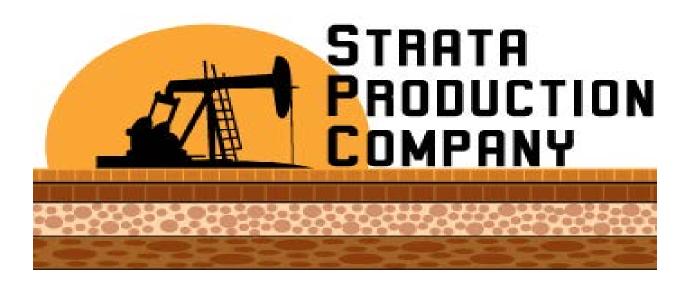
STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

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	
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Exhibit A-2:	Tract Map with Leasehold Owners
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Exhibit A-8:	Sample Notice Letter (See Ex. A-8, Case No. 23000)
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Exhibit B-2:	Delaware Basin Stratigraphic Column
Exhibit B-3:	Base of Brushy Canyon Formation Structure
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Exhibit B-5:	Cross Section Line
Exhibit B-6:	Structural Cross Section

Case No. 23003 – Pajarito Fed Com 31 18 DML #1H6

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
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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

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	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)	
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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
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FOR COMPULSORY POOLING,	
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EDDY COUNTY, NEW MEXICO	Case No. 23003
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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 abovereferenced 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

1

Exhibit A Strata Production Company NMOCD Case Nos. 23000-23004 September 1, 2022 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 30, 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 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 30, T23S-R31E. The last take point will be located at approximately 100' FSL and 1980' FEL of Section 30, 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. 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 31, T23S-R31E. The first take point will be located at approximately 1070' FNL and 910' FEL of Section 31, T23S-R31E. The 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 asExhibits 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 nonconsenting 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.

LLC

Mitch Krakauskas

STATE OF NEW MEXICO))ss COUNTY OF CHAVES)

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

Alichael Understin Notary Public

My commission expires: 06-06-2026

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

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Tab 2.

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

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO	Case No. 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,	C N- 22004
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

1

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

Received by OCD: 8/30/2022 3:59:49 PM

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FURTHER AFFIANT SAYETH NAUGHT.

Michael Scott Kelley

STATE OF NEW MEXICO))ss COUNTY OF CHAVES)

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

Undrul Underation Notary Public

My commission expires: 06/06/2026.

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

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Tab 3.

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 Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton)
Applicant's Counsel:	
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

Horizantial NBN DICSD 189319202248:891450 PM	FTP (~330' FSL and 660' FWL of Section 30, T23S-R31E) Page 21 LTP (~100' FSL and 400' FWL of Section 31, T23S-R31E) Page 21
Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7,756'), MD (~13,210')
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000; <i>see</i> Exhibit A, ¶ 23
Production Supervision/Month \$	\$800; <i>see</i> Exhibit A, ¶ 23
Justification for Supervision Costs	Please see AFE at Exhibit A-7
Requested Risk Charge	200%; <i>see</i> 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

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Str Received Hoor GRag & SUBSEE Beberry PM	Exhibit B-3 Page 22	of 1-						
Cross Section Location Map (including wells)	Exhibit B-5	1						
Cross Section (including Landing Zone)	Exhibits B-5 and B-6							
Additional Information								
Special Provisions/Stipulations	None							
CERTIFICATION: I hereby certify that the information prov	vided in this checklist is complete and accurate.							
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen	1						
Signed Name (Attorney or Party Representative):	Sharm of Shakeen	1						
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 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.

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

	STRATA PRODUCTIO Company		1. Introductor I.	<u>[6</u>		f - K - L AP	Pajarito Fe NM OCD (Exhibit A-:	Case No.		L MML #	7H
	AUSCONSTAT	M & W28E T213 R29E	T21S R30E	• T21S R31E	T21S R32E	T21S Root		TEIGHNOOL	1213 N30E	12100000	213 130
T228 R25E	T225 R26E	T225 R28E T225 R29E	T225 R30E	T22S R31E	T225 R32E	T22S R33F	T22S R34E	T22S R35E	T22S R36E	T22S R37E T	228 R38E 01
A CONTRACTOR	32		hot					SAN SIMON RIDGE			
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T235 R25E	T23S R26E T23S R27E	T23S R28E T23S R29E	T23S R30E	T23S R31E	T23S R32E	T235 R33	T23S R34E	T23S R35E	T23S R36E	T235 R37E T	238 R&E
					P	ajarito	Federal C	Com 30 3	1 MML	#7H	ž
T24S R25E	7245 R26E 7245 R27E	T245 R28E T245 R29E	T24S R30E	T24S R31E	T24S R32E	T24S R33F	5 T24S R34E	Lea T24S R35E	T24S R36E	e Martine Mart	24S R38E
00									34		
T258 R25E	T25S R26E T25S R27E	T255 R28E T255 R29E	T25S R30E	T25S R31E	PADUCA OIL FIELD T25S R32E	T255 R338	WOODLEY FLAT T258 R34E	T25S R35E	T25S R36E	Jar 25 S R37E T	258 R38E
									JAVALINA BASIN		
T26S R25E	T26S R26E T26S R27E	T265 R28ET265 R29E	T26S R30E	T26S R31E	T26S R32E	T26SAR888 DRAW O FIELD	ET26S_R34E	T26S R35E	T26S R36E	T265 R37E T	265 R38E
100 K 62 T1S BLK 61 T1S	BER COLORE TSOTT BLK 59 T15	BLK 58 TISEPHORTAL BURNES	T1 BLK 56 T1	MASON HIEL BLK 55 T1	OIL D EL MAR BLK 成行社		EXAS 3373 /	BLK C24 SNA	BLK C23	BLH C22	BLKY

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A		STRI PRO	ATA Duct		SESW	SWSE	SESE	L 4	SESW	SWSE	SESE	swsw			ederal C Case No			1ML #7	7H
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										Lease	hold Owner			Acres	WI %				
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											ISA Inc.			8.79	21.02457%	NWNW	NENW	NWNE	NEN
Г											nterprises			1.07	2.56667%				
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	Leasehold	Owner		Acres	WI %						Investments,		arrigan	1.05	2.56667%			33	
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1100300	SJR Enterp	rises		5.43	3.25%	- OL	NESE	L3 era	NESW					41.02	100.00%	NWSW	NESW	NWSE	NES
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SWSW	SESW	239 SWSE	5 30E	SWSW	SESW	SWSE	SESE	L_4	SESW	SWSE	SESE	SWSW		SESW	SWSE	23S 3	B1E swsw	SESW	SWSE	SESE
NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE	L1 н <u></u>	NENW		Paja	rito Feder	al Com	30 31 MML #	7H		NWNW	NENW	NWNE	NENE
SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE	L1 H2	SEM		hold Owner	Prora	tion Ur	nit WI % Acres		WI %	SWNW	SENW	SWNE	SENE
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L 4	L 3	L 2	L1	L 4	L3	L2	L 1	L4	L 3	Total	LI	L4		208.8	2	100.00%	L4	L3	L 2	L1
SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE	L 5	SENW	SWNE	SENE	SWNW		SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE
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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
<u>Tract 2:</u>	
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 CompanyContact Type:Phone, Email, USPSNotes:Contacted Matthew Cole regarding the proposals on June 30, 2022 with no response. Ilater sent him multiple emails followed up with phone calls with no response. In priordiscussions, Mr. Cole has informed me that Oxy will not look at a proposal until they arecompulsory pooled.

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

State of Ne 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

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

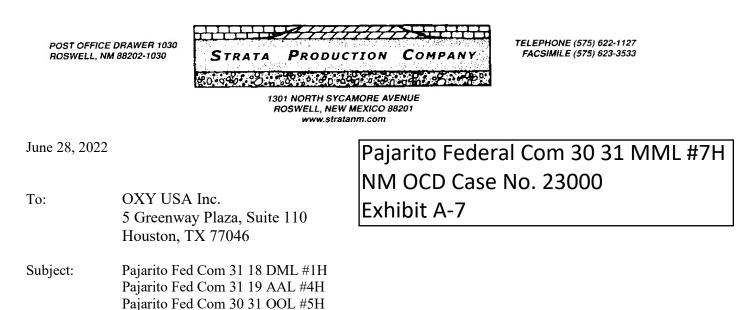
Submit one copy to appropriate District Office

AMENDED REPORT

		W	ELL L	OCATIO	N AND A	CREAGE DEDIC	CATION PLA	Т				
1	API Number			2 Pool Code 3 Pool Name								
	24750 Forty Niner Ridge Delay											
⁴ Property Co	⁴ Property Code PAJARITO FED COM 30/31 MML									6 Well Number 7H		
*OGRID NO. 21712*Operator Name*ElevationSTRATA PRODUCTION COMPANY3339'												
	¹⁰ Surface Location											
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	e North/South line	Feet From the	East/W	East/West line County			
4	30	23S	31E		330	SOUTH	660	WE	ST	EDDY		
			11]	Bottom H	ole Locati	on If Different Fre	om Surface					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County		
4	31	23S	31E		100	SOUTH	400	WE	WEST EDDY			
¹² Dedicated Acres 200	3 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.

5 89'42'58" W 2696.87' 5 89'43'19" W 2643.37'		
	NAD 83 GRID - NM EAST	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete
LOT 1 <u>GEODETIC DATA</u> NAD 83 GRID - NM EAST	A: FOUND BRASS CAP "1916"	to the best of my knowledge and belief, and that this organization either
SURFACE LOCATION	N: 456382,5 - E: 698281,8 S: B: FOUND BRASS CAP "1916"	owns a working interest or unleased mineral interest in the land including
N: 461998,9 - E: 698915,6 LAT: 32.2690808' N	8 N: 459024.4 - E: 698269.1	the proposed bottom hole location or has a right to drill this well at this
LOT 2 LONG: 103.8235056" W	C: FOUND BRASS CAP "1916" N: 461665.3 - E: 698257.4	location pursuant to a contract with an owner of such a mineral or working
× (0)	D: FOUND BRASS CAP "1916"	interest, or to a voluntary pooling agreement or a compulsory pooling
	N: 464306.0 - E: 698244.9	order heretofore entered by the division
17 17 17 10 10 1	6 E: FOUND BRASS CAP "1916" 5 N: 466949.0 - E: 698232.0	Signature Date
*	F: FOUND BRASS CAP "1916" ► N: 466962,4 - E: 700928,2	Mitch Krakauskas
	G: FOUND BRASS CAP "1916"	Printed Name
S FTP & DETAIL	N: 466975.2 - E: 703571.0	mitch@stratanm.com
330'	 H: FOUND BRASS CAP "1916" N: 464333.7 − E: 703584.9 	
© 5 85'40'28 W 2700.02' 5 89'44'39" W 2643.52'	i: FOUND BRASS CAP "1916" N: 461692,4 — E: 703599.6	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this
A LOT 1 I GEODETIC DATA I NAD 83 GRID - NM EAST	J: FOUND BRASS CAP "1916" N: 459051.9 – E: 703615,3	plat was plotted from field notes of actual surveys
BOTTOM HOLE	★ K: FOUND BRASS CAP "1916"	made by me or under my supervision, and that the
N: 456484.6 - E: 698681.1	N: 456410.9 - E: 703629.3	same is true and correct to the best of my belief.
LOT 2 LAT: 32.2539261' N LONG: 103.8243490' W	N L: FOUND BRASS CAP "1916" N: 456396.8 - E: 700990.4	11-04-2019
2	M: FOUND BRASS CAP "1916" N: 461680.6 - E: 700956.7	Date of Survey
	DETAIL "A"	Signature and Seal of Protectorial Survey ar
		1 2 2 00 AH
	3247.0' <u>600'</u> 3247.0'	P (19680)
		10000 HORNE
1 TH9784	00g S. L.	Certificate Number
B.H.		ONAL SO
	< 3240.4' 3240.5'	



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:

Pajarito Fed Com 30 31 NNL #6H Pajarito Fed Com 30 31 MML #7H

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: NE¹/₄NE¹/₄, SE¹/₄SE¹/₄, W¹/₂E¹/₂, W¹/₂, Township 23 South, Range 31 East, Eaddy 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,

Taber-

Mitch Krakauskas Vice President

Enclosures: as stated

Received by OCD: 8/30/2022 3:59:49 PM STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

WELL NAME AND NUMBER AFE NUMBER DATE Pajarito Fed Com 31 18 DML #1H FNR-31-23-31-01-0622 6/20/2022 LOCATION: SHL 215' FSL & 325' FWL Sec 31-T23S-R31E FIELD BHL 1220' FSL & 660' FWL Sec 18-T23S-R31E Forty Niner Ridge Delaware API NUMBEF COUNTY OR PARISH Eddy New Mexico TBD PROJECT DESCRIPTION AND LOCATION FOWNSHIP RANG DRILLA NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE I 31 23S **31E** SAND, TVD .7.802' AND MD 19.614'. FRAC IN 30+ STAGES WITH +/- 4.500.000 PROPOSED FORMATION ROPOSED DEPTH LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL Delaware 7,802' TVD / 19,614' MD INTANGIBLES ACCT DRY HOLE TOTAL CODE RUN CSG Drilling - Footage Ft. @ \$ /Ft. 18000 /Day 19 \$342,000 \$342,000 Drilling - Day Work - BCP Days @ \$ 5 18000 /Day \$90,000 \$90,000 Drilling - Day Work - ACP Days @ \$ \$270,000 \$270,000 Completion Rig, Power Swivel, and Reverse Unit etc Mobilization & Demobilization- Other Contractors Charges \$200,000 \$200,000 \$240,000 \$500 \$240,500 Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion \$65.000 \$5,000 \$70,000 Drill Bits, Coring & DST \$24,500 \$9,500 \$34,000 Transportation and Hauling \$85,300 \$12,500 \$97,800 Drilling Mud, Chemicals & Completion Fluids \$129,000 \$230,000 \$359,000 Fuel, Power, Water \$118,750 \$60,500 \$179.250 Cementing Services, Cementing Equipment, Hangers; Packers \$36,250 \$36,250 Mud Logging Open Hole Logging and Side Wall Coring \$65,000 \$65.000 \$120,000 \$120,000 Cased Hole Logging and Perforating \$465,950 \$44,000 \$509,950 Equipment Rental Including Solids Control, Closed Loop & Directional Services \$36,286 \$36,286 Insurance \$49,500 \$50,500 \$100,000 Other Well Services, NU/BOP, Casing Inspection \$10,000 \$5,000 \$15,000 Overhead \$112,000 \$49,750 \$161,750 Supervision: Wellsite, Engineering, Geological, Consultants \$14,400 \$10,000 \$24,400 Contract Services \$263,000 \$5,500 \$268,500 Fluids & Cuttings Disposal Environmental Charges \$1,500,000 \$1,500,000 Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) Plugging Costs \$276,384 \$378.695 \$655.079 Miscellaneous Costs, Tax and Contingencies TOTAL INTANGIBLES \$2,533,320 \$2,841,445 \$5,374,765 TANGIBLES DRY HOLE COMPLETION ACCT TOTAL GRADE CODE CASING FOOTAGE SIZE WEIGHT COST/FT 80 20" 94# H40 350.00 \$28,000 \$28,000 Conductor 13%" 500 48# H40 47.00 \$23,500 \$23,500 Surface Surface 9 5/8" 4200 40# J55 44.00 \$184,800 \$184.800 Intermediate Intermediate Liner 5.5" 19.614 20# P110 27.00 \$529,578 \$529,578 Production Production 7500 2 7/8" 6.5# L80 12.50 \$93,750 \$93,750 Tubing Subsurface Well Equipment (Packers/Bottom Hole Pump) Rods, etc \$19.350 Wellhead Equipment (Casing Head/Christmas Tree) \$8,850 \$28,200 Pumping Equipment (Pumping Unit or Sub Pump) Flowlines \$32,000 \$32,000 \$120,000 \$120,000 Tanks \$12,000 \$12,000 Sales Line Equipment \$28,500 \$28,500 Separator-Prod. Equip Valves,Fittings etc. \$20,750 \$20,750 \$112,500 \$112,500 Installation of Surface Lease Equipment Other Lease & Well Equip \$22,000 \$22,000 \$979,928 \$1,235,578 TOTAL TANGIBLES \$255,650 TOTAL WELL COSTS \$2,788,970 \$3,821,373 \$6,610,343 Strata Production Company Working Interest Strata Production Co. - DRY HOLE Strata Production Co.- COMPLETED \$5,498,483 83.18% \$2,319,866 6/20/2022 PREPARED BY: Jerry Elgin, VP Operations DATE: Lahe. APPROVED BY: Mitch Krakauskas, Vice President DATE: 6/20/2022 SIGNED Due to rig availability and timing, the undersigned agrees that this AFE is valid for 180 days from execution. JOINT INTEREST SHARE COMPANY NAME: SIGNATURE: DATE WORKING INTEREST By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement. Agree to decline coverage, provide proof, and hold harmless: By: _ Date:

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

WELL NAME AND NUMBER AFE NUMBER DATE Pajarito Fed Com 31 19 AAL #4H FNR-31-23-31-04-0622 6/20/2022 LOCATION: SHL 975' FSL & 330' FWL Sec 31-T23S-R31E FIELD BHL 1420' FNL & 330' FWL Sec 19-T23S-R31E Forty Niner Ridge Delaware API NUMBEF COUNTY OR PARISH Eddy New Mexico TBD PROJECT DESCRIPTION AND LOCATION FOWNSHIP RANG DRILLA NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE I 31 23S **31E** SAND, TVD .7.862' AND MD 17.890'. FRAC IN 30+ STAGES WITH +/- 4.000.000 PROPOSED FORMATION ROPOSED DEPTH LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL Delaware 7,862' TVD / 17,890' MD INTANGIBLES ACCT DRY HOLE TOTAL CODE RUN CSG Drilling - Footage Ft. @ \$ /Ft. 18000 /Day \$306,000 \$306,000 17 Drilling - Day Work - BCP Days @ \$ 18000 /Day \$90,000 \$90,000 Drilling - Day Work - ACP 5 Days @ \$ \$270,000 \$270,000 Completion Rig, Power Swivel, and Reverse Unit etc Mobilization & Demobilization- Other Contractors Charges \$200,000 \$200,000 \$240,000 \$500 \$240,500 Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion \$65.000 \$5,000 \$70,000 Drill Bits, Coring & DST \$24,500 \$9,500 \$34,000 Transportation and Hauling \$84,000 \$12,500 \$96,500 Drilling Mud, Chemicals & Completion Fluids \$120,000 \$230,000 \$350,000 Fuel, Power, Water \$118,750 \$60,500 \$179.250 Cementing Services, Cementing Equipment, Hangers; Packers \$33,750 \$33,750 Mud Logging Open Hole Logging and Side Wall Coring \$65,000 \$65.000 \$120,000 \$120,000 Cased Hole Logging and Perforating \$436,950 \$44,000 \$480,950 Equipment Rental Including Solids Control, Closed Loop & Directional Services \$33,097 \$33.097 Insurance \$49,500 \$50,500 \$100,000 Other Well Services, NU/BOP, Casing Inspection \$10,000 \$5,000 \$15,000 Overhead \$105,000 \$49,750 \$154,750 Supervision: Wellsite, Engineering, Geological, Consultants \$13,200 \$10,000 \$23,200 Contract Services \$263,000 \$5,500 \$268,500 Fluids & Cuttings Disposal Environmental Charges \$1,250,000 \$1,250,000 Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) Plugging Costs \$266,574 \$346.074 \$612.648 Miscellaneous Costs, Tax and Contingencies \$2,558,824 TOTAL INTANGIBLES \$2,434,320 \$4,993,144 TANGIBLES DRY HOLE COMPLETION ACCT TOTAL GRADE CODE CASING FOOTAGE SIZE WEIGHT COST/FT 80 20" 94# H40 350.00 \$28,000 \$28,000 Conductor 13%" 500 48# H40 47.00 \$23,500 \$23,500 Surface Surface 9 5/8" 4200 40# J55 44.00 \$184,800 \$184.800 Intermediate Intermediate Liner 5.5" 17.890 20# P110 27.00 \$483,030 \$483,030 Production Production 7500 2 7/8" 6.5# L80 12.50 \$93,750 \$93,750 Tubing Subsurface Well Equipment (Packers/Bottom Hole Pump) Rods, etc \$19.350 Wellhead Equipment (Casing Head/Christmas Tree) \$8,850 \$28,200 Pumping Equipment (Pumping Unit or Sub Pump) Flowlines \$32,000 \$32,000 \$120,000 \$120,000 Tanks \$12,000 \$12,000 Sales Line Equipment \$28,500 \$28,500 Separator-Prod. Equip Valves,Fittings etc. \$20,750 \$20,750 \$112,500 \$112,500 Installation of Surface Lease Equipment 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 Strata Production Co. - DRY HOLE Strata Production Co.- COMPLETED \$5,142,333 83.18% \$2,237,517 6/20/2022 PREPARED BY: Jerry Elgin, VP Operations DATE: Lahe. APPROVED BY: Mitch Krakauskas, Vice President DATE: 6/20/2022 SIGNED Due to rig availability and timing, the undersigned agrees that this AFE is valid for 180 days from execution. JOINT INTEREST SHARE COMPANY NAME: SIGNATURE: DATE WORKING INTEREST By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement. Agree to decline coverage, provide proof, and hold harmless: By: _ Date:

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

WELL NAME AND NUMBER AFE NUMBER DATE Pajarito Fed Com 30 31 OOL #5H FNR-30-23-31-05-0622 6/20/2022 LOCATION: SHL 330' FSL & 1980' FEL Sec 30-T23S-R31E FIELD BHL 100' FSL & 1980' FEL Sec 31-T23S-R31E Forty Niner Ridge Delaware API NUMBEF COUNTY OR PARISH Eddy New Mexico TBD PROJECT DESCRIPTION AND LOCATION FOWNSHIP RANG DRILLA NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE I 30 23S **31E** SAND, TVD .7.795' AND MD 13.210'. FRAC IN 20+ STAGES WITH +/- 3.000.000 PROPOSED FORMATION PROPOSED DEPTH LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL Delaware 7,795' TVD / 13210' MD INTANGIBLES ACCT DRY HOLE TOTAL CODE RUN CSG Drilling - Footage Ft. @ \$ /Ft. 18000 /Day \$270,000 \$270,000 15 Drilling - Day Work - BCP Days @ \$ 4 18000 /Day \$72,000 \$72,000 Drilling - Day Work - ACP Days @ \$ \$133,000 \$133,000 Completion Rig, Power Swivel, and Reverse Unit etc Mobilization & Demobilization- Other Contractors Charges \$200,000 \$200,000 \$240,000 \$500 \$240,500 Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion \$65.000 \$5,000 \$70,000 Drill Bits, Coring & DST \$24,500 \$9,500 \$34,000 Transportation and Hauling \$82,050 \$12,500 \$94,550 Drilling Mud, Chemicals & Completion Fluids \$106,500 \$230,000 \$336,500 Fuel, Power, Water \$118,750 \$60,500 \$179.250 Cementing Services, Cementing Equipment, Hangers; Packers \$31,250 \$31,250 Mud Logging Open Hole Logging and Side Wall Coring \$65,000 \$65.000 \$120,000 \$120,000 Cased Hole Logging and Perforating \$388,950 \$44,000 \$432,950 Equipment Rental Including Solids Control, Closed Loop & Directional Services \$24,439 \$24,439 Insurance \$49,500 \$50,500 \$100,000 Other Well Services, NU/BOP, Casing Inspection \$10,000 \$5,000 \$15,000 Overhead \$94,500 \$28,750 \$123,250 Supervision: Wellsite, Engineering, Geological, Consultants \$11,400 \$10,000 \$21,400 Contract Services \$263,000 \$5,500 \$268,500 Fluids & Cuttings Disposal Environmental Charges \$1,000,000 \$1,000,000 Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) Plugging Costs \$253.054 \$285.315 \$538.368 Miscellaneous Costs, Tax and Contingencies \$2,297,892 \$2,072,065 \$4,369,957 TOTAL INTANGIBLES TANGIBLES DRY HOLE COMPLETION ACCT TOTAL GRADE CODE CASING FOOTAGE SIZE WEIGHT COST/FT 80 20" 94# H40 350.00 \$28,000 \$28,000 Conductor 13%" 500 48# H40 47.00 \$23,500 \$23,500 Surface Surface 9 5/8" 4200 40# J55 44.00 \$184,800 \$184.800 Intermediate Intermediate Liner 5.5" 13,210 20# P110 27.00 \$356,670 \$356,670 Production Production 7500 2 7/8" 6.5# L80 12.50 \$93,750 \$93,750 Tubing Subsurface Well Equipment (Packers/Bottom Hole Pump) Rods, etc \$19.350 Wellhead Equipment (Casing Head/Christmas Tree) \$8,850 \$28,200 Pumping Equipment (Pumping Unit or Sub Pump) Flowlines \$32,000 \$32,000 \$120,000 \$120,000 Tanks \$12,000 \$12,000 Sales Line Equipment \$28,500 \$28,500 Separator-Prod. Equip Valves,Fittings etc. \$20,750 \$20,750 \$112,500 \$112,500 Installation of Surface Lease Equipment 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 Co. - DRY HOLE Strata Production Co.- COMPLETED Strata Production Company Working Interest \$5,204,185 95.795% \$2,446,166 6/20/2022 PREPARED BY: Jerry Elgin, VP Operations DATE: Lahe. APPROVED BY: Mitch Krakauskas, Vice President DATE: 6/20/2022 SIGNED Due to rig availability and timing, the undersigned agrees that this AFE is valid for 180 days from execution. JOINT INTEREST SHARE COMPANY NAME: SIGNATURE: DATE WORKING INTEREST By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement. Agree to decline coverage, provide proof, and hold harmless: By: _ Date:

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

WELL NAME AND NUMBER AFE NUMBER DATE Pajarito Fed Com 30 31 NNL #6H FNR-30-23-31-06-0622 6/20/2022 LOCATION: SHL 330' FSL & 1980' FWL Sec 30-T23S-R31E FIELD BHL 100' FSL & 1980' FWL Sec 31-T23S-R31E Forty Niner Ridge Delaware API NUMBEF COUNTY OR PARISH Eddy New Mexico TBD PROJECT DESCRIPTION AND LOCATION FOWNSHIP RANG DRILLA NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE I 30 23S **31E** SAND, TVD .7.768' AND MD 13.205'. FRAC IN 20+ STAGES WITH +/- 3.000.000 PROPOSED FORMATION PROPOSED DEPTH LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL Delaware 7,768' TVD / 13205' MD INTANGIBLES ACCT DRY HOLE TOTAL CODE RUN CSG Drilling - Footage Ft. @ \$ /Ft. 18000 /Day \$270,000 \$270,000 15 Drilling - Day Work - BCP Days @ \$ 4 18000 /Day \$72,000 \$72,000 Drilling - Day Work - ACP Days @ \$ \$133,000 \$133,000 Completion Rig, Power Swivel, and Reverse Unit etc Mobilization & Demobilization- Other Contractors Charges \$200,000 \$200,000 \$240,000 \$500 \$240,500 Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion \$65.000 \$5,000 \$70,000 Drill Bits, Coring & DST \$24,500 \$9,500 \$34,000 Transportation and Hauling \$82,050 \$12,500 \$94,550 Drilling Mud, Chemicals & Completion Fluids \$106,500 \$230,000 \$336,500 Fuel, Power, Water \$118,750 \$60,500 \$179.250 Cementing Services, Cementing Equipment, Hangers; Packers \$31,250 \$31,250 Mud Logging Open Hole Logging and Side Wall Coring \$65,000 \$65.000 \$120,000 \$120,000 Cased Hole Logging and Perforating \$392,950 \$44,000 \$436,950 Equipment Rental Including Solids Control, Closed Loop & Directional Services \$24,429 \$24,429 Insurance \$49,500 \$50,500 \$100,000 Other Well Services, NU/BOP, Casing Inspection \$10,000 \$5,000 \$15,000 Overhead \$94,500 \$28,750 \$123,250 Supervision: Wellsite, Engineering, Geological, Consultants \$11,400 \$10,000 \$21,400 Contract Services \$263,000 \$5,500 \$268,500 Fluids & Cuttings Disposal Environmental Charges \$1,000,000 \$1,000,000 Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) Plugging Costs \$253,493 \$286.026 \$539 519 Miscellaneous Costs, Tax and Contingencies \$2,302,322 \$2,072,776 \$4,375,098 TOTAL INTANGIBLES TANGIBLES DRY HOLE COMPLETION ACCT TOTAL GRADE CODE CASING FOOTAGE SIZE WEIGHT COST/FT 80 20" 94# H40 350.00 \$28,000 \$28,000 Conductor 13%" 500 48# H40 47.00 \$23,500 \$23,500 Surface Surface 9 5/8" 4200 40# J55 44.00 \$184,800 \$184.800 Intermediate Intermediate Liner 5.5" 13,205 20# P110 27.50 \$363,138 \$363,138 Production Production 7500 2 7/8" 6.5# L80 12.50 \$93,750 \$93,750 Tubing Subsurface Well Equipment (Packers/Bottom Hole Pump) Rods, etc \$19.350 Wellhead Equipment (Casing Head/Christmas Tree) \$8,850 \$28,200 Pumping Equipment (Pumping Unit or Sub Pump) Flowlines \$32,000 \$32,000 \$120,000 \$120,000 Tanks \$12,000 \$12,000 Sales Line Equipment \$28,500 \$28,500 Separator-Prod. Equip Valves,Fittings etc. \$20,750 \$20,750 \$112,500 \$112,500 Installation of Surface Lease Equipment 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 Co. - DRY HOLE Strata Production Co.- COMPLETED Strata Production Company Working Interest \$5,215,305 95.795% \$2,450,409 6/20/2022 PREPARED BY: Jerry Elgin, VP Operations DATE: Lahe. APPROVED BY: Mitch Krakauskas, Vice President DATE: 6/20/2022 SIGNED Due to rig availability and timing, the undersigned agrees that this AFE is valid for 180 days from execution. JOINT INTEREST SHARE COMPANY NAME: SIGNATURE: DATE WORKING INTEREST By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement. Agree to decline coverage, provide proof, and hold harmless: By: _ Date:

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

WELL NAME AND NUMBER AFE NUMBER DATE Pajarito Fed Com 30 31 MML #7H FNR-30-23-31-07-0622 6/20/2022 LOCATION: SHL 330' FSL & 660' FWL Sec 30-T23S-R31E FIELD BHL 100' FSL & 400' FWL Sec 31-T23S-R31E Forty Niner Ridge Delaware API NUMBEF COUNTY OR PARISH Eddy New Mexico TBD PROJECT DESCRIPTION AND LOCATION FOWNSHIP RANG DRILLA NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE I 30 23S **31E** SAND, TVD .7.756' AND MD 13.210'. FRAC IN 20+ STAGES WITH +/- 3.000.000 PROPOSED FORMATION ROPOSED DEPTH LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL 7,756' TVD / 13210' MD Delaware INTANGIBLES ACCT DRY HOLE TOTAL CODE RUN CSG Drilling - Footage Ft. @ \$ /Ft. 18000 /Day \$270,000 \$270,000 15 Drilling - Day Work - BCP Days @ \$ 4 18000 /Day \$72,000 \$72,000 Drilling - Day Work - ACP Days @ \$ \$133,000 \$133,000 Completion Rig, Power Swivel, and Reverse Unit etc Mobilization & Demobilization- Other Contractors Charges \$200,000 \$200,000 \$240,000 \$500 \$240,500 Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion \$65.000 \$5,000 \$70,000 Drill Bits, Coring & DST \$24,500 \$9,500 \$34,000 Transportation and Hauling \$82,050 \$12,500 \$94,550 Drilling Mud, Chemicals & Completion Fluids \$106,500 \$230,000 \$336,500 Fuel, Power, Water \$118,750 \$60,500 \$179.250 Cementing Services, Cementing Equipment, Hangers; Packers \$31,250 \$31,250 Mud Logging Open Hole Logging and Side Wall Coring \$65,000 \$65.000 \$120,000 \$120,000 Cased Hole Logging and Perforating \$388,950 \$44,000 \$432,950 Equipment Rental Including Solids Control, Closed Loop & Directional Services \$24,439 \$24,439 Insurance \$49,500 \$50,500 \$100,000 Other Well Services, NU/BOP, Casing Inspection \$10,000 \$5,000 \$15,000 Overhead \$94,500 \$28,750 \$123,250 Supervision: Wellsite, Engineering, Geological, Consultants \$11,400 \$10,000 \$21,400 Contract Services \$263,000 \$5,500 \$268,500 Fluids & Cuttings Disposal Environmental Charges \$1,000,000 \$1,000,000 Stimulation Treatment - 20 Stages (+/- 150K lbs per stage) Plugging Costs \$253.054 \$279.502 \$532.556 Miscellaneous Costs, Tax and Contingencies TOTAL INTANGIBLES \$2,297,892 \$4,364,145 \$2.066.252 TANGIBLES DRY HOLE COMPLETION ACCT TOTAL GRADE CODE CASING FOOTAGE SIZE WEIGHT COST/FT 80 20" 94# H40 350.00 \$28,000 \$28,000 Conductor 13%" 500 48# H40 47.00 \$23,500 \$23,500 Surface Surface 9 5/8" 4200 40# J55 44.00 \$184.800 \$184.800 Intermediate Intermediate Liner 5.5" 13,210 20# P110 23.00 \$303,830 \$303,830 Production Production 7500 2 7/8" 6.5# L80 12.50 \$93,750 \$93,750 Tubing Subsurface Well Equipment (Packers/Bottom Hole Pump) Rods, etc \$19.350 Wellhead Equipment (Casing Head/Christmas Tree) \$8,850 \$28,200 Pumping Equipment (Pumping Unit or Sub Pump) Flowlines \$32,000 \$32,000 \$120,000 \$120,000 Tanks \$12,000 \$12,000 Sales Line Equipment \$28,500 \$28,500 Separator-Prod. Equip Valves,Fittings etc. \$20,750 \$20,750 \$112,500 \$112,500 Installation of Surface Lease Equipment Other Lease & Well Equip \$22,000 \$22,000 \$754,180 TOTAL TANGIBLES \$255,650 \$1,009,830 TOTAL WELL COSTS \$2,553,542 \$2,820,432 \$5,373,975 Strata Production Co. - DRY HOLE Strata Production Co.- COMPLETED Strata Production Company Working Interest \$5,147,999 95.795% \$2,446,166 6/20/2022 PREPARED BY: Jerry Elgin, VP Operations DATE: Lahe. APPROVED BY: Mitch Krakauskas, Vice President DATE: 6/20/2022 SIGNED Due to rig availability and timing, the undersigned agrees that this AFE is valid for 180 days from execution. JOINT INTEREST SHARE 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:



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

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

Post Office Box 2307 Santa Fe, New Mexico 87504-2307 Released to Imaging: 8/30/2022 4:00:29 PM 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,

<u>/s/ Sharon T. Shaheen</u> Sharon T. Shaheen

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

<u>EXHIBIT A</u>

INTEREST OWNERS

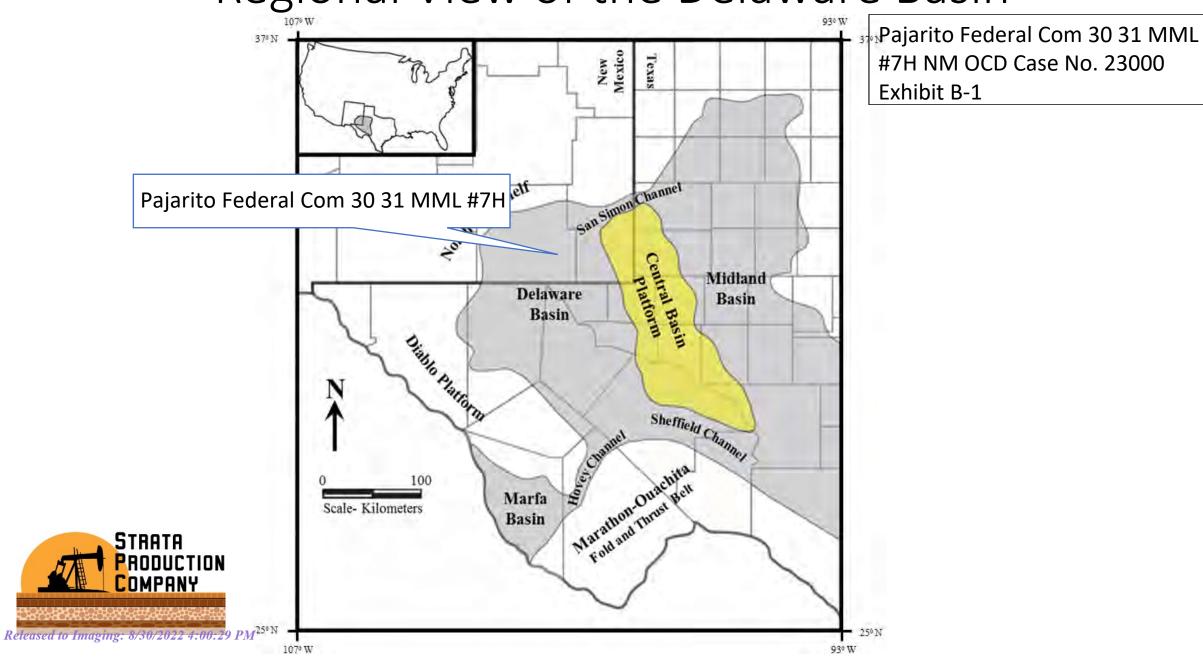
Working Interest Party(ies):

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

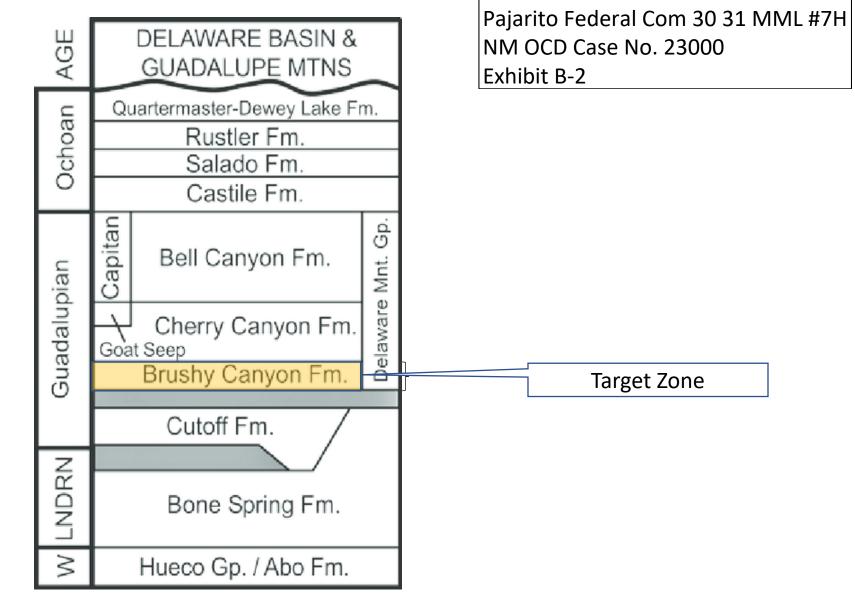
Additional Party(ies):

Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157 Oxy Y-1 Company 5 Greenway Plaza, Suite 110 Houston, Texas 77046

Regional View of the Delaware Basin



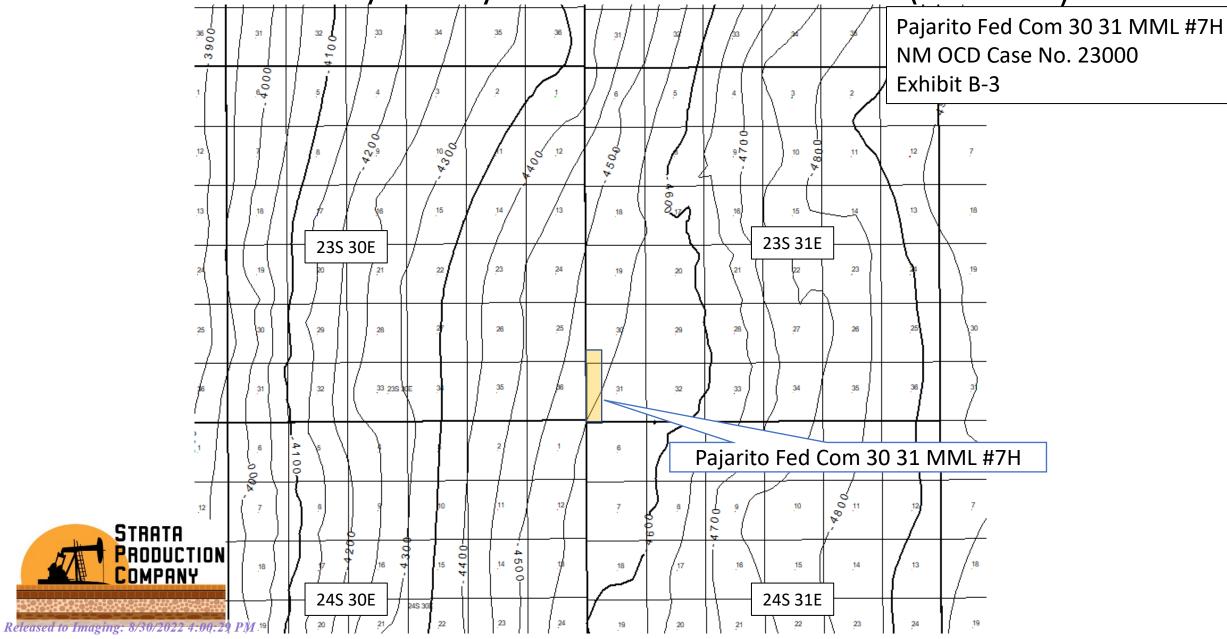
Delaware Basin Stratigraphic Column



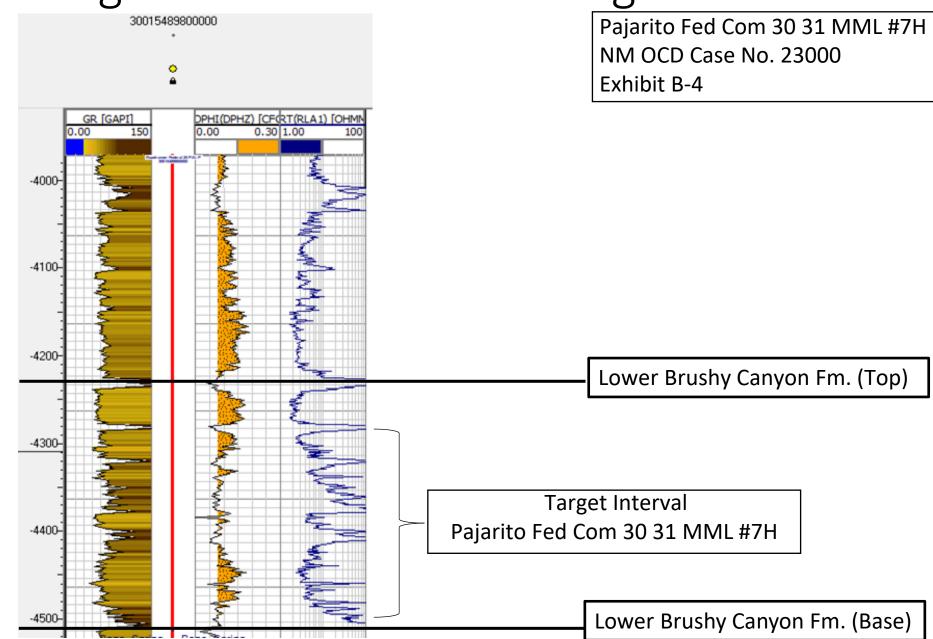


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Base of Brushy Canyon Fm. Structure (TVDSS)



Target Interval on Offset Log





Cross Section Line

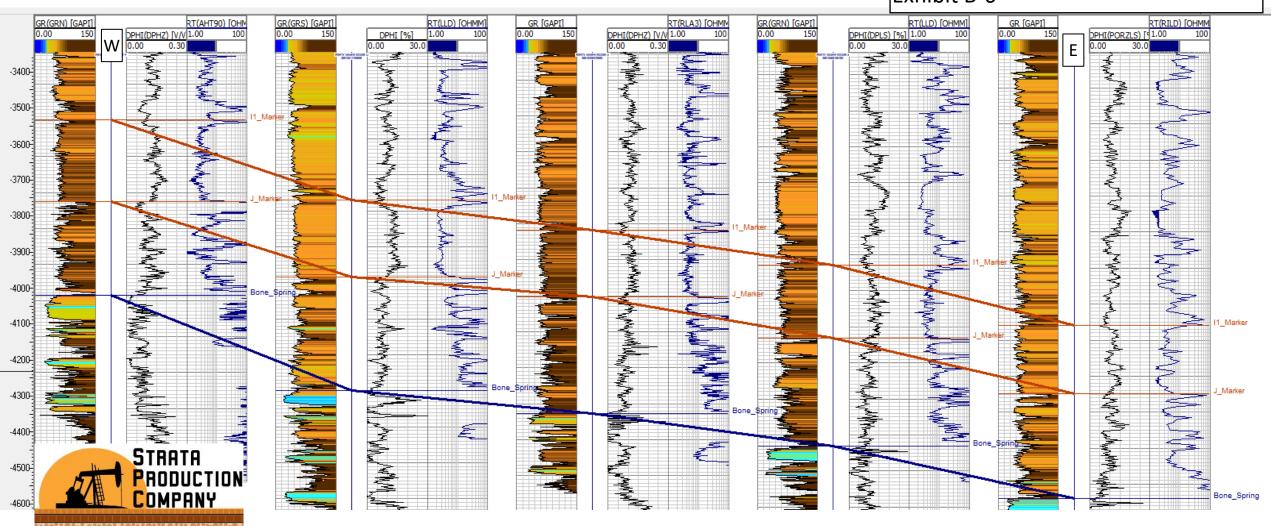
Pajarito Federal Com 30 31 MML #7H NM OCD Case No. 23000 Exhibit B-5

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Structural Cross section

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



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Tab 4.

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
	Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton)
Applicant's Counsel:	
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

HorizariiaeWBH BicsDassd3092022ks:89:900 PM	FTP (~330' FSL and 1980' FWL of Section 30, T23S-R31E) Page 54 of Comparison 20, T23S-R31E) LTP (~100' FSL and 1980' FWL of Section 31, T23S-R31E) Page 54 of Comparison 20, T23S-R31E)
Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7,768'), MD (~13,205')
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000; <i>see</i> Exhibit A, ¶ 23
Production Supervision/Month \$	\$800; <i>see</i> Exhibit A, ¶ 23
Justification for Supervision Costs	Please see AFE at Exhibit A-7
Requested Risk Charge	200%; <i>see</i> 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

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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 prov	vided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen	
Signed Name (Attorney or Party Representative):	Sharm I Shakeen]
Date:	8/30/2022	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.

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.

1

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

2

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.

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

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.



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]:

 $SE^{1}\!\!/_{4}SW^{1}\!\!/_{4}$ of Sec. 30 and $E^{1}\!\!/_{2}W^{1}\!\!/_{2}$ 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 (SE¹/₄SW¹/₄ 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 (E¹/₂W¹/₂ 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 ¹ / ₄ SW ¹ / ₄ of Section 30, T23S-R31E, containing 40.00 acres, more or less
Tract 2:	
<u>Tract 2:</u> Lessor:	United State of America
	United State of America Lila Mae Redwine
Lessor:	
Lessor: Lessee:	Lila Mae Redwine



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

Interest Owner:Oxy USA Inc. & Oxy Y-1 CompanyContact Type:Phone, Email, USPSNotes:Contacted Matthew Cole regarding the proposals on June 30, 2022 with no response. Ilater sent him multiple emails followed up with phone calls with no response. In priordiscussions, Mr. Cole has informed me that Oxy will not look at a proposal until they arecompulsory pooled.

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

State of New 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

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

		W	/ELL LO	OCATIO	N AND ACI	REAGE DEDIC	CATION PLA	T					
1	API Number			² Pool Code			³ Pool Nar						
				24750	vare								
4 Property Co	de	⁵ Property Name PAJARITO FED COM 30 31 NNL ⁶ Well Number 6 H											
				PAJARI	TO FED CO	DM 30 31 NM			6 H				
7 OGRID N	1.00				8 Operator N				9Elevation				
21712	2			STRATA	PRODUCT	ION COMPAN	Y			3340'			
					¹⁰ Surface	Location							
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/We	est line	County			
Ν	30	23S	31E		330	SOUTH	1980	WES	ST	EDDY			
			11	Bottom H	ole Location	If Different Fre	om Surface						
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	est line	County			
N	31	23S	31E		100 SOUTH 1980 WEST								
12 Dedicated Acres	13 Joint	or Infill 14 (Consolidation	Code 15 C	Order No.								
200													

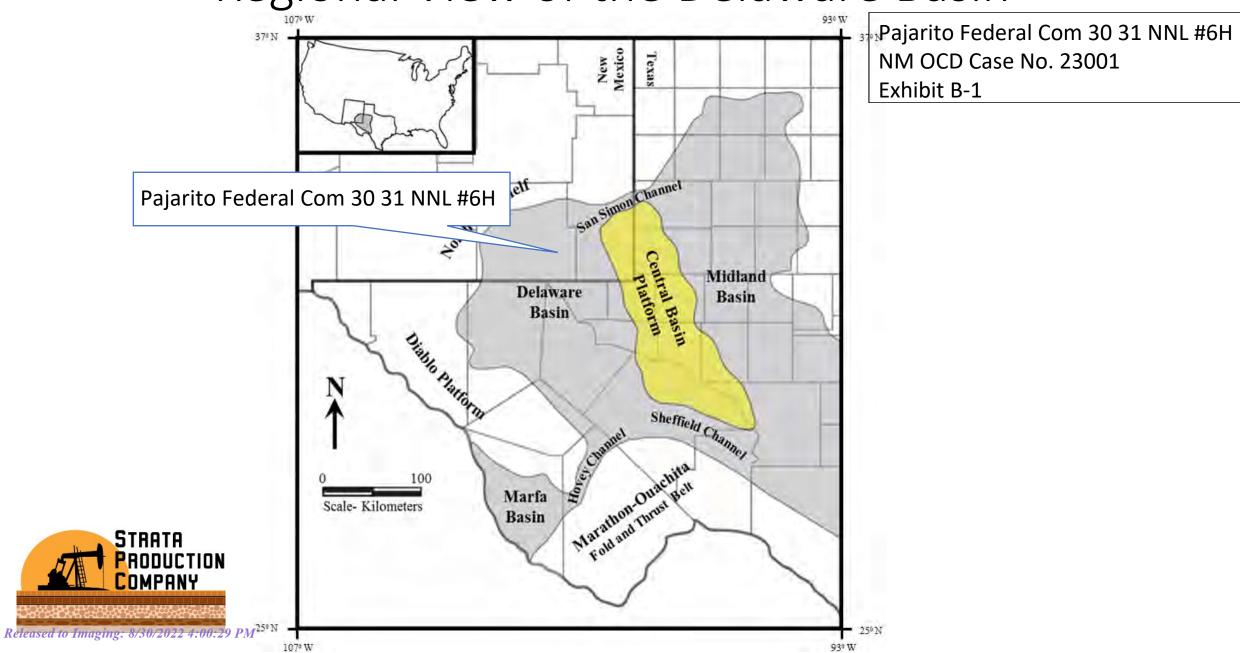
No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

\$ 89.42'58"	W 2696.87' S 89"43'19" W	2643.37'		
16 C	© I	©.		¹⁷ OPERATOR CERTIFICATION
19:00 LOT 1		2.1		I hereby certify that the information contained herein is true and complete
5643. 2643	E E 1	264		to the best of my knowledge and belief, and that this organization either
ž	<u></u>	[*]	NAD 83 GRID - NM EAST	owns a working interest or unleased mineral interest in the land including
9,44		8,00	A: FOUND BRASS CAP "1916" N: 456382.5 — E: 698281.8	the proposed bottom hole location or has a right to drill this well at this
10.10, 107 2		1.00		location pursuant to a contract with an owner of such a mineral or working
× (0)) ×	B: FOUND BRASS CAP "1916" N: 459024.4 – E: 698269 1	interest, or to a voluntary pooling agreement or a compulsory pooling
	-	jo	C: FOUND BRASS CAP "1916" N: 461665.3 - E: 698257.4	order heretofore entered by the division.
E 107 3	GEODETIC_DATA NAD 83 GRID - NM EAST	541.8	D: FOUND BRASS CAP "1916"	Signature 7.1.2022
21	N: 462006.5 - E: 700235.3	21	N: 464306 0 - E: 698244 9	
× #	LAT: 32.2690842' N	Z" = = = -	E: FOUND BRASS CAP "1916" N: 466949.0 – E: 698232.0	Mitch Krakauskas Printed Name
91.91 LOT 4	LONG: 103/8192359 W	1,61.(F: FOUND BRASS CAP "1916" N: 466962.4 – E: 700928.2	mitch@stratanm.com
8 1980'	330	1 00		E-mail Address
©	W	0 <	G: FOUND BRASS CAP "1916" N: 466975.2 – E: 703571.0	
S 89'40'28"	2700.02' S 89'44'39'	W 2643.52	H: FOUND BRASS CAP "1916"	¹⁸ SURVEYOR CERTIFICATION
5 LOT 1		1-11	N: 464333.7 – E: 703584.9	I hereby certify that the well location shown on this
101		264	I: FOUND BRASS CAP "1916"	plat was plotted from field notes of actual surveys
<u>}</u>		ź ź	N: 461692.4 - E: 703599.6	made by me or under my supervision, and that the
5,18		0,21,	J: FOUND BRASS CAP "1916" N: 459051.9 – E: 703615.3	same is true and correct to the best of my belief.
51.00 LOT 2		2.00	K: FOUND BRASS CAP "1916"	2-3-2020
N		N C	N: 456410.9 ~ E: 703629.3	Date of Survey
. @		<u>0</u> ;	L: FOUND BRASS CAP "1916" N: 456396.8 – E: 700990.4	Signature and Seal of Protection Surveying
2642.52 201 3	NAD 33 GRID - NM EAST	41.5	M: FOUND BRASS CAP "1916"	1 × × × ×
26	BOTTOM HOLE N: 456492.9 - E: 700260.8	26	N: 461680.6 - E: 700956.7	19680
*	LAT: 32.2539284" N	*		13 It I P
67,9 LOT 4	LOND: 103 8192388' W	11,8		19680
1.00	LTP&	1.00		Certificate Number
> 1980'	BH. 100'	R ×		- and
(A) S 89'41'45"	W 2709.25' () \$ 89'41'39"	W 2639.57	ABC /ab	No: 1520010075

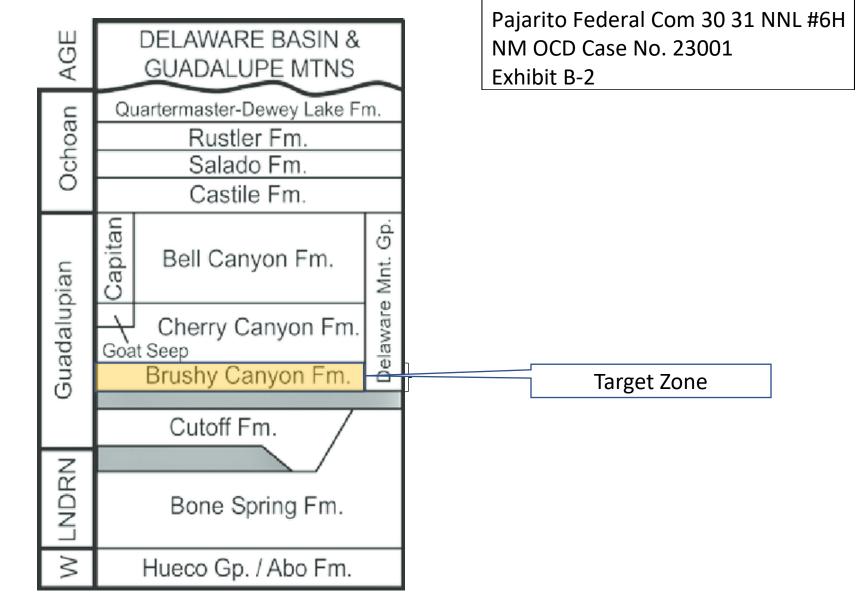
RRC-Job No.: LS20010075

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Regional View of the Delaware Basin



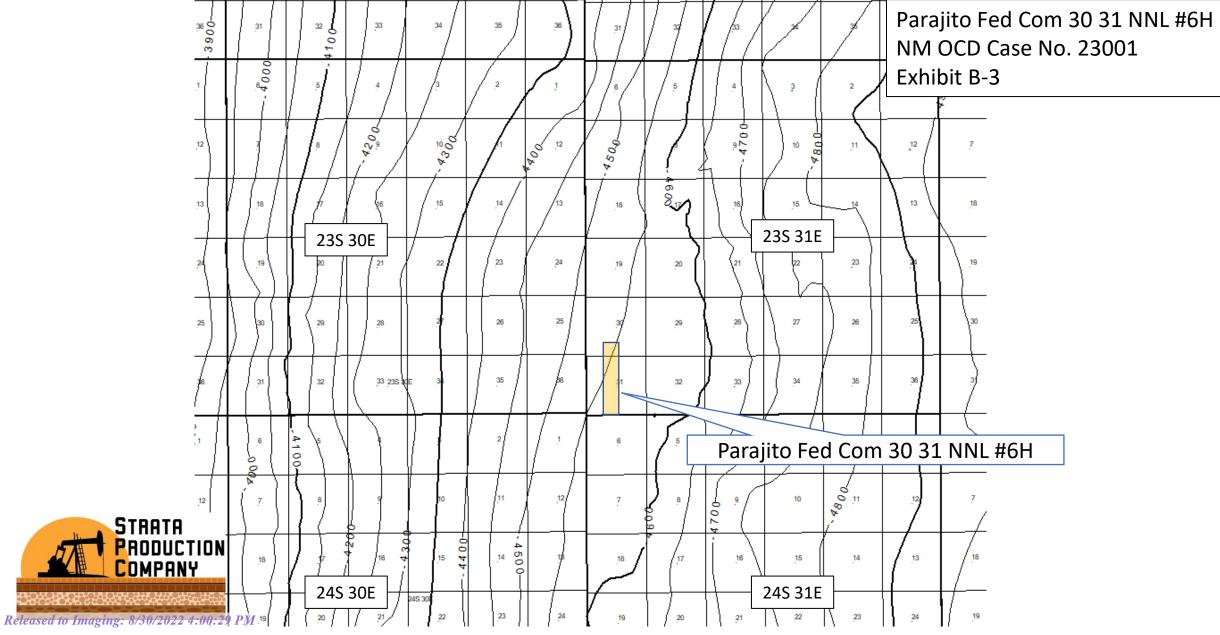
Delaware Basin Stratigraphic Column



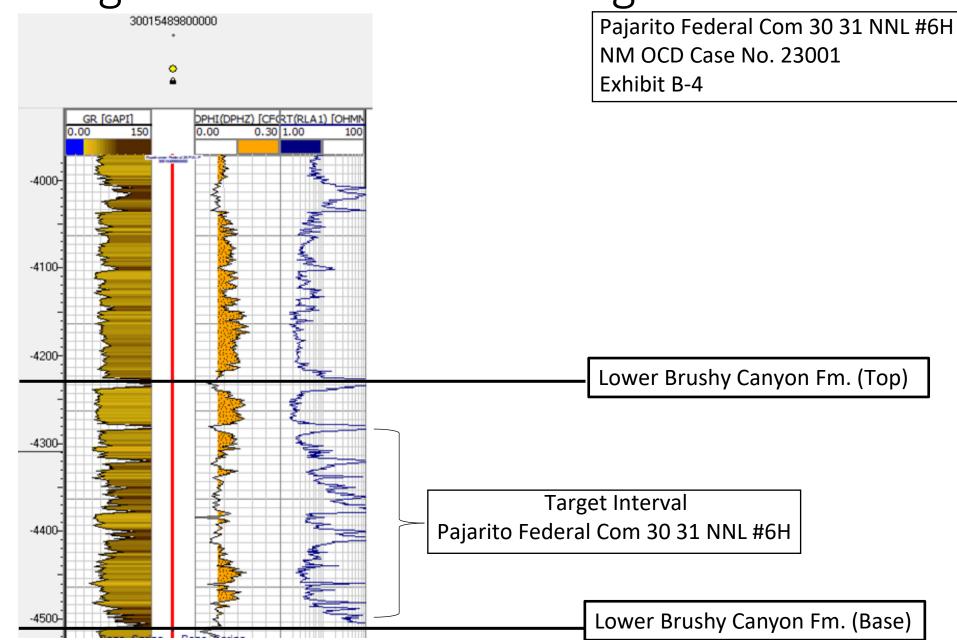


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Base of Brushy Canyon Fm. Structure (TVDSS)



Target Interval on Offset Log





Cross Section Line

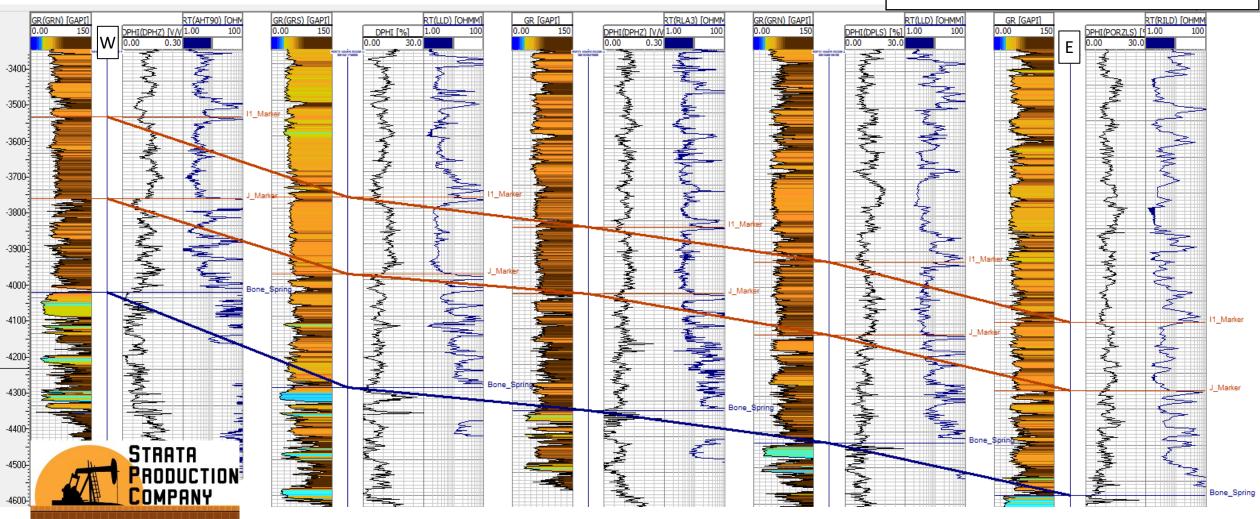
Pajarito Federal Com 30 31 NNL #6H NM OCD Case No. 23001 Exhibit B-5

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27	26	25	30	29	28	27	26	25	₩.	29 E	28	.27	26	25
34	35	36	31	32	235	30E	35	36	31	32	33	34	35	38



Structural Cross section

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



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Tab 5.

COMPULSORY POOLING APPLICATION CHECKLIST

Page 74 of 14

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
	Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton)
Applicant's Counsel: 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

Horikeetalely by Gredens/302202129.999.999 PM	FTP (~330' FSL and 1980' FEL of Section 30, T23S-R31E) Page 75 LTP (~100' FSL and 1980' FEL of Section 31, T23S-R31E) Page 75
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	
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
	Eachthite D. 410 E. 45, and Eachthite D. 4 through D. C
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

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crossseiteshbudestillin શાક્ષ લાવસાર્વાંગેટ્ટ સ્ટાાકુM	Exhibit B-5	Page 76 og
Cross Section (including Landing Zone)	Exhibits B-5 and B-6	
Additional Information		
Special Provisions/Stipulations	None	
CERTIFICATION: I hereby certify that the information prov	vided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen	
Signed Name (Attorney or Party Representative):	Sharon I Shakeen	
	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.

1

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

2

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.

<u>/s/ Sharon T. Shaheen</u> Sharon T. Shaheen Troy S. Lawton Post Office Box 2307 Santa Fe, NM 87504-2307 (505) 986-2678 <u>sshaheen@montand.com</u> 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 31, 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.

	PR(AATA Douctio Mpany) N		Pajarito Federal Com 30 31 OOL #5H NM OCD Case No. 23002 Exhibit A-1								
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			PLF				4			SIMON RIDGE			
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62 TIS BLK 61 TIS	BERGOTTINE	FSOTT BLK 59 TIS	BLK 58 TIS	TEXAS	1 BLK 56 T1	MASON FIEL BLK 55 T1	DIL D EL MAR C BLIC 64 Ft 9	NEW MEX	160 325 11 EXAS 3373 11 76 BUK 026 BLK 025	BLK C24 SH	BEK C23	вис	22 BLK

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SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	L4	SESW	Pajarito Fe	SESE	swsw	SESW	SWSE	SESE	SWS	W SESW	SWSE	SESE
L 4	L 3	L 2	L1	L 4	L 3	L 2	L 1	L4	L 3	L2	L1	L4	L 3	L2	L 1	L4	L3	L2	L1
SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE	L 5	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE	SWN	W SENW	SWNE	SENE
NWSW	NESW	NWSE	NESE 30E	NWSW	NESW	NWSE	NESE	L 6	NESW	6 NWSE	NESE	NWSW	NESW	5 NWSE	NESE	NWSW 31E	/ NESW	4 NWSE	NESE
SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	L7	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWS	W SESW	SWSE	SESE

.



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]:

 $SW^{1}\!\!/\!\!4SE^{1}\!\!/\!4$ of Sec. 30 and $W^{1}\!\!/\!\!2E^{1}\!\!/\!_{2}$ 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 (SW¹/₄SE¹/₄ 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 (W¹/₂E¹/₂ 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 ¹ / ₄ SE ¹ / ₄ of Section 30, T23S-R31E, containing 40.00 acres, more or less
Tract 2:	
Tract 2: Lessor:	United State of America
	United State of America Lila Mae Redwine
Lessor:	
Lessor: Lessee:	Lila Mae Redwine



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

Interest Owner:Oxy USA Inc. & Oxy Y-1 CompanyContact Type:Phone, Email, USPSNotes:Contacted Matthew Cole regarding the proposals on June 30, 2022 with no response. Ilater sent him multiple emails followed up with phone calls with no response. In priordiscussions, Mr. Cole has informed me that Oxy will not look at a proposal until they arecompulsory pooled.

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

State of New 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

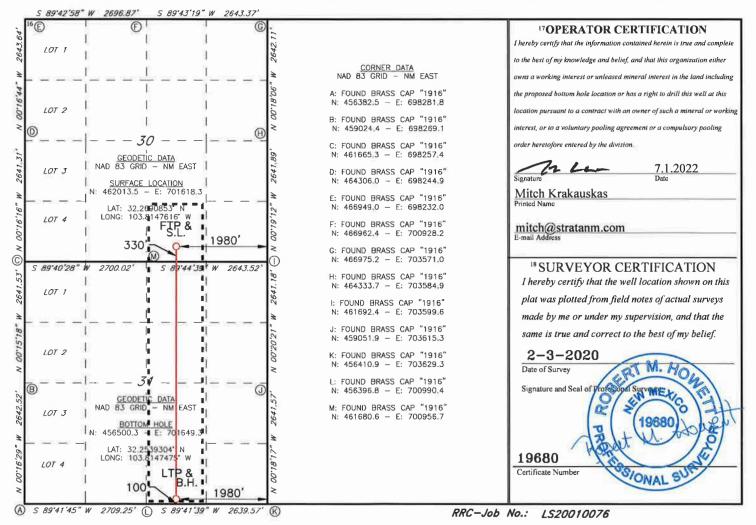
Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Submit one copy to appropriate District Office

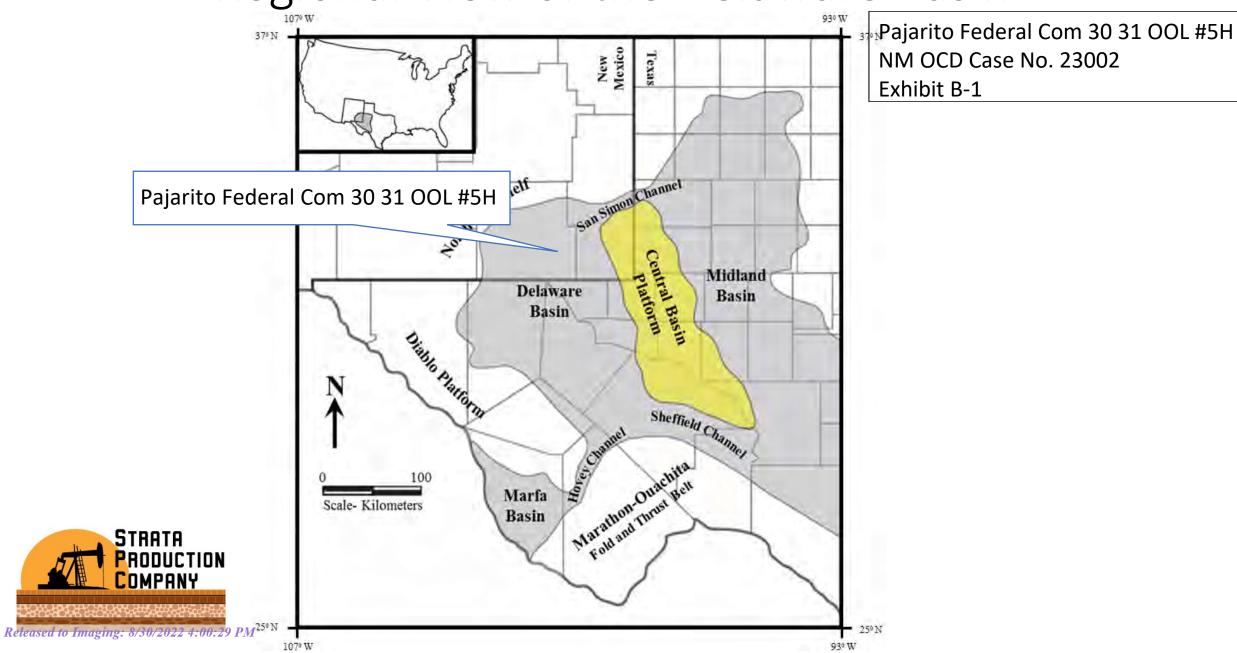
AMENDED REPORT

		V	VELL LO	OCATIO	N AND ACI	REAGE DEDIC	CATION PLA	Т						
1	API Number 2 Pool Code 3 Pool Name													
				24750		Forty Niner Ridge Delaware								
⁴ Property Co	6	⁶ Well Number 5H												
⁷ OGRID 21712			⁸ Operator Name STRATA PRODUCTION COMPANY 3341'											
					¹⁰ Surface	Location								
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/We	est line County					
0	30	23S	31E		330	SOUTH	EAS	ST	EDDY					
			11	Bottom H	ole Location	If Different Fre	om Surface							
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County				
0	31	23S	31E		100	SOUTH	1980	EAS	ST	EDDY				
¹² Dedicated Acres 200	s 13 Joint	or Infill 14 (Consolidation	Code 15 O	order No.									

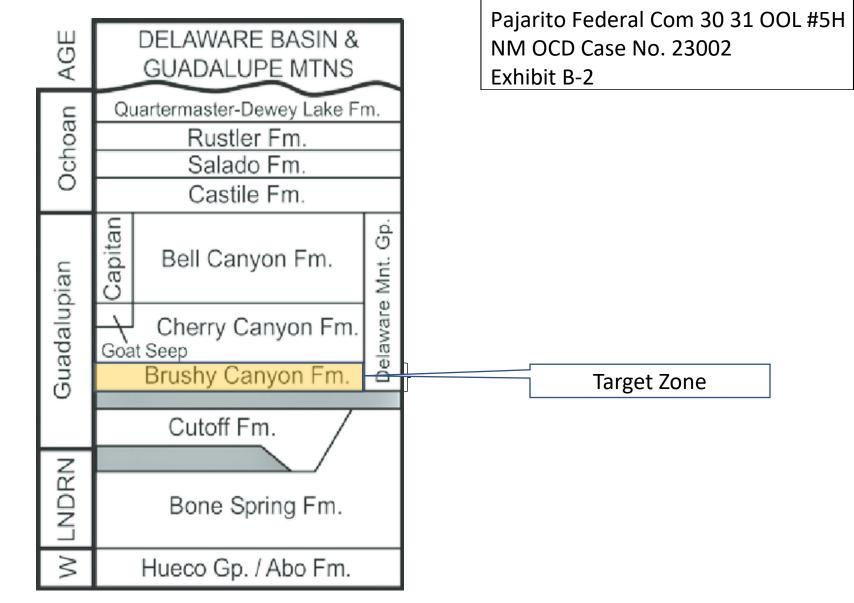
No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



Regional View of the Delaware Basin



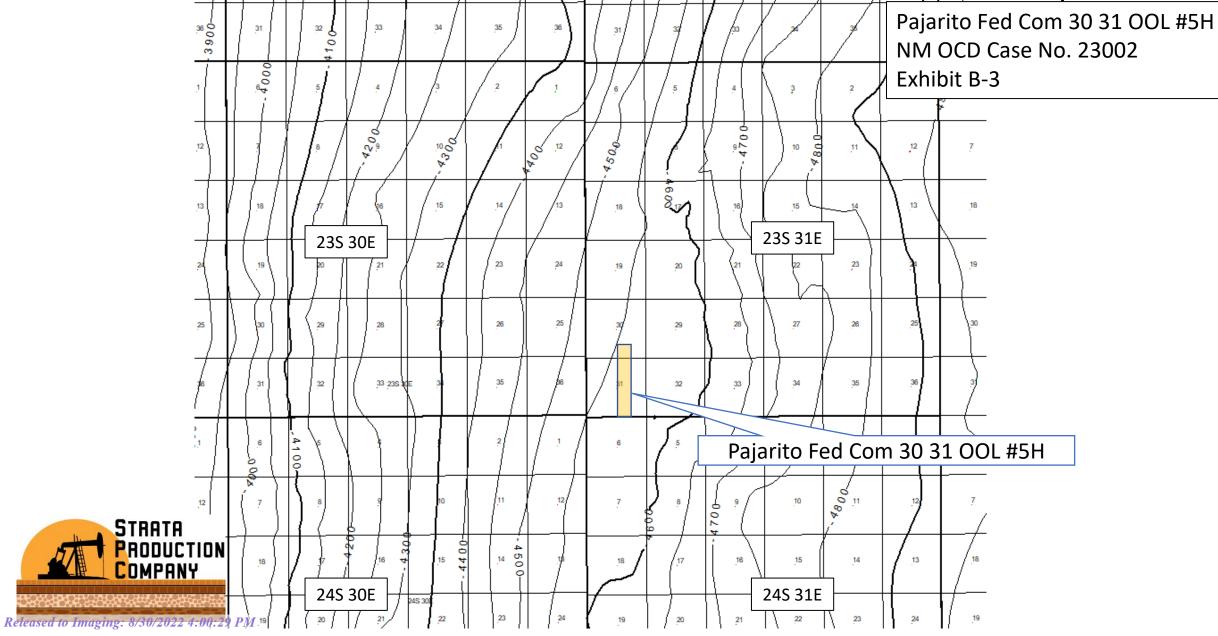
Delaware Basin Stratigraphic Column



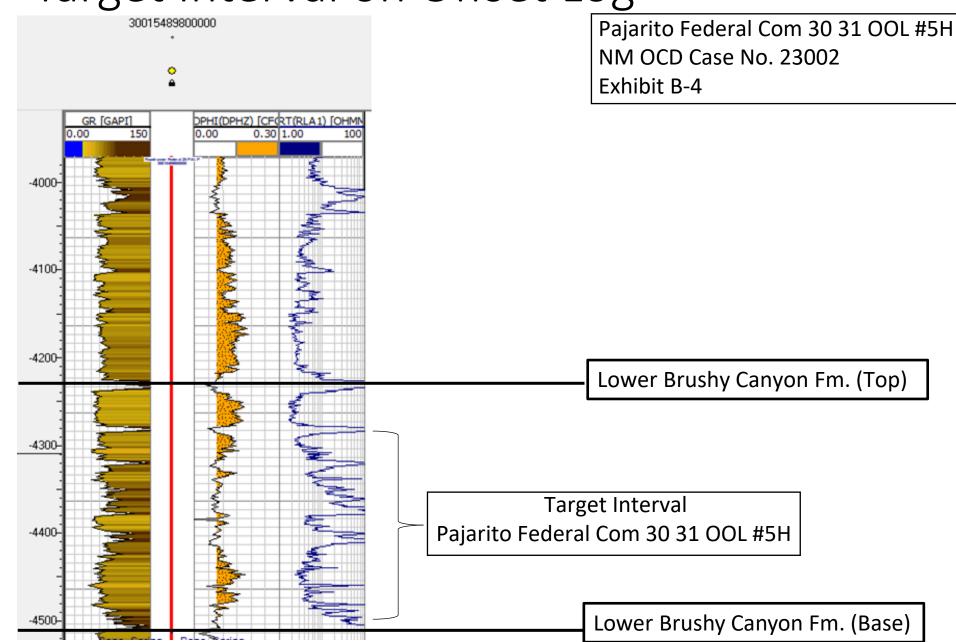


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Base of Brushy Canyon Fm. Structure (TVDSS)



Target Interval on Offset Log





Cross Section Line

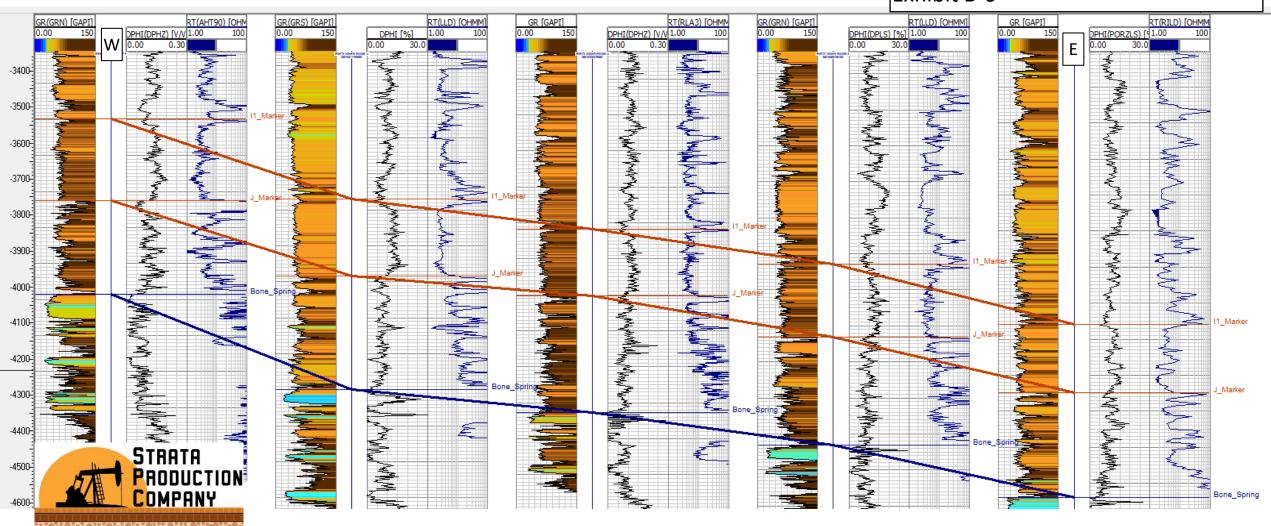
Pajarito Federal Com 30 31 OOL #5H NM OCD Case No. 23002 Exhibit B-5

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15 235 29E	.14	13	18	17	16	15	14	13	18	17	16	<mark>15</mark> 235 31E	14	13
233 292	23	W	19	20	21	22.	N. S.	24	19	20	21	235 512	23	24
27	26	25	30	29	28	27	26	25	₩.	29 E	28	.27	26	25
34	35	36	31	32	235	30E	35	36	31	32	33	34	35	36



Structural Cross section

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



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Tab 6.

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
	Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton)
Applicant's Counsel: Case Title:	Application of Strate Production Co. for Compulsory Dealing Eddy
Case fille.	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%; <i>see</i> 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)	

Weltedeived by OCD: 8/30/2022 3:59:49 PM	Pajarito Fed Com 31 18 DML #1H, API No. PendingPage 96 ofSHL: 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
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; <i>see</i> Exhibit A, ¶ 23
Production Supervision/Month \$	\$800; <i>see</i> Exhibit A, ¶ 23
Justification for Supervision Costs	Please see AFE at Exhibit A-7
Requested Risk Charge	200%; <i>see</i> 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	

Released to Imaging: 8/30/2022 4:00:29 PM

C-1Rgceived by OCD: 8/30/2022 3:59:49 PM	Exhibit A-6 Page 97	of 1				
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 pro	wided in this checklist is complete and accurate.					
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen					
Signed Name (Attorney or Party Representative):	Sharon I Shakeen					
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.

1

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

2

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.

<u>/s/ Sharon T. Shaheen</u> Sharon T. Shaheen Troy S. Lawton Post Office Box 2307 Santa Fe, NM 87504-2307 (505) 986-2678 <u>sshaheen@montand.com</u> 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 18, 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.

	STRATA PRODUCT Company	/		1 - 1 - 1 - 1 - 1 - 1	[0] - [] - []	- 1 - Kolori - F	(Pajarito Federal Com 31 18 DML #1H NM OCD Case No. 23003 Exhibit A-1				
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1970	35		- por						SAN SIMON RIDGE			
1 12 14		NAD	Salt				72.				XICO	
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62 T1S BLK 61 T1S	BCREPTIBE ISOIN BLK 5	9 TIS BLK 58 TIS	TEXAS RECEVERANCE BURNET	1 BLK 56 T1	BLK 55 T1	EL MAR OF	and page and the local data and	EXAS 3373 /	BLK C24 SNANO	BEK C23	BLK74	

D: 8/3	PRODUCT COMPANY		SENW	SWNE 13 NWSE	SENE NESE	L 2 L 3	SENW	SWNE 18 NWSE	NM OCD Ca				VIL #1	.H P
3885			SESW	SWSE	SESE	L 4	SESW	SWSE	E SESE SWSW SESW	SWSE	SESE	SWSW	SESW	SWSE
NWN	Tract 5- NMNM 021639 Lots	; 1, 2 & 3		NWNE	NENE			\triangleleft	Tract 6- NMNM 021639 L	.ot 4				
Γ	Leasehold Owner	Acres	WI %]	The real	L1	NENW	\mathbf{N}^{\dagger}	Leasehold Owner	Acres	WI %	NWNW	NENW	NWNE
, r	Lincoln Associates	9.85	7.89754%	1 1	\leq			+	Lincoln Associates	4.15	10.000%			
SWN	Oxy USA Inc.	26.23	21.02457%	1		L2	SENW	SWN	SJR Enterprises	1.35	3.25%	SWNW	SENW	SWNE
۳۲	SJR Enterprises	3.20	2.56667%	14'				19	Strata Production Company	32.59	78.50%			21
	Strata Production Company	77.34	61.99571%	NWSE	NESE	붜		19	Wade P. Carrigan and Beth Carrigan	2.08	5.00%			21
NWS	Wade P. Carrigan and Beth Carrigan	4.93	3.94877%	INVISE	INESL	DML 11 13	NESW	NWS	Winn Investments, Inc.	1.35	3.25%	NWSW	NESW	NWSE
<u>ا</u> ب ا	Winn Investments, Inc.	3.20	2.56667%	1'				'	Total	41.52	100.00%			
SWS	Total	124.75	100.00%	SWSE	SESE	11 L L L L L L L L L L L L L L L L L L	SESW	SWS	Tract 4- NMNM 053317	7 Lot 4		WSW	SESW	SWSE
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NWN	Leasehold Owner	Acres	WI %	NWNE	NENE	ep e L1	NENW	\mathbb{N}^{-1}	Lincoln Associates	3.29	7.89754%	WNW	NENW	NWNE
ال ا	Lincoln Associates	6.59	7.89754%	-		ito			Oxy USA Inc.	7.18	17.240147%	-11		
SWN		17.54	21.02457%	SWNE	SENE	Dajar			Oxy Y-1 Company	1.58	3.784423%			
	SJR Enterprises	2.14	2.56667%	SWINE	JLINL	L 2	SENW	SWN	SJR Enterprises	1.07	2.56667%	WNW	SENW	SWNE
<u>ا</u> ب ا	Strata Production Company	51.71	61.99571%	- 5'			<u> </u>	30	Strata Production Company	25.82	61.99571%	┥		28
NWS	· · ·	3.29	3.94877%	NWSE	NESE		NECW		Wade P. Carrigan and Beth Carrigan	1.64	3.94877%		NECH	
, P	Winn Investments, Inc.	2.14	2.56667%	- '		L3	NESW	NWS	Winn Investments, Inc.	1.07	2.56667%	-11	NESW	NWSE
۱ <u> </u> ۲	Total	83.41	100.00%			 		+	Total	41.65	100.00%			
sws				SWSE	SESE	L4	SE	SWS	Tract 2- NMNM 0021640 L	.ots 3 & 4		WSW	SESW	SWSE
·	Tract 1- NMNM 546732	A Lot 1							Leasehold Owner	Acres	WI %	ר		
NWNW	W Leasehold Owner	Acres	WI %		NENE	L1	NENW		Lincoln Associates	6.60	7.89754%	WNW	NENW	NWNE
L	Lincoln Associates	4.19	10.000%	1	\sim		112.111		Oxy USA Inc.	17.57	21.02457%		112	
1	SJR Enterprises	1.36	3.25%				1		SJR Enterprises	2.15	2.56667%	-		
SWNW	W Strata Production Company	32.87	78.50%	SWNE	SENE	L 2	SENW	SWN	Strata Production Company	51.82	61.99571%	WNW	SENW	SWNE
<u> </u>	Wade P. Carrigan and Beth Carrigan	2.09	5.00%	- 5'	 '	·		31	Wade P. Carrigan and Beth Carrigan	3.30	3.94877%			33
NWSW	Winn Investments, Inc.	1.36	3.25%	NWSE	NESE			51	Winn Investments, Inc.	2.15	2.56667%	\neg		55
1 1110.200	Total	41.87	100.00%		NLJL	L 3	NESW	NWS	Total	83.59	100.00%	WSW	NESW	NWSE

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			PANY		NESW	NWSE	NESE	L3	NESW	NWSE		Exhibit				-		_
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SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE	L2	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE
NWSW	NESW	23 NWSE	NESE	NWSW	NESW	NWSE	NESE	L 3	NESW	19 NWS	<u> </u>	•	deral Com 31 1 pration Unit W			wsw	NESW	21 NWSE
SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	Com 31 18 DML #1+	SESW		Leasehold Ov	wner		Acres	WI %	wsw	SESW	SWSE
NWNW	NENW	235 NWNE	30E NENE	NWNW	NENW	NWNE	NENE	Federal F T	NENW	NWR	Lincoln Assoc Oxy USA Inc. Oxy Y-1 Comp		=	34.67 68.52 1.58	8.318196% 16.439863% 0.378179%	% WNW	NENW	NWNE
SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE	Pajarito F 7	SENW	SWN	SJR Enterprise			11.38 11.27 272.15	2.703414% 65.297837%	%	SENW	SWNE
NWSW	NESW	26 NWSE	NESE	NWSW	NESW	-25 NWSE	NESE	L3	NESW	30 	Wade P. Carri Winn Investm	rigan and Beth (nents, Inc.	Carrigan	17.33 11.27	4.159098% 2.703414%		NESW	28 NWSE
SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	L4	SESW	SWSE	Total SESE	SWSW	SESW	416.79 SWSE	100.00%	% swsw	SESW	SWSE
NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE	L1	NENW	NWNE	E 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	35 NWSE	NESE	NWSW	NESW	36 NWSE	NESE	L3	NESW	31 NWSE	E NESE	NWSW	NESW	32 NWSE	NESE	NWSW	NESW	33 NWSE

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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:

11000 20	
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:

United State of America
Francis L. Solsbery
NMNM 0533177
April 1, 1964
Lots 1 & 2 of Section 30, T23S-R31E, containing 83.41 acres, more or

Tract 4:

United State of America
Francis L. Solsbery
NMNM 0533177
April 1, 1964
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

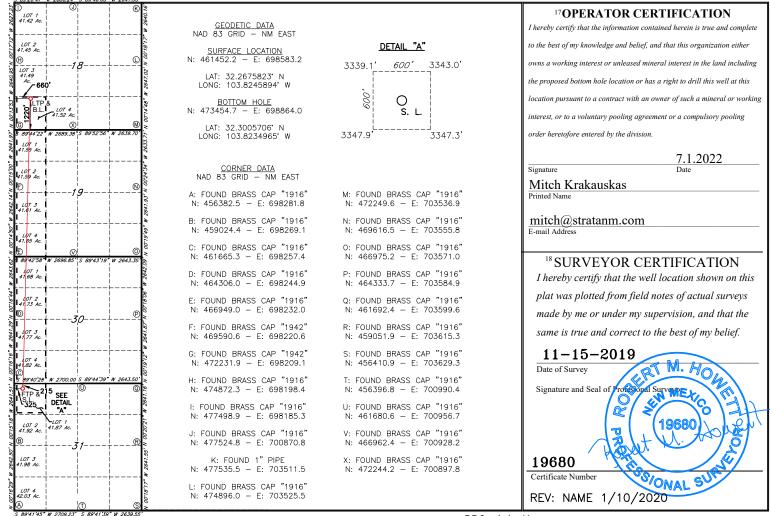


Pajarito Federal Com 31 18 DML #1H NM OCD Case No. 23003 Exhibit A-5

Interest Owner:Oxy USA Inc. & Oxy Y-1 CompanyContact Type:Phone, Email, USPSNotes:Contacted Matthew Cole regarding the proposals on June 30, 2022 with no response. Ilater sent him multiple emails followed up with phone calls with no response. In priordiscussions, Mr. Cole has informed me that Oxy will not look at a proposal until they arecompulsory pooled.

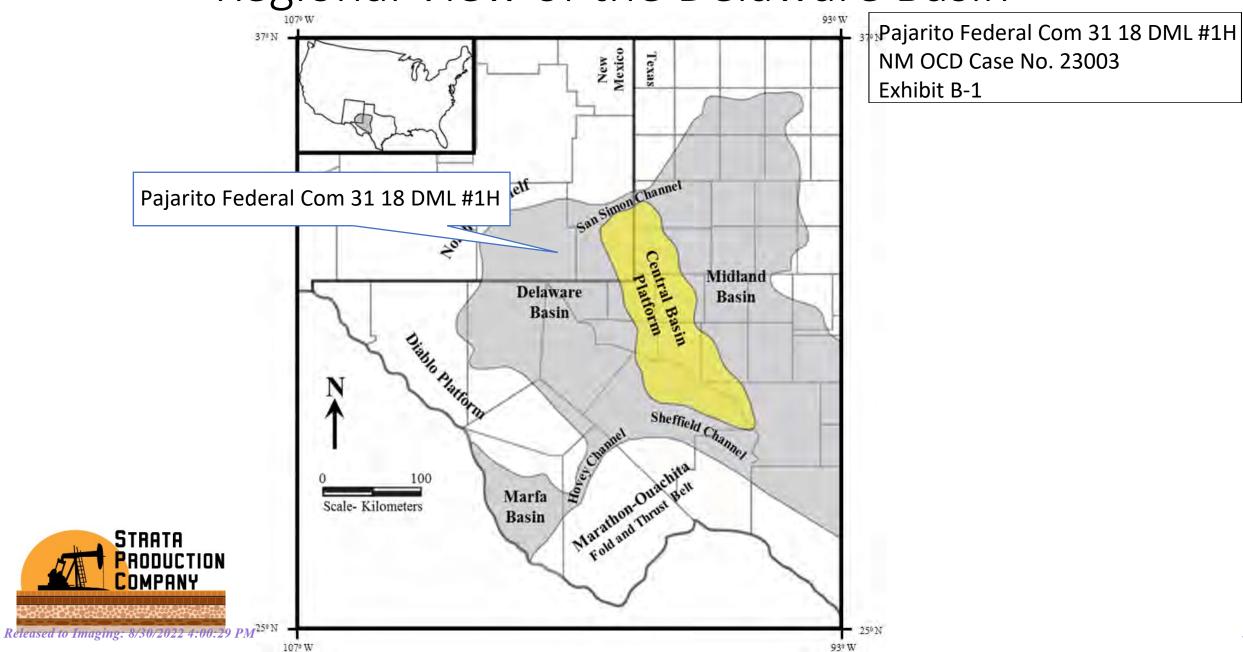
Received by OCD	: 8/30/20	22 3:59:4	9 PM				Pajarito	Federal	Com	31 1	8 DML #1H
District I 1625 N. French Dr., Hobb	s, NM 88240				State of	of Ne		Case No	o. 23	003	
Phone: (575) 393-6161 F		0720	Energ	gy, Mir	nerals & Na	atural	Exhibit A	4-6			
811 S. First St., Artesia, N Phone: (575) 748-1283 Fa		720		UI	L CONSE 1220 Sc		St. Francis Dr.				District Offic
District III 1000 Rio Brazos Road, Az Phone: (505) 334-6178 Fa District IV 1220 S. St. Francis Dr., Sa	x: (505) 334-6 nta Fe, NM 87	170 505			-		IM 87505				MENDED REPORT
Phone: (505) 476-3460 Fa	x: (505) 476-34		VELL L	OCAT	TON AND	ACR	EAGE DEDIC	CATION PLA	Т		
	API Number	ſ		² Pool C 2475			Fort	³ Pool Na Ty Niner Ridg		ware	
4Property Co	de			PAJA		perty Na	M 31 18 DM	<i>I</i> L		6	Well Number
⁷ OGRID 21712				STRA	1	erator N UCTI	ame ON COMPAN	Y			Elevation 3345'
					¹⁰ Sur	face	Location				
UL or lot no.	Section	Township	Range	Lot Idı			North/South line	Feet From the		est line	County
1	31	23S	31E		215		NORTH	325	WE	ST	EDDY
			11	Bottom	n Hole Loca	ation	If Different Fr	om Surface			
UL or lot no.	Section	Township	Range	Lot Idi	n Feet from	n the	North/South line	Feet from the	East/W	est line	County
4	18	23S	31E		122	0	SOUTH	660	WE	ST	EDDY
¹² Dedicated Acre 400	s 13 Joint	or Infill 14	Consolidatior	n 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.

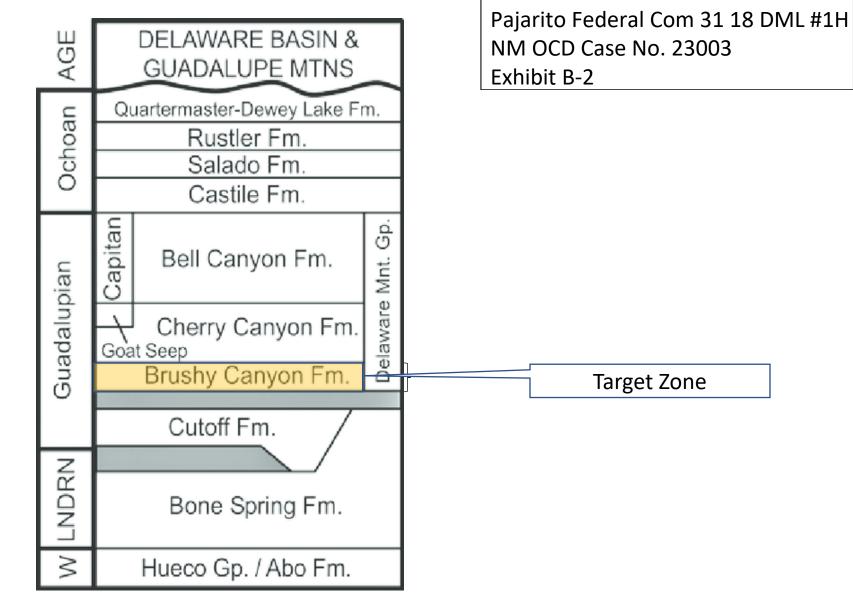


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Regional View of the Delaware Basin



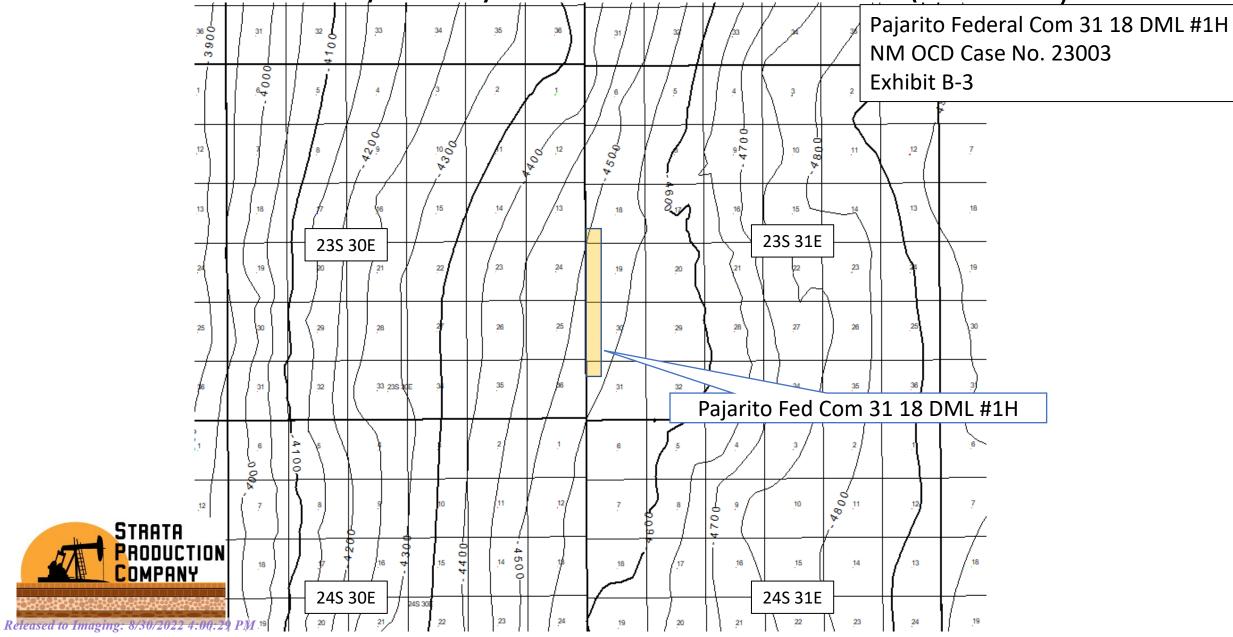
Delaware Basin Stratigraphic Column



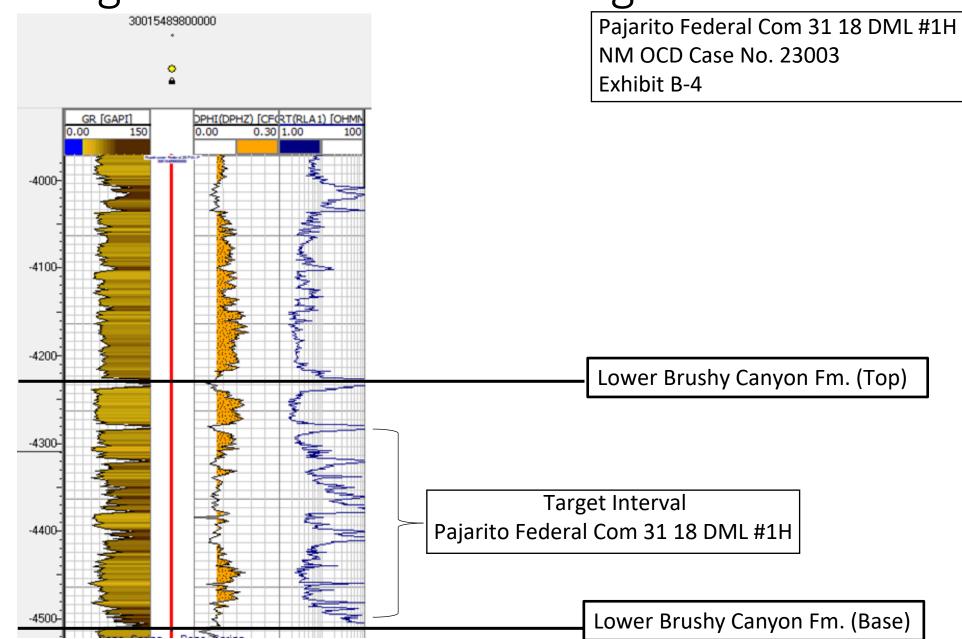


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Page 112 of 147 Base of Brushy Canyon Fm. Structure (TVDSS)



Target Interval on Offset Log





Cross Section Line

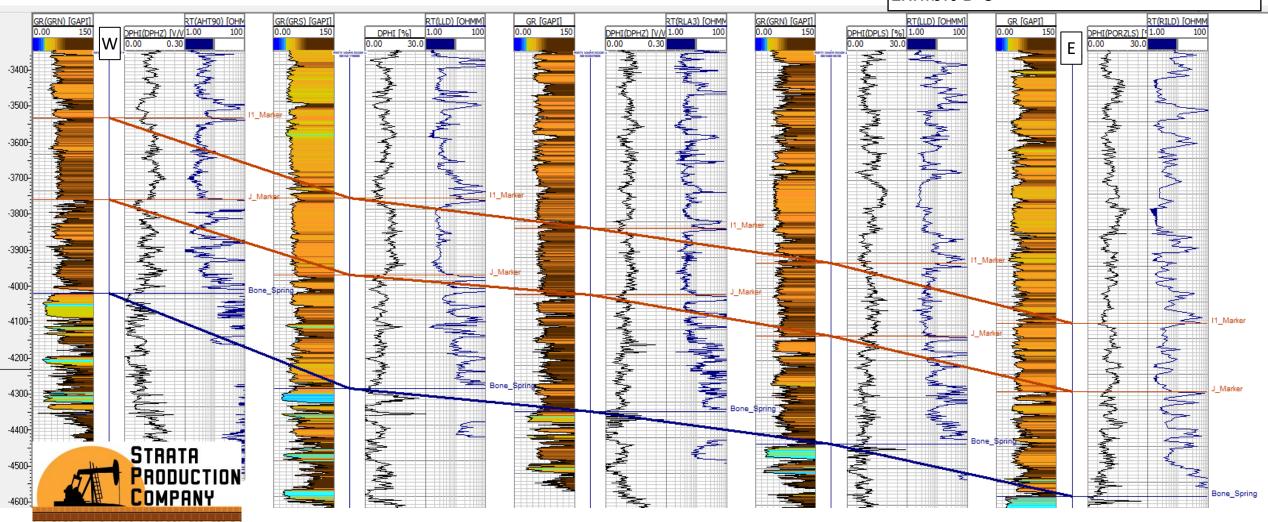
Pajarito Federal Com 31 18 DML #1H NM OCD Case No. 23003 Exhibit B-5

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233 292	23	W	19	20	21	22.	23	24	19	20	21	233 312	23	24
27	26	25	30	29	28	27	26	25	₩.	29 E	28	.27	26	25
34	35	36	31	32	235	30E	35	36	31	32	33	34	35	36



Structural Cross section

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



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Tab 7.

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%; <i>see</i> 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)	

We k#deived by OCD: 8/30/2022 3:59:49 PM	Pajarito Fed Com 31 19 AAL #4H, API No. PendingPage 118 ofSHL: 1070' FNL and 910' FEL , Section 31, T23S-R31E, NMPMBHL: 1420' FNL and 400' FEL, Section 19, T-23S-R31E, NMPMCompletion Target: Brushy Canyon at approx. 7800'Well Orientation: South to NorthCompletion 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%; <i>see</i> Exhibit A, ¶ 24
Notice of Hearing	- Love Love Des filles of Application
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	
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

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Formes, Fightes and Fastely 2022 3:59:49 PM	Page 119	of 1
C-102	Exhibit A-6	1
Tracts	Exhibits A-2 and A-4	1
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3	1
General Location Map (including basin)	Exhibit B-1	1
Well Bore Location Map	Exhibit A-3; Exhibit A-6	1
Structure Contour Map - Subsea Depth	Exhibit B-3	1
Cross Section Location Map (including wells)	Exhibit B-5	1
Cross Section (including Landing Zone)	Exhibits B-5 and B-6	l
Additional Information		I
Special Provisions/Stipulations	None	1
CERTIFICATION: I hereby certify that the information pro	vided in this checklist is complete and accurate.	1
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen	1
Signed Name (Attorney or Party Representative):	Sharon I Shakeen	1
Date:	8/30/2022	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.

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.

1

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

2

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.

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

27	PRI	RATA DDUCTIO Mpany				6		1.1.1.242	Pajarito Fo NM OCD (Exhibit A-	Case No.		9 AAL #	4H
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T22S R25E	7 T22S R26E	7228 R27E	T22S R28E	4 3 0 T228 R29E	T22S R30E	T22S R31E	T22S R32E	T225 R33	E T22S R34E	T228 R35E	T22S R36E	T22S R37E	T22S R38E
1270		833	SME	the						SAN SIMON RIDGE			
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T23.S R25E	T235 R26E	T23S R27E	T235 R28E	T23S R29E	T23 S R30E	T235 R31E	T23S R305	Pajarit	o Federal	Com 31	19 AAL i	#4H	T238 R38E
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SWNW	SENW	SWNE	SEN	Oxy USA Inc.			16.82	21.02457%	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE
	+'	23	+	SJR Enterprise			2.05	2.56667%		19				Tract	4- NMNM 05	533177 SE%S	SE¼	
NWSW	NESW	NWSE	NES	Strata Product			49.60	61.99571%	_		NECE	NIMCIN	Le	asehold Owner		1	Acres	WI %
				Wade P. Carrig	0	Carrigan	3.16	3.94877%	\neg	NWSE	NESE	NWSW	Lir	coln Associates			3.16	7.89754%
	,			Winn Investme	ents, Inc.		2.05	2.56667%	-Ir				Ох	y USA Inc.			6.89	17.240147%
SWSW	SESW	SWSE	SESE	Total			80.00	100.00%	SESW	SWSE	SESE	JVVSW	O ×	y Y-1 Company			1.51	3.784423%
	'	235							۔_				SJF	R Enterprises			1.03	2.56667%
NWNW	NENW	NWNE	NENI	Т	ract 3-NMN	NM 0533177 E	-1/2NE1/4					Ŧ	Str	ata Production	Company		24.80	61.99571%
	INCINV	INVVINL	NLIN	Leasehold Ow	/ner		Acres	WI %		NWNE	NENE	AL #4	W	ade P. Carrigan a	and Beth Car	rigan	1.58	3.94877%
	+'		+ r	Lincoln Associa	ates		6.32	7.89754%	1			19 AAL	Wi	nn Investments	,, Inc.		1.03	2.56667%
SWNW	SENW	SWNE	SEN	Oxy USA Inc.			16.82	21.02457%	SENW	SWNE	SENE		To	.al			40.00	100.00%
	'	26		SJR Enterprise	:S		2.05	2.56667%									<u>`</u>	
				Strata Product	ion Compan	у	49.60	61.99571%		30				29	+	+		- 28
NWSW	NESW	NWSE	NESI	Wade P. Carrig	gan and Beth	Carrigan	3.16	3.94877%		NWSE	NES 5	NWSW						
			–_∥	Winn Investme	ents, Inc.		2.05	2.56667%			rito	2		Tract	t 2- NMNM 0	021640 E½SF	E¼	
SWSW	SESW	SWSE	SESE	Total			80.00	100.00%		CHIEF	Pajarito F		Le	asehold Owner		/	Acres	WI %
			L						SESW	SWSE	SESE	SWSW	Lin	coln Associates	,		6.32	7.89754%
	1			TT	ract 1- NMP	NM 546732A	NE¼NE¼		_[+	╞━━┾╸	┥──┤		y USA Inc.			16.82	21.02457%
NWNW	NENW	NWNE	NENE	Leasehold	Owner		Acres	WI %			NENE	NWNW		R Enterprises			2.05	2.56667%
				Lincoln Ass	sociates		4.00	0 10.000%	. –		•			ata Production			49.60	61.99571%
CIMINIA	CENIW	SWNE	SENE	SJR Enterp	rises		1.30	0 3.25%	,					ade P. Carrigan a		rigan	3.16	3.94877%
SWNW	SENW		SEINL		duction Comp	pany	31.40	0 78.50%	SENW	SWNE	SENE	SWNW		nn Investments	, Inc.		2.05	2.56667%
		35	+	Wade P. C	Carrigan and B	Jeth Carrigan	n 2.00	0 5.00%		31	<u> </u>		To	al			80.00	100.00%
NWSW	NESW	NWSE	NESE	Winn Inve	stments, Inc.		1.30	0 3.25%		NIMCE	NECE	NUMCIAL	NECW	NIMCE	NECE		NECW	
,				Total			40.00	0 100.00%	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE

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ed by OCD: 8/30/2	2022 3:59:4	⁴⁹ 5 ⁴ TRI PRO	ATA Duct		SENW	SWNE	SENE	L 2	SENW	SWNE	JLINU	Pajarito NM OC					4L #4⊦	Page 1
			PANY		NESW	NWSE	NESE	L 3	NESW	18 NWSE		Exhibit				• •		_
1 8888	4987888 	256654475	248-247 2	245.8	SESW	SWSE	SESE	L4	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE
NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE	L1	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			to Federal Com Proration Un	m 31 19 AAL #4	¥4H	\square	NESW	19 NWSE	NESE	NWSW	NESW	20 NWSE	NESE	NWSW	NESW	21 NWSE
SWSW	SESW	SWSE	Leasehold	ld Owner		Acres 26.11		0350%	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE
NWNW	NENW	23S NWNE	Oxy USA Ir Oxy Y-1 Cc	Inc.		57.35	35 17.923		NENW		NENE AAL #4H	AL#4H MMMM	NENW	NWNE	NENE	NWNW	NENW	NWNE
SWNW	SENW	SWNE		roduction Comp		8.49	9 64.058		SENW	SWNE	¢ 10 SENE שנ	V AT TC SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE
NWSW	NESW	26 NWSE		Carrigan and B vestments, Inc.	-	n 13.06 8.49 320.00	19 2.652	0175% 2114%	NESW	30 NWSE	SENE SENE Federal Com 31.	NWSW	NESW	29 NWSE	NESE	NWSW	NESW	28 NWSE
SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	L 4	SESW	SWSE	Pajarito F	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	35 NWSE	NESE	NWSW	NESW	NWSE	NESE	L 3	NESW	31 NWSE	NESE	NWSW	NESW	32 NWSE	NESE	NWSW	NESW	33 NWSE

.

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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]:

 $NE^{1/4}NE^{1/4}$ of Sec. 31, $E^{1/2}E^{1/2}$ of Section 30, and $E^{1/2}SE^{1/4}$ and $SE^{1/4}NE^{1/4}$ 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 (NE¹/₄NE¹/₄ 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 (E¹/₂SE¹/₄ 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%

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 (E¹/₂NE¹/₄ of Sec. 30, T23S-R31E, 80.00 acres, more or less)

Tract 4 (SE¹/₄SE¹/₄ 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 (NE¹/₄SE¹/₄ and SE¹/₄NE¹/₄ 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 ¹ / ₄ NE 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

Lessee:	Lila Mae Redwine
Serial No.:	NMNM 021640
Date:	May 1, 1964
Description:	E ¹ / ₂ SE 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 ¹ / ₂ NE ¹ / ₄ of Section 30, T23S-R31E, containing 80.00 acres, more or less
1	

Tract 4:

Lessor:	United State of America
Lessee:	Francis L. Solsbery
Serial No.:	NMNM 0533177
Date:	April 1, 1964
Description:	SE ¹ / ₄ SE 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 ¹ / ₄ SE ¹ / ₄ and SE ¹ / ₄ NE ¹ / ₄ of Section 19, T23S-R31E, containing 80.00
acres, more of	: less



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

Interest Owner:Oxy USA Inc. & Oxy Y-1 CompanyContact Type:Phone, Email, USPSNotes:Contacted Matthew Cole regarding the proposals on June 30, 2022 with no response. Ilater sent him multiple emails followed up with phone calls with no response. In priordiscussions, Mr. Cole has informed me that Oxy will not look at a proposal until they arecompulsory pooled.

reived by OCD: 8/30/2022 3:59:49 PM						Pajarito	Federal	Com	31 1	9 AAL #4ŀ		
Pistrict I 625 N. French Dr., Hobbs	NM 88240				State	of Ne		Case No	o. 23	004		
hone: (575) 393-6161 Fa District II	ix: (575) 393-0	720	Energ	gy, M	inerals & N	atura	Exhibit A	\-6				
11 S. First St., Artesia, N hone: (575) 748-1283 Fa District III		720		U			TI on Divisio St. Francis Dr.				District Off	
000 Rio Brazos Road, Az hone: (505) 334-6178 Fa <u>District IV</u> 220 S. St. Francis Dr., Sa hone: (505) 476-3460 Fa	x: (505) 334-6 nta Fe, NM 87	170 505			Santa	Fe, N	NM 87505				MENDED REPOI	
		W	ELL L	OCA	TION AND	ACF	REAGE DEDIC	ATION PLA	Т			
1	¹ API Number			2 Pool Code ³ Pool Name								
					24750 Forty Niner Ridge Delay							
⁴ Property Co	de			⁵ Property Name PAJARITO FED COM 31 19 AAL						⁶ Well Number 4H		
⁷ OGRID 1 21712				⁸ Operator Name STRATA PRODUCTION COMPANY						⁹ Elevation 3352'		
					¹⁰ Sur	face	Location					
UL or lot no.	Section	Township	Range	Lot	Idn Feet from	m the	North/South line	Feet From the	East/W	est line	County	
Α	31	23S	31E 1070 NORTH 910					EA	ST	EDDY		
			11	Botto	m Hole Loc	ation	If Different From	om Surface				
UL or lot no.	Section	Township	nship Range Lot Idn Feet from the North/S				North/South line	Feet from the	East/W	est line	County	
Α	19	23S	31E		142	0	NORTH	400	EA	ST	EDDY	
¹² Dedicated Acres 320	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.

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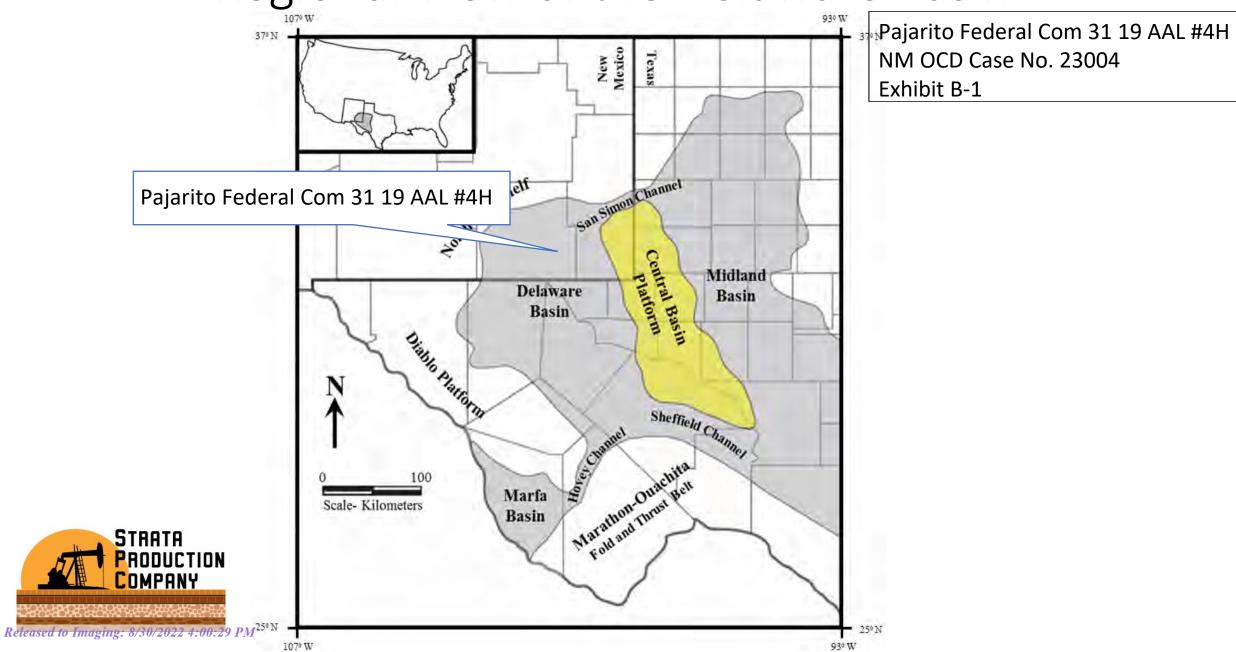
_

	<u>G s 89°44'22</u>	" W 2689.36' S 89'52'56" W 2639.69	, ()
¹⁶ <u>GEODETIC DATA</u> NAD 83 GRID – NM EAST NAD 83 GRID – NM EAST	2641.97' 1 107	 	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete
<u>SURFACE LOCATION</u> N: 460618.6 – E: 702696.2 N: 470829.1 – E: 703147.2	M	LTP &	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
LAT: 32.2652366° N LAT: 32.2932969° N LONG: 103.8112961° W LONG: 103.8096759° W	° ≈E	$N^{00'24'34''} W_{8633.71'}$	the proposed bottom hole location or has a right to drill this well at this
<u>CORNER DATA</u> NAD 83 GRID – NM EAST	M 2642.14		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
A: FOUND BRASS CAP "1916" L: FOUND BRASS CAP "1916" N: 456382.5 – E: 698281.8 N: 464333.7 – E: 703584.9	 	+ + h - 	order heretofore entered by the division.
B: FOUND BRASS CAP "1916" M: FOUND BRASS CAP "1916" N: 459024.4 – E: 698269.1 N: 461692.4 – E: 703599.6	E S	" <u>w 2696.86'</u> 5 89'43'19" w 264336' R	signature Date Date
C: FOUND BRASS CAP "1916" N: FOUND BRASS CAP "1916" N: 461665.3 – E: 698257.4 N: 4599051.9 – E: 703615.3	44" W 2643	· · · · · · · · · · · · · · · · · · ·	s ■ mitch@stratanm.com
D: FOUND BRASS CAP "1916" O: FOUND BRASS CAP "1916" N: 464306.0 – E: 698244.9 N: 456410.9 – E: 703629.3	;91.00 LOT 2 ND		E-mail Address
E: FOUND BRASS CAP "1916" P: FOUND BRASS CAP "1916" N: 466949.0 - E: 698232.0 N: 456396.8 - E: 700990.4	5641.30, 107 3		¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this</i>
F: FOUND BRASS CAP "1942" Q: FOUND BRASS CAP "1916" N: 469590.6 – E: 698220.6 N: 461680.6 – E: 700956.7	<u>m_91,91.00</u>		plat was plotted from field notes of actual surveys made by me or under my supervision, and that the
G: FOUND BRASS CAP "1916" R: FOUND BRASS CAP "1916" N: 472231.9 – E: 698209.1 N: 466962.4 – E: 700928.2		" <u> w 2700.01' 5 89'44'39"</u> w 2643.51' @ <mark>@</mark> M :	02-04-2020
H: FOUND BRASS CAP "1916" N: 472244.2 – E: 700897.8 DETAIL "A"	LOT 1 		Date of Survey Signature and Seal of Protestonal Survey
I: FOUND BRASS CAP "1916" N: 472249.6 - E: 703536.9 3349.8' - 600' - 3349.3'	107 2 LOT 2	910'-	
J: FOUND BRASS CAP "1916" N: 469616.5 – E: 703555.8 S. L.	, 15:2492 A		19680
K: FOUND BRASS CAP "1916" N: 466975.2 – E: 703571.0 3352.8' – – – J 3353.4'	M		Certificate Number
	≥ (A) \$ 89'41'45	" W 2709.23' 5 89'41'39" W 2639.55	[≥] REV: B.H. MOVE - 7/20/22

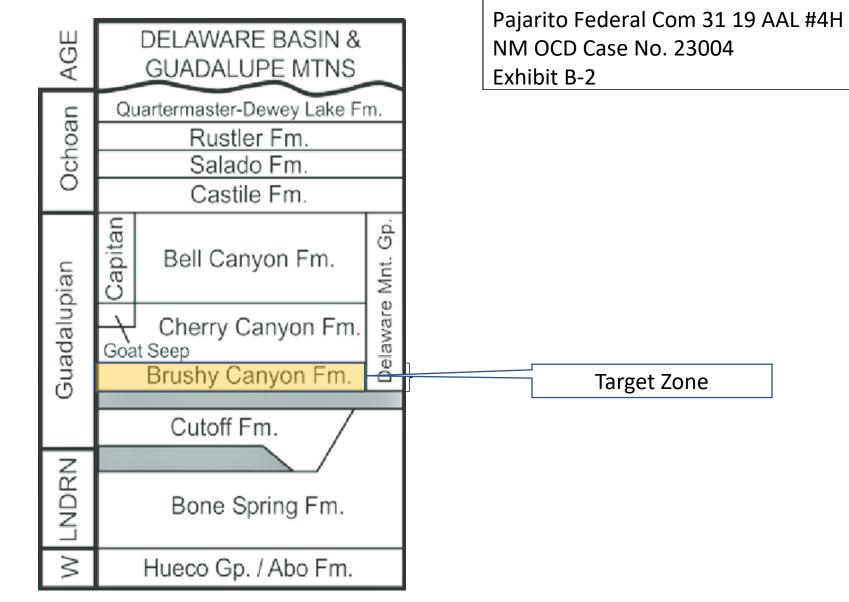
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Job No: LS20010085R1

Regional View of the Delaware Basin



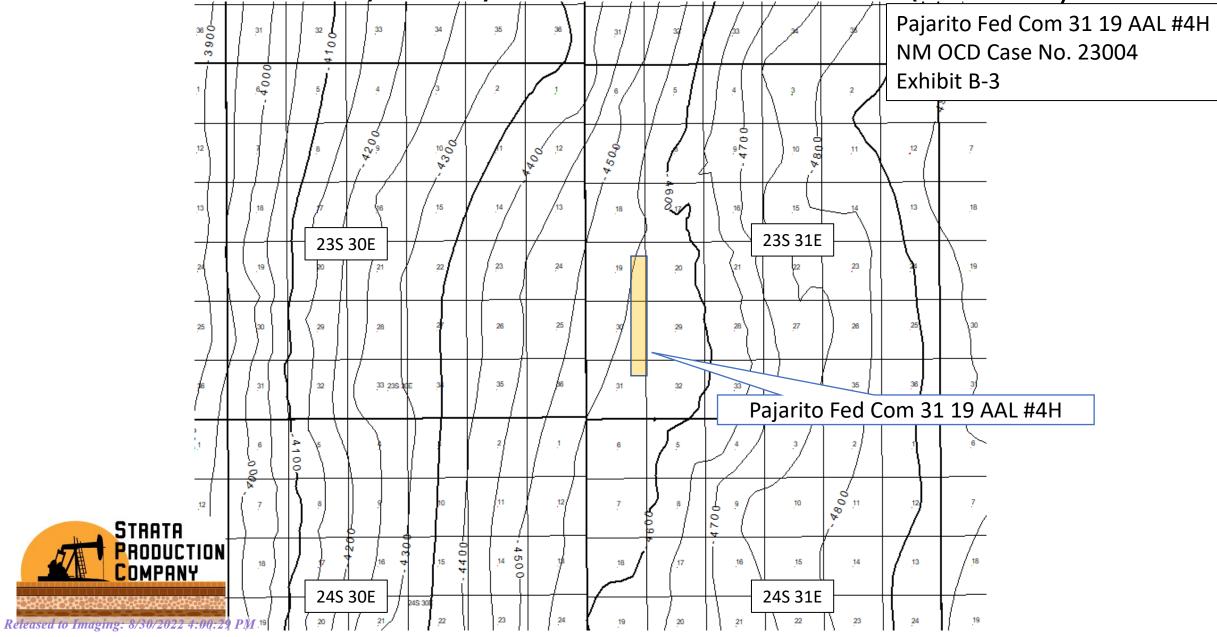
Delaware Basin Stratigraphic Column



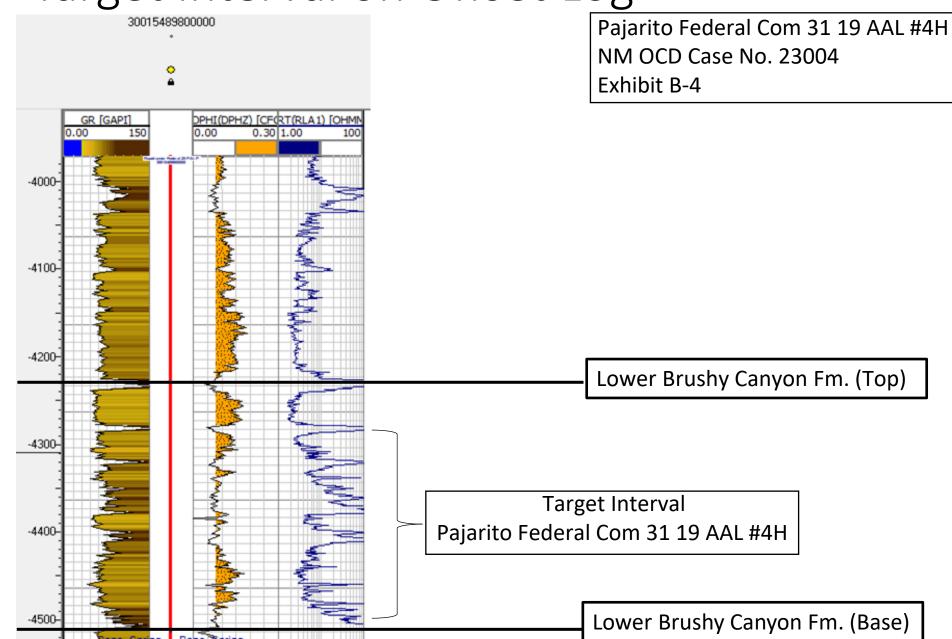


Received by OCD: 8/30/2022 3:59:49 PM

Base of Brushy Canyon Fm. Structure (TVDSS)



Target Interval on Offset Log





Released to Imaging: 8/30/2022 4:00:29 PM

Cross Section Line

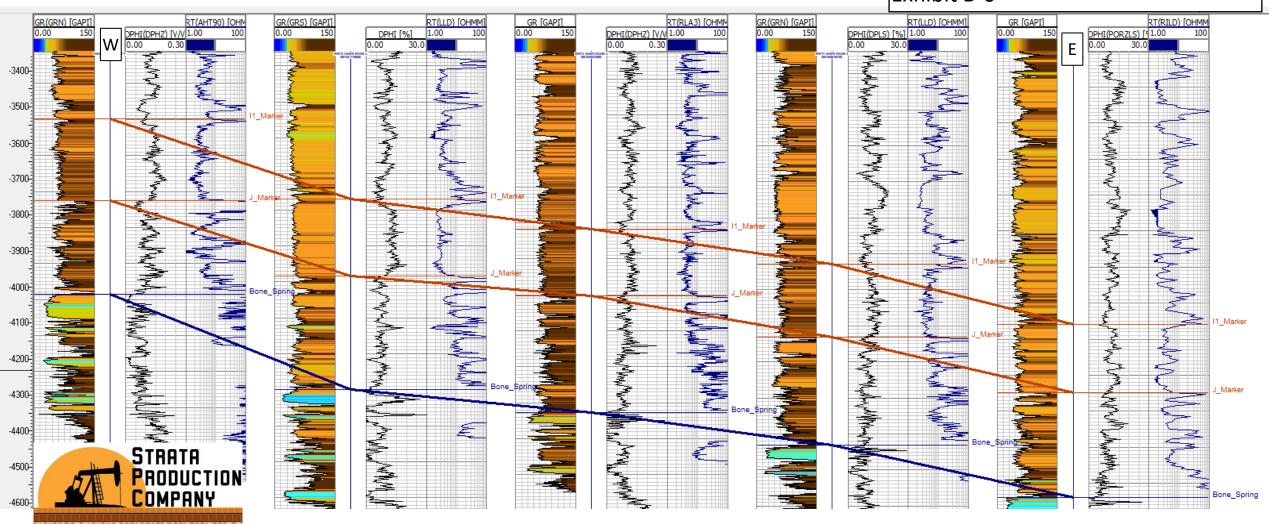
Pajarito Federal Com 31 19 AAL #4H NM OCD Case No. 23004 Exhibit B-5

	3	2.	1	6,	5	4.	3	2	1	6	5	4	3	2	1
	10	11	12	7	8	9	10	11	12	?	8	9	10	.11	12
	<mark>,15</mark> 235 29E	.14	13	18	17	16	15	14	13	18	17	16	<mark>15</mark> 235 31E	14	13
	233 292	23	W	19	20	21	22.	27	24	19	20	21	233 311	23	24
1	27	26	25	30	29	28	27	26	25	₩.	29 E	28	.27	26	25
	34	35	36	31	32	235	30E	35	36	31	32	33	34	35	36



Structural Cross section

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



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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, EDDV COUNTY, NEW MEXICO	C N. 22002
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.

1

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.

Τ. SHAHEEN SH

SUBSCRIBED AND SWORN to before me this <u>30+4</u> day of August, 2022.

m. Luna

Notary Public

My Commission Expires:

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

Entity	Date Letter Mailed	Certified Mail Number	Status of Delivery	Date Received	
	WORKING	G 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	L INTERESTED PARTY(IES	5)		
Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157	August 12, 2022	7014 0150 000 5152 8283	Delivered	08/15/2022	

Page 141 of 147

Received by OCD: 8/30/2022 3:59:49 PM

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

Domestic Return Receipt

Carlsbad Current Argus.

Page 143 of 147

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

-7-95

My commission expires

KATHLEEN ALLEN Notary Public State of Wisconsin

Ad # 0005377670 PO #: Notice for Publication No Later Than August 诸奴般的avits 1

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

NOTICE

'To the following entities, indi-viduals, their heirs, personal rep-resentatives, trustees, successors or assigns, and any other un-committed 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:

Mexico Oil Conservation Division as follows: Case No. 23000. Application of Strata Production Co. for Com-pulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an or-der from the Division pooling all uncommitted mineral interests in the Delaware formation (For-ty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") com-prised of the W2 W2 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 #7/H well, to be horizontal-ly drilled from an approximate surface hole location 330' FSL and 660' FWL of Section 30, T235-R31E, to an approximate bottom hole location 100' FSL and 400' FWL of Section 31, T235-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 Applicant as Operator of the well, and a 200% charge for the risk in-volved in drilling and complet-ing 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 Com-pulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an or-der from the Division pooling all uncommitted mineral interests in the Delaware formation (for uncommitted mineral interests in the Delaware formation (For-ty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") com-prised 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 sur-face 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.

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 #SH well, to be horizontally drilled from an approximate surface hole location 330' 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 Applicant as Operator of the well, and a 200% charge for the well, for miles East of Loving, New Mexico. Case No. 23003. Application of Strata Production Co. for Com-

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, T235-R31E, to an approximate bottom hole location 1220' FSL and 660' FWL of Section 18, T235-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 costs 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.

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 2mile 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, T235-R31E, to an approximate bottom hole location 1420' FNL and 400' FEL of Section 19, T235-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 costs of drilling and completing the well and the allocation 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://ww w.emnrd.state.nm.us/OCD/heari ngs.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