

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. **23563**

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

Case No. **23564**



*Oscar 23 11 Fed Com Wells*

June 1, 2023

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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. 23563**

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

**Case No. 23564**

**AFFIRMATION 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 Affirmation, 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 affirmation is submitted in connection with the filing by Strata of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.

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

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

6. The only party being pooled is Oxy USA Inc. (“OXY”), which has been contacted regarding the proposed wells, but has failed or refused to voluntarily commit their interest in the wells.

7. In **Case No. 23563**, 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 W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the following 2.5-mile wells:

a. **Oscar 23 11 EDL Fed Com #1H** well, to be horizontally drilled from an approximate surface hole location 2110’ FNL and 385’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 330’ FWL of Section 11, T23S-R30E. The first take point will be located at approximately 2110’ FNL and 385’ FWL of Section 23, T23S-R30E. The last take point will be located at approximately 100’ FNL and 330’ FWL of Section 11, T23S-R30E.

b. **Oscar 23 11 EDI Fed Com #11H** well, to be horizontally drilled from an approximate surface hole location 2110’ FNL and 460’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 990’ FWL of Section 11, T23S-R30E. The first take point will be located at approximately 2110’ FNL and 460’ FWL of Section 23, T23S-R30E. The last take point will be located at approximately 100’ FNL and 990’ FWL of Section 11, T23S-R30E.

8. In **Case No. 23564**, 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 E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the following 2.5-mile wells:

a. **Oscar 23 11 FCL Fed Com #2H** well, to be horizontally drilled from an approximate surface hole location 2310’ FNL and 1905’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 1650’ FWL of Section 11, T23S-R30E. The first take point will be located at approximately 2310’ FNL and 1905’ FWL of Section 23, T23S-R30E. The last take point will be located at approximately 100’ FNL and 1650’ FWL of Section 11, T23S-R30E.

b. **Oscar 23 11 FCI Fed Com #12H** well, to be horizontally drilled from an approximate surface hole location 2310’ FNL and 1980’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 2310’ FWL of Section 11, T23S-R30E. The first take point will be located at approximately 2310’ FNL and 1980’ FWL of Section 23, T23S-R30E. The last take point will be located at approximately 100’ FNL and 2310’ FWL of Section 11, T23S-R30E.

9. 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.

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

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

12. Maps illustrating the unit ownership are attached as **Exhibit A-3**.
13. The ownership breakdowns of interests and lists of pertinent leases are attached as **Exhibit A-4**. There are no depth severances in the formation being pooled.
14. A chronology of contacts with OXY is attached as **Exhibit A-5**.
15. The locations of the proposed wells within the respective HSUs are depicted in the C-102 forms attached as **Exhibit A-6**. The C-102 forms also indicate the locations of each surface hole, bottom hole, and the first and last take points.
16. 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.
17. **Exhibit A-7** is a copy of the well proposal letter 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.
18. **Exhibit A-8** is a copy of the notice letter that was sent with the applications to OXY and to the Bureau of Land Management.
19. Strata has made a good faith effort to obtain voluntary joinder of OXY in the proposed wells.
20. 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.
21. Strata requests the maximum cost, plus 200% risk charge, be assessed against non-consenting working interest owners.

22. Strata requests that it be designated operator of the wells.
23. The Exhibits hereto were prepared by me, or compiled from Strata's business records.
24. The granting of the Applications is in the interests of conservation, the prevention of waste, and the protection of correlative rights.
25. The foregoing is correct and complete to the best of my knowledge and belief.



I affirm under penalty of perjury under the laws of the State of New Mexico that this statement is true and correct.

  
\_\_\_\_\_  
MITCH KRAKAUSKAS

May 30, 2023  
\_\_\_\_\_  
DATE

**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. 23563

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

Case No. 23564

AFFIRMATION 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 Affirmation, 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 Affirmation 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 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 four years.

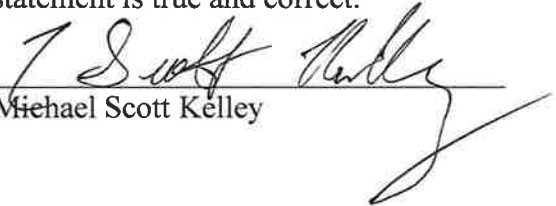
5. **Exhibit B-1** shows the regional setting for the proposed wells.

6. **Exhibit B-2** are a general stratigraphic column showing the target zone.
7. **Exhibit B-3** includes a regional Brushy Canyon structure map with 50' contour intervals, which illustrate the locations of the HSUs in a yellow highlighted rectangle.
8. **Exhibit B-4** includes 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. **Exhibit B-5** is a Brushy Canyon structural cross section map showing the location of the cross section on Exhibit B-6 in the region of the proposed wells.
10. **Exhibit B-6** is 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 320'. 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 1600'. 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
23563	Oscar 23 11 EDL Fed Com #1H	19,870'	7,539'
	Oscar 23 11 EDI Fed Com #11H	19,010'	7,290'
23564	Oscar 23 11 FCL Fed Com #2H	20,167'	7,579'
	Oscar 23 11 FCI Fed Com #12H	19,009'	7,304'

12. 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 faults 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. 23563 (Oscar 23 11 EDL Fed Com #1H and Oscar 23 11 EDI Fed Com #11H) and 23564 (Oscar 23 11 FCL Fed Com #2H and Oscar 23 11 FCI Fed Com #12H) 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 south-north 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.
13. The exhibits attached hereto were prepared by me or compiled from Strata's business records.
14. The granting of the Applications is in the interests of conservation, the prevention of waste, and the protection of correlative rights.
15. The foregoing is correct and complete to the best of my knowledge and belief.

I affirm under penalty of perjury under the laws of the State of New Mexico that this statement is true and correct.

  
Michael Scott Kelley

  
Date

**Tab 3.**

A

B

# COMPULSORY POOLING APPLICATION CHECKLIST

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

**Case: 23563**

**APPLICANT'S RESPONSE**

**Date**

**June 1, 2023**

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

Oscar 23 11 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**

Type (Horizontal/Vertical)

Horizontal

Size (Acres)

400 acres, more or less

Building Blocks:

Quarter-quarter section (40 ac)

Orientation:

South-North

Description: TRS/County

W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, NM

Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?

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: 78.50%; Tract 3: 39.25%; 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)



	A	B
31	Well #1	Oscar 23 11 EDL Fed Com #1H , API No. Pending SHL: 2110' FNL and 385' FWL of Section 23, T23S-R30E, NMPM BHL: 100' FNL and 330' FWL of Section 11, T23S-R30E, NMPM Completion Target: Brushy Canyon at approx. 7539' Well Orientation: South to North Completion location expected to be standard
32	Horizontal Well First and Last Take Points	FTP (~2110' FNL and 385' FWL of Section 23, T23S-R30E) LTP (~100' FNL and 330' FWL of Section 11, T23S-R30E)
33	Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7,539'), MD (~19,870')
34	Well #2	Oscar 23 11 EDI Fed Com #11H, API No. Pending SHL: 2110' FNL and 460' FWL of Section 23, T23S-R30E, NMPM BHL: 100' FNL and 990' FWL of Section 11, T23S-R30E, NMPM Completion Target: Brushy Canyon at approx. 7290' Well Orientation: South to North Completion location expected to be standard
35	Horizontal Well First and Last Take Points	FTP (~2110' FNL and 460' FWL of Section 23, T23S-R30E) LTP (~100' FNL and 990' FWL of Section 11, T23S-R30E)
36	Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7,290'), MD (~19,010')
37	<b>AFE Capex and Operating Costs</b>	
38	Drilling Supervision/Month \$	\$8000; see Exhibit A, ¶ 20
39	Production Supervision/Month \$	\$800; see Exhibit A, ¶ 20
40	Justification for Supervision Costs	Please see AFE at Exhibit A-7
41	Requested Risk Charge	200%; see Exhibit A, ¶ 21
42	<b>Notice of Hearing</b>	
43	Proposed Notice of Hearing	Submitted with online filing of Application
44	Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C; Exhibit A-8
45	Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C
46	<b>Ownership Determination</b>	
47	Land Ownership Schematic of the Spacing Unit	See Exhibits A-2 and A-3
48	Tract List (including lease numbers and owners)	See Exhibits A-2 and A-4
49	If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to	N/A
50	Pooled Parties (including ownership type)	See Exhibit A-5
51	Unlocatable Parties to be Pooled	None
52	Ownership Depth Severance (including percentage above & below)	None
53	<b>Joinder</b>	
54	Sample Copy of Proposal Letter	Exhibit A-7
55	List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
56	Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
57	Overhead Rates In Proposal Letter	n/a
58	Cost Estimate to Drill and Complete	See AFE at Exhibit A-7
59	Cost Estimate to Equip Well	See AFE at Exhibit A-7

	A	B
60	Cost Estimate for Production Facilities	See AFE at Exhibit A-7
61	<b>Geology</b>	
62	Summary (including special considerations)	Exhibit B, ¶¶ 5-14; see Exhibits B-1 through B-6
63	Spacing Unit Schematic	Exhibit B-3
64	Well Orientation (with rationale)	Exhibit B, ¶ 12(d)
65	Target Formation	Exhibits B-2 and B-4
66	HSU Cross Section	Exhibit B-6
67	Depth Severance Discussion	n/a; see Exhibit A, ¶ 13
68	<b>Forms, Figures and Tables</b>	
69	C-102	Exhibit A-6
70	Tracts	Exhibits A-2 and A-4
71	Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
72	General Location Map (including basin)	Exhibits A-1 and B-1
73	Well Bore Location Map	Exhibit A-3; Exhibit A-6
74	Structure Contour Map - Subsea Depth	Exhibit B-3
75	Cross Section Location Map (including wells)	Exhibit B-5
76	Cross Section (including Landing Zone)	Exhibits B-5 and B-6
77	<b>Additional Information</b>	
78	Special Provisions/Stipulations	None
79	<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
80	<b>Printed Name</b> (Attorney or Party Representative):	Sharon T. Shaheen
81	<b>Signed Name</b> (Attorney or Party Representative):	<i>Sharon T. Shaheen</i>
82	<b>Date:</b>	5/30/2023

**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. 23563

**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 W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, all in Township 23 South, Range 30 East in Eddy County, New Mexico. In support of its application, Strata states as follows:

1. Strata is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Strata proposes to drill the following 2.5-mile wells in the proposed HSU:
  - **Oscar 23 11 EDL Fed Com #1H** well, to be horizontally drilled from an approximate surface hole location 2110’ FNL and 385’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 330’ FWL of Section 11, T23S-R30E.
  - **Oscar 23 11 EDI Fed Com #11H** well, to be horizontally drilled from an approximate surface hole location 2110’ FNL and 460’ FWL of Section 23, T23S-

R30E, to an approximate bottom hole location 100' FNL and 990' FWL of Section 11, T23S-R30E.

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. 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.

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 June 1, 2023, 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 W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico;

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

C. Allowing the drilling of the Oscar 23 11 EDL Fed Com #1H well and the Oscar 23 11 EDI Fed Com #11H well;

- D. Designating Strata as operator of the HSU and the well to be drilled thereon;
- E. Authorizing Strata to recover its costs of drilling, equipping and completing the well;
- F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty for the risk assumed by Strata in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

Sharon T. Shaheen

Troy S. Lawton

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Santa Fe, NM 87504-2307

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[tlawton@montand.com](mailto: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 W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) **Oscar 23 11 EDL Fed Com #1H** well, to be horizontally drilled from an approximate surface hole location 2110’ FNL and 385’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 330’ FWL of Section 11, T23S-R30E; and (2) **Oscar 23 11 EDI Fed Com #11H** well, to be horizontally drilled from an approximate surface hole location 2110’ FNL and 460’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 990’ FWL of Section 11, T23S-R30E. 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 wells and lands are located approximately 14 miles East of Loving, New Mexico.

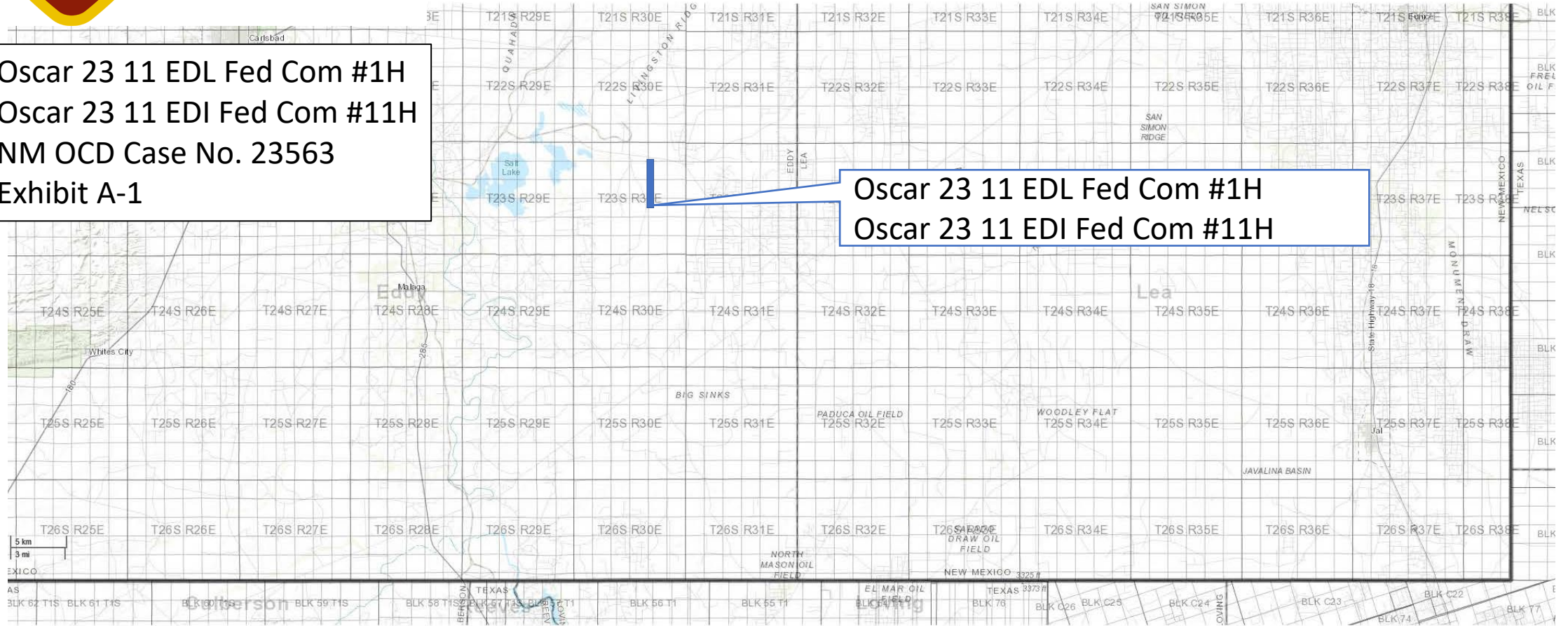




# STRATA PRODUCTION COMPANY

Oscar 23 11 EDL Fed Com #1H  
Oscar 23 11 EDI Fed Com #11H  
NM OCD Case No. 23563  
Exhibit A-1

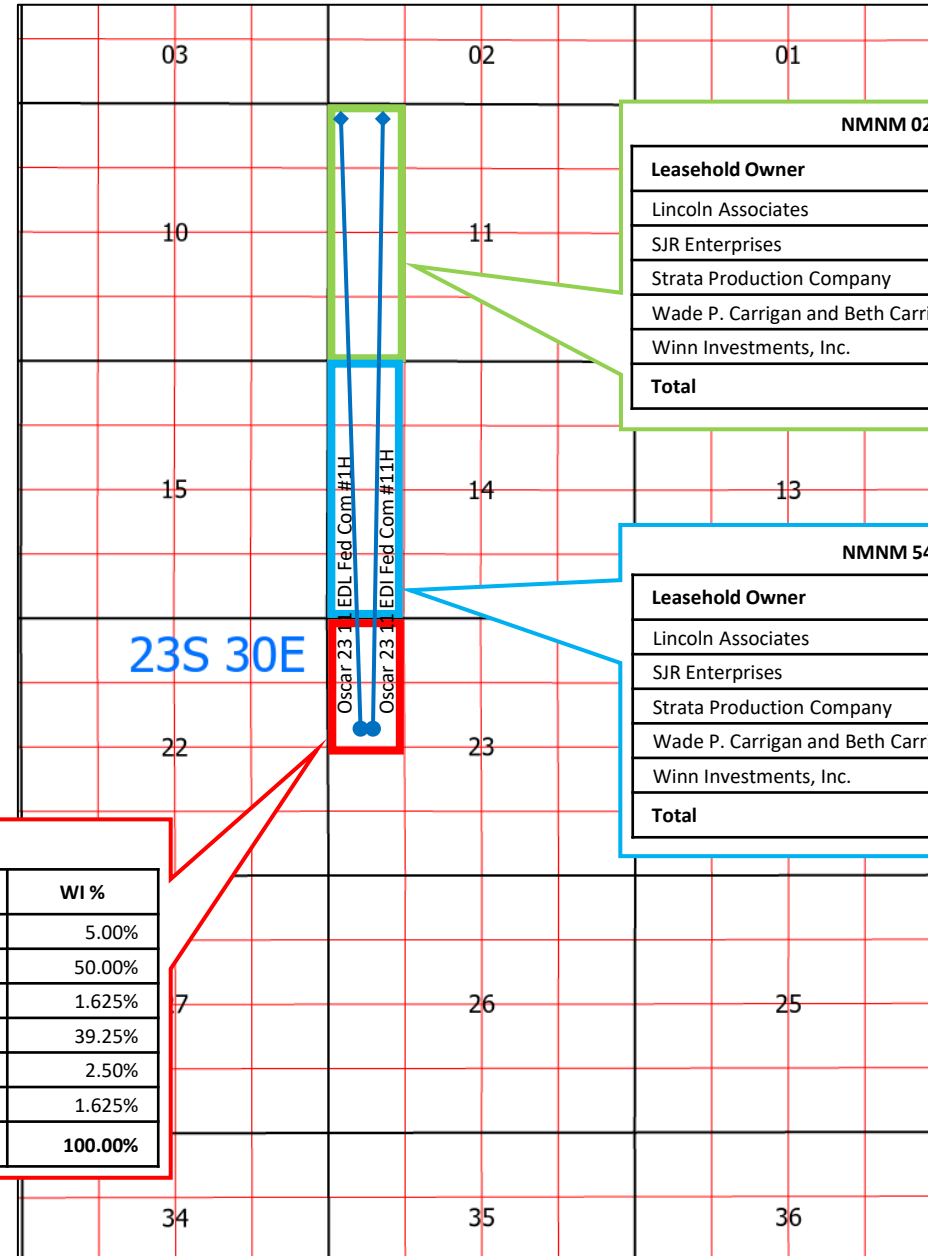
Oscar 23 11 EDL Fed Com #1H  
Oscar 23 11 EDI Fed Com #11H





# STRATA PRODUCTION COMPANY

Oscar 23 11 EDL Fed Com #1H  
 Oscar 23 11 EDI Fed Com #11H  
 NM OCD Case No. 23563  
 Exhibit A-2



**NMNM 021638 W½W½**

Leasehold Owner	Acres	WI %
Lincoln Associates	16.00	10.00%
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%
<b>Total</b>	<b>160.00</b>	<b>100.00%</b>

**NMNM 543162 W½W½**

Leasehold Owner	Acres	WI %
Lincoln Associates	16.00	10.00%
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%
<b>Total</b>	<b>160.00</b>	<b>100.00%</b>

**NMNM 543552 W½NW½**

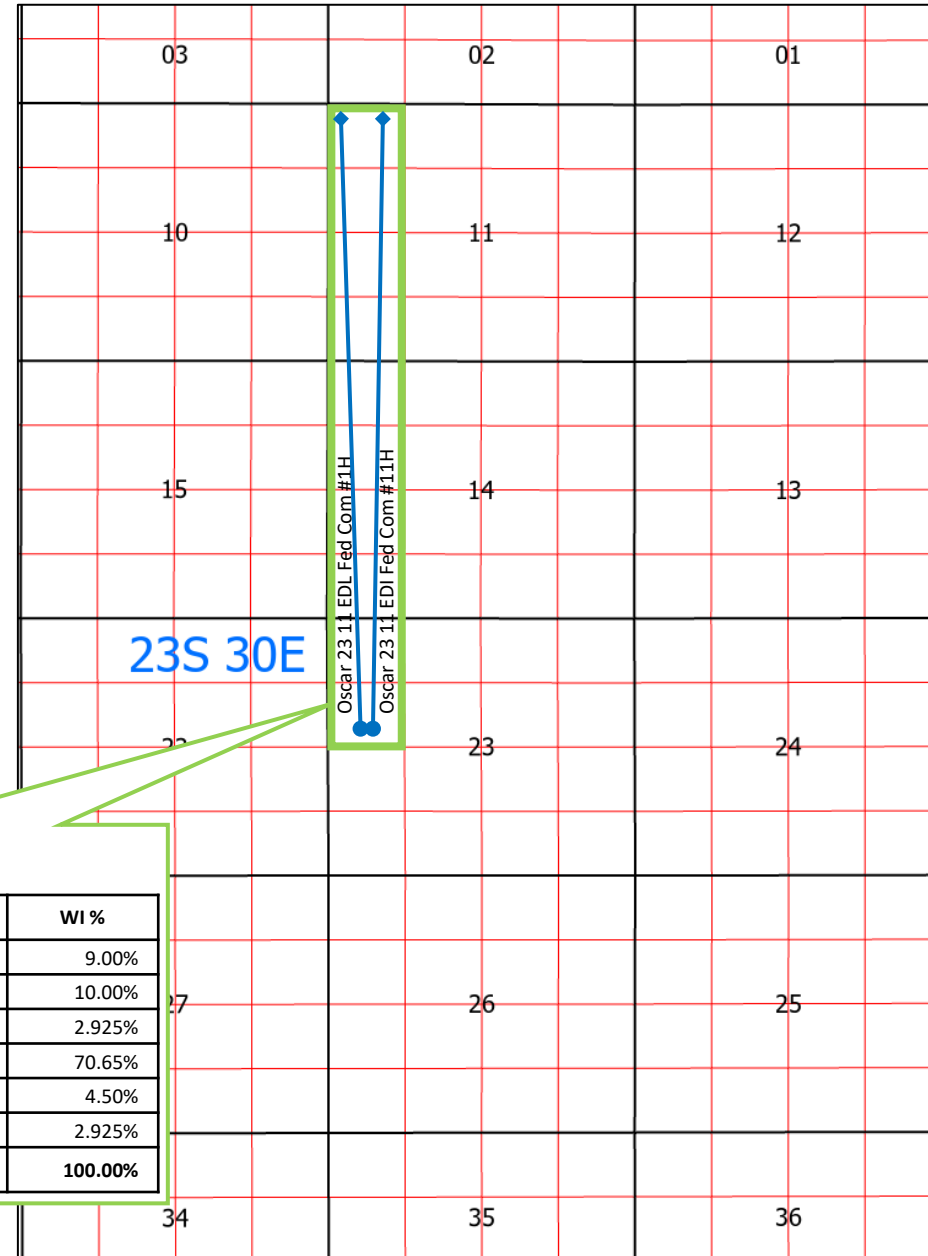
Leasehold Owner	Acres	WI %
Lincoln Associates	4.00	5.00%
OXY USA, Inc.	40.00	50.00%
SJR Enterprises	1.30	1.625%
Strata Production Company	31.40	39.25%
Wade P. Carrigan and Beth Carrigan	2.00	2.50%
Winn Investments, Inc.	1.30	1.625%
<b>Total</b>	<b>80.00</b>	<b>100.00%</b>





# STRATA PRODUCTION COMPANY

Oscar 23 11 EDL Fed Com #1H  
 Oscar 23 11 EDI Fed Com #11H  
 NM OCD Case No. 23563  
 Exhibit A-3



Oscar 23 11 EDL Fed Com #1H  
 Oscar 23 11 EDI Fed Com #11H

Leasehold Owner	Acres	WI %
Lincoln Associates	36.00	9.00%
OXY USA, Inc.	40.00	10.00%
SJR Enterprises	11.70	2.925%
Strata Production Company	282.60	70.65%
Wade P. Carrigan and Beth Carrigan	18.00	4.50%
Winn Investments, Inc.	11.70	2.925%
<b>Total</b>	<b>400.00</b>	<b>100.00%</b>



**STRATA  
PRODUCTION  
COMPANY**

Oscar 23 11 EDL Fed Com #1H  
Oscar 23 11 EDI Fed Com #11H  
NM OCD Case No. 23563  
Exhibit A-4

**CONTRACT AREA Oscar 23 11 EDL Fed Com 23 11 #1H & Oscar 23 11 EDI Fed Com #11H– Case No. 23563:**

W $\frac{1}{2}$ W $\frac{1}{2}$  of Sec. 11-23S-30E, W $\frac{1}{2}$ W $\frac{1}{2}$  of Sec. 14-23S-30E and W $\frac{1}{2}$ NW $\frac{1}{4}$  of Sec. 23-23S-30E, Eddy County, New Mexico, 400.00 acres, more or less

**UNIT INTEREST OF THE PARTIES:**

<b>Interest Owners:</b>	<b>Net Acres</b>	<b>WI %</b>
Lincoln Associates	36.00	9.00%
OXY USA, Inc.	40.00	10.00%
SJR Enterprises	11.70	2.925%
Strata Production Company	282.60	70.65%
Wade P. Carrigan and Beth Carrigan	18.00	4.50%
Winn Investments, Inc.	11.70	2.925%
<b>Total</b>	<b>400.00</b>	<b>100.00%</b>

**TRACT INTEREST OF THE PARTIES:**

Tract 1 (W $\frac{1}{2}$ W $\frac{1}{2}$  of Sec. 11, T23S-R30E 160.00 acres, more or less)

<b>Interest Owners:</b>	<b>Net Acres</b>	<b>WI %</b>
Lincoln Associates	16.00	10.00%
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%
<b>Total</b>	<b>160.00</b>	<b>100.00%</b>

<b>Record Title Owners:</b>	<b>%</b>
ConocoPhillips Company	100.00%
<b>Total</b>	<b>100.00%</b>

Tract 2 (W½W½ of Sec. 14, T23S-R30E 160.00 acres, more or less)

<b>Interest Owners:</b>	<b>Net Acres</b>	<b>WI %</b>
Lincoln Associates	16.00	10.00%
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%
<b>Total</b>	<b>160.00</b>	<b>100.00%</b>

<b>Record Title Owners:</b>	<b>%</b>
ConocoPhillips Company	100.00%
<b>Total</b>	<b>100.00%</b>

Tract 3 (W½NW¼ of Sec. 23, T23S-R30E 80.00 acres, more or less)

<b>Interest Owners:</b>	<b>Net Acres</b>	<b>WI %</b>
Lincoln Associates	4.00	5.00%
OXY USA, Inc.	40.00	50.00%
SJR Enterprises	1.30	1.625%
Strata Production Company	31.40	39.25%
Wade P. Carrigan and Beth Carrigan	2.00	2.50%
Winn Investments, Inc.	1.30	1.625%
<b>Total</b>	<b>160.00</b>	<b>100.00%</b>

<b>Record Title Owners:</b>	<b>%</b>
ConocoPhillips Company	50.00%
OXY USA, Inc.	50.00%
<b>Total</b>	<b>100.00%</b>

**OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:**

Tract 1:

Lessor: United State of America  
Lessee: James P. Schwartz and T.N.F. Shaw  
Serial No.: NMNM 021638  
Date: May 1, 1964  
Description: W½W½ of Sec. 11, T23S-R30E 160.00 acres, more or less

Tract 2:

Lessor: United State of America  
Lessee: Patricia Boyle  
Serial No.: NMNM 543162  
Date: July 1, 1964  
Description: W½W½ of Sec. 14, T23S-R30E 160.00 acres, more or less

Tract 3:

Lessor: United State of America  
Lessee: Messrs G. Burke and H. McCall  
Serial No.: NMNM 543552  
Date: June 1, 1964  
Description: W½NW¼ of Sec. 23, T23S-R30E 80.00 acres, more or less

\* Those Parties Highlighted are the only parties Strata Production Company is seeking to pool at this time.



**STRATA  
PRODUCTION  
COMPANY**

Oscar 23 11 EDL Fed Com #1H  
Oscar 23 11 EDI Fed Com #11H  
NM OCD Case No. 23563  
Exhibit A-5

**Interest Owner:** OXY USA Inc.

**Contact Type:** Phone, Email, USPS

**Notes:** Contacted Matthew Cole regarding the proposals on March 3, 2023, with no response. In prior discussions, Mr. Cole has informed me that Oxy will not look at a proposal until they are compulsory pooled and to proceed with pooling for all future wells.

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

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

Oscar 23 11 EDL Fed Com #1H  
Oscar 23 11 EDI Fed Com #11H  
NM OCD Case No. 23563  
Exhibit A-6

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code <b>24750</b>		3 Pool Name <b>FORTY NINER RIDGE UNIT</b>					
4 Property Code		5 Property Name <b>OSCAR 23/11 EDL FED COM</b>						6 Well Number <b>1H</b>	
7 OGRID NO. <b>21712</b>		8 Operator Name <b>STRATA PRODUCTION COMPANY</b>						9 Elevation <b>3219'</b>	
10 Surface Location									
UL or lot no. <b>E</b>	Section <b>23</b>	Township <b>23S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>2110</b>	North/South line <b>NORTH</b>	Feet From the <b>385</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
11 Bottom Hole Location If Different From Surface									
UL or lot no. <b>D</b>	Section <b>11</b>	Township <b>23S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>100</b>	North/South line <b>NORTH</b>	Feet from the <b>330</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
12 Dedicated Acres <b>400</b>		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.

16

GEODETIC DATA  
NAD 83 GRID - NM EAST

<p><u>SURFACE LOCATION (SL)/</u> <u>KICK OFF POINT (KOP)/PROPOSED</u> <u>PENETRATION POINT 1 (PPP1)</u> N: 470268.0 - E: 687884.3 LAT: 32.2919498° N LONG: 103.8590770° W</p> <p><u>PROPOSED</u> <u>PENETRATION POINT 2 (PPP2)</u> 0' FSL - 376' FWL SEC.14 N: 472377.5 - E: 687855.4 LAT: 32.2977485° N LONG: 103.8591402° W</p> <p style="text-align: center;"><u>CORNER DATA</u> NAD 83 GRID - NM EAST</p> <table border="0" style="width: 100%;"> <tr> <td>A: FOUND BRASS CAP "1942" N: 467084.8 - E: 687530.3</td> <td>J: FOUND BRASS CAP "1942" N: 480315.3 - E: 692820.2</td> </tr> <tr> <td>B: FOUND BRASS CAP "1942" N: 469732.1 - E: 687504.4</td> <td>K: FOUND BRASS CAP "1942" N: 477674.0 - E: 692829.2</td> </tr> <tr> <td>C: FOUND BRASS CAP "1942" N: 472376.5 - E: 687479.5</td> <td>L: FOUND BRASS CAP "1942" N: 475033.1 - E: 692835.7</td> </tr> <tr> <td>D: FOUND BRASS CAP "1942" N: 475023.4 - E: 687478.1</td> <td>M: FOUND BRASS CAP "1942" N: 472390.8 - E: 692844.2</td> </tr> <tr> <td>E: FOUND BRASS CAP "1942" N: 477668.6 - E: 687475.8</td> <td>N: FOUND BRASS CAP "1942" N: 469750.0 - E: 692862.1</td> </tr> <tr> <td>F: FOUND BRASS CAP "1942" N: 480316.7 - E: 687466.4</td> <td>O: CALCULATED CORNER N: 467108.3 - E: 692881.7</td> </tr> <tr> <td>G: FOUND BRASS CAP "1942" N: 482961.4 - E: 687452.8</td> <td>P: FOUND BRASS CAP "1942" N: 467097.4 - E: 690206.2</td> </tr> <tr> <td>H: FOUND BRASS CAP "1942" N: 482959.5 - E: 690132.2</td> <td>Q: FOUND BRASS CAP "1942" N: 472383.4 - E: 690160.9</td> </tr> <tr> <td>I: FOUND BRASS CAP "1942" N: 482957.2 - E: 692811.0</td> <td>R: FOUND BRASS CAP "1942" N: 477671.2 - E: 690152.2</td> </tr> </table>	A: FOUND BRASS CAP "1942" N: 467084.8 - E: 687530.3	J: FOUND BRASS CAP "1942" N: 480315.3 - E: 692820.2	B: FOUND BRASS CAP "1942" N: 469732.1 - E: 687504.4	K: FOUND BRASS CAP "1942" N: 477674.0 - E: 692829.2	C: FOUND BRASS CAP "1942" N: 472376.5 - E: 687479.5	L: FOUND BRASS CAP "1942" N: 475033.1 - E: 692835.7	D: FOUND BRASS CAP "1942" N: 475023.4 - E: 687478.1	M: FOUND BRASS CAP "1942" N: 472390.8 - E: 692844.2	E: FOUND BRASS CAP "1942" N: 477668.6 - E: 687475.8	N: FOUND BRASS CAP "1942" N: 469750.0 - E: 692862.1	F: FOUND BRASS CAP "1942" N: 480316.7 - E: 687466.4	O: CALCULATED CORNER N: 467108.3 - E: 692881.7	G: FOUND BRASS CAP "1942" N: 482961.4 - E: 687452.8	P: FOUND BRASS CAP "1942" N: 467097.4 - E: 690206.2	H: FOUND BRASS CAP "1942" N: 482959.5 - E: 690132.2	Q: FOUND BRASS CAP "1942" N: 472383.4 - E: 690160.9	I: FOUND BRASS CAP "1942" N: 482957.2 - E: 692811.0	R: FOUND BRASS CAP "1942" N: 477671.2 - E: 690152.2	<p style="text-align: center;"><u>PROPOSED</u> <u>PENETRATION POINT 3 (PPP3)</u> 0' FSL - 353' FWL SEC.11 N: 477669.0 - E: 687828.7 LAT: 32.3122940° N LONG: 103.8591509° W</p> <p style="text-align: center;"><u>BOTTOM HOLE (BH)</u> N: 482861.2 - E: 687783.2 LAT: 32.3265669° N LONG: 103.8592237° W</p>
A: FOUND BRASS CAP "1942" N: 467084.8 - E: 687530.3	J: FOUND BRASS CAP "1942" N: 480315.3 - E: 692820.2																		
B: FOUND BRASS CAP "1942" N: 469732.1 - E: 687504.4	K: FOUND BRASS CAP "1942" N: 477674.0 - E: 692829.2																		
C: FOUND BRASS CAP "1942" N: 472376.5 - E: 687479.5	L: FOUND BRASS CAP "1942" N: 475033.1 - E: 692835.7																		
D: FOUND BRASS CAP "1942" N: 475023.4 - E: 687478.1	M: FOUND BRASS CAP "1942" N: 472390.8 - E: 692844.2																		
E: FOUND BRASS CAP "1942" N: 477668.6 - E: 687475.8	N: FOUND BRASS CAP "1942" N: 469750.0 - E: 692862.1																		
F: FOUND BRASS CAP "1942" N: 480316.7 - E: 687466.4	O: CALCULATED CORNER N: 467108.3 - E: 692881.7																		
G: FOUND BRASS CAP "1942" N: 482961.4 - E: 687452.8	P: FOUND BRASS CAP "1942" N: 467097.4 - E: 690206.2																		
H: FOUND BRASS CAP "1942" N: 482959.5 - E: 690132.2	Q: FOUND BRASS CAP "1942" N: 472383.4 - E: 690160.9																		
I: FOUND BRASS CAP "1942" N: 482957.2 - E: 692811.0	R: FOUND BRASS CAP "1942" N: 477671.2 - E: 690152.2																		

17 OPERATOR CERTIFICATION

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

**05/12/2023**  
Date

*Jerry Elgin*  
Signature

**Jerry Elgin, VP of Operations**  
Printed Name

**jelgin@stratanm.com**  
E-mail Address

---

18 SURVEYOR CERTIFICATION

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

**03/29/2023**  
Date of Survey

Signature and Seal of Professional Surveyor

**14400**  
Certificate Number

REV: WELL CALLS & LEASE AREAS 5/9/23

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code <b>24750</b>		3 Pool Name <b>FORTY NINER RIDGE UNIT</b>					
4 Property Code		5 Property Name <b>OSCAR 23/11 EDI FED COM</b>					6 Well Number <b>11H</b>		
7 OGRID NO. <b>21712</b>		8 Operator Name <b>STRATA PRODUCTION COMPANY</b>					9 Elevation <b>3219'</b>		
10 Surface Location									
UL or lot no. <b>E</b>	Section <b>23</b>	Township <b>23S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>2110</b>	North/South line <b>NORTH</b>	Feet From the <b>460</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
11 Bottom Hole Location If Different From Surface									
UL or lot no. <b>D</b>	Section <b>11</b>	Township <b>23S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>100</b>	North/South line <b>NORTH</b>	Feet from the <b>990</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
12 Dedicated Acres <b>400</b>	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.

**16**

**GEODETIC DATA**  
NAD 83 GRID - NM EAST

<b>SURFACE LOCATION (SL)/</b> <b>KICK OFF POINT (KOP) PROPOSED</b> <b>PENETRATION POINT 1 (PPP1)</b> N: 470268.2 - E: 687959.3 LAT: 32.2919494° N LONG: 103.8588343° W	<b>PROPOSED</b> <b>PENETRATION POINT 3 (PPP3)</b> 0' FSL - 772' FWL SEC.11 N: 477669.6 - E: 688247.6 LAT: 32.3122900° N LONG: 103.8577950° W
<b>PROPOSED</b> <b>PENETRATION POINT 2 (PPP2)</b> 0' FSL - 549' FWL SEC.14 N: 472377.9 - E: 688028.4 LAT: 32.2977476° N LONG: 103.8585805° W	<b>BOTTOM HOLE (BH)</b> N: 482860.7 - E: 688443.1 LAT: 32.3265575° N LONG: 103.8570876° W

**CORNER DATA**  
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1942" N: 467084.8 - E: 687530.3	J: FOUND BRASS CAP "1942" N: 480315.3 - E: 692820.2
B: FOUND BRASS CAP "1942" N: 469732.1 - E: 687504.4	K: FOUND BRASS CAP "1942" N: 477674.0 - E: 692829.2
C: FOUND BRASS CAP "1942" N: 472376.5 - E: 687479.5	L: FOUND BRASS CAP "1942" N: 475033.1 - E: 692835.7
D: FOUND BRASS CAP "1942" N: 475023.4 - E: 687478.1	M: FOUND BRASS CAP "1942" N: 472390.8 - E: 692844.2
E: FOUND BRASS CAP "1942" N: 477668.6 - E: 687475.8	N: FOUND BRASS CAP "1942" N: 469750.0 - E: 692862.1
F: FOUND BRASS CAP "1942" N: 480316.7 - E: 687466.4	O: CALCULATED CORNER N: 467108.3 - E: 692881.7
G: FOUND BRASS CAP "1942" N: 482961.4 - E: 687452.8	P: FOUND BRASS CAP "1942" N: 467097.4 - E: 690206.2
H: FOUND BRASS CAP "1942" N: 482959.5 - E: 690132.2	Q: FOUND BRASS CAP "1942" N: 472383.4 - E: 690160.9
I: FOUND BRASS CAP "1942" N: 482957.2 - E: 692811.0	R: FOUND BRASS CAP "1942" N: 477671.2 - E: 690152.2

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

*Jerry Elgin* **05/12/2023**  
Signature Date  
**Jerry Elgin, VP of Operations**  
Printed Name  
**jelgin@stratanm.com**  
E-mail Address

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

**03/29/2023**  
Date of Survey  
Signature and Seal of Professional Surveyor:  
**14400**  
Certificate Number

**14400**  
05/12/2023  
PROFESSIONAL SURVEYOR

REV: WELL CALLS & LEASE AREAS 5/9/23

Job No.: LS23020162D

POST OFFICE DRAWER 1030  
ROSWELL, NM 88202-1030



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

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

March 3, 2023

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

Subject: Oscar 23 11 EDL Fed Com #1H  
Oscar 23 11 EDI Fed Com #11H  
Oscar 23 11 FCL Fed Com #2H  
Oscar 23 11 FCI Fed Com #12H

Exhibit A-7  
Strata Production Co.  
NMOCD Case Nos. 23563 & 23564  
June 1, 2023

Dear Sir/Madam:

Strata Production Company (“Strata”) proposes the drilling and completion of the Oscar 23 11 EDL Fed Com #1H, Oscar 23 11 EDI Fed Com #11H, Oscar 23 11 FCL Fed Com #2H and the Oscar 23 11 FCI Fed Com #12H (collectively, the “Wells”) located in Sections 11, 14 & 23, Township 23 South, Range 30 East, Eddy County, New Mexico.

In connection with the above, please note the following:

The estimated cost of drilling, testing, completing, and equipping of each well is itemized on the four (4) enclosed Authority for Expenditures (“AFE”) dated March 1, 2023.

**Oscar 23 11 EDL Fed Com #1H:** To be drilled from the legal location with a proposed surface hole location 2110' FNL & 385' FWL of Section 23 and a proposed bottom hole location of 100' FNL & 330' FWL of Section 11, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7539' TVD) and will be drilled horizontally to a measured depth of approximately 19870'.

**Oscar 23 11 EDI Fed Com #11H:** To be drilled from the legal location with a proposed surface hole location 2110' FNL & 460' FWL of Section 23 and a proposed bottom hole location of 100' FNL & 990' FWL of Section 11, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7290' TVD) and will be drilled horizontally to a measured depth of approximately 19010'.

**Oscar 23 11 FCL Fed Com #2H:** To be drilled from the legal location with a proposed surface hole location 2310' FNL & 1905' FWL of Section 23 and a proposed bottom hole location of 100' FNL & 1650' FWL of Section 11, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7579' TVD) and will be drilled horizontally to a measured depth of approximately 20167'.

**Oscar 23 11 FCI Fed Com #12H:** To be drilled from the legal location with a proposed surface hole location 2310' FNL & 1980' FWL of Section 23 and a proposed bottom hole location of 100' FNL & 2310' FWL of Section 11, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7304' TVD) and will be drilled horizontally to a measured depth of approximately 19009'.



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 January 1, 2023, by and between Strata Production Company, as Operator and Oxy USA Inc. as Non-Operator, 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](mailto:mitch@stratanm.com). If an agreement cannot be reached within thirty (30) days of your receipt of this letter, Strata will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed wells to allow Strata to move forward with planning and drilling of the Wells.

Sincerely,



Mitch Krakauskas  
Vice President

Enclosures: as stated

**AUTHORITY FOR EXPENDITURE  
ESTIMATED WELL COSTS**

<b>WELL NAME AND NUMBER</b> Oscar 23 11 EDL Fed Com #1H		<b>AFE NUMBER</b> FNR-23-23-30-01-0323		<b>DATE</b> March 1, 2023	
<b>LOCATION:</b> SHL: 2,110' FNL & 385' FWL of Section 23 BHL: 100' FNL & 330' FWL of Section 11		<b>FIELD</b> Forty Niner Ridge Delaware			
<b>API NUMBER</b> Pending		<b>COUNTY OR PARISH</b> Eddy		<b>STATE</b> New Mexico	
<b>PROJECT DESCRIPTION AND LOCATION</b> Drill ~12,577' lateral at ~7,539' TVD to test the Brushy Canyon Formation.		<b>SECTION</b> 23	<b>TOWNSHIP</b> 23S	<b>RANGE</b> 30E	
		<b>PROPOSED FORMATION</b> Delaware		<b>PROPOSED DEPTH</b> 19,870 MD	

ACCT CODE	INTANGIBLES		DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage	Ft. @ \$ /Ft.			
	Drilling - Day Work - BCP	<b>19</b> Days @ \$ <b>31600</b> /Day	\$600,400		\$600,400
	Drilling - Day Work - ACP	<b>1</b> Days @ \$ <b>31600</b> /Day		\$31,600	\$31,600
	Completion Rig, Power Swivel, and Reverse Unit etc			\$61,600	\$61,600
	Mobilization & Demobilization- Other Contractors Charges		\$105,000		\$105,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion		\$112,000	\$500	\$112,500
	Drill Bits, Coring & DST		\$70,000	\$18,000	\$88,000
	Transportation and Hauling		\$53,500	\$21,000	\$74,500
	Drilling Mud, Chemicals & Completion Fluids		\$77,000	\$9,000	\$86,000
	Fuel, Power, Water		\$146,500	\$195,350	\$341,850
	Cementing Services, Cementing Equipment, Hangers; Packers		\$94,600	\$161,500	\$256,100
	Mud Logging		\$39,900		\$39,900
	Open Hole Logging and Side Wall Coring		\$55,000		\$55,000
	Cased Hole Logging and Perforating			\$405,000	\$405,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services		\$424,150	\$37,000	\$461,150
	Insurance		\$36,760		\$36,760
	Other Well Services, NU/BOP, Casing Inspection		\$44,500	\$35,500	\$80,000
	Overhead		\$10,000	\$5,000	\$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants		\$128,600	\$32,250	\$160,850
	Contract Services			\$77,000	\$77,000
	Fluids & Cuttings Disposal		\$253,000	\$5,500	\$258,500
	Environmental Charges				
	Stimulation Treatment 63 Stages			\$3,474,000	\$3,474,000
	Plugging Costs				
	Miscellaneous Costs, Tax and Contingencies		\$408,972	\$962,492	\$1,371,465
	<b>TOTAL INTANGIBLES</b>		<b>\$2,659,882</b>	<b>\$5,532,292</b>	<b>\$8,192,174</b>

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	<b>100</b>	<b>20"</b>	<b>94#</b>	<b>H40</b>	<b>\$300.00</b>	\$30,000		\$30,000
	Surface	<b>500</b>	<b>13 3/8"</b>	<b>48#</b>	<b>H40</b>	<b>\$64.33</b>	\$32,165		\$32,165
	Surface								
	Intermediate	<b>4,200</b>	<b>9 5/8"</b>	<b>40#</b>	<b>J55</b>	<b>\$50.90</b>	\$213,780		\$213,780
	Intermediate								
	Liner								
	Production	<b>12,370</b>	<b>5.5"</b>	<b>20#</b>	<b>HCP110</b>	<b>\$30.90</b>		\$382,233	\$382,233
	Production	<b>7,500</b>	<b>7"</b>	<b>29#</b>	<b>HCP110</b>	<b>\$52.29</b>		\$392,175	\$392,175
	Tubing	<b>7,000</b>	<b>2 7/8"</b>	<b>6.5#</b>	<b>L80</b>	<b>\$13.36</b>		\$93,520	\$93,520
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						\$29,350	\$26,100	\$55,450
	Pumping Equipment (Pumping Unit or Sub Pump)							\$312,500	\$312,500
	Flowlines							\$60,000	\$60,000
	Tanks								
	Sales Line Equipment								
	Separator-Prod. Equip.							\$95,000	\$95,000
	Valves, Fittings etc.							\$16,250	\$16,250
	Installation of Surface Lease Equipment (extend electric grid - to be prorated to all Eeyore wells)							\$68,000	\$68,000
	Other Lease & Well Equip.								
	<b>TOTAL TANGIBLES</b>						<b>\$305,295</b>	<b>\$1,445,778</b>	<b>\$1,751,073</b>
	<b>TOTAL WELL COSTS</b>						<b>\$2,965,177</b>	<b>\$6,978,070</b>	<b>\$9,943,247</b>

<b>Strata Production Company Working Interest</b> 70.65%	<b>Strata Production Co. - DRY HOLE</b> \$2,094,897	<b>Strata Production Co.- COMPLETED</b> \$7,024,904
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PREPARED BY: Jerry Elgin, VP Operations      DATE: 3/1/2023  
 APPROVED BY: Mitch Krakauskas, Vice President      DATE:      SIGNED: 

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:
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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**

<b>WELL NAME AND NUMBER</b> Oscar 23 11 EDL Fed Com #1H		<b>AFE NUMBER</b> FNR-23-23-30-01-0323		<b>DATE</b> March 1, 2023	
<b>LOCATION:</b> SHL: 2,110' FNL & 385' FWL of Section 23 BHL: 100' FNL & 330' FWL of Section 11		<b>FIELD</b> Forty Niner Ridge Delaware			
<b>API NUMBER</b> Pending		<b>COUNTY OR PARISH</b> Eddy		<b>STATE</b> New Mexico	
<b>PROJECT DESCRIPTION AND LOCATION</b> Drill ~12,577' lateral at ~7,539' TVD to test the Brushy Canyon Formation.		<b>SECTION</b> 23	<b>TOWNSHIP</b> 23S	<b>RANGE</b> 30E	
		<b>PROPOSED FORMATION</b> Delaware		<b>PROPOSED DEPTH</b> 19,870 MD	

ACCT CODE	INTANGIBLES		DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage	Ft. @ \$ /Ft.			
	Drilling - Day Work - BCP	19 Days @ \$ 31600 /Day	\$600,400		\$600,400
	Drilling - Day Work - ACP	1 Days @ \$ 31600 /Day		\$31,600	\$31,600
	Completion Rig, Power Swivel, and Reverse Unit etc			\$61,600	\$61,600
	Mobilization & Demobilization- Other Contractors Charges		\$105,000		\$105,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion		\$112,000	\$500	\$112,500
	Drill Bits, Coring & DST		\$70,000	\$18,000	\$88,000
	Transportation and Hauling		\$53,500	\$21,000	\$74,500
	Drilling Mud, Chemicals & Completion Fluids		\$77,000	\$9,000	\$86,000
	Fuel, Power, Water		\$146,500	\$195,350	\$341,850
	Cementing Services, Cementing Equipment, Hangers; Packers		\$94,600	\$161,500	\$256,100
	Mud Logging		\$39,900		\$39,900
	Open Hole Logging and Side Wall Coring		\$55,000		\$55,000
	Cased Hole Logging and Perforating			\$405,000	\$405,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services		\$424,150	\$37,000	\$461,150
	Insurance		\$36,760		\$36,760
	Other Well Services, NU/BOP, Casing Inspection		\$44,500	\$35,500	\$80,000
	Overhead		\$10,000	\$5,000	\$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants		\$128,600	\$32,250	\$160,850
	Contract Services			\$77,000	\$77,000
	Fluids & Cuttings Disposal		\$253,000	\$5,500	\$258,500
	Environmental Charges				
	Stimulation Treatment 63 Stages			\$3,474,000	\$3,474,000
	Plugging Costs				
	Miscellaneous Costs, Tax and Contingencies		\$408,972	\$962,492	\$1,371,465
	<b>TOTAL INTANGIBLES</b>		<b>\$2,659,882</b>	<b>\$5,532,292</b>	<b>\$8,192,174</b>

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,000
	Surface	500	13 3/8"	48#	H40	\$64.33	\$32,165		\$32,165
	Surface								
	Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,780
	Intermediate								
	Liner								
	Production	12,370	5.5"	20#	HCP110	\$30.90		\$382,233	\$382,233
	Production	7,500	7"	29#	HCP110	\$52.29		\$392,175	\$392,175
	Tubing	7,000	2 7/8"	6.5#	L80	\$13.36		\$93,520	\$93,520
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						\$29,350	\$26,100	\$55,450
	Pumping Equipment (Pumping Unit or Sub Pump)							\$312,500	\$312,500
	Flowlines							\$60,000	\$60,000
	Tanks								
	Sales Line Equipment								
	Separator-Prod. Equip.							\$95,000	\$95,000
	Valves,Fittings etc.							\$16,250	\$16,250
	Installation of Surface Lease Equipment (extend electric grid - to be prorated to all Eeyore wells)							\$68,000	\$68,000
	Other Lease & Well Equip.								
	<b>TOTAL TANGIBLES</b>						<b>\$305,295</b>	<b>\$1,445,778</b>	<b>\$1,751,073</b>
	<b>TOTAL WELL COSTS</b>						<b>\$2,965,177</b>	<b>\$6,978,070</b>	<b>\$9,943,247</b>

<b>Strata Production Company Working Interest</b> 70.65%	<b>Strata Production Co. - DRY HOLE</b> \$2,094,897	<b>Strata Production Co.- COMPLETED</b> \$7,024,904
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PREPARED BY: Jerry Elgin, VP Operations      DATE: 3/1/2023  
 APPROVED BY: Mitch Krakauskas, Vice President      DATE:      SIGNED: 

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:
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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**

<b>WELL NAME AND NUMBER</b> Oscar 23 11 EDI Fed Com #11H		<b>AFE NUMBER</b> FNR-23-23-30-11-0323		<b>DATE</b> March 1, 2023	
<b>LOCATION:</b> SL: 2,110' FNL & 460' FWL of Section 23 BHL: 100' FNL & 990' FWL of Section 11		<b>FIELD</b> Forty Niner Ridge Delaware			
<b>API NUMBER</b> Pending		<b>COUNTY OR PARISH</b> Eddy		<b>STATE</b> New Mexico	
<b>PROJECT DESCRIPTION AND LOCATION</b> Drill ~11,625' lateral at ~7,290' TVD to test the Brushy Canyon Formation.		<b>SECTION</b> 23	<b>TOWNSHIP</b> 23S	<b>RANGE</b> 30E	
		<b>PROPOSED FORMATION</b> Delaware		<b>PROPOSED DEPTH</b> 19,020 MD	

ACCT CODE	INTANGIBLES		DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage	Ft. @ \$ /Ft.			
	Drilling - Day Work - BCP	18 Days @ \$ 31600 /Day	\$568,800		\$568,800
	Drilling - Day Work - ACP	1 Days @ \$ 31600 /Day		\$31,600	\$31,600
	Completion Rig, Power Swivel, and Reverse Unit etc			\$61,600	\$61,600
	Mobilization & Demobilization- Other Contractors Charges		\$105,000		\$105,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion		\$112,000	\$500	\$112,500
	Drill Bits, Coring & DST		\$70,000	\$18,000	\$88,000
	Transportation and Hauling		\$53,500	\$21,000	\$74,500
	Drilling Mud, Chemicals & Completion Fluids		\$77,000	\$9,000	\$86,000
	Fuel, Power, Water		\$146,500	\$183,100	\$329,600
	Cementing Services, Cementing Equipment, Hangers; Packers		\$94,600	\$161,500	\$256,100
	Mud Logging		\$39,900		\$39,900
	Open Hole Logging and Side Wall Coring		\$55,000		\$55,000
	Cased Hole Logging and Perforating			\$405,000	\$405,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services		\$424,150	\$37,000	\$461,150
	Insurance		\$35,187		\$35,187
	Other Well Services, NU/BOP, Casing Inspection		\$44,500	\$35,500	\$80,000
	Overhead		\$10,000	\$5,000	\$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants		\$128,600	\$32,250	\$160,850
	Contract Services			\$77,000	\$77,000
	Fluids & Cuttings Disposal		\$253,000	\$5,500	\$258,500
	Environmental Charges				
	Stimulation Treatment 58 Stages			\$3,199,000	\$3,199,000
	Plugging Costs				
	Miscellaneous Costs, Tax and Contingencies		\$403,682	\$912,330	\$1,316,012
	<b>TOTAL INTANGIBLES</b>		<b>\$2,621,419</b>	<b>\$5,194,880</b>	<b>\$7,816,299</b>

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,000
	Surface	500	13 3/8"	48#	H40	\$64.33	\$32,165		\$32,165
	Surface								
	Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,780
	Intermediate								
	Liner								
	Production	11,520	5.5"	20#	HCP110	\$30.90		\$355,968	\$355,968
	Production	7,500	7"	29#	HCP110	\$52.29		\$392,175	\$392,175
	Tubing	7,000	2 7/8"	6.5#	L80	\$13.36		\$93,520	\$93,520
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						\$29,350	\$26,100	\$55,450
	Pumping Equipment (Pumping Unit or Sub Pump)							\$312,500	\$312,500
	Flowlines							\$60,000	\$60,000
	Tanks								
	Sales Line Equipment								
	Separator-Prod. Equip.							\$95,000	\$95,000
	Valves,Fittings etc.							\$16,250	\$16,250
	Installation of Surface Lease Equipment (extend electric grid - to be prorated to all Eeyore wells)							\$68,000	\$68,000
	Other Lease & Well Equip.								
	<b>TOTAL TANGIBLES</b>						<b>\$305,295</b>	<b>\$1,419,513</b>	<b>\$1,724,808</b>
	<b>TOTAL WELL COSTS</b>						<b>\$2,926,714</b>	<b>\$6,614,393</b>	<b>\$9,541,107</b>

<b>Strata Production Company Working Interest</b> 70.65%	<b>Strata Production Co. - DRY HOLE</b> \$2,067,723	<b>Strata Production Co.- COMPLETED</b> \$6,740,792
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PREPARED BY: Jerry Elgin, VP Operations      DATE: 3/1/2023  
 APPROVED BY: Mitch Krakauskas, Vice President      DATE:      SIGNED: 

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:
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Agree to decline coverage, provide proof, and hold harmless:

By: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY FOR EXPENDITURE  
ESTIMATED WELL COSTS**

<b>WELL NAME AND NUMBER</b> Oscar 23 11 EDI Fed Com #11H		<b>AFE NUMBER</b> FNR-23-23-30-11-0323		<b>DATE</b> March 1, 2023	
<b>LOCATION:</b> SL: 2,110' FNL & 460' FWL of Section 23 BHL: 100' FNL & 990' FWL of Section 11		<b>FIELD</b> Forty Niner Ridge Delaware			
<b>API NUMBER</b> Pending		<b>COUNTY OR PARISH</b> Eddy		<b>STATE</b> New Mexico	
<b>PROJECT DESCRIPTION AND LOCATION</b> Drill ~11,625' lateral at ~7,290' TVD to test the Brushy Canyon Formation.		<b>SECTION</b> 23	<b>TOWNSHIP</b> 23S	<b>RANGE</b> 30E	
		<b>PROPOSED FORMATION</b> Delaware		<b>PROPOSED DEPTH</b> 19,020 MD	

ACCT CODE	INTANGIBLES		DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage	Ft. @ \$ /Ft.			
	Drilling - Day Work - BCP	18 Days @ \$ 31600 /Day	\$568,800		\$568,800
	Drilling - Day Work - ACP	1 Days @ \$ 31600 /Day		\$31,600	\$31,600
	Completion Rig, Power Swivel, and Reverse Unit etc			\$61,600	\$61,600
	Mobilization & Demobilization- Other Contractors Charges		\$105,000		\$105,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion		\$112,000	\$500	\$112,500
	Drill Bits, Coring & DST		\$70,000	\$18,000	\$88,000
	Transportation and Hauling		\$53,500	\$21,000	\$74,500
	Drilling Mud, Chemicals & Completion Fluids		\$77,000	\$9,000	\$86,000
	Fuel, Power, Water		\$146,500	\$183,100	\$329,600
	Cementing Services, Cementing Equipment, Hangers; Packers		\$94,600	\$161,500	\$256,100
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	Open Hole Logging and Side Wall Coring		\$55,000		\$55,000
	Cased Hole Logging and Perforating			\$405,000	\$405,000
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	Insurance		\$35,187		\$35,187
	Other Well Services, NU/BOP, Casing Inspection		\$44,500	\$35,500	\$80,000
	Overhead		\$10,000	\$5,000	\$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants		\$128,600	\$32,250	\$160,850
	Contract Services			\$77,000	\$77,000
	Fluids & Cuttings Disposal		\$253,000	\$5,500	\$258,500
	Environmental Charges				
	Stimulation Treatment 58 Stages			\$3,199,000	\$3,199,000
	Plugging Costs				
	Miscellaneous Costs, Tax and Contingencies		\$403,682	\$912,330	\$1,316,012
	<b>TOTAL INTANGIBLES</b>		<b>\$2,621,419</b>	<b>\$5,194,880</b>	<b>\$7,816,299</b>

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,000
	Surface	500	13 3/8"	48#	H40	\$64.33	\$32,165		\$32,165
	Surface								
	Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,780
	Intermediate								
	Liner								
	Production	11,520	5.5"	20#	HCP110	\$30.90		\$355,968	\$355,968
	Production	7,500	7"	29#	HCP110	\$52.29		\$392,175	\$392,175
	Tubing	7,000	2 7/8"	6.5#	L80	\$13.36		\$93,520	\$93,520
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						\$29,350	\$26,100	\$55,450
	Pumping Equipment (Pumping Unit or Sub Pump)							\$312,500	\$312,500
	Flowlines							\$60,000	\$60,000
	Tanks								
	Sales Line Equipment								
	Separator-Prod. Equip.							\$95,000	\$95,000
	Valves,Fittings etc.							\$16,250	\$16,250
	Installation of Surface Lease Equipment (extend electric grid - to be prorated to all Eeyore wells)							\$68,000	\$68,000
	Other Lease & Well Equip.								
	<b>TOTAL TANGIBLES</b>						<b>\$305,295</b>	<b>\$1,419,513</b>	<b>\$1,724,808</b>
	<b>TOTAL WELL COSTS</b>						<b>\$2,926,714</b>	<b>\$6,614,393</b>	<b>\$9,541,107</b>

<b>Strata Production Company Working Interest</b> 70.65%	<b>Strata Production Co. - DRY HOLE</b> \$2,067,723	<b>Strata Production Co.- COMPLETED</b> \$6,740,792
-------------------------------------------------------------	--------------------------------------------------------	--------------------------------------------------------

PREPARED BY: Jerry Elgin, VP Operations      DATE: 3/1/2023  
 APPROVED BY: Mitch Krakauskas, Vice President      DATE:      SIGNED: 

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:
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Agree to decline coverage, provide proof, and hold harmless:

By: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY FOR EXPENDITURE  
ESTIMATED WELL COSTS**

<b>WELL NAME AND NUMBER</b> Oscar 23 11 FCL Fed Com #2H		<b>AFE NUMBER</b> FNR-23-23-30-02-0323		<b>DATE</b> March 1, 2023	
<b>LOCATION:</b> SL: 2,310' FNL & 1,905' FWL of Section 23 BHL: 100' FNL & 1,650' FWL of Section 11		<b>FIELD</b> Forty Niner Ridge Delaware			
<b>API NUMBER</b> Pending		<b>COUNTY OR PARISH</b> Eddy		<b>STATE</b> New Mexico	
<b>PROJECT DESCRIPTION AND LOCATION</b> Drill ~12,577' lateral at ~7,579' TVD to test the Brushy Canyon Formation.		<b>SECTION</b> 23	<b>TOWNSHIP</b> 23S	<b>RANGE</b> 30E	
		<b>PROPOSED FORMATION</b> Delaware		<b>PROPOSED DEPTH</b> 20,167 MD	

ACCT CODE	INTANGIBLES	DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage Ft. @ \$ /Ft.			
	Drilling - Day Work - BCP <b>19</b> Days @ \$ <b>31600</b> /Day	\$600,400		\$600,400
	Drilling - Day Work - ACP <b>1</b> Days @ \$ <b>31600</b> /Day		\$31,600	\$31,600
	Completion Rig, Power Swivel, and Reverse Unit etc		\$61,600	\$61,600
	Mobilization & Demobilization- Other Contractors Charges	\$105,000		\$105,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion	\$112,000	\$500	\$112,500
	Drill Bits, Coring & DST	\$70,000	\$18,000	\$88,000
	Transportation and Hauling	\$53,500	\$21,000	\$74,500
	Drilling Mud, Chemicals & Completion Fluids	\$77,000	\$9,000	\$86,000
	Fuel, Power, Water	\$146,500	\$166,000	\$312,500
	Cementing Services, Cementing Equipment, Hangers; Packers	\$94,600	\$161,500	\$256,100
	Mud Logging	\$39,900		\$39,900
	Open Hole Logging and Side Wall Coring	\$55,000		\$55,000
	Cased Hole Logging and Perforating		\$405,000	\$405,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services	\$424,150	\$37,000	\$461,150
	Insurance	\$37,309		\$37,309
	Other Well Services, NU/BOP, Casing Inspection	\$44,500	\$35,500	\$80,000
	Overhead	\$10,000	\$5,000	\$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants	\$128,600	\$32,250	\$160,850
	Contract Services		\$77,000	\$77,000
	Fluids & Cuttings Disposal	\$253,000	\$5,500	\$258,500
	Environmental Charges			
	Stimulation Treatment 63 Stages		\$3,474,000	\$3,474,000
	Plugging Costs			
	Miscellaneous Costs, Tax and Contingencies	\$409,105	\$959,265	\$1,368,370
	<b>TOTAL INTANGIBLES</b>	<b>\$2,660,564</b>	<b>\$5,499,715</b>	<b>\$8,160,279</b>

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	<b>100</b>	<b>20"</b>	<b>94#</b>	<b>H40</b>	<b>\$300.00</b>	\$30,000		\$30,000
	Surface	<b>500</b>	<b>13 3/8"</b>	<b>48#</b>	<b>H40</b>	<b>\$64.33</b>	\$32,165		\$32,165
	Surface								
	Intermediate	<b>4,200</b>	<b>9 5/8"</b>	<b>40#</b>	<b>J55</b>	<b>\$50.90</b>	\$213,780		\$213,780
	Intermediate								
	Liner								
	Production	<b>12,667</b>	<b>5.5"</b>	<b>20#</b>	<b>HCP110</b>	<b>\$30.90</b>		\$391,410	\$391,410
	Production	<b>7,500</b>	<b>7"</b>	<b>29#</b>	<b>HCP110</b>	<b>\$52.29</b>		\$392,175	\$392,175
	Tubing	<b>7,000</b>	<b>2 7/8"</b>	<b>6.5#</b>	<b>L80</b>	<b>\$13.36</b>		\$93,520	\$93,520
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						\$29,350	\$26,100	\$55,450
	Pumping Equipment (Pumping Unit or Sub Pump)							\$312,500	\$312,500
	Flowlines							\$60,000	\$60,000
	Tanks								
	Sales Line Equipment								
	Separator-Prod. Equip.							\$95,000	\$95,000
	Valves,Fittings etc.							\$16,250	\$16,250
	Installation of Surface Lease Equipment (extend electric grid - to be prorated to all Eeyore wells)							\$68,000	\$68,000
	Other Lease & Well Equip.								
	<b>TOTAL TANGIBLES</b>						<b>\$305,295</b>	<b>\$1,454,955</b>	<b>\$1,760,250</b>
	<b>TOTAL WELL COSTS</b>						<b>\$2,965,859</b>	<b>\$6,954,670</b>	<b>\$9,920,529</b>

<b>Strata Production Company Working Interest</b> 62.80%	<b>Strata Production Co. - DRY HOLE</b> \$1,862,560	<b>Strata Production Co.- COMPLETED</b> \$6,230,092
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PREPARED BY: Jerry Elgin, VP Operations      DATE: 3/1/2023  
 APPROVED BY: Mitch Krakauskas, Vice President      DATE:      SIGNED: 

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:
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Agree to decline coverage, provide proof, and hold harmless:

By: \_\_\_\_\_ Date: \_\_\_\_\_



**AUTHORITY FOR EXPENDITURE  
ESTIMATED WELL COSTS**

<b>WELL NAME AND NUMBER</b> Oscar 23 11 FCL Fed Com #2H		<b>AFE NUMBER</b> FNR-23-23-30-02-0323		<b>DATE</b> March 1, 2023	
<b>LOCATION:</b> SL: 2,310' FNL & 1,905' FWL of Section 23 BHL: 100' FNL & 1,650' FWL of Section 11		<b>FIELD</b> Forty Niner Ridge Delaware			
<b>API NUMBER</b> Pending		<b>COUNTY OR PARISH</b> Eddy		<b>STATE</b> New Mexico	
<b>PROJECT DESCRIPTION AND LOCATION</b> Drill ~12,577' lateral at ~7,579' TVD to test the Brushy Canyon Formation.		<b>SECTION</b> 23	<b>TOWNSHIP</b> 23S	<b>RANGE</b> 30E	
		<b>PROPOSED FORMATION</b> Delaware		<b>PROPOSED DEPTH</b> 20,167 MD	

ACCT CODE	INTANGIBLES	DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage Ft. @ \$ /Ft.			
	Drilling - Day Work - BCP <b>19</b> Days @ \$ <b>31600</b> /Day	\$600,400		\$600,400
	Drilling - Day Work - ACP <b>1</b> Days @ \$ <b>31600</b> /Day		\$31,600	\$31,600
	Completion Rig, Power Swivel, and Reverse Unit etc		\$61,600	\$61,600
	Mobilization & Demobilization- Other Contractors Charges	\$105,000		\$105,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion	\$112,000	\$500	\$112,500
	Drill Bits, Coring & DST	\$70,000	\$18,000	\$88,000
	Transportation and Hauling	\$53,500	\$21,000	\$74,500
	Drilling Mud, Chemicals & Completion Fluids	\$77,000	\$9,000	\$86,000
	Fuel, Power, Water	\$146,500	\$166,000	\$312,500
	Cementing Services, Cementing Equipment, Hangers; Packers	\$94,600	\$161,500	\$256,100
	Mud Logging	\$39,900		\$39,900
	Open Hole Logging and Side Wall Coring	\$55,000		\$55,000
	Cased Hole Logging and Perforating		\$405,000	\$405,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services	\$424,150	\$37,000	\$461,150
	Insurance	\$37,309		\$37,309
	Other Well Services, NU/BOP, Casing Inspection	\$44,500	\$35,500	\$80,000
	Overhead	\$10,000	\$5,000	\$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants	\$128,600	\$32,250	\$160,850
	Contract Services		\$77,000	\$77,000
	Fluids & Cuttings Disposal	\$253,000	\$5,500	\$258,500
	Environmental Charges			
	Stimulation Treatment 63 Stages		\$3,474,000	\$3,474,000
	Plugging Costs			
	Miscellaneous Costs, Tax and Contingencies	\$409,105	\$959,265	\$1,368,370
	<b>TOTAL INTANGIBLES</b>	<b>\$2,660,564</b>	<b>\$5,499,715</b>	<b>\$8,160,279</b>

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	<b>100</b>	<b>20"</b>	<b>94#</b>	<b>H40</b>	<b>\$300.00</b>	\$30,000		\$30,000
	Surface	<b>500</b>	<b>13 3/8"</b>	<b>48#</b>	<b>H40</b>	<b>\$64.33</b>	\$32,165		\$32,165
	Surface								
	Intermediate	<b>4,200</b>	<b>9 5/8"</b>	<b>40#</b>	<b>J55</b>	<b>\$50.90</b>	\$213,780		\$213,780
	Intermediate								
	Liner								
	Production	<b>12,667</b>	<b>5.5"</b>	<b>20#</b>	<b>HCP110</b>	<b>\$30.90</b>		\$391,410	\$391,410
	Production	<b>7,500</b>	<b>7"</b>	<b>29#</b>	<b>HCP110</b>	<b>\$52.29</b>		\$392,175	\$392,175
	Tubing	<b>7,000</b>	<b>2 7/8"</b>	<b>6.5#</b>	<b>L80</b>	<b>\$13.36</b>		\$93,520	\$93,520
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						\$29,350	\$26,100	\$55,450
	Pumping Equipment (Pumping Unit or Sub Pump)							\$312,500	\$312,500
	Flowlines							\$60,000	\$60,000
	Tanks								
	Sales Line Equipment								
	Separator-Prod. Equip.							\$95,000	\$95,000
	Valves,Fittings etc.							\$16,250	\$16,250
	Installation of Surface Lease Equipment (extend electric grid - to be prorated to all Eeyore wells)							\$68,000	\$68,000
	Other Lease & Well Equip.								
	<b>TOTAL TANGIBLES</b>						<b>\$305,295</b>	<b>\$1,454,955</b>	<b>\$1,760,250</b>
	<b>TOTAL WELL COSTS</b>						<b>\$2,965,859</b>	<b>\$6,954,670</b>	<b>\$9,920,529</b>

<b>Strata Production Company Working Interest</b> 62.80%	<b>Strata Production Co. - DRY HOLE</b> \$1,862,560	<b>Strata Production Co.- COMPLETED</b> \$6,230,092
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PREPARED BY: Jerry Elgin, VP Operations      DATE: 3/1/2023  
 APPROVED BY: Mitch Krakauskas, Vice President      DATE:      SIGNED: 

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:
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Agree to decline coverage, provide proof, and hold harmless:

By: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY FOR EXPENDITURE  
ESTIMATED WELL COSTS**

<b>WELL NAME AND NUMBER</b> Oscar 23 11 FCI Fed Com #12H		<b>AFE NUMBER</b> FNR-23-23-30-12-0323		<b>DATE</b> March 1, 2023	
<b>LOCATION:</b> SL: 2,310' FNL & 1,98 5' FWL of Section 23 BHL: 100' FNL & 2,310' FWL of Section 11		<b>FIELD</b> Forty Niner Ridge Delaware			
<b>API NUMBER</b> Pending		<b>COUNTY OR PARISH</b> Eddy		<b>STATE</b> New Mexico	
<b>PROJECT DESCRIPTION AND LOCATION</b> Drill ~11,615' lateral at ~7,304' TVD to test the Brushy Canyon Formation.		<b>SECTION</b> 23	<b>TOWNSHIP</b> 23S	<b>RANGE</b> 30E	
		<b>PROPOSED FORMATION</b> Delaware		<b>PROPOSED DEPTH</b> 19,011 MD	

ACCT CODE	INTANGIBLES	DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage Ft. @ \$ /Ft.			
	Drilling - Day Work - BCP <b>17</b> Days @ \$ <b>31600</b> /Day	\$537,200		\$537,200
	Drilling - Day Work - ACP <b>1</b> Days @ \$ <b>31600</b> /Day		\$31,600	\$31,600
	Completion Rig, Power Swivel, and Reverse Unit etc		\$61,600	\$61,600
	Mobilization & Demobilization- Other Contractors Charges	\$105,000		\$105,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion	\$112,000	\$500	\$112,500
	Drill Bits, Coring & DST	\$70,000	\$18,000	\$88,000
	Transportation and Hauling	\$53,500	\$21,000	\$74,500
	Drilling Mud, Chemicals & Completion Fluids	\$77,000	\$9,000	\$86,000
	Fuel, Power, Water	\$146,500	\$183,100	\$329,600
	Cementing Services, Cementing Equipment, Hangers; Packers	\$94,600	\$161,500	\$256,100
	Mud Logging	\$39,900		\$39,900
	Open Hole Logging and Side Wall Coring	\$55,000		\$55,000
	Cased Hole Logging and Perforating		\$405,000	\$405,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services	\$424,150	\$37,000	\$461,150
	Insurance	\$35,170		\$35,170
	Other Well Services, NU/BOP, Casing Inspection	\$44,500	\$35,500	\$80,000
	Overhead	\$10,000	\$5,000	\$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants	\$128,600	\$32,250	\$160,850
	Contract Services		\$77,000	\$77,000
	Fluids & Cuttings Disposal	\$253,000	\$5,500	\$258,500
	Environmental Charges			
	Stimulation Treatment 58 Stages		\$3,199,000	\$3,199,000
	Plugging Costs			
	Miscellaneous Costs, Tax and Contingencies	\$398,585	\$912,286	\$1,310,871
	<b>TOTAL INTANGIBLES</b>	<b>\$2,584,705</b>	<b>\$5,194,836</b>	<b>\$7,779,541</b>

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	<b>100</b>	<b>20"</b>	<b>94#</b>	<b>H40</b>	<b>\$300.00</b>	\$30,000		\$30,000
	Surface	<b>500</b>	<b>13 3/8"</b>	<b>48#</b>	<b>H40</b>	<b>\$64.33</b>	\$32,165		\$32,165
	Surface	-							
	Intermediate	<b>4,200</b>	<b>9 5/8"</b>	<b>40#</b>	<b>J55</b>	<b>\$50.90</b>	\$213,780		\$213,780
	Intermediate								
	Liner	-							
	Production	<b>11,511</b>	<b>5.5"</b>	<b>20#</b>	<b>HCP110</b>	<b>\$30.90</b>		\$355,690	\$355,690
	Production	<b>7,500</b>	<b>7"</b>	<b>29#</b>	<b>HCP110</b>	<b>\$52.29</b>		\$392,175	\$392,175
	Tubing	<b>7,000</b>	<b>2 7/8"</b>	<b>6.5#</b>	<b>L80</b>	<b>\$13.36</b>		\$93,520	\$93,520
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						\$29,350	\$26,100	\$55,450
	Pumping Equipment (Pumping Unit or Sub Pump)							\$312,500	\$312,500
	Flowlines							\$60,000	\$60,000
	Tanks								
	Sales Line Equipment								
	Separator-Prod. Equip.							\$95,000	\$95,000
	Valves, Fittings etc.							\$16,250	\$16,250
	Installation of Surface Lease Equipment (extend electric grid - to be prorated to all Eeyore wells)							\$68,000	\$68,000
	Other Lease & Well Equip.								
	<b>TOTAL TANGIBLES</b>						<b>\$305,295</b>	<b>\$1,419,235</b>	<b>\$1,724,530</b>
	<b>TOTAL WELL COSTS</b>						<b>\$2,890,000</b>	<b>\$6,614,070</b>	<b>\$9,504,071</b>

<b>Strata Production Company Working Interest</b> 62.80%	<b>Strata Production Co. - DRY HOLE</b> \$1,814,920	<b>Strata Production Co.- COMPLETED</b> \$5,968,556
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PREPARED BY: Jerry Elgin, VP Operations      DATE: 3/1/2023  
 APPROVED BY: Mitch Krakauskas, Vice President      DATE:      SIGNED: 

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:
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By: \_\_\_\_\_ Date: \_\_\_\_\_



**AUTHORITY FOR EXPENDITURE  
ESTIMATED WELL COSTS**

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	Surface	500	13 3/8"	48#	H40	\$64.33	\$32,165		\$32,165
	Surface	-							
	Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,780
	Intermediate								
	Liner	-							
	Production	11,511	5.5"	20#	HCP110	\$30.90		\$355,690	\$355,690
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	Rods, etc								
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	Flowlines							\$60,000	\$60,000
	Tanks								
	Sales Line Equipment								
	Separator-Prod. Equip.							\$95,000	\$95,000
	Valves,Fittings etc.							\$16,250	\$16,250
	Installation of Surface Lease Equipment (extend electric grid - to be prorated to all Eeyore wells)							\$68,000	\$68,000
	Other Lease & Well Equip.								
	<b>TOTAL TANGIBLES</b>						<b>\$305,295</b>	<b>\$1,419,235</b>	<b>\$1,724,530</b>
	<b>TOTAL WELL COSTS</b>						<b>\$2,890,000</b>	<b>\$6,614,070</b>	<b>\$9,504,071</b>

<b>Strata Production Company Working Interest</b> 62.80%	<b>Strata Production Co. - DRY HOLE</b> \$1,814,920	<b>Strata Production Co.- COMPLETED</b> \$5,968,556
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PREPARED BY: Jerry Elgin, VP Operations      DATE: 3/1/2023  
 APPROVED BY: Mitch Krakauskas, Vice President      DATE:      SIGNED: 

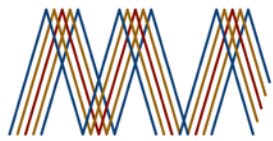
**JOINT INTEREST SHARE**      Due to rig availability and timing, the undersigned agrees that this AFE is valid for 180 days from execution.

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:
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Agree to decline coverage, provide proof, and hold harmless:

By: \_\_\_\_\_ Date: \_\_\_\_\_



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

**SHARON T. SHAHEEN**  
Direct: (505) 986-2678  
Email: [sshaheen@montand.com](mailto:sshaheen@montand.com)  
[www.montand.com](http://www.montand.com)

May 12, 2023

*Via U.S. Certified Mail, return receipt requested*

**TO: ALL INTEREST OWNERS ON ATTACHED LIST**

**Re: Case No. 23563** – Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico – **Oscar 23 11 EDL Fed Com #1H and Oscar 23 11 EDI Fed Com #11H**

**Case No. 23564** – Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico – **Oscar 23 11 FCL Fed Com #2H and Oscar 23 11 FCI Fed Com #12H**

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. 23563. 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 W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) **Oscar 23 11 EDL Fed Com #1H** well, to be horizontally drilled from an approximate surface hole location 2110’ FNL and 385’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 330’ FWL of Section 11, T23S-R30E; and (2) **Oscar 23 11 EDI Fed Com #11H** well, to be horizontally drilled from an approximate surface hole location 2110’ FNL and 460’ FWL of Section 23, T23S-R30E,

**REPLY TO:**  
325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289  
  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

Exhibit A-8  
Strata Production Co.  
NMOCD Case Nos. 23563 & 23564  
June 1, 2023

All Interest Owners  
May 12, 2023  
Page 2

to an approximate bottom hole location 100' FNL and 990' FWL of Section 11, T23S-R30E. 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 wells and lands are located approximately 14 miles East of Loving, New Mexico.

**Case No. 23564. 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 E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) **Oscar 23 11 FCL Fed Com #2H** well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1905' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 1650' FWL of Section 11, T23S-R30E; and (2) **Oscar 23 11 FCI Fed Com #12H** well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1980' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 2310' FWL of Section 11, T23S-R30E. 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 wells and lands are located approximately 14 miles East of Loving, New Mexico.

The attached applications will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division. Hearings are currently conducted remotely. The hearing will be conducted on **June 1, 2023**, 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 **May 24, 2023**, and serve

All Interest Owners  
May 12, 2023  
Page 3

the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **May 25, 2023**, in accordance with Division Rule 19.15.4.13 NMAC.

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

Very truly yours,

/s/ Sharon T. Shaheen

Sharon T. Shaheen

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

**EXHIBIT A**

**INTEREST OWNERS**

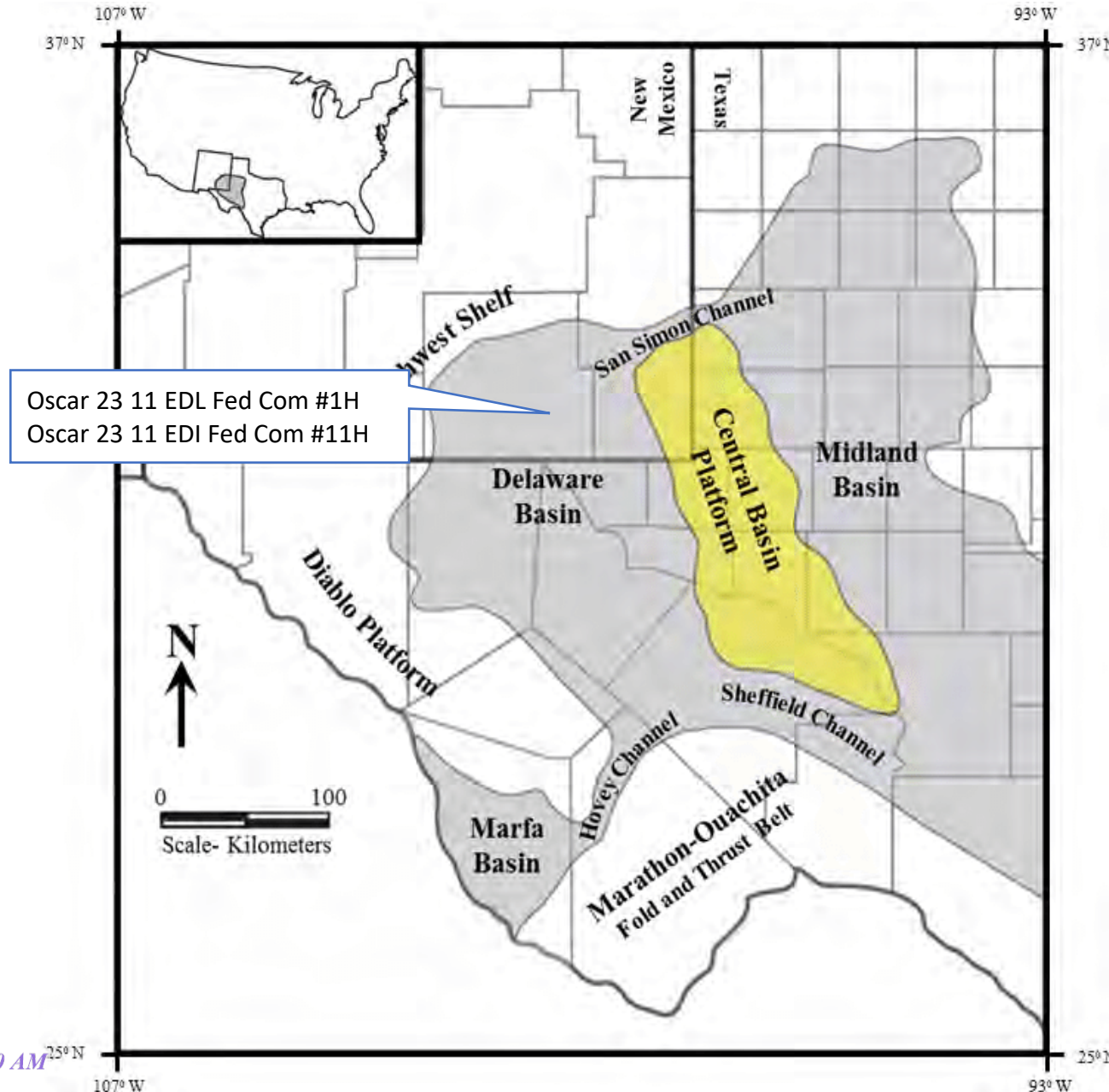
**Working Interest Party(ies):**

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

**Additional Party(ies):**

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

# Regional View of the Delaware Basin

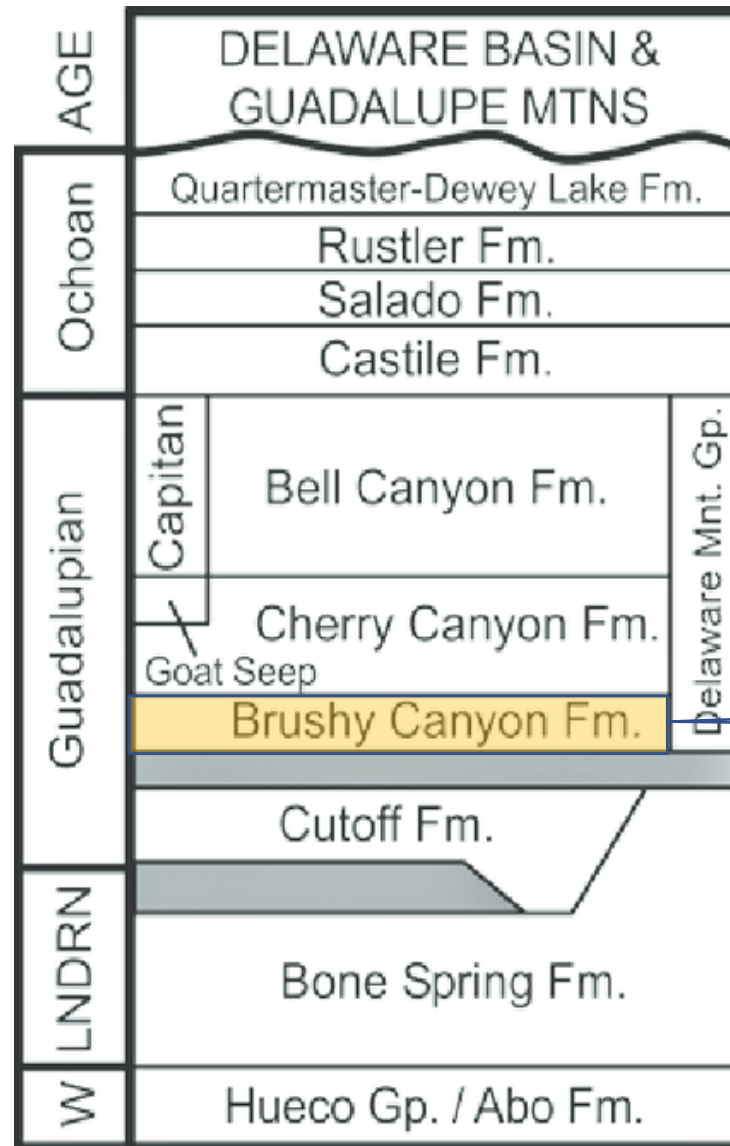


Oscar 23 11 EDL Fed Com #1H  
 Oscar 23 11 EDI Fed Com #11H  
 NM OCD Case No. 23563  
 Exhibit B-1





# Delaware Basin Stratigraphic Column

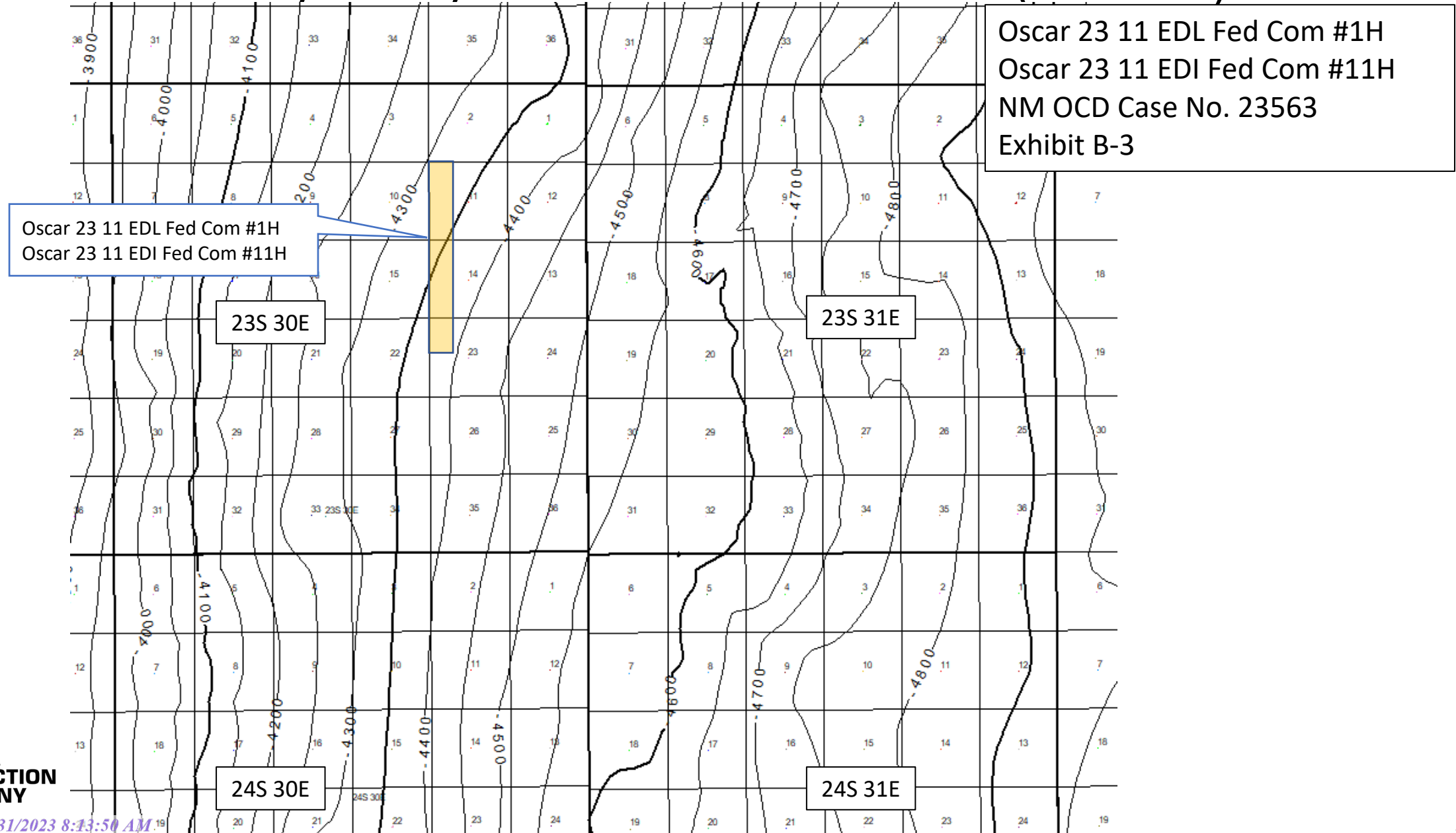


Oscar 23 11 EDL Fed Com #1H  
Oscar 23 11 EDI Fed Com #11H  
NM OCD Case No. 23563  
Exhibit B-2

Target Zone

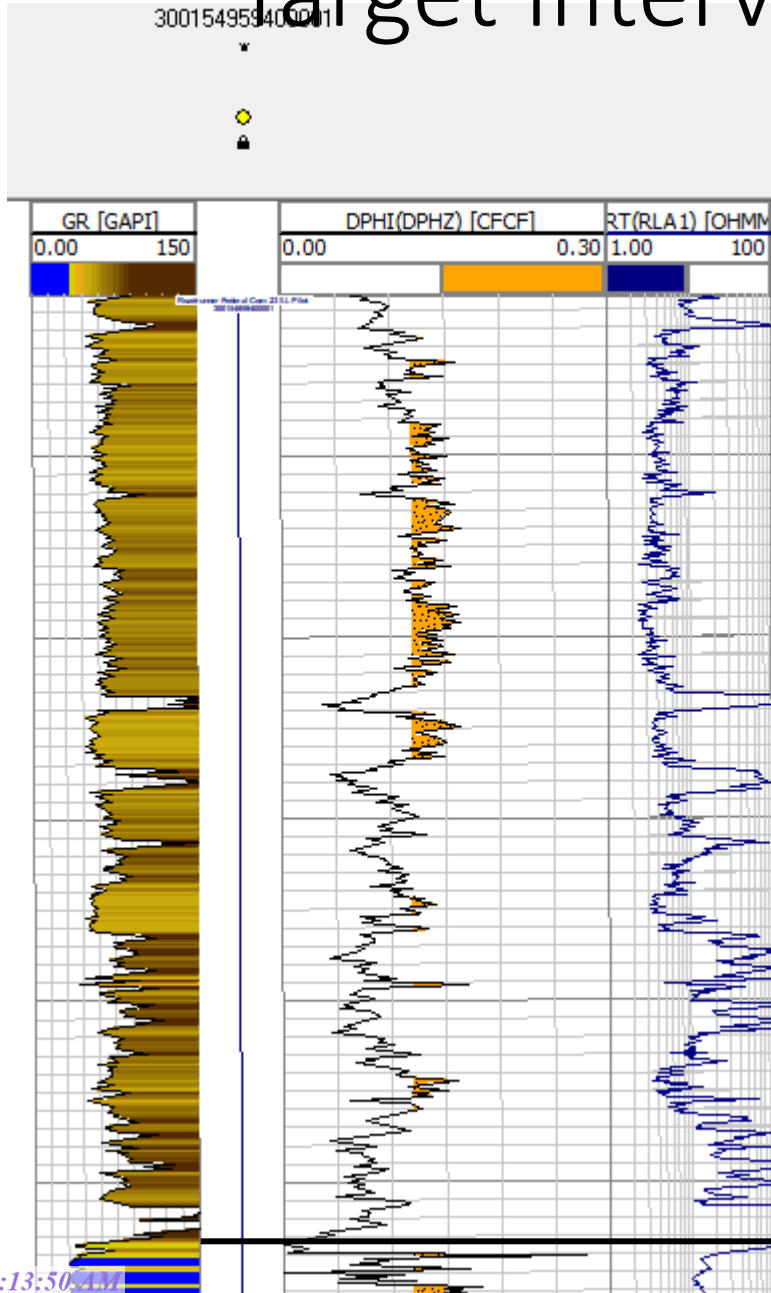


# Base of Brushy Canyon Fm. Structure (TVDSS)





# Target Interval on Offset Log



Oscar 23 11 EDL Fed Com #1H  
Oscar 23 11 EDI Fed Com #11H  
NM OCD Case No. 23563  
Exhibit B-4

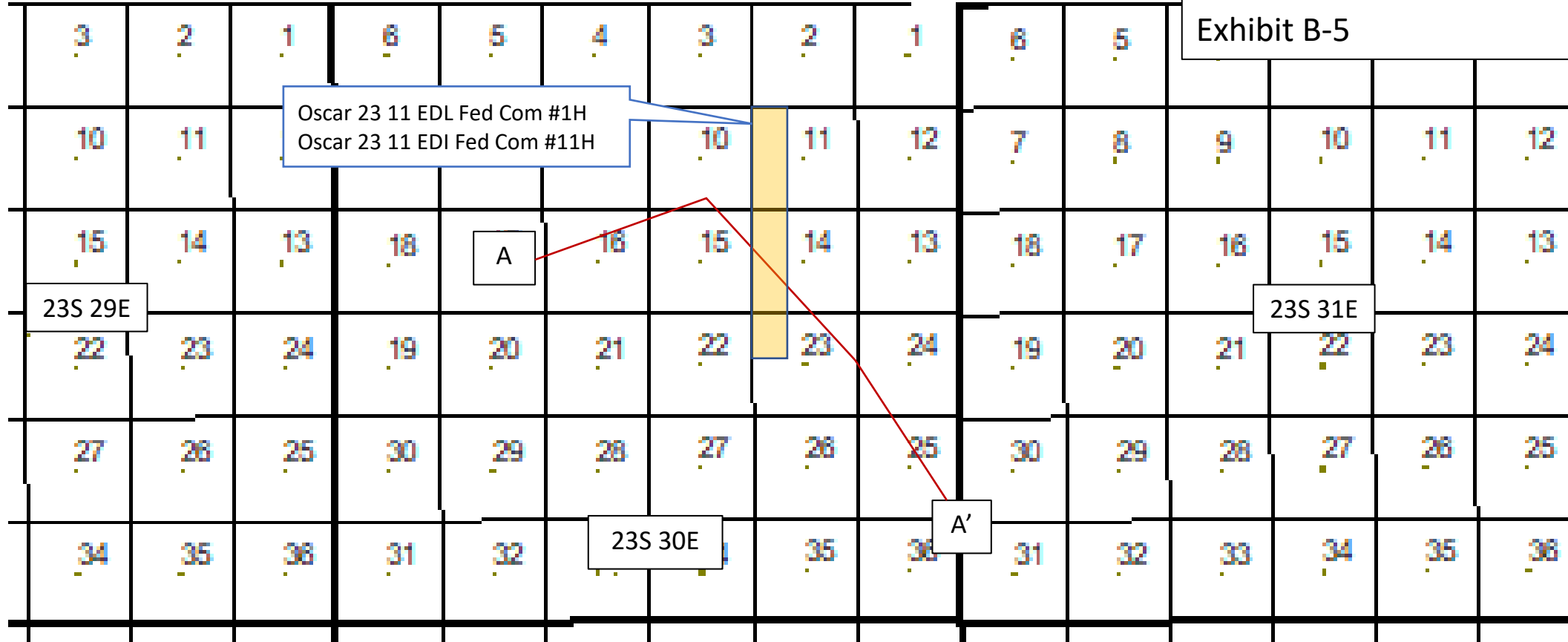
Oscar Target Interval  
Lower Brushy Canyon

Lower Brushy Canyon Fm. (Base)



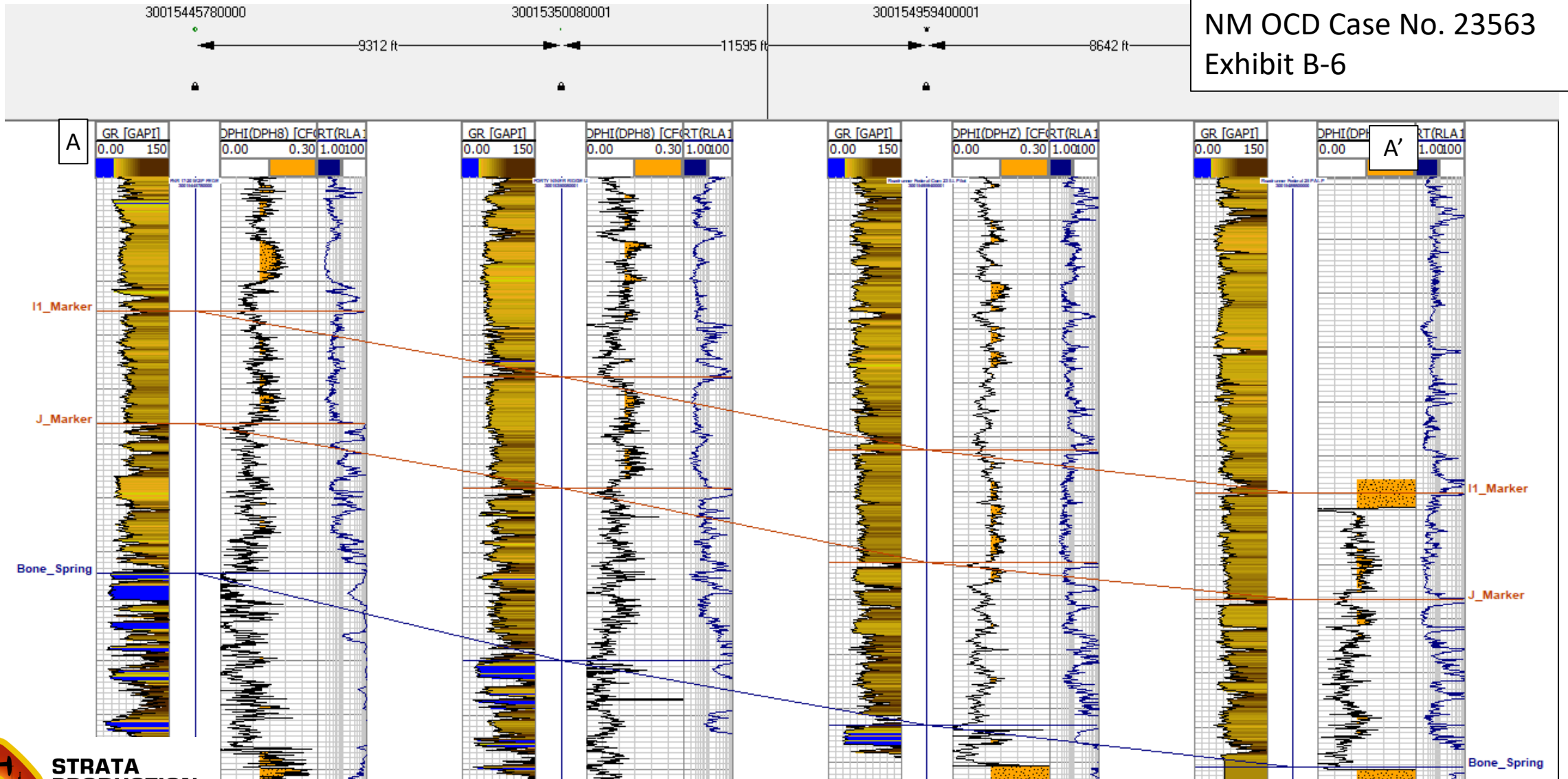
# Cross Section Line

Oscar 23 11 EDL Fed Com #1H  
 Oscar 23 11 EDI Fed Com #11H  
 NM OCD Case No. 23563  
 Exhibit B-5



# Structural Cross section

Oscar 23 11 EDL Fed Com #1H  
 Oscar 23 11 EDI Fed Com #11H  
 NM OCD Case No. 23563  
 Exhibit B-6



Tab 4.

A		B	
1	<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>		
2	<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>		
3	<b>Case: 23564</b>	<b>APPLICANT'S RESPONSE</b>	
4	<b>Date</b>	<b>June 1, 2023</b>	
5	Applicant	Strata Production Company	
6	Designated Operator & OGRID (affiliation if applicable)	21712	
7	Applicant's Counsel:	Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton)	
8	Case Title:	Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico	
9	Entries of Appearance/Intervenors:	None at this time	
10	Well Family	Oscar 23 11 Fed Com Wells	
11	<b>Formation/Pool</b>		
12	Formation Name(s) or Vertical Extent:	Delaware Formation	
13	Primary Product (Oil or Gas):	Oil	
14	Pooling this vertical extent:	Delaware Formation	
15	Pool Name and Pool Code:	Forty Niner Ridge; Delaware [24750]	
16	Well Location Setback Rules:	Statewide rules	
17	Spacing Unit Size:	400 acres, more or less	
18	<b>Spacing Unit</b>		
19	Type (Horizontal/Vertical)	Horizontal	
20	Size (Acres)	400 acres, more or less	
21	Building Blocks:	Quarter-quarter section (40 ac)	
22	Orientation:	South-North	
23	Description: TRS/County	E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, NM	
24	Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes	
25	<b>Other Situations</b>		
26	Depth Severance: Y/N. If yes, description	No	
27	Proximity Tracts: If yes, description	n/a	
28	Proximity Defining Well: if yes, description	n/a	

	A	B
29	Applicant's Ownership in Each Tract	Tract 1: 78.50%; Tract 2: 0.0%; Tract 3: 78.50%; Tract 4: 39.25%; see Exhibits A-2 and A-4
30	<b>Well(s)</b>	
31	Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status	
32	Well #1	Oscar 23 11 FCL Fed Com #2H , API No. Pending SHL: 2310' FNL and 1905' FWL of Section 23, T23S-R30E, NMPPM
33	Horizontal Well First and Last Take Points	FTP (~2310' FNL and 1905' FWL of Section 23, T23S-R30E) LTP (~100' FNL and 1650' FWL of Section 11, T23S-R30E)
34	Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7,579'), MD (~20,167')
35	Well #2	Oscar 23 11 FCI Fed Com #12H, API No. Pending SHL: 2310' FNL and 1980' FWL of Section 23, T23S-R30E, NMPPM
36	Horizontal Well First and Last Take Points	FTP (~2310' FNL and 1980' FWL of Section 23, T23S-R30E) LTP (~100' FNL and 2310' FWL of Section 11, T23S-R30E)
37	Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7,304'), MD (~19,009')
38	<b>AFE Capex and Operating Costs</b>	
39	Drilling Supervision/Month \$	\$8000; see Exhibit A, ¶ 20
40	Production Supervision/Month \$	\$800; see Exhibit A, ¶ 20
41	Justification for Supervision Costs	Please see AFE at Exhibit A-7
42	Requested Risk Charge	200%; see Exhibit A, ¶ 21
43	<b>Notice of Hearing</b>	
44	Proposed Notice of Hearing	Submitted with online filing of Application
45	Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C; Exhibit A-8
46	Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C
47	<b>Ownership Determination</b>	
48	Land Ownership Schematic of the Spacing Unit	See Exhibits A-2 and A-3
49	Tract List (including lease numbers and owners)	See Exhibits A-2 and A-4
50	If approval of Non-Standard Spacing Unit is requested, Tract List	N/A
51	Pooled Parties (including ownership type)	See Exhibit A-5
52	Unlocatable Parties to be Pooled	None
53	Ownership Depth Severance (including percentage above & below)	None
54	<b>Joinder</b>	
55	Sample Copy of Proposal Letter	Exhibit A-7
56	List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4



	A	B
57	Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
58	Overhead Rates In Proposal Letter	n/a
59	Cost Estimate to Drill and Complete	See AFE at Exhibit A-7
60	Cost Estimate to Equip Well	See AFE at Exhibit A-7
61	Cost Estimate for Production Facilities	See AFE at Exhibit A-7
62	<b>Geology</b>	
63	Summary (including special considerations)	Exhibit B, ¶¶ 5-14; see Exhibits B-1 through B-6
64	Spacing Unit Schematic	Exhibit B-3
65	Well Orientation (with rationale)	Exhibit B, ¶ 12(d)
66	Target Formation	Exhibits B-2 and B-4
67	HSU Cross Section	Exhibit B-6
68	Depth Severance Discussion	n/a; see Exhibit A, ¶ 13
69	<b>Forms, Figures and Tables</b>	
70	C-102	Exhibit A-6
71	Tracts	Exhibits A-2 and A-4
72	Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
73	General Location Map (including basin)	Exhibits A-1 and B-1
74	Well Bore Location Map	Exhibit A-3; Exhibit A-6
75	Structure Contour Map - Subsea Depth	Exhibit B-3
76	Cross Section Location Map (including wells)	Exhibit B-5
77	Cross Section (including Landing Zone)	Exhibits B-5 and B-6
78	<b>Additional Information</b>	
79	Special Provisions/Stipulations	None
80	<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
81	<b>Printed Name</b> (Attorney or Party Representative):	Sharon T. Shaheen
82	<b>Signed Name</b> (Attorney or Party Representative):	<i>Sharon T. Shaheen</i>
83	<b>Date:</b>	5/30/2023

**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. 23564

**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 E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. In support of its application, Strata states as follows:

1. Strata is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Strata proposes to drill the following 2.5-mile wells in the proposed HSU:
  - **Oscar 23 11 FCL Fed Com #2H** well, to be horizontally drilled from an approximate surface hole location 2310’ FNL and 1905’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 1650’ FWL of Section 11, T23S-R30E.
  - **Oscar 23 11 FCI Fed Com #12H** well, to be horizontally drilled from an approximate surface hole location 2310’ FNL and 1980’ FWL of Section 23, T23S-



R30E, to an approximate bottom hole location 100' FNL and 2310' FWL of Section 11, T23S-R30E.

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. 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.

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 June 1, 2023, 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 E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico;

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

C. Allowing the drilling of the Oscar 23 11 FCL Fed Com #2H well and the Oscar 23 11 FCI Fed Com #12H well;

- D. Designating Strata as operator of the HSU and the well to be drilled thereon;
- E. Authorizing Strata to recover its costs of drilling, equipping and completing the well;
- F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty for the risk assumed by Strata in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

Sharon T. Shaheen

Troy S. Lawton

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 986-2678

[sshaheen@montand.com](mailto:sshaheen@montand.com)

[tlawton@montand.com](mailto:tlawton@montand.com)

*Attorneys for Strata Production Company*

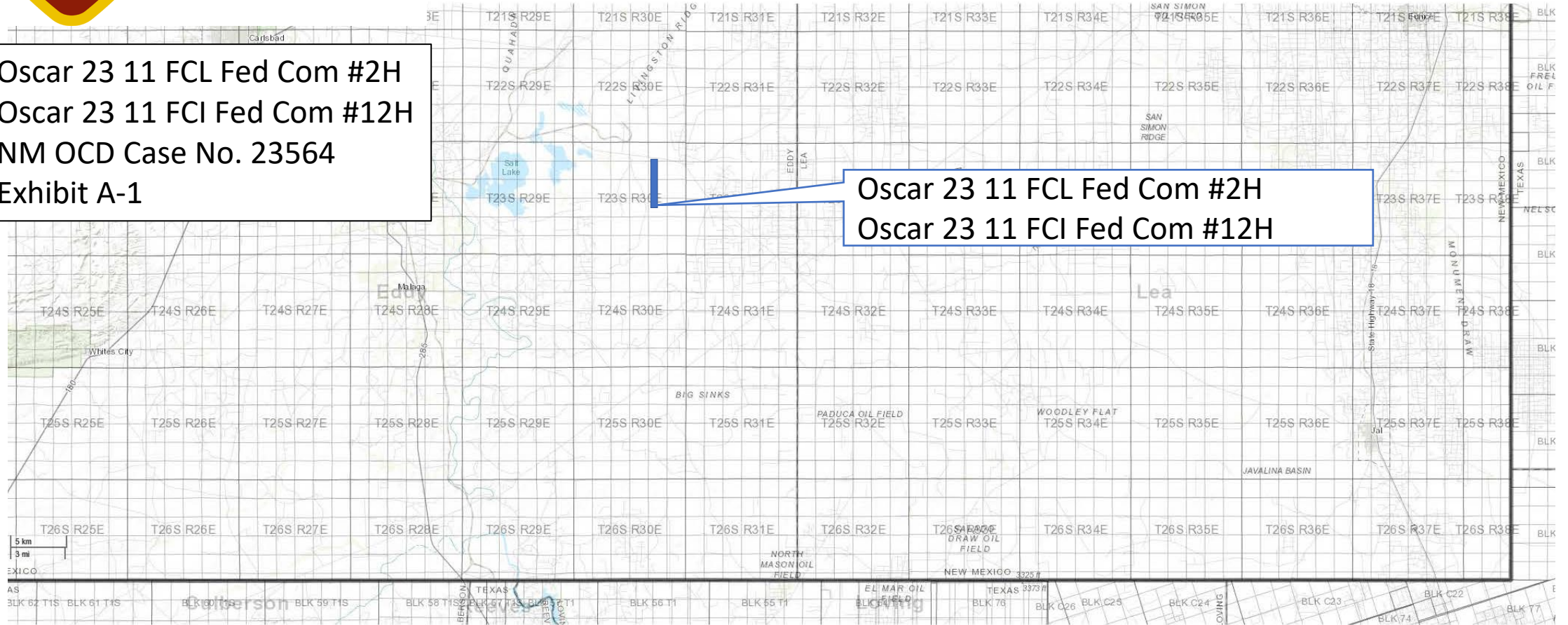
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# STRATA PRODUCTION COMPANY

Oscar 23 11 FCL Fed Com #2H  
Oscar 23 11 FCI Fed Com #12H  
NM OCD Case No. 23564  
Exhibit A-1

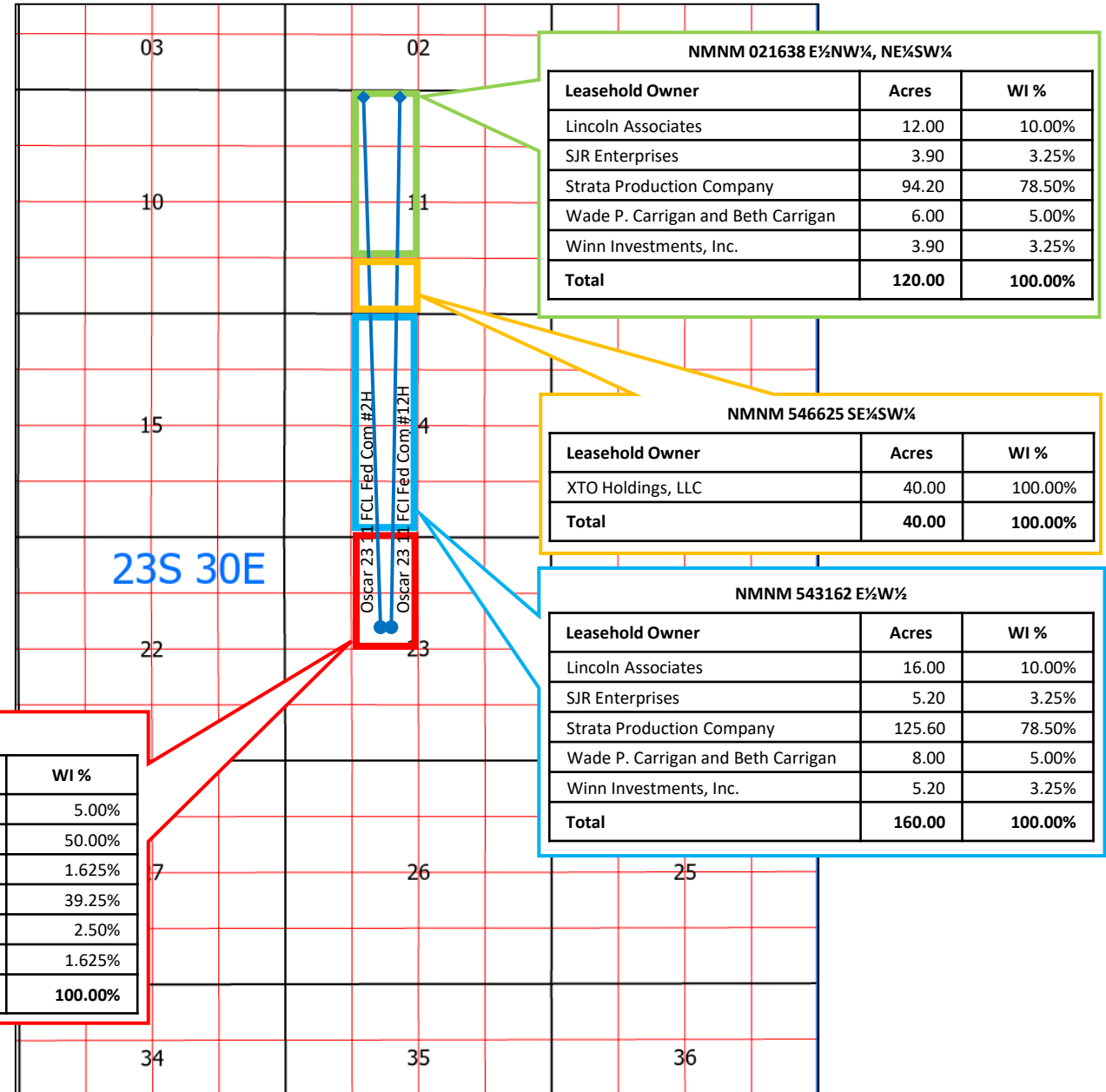
Oscar 23 11 FCL Fed Com #2H  
Oscar 23 11 FCI Fed Com #12H





# STRATA PRODUCTION COMPANY

Oscar 23 11 FCL Fed Com #2H  
 Oscar 23 11 FCI Fed Com #12H  
 NM OCD Case No. 23564  
 Exhibit A-2



**NMNM 021638 E½NW¼, NE¼SW¼**

Leasehold Owner	Acres	WI %
Lincoln Associates	12.00	10.00%
SJR Enterprises	3.90	3.25%
Strata Production Company	94.20	78.50%
Wade P. Carrigan and Beth Carrigan	6.00	5.00%
Winn Investments, Inc.	3.90	3.25%
<b>Total</b>	<b>120.00</b>	<b>100.00%</b>

**NMNM 546625 SE¼SW¼**

Leasehold Owner	Acres	WI %
XTO Holdings, LLC	40.00	100.00%
<b>Total</b>	<b>40.00</b>	<b>100.00%</b>

**NMNM 543162 E½W¼**

Leasehold Owner	Acres	WI %
Lincoln Associates	16.00	10.00%
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%
<b>Total</b>	<b>160.00</b>	<b>100.00%</b>

**NMNM 543552 E½NW¼**

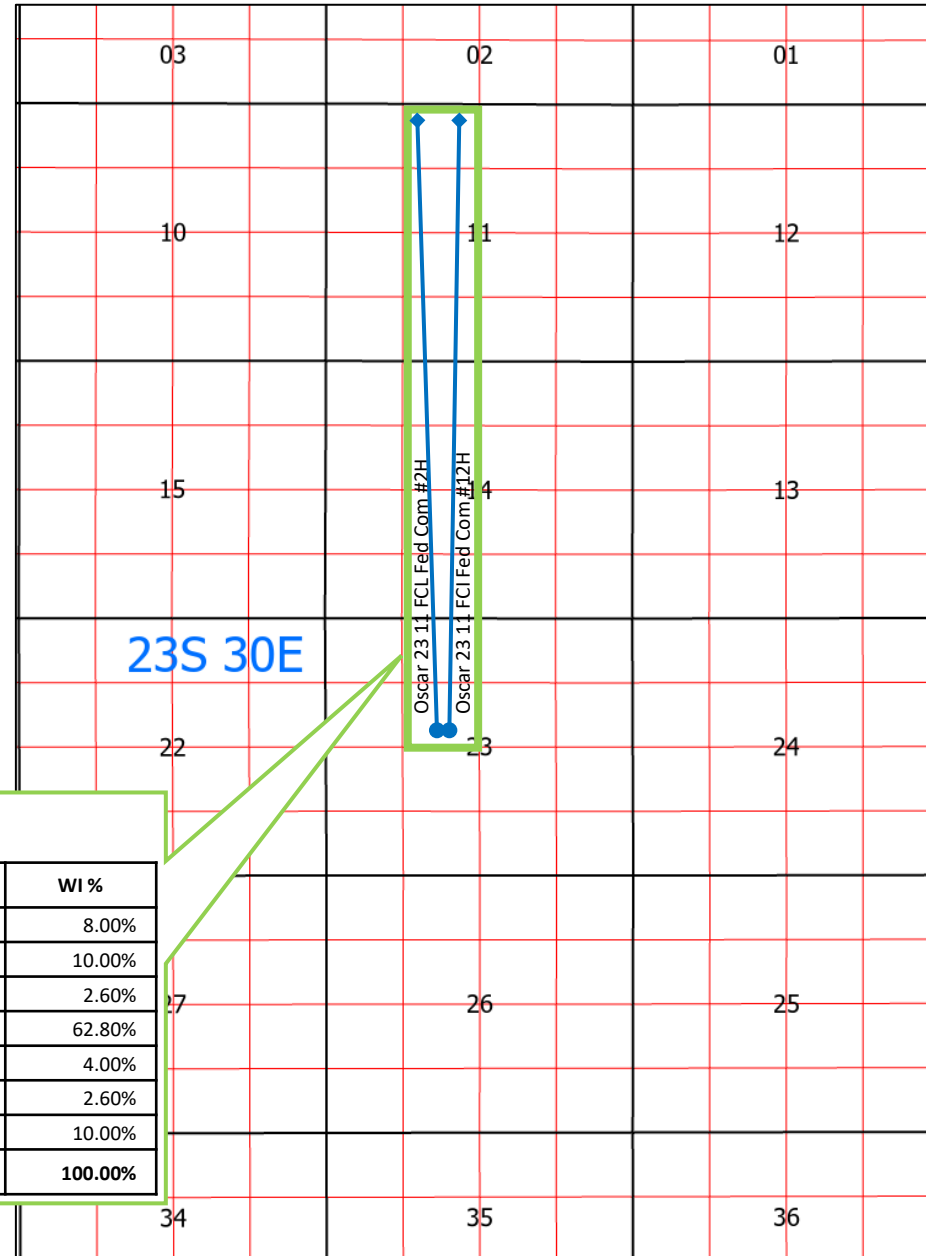
Leasehold Owner	Acres	WI %
Lincoln Associates	4.00	5.00%
OXY USA, Inc.	40.00	50.00%
SJR Enterprises	1.30	1.625%
Strata Production Company	31.40	39.25%
Wade P. Carrigan and Beth Carrigan	2.00	2.50%
Winn Investments, Inc.	1.30	1.625%
<b>Total</b>	<b>80.00</b>	<b>100.00%</b>

23S 30E



# STRATA PRODUCTION COMPANY

Oscar 23 11 FCL Fed Com #2H  
 Oscar 23 11 FCI Fed Com #12H  
 NM OCD Case No. 23564  
 Exhibit A-3



Oscar 23 11 FCL Fed Com #2H  
 Oscar 23 11 FCI Fed Com #12H

Leasehold Owner	Acres	WI %
Lincoln Associates	32.00	8.00%
OXY USA, Inc.	40.00	10.00%
SJR Enterprises	10.40	2.60%
Strata Production Company	251.20	62.80%
Wade P. Carrigan and Beth Carrigan	16.00	4.00%
Winn Investments, Inc.	10.40	2.60%
XTO Holdings, LLC	40.00	10.00%
<b>Total</b>	<b>400.00</b>	<b>100.00%</b>



**STRATA  
PRODUCTION  
COMPANY**

Oscar 23 11 FCL Fed Com #2H  
Oscar 23 11 FCI Fed Com #12H  
NM OCD Case No. 23564  
Exhibit A-4

**CONTRACT AREA Oscar 23 11 FCL Fed Com 23 11 #2H & Oscar 23 11 FCI Fed Com #12H– Case No. 23564:**

E $\frac{1}{2}$ W $\frac{1}{2}$  of Sec. 11-23S-30E, E $\frac{1}{2}$ W $\frac{1}{2}$  of Sec. 14-23S-30E and E $\frac{1}{2}$ NW $\frac{1}{4}$  of Sec. 23-23S-30E, Eddy County, New Mexico, 400.00 acres, more or less

**UNIT INTEREST OF THE PARTIES:**

<b>Interest Owners:</b>	<b>Net Acres</b>	<b>WI %</b>
Lincoln Associates	32.00	8.00%
OXY USA, Inc.	40.00	10.00%
SJR Enterprises	10.40	2.60%
Strata Production Company	251.20	62.80%
Wade P. Carrigan and Beth Carrigan	16.00	4.00%
Winn Investments, Inc.	10.40	2.60%
XTO Holdings, LLC	40.00	10.00%
<b>Total</b>	<b>400.00</b>	<b>100.00%</b>

**TRACT INTEREST OF THE PARTIES:**

Tract 1 (E $\frac{1}{2}$ NW $\frac{1}{4}$  and NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Sec. 11, T23S-R30E 120.00 acres, more or less)

<b>Interest Owners:</b>	<b>Net Acres</b>	<b>WI %</b>
Lincoln Associates	12.00	10.00%
SJR Enterprises	3.90	3.25%
Strata Production Company	94.20	78.50%
Wade P. Carrigan and Beth Carrigan	6.00	5.00%
Winn Investments, Inc.	3.90	3.25%
<b>Total</b>	<b>120.00</b>	<b>100.00%</b>

<b>Record Title Owners:</b>	<b>%</b>
ConocoPhillips Company	100.00%
<b>Total</b>	<b>100.00%</b>



Tract 2 (SE¼SW¼ of Sec. 11, T23S-R30E 40.00 acres, more or less)

<b>Interest Owners:</b>	<b>Net Acres</b>	<b>WI %</b>
XTO Holdings, LLC	40.00	100.00%
<b>Total</b>	<b>40.00</b>	<b>100.00%</b>

<b>Record Title Owners:</b>	<b>%</b>
XTO Holdings, LLC	100.00%
<b>Total</b>	<b>100.00%</b>

Tract 3 (E½W½ of Sec. 14, T23S-R30E 160.00 acres, more or less)

<b>Interest Owners:</b>	<b>Net Acres</b>	<b>WI %</b>
Lincoln Associates	16.00	10.00%
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%
<b>Total</b>	<b>160.00</b>	<b>100.00%</b>

<b>Record Title Owners:</b>	<b>%</b>
ConocoPhillips Company	100.00%
<b>Total</b>	<b>100.00%</b>

Tract 4 (E½NW¼ of Sec. 23, T23S-R30E 80.00 acres, more or less)

<b>Interest Owners:</b>	<b>Net Acres</b>	<b>WI %</b>
Lincoln Associates	4.00	5.00%
OXY USA, Inc.	40.00	50.00%
SJR Enterprises	1.30	1.625%
Strata Production Company	31.40	39.25%
Wade P. Carrigan and Beth Carrigan	2.00	2.50%
Winn Investments, Inc.	1.30	1.625%
<b>Total</b>	<b>160.00</b>	<b>100.00%</b>

<b>Record Title Owners:</b>	<b>%</b>
ConocoPhillips Company	50.00%
OXY USA, Inc.	50.00%
<b>Total</b>	<b>100.00%</b>

**OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:**

Tract 1:

Lessor: United State of America  
Lessee: James P. Schwartz and T.N.F. Shaw  
Serial No.: NMNM 021638  
Date: May 1, 1964  
Description: E $\frac{1}{2}$ NW $\frac{1}{4}$  and NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Sec. 11, T23S-R30E 120.00 acres, more or less

Tract 2:

Lessor: United State of America  
Lessee: Robert E. Fox  
Serial No.: NMNM 0546625  
Date: June 1, 1964  
Description: SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Sec. 11, T23S-R30E 40.00 acres, more or less

Tract 3:

Lessor: United State of America  
Lessee: Patricia Boyle  
Serial No.: NMNM 543162  
Date: July 1, 1964  
Description: E $\frac{1}{2}$ W $\frac{1}{2}$  of Sec. 14, T23S-R30E 160.00 acres, more or less

Tract 4:

Lessor: United State of America  
Lessee: Messrs G. Burke and H. McCall  
Serial No.: NMNM 543552  
Date: June 1, 1964  
Description: E $\frac{1}{2}$ NW $\frac{1}{4}$  of Sec. 23, T23S-R30E 80.00 acres, more or less

\* Those Parties Highlighted are the only parties Strata Production Company is seeking to pool at this time.



**STRATA  
PRODUCTION  
COMPANY**

Oscar 23 11 FCL Fed Com #2H  
Oscar 23 11 FCI Fed Com #12H NM  
OCD Case No. 23564  
Exhibit A-5

**Interest Owner:** OXY USA Inc.

**Contact Type:** Phone, Email, USPS

**Notes:** Contacted Matthew Cole regarding the proposals on March 3, 2023, with no response. In prior discussions, Mr. Cole has informed me that Oxy will not look at a proposal until they are compulsory pooled and to proceed with pooling for all future wells.

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

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

Oscar 23 11 FCL Fed Com #2H  
Oscar 23 11 FCI Fed Com #12H  
NM OCD Case No. 23564  
Exhibit A-6

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code <b>24750</b>		3 Pool Name <b>FORTY NINER RIDGE UNIT</b>					
4 Property Code		5 Property Name <b>OSCAR 23/11 FCL FED COM</b>				6 Well Number <b>2H</b>			
7 OGRID NO. <b>21712</b>		8 Operator Name <b>STRATA PRODUCTION COMPANY</b>				9 Elevation <b>3225'</b>			
10 Surface Location									
UL or lot no. <b>F</b>	Section <b>23</b>	Township <b>23S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>2310</b>	North/South line <b>NORTH</b>	Feet From the <b>1905</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
11 Bottom Hole Location If Different From Surface									
UL or lot no. <b>C</b>	Section <b>11</b>	Township <b>23S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>100</b>	North/South line <b>NORTH</b>	Feet from the <b>1650</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
12 Dedicated Acres <b>400</b>		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.

**16 GEODETIC DATA**  
NAD 83 GRID - NM EAST

**SURFACE LOCATION (SL)/**  
KICK OFF POINT (KOP) PROPOSED  
PENETRATION POINT 1 (PPP1)  
N: 470072.0 - E: 689405.8  
LAT: 32.2913924° N  
LONG: 103.8541559° W

PROPOSED  
PENETRATION POINT 2 (PPP2)  
0' FSL - 1859' FWL SEC.14  
N: 472381.3 - E: 689338.1  
LAT: 32.2977409° N  
LONG: 103.8543418° W

PROPOSED  
PENETRATION POINT 3 (PPP3)  
0' FSL - 1753' FWL SEC.11  
N: 477670.3 - E: 689228.4  
LAT: 32.3122806° N  
LONG: 103.8546203° W

PROPOSED  
PENETRATION POINT 4 (PPP4)  
1325' FSL - 1727' FWL SEC.11  
N: 478995.0 - E: 689197.7  
LAT: 32.3159222° N  
LONG: 103.8547005° W

**BOTTOM HOLE (BH)**  
N: 482860.3 - E: 689103.0  
LAT: 32.3265481° N  
LONG: 103.8549514° W

**CORNER DATA**  
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1942" N: 467084.8 - E: 687530.3	J: FOUND BRASS CAP "1942" N: 480315.3 - E: 692820.2
B: FOUND BRASS CAP "1942" N: 469732.1 - E: 687504.4	K: FOUND BRASS CAP "1942" N: 477674.0 - E: 692829.2
C: FOUND BRASS CAP "1942" N: 472376.5 - E: 687479.5	L: FOUND BRASS CAP "1942" N: 475033.1 - E: 692835.7
D: FOUND BRASS CAP "1942" N: 475023.4 - E: 687478.1	M: FOUND BRASS CAP "1942" N: 472390.8 - E: 692844.2
E: FOUND BRASS CAP "1942" N: 477668.6 - E: 687475.8	N: FOUND BRASS CAP "1942" N: 469750.0 - E: 692862.1
F: FOUND BRASS CAP "1942" N: 480316.7 - E: 687466.4	O: CALCULATED CORNER N: 467108.3 - E: 692881.7
G: FOUND BRASS CAP "1942" N: 482961.4 - E: 687452.8	P: FOUND BRASS CAP "1942" N: 467097.4 - E: 690206.2
H: FOUND BRASS CAP "1942" N: 482959.5 - E: 690132.2	Q: FOUND BRASS CAP "1942" N: 472383.4 - E: 690160.9
I: FOUND BRASS CAP "1942" N: 482957.2 - E: 692811.0	R: FOUND BRASS CAP "1942" N: 477671.2 - E: 690152.2

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

Signature: *Jerry Elgin* Date: **05/12/2023**  
Printed Name: **Jerry Elgin, VP of Operations**  
E-mail Address: **jelgin@stratanm.com**

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

Date of Survey: **03/29/2023**  
Signature and Seal of Professional Surveyor: *[Signature]*  
Certificate Number: **14400**

REV: WELL CALLS & LEASE AREAS 5/9/23

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code <b>24750</b>		3 Pool Name <b>FORTY NINER RIDGE UNIT</b>					
4 Property Code		5 Property Name <b>OSCAR 23/11 FCI FED COM</b>						6 Well Number <b>12H</b>	
7 OGRID NO. <b>21712</b>		8 Operator Name <b>STRATA PRODUCTION COMPANY</b>						9 Elevation <b>3226'</b>	
10 Surface Location									
UL or lot no. <b>F</b>	Section <b>23</b>	Township <b>23S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>2310</b>	North/South line <b>NORTH</b>	Feet From the <b>1980</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
11 Bottom Hole Location If Different From Surface									
UL or lot no. <b>C</b>	Section <b>11</b>	Township <b>23S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>100</b>	North/South line <b>NORTH</b>	Feet from the <b>2310</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
12 Dedicated Acres <b>400</b>	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.

16

GEODETIC DATA  
NAD 83 GRID - NM EAST

SURFACE LOCATION (SL)/  
KICK OFF POINT (KOP) PROPOSED  
PENETRATION POINT 1 (PPP1)  
N: 470072.2 - E: 689480.8  
LAT: 32.2913920° N  
LONG: 103.8539132° W

PROPOSED  
PENETRATION POINT 2 (PPP2)  
0' FSL - 2040' FWL SEC.14  
N: 472381.7 - E: 689519.0  
LAT: 32.2977400° N  
LONG: 103.8537561° W

PROPOSED  
PENETRATION POINT 3 (PPP3)  
0' FSL - 2176' FWL SEC.11  
N: 477670.7 - E: 689651.3  
LAT: 32.3122765° N  
LONG: 103.8532514° W

PROPOSED  
PENETRATION POINT 4 (PPP4)  
1325' FSL - 2210' FWL SEC.11  
N: 478995.4 E: 689680.6  
LAT: 32.3159176° N  
LONG: 103.8531374° W

BOTTOM HOLE (BH)  
N: 482859.8 - E: 689762.8  
LAT: 32.3265387° N  
LONG: 103.8528152° W

CORNER DATA  
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1942" N: 467084.8 - E: 687530.3	J: FOUND BRASS CAP "1942" N: 480315.3 - E: 692820.2
B: FOUND BRASS CAP "1942" N: 469732.1 - E: 687504.4	K: FOUND BRASS CAP "1942" N: 477674.0 - E: 692829.2
C: FOUND BRASS CAP "1942" N: 472376.5 - E: 687479.5	L: FOUND BRASS CAP "1942" N: 475033.1 - E: 692835.7
D: FOUND BRASS CAP "1942" N: 475023.4 - E: 687478.1	M: FOUND BRASS CAP "1942" N: 472390.8 - E: 692844.2
E: FOUND BRASS CAP "1942" N: 477668.6 - E: 687475.8	N: FOUND BRASS CAP "1942" N: 469750.0 - E: 692862.1
F: FOUND BRASS CAP "1942" N: 480316.7 - E: 687466.4	O: CALCULATED CORNER N: 467108.3 - E: 692881.7
G: FOUND BRASS CAP "1942" N: 482961.4 - E: 687452.8	P: FOUND BRASS CAP "1942" N: 467097.4 - E: 690206.2
H: FOUND BRASS CAP "1942" N: 482959.5 - E: 690132.2	Q: FOUND BRASS CAP "1942" N: 472383.4 - E: 690160.9
I: FOUND BRASS CAP "1942" N: 482957.2 - E: 692811.0	R: FOUND BRASS CAP "1942" N: 477671.2 - E: 690152.2

17 OPERATOR CERTIFICATION

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

*Jerry Elgin* **05/12/2023**  
Signature Date  
**Jerry Elgin, VP of Operations**  
Printed Name  
**jelgin@stratanm.com**  
E-mail Address

18 SURVEYOR CERTIFICATION

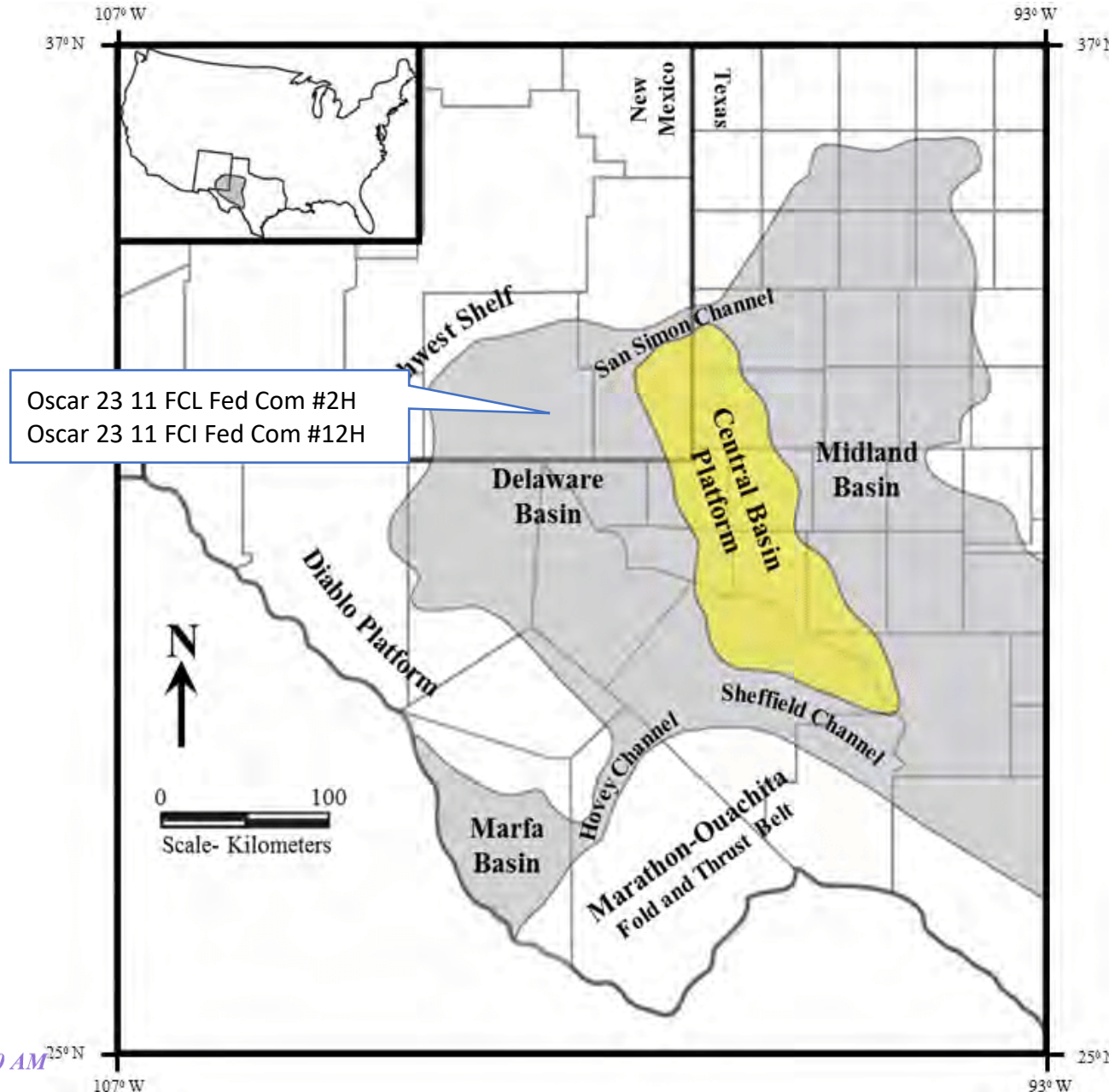
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

**03/29/2023**  
Date of Survey  
Signature and Seal of Professional Surveyor  
**14400**  
Certificate Number

REV: WELL CALLS & LEASE AREAS 5/9/23

Job No.: LS23020159D

# Regional View of the Delaware Basin



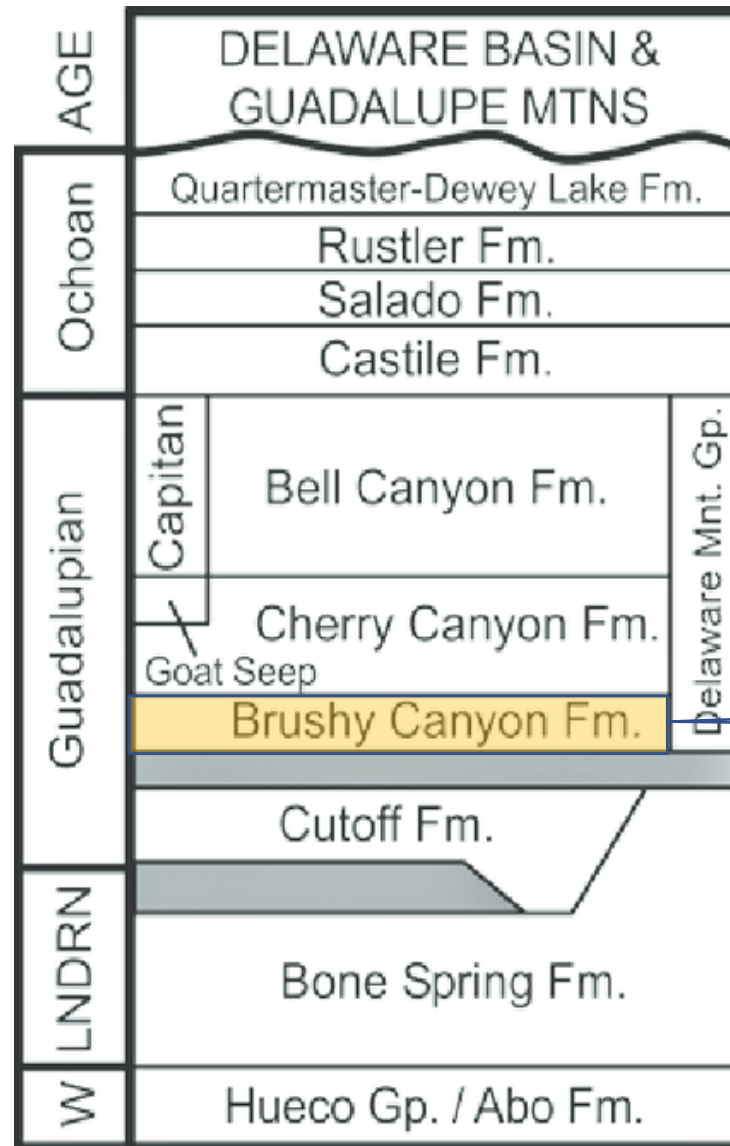
Oscar 23 11 FCL Fed Com #2H  
 Oscar 23 11 FCI Fed Com #12H

Oscar 23 11 FCL Fed Com #2H  
 Oscar 23 11 FCI Fed Com #12H  
 NM OCD Case No. 23564  
 Exhibit B-1





# Delaware Basin Stratigraphic Column



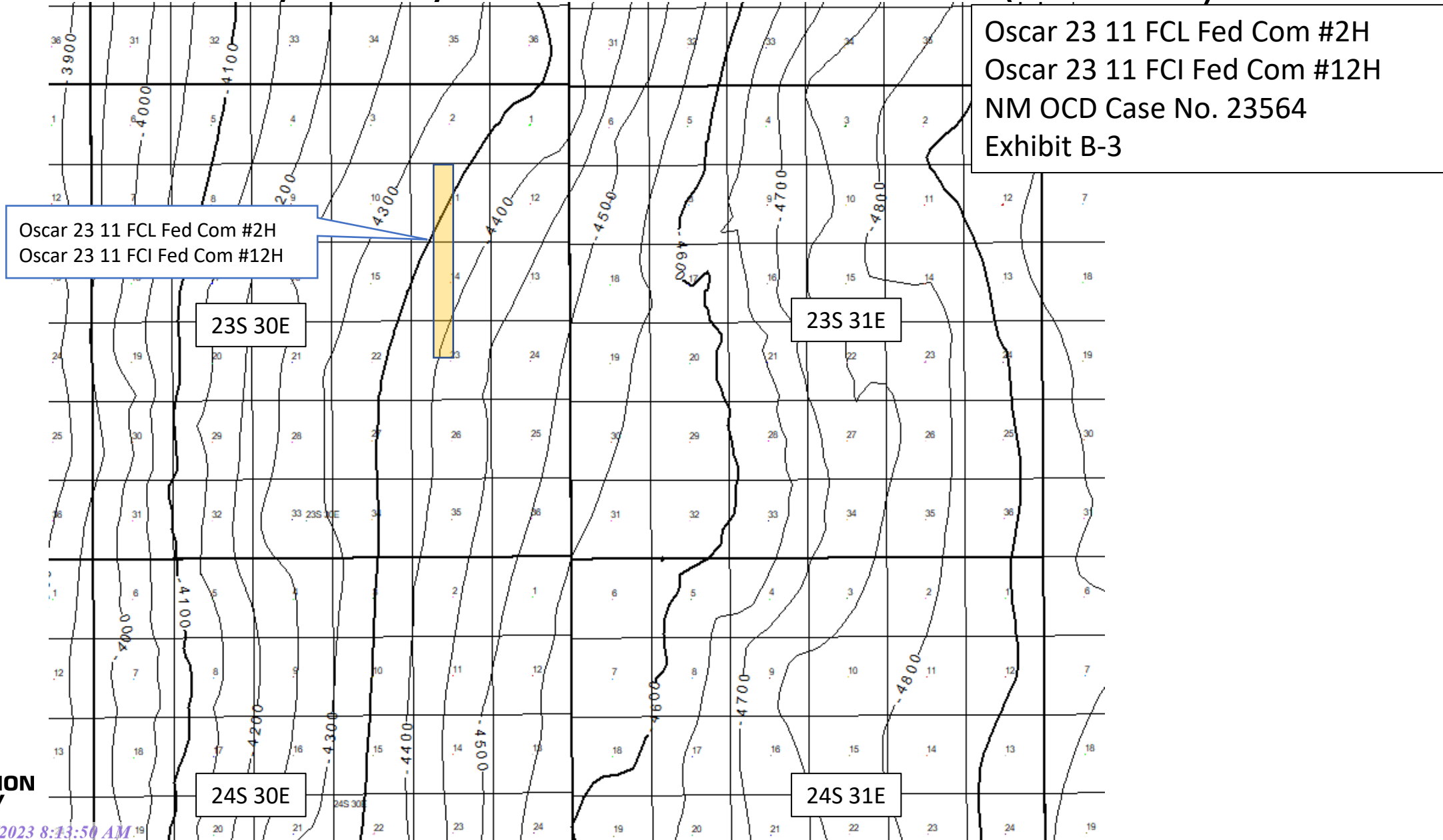
Oscar 23 11 FCL Fed Com #2H  
Oscar 23 11 FCI Fed Com #12H  
NM OCD Case No. 23564  
Exhibit B-2

Target Zone





# Base of Brushy Canyon Fm. Structure (TVDSS)



Oscar 23 11 FCL Fed Com #2H  
 Oscar 23 11 FCI Fed Com #12H  
 NM OCD Case No. 23564  
 Exhibit B-3

Oscar 23 11 FCL Fed Com #2H  
 Oscar 23 11 FCI Fed Com #12H

23S 30E

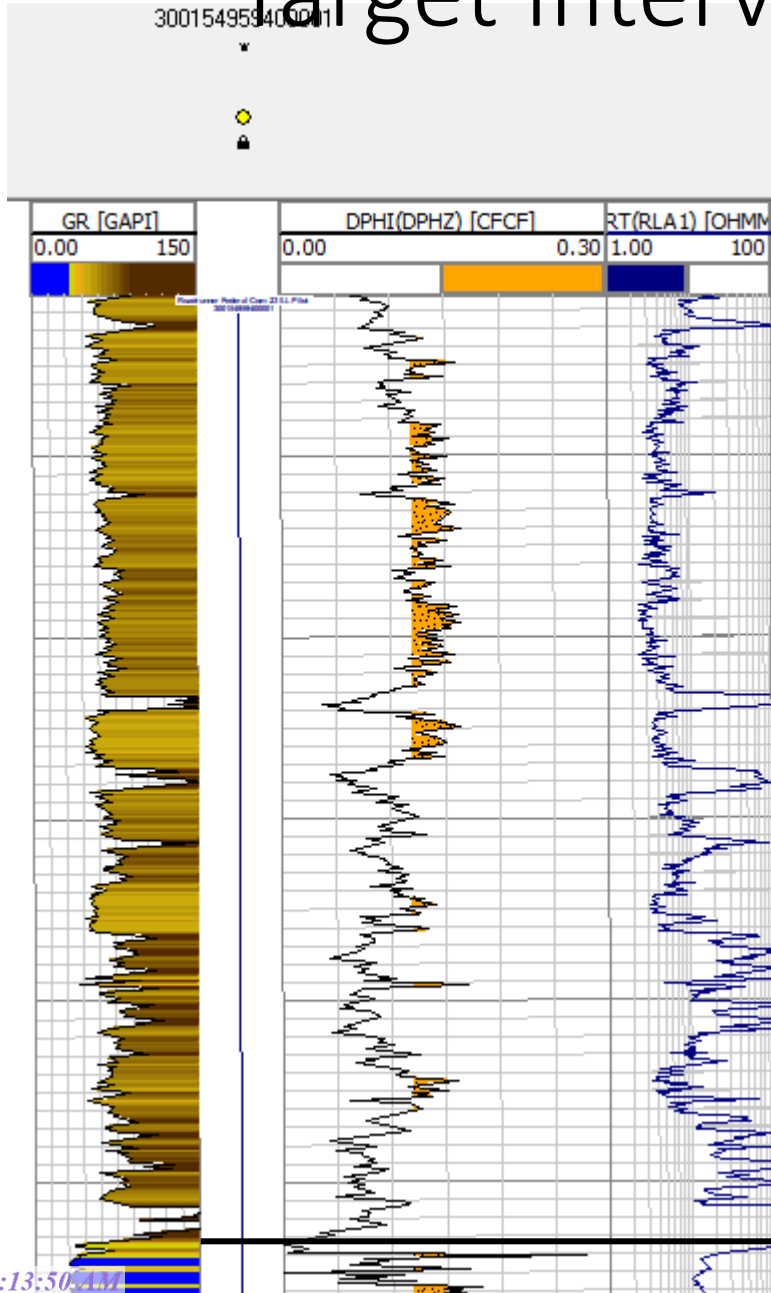
23S 31E

24S 30E

24S 31E



# Target Interval on Offset Log



Oscar 23 11 FCL Fed Com #2H  
Oscar 23 11 FCI Fed Com #12H  
NM OCD Case No. 23564  
Exhibit B-4

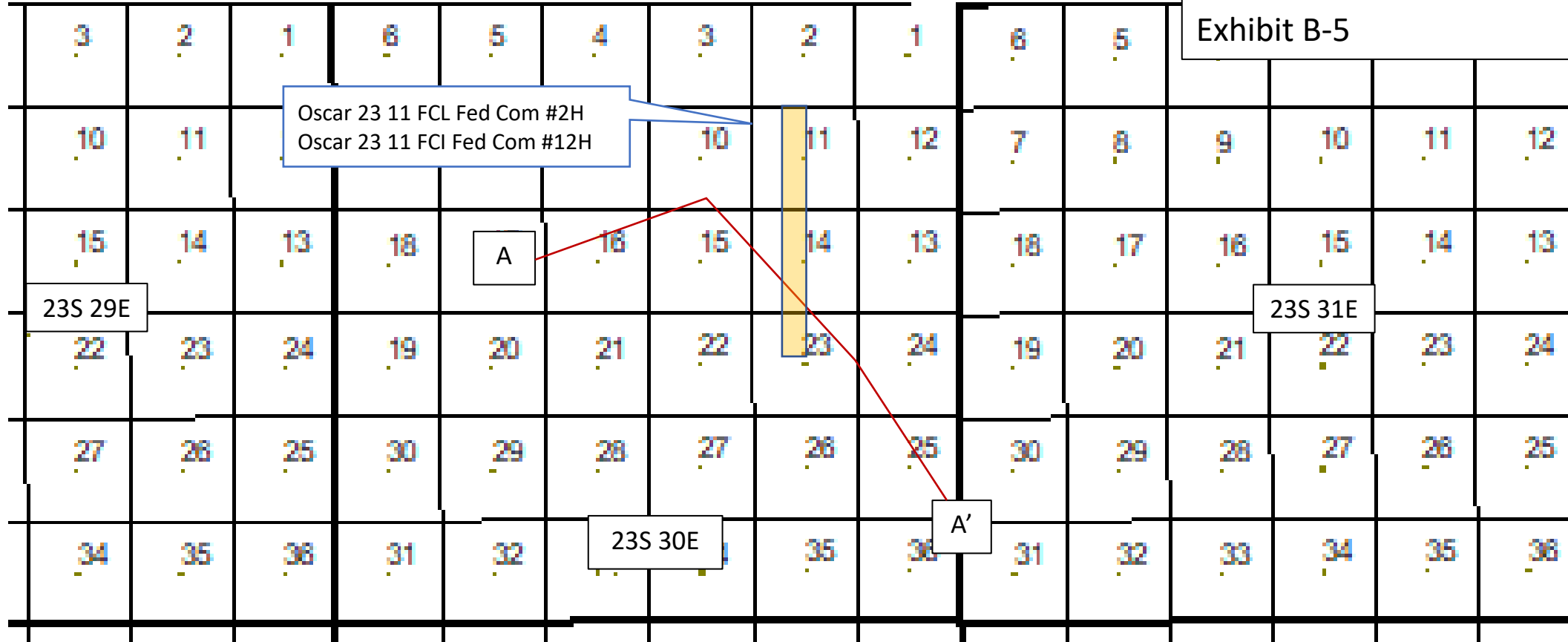
Oscar Target Interval  
Lower Brushy Canyon

Lower Brushy Canyon Fm. (Base)



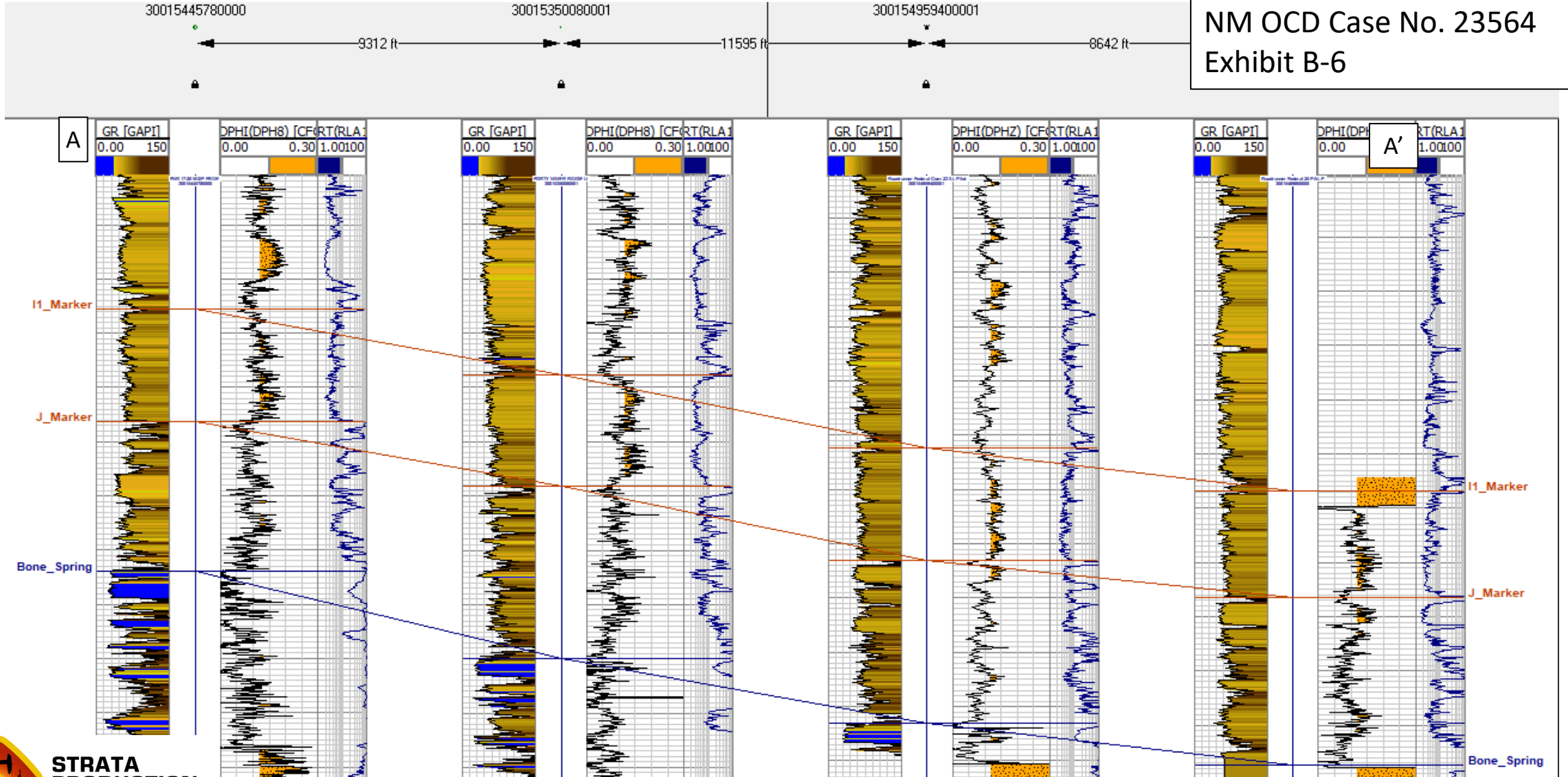
# Cross Section Line

Oscar 23 11 FCL Fed Com #2H  
 Oscar 23 11 FCI Fed Com #12H  
 NM OCD Case No. 23564  
 Exhibit B-5



# Structural Cross section

Oscar 23 11 FCL Fed Com #2H  
Oscar 23 11 FCI Fed Com #12H  
NM OCD Case No. 23564  
Exhibit B-6



**Tab 5.**

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

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

**Case No. 23563**

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

**Case No. 23564**

**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 May 11, 2023, 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 May 17, 2023, 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.

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

  
\_\_\_\_\_  
SHARON T. SHAHEEN

SUBSCRIBED AND SWORN to before me this 30th day of May, 2023.

Diana M. Luna  
Notary Public


My Commission Expires:

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



**Strata Production Company  
Oscar 23 11 FCL Fed Com Wells  
June 1, 2023 Hearing**

<b>Entity</b>	<b>Date Letter Mailed</b>	<b>Certified Mail Number</b>	<b>Status of Delivery</b>	<b>Date Received</b>
<b>WORKING INTEREST PARTY(IES)</b>				
Oxy USA, Inc. 5 Greenway Plaza, Suite 110 Houston, Texas 77046	May 11, 2023	7721 0950 0001 6540 5762	Delivered	May 15, 2023
<b>ADDITIONAL PARTY(IES)</b>				
Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157	May 11, 2023	7021 0950 0001 6540 5786	Delivered	May 15, 2023

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span> 	
1. Article Addressed to:  Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157	B. Received by (Printed Name) Jon Steton	C. Date of Delivery 5/19/27
2. Article Number (Transfer from service label)  9590 9402 6810 1074 3326 69	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
7021 0950 0001 6540 5786	3. Service Type <span style="float: right;"><input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™</span> <input type="checkbox"/> Adult Signature <span style="float: right;"><input type="checkbox"/> Registered Mail Restricted Delivery</span> <input type="checkbox"/> Adult Signature Restricted Delivery <span style="float: right;"><input type="checkbox"/> Signature Confirmation™</span> <input type="checkbox"/> Certified Mail® <span style="float: right;"><input type="checkbox"/> Signature Confirmation Restricted Delivery</span> <input type="checkbox"/> Certified Mail Restricted Delivery <span style="float: right;"><input type="checkbox"/> Signature Confirmation Restricted Delivery</span> <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <span style="float: right;"><input type="checkbox"/> Registered Mail Restricted Delivery</span>	
PS Form 3811, July 2020 PSN 7530-02-000-9053		Domestic Return Receipt

# USPS Tracking<sup>®</sup>

[FAQs >](#)

## To Oxy USA, Inc.

Tracking Number:

[Remove X](#)

### 70210950000165405786

[Copy](#)

[Add to Informed Delivery \(https://informedelivery.usps.com/\)](https://informedelivery.usps.com/)

### Latest Update

Your item was delivered to the front desk, reception area, or mail room at 1:35 pm on May 15, 2023 in HOBBS, NM 88240.

### Get More Out of USPS Tracking:

**USPS Tracking Plus<sup>®</sup>**

### Delivered

**Delivered, Front Desk/Reception/Mail Room**

HOBBS, NM 88240  
May 15, 2023, 1:35 pm

[See All Tracking History](#)

Feedback

**Text & Email Updates**



**USPS Tracking Plus<sup>®</sup>**



**Product Information**



[See Less ^](#)

Track Another Package

Enter tracking or barcode numbers

## Need More Help?

Contact USPS Tracking support for further assistance.

# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0005702886

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:

05/17/2023



Legal Clerk

Subscribed and sworn before me this May 17, 2023:



State of WI, County of Brown  
NOTARY PUBLIC

1-7-25

My commission expires

**KATHLEEN ALLEN**  
Notary Public  
State of Wisconsin

### NOTICE

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

Oxy USA, Inc.; and Bureau of Land Management.

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

**Case No. 23563. 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 W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) Oscar 23 11 EDL Fed Com #1H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 385' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 330' FWL of Section 11, T23S-R30E; and (2) Oscar 23 11 EDI Fed Com #11H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 460' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 990' FWL of Section 11, T23S-R30E. 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 wells and lands are located approximately 14 miles East of Loving, New Mexico.

**Case No. 23564. 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 E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) Oscar 23 11 FCL Fed Com #2H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1905' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 1650' FWL of Section 11, T23S-R30E; and (2) Oscar 23 11 FCI Fed Com #12H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1980' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 2310' FWL of Section 11, T23S-R30E. 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 wells and lands are located approximately 14 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 **June 1, 2023**, beginning at 8:15 a.m. Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to present testimony or evidence at the hearing, you must enter your appearance by **May 24, 2023**, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **May 25, 2023**, 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.

#5702886, Current Argus, May 17, 2023

Ad # 0005702886  
PO #:  
# of Affidavits 1

This is not an invoice

Exhibit B to Affidavit of Notice  
Strata Production Co.  
NMOCD Case Nos. 23563 & 23564  
June 1, 2023