oil and gas leases and the lands included in the communitized area, and agrees that his/her/its interest is subject to all of the terms and provisions therein.

This Ratification is effective as of the effective date of the above-referenced Communitization Agreement.

		ConocoPhillips Comp	any
STATE OF)		
COUNTY OF)		
/		, 2022, before me, a Notary Publ	
(SEAL)	Yc	our Copy	
My Commission Expires	-		Notary Public

RATIFICATION OF COMMUNITIZATION AGREEMENT FNRU Fed Com 22 23 PPI #16H SE¹/₄SE¹/₄ Section 22, T23S-R30E & S¹/₂S¹/₂ Section 23, T23S-R30E Eddy County, New Mexico Delaware Formation (Middle Brushy)

Strata Production Company, as Operator, executed a Communitization Agreement dated January 1, 2022, pooling and combining the oil and gas leases set forth therein, insofar as they cover the 200.00 acre communitized area comprised of the SE¼SE¼ Section 22, T23S-R30E and the S½S½ Section 23, T23S-R30E, Eddy County, New Mexico, as to the Delaware formation.

ConocoPhillips Company, whose address is 600 W. Illinois Ave., Midland, TX 79701, is an owner of an overriding royalty interest, royalty interest or production payment interest located in the unit referenced above.

ConocoPhillips Company, desires to adopt, ratify and confirm the Communitization Agreement insofar as it covers the right, title and interest in and to the oil and gas leases and the lands included in the communitized area created by Strata Production Company.

In consideration of the premises ConocoPhillips Company, does hereby adopt, ratify and confirm the above-described Communitization Agreement insofar as it covers its right, title and interest in the oil and gas leases and the lands included in the communitized area, and agrees that his/her/its interest is subject to all of the terms and provisions therein.

This Ratification is effective as of the effective date of the above-referenced Communitization Agreement.

	ConocoPhillips Company	
STATE OF)	
COUNTY OF)	
·	, 2022, before me, a Notary Public for the State of	
	appeared	_
(SEAL)	Your Copy	
My Commission Expires	Notary Public	

RATIFICATION OF COMMUNITIZATION AGREEMENT Roadrunner Fed Com 23 ILL #5H N½S½ Section 23, T23S-R30E Eddy County, New Mexico Delaware Formation (Lower Brushy)

Strata Production Company, as Operator, executed a Communitization Agreement dated January 1, 2022, pooling and combining the oil and gas leases set forth therein, insofar as they cover the 160.00 acre communitized area comprised of the N½S½ Section 23, T23S-R30E, Eddy County, New Mexico, as to the Delaware formation.

ConocoPhillips Company, whose address is 600 W. Illinois Ave., Midland, TX 79701, is an owner of an overriding royalty interest, royalty interest or production payment interest located in the unit referenced above.

ConocoPhillips Company, desires to adopt, ratify and confirm the Communitization Agreement insofar as it covers the right, title and interest in and to the oil and gas leases and the lands included in the communitized area created by Strata Production Company.

In consideration of the premises ConocoPhillips Company, does hereby adopt, ratify and confirm the above-described Communitization Agreement insofar as it covers its right, title and interest in the oil and gas leases and the lands included in the communitized area, and agrees that his/her/its interest is subject to all of the terms and provisions therein.

This Ratification is effective as of the effective date of the above-referenced Communitization Agreement.

	ConocoPhillips Company
STATE OF)
COUNTY OF)
On this day of	, 2022, before me, a Notary Public for the State of
	appeared
(SEAL)	Your Copy
My Commission Expires	Notary Public

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RATIFICATION OF COMMUNITIZATION AGREEMENT Roadrunner Fed Com 23 PML #6H S½S½ Section 23, T23S-R30E Eddy County, New Mexico Delaware Formation (Lower Brushy)

Strata Production Company, as Operator, executed a Communitization Agreement dated January 1, 2022, pooling and combining the oil and gas leases set forth therein, insofar as they cover the 160.00 acre communitized area comprised of the S1/2S1/2 Section 23, T23S-R30E, Eddy County, New Mexico, as to the Delaware formation.

ConocoPhillips Company, whose address is 600 W. Illinois Ave., Midland, TX 79701, is an owner of an overriding royalty interest, royalty interest or production payment interest located in the unit referenced above.

ConocoPhillips Company, desires to adopt, ratify and confirm the Communitization Agreement insofar as it covers the right, title and interest in and to the oil and gas leases and the lands included in the communitized area created by Strata Production Company.

In consideration of the premises ConocoPhillips Company, does hereby adopt, ratify and confirm the above-described Communitization Agreement insofar as it covers its right, title and interest in the oil and gas leases and the lands included in the communitized area, and agrees that his/her/its interest is subject to all of the terms and provisions therein.

This Ratification is effective as of the effective date of the above-referenced Communitization Agreement.

	ConocoPhillips Company
STATE OF)
COUNTY OF)
On this day of	, 2022, before me, a Notary Public for the State of
	appeared
(SEAL)	Your Copy
My Commission Expires	Notary Public

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SHARON T. SHAHEEN Direct: (505) 986-2678 Email: <u>sshaheen@montand.com</u> www.montand.com

March 18, 2022

Via U.S. Certified Mail, return receipt requested

TO: ALL INTEREST OWNERS ON ATTACHED LIST

Re: Case Nos. 22657-22658 - Application of Strata Production Company, to Amend Order Nos. R-22047 and R-22048, Eddy County, New Mexico.

Dear Interest Owner:

This will advise that pursuant to NMSA 1978, § 70-2-17, Strata Production Company ("Strata") has filed applications with the New Mexico Oil Conservation Division seeking to amend Order Nos. R-22047 and R-22048. You are receiving this notice because you may have an interest in these wells.

Case No. 22657: Application of Strata Production Co. to Amend Order No. R-22047, Eddy County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 22437 for the limited purpose of amending Division Order No. R-22047 to pool all overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU Fed Com 22 23 III 15H well, proposed to be drilled into the Delaware formation (Forty Niner Ridge; Delaware [24750]) underlying the NE/4 SE/4 of Section 22 and the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. The well and lands are located approximately 15 miles East of Loving, New Mexico.

Case No. 22658: Application of Strata Production Co. to Amend Order No. R-22048, Eddy County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 22438 for the limited purpose of amending Division Order No. R-22048 to pool all overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU Fed Com 22 23 PPI 16H well, proposed to be drilled into the Delaware formation (Forty Niner Ridge; Delaware [24750]) underlying the SE/4 SE/4 of Section 22 and the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. The well and lands are located approximately 15 miles East of Loving, New Mexico.

> Exhibit 4 Strata Production Company NMOCD Case Nos. 22657 & 22658 April 7, 2022

All Interest Owners March 18, 2022 Page 2

The attached application will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on **April 7, 2022** beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: http://www.emnrd.state.nm.us/OCD/hearings.html. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony.

Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to present testimony or evidence at the hearing, you must enter your appearance by **March 30, 2022** and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **March 31, 2022**, in accordance with Division Rule 19.15.4.13 NMAC

Please feel free to contact me if you have any questions about this application.

Very truly yours,

/s/Sharon T. Shaheen

Sharon T. Shaheen

STS/cp Enclosure cc: Strata Production Company, *via email*

EXHIBIT A

INTEREST OWNERS

Alldale Minerals II, LP 2100 Ross Ave., Suite 1870 Dallas, TX 75201

DSD Energy Resources 1150 N. Kimball, Suite 100 Dallas, TX 76092

Galley NM Assets, LLC 4143 Maple Ave., Floor 5 Dallas, TX 75219

Josephine T. Hudson Trust c/o Frost Bank P.O. Box 1600 San Antonio, TX 78296

NM Royalty, LLC P.O. Box 51908 Midland, TX 79710

Patricia Boyle Young Trust P.O. Box 1037 Okmulgee, OK 74447

Santa Elena Minerals IV P.O. Box 732880 Dallas, TX 75373-2880

Hutchings Oil Company P.O. Box 1216 Albuquerque, NM 87103-1216

Bureau of Land Management 620 E. Greene Street Carlsbad, NM 88220-6292 Chevron USA, Inc. P.O. Box 730436 Dallas, TX 75373-0436

Estate of R. & A. Heeren 444 Madison Ave., Suite 301 New York, NY 10022

Jeanette Probate Trust #5 Ridgmar Court Midland, TX 79707

Kimbell Royalty Holdings P.O. Box 671099 Dallas, TX 75367-1099

Nuclear Corporation of NM 5405 W. Flamingo Road, Suite 102 Las Vegas, NV 89103

Richard D. Jones, Jr. 200 North Gaines Road Cedar Creek, TX 78612

State of New Mexico Taxation & Revenue Department Oil & Gas Division P.O. Box 2308 Santa Fe, NM 87504-2308

Oxy USA Inc. 5 Greenway Plaza Houston, TX 77046

State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501 Delmar Hudson Lewis Trust P.O. Drawer 840738 Dallas, TX 75284-0738

Fallon Partners, LLC 8117 Preston Rd., Suite 300 W. Dallas, TX 75225

Jeanine Corn Best 1300 West 4th Street Roswell, NM 88201-2051

New Orleans Natural Res. 3421 N. Causeway Blvd., Suite 403 Metairie, LA 70002-3722

Patricia B. Young P.O. Box 1639 Solana Beach, CA 92075-1639

Wing Resources IV, LLC 2100 McKinney Ave., Suite 1540 Dallas, TX 75201

Sandia Production Company Attn: Estate of Robert Enfield Wells Fargo Bank, New Mexico, N.A. 201 Main Street, Suite 400 Fort Worth, TX 76102

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Tab 2.

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

APPLICATION OF STRATA PRODUCTION COMPANY TO AMEND ORDER NO. R-22047, EDDY COUNTY, NEW MEXICO

APPLICATION OF STRATA PRODUCTION COMPANY TO AMEND ORDER NO. R-22048, EDDY COUNTY, NEW MEXICO

Case No. 22657 Order No. R-22047 (Re-Open)

Case No. 22658 Order No. R-22048 (Re-Open)

AFFIDAVIT OF NOTICE

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

I, Sharon T. Shaheen, attorney for STRATA PRODUCTION COMPANY ("Strata"), Applicant in the above-captioned matters, being first duly sworn, state the following:

1. I caused notice of the applications to be sent by certified mail through the United States Postal Service on March 18, 2022, to all interest owners in these proceedings. Evidence of mailing to all such owners is attached hereto as Exhibit A. Notice was also directed to all owners by publication in the Carlsbad Current Argus on March 22, 2022, which is reflected in the Affidavit of Publication attached hereto as Exhibit B. Exhibit B demonstrates to my satisfaction that those owners who did not receive personal notice through the certified mailing were properly served by publication.

> EXHIBIT B Strata Production Company NMOCD Case Nos. 22657 & 22658 April 7, 2022

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Strata has conducted a good faith, diligent effort to find the names and correct 2. addresses for the interest owners entitled to receive notice of the Applications filed herein.

SHARON T. SHAHEEN

SUBSCRIBED AND SWORN to before me this 5^{44} day of April 2022.

Notary Public



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STRATA PRODUCTION COMPANY

FNRU Fed Com 22 23 III 15H / Case No. 22657 FNRU Fed Com 22 23 PPI 16H / Case No. 22658

April 7, 2022 Hearing

Entity	Date Letter Mailed	Certified Mail Number	Status of Delivery	Date Received		
INTEREST PARTY(IES)						
Alldale Minerals II, LP 2100 Ross Ave., Suite 1870 Dallas, TX 75201	March 18, 2022	7021 0950 0001 6540 3539	Delivered	March 23, 2022		
Chevron USA, Inc. P.O. Box 730436 Dallas, TX 75373-0436	March 18, 2022	7021 0950 0001 6540 3546	Delivered	March 21, 2022		
Delmar Hudson Lewis Trust P.O. Drawer 840738 Dallas, TX 75284-0738	March 18, 2022	7021 0950 0001 6540 3553	In transit to next facility			
DSD Energy Resources 1150 N. Kimball, Suite 100 Dallas, TX 76092	March 18, 2022	7021 0950 0001 6540 3560	Delivered	March 21, 2022		
Estate of R. & A. Heeren 444 Madison Ave., Suite 301 New York, NY 10022	March 18, 2022	7021 0950 0001 6540 3577	Delivered	March 22, 2022		
Fallon Partners, LLC 8117 Preston Rd., Suite 300 W. Dallas, TX 75225	March 18, 2022	7021 0950 0001 6540 3584	In transit to next facility			
		Exhibit A				
		Strata Production Company				

Strata Production Company

NMOCD Case Nos. 22657 & 22658

STRATA PRODUCTION COMPANY

FNRU Fed Com 22 23 III 15H / Case No. 22657 FNRU Fed Com 22 23 PPI 16H / Case No. 22658

April 7, 2022 Hearing

Entity	Date Letter Mailed	Certified Mail Number	Status of Delivery	Date Received
Galley NM Assets, LLC 4143 Maple Ave., Floor 5 Dallas, TX 75219	March 18, 2022	7021 0950 0001 6540 3591	In transit to next facility	
Jeanette Probate Trust #5 Ridgmar Court Midland, TX 79707	March 18, 2022	7021 0950 0001 6540 3607	In transit to next facility	
Jeanine Corn Best 1300 West 4th Street Roswell, NM 88201-2051	March 18, 2022	7021 0950 0001 6540 3614	Delivered	Undated
Josephine T. Hudson Trust c/o Frost Bank P.O. Box 1600 San Antonio, TX 78296	March 18, 2022	7021 0950 0001 6540 3621	Delivered	March 22, 2022
Kimbell Royalty Holdings P.O. Box 671099 Dallas, TX 75367-1099	March 18, 2022	7021 0950 0001 6540 3638	Delivered	Undated
New Orleans Natural Res. 3421 N. Causeway Blvd., Suite 403 Metairie, LA 70002-3722	March 18, 2022	7021 0950 0001 6540 3645	Delivered	March 23, 2022
NM Royalty, LLC P.O. Box 51908	March 18, 2022	7021 0950 0001 6540 3652	Delivered	March 22, 2022

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STRATA PRODUCTION COMPANY

FNRU Fed Com 22 23 III 15H / Case No. 22657 FNRU Fed Com 22 23 PPI 16H / Case No. 22658

April 7, 2022 Hearing

Entity	Date Letter Mailed	Certified Mail Number	Status of Delivery	Date Received
Midland, TX 79710				
Nuclear Corporation of NM 5405 W. Flamingo Road, Suite 102 Las Vegas, NV 89103	March 18, 2022	7021 0950 0001 6540 3669	Unknown Address	
Patricia B. Young P.O. Box 1639 Solana Beach, CA 92075-1639	March 18, 2022	7021 0950 0001 6540 3676	Delivered	March 21, 2022
Patricia Boyle Young Trust P.O. Box 1037 Okmulgee, OK 74447	March 18, 2022	7021 0950 0001 6540 3683	Delivered	Undated
Richard D. Jones, Jr. 200 North Gaines Road Cedar Creek, TX 78612	March 18, 2022	7021 0950 0001 6540 3690	Delivered	March 23, 2022
Wing Resources IV, LLC 2100 McKinney Ave., Suite 1540 Dallas, TX 75201	March 18, 2022	7021 0950 0001 6540 3706	Delivered	March 23, 2022
Santa Elena Minerals IV P.O. Box 732880 Dallas, TX 75373-2880 State of New Mexico	March 18, 2022	7021 0950 0001 6540 3713	Delivered	March 21, 2022

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STRATA PRODUCTION COMPANY

FNRU Fed Com 22 23 III 15H / Case No. 22657 FNRU Fed Com 22 23 PPI 16H / Case No. 22658

April 7, 2022 Hearing

Entity	Date Letter Mailed	Certified Mail Number	Status of Delivery	Date Received
State of New Mexico Taxation & Revenue Department Oil & Gas Division P.O. Box 2308 Santa Fe, NM 87504-2308	March 18, 2022	7021 0950 0001 6540 3720	Delivered	March 22, 2022
Sandia Production Company Attn: Estate of Robert Enfield Wells Fargo Bank, New Mexico, N.A. 201 Main Street, Suite 400 Fort Worth, TX 76102	March 18, 2022	7021 0950 0001 6540 3737	Delivered	March 21, 2022
Hutchings Oil Company P.O. Box 1216 Albuquerque, NM 87103-1216	March 18, 2022	7021 0950 0001 6540 3744	Delivered	March 21, 2022
Oxy USA Inc. 5 Greenway Plaza Houston, TX 77046	March 18, 2022	7021 0950 0001 6540 3775	Delivered	March 21, 2022
Bureau of Land Management 620 E. Greene Street Carlsbad, NM 88220-6292	March 18, 2022	7021 0950 0001 6540 3768	Delivered	March 21, 2022
State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501	March 18, 2022	7021 0950 0001 6540 3751	Delivered	Undated



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Tracking Number: 70210950000165403539

Your item was delivered to an individual at the address at 11:12 am on March 23, 2022 in DALLAS, TX 75201.

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March 23, 2022 at 11:12 am DALLAS, TX 75201

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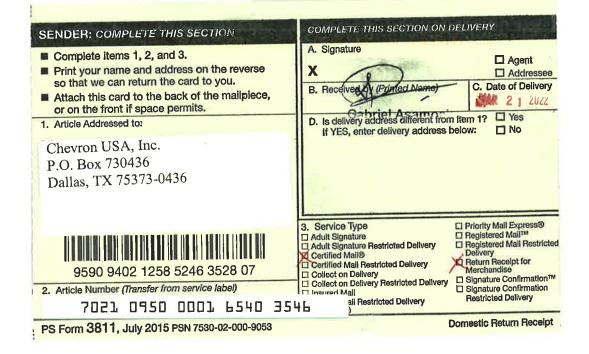
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Tracking Number: 70210950000165403553

Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.

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March 25, 2022

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March 25, 2022

In Transit to Next Facility Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.

March 21, 2022, 4:50 am Departed USPS Regional Facility DALLAS TX DISTRIBUTION CENTER

March 20, 2022, 3:04 pm Arrived at USPS Regional Facility





Feedback

DALLAS TX DISTRIBUTION CENTER

March 19, 2022, 8:07 am Departed USPS Facility ALBUQUERQUE, NM 87101

March 18, 2022, 10:31 pm Arrived at USPS Facility ALBUQUERQUE, NM 87101

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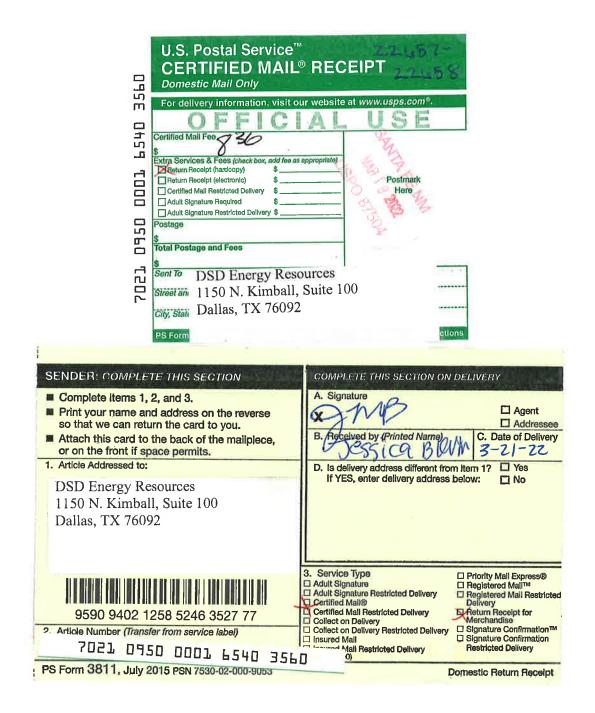
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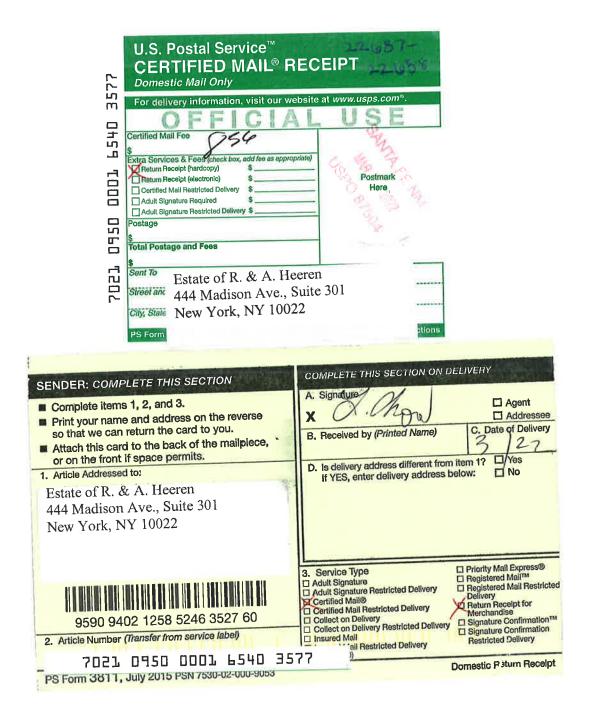
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Page 54 of 85

FAQs >

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Tracking Number: 70210950000165403584

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March 30, 2022

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Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.

March 28, 2022, 8:24 pm Departed USPS Regional Facility DALLAS TX DISTRIBUTION CENTER

March 28, 2022, 3:36 pm Arrived at USPS Regional Facility

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DALLAS TX DISTRIBUTION CENTER

March 26, 2022, 10:43 am Arrived at USPS Regional Facility OKLAHOMA CITY OK DISTRIBUTION CENTER

March 22, 2022, 2:09 pm Forwarded DALLAS, TX

March 21, 2022, 4:50 am Departed USPS Regional Facility DALLAS TX DISTRIBUTION CENTER

March 20, 2022, 3:04 pm Arrived at USPS Regional Facility DALLAS TX DISTRIBUTION CENTER

March 19, 2022, 8:07 am Departed USPS Facility ALBUQUERQUE, NM 87101

March 18, 2022, 10:31 pm Arrived at USPS Facility ALBUQUERQUE, NM 87101

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March 21, 2022, 4:50 am Departed USPS Regional Facility DALLAS TX DISTRIBUTION CENTER

March 20, 2022, 3:04 pm Arrived at USPS Regional Facility



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Feedback

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DALLAS TX DISTRIBUTION CENTER

March 19, 2022, 8:07 am Departed USPS Facility ALBUQUERQUE, NM 87101

March 18, 2022, 10:31 pm Arrived at USPS Facility ALBUQUERQUE, NM 87101

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March 26, 2022

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March 26, 2022

In Transit to Next Facility

Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.

March 22, 2022, 12:25 am Departed USPS Regional Facility MIDLAND TX DISTRIBUTION CENTER

March 20, 2022, 8:00 pm Arrived at USPS Regional Facility Feedback

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Feedback

MIDLAND TX DISTRIBUTION CENTER

March 19, 2022, 8:07 am Departed USPS Facility ALBUQUERQUE, NM 87101

March 18, 2022, 10:31 pm Arrived at USPS Facility ALBUQUERQUE, NM 87101

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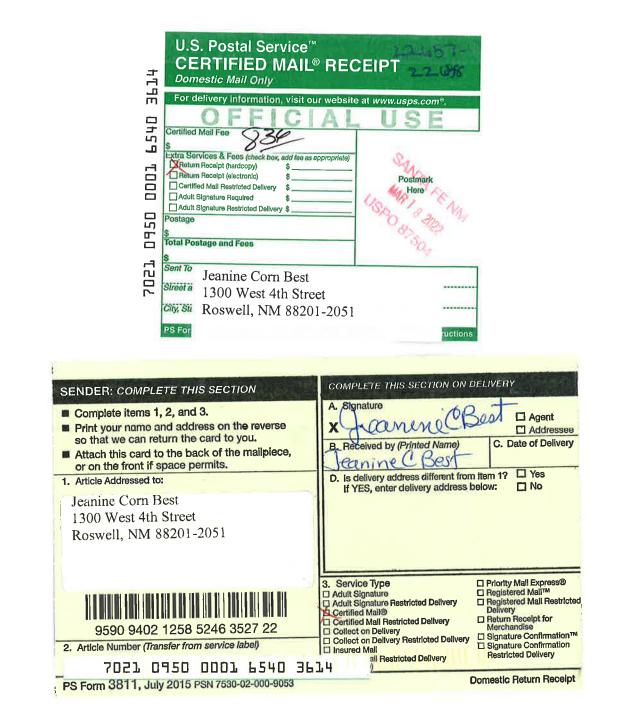
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FAQs >

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Your item has been delivered and is available at a PO Box at 9:54 am on March 22, 2022 in SAN ANTONIO, TX 78205.

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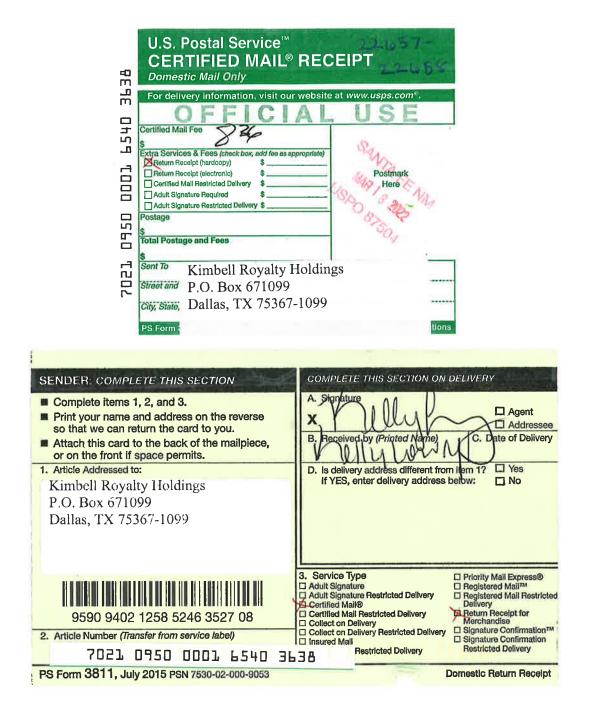
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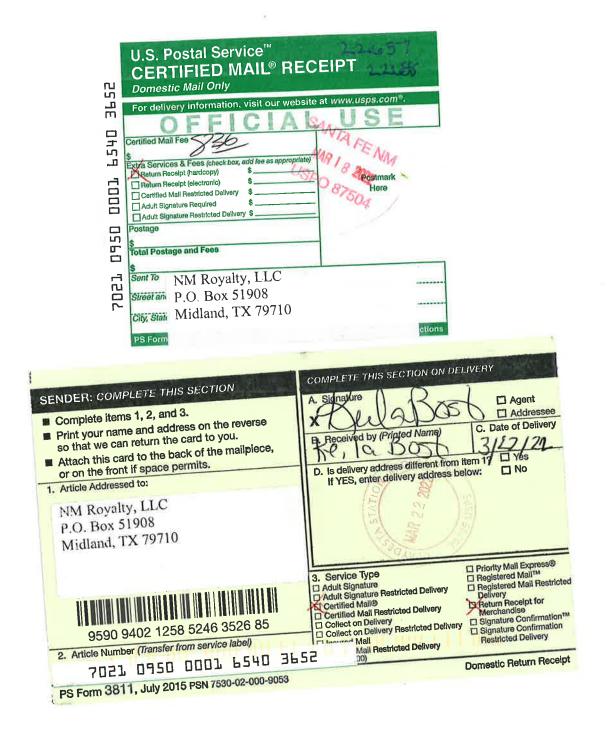
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 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: New Orleans Natural Res. 3421 N. Causeway Blvd., Suite 403 Metairie, LA 70002-3722 	A. Signature X Hurin Medine Agent Addressee B. Received by (Printed Name) Karrie Medine 3) 23) 22 D. Is delivery address different from Item 1? Yes If YES, enter delivery address below: No
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Tracking Number: 70210950000165403669

Your item arrived at our USPS facility in PHOENIX AZ DISTRIBUTION CENTER ANNEX on March 30, 2022 at 8:19 pm. The item is currently in transit to the destination.

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Arrived at USPS Regional Facility

March 30, 2022 at 8:19 pm PHOENIX AZ DISTRIBUTION CENTER ANNEX

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March 30, 2022, 8:19 pm Arrived at USPS Regional Facility PHOENIX AZ DISTRIBUTION CENTER ANNEX Your item arrived at our USPS facility in PHOENIX AZ DISTRIBUTION CENTER ANNEX on March 30, 2022 at 8:19 pm. The item is currently in transit to the destination.

March 21, 2022, 11:37 am Addressee Unknown LAS VEGAS, NV 89103 Remove X

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Feedback

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March 20, 2022, 8:27 pm Departed USPS Regional Facility LAS VEGAS NV DISTRIBUTION CENTER

March 20, 2022, 9:40 am Arrived at USPS Regional Facility LAS VEGAS NV DISTRIBUTION CENTER

March 19, 2022, 8:07 am Departed USPS Facility ALBUQUERQUE, NM 87101

March 18, 2022, 10:31 pm Arrived at USPS Facility ALBUQUERQUE, NM 87101

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FAQs >

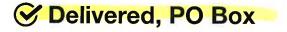
USPS Tracking[®]

Track Another Package +

Tracking Number: 70210950000165403676

Your item has been delivered and is available at a PO Box at 5:35 am on March 21, 2022 in SOLANA BEACH, CA 92075.

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March 21, 2022 at 5:35 am SOLANA BEACH, CA 92075

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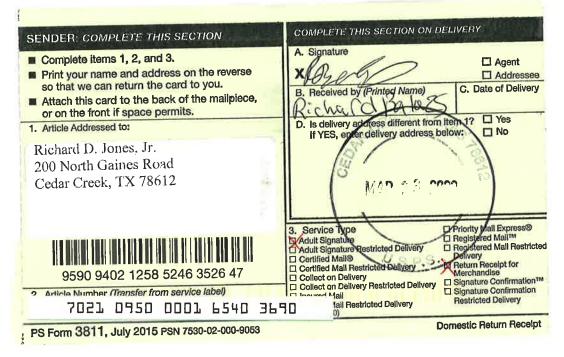
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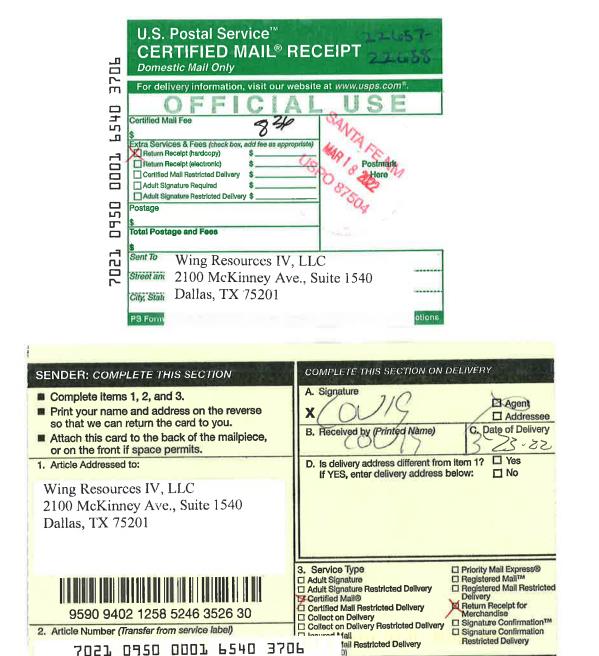
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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: 	A. Signature
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9590 9402 1258 5246 3526 54 2. Article Number (Transfer from service label) 7021 0950 0001 6540 36	Service Type □ Priority Mail Express® □ Adult Signature □ Registered Mail™ □ Adult Signature Restricted Delivery □ Registered Mail™ □ Certified Mail® □ Registered Mail Restricted Delivery □ Certified Mail® □ Registered Mail Restricted Delivery □ Collect on Delivery □ Restricted Delivery □ Leurard Mail □ Signature Confirmation™ □ Signature Confirmation □ Signature Confirmation
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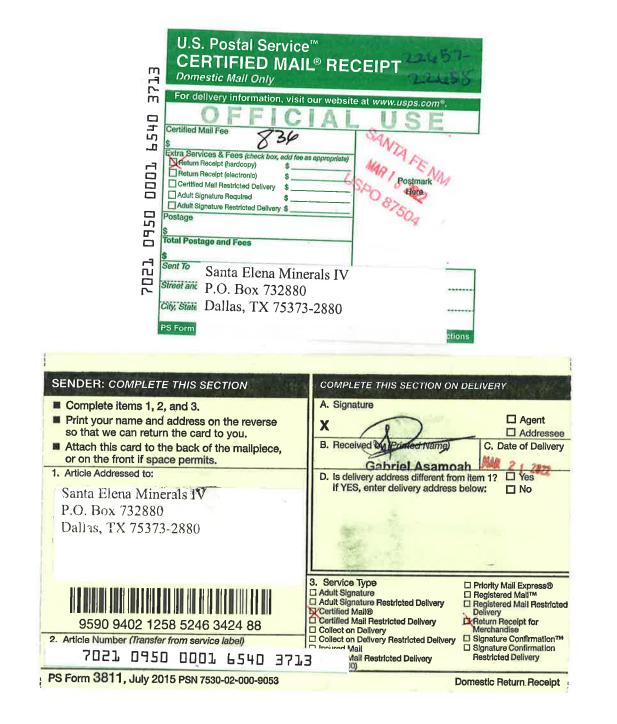


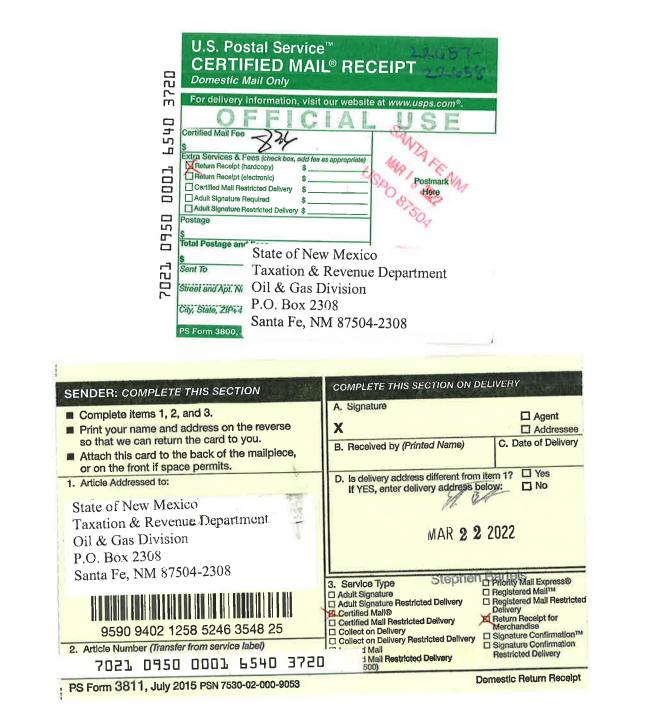


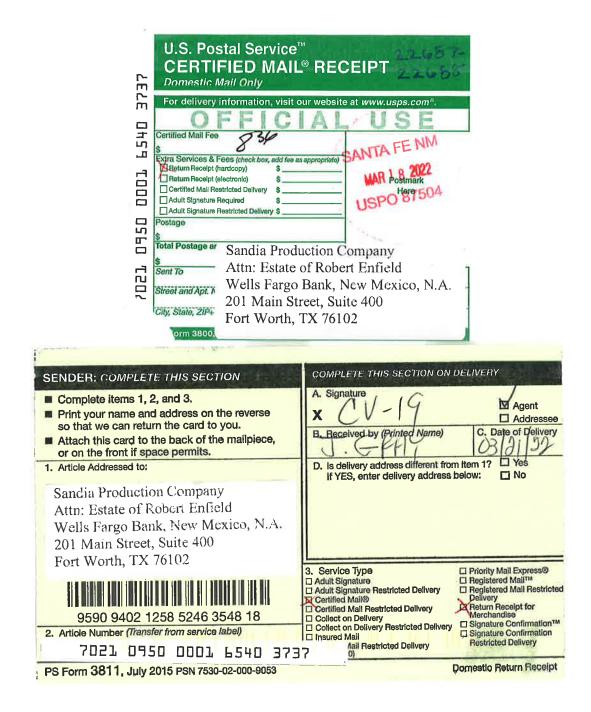
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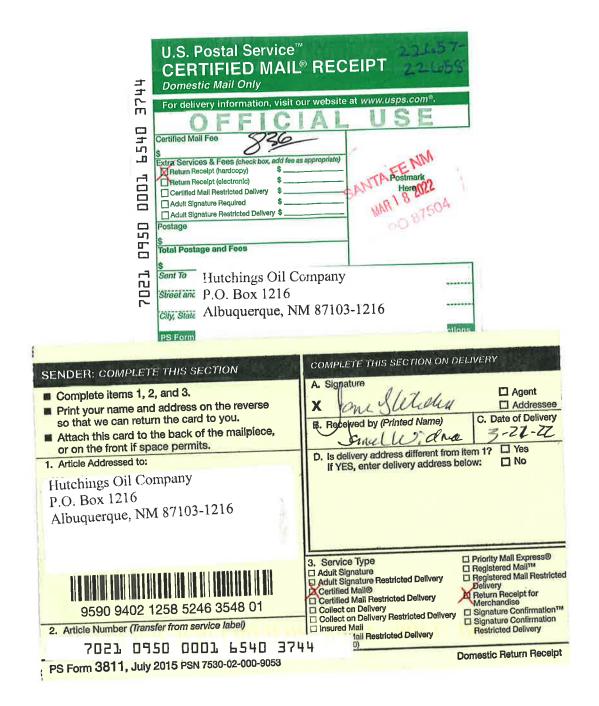
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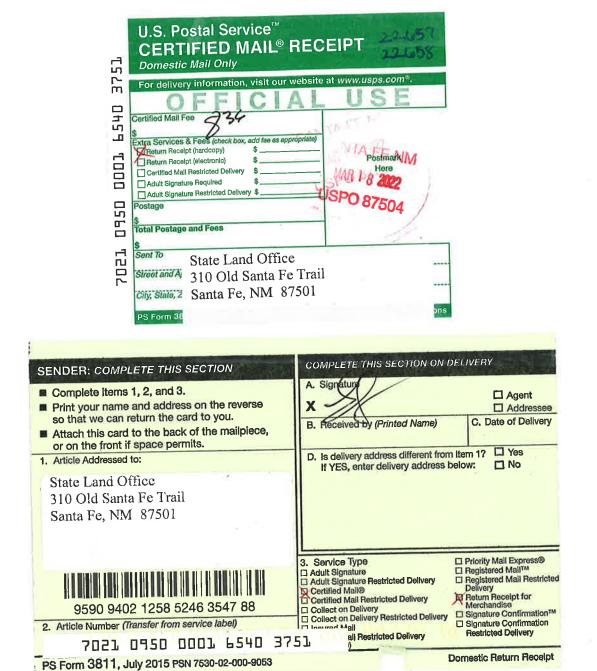












Carlsbad Current Argus.

Affidavit of Publication Ad # 0005181229 This is not an invoice

MONTGOMERY & ANDREWS P.A. PO BOX 2307

SANTA FE, NM 87504

I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

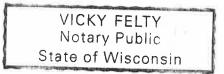
03/22/2022

Legal Clerk

Subscribed and sworn before me this April 5, 2022:

NOTARY PUBLIC State of WL County of own

My commission expires



Ad # 0005181229 PO #: 5181229 # of Affidavits: 1

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Exhibit B Strata Production Company NMOCD Case Nos. 22657 & 22658 April 7, 2022 To the following entities, individuals, their heirs, personal representatives, trustees, successors or assigns, and any other uncommitted mineral owners:

Alldale Minerals II, LP; Chevron USA, Inc.; Delmar Hudson Lewis Trust; DSD Energy Resources; Estate of R. & A. Heeren; Fallon Partners, LLC; Galley NM Assets, LLC; Jeanette Probate Trust; Jeanine Corn Best; Josephine T. Hudson Trust c/o Frost Bank; Kimbell Royalty Holdings; New Orleans Natural Res.; NM Royalty, LLC; Nuclear Corporation of NM; Patricia B. Young; Patricia Boyle Young Trust; Richard D. Jones, Jr.; Santa Elena Minerals IV; State of New Mexico Taxation & Revenue Department, Oil & Gas Division; Wing Resources IV, LLC; Hutchings Oil Company; Oxy USA Inc.; Sandia Production Company, ATTN: Estate of Robert Enfield, Wells Fargo Bank, New Mexico; Bureau of Land Management; and State Land Office.

Strata Production Company, has filed applications with the New Mexico Oil Conservation Division as follows:

Case No. 22657. Application of Strata Production Co. to Amend Order No. R-22047, Eddy County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 22437 for the limited purpose of amending Division Order No. R-22047 to pool all overriding royalty owners and royalty 'owners without pooling clauses who have interests in the FNRU Fed Com 22 23 III 15H well, proposed to be drilled into the Delaware formation (Forty Niner Ridge; Delaware [24750]) underlying the NE/4 SE/4 of Section 22 and the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. The well and lands are located approximately 15 miles East of Loving, New

Case No. 22658. Application of Strata Production Co. to Amend Order No. R-22048, Eddy County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 22438 for the limited purpose of amending Division Order No. R-22048 to pool all overriding royalty owners and royalty owners without pooling clauses who have interests in the FNRU Fed Com 22 23 PPI 16H well, proposed to be drilled into the Delaware formation (Forty Niner Ridge; Delaware [24750]) underlying the SE/4 SE/4 of Section 22 and the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. The well and lands are located approximately Mexico. This application will be set for hearing before a Divi-sion Examiner at the New Mexico Oil Conservation Di-vision on April 7, 2022, be-ginning at 8:15 a.m. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: http://www.emnrd.sta te.nm.us/OCD/hearings.html. You are not required to at-tend this hearing, but as an owner of an interest that may be affected, you may appear and present testimo-ny. Failure to appear at that time and become a party of record will preclude you from challenging this appli-cation at a later time. If you intend to present testimony or evidence at the hearing, you must enter your appearor evidence at the hearing, you must enter your appear-ance by March 30, 2022, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by March 31, 2022, in accordance with Di-vision Rule 19,15.4.13 NMAC. For further informa-tion, contact the applicant's tion, contact the applicant's attorney, Sharon T. Shaheen, Montgomery & Andrews, P.A., 325 Paseo de Peralta, Santa Fe, New Mexico 87501, (505) 986-2678. #5181229, Current Argus, Mar. 22, 2022