

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. **23000**

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO Case No. **23001**

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO Case No. **23002**

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO Case No. **23003**

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO Case No. **23004**



Pajarito Fed Com Wells

September 1, 2022

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- Checklist
- Application
- 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-102
- Exhibit A-7: Well Proposal Letter and AFE (See Ex. A-7, Case No. 23000)
- Exhibit A-8: Sample Notice Letter (See Ex. A-8, Case No. 23000)

- Exhibit B-1: Regional View
- Exhibit B-2: Delaware Basin Stratigraphic Column
- Exhibit B-3: Base of Brushy Canyon Formation Structure
- Exhibit B-4: Target Interval on Offset Log
- Exhibit B-5: Cross Section Line
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- Checklist
- Application
- 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-102
- Exhibit A-7: Well Proposal Letter and AFE (See Ex. A-7, Case No. 23000)
- Exhibit A-8: Sample Notice Letter (See Ex. A-8, Case No. 23000)

- Exhibit B-1: Regional View
- Exhibit B-2: Delaware Basin Stratigraphic Column
- Exhibit B-3: Base of Brushy Canyon Formation Structure
- Exhibit B-4: Target Interval on Offset Log
- Exhibit B-5: Cross Section Line
- Exhibit B-6: Structural Cross Section

Case No. 23004 – Pajarito Fed Com 31 19 AAL #4H7

- Checklist
- Application
- 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-102
- Exhibit A-7: Well Proposal Letter and AFE (See Ex. A-7, Case No. 23000)
- Exhibit A-8: Sample Notice Letter (See Ex. A-8, Case No. 23000)

- Exhibit B-1: Regional View
- Exhibit B-2: Delaware Basin Stratigraphic Column
- Exhibit B-3: Base of Brushy Canyon Formation Structure
- Exhibit B-4: Target Interval on Offset Log
- Exhibit B-5: Cross Section Line
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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.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 23000**

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 23001**

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 23002**

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 23003**

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 23004**

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 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.

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. The interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interest in the wells.

7. In **Case No. 23000**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 W/2 of Section 31 and the SW/4 SW/4 of Section 30, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the **Pajarito Fed Com 30 31 MML #7H** well, to be horizontally drilled from an approximate surface hole location 330' FSL and 660' FWL of Section 30, T23S-R31E, to an approximate bottom hole location 100' FSL and 400' FWL of Section 31, T23S-R31E. The first take point will be located at approximately 330' FSL and 660' FWL of Section 30, T23S-R31E. The last take point will be located at approximately 100' FSL and 400' FWL of Section 31, T23S-R31E.

8. In **Case No. 23001**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of

the E/2 W/2 of Section 31 and the SE/4 SW/4 of Section 30, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the **Pajarito Fed Com 30 31 NNL #6H** well, to be horizontally drilled from an approximate surface hole location 330' FSL and 1980' FWL of Section 30, T23S-R31E, to an approximate bottom hole location 100' FSL and 1980' FWL of Section 31, T23S-R31E. The first take point will be located at approximately 330' FSL and 1980' FWL of Section 30, T23S-R31E. The last take point will be located at approximately 100' FSL and 1980' FWL of Section 31, T23S-R31E.

9. In **Case No. 23002**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the SW/4 SE/4 of Section 30 and the W/2 E/2 of Section 31, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the **Pajarito Fed Com 30 31 OOL #5H** well, to be horizontally drilled from an approximate surface hole location 330' FSL and 1980' FEL of Section 30, T23S-R31E, to an approximate bottom hole location 100' FSL and 1980' FEL of Section 31, T23S-R31E. The first take point will be located at approximately 330' FSL and 1980' FEL of Section 30, T23S-R31E. The last take point will be located at approximately 100' FSL and 1980' FEL of Section 31, T23S-R31E.

10. In **Case No. 23003**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the NW/4 NW/4 of Section 31, the W/2 W/2 of Sections 30 and 19, and the SW/4 SW/4 of Section 18, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the **Pajarito Fed Com 31 18 DML #1H** well, to be horizontally drilled from

an approximate surface hole location 215' FNL and 325' FWL of Section 31, T23S-R31E, to an approximate bottom hole location 1220' FSL and 660' FWL of Section 18, T23S-R31E. The first take point will be located at approximately 215' FNL and 325' FWL of Section 31, T23S-R31E. The last take point will be located at approximately 1220' FSL and 660' FWL of Section 18, T23S-R31E.

11. In **Case No. 23004**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the NE/4 NE/4 of Section 31, the E/2 E/2 of Section 30, and the E/2 SE/4 and SE/4 NE/4 of Section 19, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the **Pajarito Fed Com 31 19 AAL #4H** well, to be horizontally drilled from an approximate surface hole location 1070' FNL and 910' FEL of Section 31, T23S-R31E, to an approximate bottom hole location 1420' FNL and 400' FEL of Section 19, T23S-R31E. The first take point will be located at approximately 1070' FNL and 910' FEL of Section 31, T23S-R31E. The last take point will be located at approximately 1420' FNL and 400' FEL of Section 19, T23S-R31E.

12. The first and last take points and completed intervals for all proposed wells will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

13. General location maps are attached as **Exhibits A-1**.

14. Maps illustrating the tracts in the proposed HSUs and the ownership of each individual tract are attached as **Exhibits A-2**.

15. Maps illustrating the unit ownership are attached as **Exhibits A-3**.

16. The ownership breakdowns of interests and lists of pertinent leases are attached as **Exhibits A-4**. There are no depth severances in the formation being pooled.

17. A chronology of contacts with the non-joined working interest owners to be pooled is attached as **Exhibits A-5**. The only parties to be pooled are Oxy USA Inc. and Oxy Y-1 Company.

18. The locations of the proposed wells within the respective HSUs are depicted in the C-102 forms attached as **Exhibits A-6**. The C-102 forms also indicate the locations of each surface hole, bottom hole, and the first and last take points.

19. Strata 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. Strata mailed all parties well proposals, including an Authorization for Expenditure (“AFE”) for each well.

20. **Exhibits A-7** include a sample copy of the well proposal letters and AFEs for the proposed wells. 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.

21. **Exhibits A-8** include a sample copy of the notice letter that was sent with the applications to both uncommitted working interest owners to be pooled in the proposed HSUs.

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

23. 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.

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

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

26. The Exhibits to this Affidavit were prepared by me, or compiled from Strata's business records.

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

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

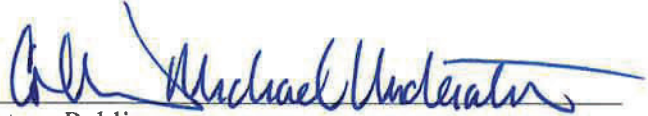
FURTHER AFFIANT SAYETH NAUGHT.



Mitch Krakauskas

STATE OF NEW MEXICO)
)ss
COUNTY OF CHAVES)

Subscribed to and sworn before me on this 23 day of August, 2022.



Notary Public

My commission expires: 06-06-2026.

STATE OF NEW MEXICO
NOTARY PUBLIC
COLLIN MICHAEL UNDERATON
COMMISSION# 1138130
EXP. 06-06-2026

Tab 2.

**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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**APPLICATION OF STRATA PRODUCTION CO.
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EDDY COUNTY, NEW MEXICO** **Case No. 23002**

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 23003**

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 23004**

AFFIDAVIT OF GEOLOGIST SCOTT KELLEY

I, being first 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 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 previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record. My education and work experience are as

Exhibit B

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 two years at Geosite Inc., two years at Panther Energy Company, six years at Pioneer Natural Resources and have been at Strata Production Company for three years.

5. **Exhibits B-1** show the regional setting for the proposed wells.
6. **Exhibits B-2** are a general stratigraphic column showing the target zone.
7. **Exhibits B-3** are a regional Brushy Canyon structure map with 50' contour intervals, which illustrate the locations of the HSUs in a yellow highlighted rectangle.
8. **Exhibits B-4** are type logs of the production portion of the Brushy Canyon formation. The logs include 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. **Exhibits B-5** are a Brushy Canyon structural cross section map showing the location of the cross section on Exhibits B-6 in the region of the proposed wells.
10. **Exhibits B-6** are the structural cross section, indicating that the horizontal section of these wells will be placed in a zone that has an estimated gross interval thickness of 270'. This gross thickness is being calculated from the top of the lower Brushy Canyon formation to the Base of the lower Brushy Canyon formation (top of Bone Spring formation). The total thickness of the Brushy Canyon formation in this area is approximately 1700'. Perforations and completions are planned where reservoir quality sands are present through the vertical portion of the wellbore within the greater Brushy Canyon formation.

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

| Case No.: | | MD | TVD |
|-----------|--------------------------------|---------|--------|
| 23000 | Pajarito Fed Com 30 31 MML #7H | 13,210' | 7,756' |
| 23001 | Pajarito Fed Com 30 31 NNL #6H | 13,205' | 7,768' |
| 23002 | Pajarito Fed Com 30 31 OOL #5H | 13,210' | 7,795' |
| 23003 | Pajarito Fed Com 31 18 DML #1H | 19,614' | 7,802' |
| 23004 | Pajarito Fed Com 31 19 AAL #4H | 17,890' | 7,862' |

12. The true vertical landing depth of the target formation is approximately 7800' based on the structural cross section, **Exhibits B-6**.

13. 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. The most efficient way to develop the acreage in Case Nos. 23000 (Pajarito Fed Com 30 31 MML #7H), 23001 (Pajarito Fed Com 30 31 NNL #6H), and 23002 (Pajarito Fed Com 30 31 OOL #5H) is as proposed because of drilling island locations due to Potash limitations. 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 north-south well orientation. Successfully developed Brushy Canyon formation horizontal wells oriented north-

south have been drilled in the region, 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.

- e. The most efficient way to develop the acreage in Case Nos. 23003 (Pajarito Fed Com 31 18 DML #1H) and 23004 (Pajarito Fed Com 31 19 AAL #4H) is as proposed because of drilling island locations due to Potash limitations. 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 south north well orientation. Successfully developed Brushy Canyon formation horizontal wells oriented north-south have been drilled in the region, 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.
14. The exhibits attached hereto were prepared by me or compiled from Strata's business records.
15. The granting of the Applications is in the interests of conservation, the prevention of waste, and the protection of correlative rights.
16. The foregoing is correct and complete to the best of my knowledge and belief.

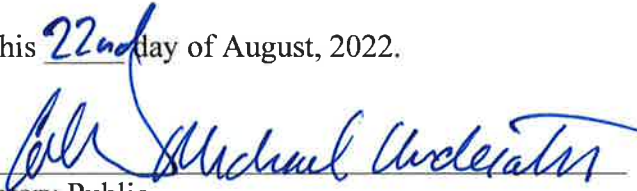
FURTHER AFFIANT SAYETH NAUGHT.



Michael Scott Kelley

STATE OF NEW MEXICO)
)ss
COUNTY OF CHAVES)

Subscribed to and sworn before me on this 22nd day of August, 2022.



Notary Public

My commission expires: 06/06/2026

STATE OF NEW MEXICO
NOTARY PUBLIC
COLLIN MICHAEL UNDERATON
COMMISSION# 1138130
EXP. 06-06-2026

Tab 3.

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| | |
|--|---|
| Case: 23000 | APPLICANT'S RESPONSE |
| Date | September 1, 2022 |
| Applicant | Strata Production Company |
| Designated Operator & OGRID (affiliation if applicable) | 21712 |
| Applicant's Counsel: | Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton) |
| Case Title: | Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico |
| Entries of Appearance/Intervenors: | None at this time |
| Well Family | Pajarito 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: | North-South |
| Description: TRS/County | W/2 W/2 of Section 31 and the SW/4 SW/4 of Section 30, T23S, R31E, 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: 61.99571%; Tract 2: 78.50%; see Exhibits A-2 and 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 | Pajarito Fed Com 30 31 MML #7H, API No. Pending SHL: 330' FSL and 660' FWL , Section 30, T23S-R31E, NMPM BHL: 100' FSL and 400' FWL, Section 31, T-23S-R31E, NMPM Completion Target: Brushy Canyon at approx. 7800' Well Orientation: North to South Completion location expected to be standard |

| | | |
|--|--|----------------------|
| Horizontal Well Fracturing and Lost Casing <i>Received by OCS: 8/30/2022 3:59:07 PM</i> | FTP (~330' FSL and 660' FWL of Section 30, T23S-R31E) LTP (~100' FSL and 400' FWL of Section 31, T23S-R31E) | <i>Page 21 of 14</i> |
| Completion Target (Formation, TVD and MD) | Brushy Canyon - TVD (~7,756'), MD (~13,210') | |
| AFE Capex and Operating Costs | | |
| Drilling Supervision/Month \$ | \$8000; see Exhibit A, ¶ 23 | |
| Production Supervision/Month \$ | \$800; see Exhibit A, ¶ 23 | |
| Justification for Supervision Costs | Please see AFE at Exhibit A-7 | |
| Requested Risk Charge | 200%; see Exhibit A, ¶ 24 | |
| 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; Exhibit A-8 | |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit C | |
| Ownership Determination | | |
| Land Ownership Schematic of the Spacing Unit | See Exhibits A-2 and A-3 | |
| Tract List (including lease numbers and owners) | See Exhibits A-2 and A-4 | |
| Pooled Parties (including ownership type) | See Exhibit A-5 | |
| 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 | See AFE at Exhibit A-7 | |
| Cost Estimate to Equip Well | See AFE at Exhibit A-7 | |
| Cost Estimate for Production Facilities | See AFE at Exhibit A-7 | |
| Geology | | |
| Summary (including special considerations) | Exhibit B, ¶¶ 5-15; see Exhibits B-1 through B-6 | |
| Spacing Unit Schematic | Exhibit B-3 | |
| Well Orientation (with rationale) | Exhibit B, ¶ 13(d) | |
| Target Formation | Exhibit B-2 and B-4 | |
| HSU Cross Section | Exhibit B-6 | |
| Depth Severance Discussion | n/a; see Exhibit A, ¶ 16 | |
| Forms, Figures and Tables | | |
| C-102 | Exhibit A-6 | |
| Tracts | Exhibits A-2 and A-4 | |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit A-3 | |
| General Location Map (including basin) | Exhibit B-1 | |
| Well Bore Location Map | Exhibit A-3; Exhibit A-6 | |

| | | | |
|--|--------------------------|---------------------------------------|---------------|
| Structure Contour Map - Subsea Depth | Exhibit B-3 | Received by OCD: 8/30/2022 3:55:07 PM | Page 22 of 14 |
| Cross Section Location Map (including wells) | Exhibit B-5 | | |
| Cross Section (including Landing Zone) | Exhibits B-5 and B-6 | | |
| 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: | 8/30/2022 | | |

**STATE OF NEW MEXICO
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**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 Troy S. Lawton), 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 200-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 W/2 of Section 31 and the SW/4 SW/4 of Section 30, Township 23 South, Range 31 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 **Pajarito Fed Com 30 31 MML #7H** well, to be horizontally drilled from an approximate surface hole location 330’ FSL and 660’ FWL of Section 30, T23S-R31E, to an approximate bottom hole location 100’ FSL and 400’ FWL of Section 31, T23S-R31E.
3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

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 Delaware 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.

WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on September 1, 2022, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 200-acre, more or less, HSU comprised of the W/2 W/2 of Section 31 and the SW/4 SW/4 of Section 30, Township 23 South, Range 31 East in Eddy County, New Mexico;

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

C. Allowing the drilling of the Pajarito Fed Com 30 31 MML #7H well;

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

Troy S. Lawton

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 986-2678

sshaheen@montand.com

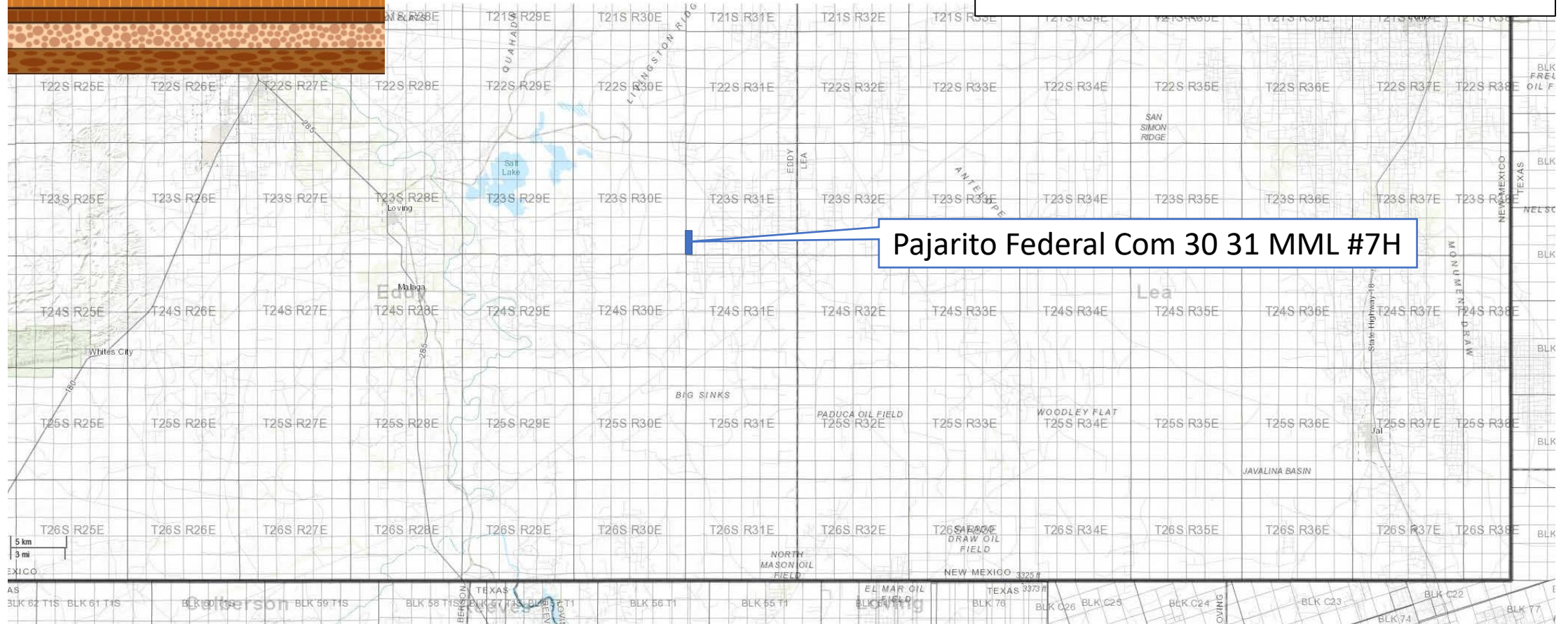
tlawton@montand.com

Attorneys for Strata Production Company

Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 W/2 of Section 31 and the SW/4 SW/4 of Section 30, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following well in the HSU: **Pajarito Fed Com 30 31 MML #7H** well, to be horizontally drilled from an approximate surface hole location 330’ FSL and 660’ FWL of Section 30, T23S-R31E, to an approximate bottom hole location 100’ FSL and 400’ FWL of Section 31, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.



Pajarito Federal Com 30 31 MML #7H
 NM OCD Case No. 23000
 Exhibit A-1





Pajarito Federal Com 30 31 MML #7H
 NM OCD Case No. 23000
 Exhibit A-2

| | | | | V | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------------|---------------|----------------|------|--|------|------|------|-----------------|-------|--|--------------------|---------|---------|-----------------|-------|-------|---------------------------|--------|----------|------------------------------------|------|-----------|------------------------|------|----------|---------------------------|---------------|----------------|------------------------------------|------|----------|------------------------|------|----------|--------------|--------------|----------------|------|------|------|------|
| | | | | V | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | V | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | | | | | | | | | | | | | | | | | | | | | | |
| | | 26 | | | 25 | | | | 30 | | | | 29 | | | 28 | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | | | | | | | | | | | | | | | | | | | | | | |
| | | 23S 30E | | | | | | L 4 | SESW | Tract 1- NMNM 0021640 Lot 4 | | | | | | 31E | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 1 | NENW | <table border="1"> <thead> <tr> <th>Leasehold Owner</th> <th>Acres</th> <th>WI %</th> </tr> </thead> <tbody> <tr> <td>Lincoln Associates</td> <td>3.30</td> <td>7.89754%</td> </tr> <tr> <td>Oxy USA Inc.</td> <td>8.79</td> <td>21.02457%</td> </tr> <tr> <td>SJR Enterprises</td> <td>1.07</td> <td>2.56667%</td> </tr> <tr> <td>Strata Production Company</td> <td>25.93</td> <td>61.99571%</td> </tr> <tr> <td>Wade P. Carrigan and Beth Carrigan</td> <td>1.65</td> <td>3.94877%</td> </tr> <tr> <td>Winn Investments, Inc.</td> <td>1.07</td> <td>2.56667%</td> </tr> <tr> <td>Total</td> <td>41.82</td> <td>100.00%</td> </tr> </tbody> </table> | | | | Leasehold Owner | Acres | WI % | Lincoln Associates | 3.30 | 7.89754% | Oxy USA Inc. | 8.79 | 21.02457% | SJR Enterprises | 1.07 | 2.56667% | Strata Production Company | 25.93 | 61.99571% | Wade P. Carrigan and Beth Carrigan | 1.65 | 3.94877% | Winn Investments, Inc. | 1.07 | 2.56667% | Total | 41.82 | 100.00% | SWSW | SESW | SWSE | SESE |
| Leasehold Owner | Acres | WI % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Oxy USA Inc. | 8.79 | 21.02457% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SJR Enterprises | 1.07 | 2.56667% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Strata Production Company | 25.93 | 61.99571% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wade P. Carrigan and Beth Carrigan | 1.65 | 3.94877% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Winn Investments, Inc. | 1.07 | 2.56667% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 41.82 | 100.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 2 | SENW | | | | | NWNW | NENW | NWNE | NENE | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Tract 2- NMNM 546732A Lots 1-4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | <table border="1"> <thead> <tr> <th>Leasehold Owner</th> <th>Acres</th> <th>WI %</th> </tr> </thead> <tbody> <tr> <td>Lincoln Associates</td> <td>16.70</td> <td>10.000%</td> </tr> <tr> <td>SJR Enterprises</td> <td>5.43</td> <td>3.25%</td> </tr> <tr> <td>Strata Production Company</td> <td>131.01</td> <td>78.50%</td> </tr> <tr> <td>Wade P. Carrigan and Beth Carrigan</td> <td>8.35</td> <td>5.00%</td> </tr> <tr> <td>Winn Investments, Inc.</td> <td>5.43</td> <td>3.25%</td> </tr> <tr> <td>Total</td> <td>167.00</td> <td>100.00%</td> </tr> </tbody> </table> | | | | Leasehold Owner | Acres | WI % | Lincoln Associates | 16.70 | 10.000% | SJR Enterprises | 5.43 | 3.25% | Strata Production Company | 131.01 | 78.50% | Wade P. Carrigan and Beth Carrigan | 8.35 | 5.00% | Winn Investments, Inc. | 5.43 | 3.25% | Total | 167.00 | 100.00% | | | | | | | | | | | | | |
| Leasehold Owner | Acres | WI % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| SJR Enterprises | 5.43 | 3.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Strata Production Company | 131.01 | 78.50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wade P. Carrigan and Beth Carrigan | 8.35 | 5.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Winn Investments, Inc. | 5.43 | 3.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 167.00 | 100.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWSW | SWSE | SESE | | NWSW | SWSE | SESE | | L 3 | NESW | | | | | NWSW | NESW | NWSE | NESE | 33 | | | | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | | | | | | | | | | | | | | | | | | | | | | |
| L 4 | | | | L 2 | L 1 | | | | | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | | | | | | | | | | | | | | | | | | | | | | | | |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 5 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | | | | | | | | | | | | | | | | | | | | | | |
| | | 2 | | 1 | | | | | | 6 | | 5 | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 6 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | | | | | | | | | | | | | | | | | | | | | | |
| | | 24S 30E | | | | | | | | | | 24S 31E | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 7 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | | | | | | | | | | | | | | | | | | | | | | |



Pajarito Federal Com 30 31 NNL #6H
 NM OCD Case No. 23000
 Exhibit A-3

| | | | | | | | | | | | | | | | | | | | | | |
|------|------|---------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | | | | V | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | | | | | | | | | |
| | | | | V | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | | | | | | | | | |
| | | | | V | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | | |
| NWSW | NESW | 26 | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | |
| SWSW | SESW | 23S 30E | | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | | | | | NWNW | NENW | NWNE | NENE | | | | |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 2 | SENW | | | | | SWNW | SENW | SWNE | SENE | | | | |
| NWSW | NESW | 35 | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | | | | | NWSW | NESW | NWSE | NESE | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | | | | | SWSW | SESW | SWSE | SESE | | | | |
| L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | | |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 5 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | | |
| NWSW | NESW | 2 | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 6 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | |
| SWSW | SESW | 24S 30E | | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 7 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE |
| | | | | V | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | | | | | | | | | |
| | | | | V | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | | | | | | | | | |
| | | | | V | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | | |
| NWSW | NESW | 28 | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | |
| SWSW | SESW | 23S 31E | | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | | | | | NWNW | NENW | NWNE | NENE | | | | |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 2 | SENW | | | | | SWNW | SENW | SWNE | SENE | | | | |
| NWSW | NESW | 33 | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | | | | | NWSW | NESW | NWSE | NESE | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | | | | | SWSW | SESW | SWSE | SESE | | | | |
| L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | | |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 5 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | | |
| NWSW | NESW | 4 | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 6 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | |
| SWSW | SESW | 24S 31E | | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 7 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE |

Pajarito Federal Com 30 31 MML #7H
 L 4
 L 3
 L 2
 L 1

**Pajarito Federal Com 30 31 MML #7H
 Proration Unit WI %**

| Leasehold Owner | Acres | WI % |
|------------------------------------|---------------|----------------|
| Lincoln Associates | 20.00 | 9.579509% |
| Oxy USA Inc. | 8.78 | 4.204914% |
| SJR Enterprises | 6.50 | 3.113340% |
| Strata Production Company | 157.03 | 75.199143% |
| Wade P. Carrigan and Beth Carrigan | 10.00 | 4.789754% |
| Winn Investments, Inc. | 6.50 | 3.113340% |
| Total | 208.82 | 100.00% |



Pajarito Federal Com 30 31 MML #7H
 NM OCD Case No. 23000
 Exhibit A-4

CONTRACT AREA Pajarito Federal Com 30 31 MML #7H – Case No. [X]:

Lot 4 of Sec. 30 and Lots 1-4 of Section 31, T23S-R30E, Eddy County, New Mexico,
 208.82 acres, more or less

UNIT INTEREST OF THE PARTIES:

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 20.00 | 9.579509% |
| Oxy USA Inc. | 8.78 | 4.204914% |
| SJR Enterprises | 6.50 | 3.113340% |
| Strata Production Company | 157.03 | 75.199143% |
| Wade P. Carrigan and Beth Carrigan | 10.00 | 4.789754% |
| Winn Investments, Inc. | 6.50 | 3.113340% |
| Total | 208.82 | 100.000% |

TRACT INTEREST OF THE PARTIES:

Tract 1 (Lot 4 of Sec. 30, T23S-R31E, 41.82 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 3.30 | 7.89754% |
| Oxy USA Inc. | 8.79 | 21.02457% |
| SJR Enterprises | 1.07 | 2.56667% |
| Strata Production Company | 25.93 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 1.65 | 3.94877% |
| Winn Investments, Inc. | 1.07 | 2.56667% |
| Total | 41.82 | 100.000% |

Tract 2 (Lots 1-4 of Sec. 30, T23S-R31E, 167.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 16.70 | 10.000% |
| SJR Enterprises | 5.43 | 3.25% |
| Strata Production Company | 131.01 | 78.50% |
| Wade P. Carrigan and Beth Carrigan | 8.35 | 5.00% |
| Winn Investments, Inc. | 5.43 | 3.25% |
| Total | 167.00 | 100.000% |

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Tract 1:

Lessor: United State of America
Lessee: Lila Mae Redwine
Serial No.: NMNM 021640
Date: May 1, 1964
Description: Lot 4 of Section 30, T23S-R31E, containing 41.82 acres, more or less

Tract 2:

Lessor: United State of America
Lessee: Lila Mae Redwine
Serial No.: NMNM 0546732A
Date: May 1, 1964
Description: Lots 1-4 of Section 31, T23S-R31E, containing 167.00 acres, more or less



Pajarito Federal Com 30 31 MML #7H
NM OCD Case No. 23000
Exhibit A-5

Interest Owner: Oxy USA Inc. & Oxy Y-1 Company

Contact Type: Phone, Email, USPS

Notes: Contacted Matthew Cole regarding the proposals on June 30, 2022 with no response. I later sent him multiple emails followed up with phone calls with no response. In prior discussions, Mr. Cole has informed me that Oxy will not look at a proposal until they are compulsory pooled.

Exhibit A-6

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

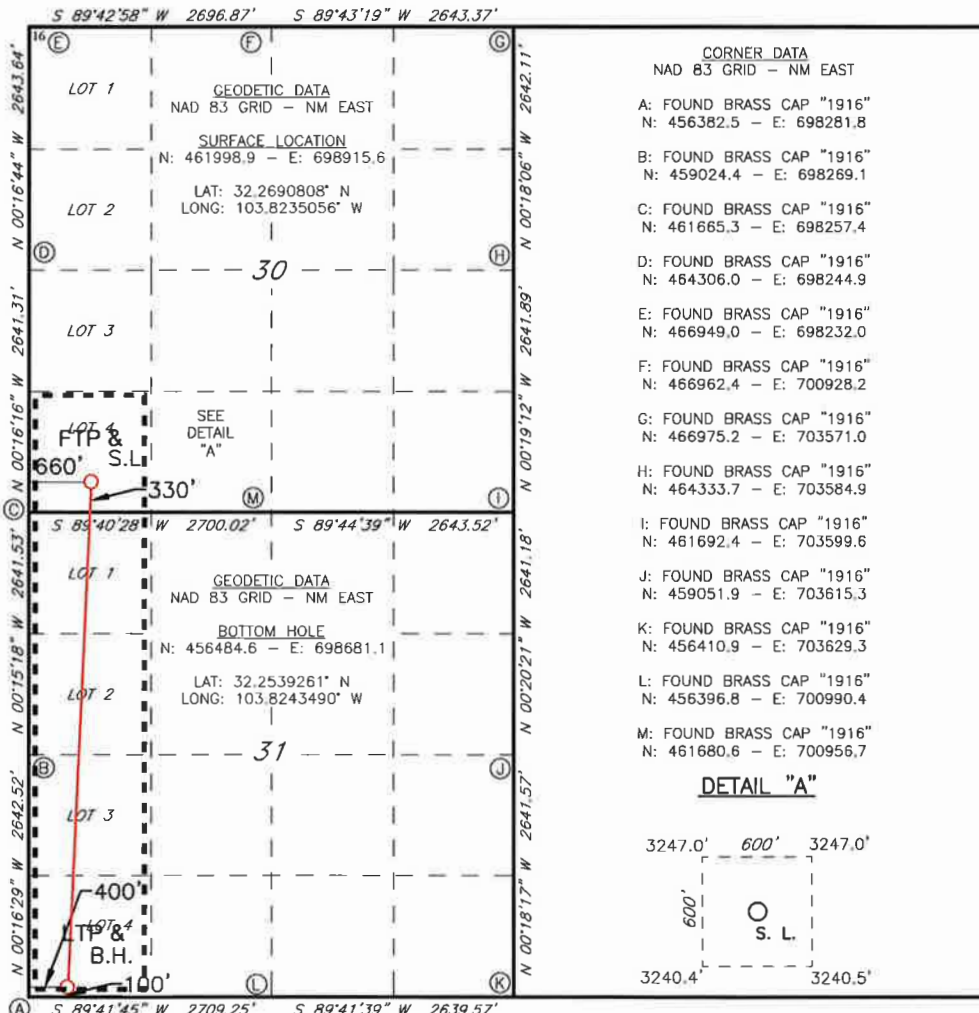
RECEIVED August 1, 2022
 Submit one copy to appropriate
 District Office

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 PAJARITO FED COM 30/31 MML | | | | | | 6 Well Number 7H | |
| 7 GRID NO. 21712 | | 8 Operator Name STRATA PRODUCTION COMPANY | | | | | | 9 Elevation 3339' | |
| 10 Surface Location | | | | | | | | | |
| UL or lot no. 4 | Section 30 | Township 23S | Range 31E | Lot Idn | Feet from the 330 | North/South line SOUTH | Feet From the 660 | East/West line WEST | County EDDY |
| 11 Bottom Hole Location If Different From Surface | | | | | | | | | |
| UL or lot no. 4 | Section 31 | Township 23S | Range 31E | Lot Idn | Feet from the 100 | North/South line SOUTH | Feet from the 400 | East/West line WEST | County EDDY |
| 12 Dedicated Acres 200 | 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.



17 OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *[Signature]* Date: 7.1.2022
 Printed Name: Mitch Krakauskas
 E-mail Address: mitch@stratanm.com

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

Date of Survey: 11-04-2019
 Signature and Seal of Professional Surveyor: *[Signature]*
 Certificate Number: 19680

Job No: LS19101017

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

June 28, 2022

Pajarito Federal Com 30 31 MML #7H
NM OCD Case No. 23000
Exhibit A-7

To: OXY USA Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046

Subject: Pajarito Fed Com 31 18 DML #1H
Pajarito Fed Com 31 19 AAL #4H
Pajarito Fed Com 30 31 OOL #5H
Pajarito Fed Com 30 31 NNL #6H
Pajarito Fed Com 30 31 MML #7H

Dear Sir/Madam:

Strata Production Company ("Strata") proposes the drilling and completion of the Pajarito Fed Com 31 18 DML #1H, Pajarito Fed Com 31 19 AAL #4H, Pajarito Fed Com 30 31 OOL #5H, Pajarito Fed Com 30 31 NNL #6H, and Pajarito Fed Com 30 31 MML #7H (collectively, the "Wells") located in Sections 18, 19, 30 & 31, Township 23 South, Range 31 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 five (5) enclosed Authority for Expenditures ("AFE") dated June 20, 2022.

Pajarito Fed Com 31 18 DML #1H: To be drilled from the legal location with a proposed surface hole location 215' FNL & 325' FWL of Section 31 and a proposed bottom hole location of 1220' FSL & 660' FWL of Section 18, Township 23 South, Range 31 East. The well will have a targeted interval within the Brushy Canyon (7802' TVD) and will be drilled horizontally to a measured depth of approximately 19614'.

Pajarito Fed Com 31 19 AAL #4H: To be drilled from the legal location with a proposed surface hole location 975' FNL & 330' FEL of Section 31 and a proposed bottom hole location of 1420' FNL & 330' FEL of Section 19, Township 23 South, Range 31 East. The well will have a targeted interval within the Brushy Canyon (7862' TVD) and will be drilled horizontally to a measured depth of approximately 17338'.

Pajarito Fed Com 30 31 OOL #5H: To be drilled from the legal location with a proposed surface hole location 330' FSL & 1980' FEL of Section 30 and a proposed bottom hole location of 100' FSL & 1980' FEL of Section 31, Township 23 South, Range 31 East. The well will have a targeted interval within the Brushy Canyon (7795' TVD) and will be drilled horizontally to a measured depth of approximately 13210'.

Pajarito Fed Com 30 31 NNL #6H: To be drilled from the legal location with a proposed surface hole location 330' FSL & 1980' FWL of Section 30 and a proposed bottom hole location of 100' FSL & 1980' FWL of Section 31, Township 23 South, Range 31 East. The well will have a targeted interval within the Brushy Canyon (7768' TVD) and will be drilled horizontally to a measured depth of approximately 13205'.

Pajarito Fed Com 30 31 MML #7H: To be drilled from the legal location with a proposed surface hole location 330' FSL & 660' FWL of Section 30 and a proposed bottom hole location of 100' FSL & 400' FWL of Section 31, Township 23 South, Range 31 East. The well will have a targeted interval within the Brushy Canyon (7756' TVD) and will be drilled horizontally to a measured depth of approximately 13210'.

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.

In the event you elect to participate in the proposed wells, please execute the enclosed AFEs and return them to the undersigned within thirty (30) days. 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.

Strata is proposing to drill the Wells under the terms of the modified 1989 AAPL form Operating Agreement ("JOA"). The JOA dated July 1, 2022, by and between Strata Production Company, as Operator and Oxy USA Inc. as Non-Operator, will cover Section 18: Lot 4, Section 19: All, Section 30: All, Section 31: NE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{2}$ E $\frac{1}{2}$, W $\frac{1}{2}$, Township 23 South, Range 31 East, Eddy County, New Mexico, being 1902.20 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.

If you do not wish to participate, Strata is offering the following terms for divesting your interest:

- \$500 per net acre
- NRI delivered equal to the difference between 20% and existing lease burdens

If you are interested in divesting of your interest or wish to discuss other options, please contact me at (575) 622-1127 ext. 23 or by email mitch@stratanm.com. If an agreement cannot be reached within thirty (30) days of your receipt of this letter, Strata will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed wells to allow Strata to move forward with planning and drilling of the Wells.

Sincerely,



Mitch Krakauskas
Vice President

Enclosures: as stated

**AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS**

| | | | |
|--|---------------------------------|--|--|
| WELL NAME AND NUMBER Pajarito Fed Com 31 18 DML #1H | | AFE NUMBER FNR-31-23-31-01-0622 | DATE 6/20/2022 |
| LOCATION: SHL 215' FSL & 325' FWL Sec 31-T23S-R31E BHL 1220' FSL & 660' FWL Sec 18-T23S-R31E | | 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 ,7,802' AND MD 19,614'. FRAC IN 30+ STAGES WITH +/- 4,500,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL | | SECTION 31 | TOWNSHIP 23S |
| | | RANGE 31E | |
| | | PROPOSED FORMATION Delaware | PROPOSED DEPTH 7,802' TVD / 19,614' MD |

| ACCT CODE | INTANGIBLES | DRY HOLE | RUN CSG | TOTAL |
|-----------|---|--------------------|--------------------|--------------------|
| | Drilling - Footage Ft. @ \$ /Ft. | | | |
| | Drilling - Day Work - BCP 19 Days @ \$ 18000 /Day | \$342,000 | | \$342,000 |
| | Drilling - Day Work - ACP 5 Days @ \$ 18000 /Day | | \$90,000 | \$90,000 |
| | Completion Rig, Power Swivel, and Reverse Unit etc | | \$270,000 | \$270,000 |
| | Mobilization & Demobilization- Other Contractors Charges | \$200,000 | | \$200,000 |
| | Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion | \$240,000 | \$500 | \$240,500 |
| | Drill Bits, Coring & DST | \$65,000 | \$5,000 | \$70,000 |
| | Transportation and Hauling | \$24,500 | \$9,500 | \$34,000 |
| | Drilling Mud, Chemicals & Completion Fluids | \$85,300 | \$12,500 | \$97,800 |
| | Fuel, Power, Water | \$129,000 | \$230,000 | \$359,000 |
| | Cementing Services, Cementing Equipment, Hangers; Packers | \$118,750 | \$60,500 | \$179,250 |
| | Mud Logging | \$36,250 | | \$36,250 |
| | 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 | \$465,950 | \$44,000 | \$509,950 |
| | Insurance | \$36,286 | | \$36,286 |
| | 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 | \$112,000 | \$49,750 | \$161,750 |
| | Contract Services | \$14,400 | \$10,000 | \$24,400 |
| | Fluids & Cuttings Disposal | \$263,000 | \$5,500 | \$268,500 |
| | Environmental Charges | | | |
| | Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) | | \$1,500,000 | \$1,500,000 |
| | Plugging Costs | | | |
| | Miscellaneous Costs, Tax and Contingencies | \$276,384 | \$378,695 | \$655,079 |
| | TOTAL INTANGIBLES | \$2,533,320 | \$2,841,445 | \$5,374,765 |

| ACCT CODE | TANGIBLES | | | | | | DRY HOLE | COMPLETION | TOTAL |
|-----------|--|---------------|----------------|-------------|-------------|---------------|--------------------|--------------------|--------------------|
| | CASING | FOOTAGE | SIZE | WEIGHT | GRADE | COST/FT | | | |
| | Conductor | 80 | 20" | 94# | H40 | 350.00 | \$28,000 | | \$28,000 |
| | Surface | 500 | 13 3/8" | 48# | H40 | 47.00 | \$23,500 | | \$23,500 |
| | Surface | | | | | | | | |
| | Intermediate | 4200 | 9 5/8" | 40# | J55 | 44.00 | \$184,800 | | \$184,800 |
| | Intermediate | | | | | | | | |
| | Liner | | | | | | | | |
| | Production | 19,614 | 5.5" | 20# | P110 | 27.00 | | \$529,578 | \$529,578 |
| | Production | | | | | | | | |
| | Tubing | 7500 | 2 7/8" | 6.5# | L80 | 12.50 | | \$93,750 | \$93,750 |
| | 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 | | | | | | \$255,650 | \$979,928 | \$1,235,578 |
| | TOTAL WELL COSTS | | | | | | \$2,788,970 | \$3,821,373 | \$6,610,343 |

| | | |
|---|--|--|
| Strata Production Company Working Interest 83.18% | Strata Production Co. - DRY HOLE \$2,319,866 | Strata Production Co.- COMPLETED \$5,498,483 |
|---|--|--|

PREPARED BY: Jerry Elgin, VP Operations DATE: 6/20/2022
 APPROVED BY: Mitch Krakauskas, Vice President DATE: 6/20/2022 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 Pajarito Fed Com 31 19 AAL #4H | | AFE NUMBER FNR-31-23-31-04-0622 | DATE 6/20/2022 |
| LOCATION: SHL 975' FSL & 330' FWL Sec 31-T23S-R31E BHL 1420' FNL & 330' FWL Sec 19-T23S-R31E | | 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 ,7,862' AND MD 17,890'. FRAC IN 30+ STAGES WITH +/- 4,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL | | SECTION 31 | TOWNSHIP 23S |
| | | RANGE 31E | |
| | | PROPOSED FORMATION Delaware | PROPOSED DEPTH 7,862' TVD / 17,890' MD |

| ACCT CODE | INTANGIBLES | DRY HOLE | RUN CSG | TOTAL |
|-----------|---|--------------------|--------------------|--------------------|
| | Drilling - Footage Ft. @ \$ /Ft. | | | |
| | Drilling - Day Work - BCP 17 Days @ \$ 18000 /Day | \$306,000 | | \$306,000 |
| | Drilling - Day Work - ACP 5 Days @ \$ 18000 /Day | | \$90,000 | \$90,000 |
| | Completion Rig, Power Swivel, and Reverse Unit etc | | \$270,000 | \$270,000 |
| | Mobilization & Demobilization- Other Contractors Charges | \$200,000 | | \$200,000 |
| | Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion | \$240,000 | \$500 | \$240,500 |
| | Drill Bits, Coring & DST | \$65,000 | \$5,000 | \$70,000 |
| | Transportation and Hauling | \$24,500 | \$9,500 | \$34,000 |
| | Drilling Mud, Chemicals & Completion Fluids | \$84,000 | \$12,500 | \$96,500 |
| | Fuel, Power, Water | \$120,000 | \$230,000 | \$350,000 |
| | Cementing Services, Cementing Equipment, Hangers; Packers | \$118,750 | \$60,500 | \$179,250 |
| | Mud Logging | \$33,750 | | \$33,750 |
| | 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 | \$436,950 | \$44,000 | \$480,950 |
| | Insurance | \$33,097 | | \$33,097 |
| | 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 | \$105,000 | \$49,750 | \$154,750 |
| | Contract Services | \$13,200 | \$10,000 | \$23,200 |
| | Fluids & Cuttings Disposal | \$263,000 | \$5,500 | \$268,500 |
| | Environmental Charges | | | |
| | Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) | | \$1,250,000 | \$1,250,000 |
| | Plugging Costs | | | |
| | Miscellaneous Costs, Tax and Contingencies | \$266,574 | \$346,074 | \$612,648 |
| | TOTAL INTANGIBLES | \$2,434,320 | \$2,558,824 | \$4,993,144 |

| ACCT CODE | TANGIBLES | | | | | | DRY HOLE | COMPLETION | TOTAL |
|-----------|--|---------------|----------------|-------------|-------------|---------------|--------------------|--------------------|--------------------|
| | CASING | FOOTAGE | SIZE | WEIGHT | GRADE | COST/FT | | | |
| | Conductor | 80 | 20" | 94# | H40 | 350.00 | \$28,000 | | \$28,000 |
| | Surface | 500 | 13 3/8" | 48# | H40 | 47.00 | \$23,500 | | \$23,500 |
| | Surface | | | | | | | | |
| | Intermediate | 4200 | 9 5/8" | 40# | J55 | 44.00 | \$184,800 | | \$184,800 |
| | Intermediate | | | | | | | | |
| | Liner | | | | | | | | |
| | Production | 17,890 | 5.5" | 20# | P110 | 27.00 | | \$483,030 | \$483,030 |
| | Production | | | | | | | | |
| | Tubing | 7500 | 2 7/8" | 6.5# | L80 | 12.50 | | \$93,750 | \$93,750 |
| | 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 | | | | | | \$255,650 | \$933,380 | \$1,189,030 |
| | TOTAL WELL COSTS | | | | | | \$2,689,970 | \$3,492,204 | \$6,182,174 |

| | | |
|---|--|--|
| Strata Production Company Working Interest 83.18% | Strata Production Co. - DRY HOLE \$2,237,517 | Strata Production Co.- COMPLETED \$5,142,333 |
|---|--|--|

PREPARED BY: Jerry Elgin, VP Operations DATE: 6/20/2022
 APPROVED BY: Mitch Krakauskas, Vice President DATE: 6/20/2022 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 Pajarito Fed Com 30 31 OOL #5H | | AFE NUMBER FNR-30-23-31-05-0622 | DATE 6/20/2022 |
| LOCATION: SHL 330' FSL & 1980' FEL Sec 30-T23S-R31E BHL 100' FSL & 1980' FEL Sec 31-T23S-R31E | | 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 ,7,795' AND MD 13,210'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL | | SECTION 30 | TOWNSHIP 23S |
| | | RANGE 31E | |
| | | PROPOSED FORMATION Delaware | PROPOSED DEPTH 7,795' TVD / 13210' MD |

| ACCT CODE | INTANGIBLES | DRY HOLE | RUN CSG | TOTAL |
|-----------|---|--------------------|--------------------|--------------------|
| | Drilling - Footage Ft. @ \$ /Ft. | | | |
| | Drilling - Day Work - BCP 15 Days @ \$ 18000 /Day | \$270,000 | | \$270,000 |
| | 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 | \$240,000 | \$500 | \$240,500 |
| | Drill Bits, Coring & DST | \$65,000 | \$5,000 | \$70,000 |
| | Transportation and Hauling | \$24,500 | \$9,500 | \$34,000 |
| | Drilling Mud, Chemicals & Completion Fluids | \$82,050 | \$12,500 | \$94,550 |
| | Fuel, Power, Water | \$106,500 | \$230,000 | \$336,500 |
| | Cementing Services, Cementing Equipment, Hangers; Packers | \$118,750 | \$60,500 | \$179,250 |
| | Mud Logging | \$31,250 | | \$31,250 |
| | 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 | \$388,950 | \$44,000 | \$432,950 |
| | Insurance | \$24,439 | | \$24,439 |
| | 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 | \$94,500 | \$28,750 | \$123,250 |
| | 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) | | \$1,000,000 | \$1,000,000 |
| | Plugging Costs | | | |
| | Miscellaneous Costs, Tax and Contingencies | \$253,054 | \$285,315 | \$538,368 |
| | TOTAL INTANGIBLES | \$2,297,892 | \$2,072,065 | \$4,369,957 |

| ACCT CODE | TANGIBLES | | | | | | DRY HOLE | COMPLETION | TOTAL |
|-----------|--|---------------|----------------|-------------|-------------|---------------|--------------------|--------------------|--------------------|
| | CASING | FOOTAGE | SIZE | WEIGHT | GRADE | COST/FT | | | |
| | Conductor | 80 | 20" | 94# | H40 | 350.00 | \$28,000 | | \$28,000 |
| | Surface | 500 | 13 7/8" | 48# | H40 | 47.00 | \$23,500 | | \$23,500 |
| | Surface | | | | | | | | |
| | Intermediate | 4200 | 9 5/8" | 40# | J55 | 44.00 | \$184,800 | | \$184,800 |
| | Intermediate | | | | | | | | |
| | Liner | | | | | | | | |
| | Production | 13,210 | 5.5" | 20# | P110 | 27.00 | | \$356,670 | \$356,670 |
| | Production | | | | | | | | |
| | Tubing | 7500 | 2 7/8" | 6.5# | L80 | 12.50 | | \$93,750 | \$93,750 |
| | 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 | | | | | | \$255,650 | \$807,020 | \$1,062,670 |
| | TOTAL WELL COSTS | | | | | | \$2,553,542 | \$2,879,085 | \$5,432,627 |

| | | |
|--|--|--|
| Strata Production Company Working Interest 95.795% | Strata Production Co. - DRY HOLE \$2,446,166 | Strata Production Co.- COMPLETED \$5,204,185 |
|--|--|--|

PREPARED BY: Jerry Elgin, VP Operations DATE: 6/20/2022
 APPROVED BY: Mitch Krakauskas, Vice President DATE: 6/20/2022 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 Pajarito Fed Com 30 31 NNL #6H | | AFE NUMBER FNR-30-23-31-06-0622 | DATE 6/20/2022 |
| LOCATION: SHL 330' FSL & 1980' FWL Sec 30-T23S-R31E BHL 100' FSL & 1980' FWL Sec 31-T23S-R31E | | 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 ,7,768' AND MD 13,205'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL | | SECTION 30 | TOWNSHIP 23S |
| | | RANGE 31E | |
| | | PROPOSED FORMATION Delaware | PROPOSED DEPTH 7,768' TVD / 13205' MD |

| ACCT CODE | INTANGIBLES | DRY HOLE | RUN CSG | TOTAL |
|-----------|---|--------------------|--------------------|--------------------|
| | Drilling - Footage Ft. @ \$ /Ft. | | | |
| | Drilling - Day Work - BCP 15 Days @ \$ 18000 /Day | \$270,000 | | \$270,000 |
| | 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 | \$240,000 | \$500 | \$240,500 |
| | Drill Bits, Coring & DST | \$65,000 | \$5,000 | \$70,000 |
| | Transportation and Hauling | \$24,500 | \$9,500 | \$34,000 |
| | Drilling Mud, Chemicals & Completion Fluids | \$82,050 | \$12,500 | \$94,550 |
| | Fuel, Power, Water | \$106,500 | \$230,000 | \$336,500 |
| | Cementing Services, Cementing Equipment, Hangers; Packers | \$118,750 | \$60,500 | \$179,250 |
| | Mud Logging | \$31,250 | | \$31,250 |
| | 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 | \$392,950 | \$44,000 | \$436,950 |
| | Insurance | \$24,429 | | \$24,429 |
| | 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 | \$94,500 | \$28,750 | \$123,250 |
| | 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) | | \$1,000,000 | \$1,000,000 |
| | Plugging Costs | | | |
| | Miscellaneous Costs, Tax and Contingencies | \$253,493 | \$286,026 | \$539,519 |
| | TOTAL INTANGIBLES | \$2,302,322 | \$2,072,776 | \$4,375,098 |

| ACCT CODE | TANGIBLES | | | | | | DRY HOLE | COMPLETION | TOTAL |
|-----------|--|---------------|----------------|-------------|-------------|---------------|--------------------|--------------------|--------------------|
| | CASING | FOOTAGE | SIZE | WEIGHT | GRADE | COST/FT | | | |
| | Conductor | 80 | 20" | 94# | H40 | 350.00 | \$28,000 | | \$28,000 |
| | Surface | 500 | 13 7/8" | 48# | H40 | 47.00 | \$23,500 | | \$23,500 |
| | Surface | | | | | | | | |
| | Intermediate | 4200 | 9 5/8" | 40# | J55 | 44.00 | \$184,800 | | \$184,800 |
| | Intermediate | | | | | | | | |
| | Liner | | | | | | | | |
| | Production | 13,205 | 5.5" | 20# | P110 | 27.50 | | \$363,138 | \$363,138 |
| | Production | | | | | | | | |
| | Tubing | 7500 | 2 7/8" | 6.5# | L80 | 12.50 | | \$93,750 | \$93,750 |
| | 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 | | | | | | \$255,650 | \$813,488 | \$1,069,138 |
| | TOTAL WELL COSTS | | | | | | \$2,557,972 | \$2,886,264 | \$5,444,236 |

| | | |
|--|--|--|
| Strata Production Company Working Interest 95.795% | Strata Production Co. - DRY HOLE \$2,450,409 | Strata Production Co.- COMPLETED \$5,215,305 |
|--|--|--|

PREPARED BY: Jerry Elgin, VP Operations DATE: 6/20/2022
 APPROVED BY: Mitch Krakauskas, Vice President DATE: 6/20/2022 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 Pajarito Fed Com 30 31 MML #7H | | AFE NUMBER FNR-30-23-31-07-0622 | DATE 6/20/2022 |
| LOCATION: SHL 330' FSL & 660' FWL Sec 30-T23S-R31E BHL 100' FSL & 400' FWL Sec 31-T23S-R31E | | 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 ,7,756' AND MD 13,210'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL | | SECTION 30 | TOWNSHIP 23S |
| | | RANGE 31E | |
| | | PROPOSED FORMATION Delaware | PROPOSED DEPTH 7,756' TVD / 13210' MD |

| ACCT CODE | INTANGIBLES | DRY HOLE | RUN CSG | TOTAL |
|-----------|---|--------------------|--------------------|--------------------|
| | Drilling - Footage Ft. @ \$ /Ft. | | | |
| | Drilling - Day Work - BCP 15 Days @ \$ 18000 /Day | \$270,000 | | \$270,000 |
| | 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 | \$240,000 | \$500 | \$240,500 |
| | Drill Bits, Coring & DST | \$65,000 | \$5,000 | \$70,000 |
| | Transportation and Hauling | \$24,500 | \$9,500 | \$34,000 |
| | Drilling Mud, Chemicals & Completion Fluids | \$82,050 | \$12,500 | \$94,550 |
| | Fuel, Power, Water | \$106,500 | \$230,000 | \$336,500 |
| | Cementing Services, Cementing Equipment, Hangers; Packers | \$118,750 | \$60,500 | \$179,250 |
| | Mud Logging | \$31,250 | | \$31,250 |
| | 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 | \$388,950 | \$44,000 | \$432,950 |
| | Insurance | \$24,439 | | \$24,439 |
| | 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 | \$94,500 | \$28,750 | \$123,250 |
| | 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) | | \$1,000,000 | \$1,000,000 |
| | Plugging Costs | | | |
| | Miscellaneous Costs, Tax and Contingencies | \$253,054 | \$279,502 | \$532,556 |
| | TOTAL INTANGIBLES | \$2,297,892 | \$2,066,252 | \$4,364,145 |

| ACCT CODE | TANGIBLES | | | | | | DRY HOLE | COMPLETION | TOTAL |
|-----------|--|---------------|----------------|-------------|-------------|---------------|--------------------|--------------------|--------------------|
| | CASING | FOOTAGE | SIZE | WEIGHT | GRADE | COST/FT | | | |
| | Conductor | 80 | 20" | 94# | H40 | 350.00 | \$28,000 | | \$28,000 |
| | Surface | 500 | 13 7/8" | 48# | H40 | 47.00 | \$23,500 | | \$23,500 |
| | Surface | | | | | | | | |
| | Intermediate | 4200 | 9 5/8" | 40# | J55 | 44.00 | \$184,800 | | \$184,800 |
| | Intermediate | | | | | | | | |
| | Liner | | | | | | | | |
| | Production | 13,210 | 5.5" | 20# | P110 | 23.00 | | \$303,830 | \$303,830 |
| | Production | | | | | | | | |
| | Tubing | 7500 | 2 7/8" | 6.5# | L80 | 12.50 | | \$93,750 | \$93,750 |
| | 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 | | | | | | \$255,650 | \$754,180 | \$1,009,830 |
| | TOTAL WELL COSTS | | | | | | \$2,553,542 | \$2,820,432 | \$5,373,975 |

| | | |
|--|--|--|
| Strata Production Company Working Interest 95.795% | Strata Production Co. - DRY HOLE \$2,446,166 | Strata Production Co.- COMPLETED \$5,147,999 |
|--|--|--|

PREPARED BY: Jerry Elgin, VP Operations DATE: 6/20/2022
 APPROVED BY: Mitch Krakauskas, Vice President DATE: 6/20/2022 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: _____



**MONTGOMERY
& ANDREWS**
LAW FIRM

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

August 12, 2022

Via U.S. Certified Mail, return receipt requested

TO: ALL INTEREST OWNERS ON ATTACHED LIST

Re: Case No. 23000 – Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico – **Pajarito Fed Com 30 31 MML #7H**

Case No. 23001 – Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico – **Pajarito Fed Com 30 31 NNL #6H**

Case No. 23002 – Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico – **Pajarito Fed Com 30 31 OOL #5H**

Case No. 23003 – Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico – **Pajarito Fed Com 31 18 DML #1H**

Case No. 23004 – Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico – **Pajarito Fed Com 31 19 AAL #4H**

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 for orders pooling all uncommitted interests in the proposed wells described below (“Applications”). You are receiving this notice because you may have an interest in one or more of these wells.

Case No. 23000. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 W/2 of Section 31

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

Pajarito Federal Com
NM OCD Case Nos. 23000-23004
Exhibit A- 8

All Interest Owners
August 12, 2022
Page 2

and the SW/4 SW/4 of Section 30, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following well in the HSU: **Pajarito Fed Com 30 31 MML #7H** well, to be horizontally drilled from an approximate surface hole location 330' FSL and 660' FWL of Section 30, T23S-R31E, to an approximate bottom hole location 100' FSL and 400' FWL of Section 31, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.

Case No. 23001. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 W/2 of Section 31 and the SE/4 SW/4 of Section 30, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following well in the HSU: **Pajarito Fed Com 30 31 NNL #6H** well, to be horizontally drilled from an approximate surface hole location 330' FSL and 1980' FWL of Section 30, T23S-R31E, to an approximate bottom hole location 100' FSL and 1980' FWL of Section 31, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.

Case No. 23002. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the SW/4 SE/4 of Section 30 and the W/2 E/2 of Section 31, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following well in the HSU: **Pajarito Fed Com 30 31 OOL #5H** well, to be horizontally drilled from an approximate surface hole location 330' FSL and 1980' FEL of Section 30, T23S-R31E, to an approximate bottom hole location 100' FSL and 1980' FEL of Section 31, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules

All Interest Owners
August 12, 2022
Page 3

for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.

Case No. 23003. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the NW/4 NW/4 of Section 31, the W/2 W/2 of Sections 30 and 19, and the SW/4 SW/4 of Section 18, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile well in the HSU: **Pajarito Fed Com 31 18 DML #1H** well, to be horizontally drilled from an approximate surface hole location 215' FNL and 325' FWL of Section 31, T23S-R31E, to an approximate bottom hole location 1220' FSL and 660' FWL of Section 18, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.

Case No. 23004. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the NE/4 NE/4 of Section 31, the E/2 E/2 of Section 30, and the E/2 SE/4 and SE/4 NE/4 of Section 19, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following 2-mile well in the HSU: **Pajarito Fed Com 31 19 AAL #4H** well, to be horizontally drilled from an approximate surface hole location 1070' FNL and 910' FEL of Section 31, T23S-R31E, to an approximate bottom hole location 1420' FNL and 400' FEL of Section 19, T23S-R31E. The first and last take points and completed interval will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.

All Interest Owners
August 12, 2022
Page 4

The attached applications 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 **September 1, 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 these applications at a later time. If you intend to present testimony or evidence at the hearing, you must enter your appearance by **August 24, 2022**, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **August 25, 2022**, in accordance with Division Rule 19.15.4.13 NMAC.

Please feel free to contact me if you have any questions about these applications.

Very truly yours,

/s/ Sharon T. Shaheen

Sharon T. Shaheen

STS/tsl
Enclosure
cc: Strata Production Co., *via email*

EXHIBIT A

INTEREST OWNERS

Working Interest Party(ies):

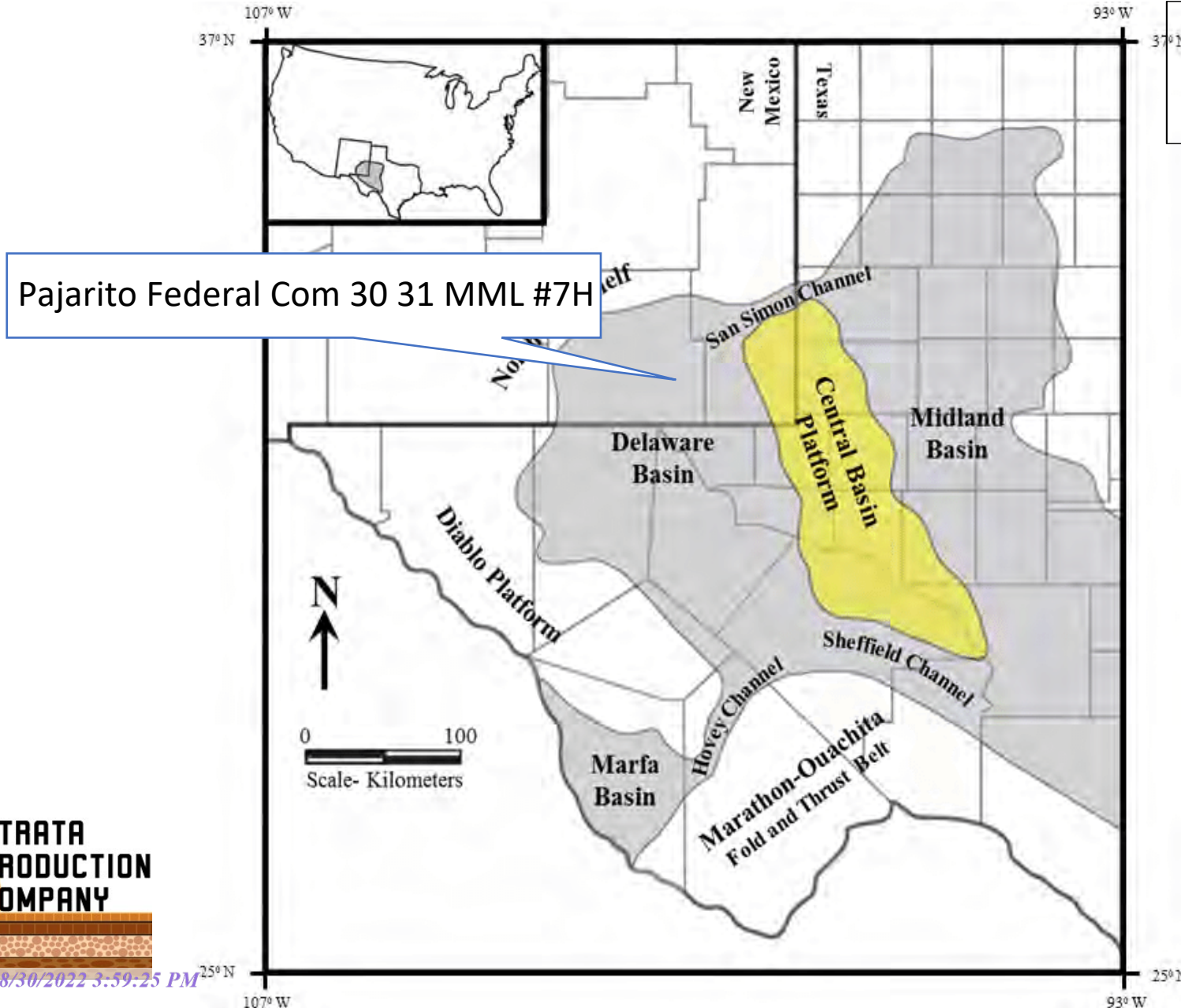
Oxy USA, Inc.
5 Greenway Plaza, Suite 110
Houston, Texas 77046

Oxy Y-1 Company
5 Greenway Plaza, Suite 110
Houston, Texas 77046

Additional Party(ies):

Bureau of Land Management
414 W. Taylor
Hobbs, NM 88240-1157

Regional View of the Delaware Basin



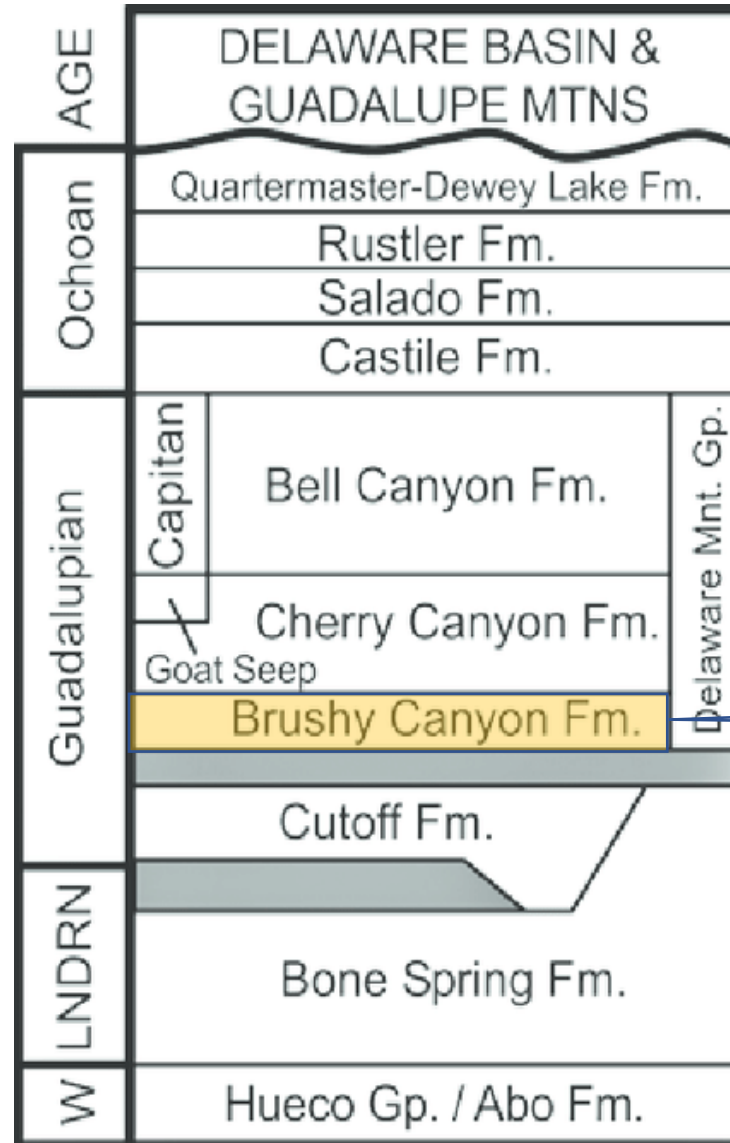
Pajarito Federal Com 30 31 MML #7H

Pajarito Federal Com 30 31 MML #7H NM OCD Case No. 23000 Exhibit B-1



Delaware Basin Stratigraphic Column

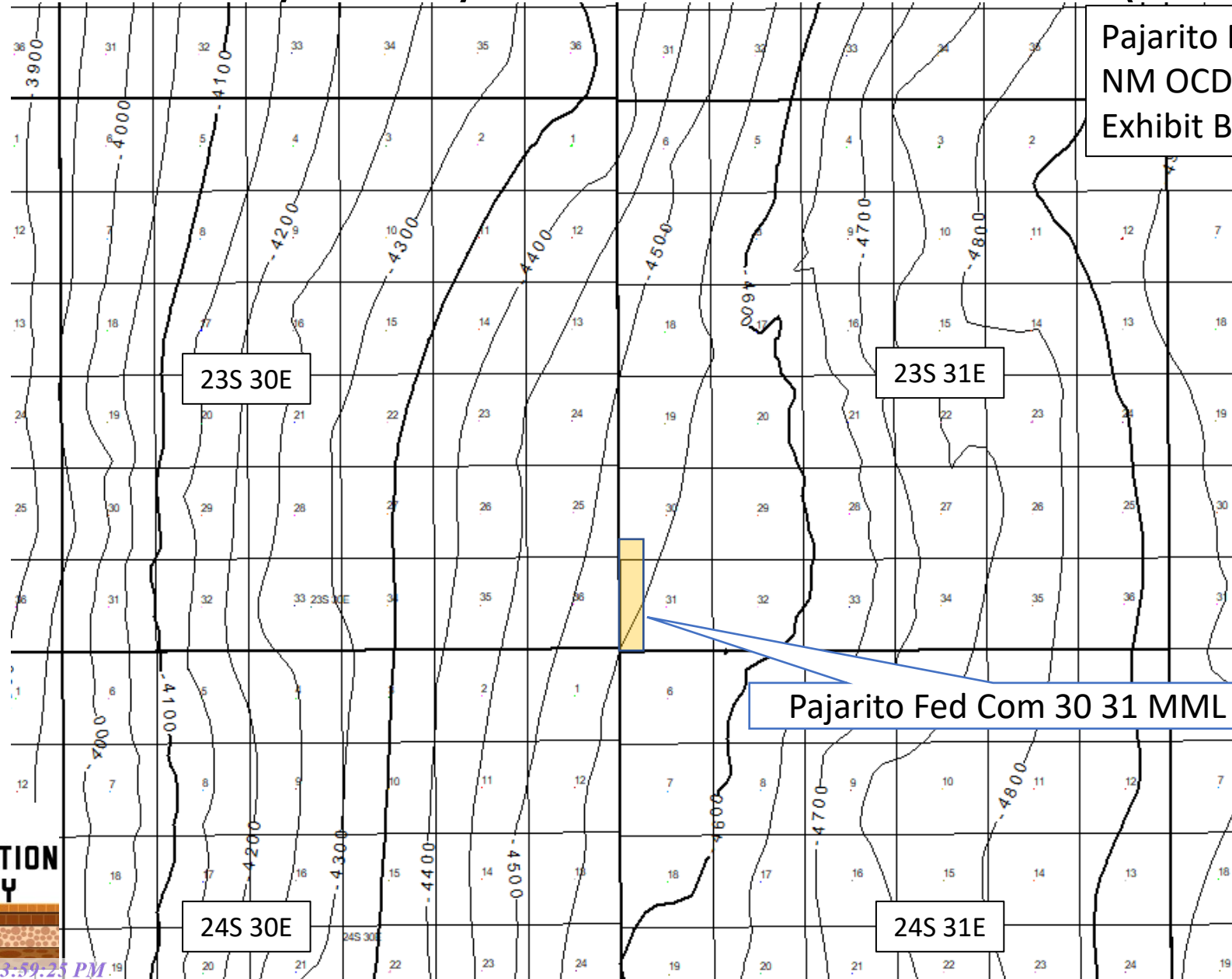
Pajarito Federal Com 30 31 MML #7H
NM OCD Case No. 23000
Exhibit B-2



Target Zone



Base of Brushy Canyon Fm. Structure (TVDSS)



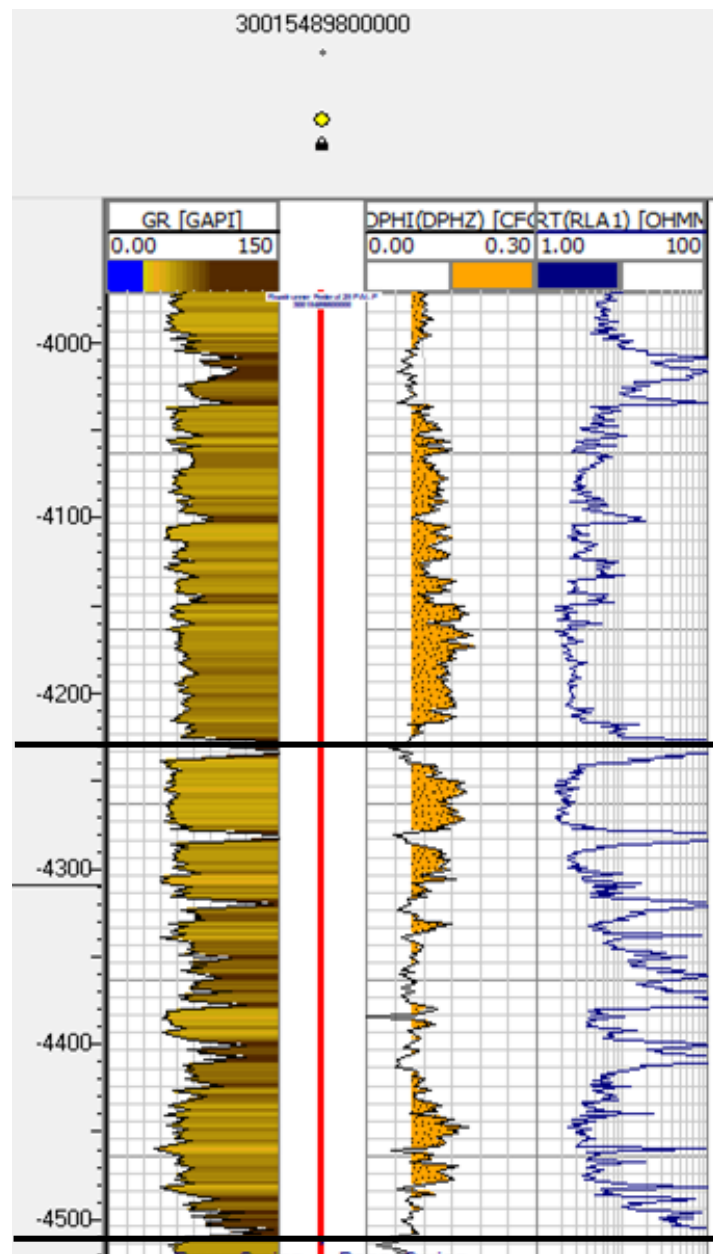
Pajarito Fed Com 30 31 MML #7H
 NM OCD Case No. 23000
 Exhibit B-3

Pajarito Fed Com 30 31 MML #7H



Target Interval on Offset Log

Pajarito Fed Com 30 31 MML #7H
NM OCD Case No. 23000
Exhibit B-4



Lower Brushy Canyon Fm. (Top)

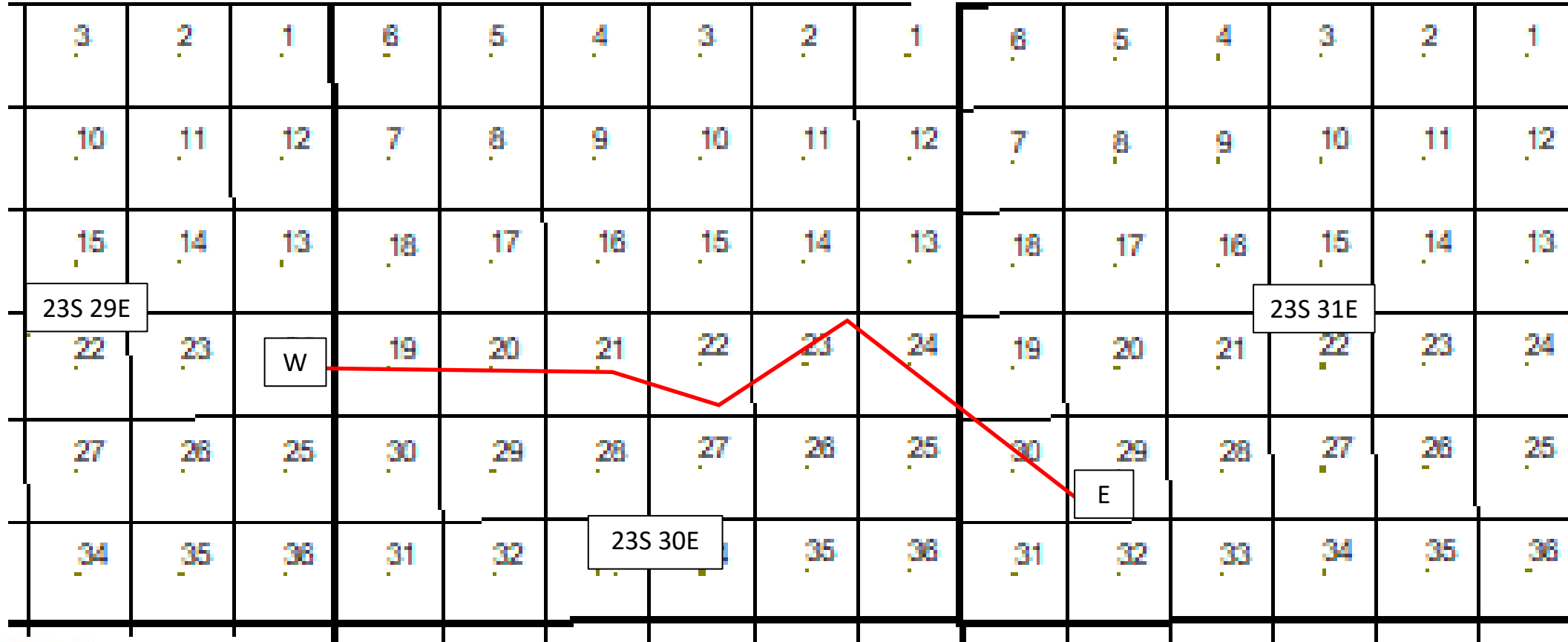
Target Interval
Pajarito Fed Com 30 31 MML #7H

Lower Brushy Canyon Fm. (Base)



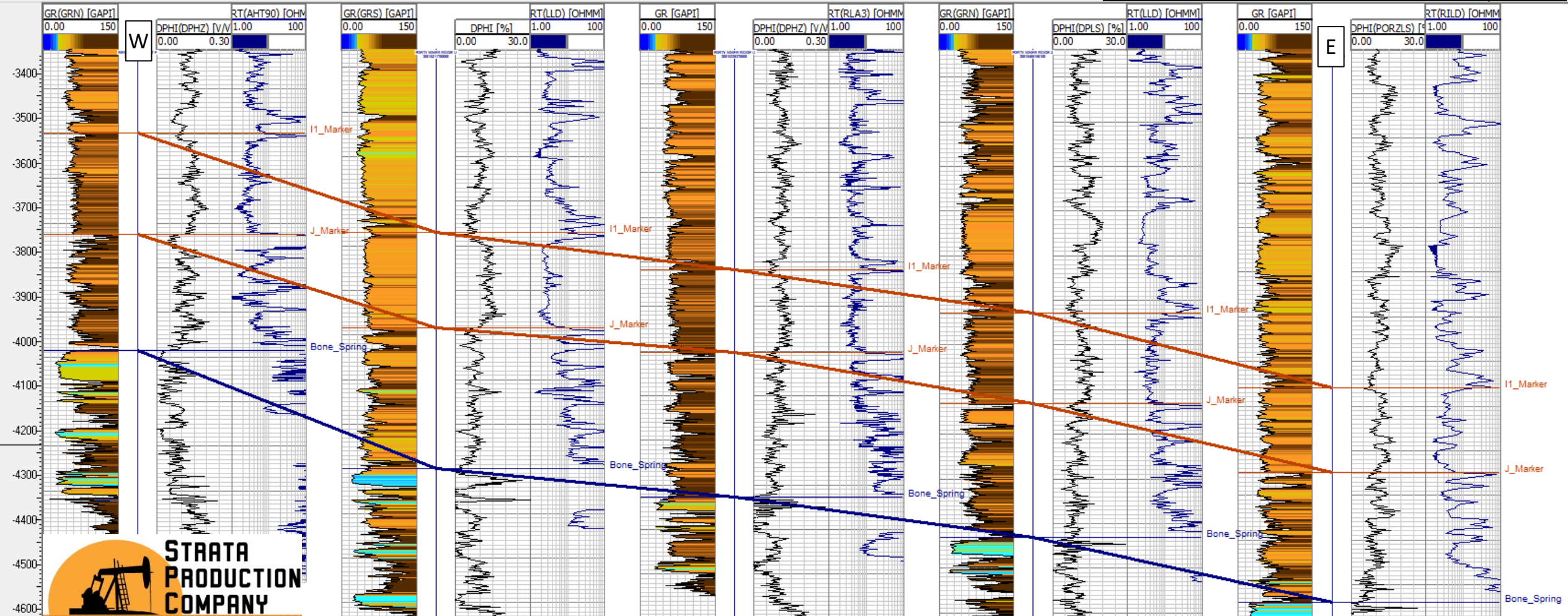
Cross Section Line

| |
|--|
| Pajarito Federal Com 30 31 MML #7H NM OCD Case No. 23000 Exhibit B-5 |
|--|



Structural Cross section

Pajarito Federal Com 30 31 MML #7H
NM OCD Case No. 23000
Exhibit B-6



Tab 4.

Received by OCT 8/30/2022 3:55:07 PM

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| | |
|--|---|
| Case: 23001 | APPLICANT'S RESPONSE |
| Date | September 1, 2022 |
| Applicant | Strata Production Company |
| Designated Operator & OGRID (affiliation if applicable) | 21712 |
| Applicant's Counsel: | Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton) |
| Case Title: | Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico |
| Entries of Appearance/Intervenors: | None at this time |
| Well Family | Pajarito 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: | North-South |
| Description: TRS/County | E/2 W/2 of Section 31 and the SE/4 SW/4 of Section 30, T23S, R31E, 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: 61.99571%; Tract 2: 78.50%; see Exhibits A-2 and 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 | Pajarito Fed Com 30 31 NNL #6H, API No. Pending SHL: 330' FSL and 1980' FWL , Section 30, T23S-R31E, NMPM BHL: 100' FSL and 1980' FWL, Section 31, T-23S-R31E, NMPM Completion Target: Brushy Canyon at approx. 7800' Well Orientation: North to South Completion location expected to be standard |

| | | |
|--|--|----------------------|
| Horizontal Well Fracturing and Lost Casing <i>Received by OGD: 8/30/2022 3:59:07 PM</i> | FTP (~330' FSL and 1980' FWL of Section 30, T23S-R31E) LTP (~100' FSL and 1980' FWL of Section 31, T23S-R31E) | <i>Page 54 of 14</i> |
| Completion Target (Formation, TVD and MD) | Brushy Canyon - TVD (~7,768'), MD (~13,205') | |
| AFE Capex and Operating Costs | | |
| Drilling Supervision/Month \$ | \$8000; see Exhibit A, ¶ 23 | |
| Production Supervision/Month \$ | \$800; see Exhibit A, ¶ 23 | |
| Justification for Supervision Costs | Please see AFE at Exhibit A-7 | |
| Requested Risk Charge | 200%; see Exhibit A, ¶ 24 | |
| 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; Exhibit A-8 | |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit C | |
| Ownership Determination | | |
| Land Ownership Schematic of the Spacing Unit | See Exhibits A-2 and A-3 | |
| Tract List (including lease numbers and owners) | See Exhibits A-2 and A-4 | |
| Pooled Parties (including ownership type) | See Exhibit A-5 | |
| 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 | See AFE at Exhibit A-7 | |
| Cost Estimate to Equip Well | See AFE at Exhibit A-7 | |
| Cost Estimate for Production Facilities | See AFE at Exhibit A-7 | |
| Geology | | |
| Summary (including special considerations) | Exhibit B, ¶¶ 5-15; see Exhibits B-1 through B-6 | |
| Spacing Unit Schematic | Exhibit B-3 | |
| Well Orientation (with rationale) | Exhibit B, ¶ 13(d) | |
| Target Formation | Exhibit B-2 and B-4 | |
| HSU Cross Section | Exhibit B-6 | |
| Depth Severance Discussion | n/a; see Exhibit A, ¶ 16 | |
| Forms, Figures and Tables | | |
| C-102 | Exhibit A-6 | |
| Tracts | Exhibits A-2 and A-4 | |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit A-3 | |
| General Location Map (including basin) | Exhibit B-1 | |
| Well Bore Location Map | Exhibit A-3; Exhibit A-6 | |

| | |
|--|--------------------------|
| Structure Contour Map - Subsea Depth | Exhibit B-3 |
| Cross Section Location Map (including wells) | Exhibit B-5 |
| Cross Section (including Landing Zone) | Exhibits B-5 and B-6 |
| 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: | 8/30/2022 |

**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 Troy S. Lawton), 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 200-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 W/2 of Section 31 and the SE/4 SW/4 of Section 30, Township 23 South, Range 31 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 **Pajarito Fed Com 30 31 NNL #6H** well, to be horizontally drilled from an approximate surface hole location 330’ FSL and 1980’ FWL of Section 30, T23S-R31E, to an approximate bottom hole location 100’ FSL and 1980’ FWL of Section 31, T23S-R31E.
3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

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 Delaware 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.

WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on September 1, 2022, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 200-acre, more or less, HSU comprised of the E/2 W/2 of Section 31 and the SE/4 SW/4 of Section 30, Township 23 South, Range 31 East in Eddy County, New Mexico;

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

C. Allowing the drilling of Pajarito Fed Com 30 31 NNL #6H well;

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

Troy S. Lawton

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 986-2678

sshaheen@montand.com

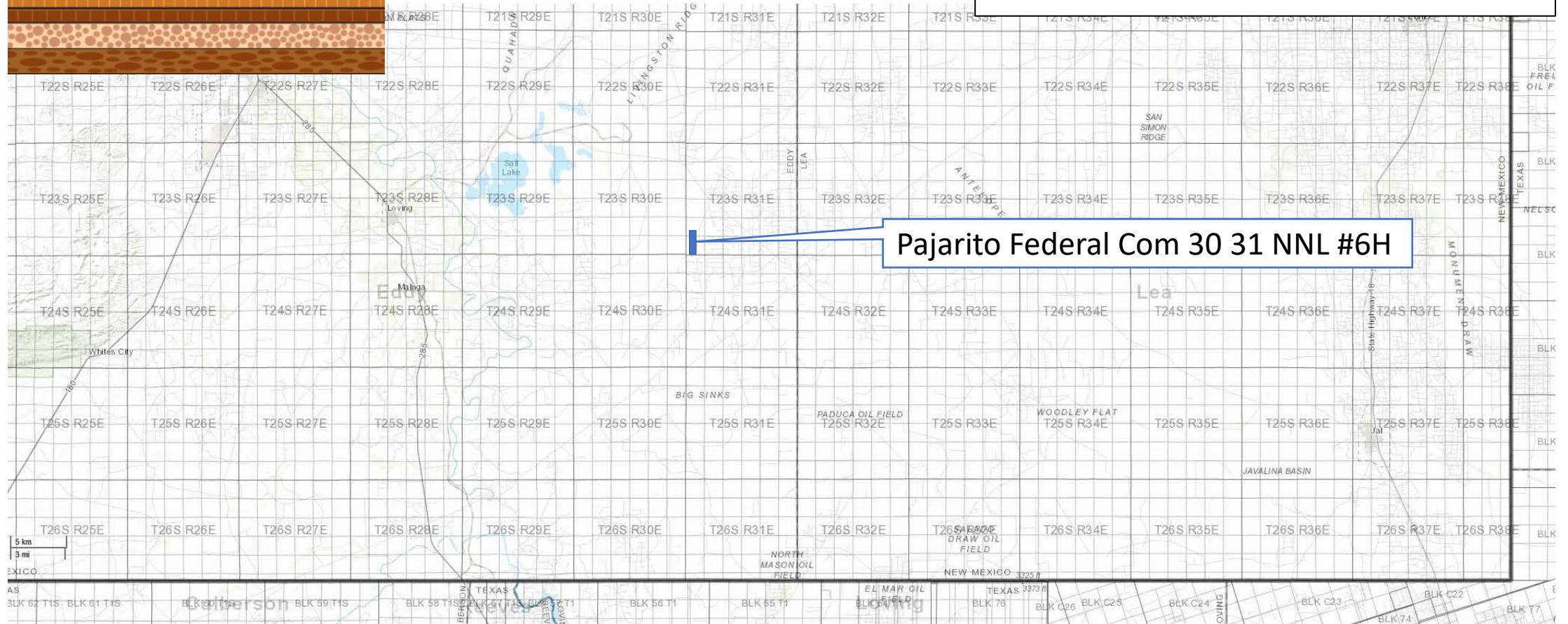
tlawton@montand.com

Attorneys for Strata Production Company

Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 W/2 of Section 31 and the SE/4 SW/4 of Section 30, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following well in the HSU: **Pajarito Fed Com 30 31 NNL #6H** well, to be horizontally drilled from an approximate surface hole location 330’ FSL and 1980’ FWL of Section 30, T23S-R31E, to an approximate bottom hole location 100’ FSL and 1980’ FWL of Section 31, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.



Pajarito Federal Com 30 31 NNL #6H
 NM OCD Case No. 23001
 Exhibit A-1



Pajarito Federal Com 30 31 NNL #6H



Pajarito Federal Com 30 31 NNL #6H
 NM OCD Case No. 23001
 Exhibit A-2

| | | | | V | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------------|---------------|----------------------------|------|--|------|-----------------|-------|------|--------------------|-------|---------|-----------------|------|-------|---------------------------|--------|--------|------------------------------------|------|-------|------------------------|------|-------|--------------|---------------|----------------|--|-----|------|------|------|--|--|--|--|------|------|------|
| | | | | V | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | V | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | | | | | | | | | | | | | | | | | | | |
| | | 26 | | | 25 | | | | 30 | | | 29 | | | 28 | | | | | | | | | | | | | | | | | | | | | | | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | | | | | | | | | | | | | | | | | | | |
| | | 23S 30E | | | | | | L 4 | SESW | SWSE | SESE | | | | | SESW | SWSE | SESE | | | | | | | | | | | | | | | | | | | | |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | | | | | NENW | NWNE | NENE | | | | | | | | | | | | | | | | | | | | |
| SWNW | SENW | Tract 2- NMNM 546732A E½W½ | | | | SENE | | L 2 | SENW | SWNE | SENE | | | | | SENW | SWNE | SENE | | | | | | | | | | | | | | | | | | | | |
| | | | | <table border="1"> <thead> <tr> <th>Leasehold Owner</th> <th>Acres</th> <th>WI %</th> </tr> </thead> <tbody> <tr> <td>Lincoln Associates</td> <td>16.00</td> <td>10.000%</td> </tr> <tr> <td>SJR Enterprises</td> <td>5.20</td> <td>3.25%</td> </tr> <tr> <td>Strata Production Company</td> <td>125.60</td> <td>78.50%</td> </tr> <tr> <td>Wade P. Carrigan and Beth Carrigan</td> <td>8.00</td> <td>5.00%</td> </tr> <tr> <td>Winn Investments, Inc.</td> <td>5.20</td> <td>3.25%</td> </tr> <tr> <td>Total</td> <td>160.00</td> <td>100.00%</td> </tr> </tbody> </table> | | Leasehold Owner | Acres | WI % | Lincoln Associates | 16.00 | 10.000% | SJR Enterprises | 5.20 | 3.25% | Strata Production Company | 125.60 | 78.50% | Wade P. Carrigan and Beth Carrigan | 8.00 | 5.00% | Winn Investments, Inc. | 5.20 | 3.25% | Total | 160.00 | 100.00% | | L 3 | NESW | NWSE | NESE | | | | | NESW | NWSE | NESE |
| Leasehold Owner | Acres | WI % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lincoln Associates | 16.00 | 10.000% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SJR Enterprises | 5.20 | 3.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Strata Production Company | 125.60 | 78.50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wade P. Carrigan and Beth Carrigan | 8.00 | 5.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Winn Investments, Inc. | 5.20 | 3.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 160.00 | 100.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWSW | NESW | | | | | | | L 3 | NESW | NWSE | NESE | | | | | NESW | NWSE | NESE | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | | | | | SESE | | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | | | | | | | | | | | | | | | | | | | |
| L 4 | L 3 | | | | | | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | | | | | | | | | | | | | | | | | | | |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 5 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | | | | | | | | | | | | | | | | | | | |
| | | 2 | | 1 | | | | 6 | | | 5 | | | 4 | | | | | | | | | | | | | | | | | | | | | | | | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 6 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | | | | | | | | | | | | | | | | | | | |
| | | 24S 30E | | | | | | | | | | 24S 31E | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 7 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | | | | | | | | | | | | | | | | | | | |

Tract 1- NMNM 0021640 SE¼SW¼

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 3.16 | 7.89754% |
| Oxy USA Inc. | 8.41 | 21.02457% |
| SJR Enterprises | 1.03 | 2.56667% |
| Strata Production Company | 24.79 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 1.58 | 3.94877% |
| Winn Investments, Inc. | 1.03 | 2.56667% |
| Total | 40.00 | 100.00% |

Tract 2- NMNM 546732A E½W½

| Leasehold Owner | Acres | WI % |
|------------------------------------|---------------|----------------|
| Lincoln Associates | 16.00 | 10.000% |
| SJR Enterprises | 5.20 | 3.25% |
| Strata Production Company | 125.60 | 78.50% |
| Wade P. Carrigan and Beth Carrigan | 8.00 | 5.00% |
| Winn Investments, Inc. | 5.20 | 3.25% |
| Total | 160.00 | 100.00% |

Pajarito Federal Com 30 31 NNL #6H



Pajarito Federal Com 30 31 NNL #6H
NM OCD Case No. 23001
Exhibit A-3

| | | | | | | | | | | | | | | | | | | | | |
|------|------|---------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | | | | V | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | | | | | | | | |
| | | | | V | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | | | | | | | | |
| | | | | V | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | |
| | | 26 | | | 25 | | | | | 30 | | | | 29 | | | | 28 | | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | |
| | | 23S 30E | | | | | | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | |
| | | 23S 31E | | | | | | L 1 | NENW | NWNE | NENE | | | | | NENW | NWNE | NENE | | |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | |
| | | 35 | | | | | | L 3 | NESW | NWSE | NESE | | | | | NESW | NWSE | NESE | | |
| | | 36 | | | | | | L 4 | SESW | SWSE | SESE | | | | | SESW | SWSE | SESE | | |
| | | | | | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | | | | | L 3 | L 2 | L 1 | |
| | | | | | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE |
| | | 2 | | | | | | L 5 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | |
| | | 1 | | | | | | L 6 | NESW | NWSE | NESE | | | | | NESW | NWSE | NESE | | |
| | | 24S 30E | | | | | | L 7 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | |
| | | 24S 31E | | | | | | | | | | 5 | | | | 4 | | | | |

Pajarito Federal Com 30 31 NNL #6H
Proration Unit WI %

| Leasehold Owner | Acres | WI % |
|------------------------------------|---------------|----------------|
| Lincoln Associates | 19.16 | 9.579509% |
| Oxy USA Inc. | 8.41 | 4.204914% |
| SJR Enterprises | 6.23 | 3.113340% |
| Strata Production Company | 150.40 | 75.199143% |
| Wade P. Carrigan and Beth Carrigan | 9.58 | 4.789754% |
| Winn Investments, Inc. | 6.23 | 3.113340% |
| Total | 200.00 | 100.00% |



Pajarito Federal Com 30 31 NNL #6H
 NM OCD Case No. 23001
 Exhibit A-4

CONTRACT AREA Pajarito Federal Com 30 31 NNL #6H – Case No. [X]:

SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 30 and E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 31, T23S-R30E, Eddy County, New Mexico, 200.00 acres, more or less

UNIT INTEREST OF THE PARTIES:

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 19.16 | 9.579509% |
| Oxy USA Inc. | 8.41 | 4.204914% |
| SJR Enterprises | 6.23 | 3.113340% |
| Strata Production Company | 150.40 | 75.199143% |
| Wade P. Carrigan and Beth Carrigan | 9.58 | 4.789754% |
| Winn Investments, Inc. | 6.23 | 3.113340% |
| Total | 200.00 | 100.000% |

TRACT INTEREST OF THE PARTIES:

Tract 1 (SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 30, T23S-R31E, 40.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 3.16 | 7.89754% |
| Oxy USA Inc. | 8.41 | 21.02457% |
| SJR Enterprises | 1.03 | 2.56667% |
| Strata Production Company | 24.79 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 1.58 | 3.94877% |
| Winn Investments, Inc. | 1.03 | 2.56667% |
| Total | 40.00 | 100.000% |

Tract 2 (E $\frac{1}{2}$ W $\frac{1}{2}$ of Sec. 30, T23S-R31E, 160.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 16.00 | 10.000% |
| SJR Enterprises | 5.20 | 3.25% |
| Strata Production Company | 125.60 | 78.50% |
| Wade P. Carrigan and Beth Carrigan | 8.00 | 5.00% |
| Winn Investments, Inc. | 5.20 | 3.25% |
| Total | 160.00 | 100.000% |

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Tract 1:

Lessor: United State of America

Lessee: Lila Mae Redwine

Serial No.: NMNM 021640

Date: May 1, 1964

Description: SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 30, T23S-R31E, containing 40.00 acres, more or less

Tract 2:

Lessor: United State of America

Lessee: Lila Mae Redwine

Serial No.: NMNM 0546732A

Date: May 1, 1964

Description: E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 31, T23S-R31E, containing 160.00 acres, more or less



Pajarito Federal Com 30 31 NNL #6H
NM OCD Case No. 23001
Exhibit A-5

Interest Owner: Oxy USA Inc. & Oxy Y-1 Company

Contact Type: Phone, Email, USPS

Notes: Contacted Matthew Cole regarding the proposals on June 30, 2022 with no response. I later sent him multiple emails followed up with phone calls with no response. In prior discussions, Mr. Cole has informed me that Oxy will not look at a proposal until they are compulsory pooled.

NM OCD Case No. 23001

Exhibit A-6

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

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 PAJARITO FED COM 30 31 NNL | | | ⁶ Well Number 6H |
| ⁷ GRID NO. 21712 | | ⁸ Operator Name STRATA PRODUCTION COMPANY | | | ⁹ Elevation 3340' |

¹⁰ Surface Location

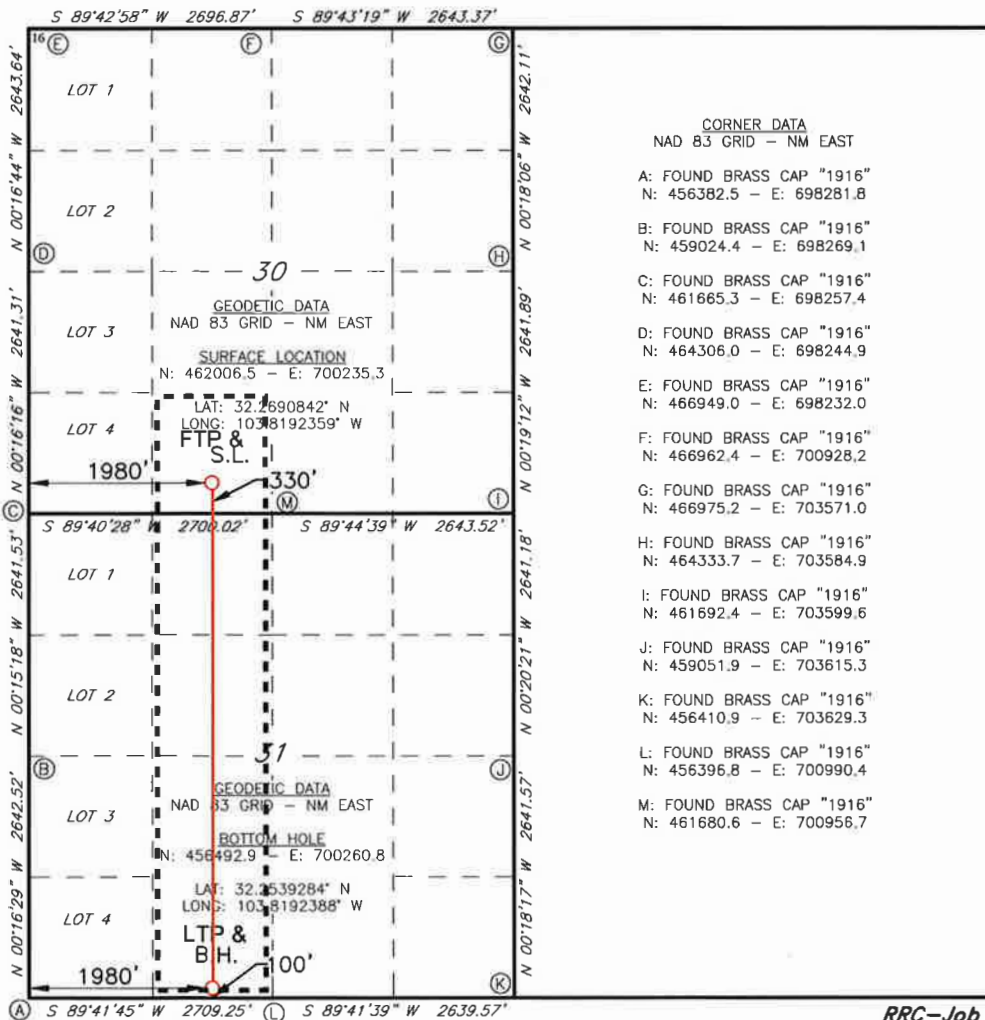
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 30 | 23S | 31E | | 330 | SOUTH | 1980 | WEST | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 31 | 23S | 31E | | 100 | SOUTH | 1980 | WEST | EDDY |

| | | | |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 200 | 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.



- CORNER DATA
NAD 83 GRID - NM EAST
- A: FOUND BRASS CAP "1916"
N: 456382.5 - E: 698281.8
 - B: FOUND BRASS CAP "1916"
N: 459024.4 - E: 698269.1
 - C: FOUND BRASS CAP "1916"
N: 461665.3 - E: 698257.4
 - D: FOUND BRASS CAP "1916"
N: 464306.0 - E: 698244.9
 - E: FOUND BRASS CAP "1916"
N: 466949.0 - E: 698232.0
 - F: FOUND BRASS CAP "1916"
N: 466962.4 - E: 700928.2
 - G: FOUND BRASS CAP "1916"
N: 466975.2 - E: 703571.0
 - H: FOUND BRASS CAP "1916"
N: 464333.7 - E: 703584.9
 - I: FOUND BRASS CAP "1916"
N: 461692.4 - E: 703599.6
 - J: FOUND BRASS CAP "1916"
N: 459051.9 - E: 703615.3
 - K: FOUND BRASS CAP "1916"
N: 456410.9 - E: 703629.3
 - L: FOUND BRASS CAP "1916"
N: 456396.8 - E: 700990.4
 - M: FOUND BRASS CAP "1916"
N: 461680.6 - E: 700956.7

¹⁷ OPERATOR CERTIFICATION

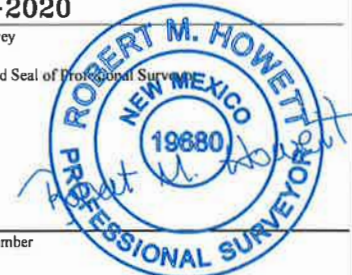
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *[Signature]* Date: 7.1.2022
Printed Name: Mitch Krakauskas
E-mail Address: mitch@stratanm.com

¹⁸ SURVEYOR CERTIFICATION

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

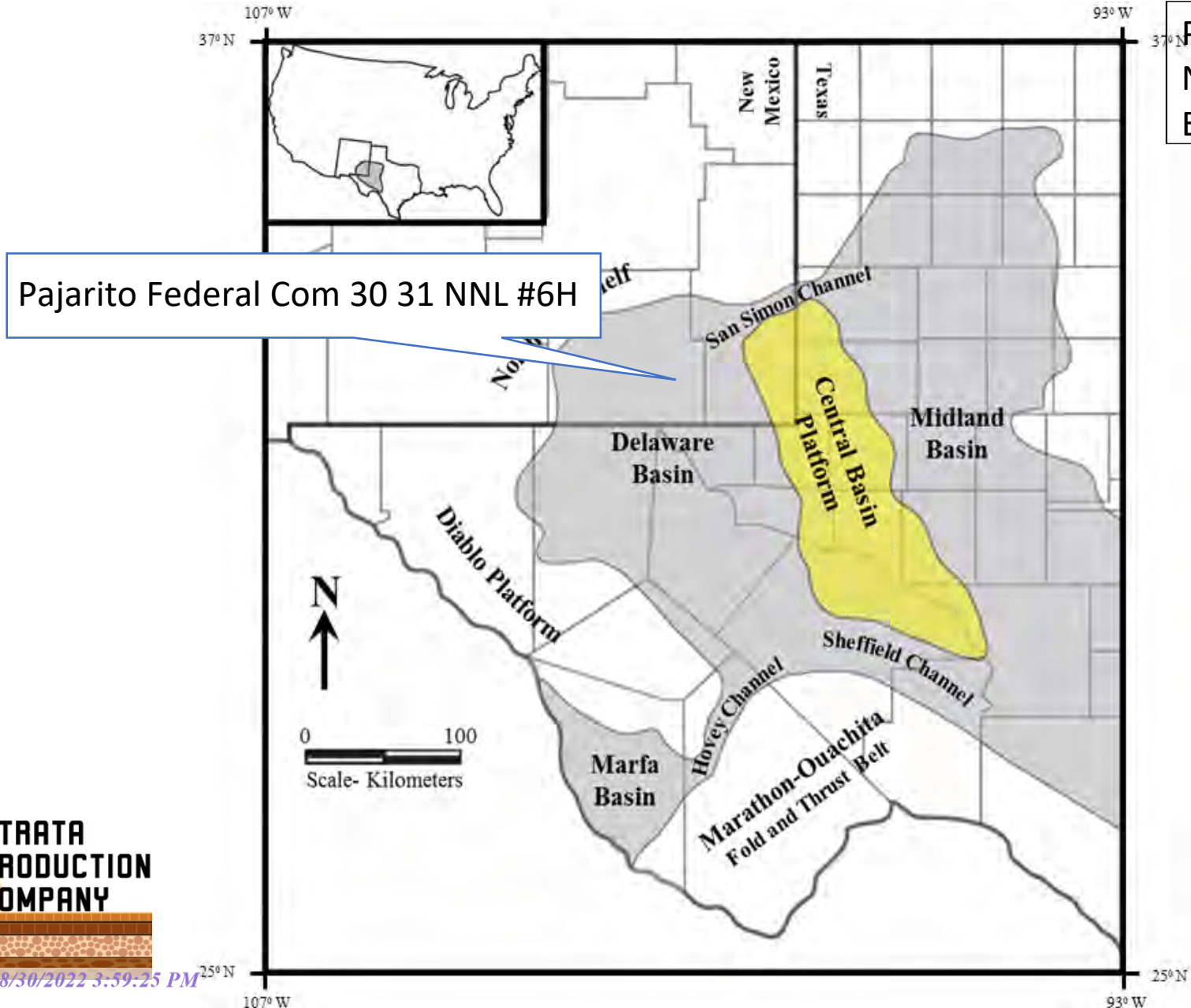
Date of Survey: 2-3-2020
Signature and Seal of Professional Surveyor



Certificate Number: 19680

RRC-Job No.: LS20010075

Regional View of the Delaware Basin



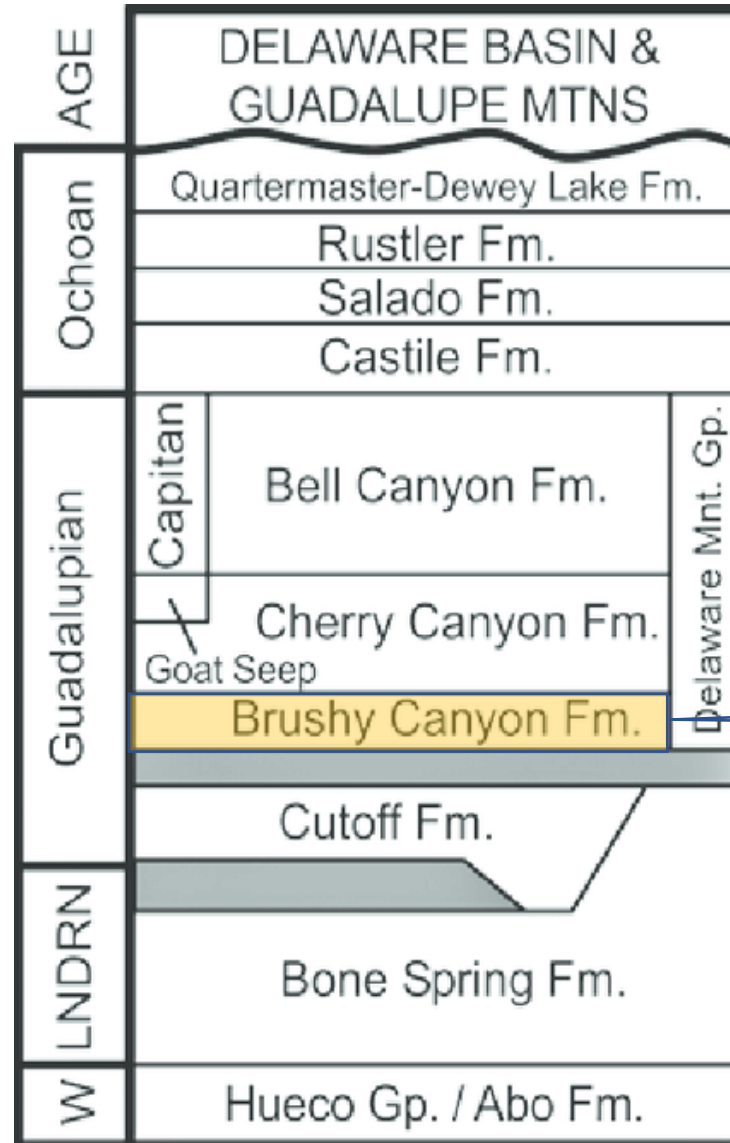
Pajarito Federal Com 30 31 NNL #6H

Pajarito Federal Com 30 31 NNL #6H
NM OCD Case No. 23001
Exhibit B-1



Delaware Basin Stratigraphic Column

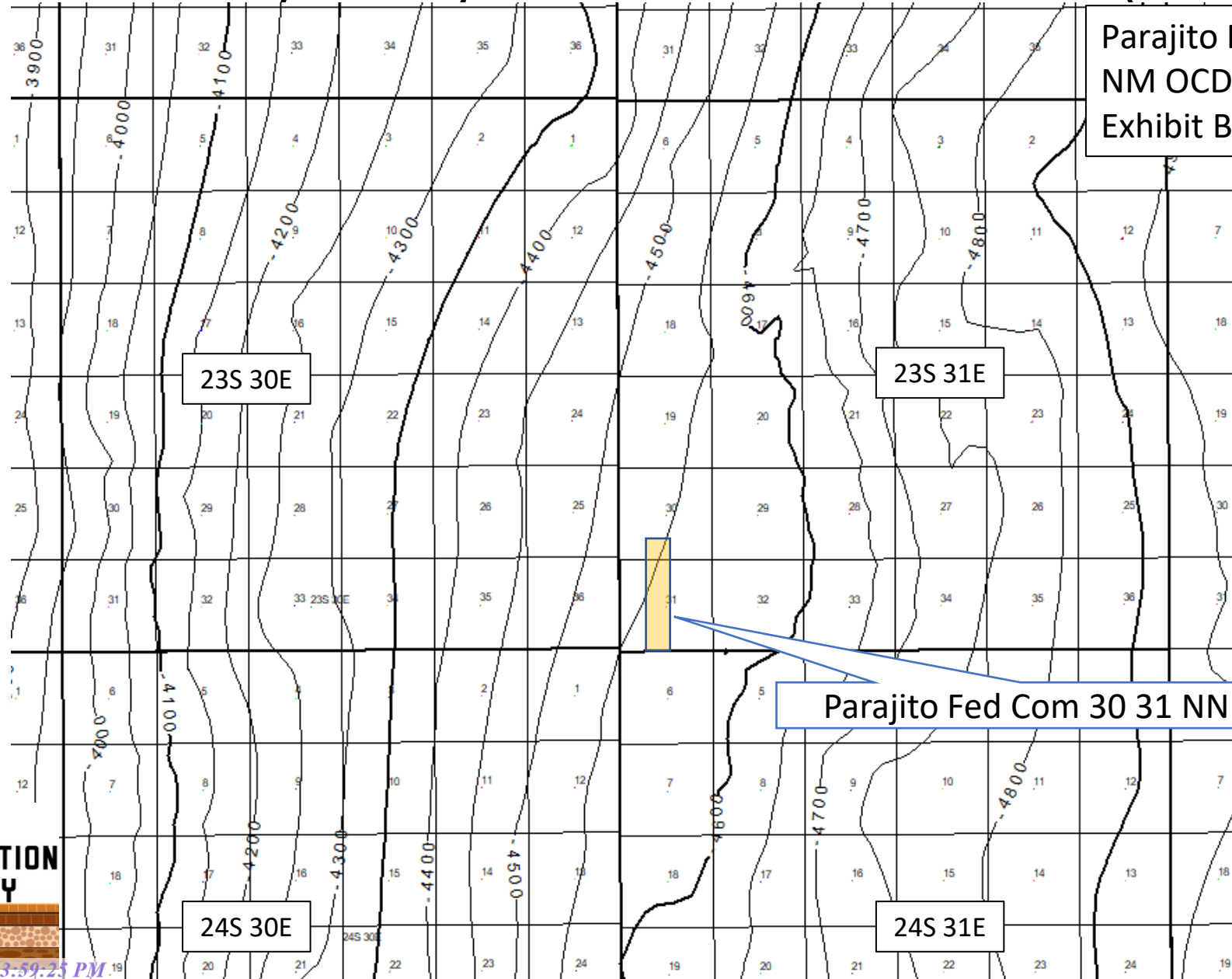
Pajarito Federal Com 30 31 NNL #6H
NM OCD Case No. 23001
Exhibit B-2



Target Zone



Base of Brushy Canyon Fm. Structure (TVDSS)



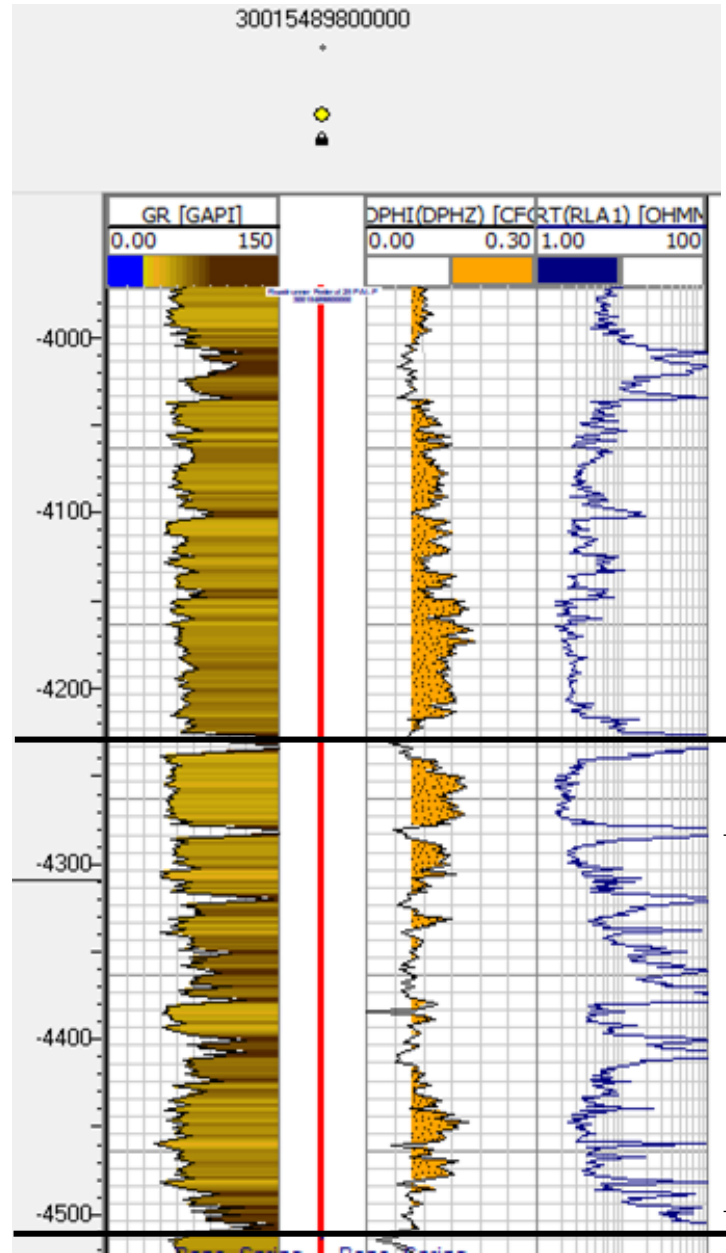
Parajito Fed Com 30 31 NNL #6H
 NM OCD Case No. 23001
 Exhibit B-3

Parajito Fed Com 30 31 NNL #6H



Target Interval on Offset Log

Pajarito Federal Com 30 31 NNL #6H
NM OCD Case No. 23001
Exhibit B-4



Lower Brushy Canyon Fm. (Top)

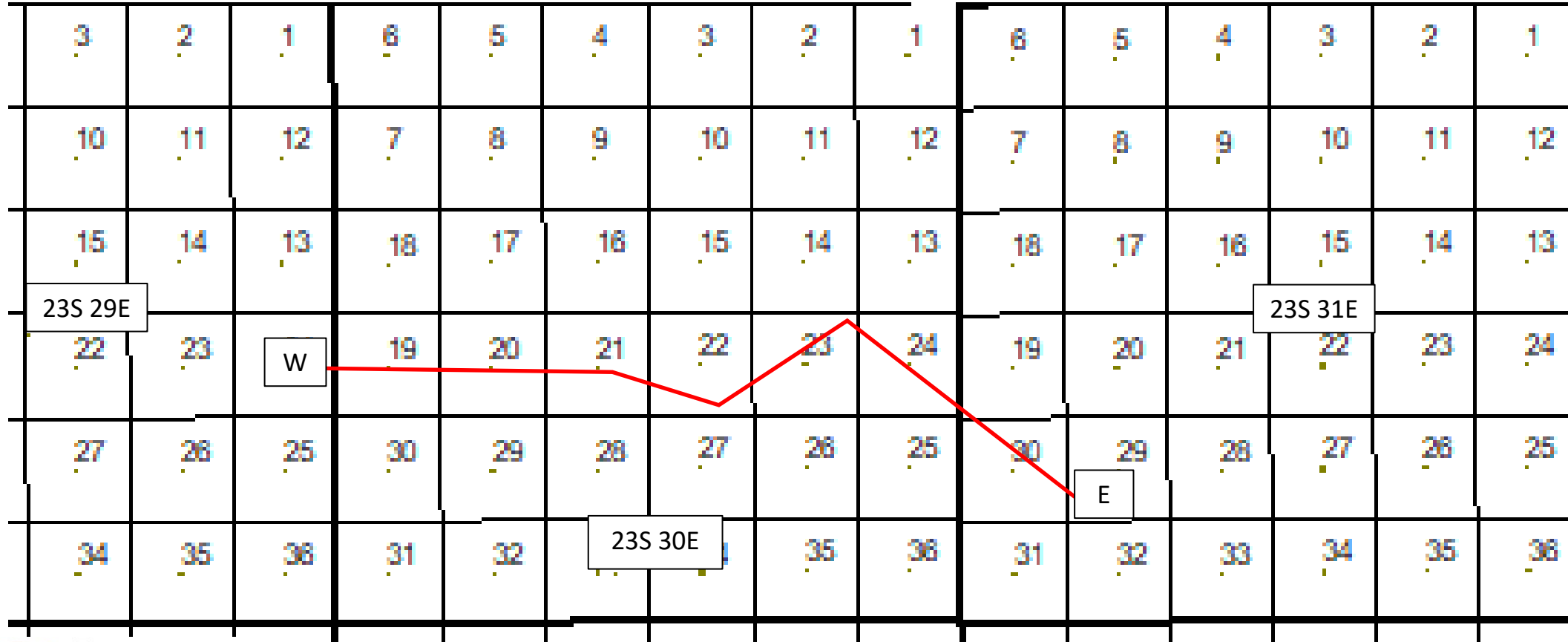
Target Interval
Pajarito Federal Com 30 31 NNL #6H

Lower Brushy Canyon Fm. (Base)



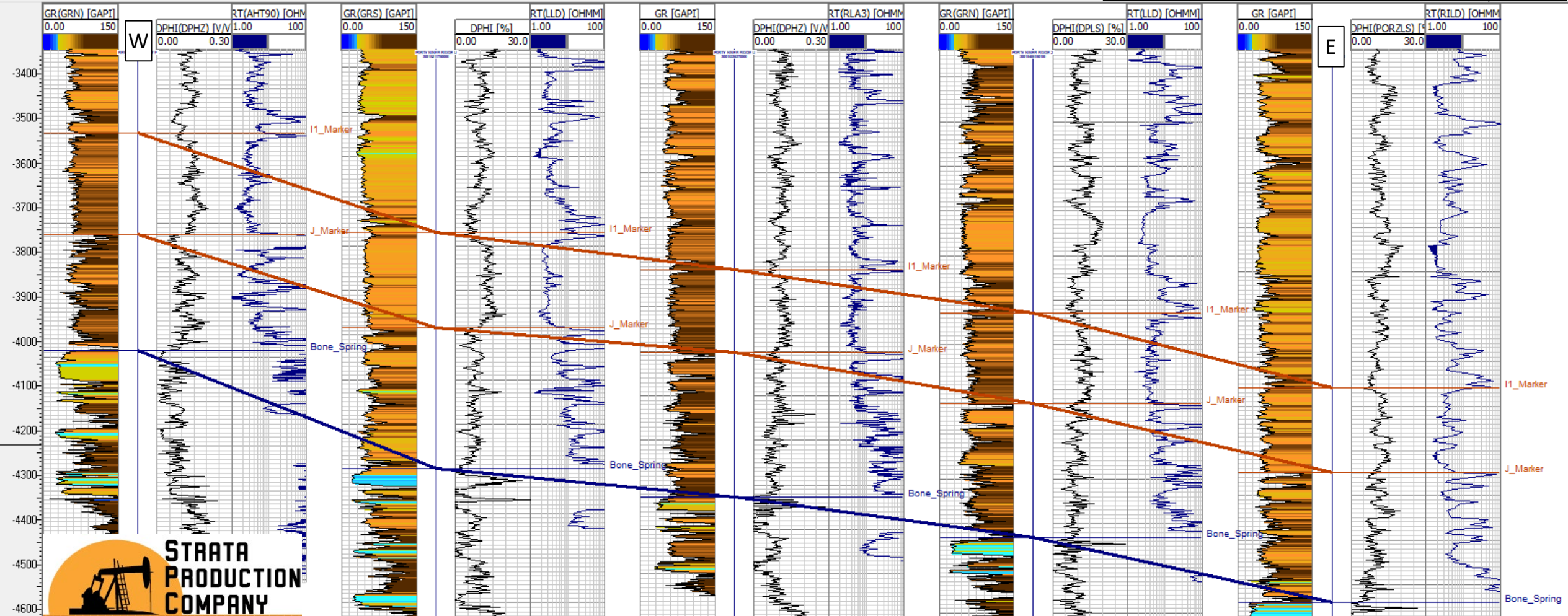
Cross Section Line

| |
|--|
| Pajarito Federal Com 30 31 NNL #6H NM OCD Case No. 23001 Exhibit B-5 |
|--|



Structural Cross section

Pajarito Federal Com 30 31 NNL #6H
NM OCD Case No. 23001
Exhibit B-6



Tab 5.

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| Case: 23002 | APPLICANT'S RESPONSE |
|--|---|
| Date | September 1, 2022 |
| Applicant | Strata Production Company |
| Designated Operator & OGRID (affiliation if applicable) | 21712 |
| Applicant's Counsel: | Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton) |
| Case Title: | Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico |
| Entries of Appearance/Intervenors: | None at this time |
| Well Family | Pajarito 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: | North-South |
| Description: TRS/County | SW/4 SE/4 of Section 30 and the W/2 E/2 of Section 31 , T23S, R31E, 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: 61.99571%; Tract 2: 78.50%; see Exhibits A-2 and 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 | Pajarito Fed Com 30 31 OOL #5H, API No. Pending SHL: 330' FSL and 1980' FEL , Section 30, T23S-R31E, NMPM BHL: 100' FSL and 1980' FEL, Section 31, T-23S-R31E, NMPM Completion Target: Brushy Canyon at approx. 7800' Well Orientation: North to South Completion location expected to be standard |

| | | |
|--|--|----------------------|
| Horizontal Well First and Last Take Points <i>Received by OGD: 8/30/2022 3:55:07 PM</i> | FTP (~330' FSL and 1980' FEL of Section 30, T23S-R31E) LTP (~100' FSL and 1980' FEL of Section 31, T23S-R31E) | <i>Page 73 of 14</i> |
| Completion Target (Formation, TVD and MD) | Brushy Canyon - TVD (~7,795'), MD (~13,210') | |
| AFE Capex and Operating Costs | | |
| Drilling Supervision/Month \$ | \$8000; see Exhibit A, ¶ 23 | |
| Production Supervision/Month \$ | \$800; see Exhibit A, ¶ 23 | |
| Justification for Supervision Costs | Please see AFE at Exhibit A-7 | |
| Requested Risk Charge | 200%; see Exhibit A, ¶ 24 | |
| 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; Exhibit A-8 | |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit C | |
| Ownership Determination | | |
| Land Ownership Schematic of the Spacing Unit | See Exhibits A-2 and A-3 | |
| Tract List (including lease numbers and owners) | See Exhibits A-2 and A-4 | |
| Pooled Parties (including ownership type) | See Exhibit A-5 | |
| 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 | See AFE at Exhibit A-7 | |
| Cost Estimate to Equip Well | See AFE at Exhibit A-7 | |
| Cost Estimate for Production Facilities | See AFE at Exhibit A-7 | |
| Geology | | |
| Summary (including special considerations) | Exhibit B, ¶¶ 5-15; see Exhibits B-1 through B-6 | |
| Spacing Unit Schematic | Exhibit B-3 | |
| Well Orientation (with rationale) | Exhibit B, ¶ 13(d) | |
| Target Formation | Exhibit B-2 and B-4 | |
| HSU Cross Section | Exhibit B-6 | |
| Depth Severance Discussion | n/a; see Exhibit A, ¶ 16 | |
| Forms, Figures and Tables | | |
| C-102 | Exhibit A-6 | |
| Tracts | Exhibits A-2 and A-4 | |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit A-3 | |
| General Location Map (including basin) | Exhibit B-1 | |
| Well Bore Location Map | Exhibit A-3; Exhibit A-6 | |
| Structure Contour Map - Subsea Depth | Exhibit B-3 | |

| | | | |
|--|--------------------------|--|----------------------|
| Cross Section Location Map (including wells) | Exhibit B-5 | <i>Received by OCD: 8/30/2022 3:55:07 PM</i> | <i>Page 76 of 14</i> |
| Cross Section (including Landing Zone) | Exhibits B-5 and B-6 | | |
| 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: | 8/30/2022 | | |

**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 Troy S. Lawton), 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 200-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the SW/4 SE/4 of Section 30 and the W/2 E/2 of Section 31, Township 23 South, Range 31 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 **Pajarito Fed Com 30 31 OOL #5H** well, to be horizontally drilled from an approximate surface hole location 330’ FSL and 1980’ FEL of Section 30, T23S-R31E, to an approximate bottom hole location 100’ FSL and 1980’ FEL of Section 31, T23S-R31E.
3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

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 Delaware 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.

WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on September 1, 2022, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 200-acre, more or less, HSU comprised of the SW/4 SE/4 of Section 30 and the W/2 E/2 of Section 31, Township 23 South, Range 31 East in Eddy County, New Mexico;

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

C. Allowing the drilling of the Pajarito Fed Com 30 31 OOL #5H well;

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

Troy S. Lawton

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 986-2678

sshaheen@montand.com

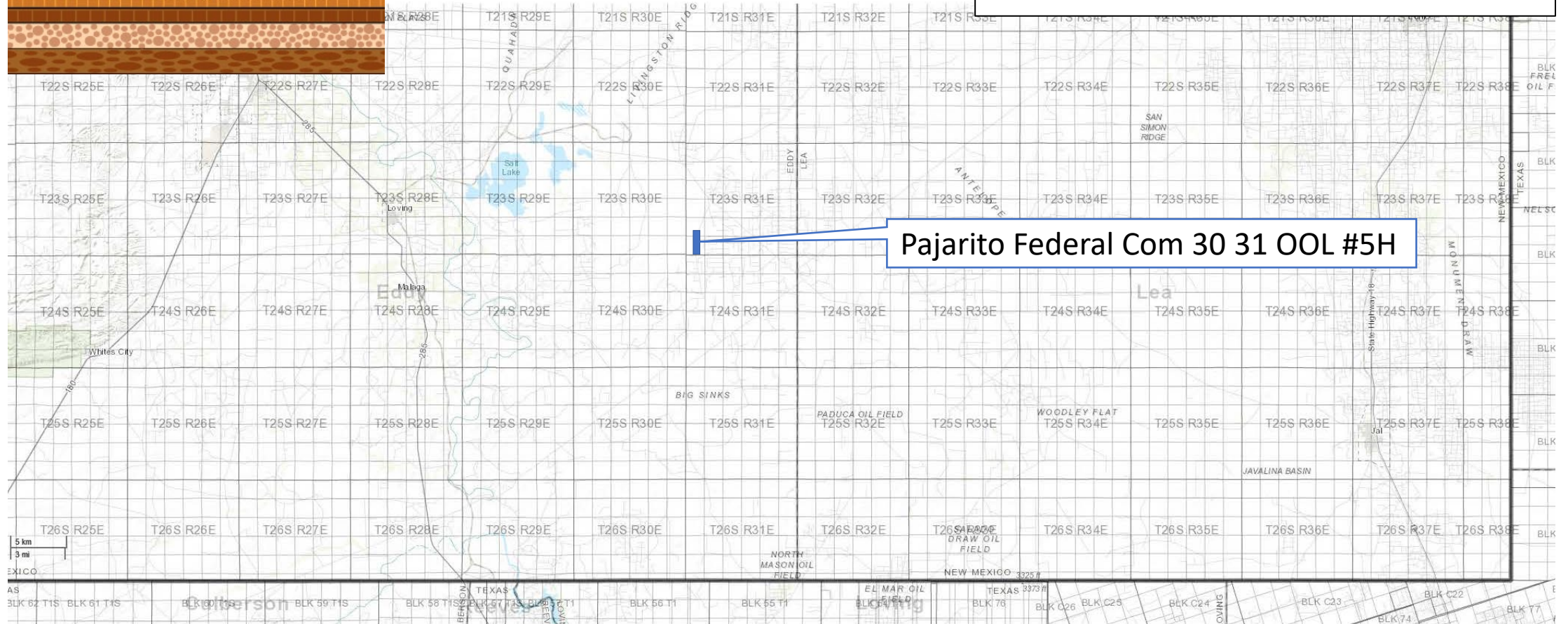
tlawton@montand.com

Attorneys for Strata Production Company

Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the SW/4 SE/4 of Section 30 and the W/2 E/2 of Section 31, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following well in the HSU: **Pajarito Fed Com 30 31 OOL #5H** well, to be horizontally drilled from an approximate surface hole location 330' FSL and 1980' FEL of Section 30, T23S-R31E, to an approximate bottom hole location 100' FSL and 1980' FEL of Section 31, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.



Pajarito Federal Com 30 31 OOL #5H
 NM OCD Case No. 23002
 Exhibit A-1





Pajarito Federal Com 30 31 OOL #5H
 NM OCD Case No. 23002
 Exhibit A-2

| 26 | | | | 25 | | | | 30 | | | | 29 | | | | 28 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---------------|----------------|------|-----------------|-------|------|--------------------|-------|----------|-----------------|------|------------------------------|---------------------------|--------|----------|------------------------------------|-------|-----------|------------------------------------|------|----------|------------------------|---------------|----------------|--------------|--------------|----------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | | | | | | | | | | | | | | | | | | | | | | | | |
| 23S 30E | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | Tract 1- NMNM 0021640 SW¼SE¼ | | | | SWSE | SESE | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tract 2- NMNM 546732A W¼E¼ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Strata Production Company | 125.60 | 78.50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wade P. Carrigan and Beth Carrigan | 8.00 | 5.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Total | 160.00 | 100.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | Tract 1- NMNM 0021640 SW¼SE¼ | | | | SWSE | SESE | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Total | 40.00 | 100.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWNW | SESW | SWNE | SENE | SWNW | SESW | SWNE | SENE | L 2 | SESW | SWNE | SENE | Tract 1- NMNM 0021640 SW¼SE¼ | | | | SWNE | SENE | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 35 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | Tract 1- NMNM 0021640 SW¼SE¼ | | | | NWSE | NESE | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Wade P. Carrigan and Beth Carrigan | 8.00 | 5.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Winn Investments, Inc. | 5.20 | 3.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 160.00 | 100.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | | | | | | | | | | | | | | | | | | | | | | | | |
| L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | | | | | | | | | | | | | | | | | | | | | | | | |
| SWNW | SESW | SWNE | SENE | SWNW | SESW | SWNE | SENE | L 5 | SESW | SWNE | SENE | SWNW | SESW | SWNE | SENE | SWNW | SESW | SWNE | SENE | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | | | | 1 | | | | 6 | | | | 5 | | | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 6 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | | | | | | | | | | | | | | | | | | | | | | | | |
| 24S 30E | | | | | | | | | | | | | | | | 24S 31E | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 7 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | | | | | | | | | | | | | | | | | | | | | | | | |



Pajarito Federal Com 30 31 OOL #5H
NM OCD Case No. 23002
Exhibit A-3

| 26 | | | | 25 | | | | 30 | | | | 29 | | | | 28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---------------|----------------|------|------|------|------|------|-----|------|------|------|---|------|------|------|------|------|------|------|--|--|--|-----------------|-------|------|--------------------|-------|-----------|--------------|------|-----------|-----------------|------|-----------|---------------------------|--------|------------|------------------------------------|------|-----------|------------------------|------|-----------|--------------|---------------|----------------|------|------|
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 4 | SESW | SWSE | SESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | <table border="1"> <thead> <tr> <th colspan="3">Pajarito Federal Com 30 31 OOL #5H Proration Unit WI %</th> </tr> <tr> <th>Leasehold Owner</th> <th>Acres</th> <th>WI %</th> </tr> </thead> <tbody> <tr> <td>Lincoln Associates</td> <td>19.16</td> <td>9.579509%</td> </tr> <tr> <td>Oxy USA Inc.</td> <td>8.41</td> <td>4.204914%</td> </tr> <tr> <td>SJR Enterprises</td> <td>6.23</td> <td>3.113340%</td> </tr> <tr> <td>Strata Production Company</td> <td>150.40</td> <td>75.199143%</td> </tr> <tr> <td>Wade P. Carrigan and Beth Carrigan</td> <td>9.58</td> <td>4.789754%</td> </tr> <tr> <td>Winn Investments, Inc.</td> <td>6.23</td> <td>3.113340%</td> </tr> <tr> <td>Total</td> <td>200.00</td> <td>100.00%</td> </tr> </tbody> </table> | | | | | | | | Pajarito Federal Com 30 31 OOL #5H Proration Unit WI % | | | Leasehold Owner | Acres | WI % | Lincoln Associates | 19.16 | 9.579509% | Oxy USA Inc. | 8.41 | 4.204914% | SJR Enterprises | 6.23 | 3.113340% | Strata Production Company | 150.40 | 75.199143% | Wade P. Carrigan and Beth Carrigan | 9.58 | 4.789754% | Winn Investments, Inc. | 6.23 | 3.113340% | Total | 200.00 | 100.00% | SWSE | SESE |
| Pajarito Federal Com 30 31 OOL #5H Proration Unit WI % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Leasehold Owner | Acres | WI % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lincoln Associates | 19.16 | 9.579509% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Oxy USA Inc. | 8.41 | 4.204914% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SJR Enterprises | 6.23 | 3.113340% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Strata Production Company | 150.40 | 75.199143% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wade P. Carrigan and Beth Carrigan | 9.58 | 4.789754% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Winn Investments, Inc. | 6.23 | 3.113340% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 200.00 | 100.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWNW | SESW | SWNE | SENE | SWNW | SESW | SWNE | SENE | L 2 | SESW | SWNE | SENE | SWNW | SESW | SWNE | SENE | SWNW | SESW | SWNE | SENE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | L 4 | L 3 | L 2 | L 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWNW | SESW | SWNE | SENE | SWNW | SESW | SWNE | SENE | L 5 | SESW | SWNE | SENE | SWNW | SESW | SWNE | SENE | SWNW | SESW | SWNE | SENE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 6 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 7 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

23S 30E

24S 30E

24S 31E

Pajarito Federal Com 30 31 OOL #5H



Pajarito Federal Com 30 31 OOL #5H
 NM OCD Case No. 23002
 Exhibit A-4

CONTRACT AREA Pajarito Federal Com 30 31 OOL #5H – Case No. [X]:

SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 30 and W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 31, T23S-R30E, Eddy County, New Mexico,
 200.00 acres, more or less

UNIT INTEREST OF THE PARTIES:

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 19.16 | 9.579509% |
| Oxy USA Inc. | 8.41 | 4.204914% |
| SJR Enterprises | 6.23 | 3.113340% |
| Strata Production Company | 150.40 | 75.199143% |
| Wade P. Carrigan and Beth Carrigan | 9.58 | 4.789754% |
| Winn Investments, Inc. | 6.23 | 3.113340% |
| Total | 200.00 | 100.000% |

TRACT INTEREST OF THE PARTIES:

Tract 1 (SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 30, T23S-R31E, 40.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 3.16 | 7.89754% |
| Oxy USA Inc. | 8.41 | 21.02457% |
| SJR Enterprises | 1.03 | 2.56667% |
| Strata Production Company | 24.79 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 1.58 | 3.94877% |
| Winn Investments, Inc. | 1.03 | 2.56667% |
| Total | 40.00 | 100.000% |

Tract 2 (W $\frac{1}{2}$ E $\frac{1}{2}$ of Sec. 30, T23S-R31E, 160.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 16.00 | 10.000% |
| SJR Enterprises | 5.20 | 3.25% |
| Strata Production Company | 125.60 | 78.50% |
| Wade P. Carrigan and Beth Carrigan | 8.00 | 5.00% |
| Winn Investments, Inc. | 5.20 | 3.25% |
| Total | 160.00 | 100.000% |

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Tract 1:

Lessor: United State of America

Lessee: Lila Mae Redwine

Serial No.: NMNM 021640

Date: May 1, 1964

Description: SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 30, T23S-R31E, containing 40.00 acres, more or less

Tract 2:

Lessor: United State of America

Lessee: Lila Mae Redwine

Serial No.: NMNM 0546732A

Date: May 1, 1964

Description: W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 31, T23S-R31E, containing 160.00 acres, more or less



Pajarito Federal Com 30 31 OOL #5H
NM OCD Case No. 23002
Exhibit A-5

Interest Owner: Oxy USA Inc. & Oxy Y-1 Company

Contact Type: Phone, Email, USPS

Notes: Contacted Matthew Cole regarding the proposals on June 30, 2022 with no response. I later sent him multiple emails followed up with phone calls with no response. In prior discussions, Mr. Cole has informed me that Oxy will not look at a proposal until they are compulsory pooled.

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

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 PAJARITO FED COM 30 31 OOL | | | ⁶ Well Number 5H |
| ⁷ GRID NO. 21712 | | ⁸ Operator Name STRATA PRODUCTION COMPANY | | | ⁹ Elevation 3341' |

¹⁰ Surface Location

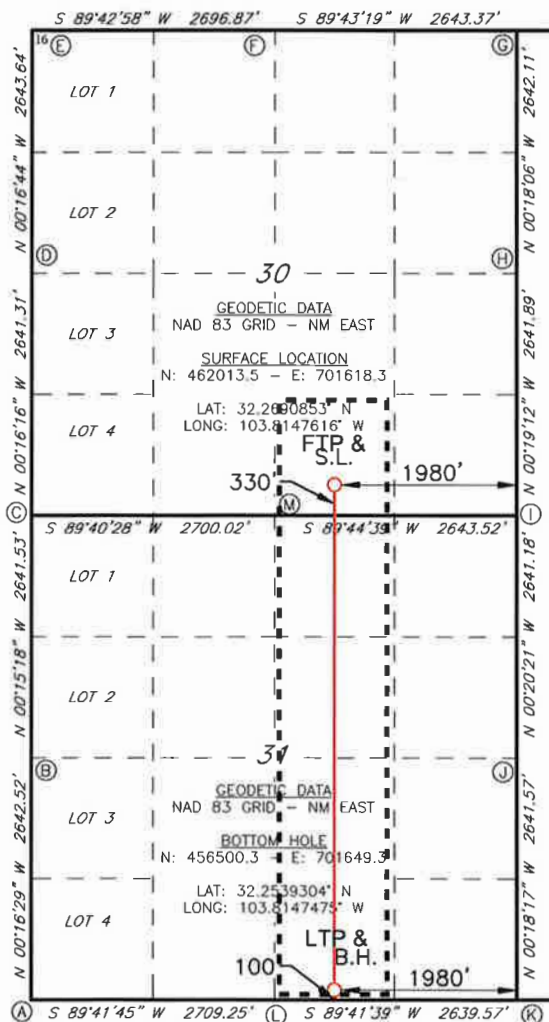
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 0 | 30 | 23S | 31E | | 330 | SOUTH | 1980 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 0 | 31 | 23S | 31E | | 100 | SOUTH | 1980 | EAST | EDDY |

| | | | |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 200 | 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.



CORNER DATA
 NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1916"
 N: 456382.5 - E: 698281.8

B: FOUND BRASS CAP "1916"
 N: 459024.4 - E: 698269.1

C: FOUND BRASS CAP "1916"
 N: 461665.3 - E: 698257.4

D: FOUND BRASS CAP "1916"
 N: 464306.0 - E: 698244.9

E: FOUND BRASS CAP "1916"
 N: 466949.0 - E: 698232.0

F: FOUND BRASS CAP "1916"
 N: 466962.4 - E: 700928.2

G: FOUND BRASS CAP "1916"
 N: 466975.2 - E: 703571.0

H: FOUND BRASS CAP "1916"
 N: 464333.7 - E: 703584.9

I: FOUND BRASS CAP "1916"
 N: 461692.4 - E: 703599.6

J: FOUND BRASS CAP "1916"
 N: 459051.9 - E: 703615.3

K: FOUND BRASS CAP "1916"
 N: 456410.9 - E: 703629.3

L: FOUND BRASS CAP "1916"
 N: 456396.8 - E: 700990.4

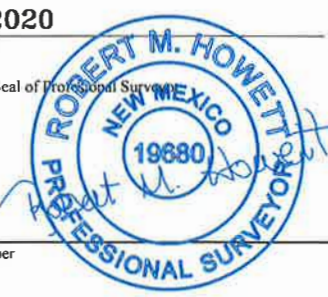
M: FOUND BRASS CAP "1916"
 N: 461680.6 - E: 700956.7

¹⁷ OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

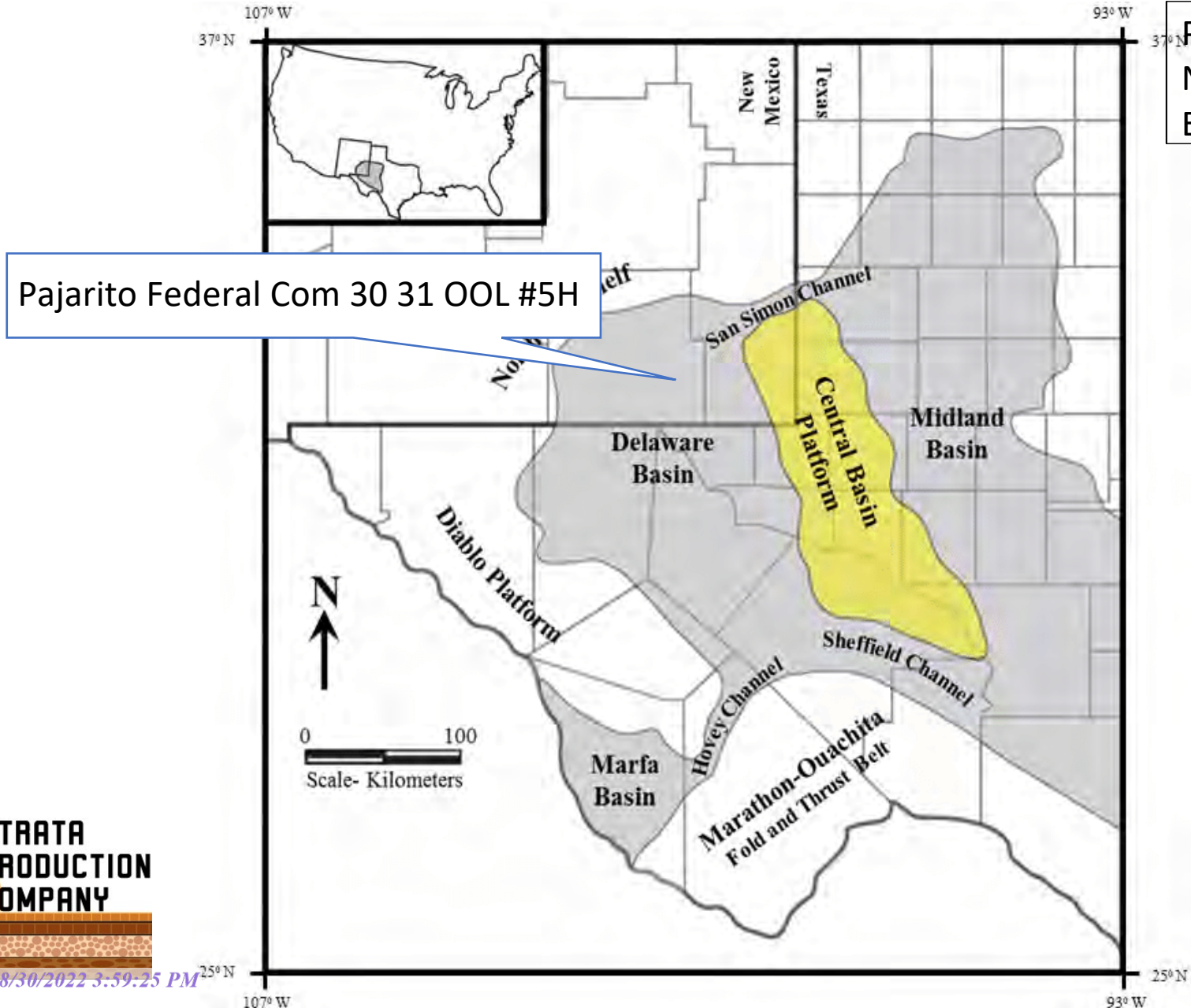
Signature: *Mitch Krakauskas* Date: 7.1.2022
 Printed Name: Mitch Krakauskas
 E-mail Address: mitch@stratanm.com

¹⁸ SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

2-3-2020
 Date of Survey
 Signature and Seal of Professional Surveyor: *Robert M. Howett*
 Certificate Number: 19680



Regional View of the Delaware Basin



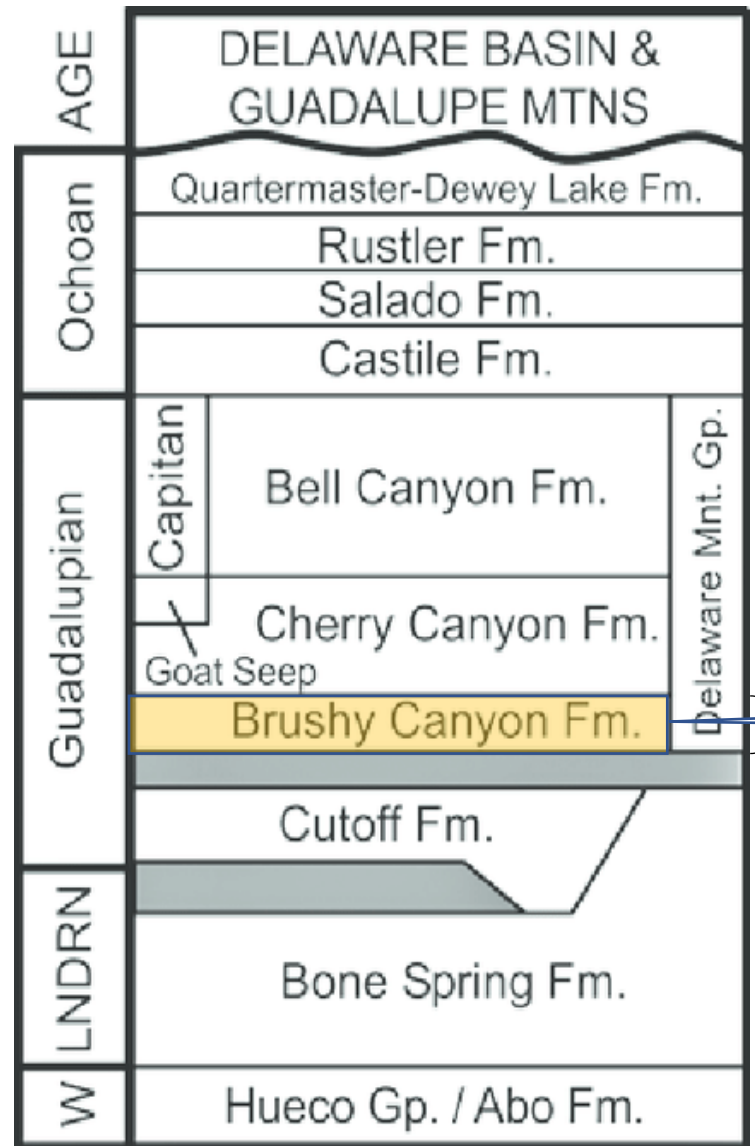
Pajarito Federal Com 30 31 OOL #5H
 NM OCD Case No. 23002
 Exhibit B-1

Pajarito Federal Com 30 31 OOL #5H



Delaware Basin Stratigraphic Column

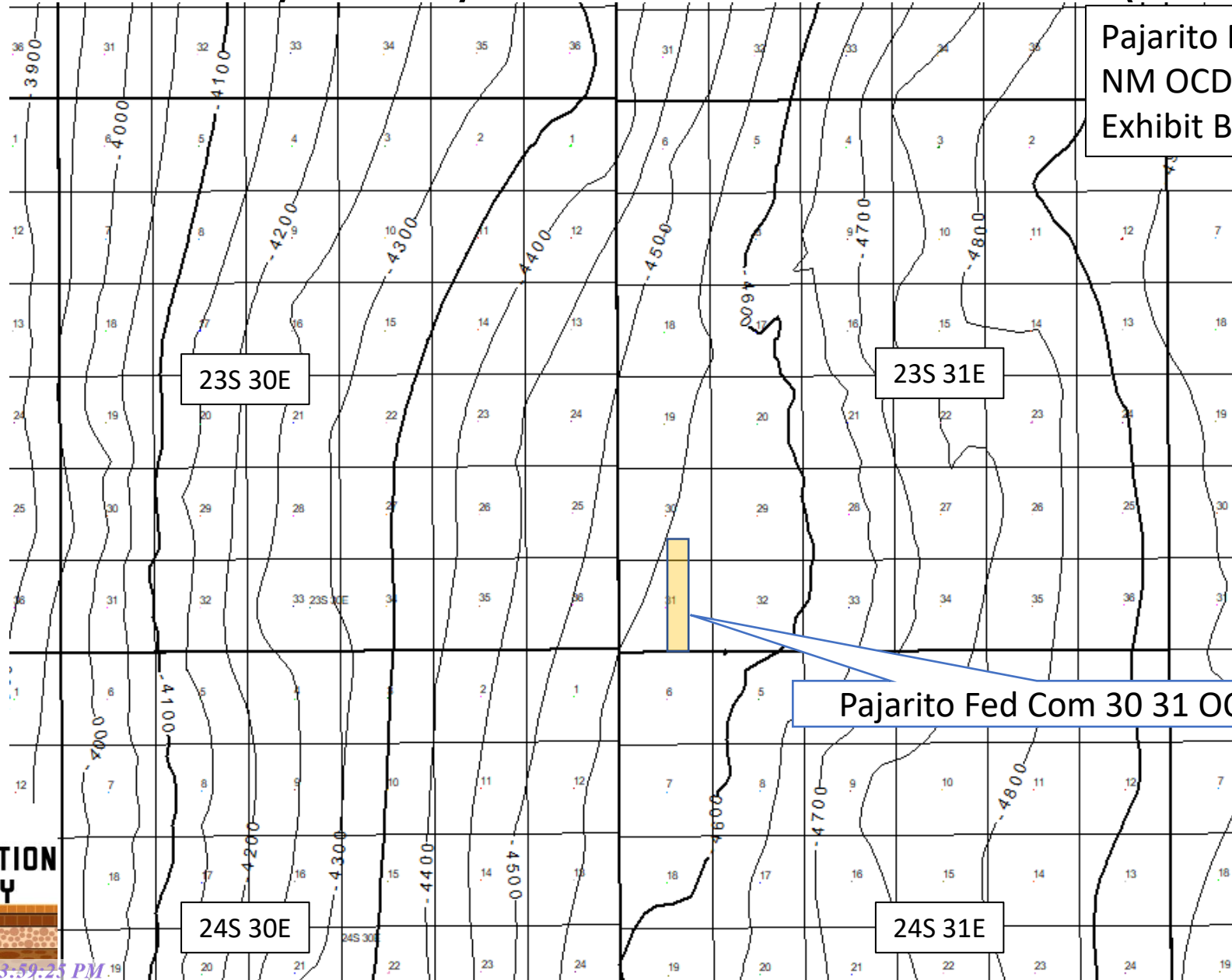
Pajarito Federal Com 30 31 OOL #5H
NM OCD Case No. 23002
Exhibit B-2



Target Zone



Base of Brushy Canyon Fm. Structure (TVDSS)



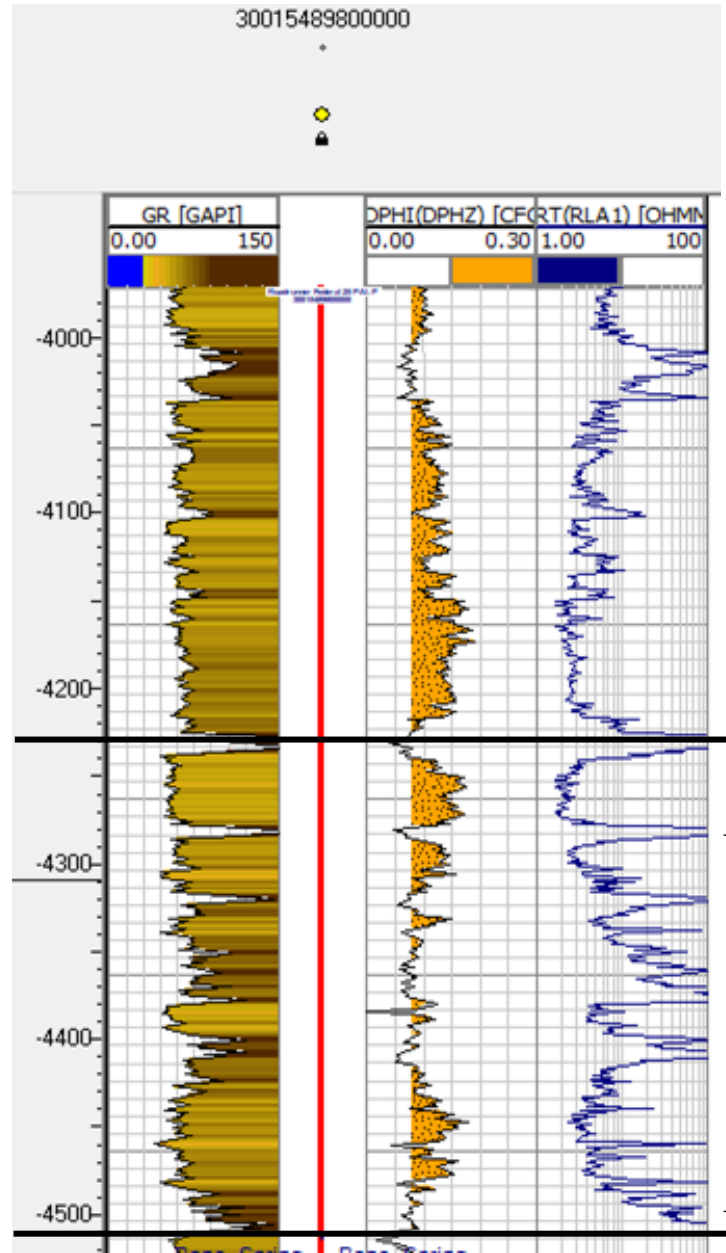
Pajarito Fed Com 30 31 OOL #5H
 NM OCD Case No. 23002
 Exhibit B-3

Pajarito Fed Com 30 31 OOL #5H



Target Interval on Offset Log

Pajarito Federal Com 30 31 OOL #5H
NM OCD Case No. 23002
Exhibit B-4



Lower Brushy Canyon Fm. (Top)

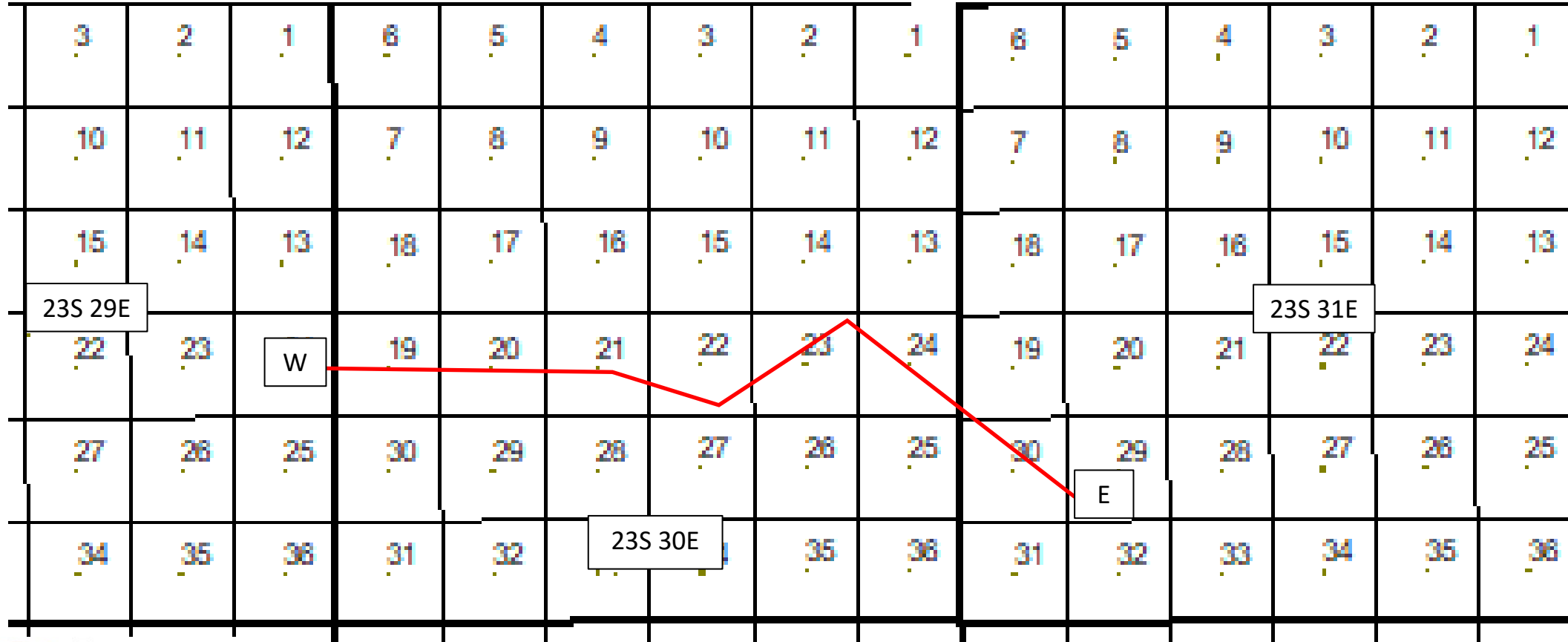
Target Interval
Pajarito Federal Com 30 31 OOL #5H

Lower Brushy Canyon Fm. (Base)



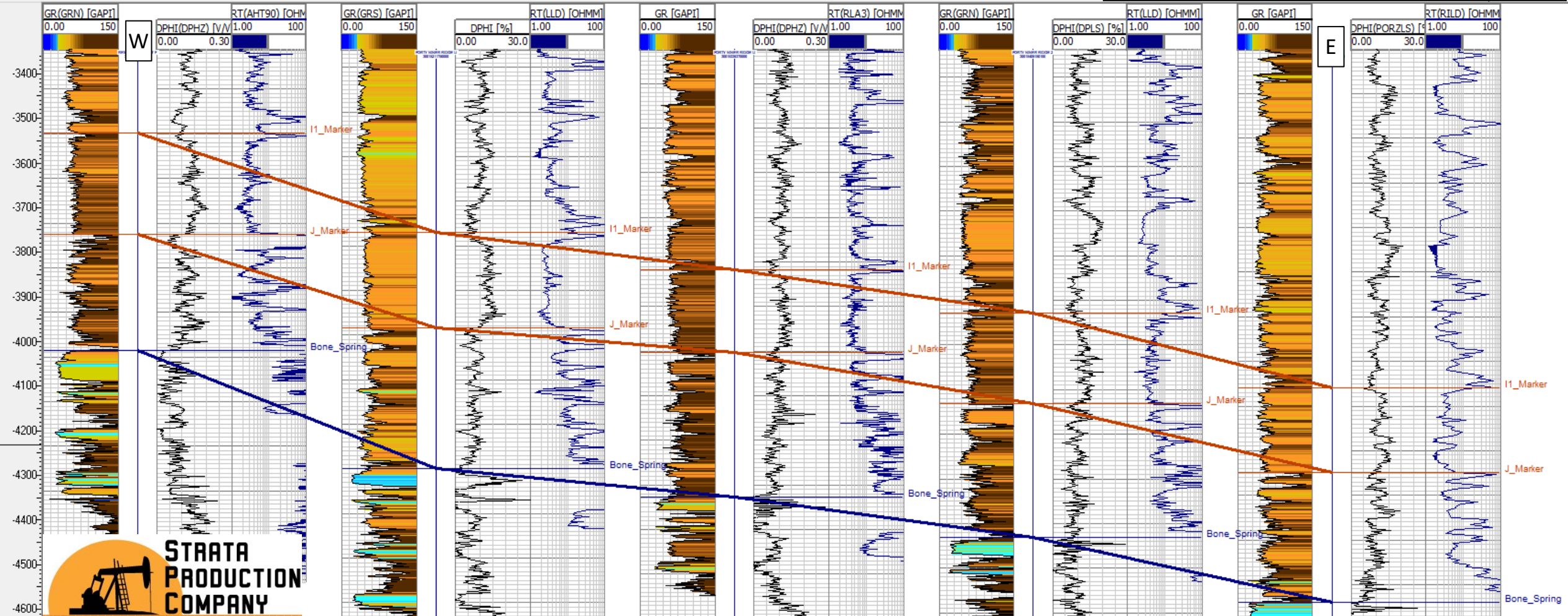
Cross Section Line

Pajarito Federal Com 30 31 OOL #5H
NM OCD Case No. 23002
Exhibit B-5



Structural Cross section

Pajarito Federal Com 30 31 OOL #5H
NM OCD Case No. 23002
Exhibit B-6



Tab 6.

Received by OCT 8/30/2022 3:55:07 PM

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| | |
|--|--|
| Case: 23003 | APPLICANT'S RESPONSE |
| Date | September 1, 2022 |
| Applicant | Strata Production Company |
| Designated Operator & OGRID (affiliation if applicable) | 21712 |
| Applicant's Counsel: | Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton) |
| Case Title: | Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico |
| Entries of Appearance/Intervenors: | None at this time |
| Well Family | Pajarito 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: | 400 acres, more or less |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 400 acres, more or less |
| Building Blocks: | Quarter-quarter section (40 ac) |
| Orientation: | South-North |
| Description: TRS/County | NW/4 NW/4 of Section 31, the W/2 W/2 of Sections 30 and 19, and the SW/4 SW/4 of Section 18, T23S, R31E, 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: 78.50%; Tract 2: 61.99571%; Tract 3: 61.99571%; Tract 4: 61.99571%; Tract 5: 61.99571%; Tract 6: 78.50%; see Exhibits A-2 and 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: 8/30/2022 3:55:07 PM</i> | Pajarito Fed Com 31 18 DML #1H, API No. Pending SHL: 215' FNL and 325' FWL , Section 31, T23S-R31E, NMPM BHL: 1220' FSL and 660' FWL, Section 18, T-23S-R31E, NMPM Completion Target: Brushy Canyon at approx. 7800' Well Orientation: South to North Completion location expected to be standard | <i>Page 96 of 14</i> |
| Horizontal Well First and Last Take Points | FTP (~215' FNL and 325' FWL of Section 31, T23S-R31E) LTP (~1220' FSL and 660' FWL of Section 18, T23S-R31E) | |
| Completion Target (Formation, TVD and MD) | Brushy Canyon - TVD (~7,802'), MD (~19,614') | |
| AFE Capex and Operating Costs | | |
| Drilling Supervision/Month \$ | \$8000; see Exhibit A, ¶ 23 | |
| Production Supervision/Month \$ | \$800; see Exhibit A, ¶ 23 | |
| Justification for Supervision Costs | Please see AFE at Exhibit A-7 | |
| Requested Risk Charge | 200%; see Exhibit A, ¶ 24 | |
| 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; Exhibit A-8 | |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit C | |
| Ownership Determination | | |
| Land Ownership Schematic of the Spacing Unit | See Exhibits A-2 and A-3 | |
| Tract List (including lease numbers and owners) | See Exhibits A-2 and A-4 | |
| Pooled Parties (including ownership type) | See Exhibit A-5 | |
| 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 | See AFE at Exhibit A-7 | |
| Cost Estimate to Equip Well | See AFE at Exhibit A-7 | |
| Cost Estimate for Production Facilities | See AFE at Exhibit A-7 | |
| Geology | | |
| Summary (including special considerations) | Exhibit B, ¶¶ 5-15; see Exhibits B-1 through B-6 | |
| Spacing Unit Schematic | Exhibit B-3 | |
| Well Orientation (with rationale) | Exhibit B, ¶ 13(e) | |
| Target Formation | Exhibits B-2 and B-4 | |
| HSU Cross Section | Exhibit B-6 | |
| Depth Severance Discussion | n/a; see Exhibit A, ¶ 16 | |
| Forms, Figures and Tables | | |

| | | | |
|--|---------------------------------------|--------------------------|---------------|
| C-102 | Received by OCD: 8/30/2022 3:55:07 PM | Exhibit A-6 | Page 97 of 14 |
| Tracts | | Exhibits A-2 and A-4 | |
| Summary of Interests, Unit Recapitulation (Tracts) | | Exhibit A-3 | |
| General Location Map (including basin) | | Exhibit B-1 | |
| Well Bore Location Map | | Exhibit A-3; Exhibit A-6 | |
| Structure Contour Map - Subsea Depth | | Exhibit B-3 | |
| Cross Section Location Map (including wells) | | Exhibit B-5 | |
| Cross Section (including Landing Zone) | | Exhibits B-5 and B-6 | |
| 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: | | 8/30/2022 | |

**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 Troy S. Lawton), 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 400-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the NW/4 NW/4 of Section 31, the W/2 W/2 of Sections 30 and 19 and the SW/4 SW/4 of Section 18, Township 23 South, Range 31 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 2.5-mile **Pajarito Fed Com 31 18 DML #1H** well, to be horizontally drilled from an approximate surface hole location 215’ FNL and 325’ FWL of Section 31, T23S-R31E, to an approximate bottom hole location 1220’ FSL and 660’ FWL of Section 18, T23S-R31E.
3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

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 Delaware 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 therefore OXY USA Inc. is 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 September 1, 2022, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 400-acre, more or less, HSU comprised of the NW/4 NW/4 of Section 31, the W/2 W/2 of Sections 30 and 19, and the SW/4 SW/4 of Section 18, Township 23 South, Range 31 East in Eddy County, New Mexico;

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

C. Allowing the drilling of the Pajarito Fed Com 31 18 DML #1H well;

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

Troy S. Lawton

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 986-2678

sshaheen@montand.com

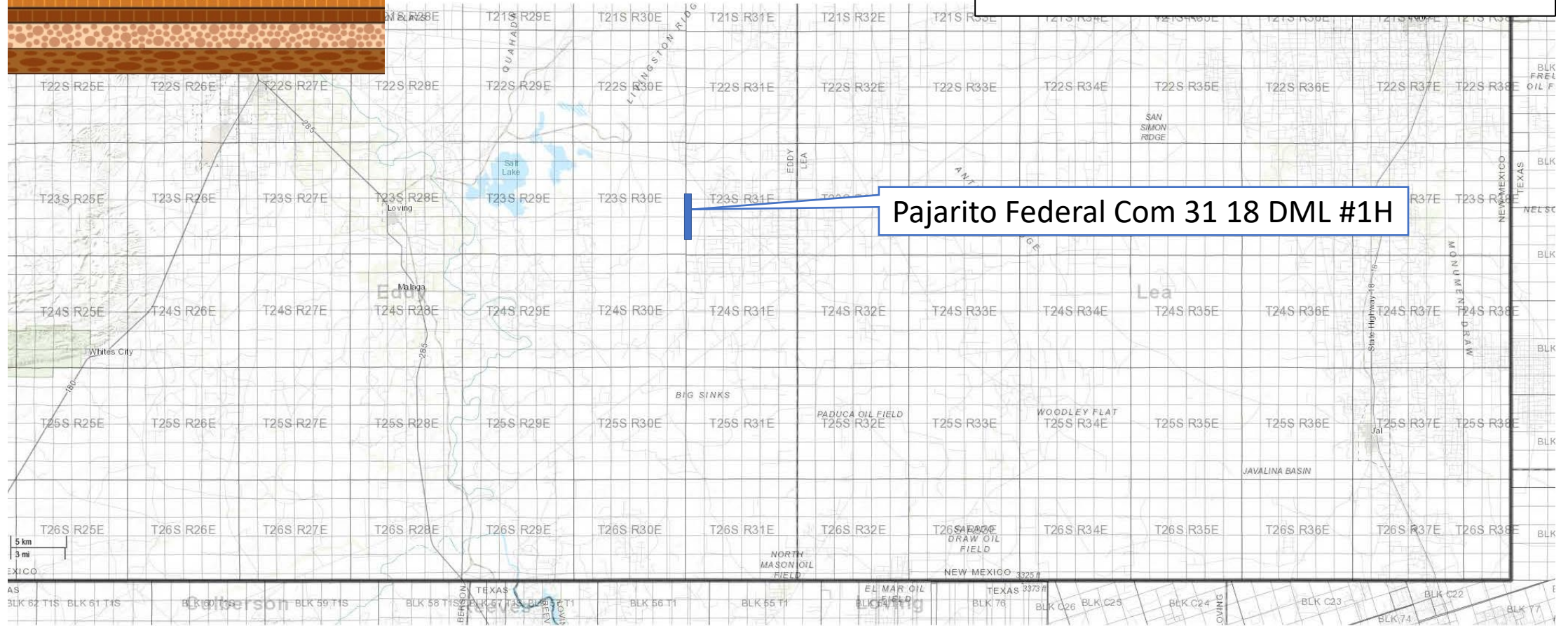
tlawton@montand.com

Attorneys for Strata Production Company

Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the NW/4 NW/4 of Section 31, the W/2 W/2 of Sections 30 and 19, and the SW/4 SW/4 of Section 18, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile well in the HSU: **Pajarito Fed Com 31 18 DML #1H** well, to be horizontally drilled from an approximate surface hole location 215’ FNL and 325’ FWL of Section 31, T23S-R31E, to an approximate bottom hole location 1220’ FSL and 660’ FWL of Section 18, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.



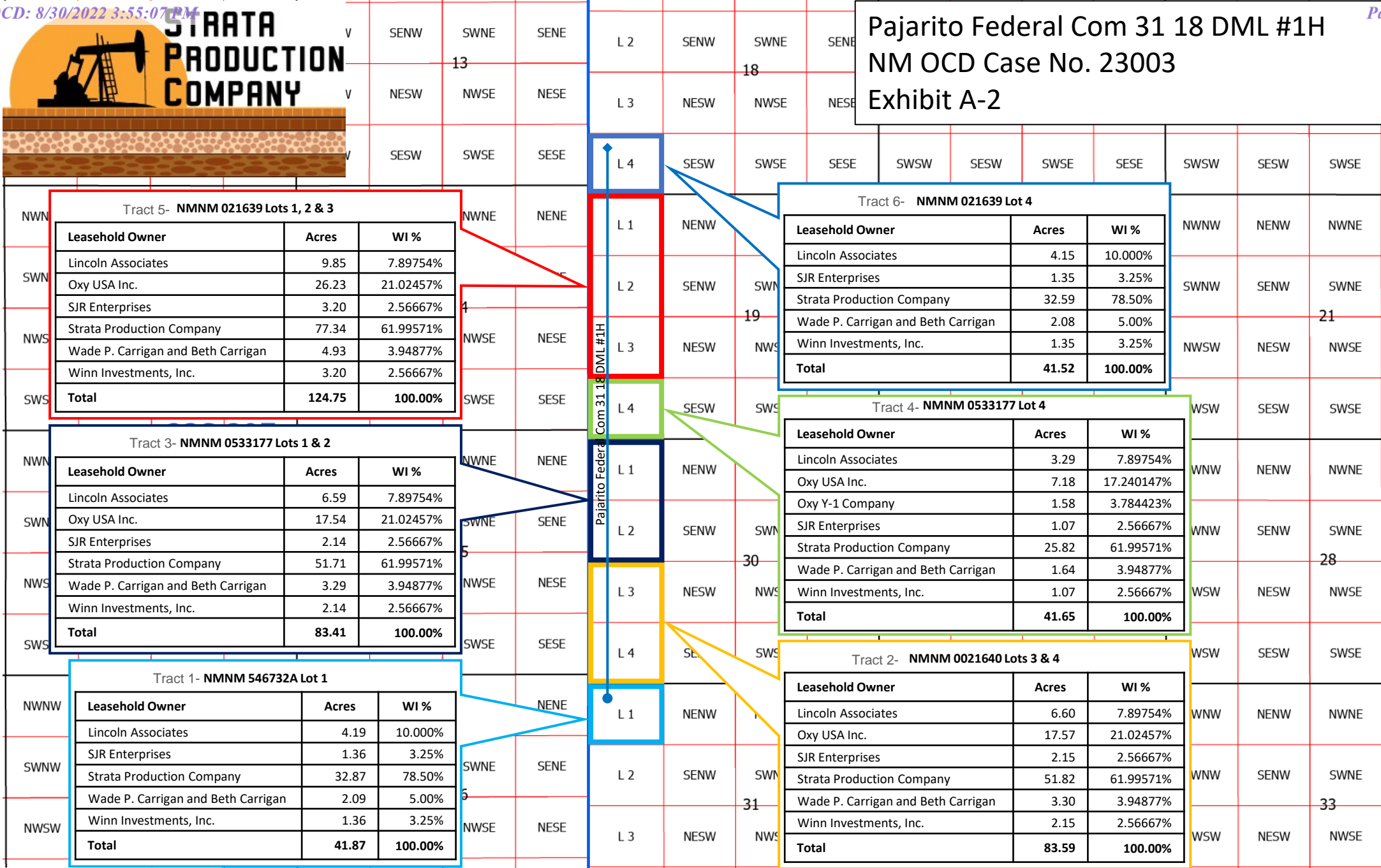
Pajarito Federal Com 31 18 DML #1H
 NM OCD Case No. 23003
 Exhibit A-1





**STRATA
PRODUCTION
COMPANY**

**Pajarito Federal Com 31 18 DML #1H
NM OCD Case No. 23003
Exhibit A-2**



Tract 5- NMNM 021639 Lots 1, 2 & 3

| Leasehold Owner | Acres | WI % |
|------------------------------------|---------------|----------------|
| Lincoln Associates | 9.85 | 7.89754% |
| Oxy USA Inc. | 26.23 | 21.02457% |
| SJR Enterprises | 3.20 | 2.56667% |
| Strata Production Company | 77.34 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 4.93 | 3.94877% |
| Winn Investments, Inc. | 3.20 | 2.56667% |
| Total | 124.75 | 100.00% |

Tract 6- NMNM 021639 Lot 4

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 4.15 | 10.000% |
| SJR Enterprises | 1.35 | 3.25% |
| Strata Production Company | 32.59 | 78.50% |
| Wade P. Carrigan and Beth Carrigan | 2.08 | 5.00% |
| Winn Investments, Inc. | 1.35 | 3.25% |
| Total | 41.52 | 100.00% |

Tract 3- NMNM 0533177 Lots 1 & 2

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 6.59 | 7.89754% |
| Oxy USA Inc. | 17.54 | 21.02457% |
| SJR Enterprises | 2.14 | 2.56667% |
| Strata Production Company | 51.71 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 3.29 | 3.94877% |
| Winn Investments, Inc. | 2.14 | 2.56667% |
| Total | 83.41 | 100.00% |

Tract 4- NMNM 0533177 Lot 4

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 3.29 | 7.89754% |
| Oxy USA Inc. | 7.18 | 17.240147% |
| Oxy Y-1 Company | 1.58 | 3.784423% |
| SJR Enterprises | 1.07 | 2.56667% |
| Strata Production Company | 25.82 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 1.64 | 3.94877% |
| Winn Investments, Inc. | 1.07 | 2.56667% |
| Total | 41.65 | 100.00% |

Tract 1- NMNM 546732A Lot 1

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 4.19 | 10.000% |
| SJR Enterprises | 1.36 | 3.25% |
| Strata Production Company | 32.87 | 78.50% |
| Wade P. Carrigan and Beth Carrigan | 2.09 | 5.00% |
| Winn Investments, Inc. | 1.36 | 3.25% |
| Total | 41.87 | 100.00% |

Tract 2- NMNM 0021640 Lots 3 & 4

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 6.60 | 7.89754% |
| Oxy USA Inc. | 17.57 | 21.02457% |
| SJR Enterprises | 2.15 | 2.56667% |
| Strata Production Company | 51.82 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 3.30 | 3.94877% |
| Winn Investments, Inc. | 2.15 | 2.56667% |
| Total | 83.59 | 100.00% |



Pajarito Federal Com 31 18 DML #1H
 NM OCD Case No. 23003
 Exhibit A-3

| | | | | | | | | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|-----|------|------|------|------|------|------|------|------|------|------|
| | | | | V | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | | | | | | | |
| | | | | V | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | | | | | | | |
| | | | | V | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE |

Pajarito Federal Com 31 18 DML #1H

| Pajarito Federal Com 31 18 DML #1H Proration Unit WI % | | |
|---|---------------|----------------|
| Leasehold Owner | Acres | WI % |
| Lincoln Associates | 34.67 | 8.318196% |
| Oxy USA Inc. | 68.52 | 16.439863% |
| Oxy Y-1 Company | 1.58 | 0.378179% |
| SJR Enterprises | 11.27 | 2.703414% |
| Strata Production Company | 272.15 | 65.297837% |
| Wade P. Carrigan and Beth Carrigan | 17.33 | 4.159098% |
| Winn Investments, Inc. | 11.27 | 2.703414% |
| Total | 416.79 | 100.00% |

23S 30E



Pajarito Federal Com 31 18 DML #1H
 NM OCD Case No. 23003
 Exhibit A-4

CONTRACT AREA Pajarito Federal Com 31 18 DML #1H– Case No. [X]:

Lot 1 of Sec. 31, Lots 1-4 of Section 30, Lots 1-4 of Section 18, and Lot 4 of Section 18
 T23S-R30E, Eddy County, New Mexico, 416.79 acres, more or less

UNIT INTEREST OF THE PARTIES:

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 34.67 | 8.318196% |
| Oxy USA Inc. | 68.52 | 16.439863% |
| Oxy Y-1 Company | 1.58 | 0.378179% |
| SJR Enterprises | 11.27 | 2.703414% |
| Strata Production Company | 272.15 | 65.297837% |
| Wade P. Carrigan and Beth Carrigan | 17.33 | 4.159098% |
| Winn Investments, Inc. | 11.27 | 2.703414% |
| Total | 416.79 | 100.000% |

TRACT INTEREST OF THE PARTIES:

Tract 1 (Lot 1 of Sec. 31, T23S-R31E, 41.87 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 4.19 | 10.000% |
| SJR Enterprises | 1.36 | 3.25% |
| Strata Production Company | 32.87 | 78.50% |
| Wade P. Carrigan and Beth Carrigan | 2.09 | 5.00% |
| Winn Investments, Inc. | 1.36 | 3.25% |
| Total | 41.87 | 100.000% |

Tract 2 (Lots 3 & 4 of Sec. 30, T23S-R31E, 83.59 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 6.60 | 7.89754% |
| Oxy USA Inc. | 17.57 | 21.02457% |
| SJR Enterprises | 2.15 | 2.56667% |
| Strata Production Company | 51.82 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 3.30 | 3.94877% |
| Winn Investments, Inc. | 2.15 | 2.56667% |
| Total | 83.59 | 100.000% |

Tract 3 (Lot 1 & 2 of Sec. 30, T23S-R31E, 83.41 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 6.59 | 7.89754% |
| Oxy USA Inc. | 17.54 | 21.02457% |
| SJR Enterprises | 2.14 | 2.56667% |
| Strata Production Company | 51.71 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 3.29 | 3.94877% |
| Winn Investments, Inc. | 2.14 | 2.56667% |
| Total | 83.41 | 100.000% |

Tract 4 (Lot 4 of Sec. 19, T23S-R31E, 41.65 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 3.29 | 7.89754% |
| Oxy USA Inc. | 7.18 | 17.240147% |
| Oxy Y-1 Company | 1.58 | 3.784423% |
| SJR Enterprises | 1.07 | 2.56667% |
| Strata Production Company | 25.82 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 1.64 | 3.94877% |
| Winn Investments, Inc. | 1.07 | 2.56667% |
| Total | 41.65 | 100.000% |

Tract 5 (Lots 1-3 of Sec. 19, T23S-R31E, 124.75 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 9.85 | 7.89754% |
| Oxy USA Inc. | 26.23 | 21.02457% |
| SJR Enterprises | 3.20 | 2.56667% |
| Strata Production Company | 77.34 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 4.93 | 3.94877% |
| Winn Investments, Inc. | 3.20 | 2.56667% |
| Total | 124.75 | 100.000% |

Tract 6 (Lot 4 of Sec. 18, T23S-R31E, 41.52 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 4.15 | 10.000% |
| SJR Enterprises | 1.35 | 3.25% |
| Strata Production Company | 32.59 | 78.50% |
| Wade P. Carrigan and Beth Carrigan | 2.08 | 5.00% |
| Winn Investments, Inc. | 1.35 | 3.25% |
| Total | 41.52 | 100.000% |

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Tract 1:

Lessor: United State of America
Lessee: Lila Mae Redwine
Serial No.: NMNM 0546732A
Date: May 1, 1964
Description: Lot 1 of Section 31, T23S-R31E, containing 41.87 acres, more or less

Tract 2:

Lessor: United State of America
Lessee: Lila Mae Redwine
Serial No.: NMNM 021640
Date: May 1, 1964
Description: Lots 3 & 4 of Section 30, T23S-R31E, containing 83.59 acres, more or less

Tract 3:

Lessor: United State of America
Lessee: Francis L. Solsbery
Serial No.: NMNM 0533177
Date: April 1, 1964
Description: Lots 1 & 2 of Section 30, T23S-R31E, containing 83.41 acres, more or less

Tract 4:

Lessor: United State of America
Lessee: Francis L. Solsbery
Serial No.: NMNM 0533177
Date: April 1, 1964
Description: Lot 4 of Section 19, T23S-R31E, containing 41.65 acres, more or less

Tract 5:

Lessor: United State of America
Lessee: Dorothy Capes
Serial No.: NMNM 021639
Date: May 1, 1964
Description: Lots 1-3 of Section 19, T23S-R31E, containing 124.75 acres, more or less

Tract 6:

Lessor: United State of America
Lessee: Dorothy Capes
Serial No.: NMNM 021639
Date: May 1, 1964
Description: Lot 4 of Section 18, T23S-R31E, containing 41.52 acres, more or less



Pajarito Federal Com 31 18 DML
#1H NM OCD Case No. 23003
Exhibit A-5

Interest Owner: Oxy USA Inc. & Oxy Y-1 Company

Contact Type: Phone, Email, USPS

Notes: Contacted Matthew Cole regarding the proposals on June 30, 2022 with no response. I later sent him multiple emails followed up with phone calls with no response. In prior discussions, Mr. Cole has informed me that Oxy will not look at a proposal until they are compulsory pooled.

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 DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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 PAJARITO FED COM 31 18 DML | | | 6 Well Number 1H |
| 7 GRID NO. 21712 | | 8 Operator Name STRATA PRODUCTION COMPANY | | | 9 Elevation 3345' |

10 Surface Location

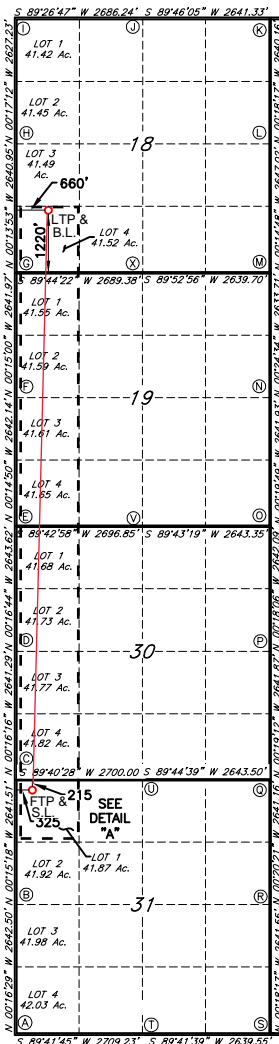
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet From the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1 | 31 | 23S | 31E | | 215 | NORTH | 325 | WEST | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 4 | 18 | 23S | 31E | | 1220 | SOUTH | 660 | WEST | EDDY |

| | | | |
|---------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 400 | 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.



GEODETIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION
N: 461452.2 - E: 698583.2

LAT: 32.2675823° N
LONG: 103.8245894° W

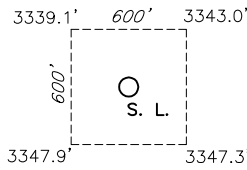
BOTTOM HOLE
N: 473454.7 - E: 698864.0

LAT: 32.3005706° N
LONG: 103.8234965° W

CORNER DATA
NAD 83 GRID - NM EAST

- A: FOUND BRASS CAP "1916"
N: 456382.5 - E: 698281.8
- B: FOUND BRASS CAP "1916"
N: 459024.4 - E: 698269.1
- C: FOUND BRASS CAP "1916"
N: 461665.3 - E: 698257.4
- D: FOUND BRASS CAP "1916"
N: 464306.0 - E: 698244.9
- E: FOUND BRASS CAP "1916"
N: 466949.0 - E: 698232.0
- F: FOUND BRASS CAP "1942"
N: 469590.6 - E: 698220.6
- G: FOUND BRASS CAP "1942"
N: 472231.9 - E: 698209.1
- H: FOUND BRASS CAP "1916"
N: 474872.3 - E: 698198.4
- I: FOUND BRASS CAP "1916"
N: 477498.9 - E: 698185.3
- J: FOUND BRASS CAP "1916"
N: 477524.8 - E: 700870.8
- K: FOUND 1" PIPE
N: 477535.5 - E: 703511.5
- L: FOUND BRASS CAP "1916"
N: 474896.0 - E: 703525.5

DETAIL "A"



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

7.1.2022

Signature

Date

Mitch Krakauskas

Printed Name

mitch@stratanm.com

E-mail Address

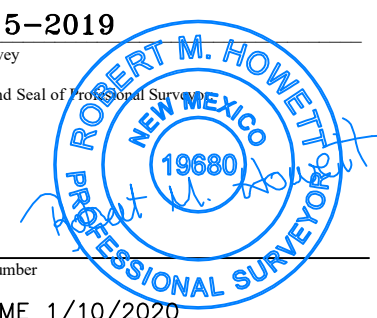
18 SURVEYOR CERTIFICATION

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

11-15-2019

Date of Survey

Signature and Seal of Professional Surveyor

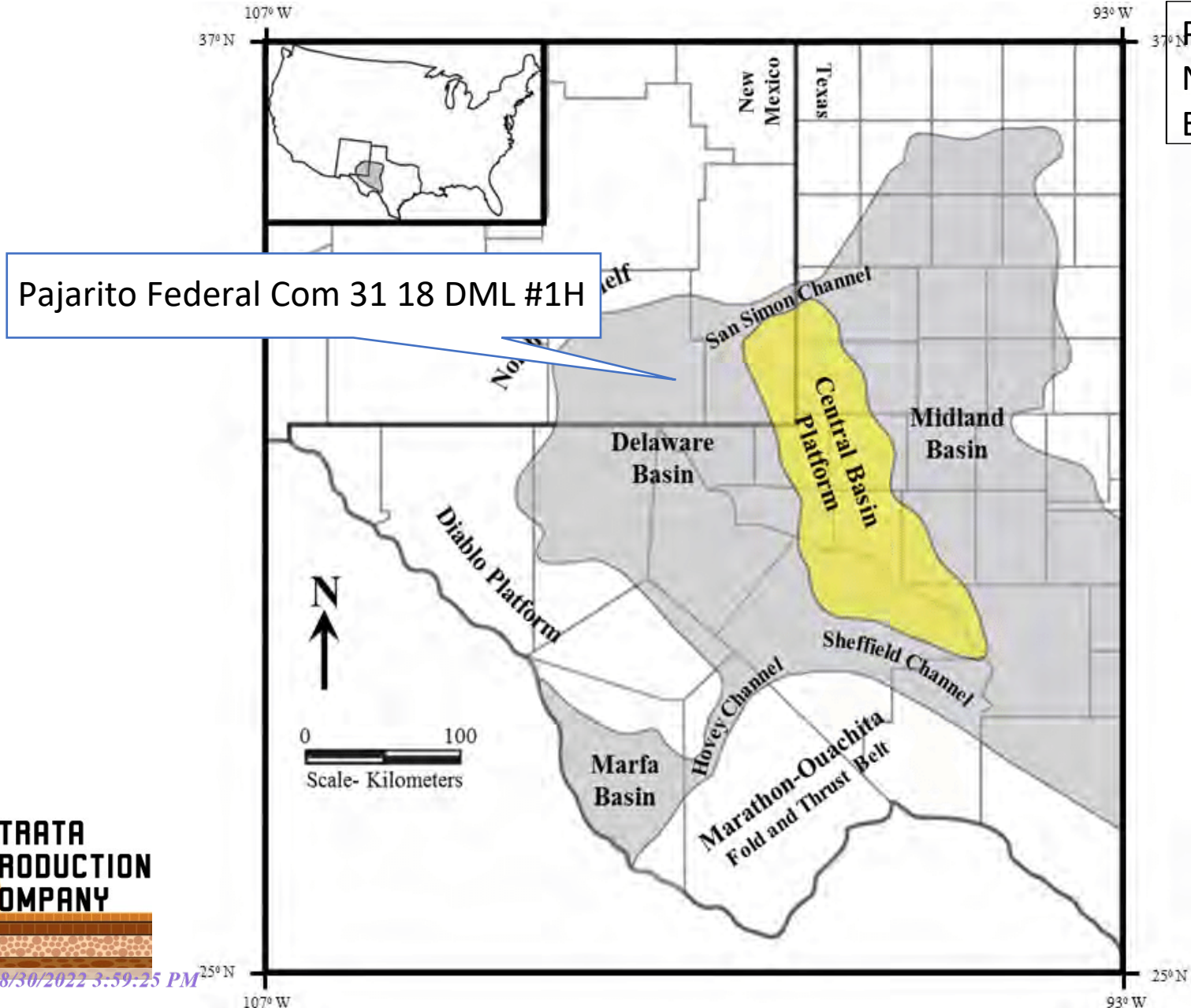


19680

Certificate Number

REV: NAME 1/10/2020

Regional View of the Delaware Basin



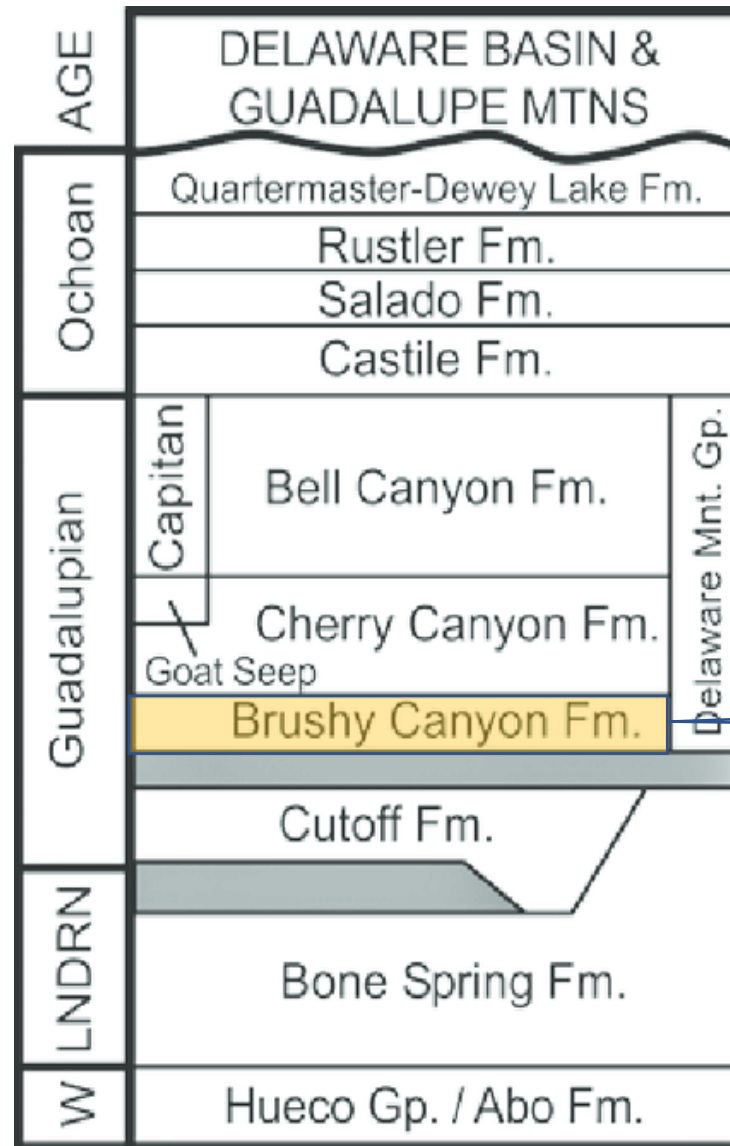
Pajarito Federal Com 31 18 DML #1H

Pajarito Federal Com 31 18 DML #1H
NM OCD Case No. 23003
Exhibit B-1



Delaware Basin Stratigraphic Column

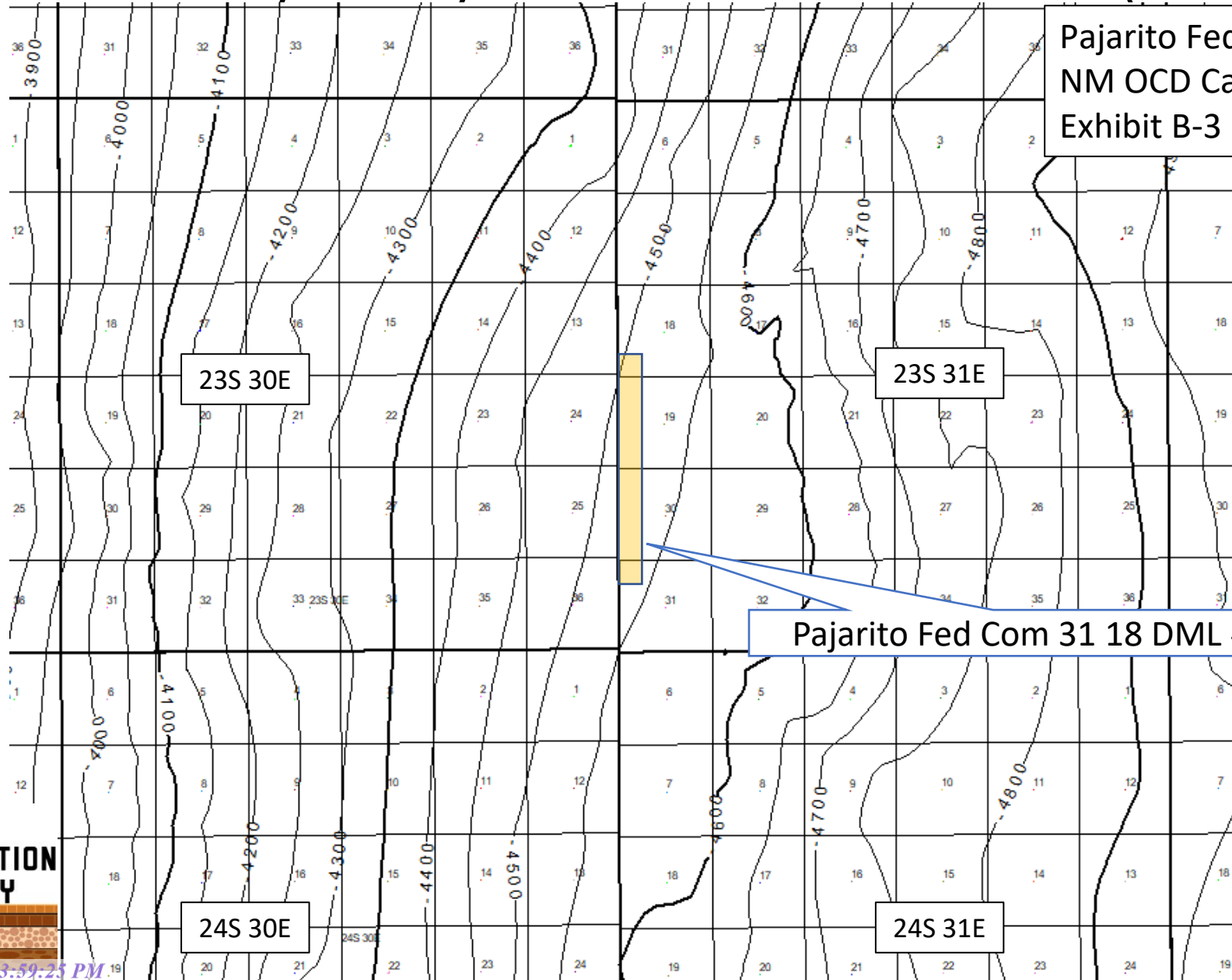
Pajarito Federal Com 31 18 DML #1H
NM OCD Case No. 23003
Exhibit B-2



Target Zone



Base of Brushy Canyon Fm. Structure (TVDSS)



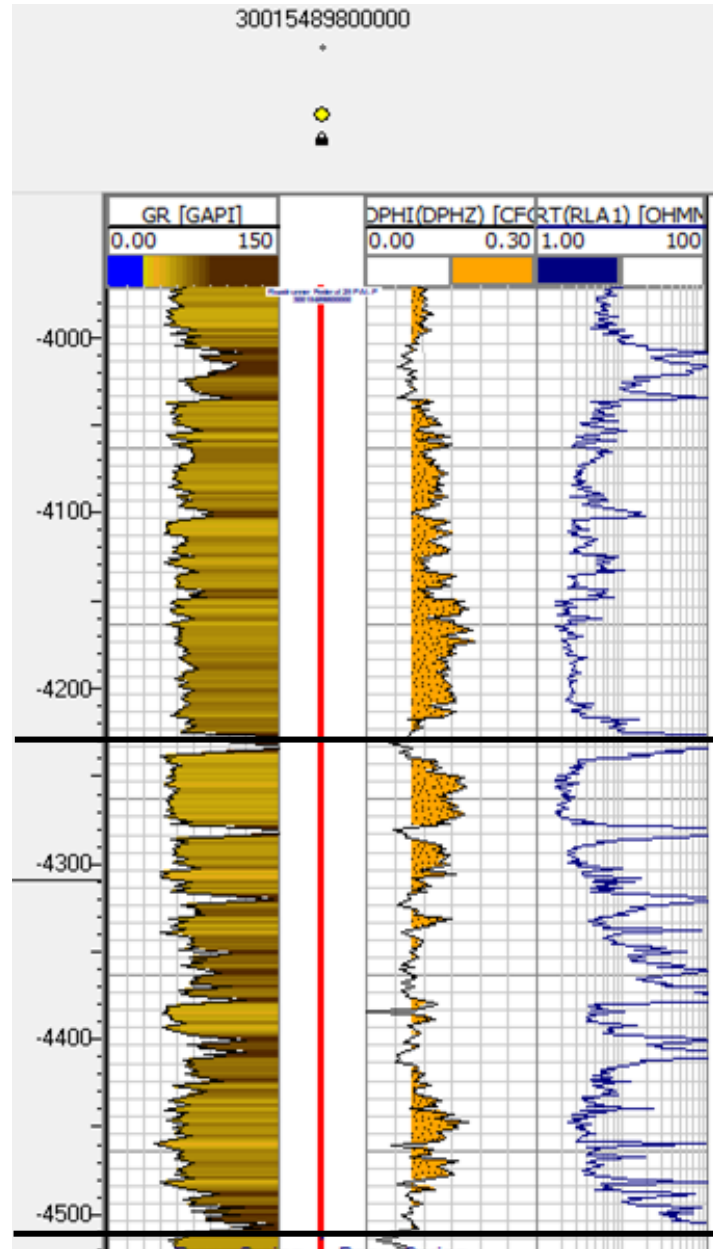
Pajarito Federal Com 31 18 DML #1H
 NM OCD Case No. 23003
 Exhibit B-3

Pajarito Fed Com 31 18 DML #1H



Target Interval on Offset Log

Pajarito Federal Com 31 18 DML #1H
NM OCD Case No. 23003
Exhibit B-4



Lower Brushy Canyon Fm. (Top)

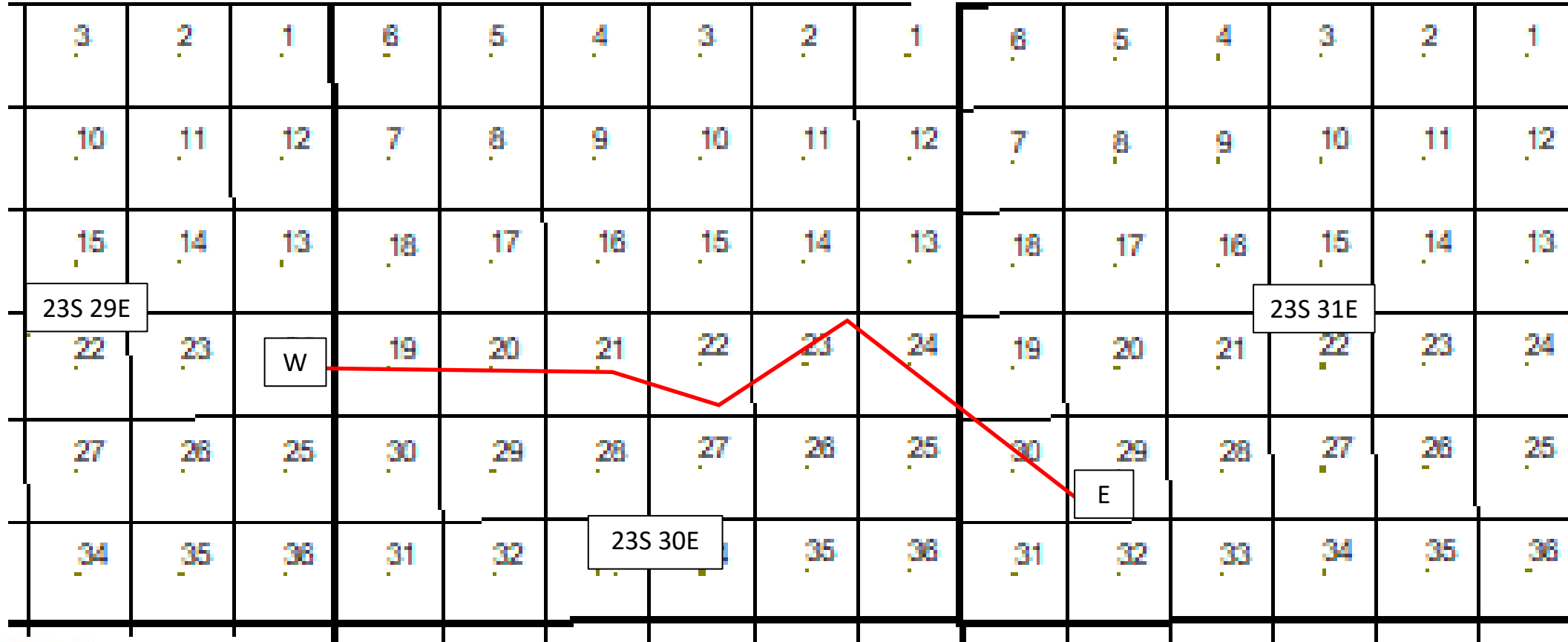
Target Interval
Pajarito Federal Com 31 18 DML #1H

Lower Brushy Canyon Fm. (Base)



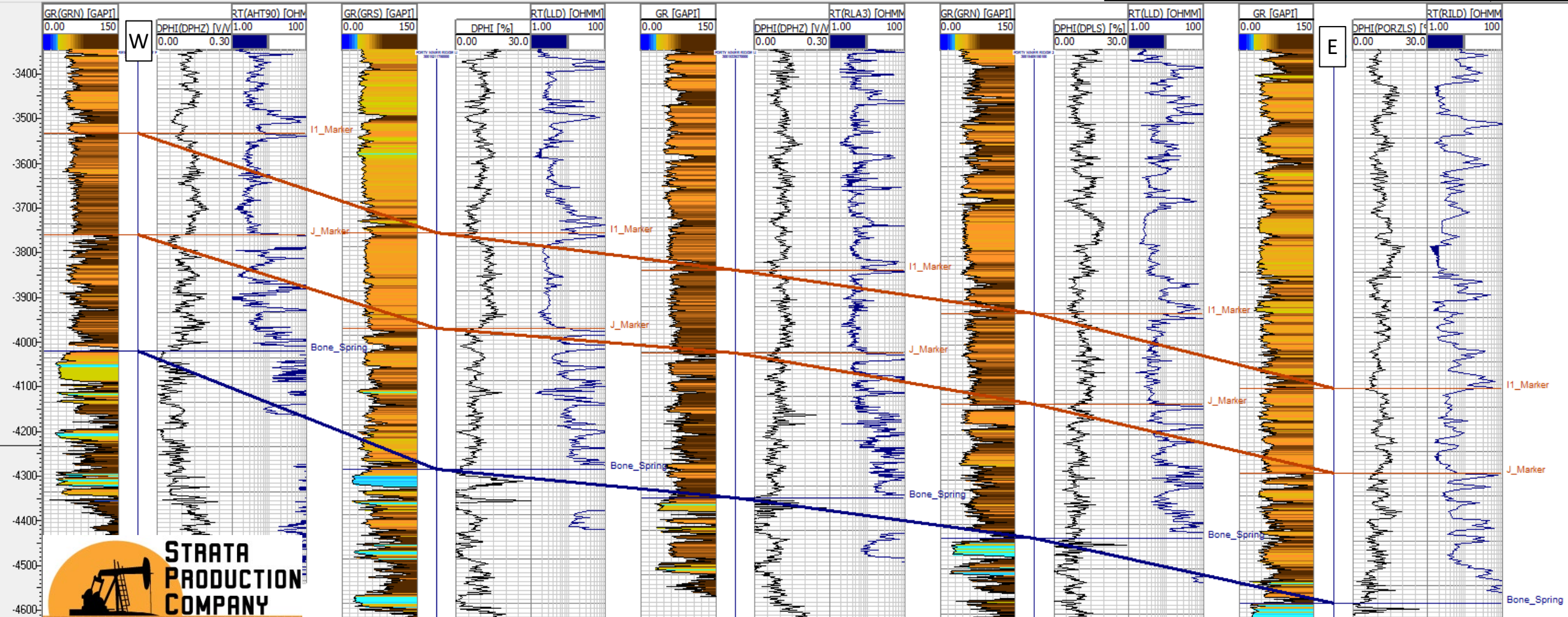
Cross Section Line

| |
|--|
| Pajarito Federal Com 31 18 DML #1H NM OCD Case No. 23003 Exhibit B-5 |
|--|



Structural Cross section

Pajarito Federal Com 31 18 DML #1H
NM OCD Case No. 23003
Exhibit B-6



Tab 7.

Received by OGD: 8/30/2022 3:55:11 PM

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

| | |
|--|--|
| Case: 23004 | APPLICANT'S RESPONSE |
| Date | September 1, 2022 |
| Applicant | Strata Production Company |
| Designated Operator & OGRID (affiliation if applicable) | 21712 |
| Applicant's Counsel: | Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton) |
| Case Title: | Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico |
| Entries of Appearance/Intervenors: | None at this time |
| Well Family | Pajarito 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: | 320 acres, more or less |
| Spacing Unit | |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 320 acres, more or less |
| Building Blocks: | Quarter-quarter section (40 ac) |
| Orientation: | South-North |
| Description: TRS/County | NE/4 NE/4 of Section 31, the E/2 E/2 of Section 30 , and the E/2 SE/4 and SE/4 NE/4 of Section 19, T23S, R31E, 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: 78.50%; Tract 2: 61.99571%; Tract 3: 61.99571%; Tract 4: 61.99571%; Tract 5: 61.99571%; see Exhibits A-2 and 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: 8/30/2022 3:55:07 PM</i> | Pajarito Fed Com 31 19 AAL #4H, API No. Pending SHL: 1070' FNL and 910' FEL , Section 31, T23S-R31E, NMPPM BHL: 1420' FNL and 400' FEL, Section 19, T-23S-R31E, NMPPM Completion Target: Brushy Canyon at approx. 7800' Well Orientation: South to North Completion location expected to be standard |
| Horizontal Well First and Last Take Points | FTP (~1070' FNL and 910' FEL of Section 31, T23S-R31E) LTP (~1420' FNL and 400' FEL of Section 19, T23S-R31E) |
| Completion Target (Formation, TVD and MD) | Brushy Canyon - TVD (~7,862'), MD (~17,890') |
| AFE Capex and Operating Costs | |
| Drilling Supervision/Month \$ | \$8000; see Exhibit A, ¶ 23 |
| Production Supervision/Month \$ | \$800; see Exhibit A, ¶ 23 |
| Justification for Supervision Costs | Please see AFE at Exhibit A-7 |
| Requested Risk Charge | 200%; see Exhibit A, ¶ 24 |
| 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; Exhibit A-8 |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit C |
| Ownership Determination | |
| Land Ownership Schematic of the Spacing Unit | See Exhibits A-2 and A-3 |
| Tract List (including lease numbers and owners) | See Exhibits A-2 and A-4 |
| Pooled Parties (including ownership type) | See Exhibit A-5 |
| 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 | See AFE at Exhibit A-7 |
| Cost Estimate to Equip Well | See AFE at Exhibit A-7 |
| Cost Estimate for Production Facilities | See AFE at Exhibit A-7 |
| Geology | |
| Summary (including special considerations) | Exhibit B, ¶¶ 5-15; see Exhibits B-1 through B-6 |
| Spacing Unit Schematic | Exhibit B-3 |
| Well Orientation (with rationale) | Exhibit B, ¶ 13(e) |
| Target Formation | Exhibit B-2 and B-4 |
| HSU Cross Section | Exhibit B-6 |
| Depth Severance Discussion | n/a; see Exhibit A, ¶ 16 |

| | | |
|--|--|-----------------------|
| Forms, Figures and Tables | <i>Received by OCD: 8/30/2022 3:55:07 PM</i> | <i>Page 119 of 14</i> |
| C-102 | Exhibit A-6 | |
| Tracts | Exhibits A-2 and A-4 | |
| Summary of Interests, Unit Recapitulation (Tracts) | Exhibit A-3 | |
| General Location Map (including basin) | Exhibit B-1 | |
| Well Bore Location Map | Exhibit A-3; Exhibit A-6 | |
| Structure Contour Map - Subsea Depth | Exhibit B-3 | |
| Cross Section Location Map (including wells) | Exhibit B-5 | |
| Cross Section (including Landing Zone) | Exhibits B-5 and B-6 | |
| 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: | 8/30/2022 | |

**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 Troy S. Lawton), 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 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the NE/4 NE/4 of Section 31, the E/2 E/2 of Section 30, and the E/2 SE/4 and SE/4 NE/4 of Section 19, Township 23 South, Range 31 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 2-mile **Pajarito Fed Com 31 19 AAL #4H** well, to be horizontally drilled from an approximate surface hole location 1070’ FNL and 910’ FEL of Section 31, T23S-R31E, to an approximate bottom hole location 1420’ FNL and 400’ FEL of Section 19, T23S-R31E.
3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

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 Delaware 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.

WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on September 1, 2022, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 320-acre, more or less, HSU comprised of the NE/4 NE/4 of Section 31, the E/2 E/2 of Section 30, and the E/2 SE/4 and SE/4 NE/4 of Section 19, Township 23 South, Range 31 East in Eddy County, New Mexico;

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

C. Allowing the drilling of the Pajarito Fed Com 31 19 AAL #4H well;

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

Troy S. Lawton

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 986-2678

sshaheen@montand.com

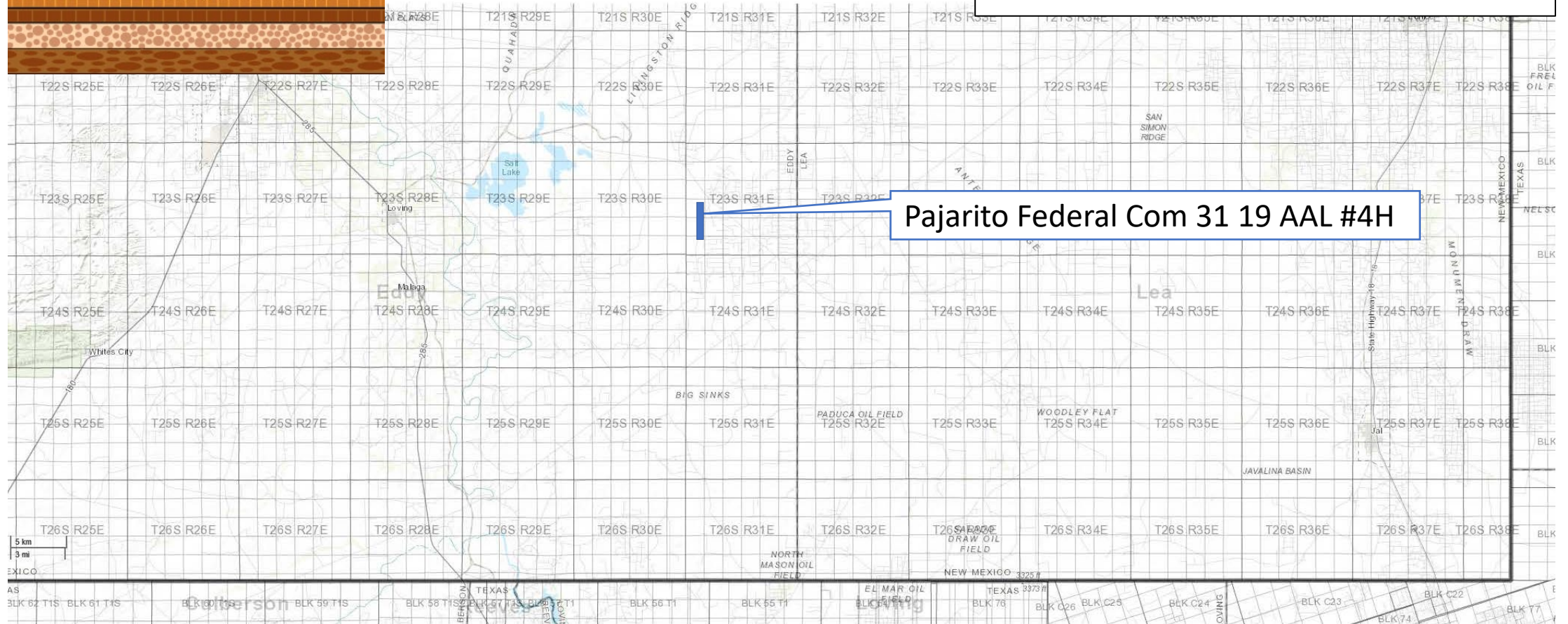
tlawton@montand.com

Attorneys for Strata Production Company

Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the NE/4 NE/4 of Section 31, the E/2 E/2 of Section 30, and the E/2 SE/4 and SE/4 NE/4 of Section 19, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following 2-mile well in the HSU: **Pajarito Fed Com 31 19 AAL #4H** well, to be horizontally drilled from an approximate surface hole location 1070’ FNL and 910’ FEL of Section 31, T23S-R31E, to an approximate bottom hole location 1420’ FNL and 400’ FEL of Section 19, T23S-R31E. The first and last take points and completed interval will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.



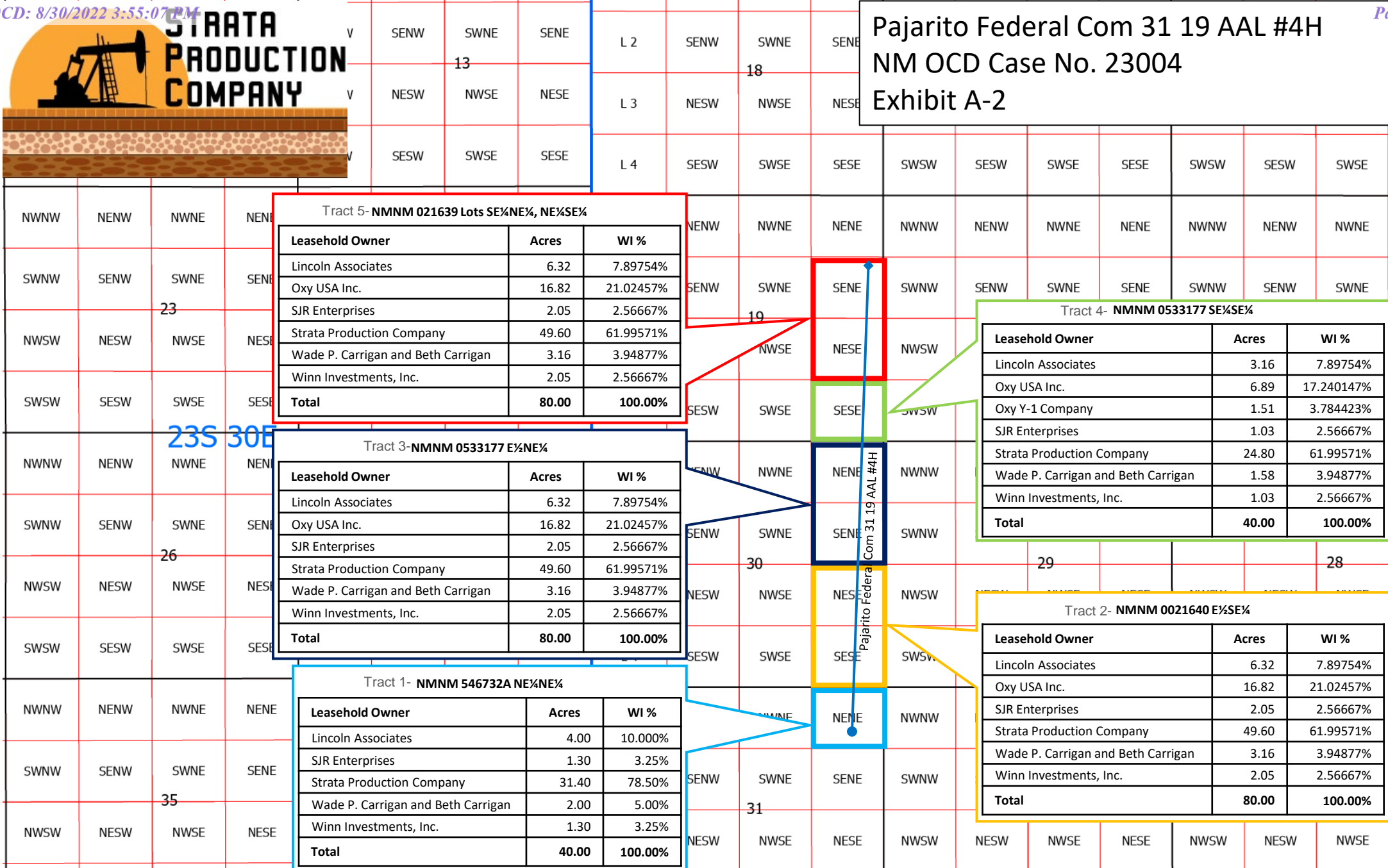
Pajarito Federal Com 31 19 AAL #4H
 NM OCD Case No. 23004
 Exhibit A-1





**STRATA
PRODUCTION
COMPANY**

**Pajarito Federal Com 31 19 AAL #4H
NM OCD Case No. 23004
Exhibit A-2**



Tract 5- NMNM 021639 Lots SE¼NE¼, NE¼SE¼

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 6.32 | 7.89754% |
| Oxy USA Inc. | 16.82 | 21.02457% |
| SJR Enterprises | 2.05 | 2.56667% |
| Strata Production Company | 49.60 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 3.16 | 3.94877% |
| Winn Investments, Inc. | 2.05 | 2.56667% |
| Total | 80.00 | 100.00% |

Tract 3- NMNM 0533177 E¼NE¼

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 6.32 | 7.89754% |
| Oxy USA Inc. | 16.82 | 21.02457% |
| SJR Enterprises | 2.05 | 2.56667% |
| Strata Production Company | 49.60 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 3.16 | 3.94877% |
| Winn Investments, Inc. | 2.05 | 2.56667% |
| Total | 80.00 | 100.00% |

Tract 1- NMNM 546732A NE¼NE¼

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 4.00 | 10.0000% |
| SJR Enterprises | 1.30 | 3.25% |
| Strata Production Company | 31.40 | 78.50% |
| Wade P. Carrigan and Beth Carrigan | 2.00 | 5.00% |
| Winn Investments, Inc. | 1.30 | 3.25% |
| Total | 40.00 | 100.00% |

Tract 4- NMNM 0533177 SE¼SE¼

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 3.16 | 7.89754% |
| Oxy USA Inc. | 6.89 | 17.240147% |
| Oxy Y-1 Company | 1.51 | 3.784423% |
| SJR Enterprises | 1.03 | 2.56667% |
| Strata Production Company | 24.80 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 1.58 | 3.94877% |
| Winn Investments, Inc. | 1.03 | 2.56667% |
| Total | 40.00 | 100.00% |

Tract 2- NMNM 0021640 E¼SE¼

| Leasehold Owner | Acres | WI % |
|------------------------------------|--------------|----------------|
| Lincoln Associates | 6.32 | 7.89754% |
| Oxy USA Inc. | 16.82 | 21.02457% |
| SJR Enterprises | 2.05 | 2.56667% |
| Strata Production Company | 49.60 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 3.16 | 3.94877% |
| Winn Investments, Inc. | 2.05 | 2.56667% |
| Total | 80.00 | 100.00% |



Pajarito Federal Com 31 19 AAL #4H
 NM OCD Case No. 23004
 Exhibit A-3

| | | | | | | | | | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|-----|------|------|------|------|------|------|------|------|------|------|--|
| | | | | | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | | | | | | | | |
| | | | | | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | | | | | | | | |
| | | | | | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | |
| SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | L 4 | SESW | SWSE | SESE | SWSW | SESW | SWSE | SESE | SWSW | SESW | SWSE | |
| NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | L 1 | NENW | NWNE | NENE | NWNW | NENW | NWNE | NENE | NWNW | NENW | NWNE | |
| SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | L 2 | SENW | SWNE | SENE | SWNW | SENW | SWNE | SENE | SWNW | SENW | SWNE | |
| NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | L 3 | NESW | NWSE | NESE | NWSW | NESW | NWSE | NESE | NWSW | NESW | NWSE | |

**Pajarito Federal Com 31 19 AAL #4H
 Proration Unit WI %**

| Leasehold Owner | Acres | WI % |
|------------------------------------|---------------|----------------|
| Lincoln Associates | 26.11 | 8.160350% |
| Oxy USA Inc. | 57.35 | 17.923446% |
| Oxy Y-1 Company | 1.51 | 0.473053% |
| SJR Enterprises | 8.49 | 2.652114% |
| Strata Production Company | 204.99 | 64.058748% |
| Wade P. Carrigan and Beth Carrigan | 13.06 | 4.080175% |
| Winn Investments, Inc. | 8.49 | 2.652114% |
| Total | 320.00 | 100.00% |

23S

23S 31E

Pajarito Federal Com 31 19 AAL #4H



Pajarito Federal Com 31 19 AAL #4H
 NM OCD Case No. 23004
 Exhibit A-4

CONTRACT AREA Pajarito Federal Com 31 19 AAL #4H – Case No. [X]:

NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec. 31, E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 30, and E $\frac{1}{2}$ SE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 19
 T23S-R30E, Eddy County, New Mexico, 320.00 acres, more or less

UNIT INTEREST OF THE PARTIES:

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 26.11 | 8.160350% |
| Oxy USA Inc. | 57.35 | 17.923446% |
| Oxy Y-1 Company | 1.51 | 0.473053% |
| SJR Enterprises | 8.49 | 2.652114% |
| Strata Production Company | 204.99 | 64.058748% |
| Wade P. Carrigan and Beth Carrigan | 13.06 | 4.080175% |
| Winn Investments, Inc. | 8.49 | 2.652114% |
| Total | 320.00 | 100.000% |

TRACT INTEREST OF THE PARTIES:

Tract 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec. 31, T23S-R31E, 40.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 4.00 | 10.000% |
| SJR Enterprises | 1.30 | 3.25% |
| Strata Production Company | 31.40 | 78.50% |
| Wade P. Carrigan and Beth Carrigan | 2.00 | 5.00% |
| Winn Investments, Inc. | 1.30 | 3.25% |
| Total | 40.00 | 100.000% |

Tract 2 (E $\frac{1}{2}$ SE $\frac{1}{4}$ of Sec. 30, T23S-R31E, 80.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 6.32 | 7.89754% |
| Oxy USA Inc. | 16.82 | 21.02457% |
| SJR Enterprises | 2.05 | 2.56667% |
| Strata Production Company | 49.60 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 3.16 | 3.94877% |
| Winn Investments, Inc. | 2.05 | 2.56667% |
| Total | 80.00 | 100.000% |

Tract 3 (E $\frac{1}{2}$ NE $\frac{1}{4}$ of Sec. 30, T23S-R31E, 80.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 6.32 | 7.89754% |
| Oxy USA Inc. | 16.82 | 21.02457% |
| SJR Enterprises | 2.05 | 2.56667% |
| Strata Production Company | 49.60 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 3.16 | 3.94877% |
| Winn Investments, Inc. | 2.05 | 2.56667% |
| Total | 80.00 | 100.000% |

Tract 4 (SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 19, T23S-R31E, 40 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 3.16 | 7.89754% |
| Oxy USA Inc. | 6.89 | 17.240147% |
| Oxy Y-1 Company | 1.51 | 3.784423% |
| SJR Enterprises | 1.03 | 2.56667% |
| Strata Production Company | 24.80 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 1.58 | 3.94877% |
| Winn Investments, Inc. | 1.03 | 2.56667% |
| Total | 40.00 | 100.000% |

Tract 5 (NE $\frac{1}{4}$ SE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec. 19, T23S-R31E, 80.00 acres, more or less)

| Interest Owners: | Net Acres | WI % |
|------------------------------------|------------------|-----------------|
| Lincoln Associates | 6.32 | 7.89754% |
| Oxy USA Inc. | 16.82 | 21.02457% |
| SJR Enterprises | 2.05 | 2.56667% |
| Strata Production Company | 49.60 | 61.99571% |
| Wade P. Carrigan and Beth Carrigan | 3.16 | 3.94877% |
| Winn Investments, Inc. | 2.05 | 2.56667% |
| Total | 80.00 | 100.000% |

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Tract 1:

Lessor: United State of America
Lessee: Lila Mae Redwine
Serial No.: NMNM 0546732A
Date: May 1, 1964
Description: NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 31, T23S-R31E, containing 40.00 acres, more or less

Tract 2:

Lessor: United State of America
Lessee: Lila Mae Redwine
Serial No.: NMNM 021640
Date: May 1, 1964
Description: E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 30, T23S-R31E, containing 80.00 acres, more or less

Tract 3:

Lessor: United State of America
Lessee: Francis L. Solsbery
Serial No.: NMNM 0533177
Date: April 1, 1964
Description: E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 30, T23S-R31E, containing 80.00 acres, more or less

Tract 4:

Lessor: United State of America
Lessee: Francis L. Solsbery
Serial No.: NMNM 0533177
Date: April 1, 1964
Description: SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 19, T23S-R31E, containing 40.00 acres, more or less

Tract 5:

Lessor: United State of America
Lessee: Dorothy Capes
Serial No.: NMNM 021639
Date: May 1, 1964
Description: NE $\frac{1}{4}$ SE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 19, T23S-R31E, containing 80.00 acres, more or less



Pajarito Federal Com 31 19 AAL #4H
NM OCD Case No. 23004
Exhibit A-5

Interest Owner: Oxy USA Inc. & Oxy Y-1 Company

Contact Type: Phone, Email, USPS

Notes: Contacted Matthew Cole regarding the proposals on June 30, 2022 with no response. I later sent him multiple emails followed up with phone calls with no response. In prior discussions, Mr. Cole has informed me that Oxy will not look at a proposal until they are compulsory pooled.

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 DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | | | | | |
|---|--------------------|----------------------------|-------|----------------------------|---------------|------------------|---------------|----------------|--------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | | | | | |
| | | 24750 | | Forty Niner Ridge Delaware | | | | | |
| 4 Property Code | | 5 Property Name | | | | | 6 Well Number | | |
| | | PAJARITO FED COM 31 19 AAL | | | | | 4H | | |
| 7 OGRID NO. | | 8 Operator Name | | | | | 9 Elevation | | |
| 21712 | | STRATA PRODUCTION COMPANY | | | | | 3352' | | |
| 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 |
| A | 31 | 23S | 31E | | 1070 | NORTH | 910 | 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 |
| A | 19 | 23S | 31E | | 1420 | NORTH | 400 | EAST | EDDY |
| 12 Dedicated Acres | 13 Joint or Infill | 14 Consolidation Code | | 15 Order No. | | | | | |
| 320 | | | | | | | | | |

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.

16 GEODETIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION
N: 460618.6 - E: 702696.2
LAT: 32.2652366° N
LONG: 103.8112961° W

BOTTOM HOLE
N: 470829.1 - E: 703147.2
LAT: 32.2932969° N
LONG: 103.8096759° W

CORNER DATA
NAD 83 GRID - NM EAST

| | |
|--|---|
| A: FOUND BRASS CAP "1916" N: 456382.5 - E: 698281.8 | L: FOUND BRASS CAP "1916" N: 464333.7 - E: 703584.9 |
| B: FOUND BRASS CAP "1916" N: 459024.4 - E: 698269.1 | M: FOUND BRASS CAP "1916" N: 461692.4 - E: 703599.6 |
| C: FOUND BRASS CAP "1916" N: 461665.3 - E: 698257.4 | N: FOUND BRASS CAP "1916" N: 4599051.9 - E: 703615.3 |
| D: FOUND BRASS CAP "1916" N: 464306.0 - E: 698244.9 | O: FOUND BRASS CAP "1916" N: 456410.9 - E: 703629.3 |
| E: FOUND BRASS CAP "1916" N: 466949.0 - E: 698232.0 | P: FOUND BRASS CAP "1916" N: 456396.8 - E: 700990.4 |
| F: FOUND BRASS CAP "1942" N: 469590.6 - E: 698220.6 | Q: FOUND BRASS CAP "1916" N: 461680.6 - E: 700956.7 |
| G: FOUND BRASS CAP "1916" N: 472231.9 - E: 698209.1 | R: FOUND BRASS CAP "1916" N: 466962.4 - E: 700928.2 |
| H: FOUND BRASS CAP "1916" N: 472244.2 - E: 700897.8 | |
| I: FOUND BRASS CAP "1916" N: 472249.6 - E: 703536.9 | |
| J: FOUND BRASS CAP "1916" N: 469616.5 - E: 703555.8 | |
| K: FOUND BRASS CAP "1916" N: 466975.2 - E: 703571.0 | |

17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

7.1.2022

Signature: Mitch Krakauskas
Date: 7.1.2022
Printed Name: Mitch Krakauskas
E-mail Address: mitch@stratanm.com

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

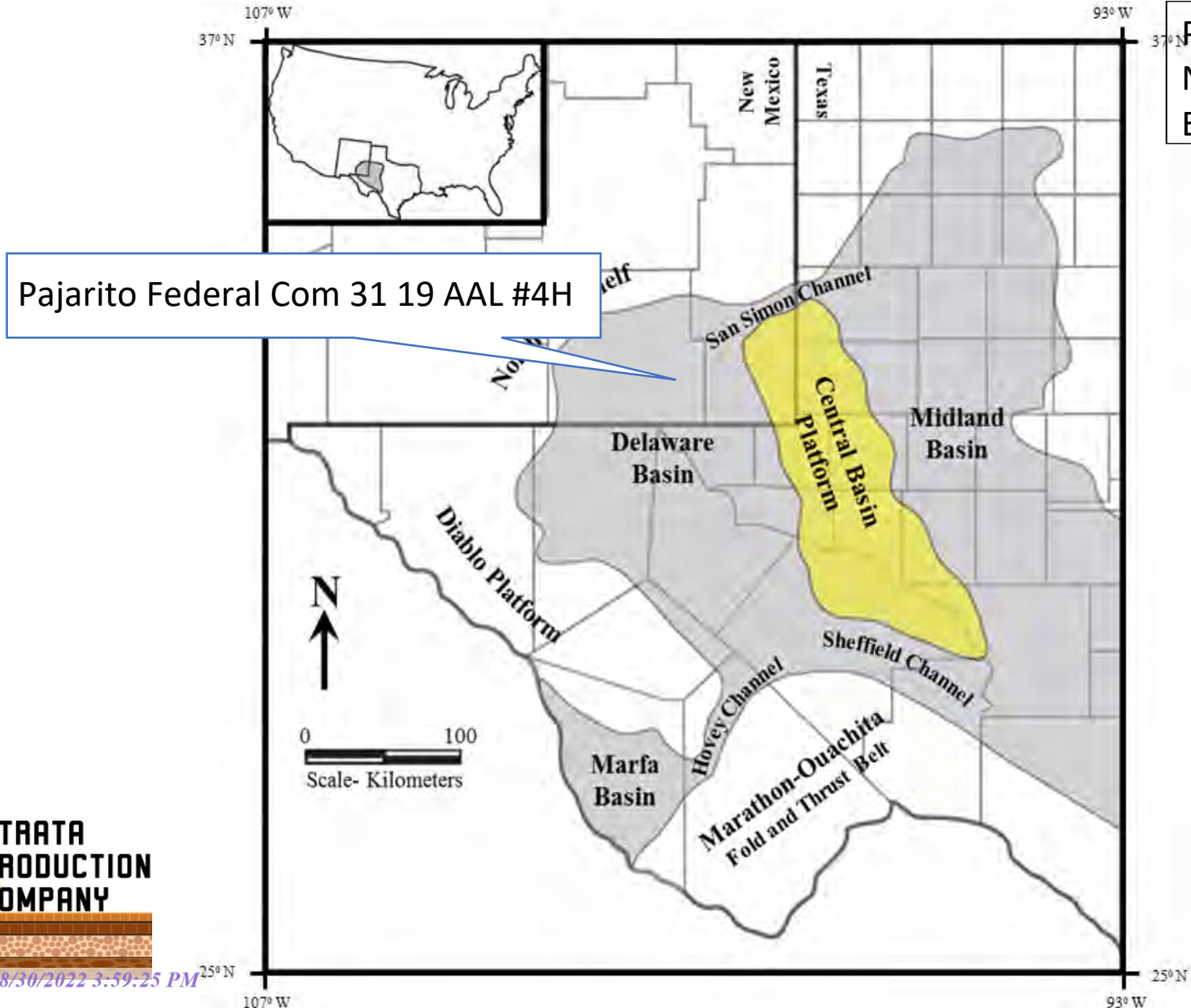
02-04-2020

Date of Survey: 02-04-2020
Signature and Seal of Professional Surveyor: [Seal of Robert M. Howett, Professional Surveyor, New Mexico, 19680]

19680
Certificate Number: 19680
REV: B.H. MOVE - 7/20/22

DETAIL "A"

Regional View of the Delaware Basin



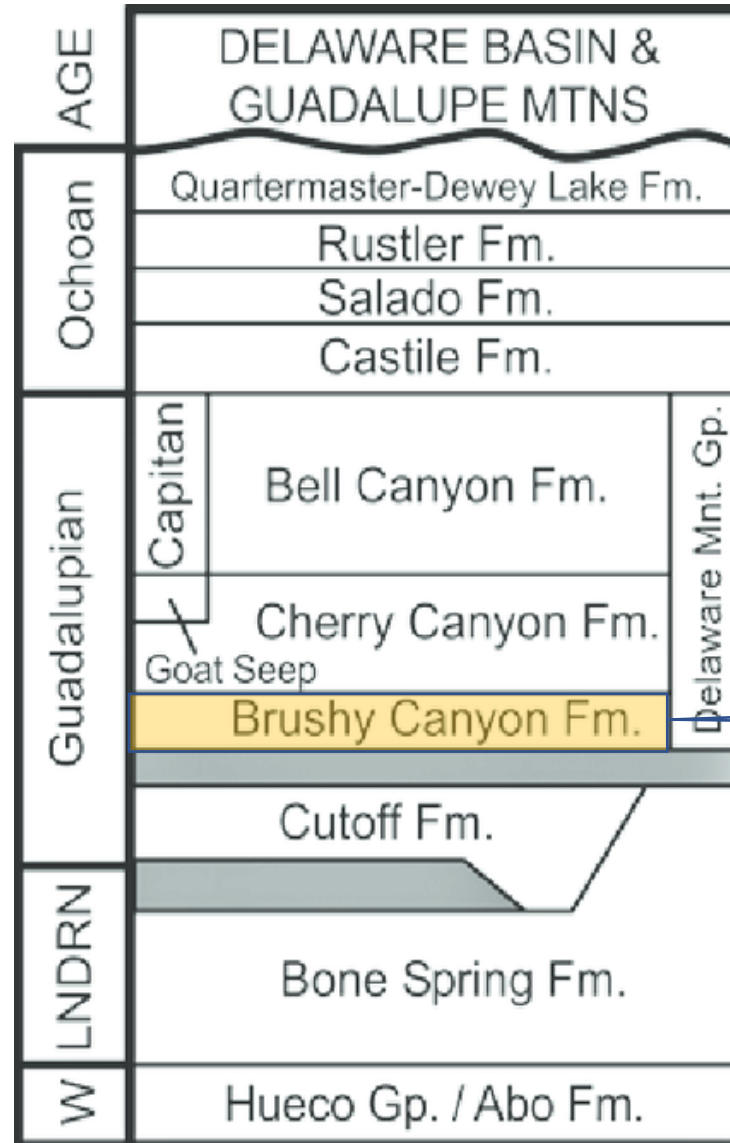
Pajarito Federal Com 31 19 AAL #4H

Pajarito Federal Com 31 19 AAL #4H
NM OCD Case No. 23004
Exhibit B-1



Delaware Basin Stratigraphic Column

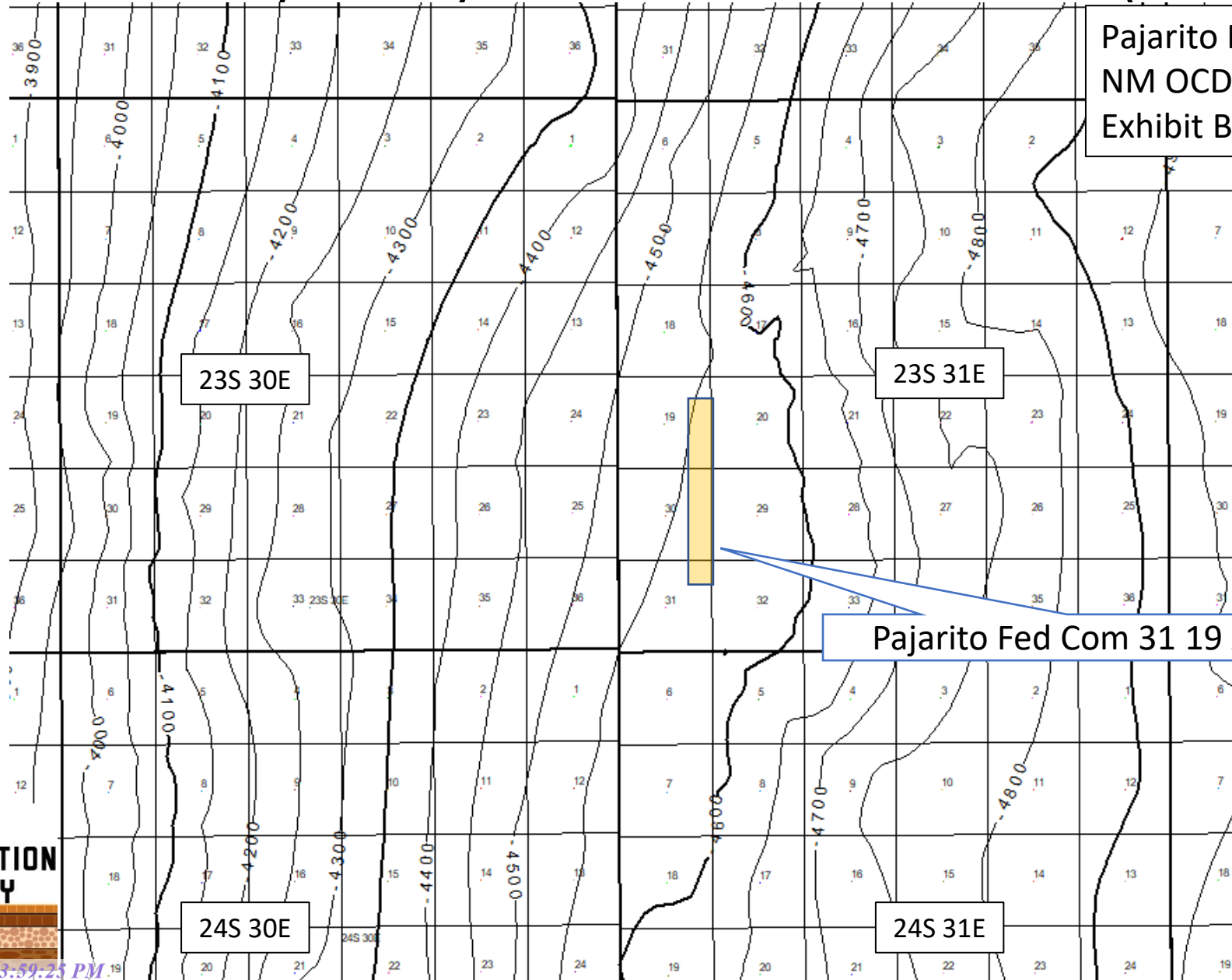
Pajarito Federal Com 31 19 AAL #4H
NM OCD Case No. 23004
Exhibit B-2



Target Zone



Base of Brushy Canyon Fm. Structure (TVDSS)



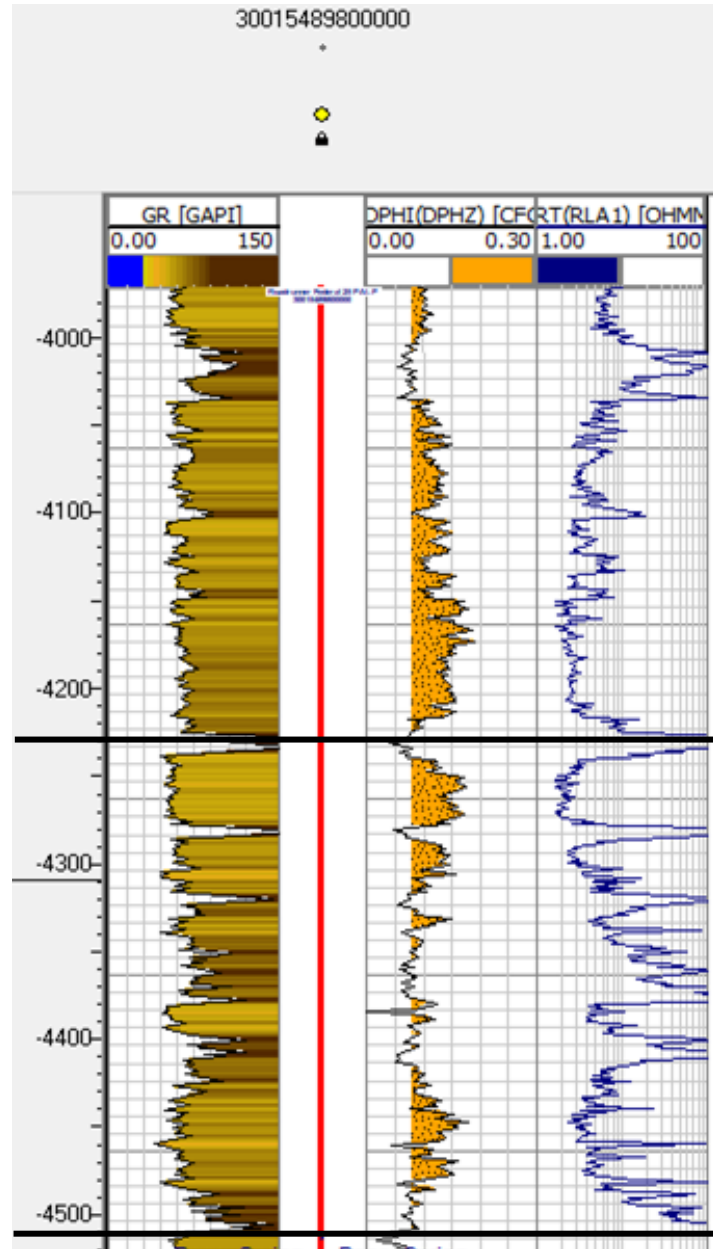
Pajarito Fed Com 31 19 AAL #4H
NM OCD Case No. 23004
Exhibit B-3

Pajarito Fed Com 31 19 AAL #4H



Target Interval on Offset Log

Pajarito Federal Com 31 19 AAL #4H
NM OCD Case No. 23004
Exhibit B-4



Lower Brushy Canyon Fm. (Top)

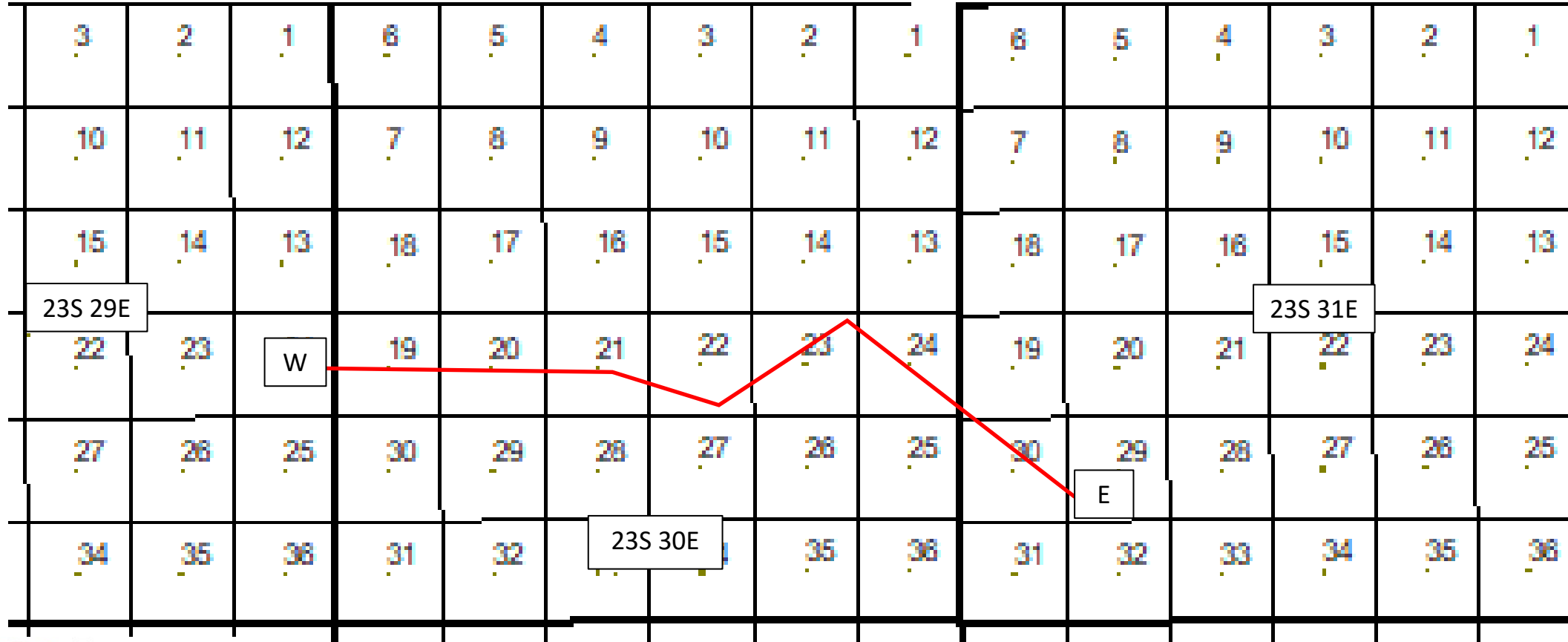
Target Interval
Pajarito Federal Com 31 19 AAL #4H

Lower Brushy Canyon Fm. (Base)



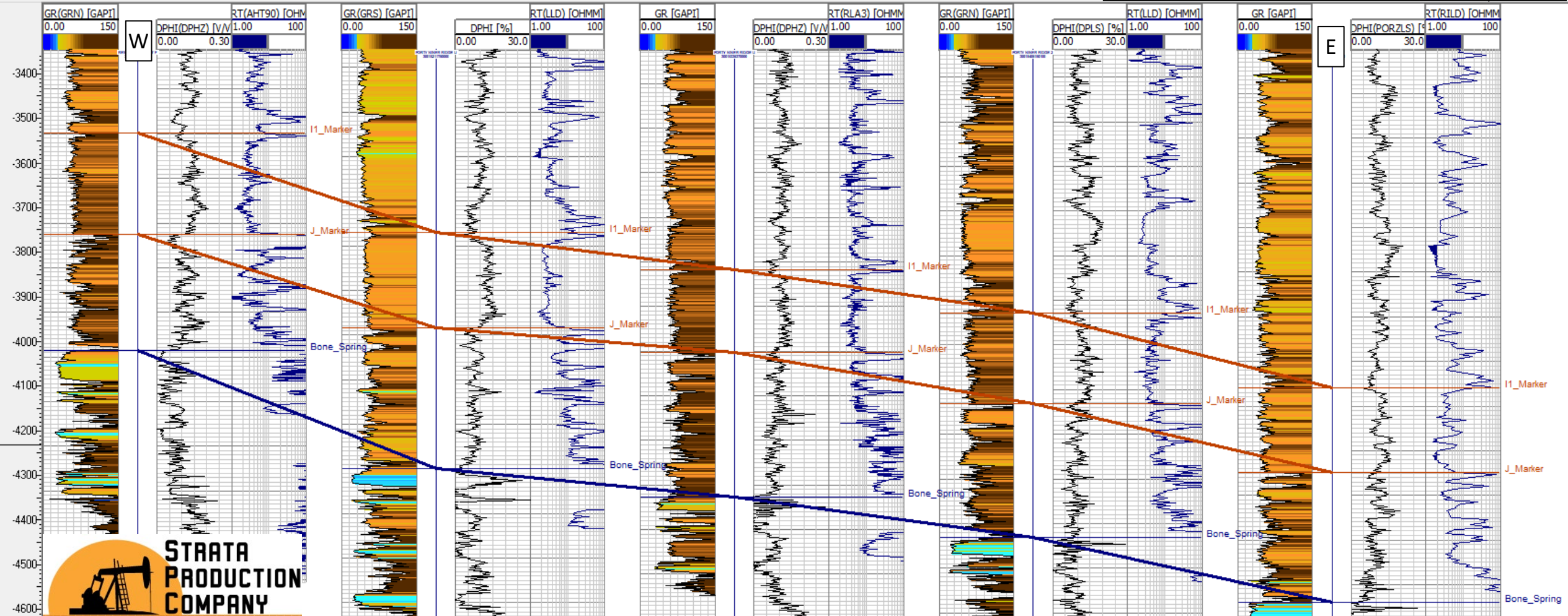
Cross Section Line

| |
|--|
| Pajarito Federal Com 31 19 AAL #4H NM OCD Case No. 23004 Exhibit B-5 |
|--|



Structural Cross section

Pajarito Federal Com 31 19 AAL #4H
NM OCD Case No. 23004
Exhibit B-6



Tab 8.

**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. 23000

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** Case No. 23001

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** Case No. 23002

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** Case No. 23003

**APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** Case No. 23004

AFFIDAVIT OF NOTICE

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

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

I caused notice of the applications to be sent by certified mail through the United States Postal Service on August 12, 2022, to all interest owners sought to be pooled in these proceedings. Evidence of mailing to all such owners is attached hereto as Exhibit A. In an abundance of caution, notice was also directed to all such owners by publication in the Carlsbad Current Argus on August 18, 2022, which is reflected in the Affidavit of Publication attached hereto as Exhibit B. Exhibits A and B demonstrate to my satisfaction that all owners sought to be pooled were properly served.


Exhibit C
Strata Production Company
NMOCD Case Nos. 23000-23004
September 1, 2022

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



SHARON T. SHAHEEN

SUBSCRIBED AND SWORN to before me this 30th day of August, 2022.



Notary Public

My Commission Expires:

STATE OF NEW MEXICO
NOTARY PUBLIC
DIANA M. LUNA
COMMISSION #1093615
COMMISSION EXPIRES 06/28/2025

Strata Production Company
Pajarito Fed Com Wells / Case Nos. 23000 - 23004
September 1, 2022 Hearing

| Entity | Date Letter Mailed | Certified Mail Number | Status of Delivery | Date Received |
|--|---------------------------|------------------------------|---------------------------|----------------------|
| WORKING INTEREST PARTY(IES) | | | | |
| Oxy USA, Inc. 5 Greenway Plaza, Suite 110 Houston, Texas 77046 | August 12, 2022 | 7014 0150 0000 5152 8269 | Delivered | Undated |
| Oxy Y-1 Company 5 Greenway Plaza, Suite 110 Houston, Texas 77046 | August 12, 2022 | 7014 0150 0000 5152 8276 | Delivered | 08/15/2022 |
| ADDITIONAL INTERESTED PARTY(IES) | | | | |
| Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157 | August 12, 2022 | 7014 0150 000 5152 8283 | Delivered | 08/15/2022 |

Exhibit A to Affidavit of Notice
Strata Production Company
NMOCD Case Nos. 23000-23004
September 1, 2022

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Oxy USA, Inc.
 5 Greenway Plaza, Suite 110
 Houston, Texas 77046



9590 9402 1258 5246 3544 36

2. Article Number (Transfer from service label)

7014 0150 0000 5152 8269

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature] Agent
 Addressee

B. Received by (Printed Name) *[Signature]*
 C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Oxy Y-1 Company
 5 Greenway Plaza, Suite 110
 Houston, Texas 77046



9590 9402 1258 5246 3544 29

2. Article Number (Transfer from service label)

7014 0150 0000 5152 8276

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature] Agent
 Addressee

B. Received by (Printed Name) *[Signature]*
 C. Date of Delivery *8/15/22*

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Bureau of Land Management
 414 W. Taylor
 Hobbs, NM 88240-1157



9590 9402 1258 5246 3544 43

2. Article Number (Transfer from service label)

7014 0150 0000 5152 8283

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature] Agent
 Addressee

B. Received by (Printed Name) *[Signature]*
 C. Date of Delivery *8/15/22*

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0005377670

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:

08/18/2022


Legal Clerk

Subscribed and sworn before me this August 18, 2022:



State of WI, County of Brown
NOTARY PUBLIC

1-7-25

My commission expires

KATHLEEN ALLEN
Notary Public
State of Wisconsin

Ad # 0005377670

PO #: Notice for Publication No Later Than August 18, 2022

Exhibit B to Affidavit of Notice
Strata Production Company
NMOCD Case Nos. 23000-23004
September 1, 2022

NOTICE

To the following entities, individuals, their heirs, personal representatives, trustees, successors or assigns, and any other uncommitted mineral owners:

Oxy USA, Inc.; Oxy Y-1 Company; and Bureau of Land Management.

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

Case No. 23000. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 W/2 of Section 31 and the SW/4 SW/4 of Section 30, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following well in the HSU: Pajarito Fed Com 30 31 MML #7H well, to be horizontally drilled from an approximate surface hole location 330' FSL and 660' FWL of Section 30, T23S-R31E, to an approximate bottom hole location 100' FSL and 400' FWL of Section 31, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.

Case No. 23001. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 W/2 of Section 31 and the SE/4 SW/4 of Section 30, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following well in the HSU: Pajarito Fed Com 30 31 NNL #6H well, to be horizontally drilled from an approximate surface hole location 330' FSL and

1980' FWL of Section 30, T23S-R31E, to an approximate bottom hole location 100' FSL and 1980' FWL of Section 31, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.

Case No. 23002. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the SW/4 SE/4 of Section 30 and the W/2 E/2 of Section 31, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following well in the HSU: **Pajarito Fed Com 30 31 OOL #5H well**, to be horizontally drilled from an approximate surface hole location 330' FSL and 1980' FEL of Section 30, T23S-R31E, to an approximate bottom hole location 100' FSL and 1980' FEL of Section 31, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.

Case No. 23003. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the NW/4 NW/4 of Section 31, the W/2 W/2 of Sections 30 and 19, and the SW/4 SW/4 of Section 18, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant propos-

es to drill the following 2.5-mile well in the HSU: **Pajarito Fed Com 31 18 DML #1H well**, to be horizontally drilled from an approximate surface hole location 215' FNL and 325' FWL of Section 31, T23S-R31E, to an approximate bottom hole location 1220' FSL and 660' FWL of Section 18, T23S-R31E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.

Case No. 23004. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the NE/4 NE/4 of Section 31, the E/2 E/2 of Section 30, and the E/2 SE/4 and SE/4 NE/4 of Section 19, Township 23 South, Range 31 East in Eddy County, New Mexico. Applicant proposes to drill the following 2-mile well in the HSU: **Pajarito Fed Com 31 19 AAL #4H well**, to be horizontally drilled from an approximate surface hole location 1070' FNL and 910' FEL of Section 31, T23S-R31E, to an approximate bottom hole location 1420' FNL and 400' FEL of Section 19, T23S-R31E. The first and last take points and completed interval will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 16 miles East of Loving, New Mexico.

These applications will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division on **September 1, 2022**, beginning 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.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 **August 24, 2022**, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **August 25, 2022**, in accordance with Division Rule 19.15.4.13 NMAC. For further information, contact the applicant's attorney, Sharon T. Shaheen, Montgomery & Andrews, P.A., 325 Paseo de Peralta, Santa Fe, New Mexico 87501, (505) 986-2678. #5377670, Current Argus, August 18, 2022