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. 24130



Eeyore 27 28 HEL Fed Com 2H

February 1, 2024

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Tab 1.

COMPULSORY POOLING APPLICATION CHECKLIST

2	ALL INFORMATION IN THE APPLICATION MUS	T BE SUPPORTED BY SIGNED AFFIDAVITS
3	Case: 24130	APPLICANT'S RESPONSE
4	Date	February 1, 2024
5	Applicant	Strata Production Company
6	Designated Operator & OGRID (affiliation if applicable)	21712
		Montgomery & Andrews, P.A. (Sharon Shaheen & Samantha H. Catalano)
7	Applicant's Counsel: Case Title:	Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico
8	Entries of Appearance/Intervenors:	None at this time
9	Well Family	Eeyore 27 28 Fed Com Wells
10	Formation/Pool	
12	Formation Name(s) or Vertical Extent:	Delaware Formation
13	Primary Product (Oil or Gas):	Oil
13	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:	320 acres, more or less
	Spacing Unit	
18	Type (Horizontal/Vertical)	Horizontal
19	Size (Acres)	320 acres, more or less
20	Building Blocks:	Quarter-quarter section (40 ac)
21	Orientation:	East-West
22	Description: TRS/County	S/2 N/2 of Sections 27 and 28, Township 23 South, Range 30 East in Eddy County, New Mexico
23	Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	
24	Other Situations	
25		No
26	Proximity Tracts: If yes, description	n/a

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	Proximity Defining Well: if yes, description	n/a
28	Applicant's Ownership in Each Tract	Tract 1: 64.90%; Tract 2: 49.84%; <i>see</i> Exhibits A-2 and A-4
30	Well(s)	
	Name & API (if assigned), surface and bottom hole	
	location, footages, completion target, orientation,	
31		
	Well #1	Eeyore 27 28 HEL Fed Com 2H, API No. 30-015-54350
		SHL: 2310' FNL and 1905' FWL of Section 23, T23S-R30E
		BHL: 2240' FSL and 100' FWL of Section 28, T23S-R30E
		Completion Target: Brushy Canyon at approx. 7674'
		Well Orientation: East to West
22		Completion location expected to be standard
32	Horizontal Well First and Last Take Points	FTP (~2240' FNL and 330' FEL of Section 27, T23S-R30E)
		LTP (~2240' FNL and 100' FWL of Section 28, T23S-R30E)
33	Completion Target (Formation T)(D and MD)	
34	Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7,674'), MD (~17,540')
-	AFE Capex and Operating Costs	
26	Drilling Supervision/Month \$	\$8000; <i>see</i> Exhibit A, ¶ 21
30		
	Due duction funemicien (Menth É	
37	Production Supervision/Month \$	\$800; see Exhibit A, ¶ 21
38	Justification for Supervision Costs	Please see AFE at Exhibit A-7
39	Requested Risk Charge	200%; <i>see</i> Exhibit A, ¶ 22
	Notice of Hearing	
40		
41	Proposed Notice of Hearing	Submitted with online filing of Application
42	Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C; Exhibit A-8
		Publication was not required because the only interested parties
		required to be noticed received notice by certified mail. See
43	Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C.
44	Ownership Determination	
	Land Ownership Schematic of the Spacing Unit	See Exhibits A-2 and A-3
45	Land Ownership Schematic of the Spacing Unit	
46	Tract List (including lease numbers and owners)	See Exhibits A-2 and A-4
47	If approval of Non-Standard Spacing Unit is requested, Tract	N/A
48	Pooled Parties (including ownership type)	See Exhibit A-4
	Unlocatable Parties to be Pooled	None
	Ownership Depth Severance (including percentage above	
50	& below)	None
51	Joinder	
52	Sample Copy of Proposal Letter	Exhibit A-7

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

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

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

Case No. 24130

APPLICATION

Strata Production Company, OGRID No. 21712 ("Strata"), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and Samantha H. Catalano), hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Delaware formation (FORTY NINER RIDGE; DELAWARE [24750]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the S/2 N/2 of Sections 27 and 28, 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.

Strata proposes to drill the following 2-mile well in the proposed HSU: Eeyore 27
 28 HEL Fed Com 2H well, to be horizontally drilled from an approximate surface hole location
 2240' FNL and 230' FEL of Section 27, T23S-R30E, to an approximate bottom hole location
 2240' FSL and 100' FWL of Section 28, T23S-R30E ("Well").

3. The first and last take points for the proposed well will meet the setback requirements set forth in the statewide rules for horizontal oil wells. The completed lateral for the Well complies with the standard setbacks.

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

5. Approval of the HSU and the pooling of all mineral interest owners in the 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 February 1, 2024, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 320-acre, more or less, HSU comprised of the S/2 N/2 of Sections 27 and 28, Township 23 South, Range 30 East in Eddy County, New Mexico;

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

C. Allowing the drilling of the following 2-mile well in the proposed HSU: Eeyore27 28 HEL Fed Com 2H;

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 Samantha H. Catalano Post Office Box 2307 Santa Fe, NM 87504-2307 (505) 986-2678 sshaheen@montand.com scatalano@montand.com ec: wmginnis@montand.com Attorneys for Strata Production Company *Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (FORTY NINER RIDGE; DELAWARE [24750]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the S/2 N/2 of Sections 27 and 28, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following well: **Eeyore 27 28 HEL Fed Com 2H** well, to be horizontally drilled from an approximate surface hole location 2240' FNL and 230' FEL of Section 27, T23S-R30E, to an approximate bottom hole location 2240' FSL and 100' FWL of Section 28, T23S-R30E. The first and last take points and completed interval meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles East of Loving, New Mexico.

Tab 3.

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

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

Case No. 24130

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

Case No. 24131

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 abovereferenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.

4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record. My education and work experience are as 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 sixteen years. I am a Certified Professional Landman through the

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American Association of Professional Landmen.

Eeyore 27 28 HEL Fed Com #2H NM OCD Case No. 24130 Exhibit A

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

6. In **Case No. 24130**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 320-acre, more or less, HSU comprised of the S/2 N/2 of Sections 27 and 28, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the **Eeyore 27 28 HEL Fed Com 2H** well, to be horizontally drilled from an approximate surface hole location 2240' FNL and 230' FEL of Section 27, T23S-R30E, to an approximate bottom hole location 2240' FSL and 100' FWL of Section 28, T23S-R30E. The first take point will be located at approximately 2240' FNL and 330' FEL of Section 27, T23S-R30E. The first Take point will be located at approximately 2240' FNL and 100' FWL of Section 27, T23S-R30E.

7. In **Case No. 24131**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 320-acre, more or less, HSU comprised of the N/2 S/2 of Sections 27 and 28, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the **Eeyore 27 28 ILL Fed Com 3H** well, to be horizontally drilled from an approximate surface hole location 1720' FSL and 330' FEL of Section 27, T23S-R30E, to an approximate bottom hole location 1720' FSL and 100' FWL of Section 28, T23S-R30E. The first take point will be located at approximately 1720' FSL and 330' FEL of Section 27, T23S-R30E. The first Take point will be located at approximately 1720' FSL and 100' FWL of Section 27, T23S-R30E.

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8. 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.

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

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

11. Maps illustrating the unit ownership are attached as **Exhibit A-3**.

12. The ownership breakdowns of interests, the parties to be pooled, and lists of pertinent leases are attached as **Exhibit A-4**. There are no depth severances in the formation being pooled.

13. There are no depth severances.

14. The only interest owner sought to be pooled is WPX Energy Permian LLC ("WPX").

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

16. 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.

17. 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.

18. **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.

Exhibit A-8 is a copy of the notice letter that was sent to WPX and the Bureau of Land Management.

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

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

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

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

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

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

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

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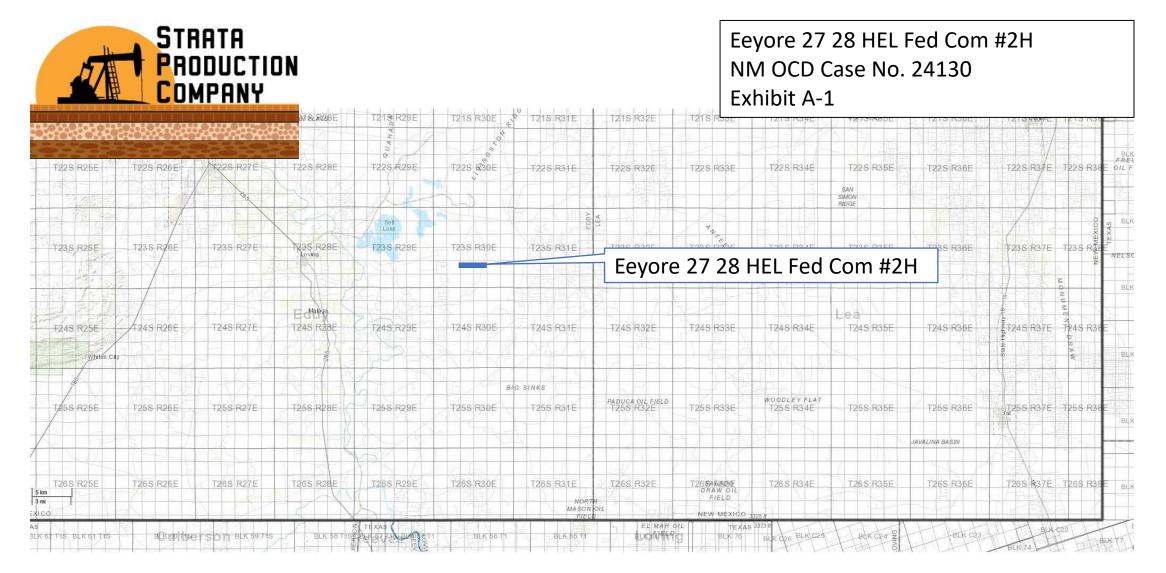
I affirm under penalty of perjury under the laws of the State of New Mexico that this

statement is true and correct.

MITCH KRAKAUSKAS

January 29, 2024 DATE

Tab 4.



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17	STR PRO	ATA Duct	ION	NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	Eeyore NM O	e 27 28 CD Cas			
		IPANY	I	SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	Exhibi	t A-2			
Res and	SCAR TH	2002	24F 7			21				22				23	_
			E	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE
SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE
NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE
SWNW	SENW	SWNE	SENE	SWNW	SENW		SENE 235 27 28 HEL Fed	SWNW 30E Com #2H	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE
NWSW	NESW	NWSE	NESE	NW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE
SWSW	SESW	SWSE	~	swsw	SESW	SWSE	SESE	SWSW	SESW	SWSE	5.	vsw	SESW	SWSE	SESE
	Tract 2:	NMNM 09218	80 S½NW¼									Tract 1: NMN	IM 081622 S	½NE¼ & S½N	1/2
Leasehold	Owner		Acres	WI %	NENW	NWNE	NENE	NWNW	NENW	NWNE	Leasehold Ow	/ner		Acres	WI %
										CP Energy Inv	estments III, LL	.C	62.88	26.20%	
	Investments II		29.47	36.83%							Lincoln Associ	ates		9.00	3.75%
	duction Compa	,	39.87	49.84%	SENW	SWNE	SENE	SWNW	SENW	SWNE	SJR Enterprise	25		2.93	1.22%
WPX Energ	gy Permian LLC		10.66	13.33%		33 2	3S 30E			34	Strata Produc	tion Company		155.77	64.90%
Total 80.00		100.00%		2,						gan and Beth (Carrigan	4.50	1.875%		
	IL.		HESE		NESW	NWSE	NESE	NWSW	NESW	NWSE	Winn Investm	-		2.93	1.22%
											WPX Energy P	ermian LLC		1.99	0.83%
swsw	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	Total			240.00	100.00%

đ	Z		ATA Duct Ipany		NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	=	e 27 28 CD Cas + A-3			
					SWINW	SENW	SWNE	SENE	SWNW	SENW			ι Α- <u></u>			
288 2	127723	844.84 <u>4</u>	2000 A	245.2 <u>-</u>			21				-22				23	
220	485	<i>20</i> 55	2555	E	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE
	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE
	NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE
							1	SENE	SWNW							
	SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	235		SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE
			29				Eeyore 27 2	8 HEL Fed Com	#2H		27				26	
	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE	NWSW	NESW		NESE	NWSW	NESW	NWSE	NESE
-																
	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE		•	27 28 HEL Fed pration Unit V		
	NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	Leasehold (Owner		Acres	WI %
												CP Energy I	nvestments III,	LLC	92.37	28.87%
												Lincoln Asso			9.00	2.81%
	SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	SJR Enterpr	ises		2.92	0.91%
			32				33 2	3 S 30E			34	Strata Prod	uction Compan	у	195.62	61.14%
												Wade P. Ca	rrigan and Beth	n Carrigan	4.50	1.40%
	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	Winn Invest	tments, Inc.		2.92	0.91%
+												WPX Energy	y Permian LLC		12.67	3.96%
	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	Total			320.00	100.00%
					l							L		1		



Eeyore 27 28 HEL Fed Com #2H NM OCD Case No. 24130 Exhibit A-4

CONTRACT AREA Eeyore 27 28 HEL Fed Com #2H- Case No. 24130:

 $S1{\!\!/}_2N1{\!\!/}_2$ of Sec. 27-23S-30E and $S1{\!\!/}_2N1{\!\!/}_2$ of Sec. 28-23S-30E, Eddy County, New Mexico, 320.00 acres, more or less

UNIT INTEREST OF THE PARTIES:

Interest Owners:	Net Acres	WI %
CP Energy Investments III, LLC	92.37	28.87%
Lincoln Associates	9.00	2.81%
SJR Enterprises	2.92	0.91%
Strata Production Company	195.62	61.14%
Wade P. Carrigan and Beth Carrigan	4.50	1.40%
Winn Investments, Inc.	2.92	0.91%
WPX Energy Permian LLC	<mark>12.67</mark>	<mark>3.96%</mark>
Total	320.00	100.000%

TRACT INTEREST OF THE PARTIES:

Tract 1 (S¹/₂N¹/₂ of Sec. 27 & S¹/₂NE¹/₄ of Sec. 28, T23S-R30E 240.00 acres, more or less)

Interest Owners:	Net Acres	WI %
CP Energy Investments III, LLC	62.88	26.20%
Lincoln Associates	9.00	3.75%
SJR Enterprises	2.93	1.22%
Strata Production Company	155.77	64.90%
Wade P. Carrigan and Beth Carrigan	4.50	1.875%
Winn Investments, Inc.	2.93	1.22%
WPX Energy Permian LLC	1.99	<mark>0.83%</mark>
Total	240.00	100.000%

Record Title Owners:	⁰∕₀
XTO Holdings, LLC	37.500000%
Devon Energy Production Co.	20.833300%
COG Operating, LLC	20.833400%
Aquila Energy Resources	20.00000%
WPX Energy Permian, LLC	<mark>0.8333000%</mark>
Total	100.00%

Interest Owners:	Net Acres	WI %
CP Energy Investments III, LLC	29.47	36.83%
Strata Production Company	39.87	49.84%
WPX Energy Permian LLC	<mark>10.66</mark>	<mark>13.33%</mark>
Total	80.00	100.00%

Tract 2 (S¹/₂NW¹/₄ of Sec. 28, T23S-R30E, 80.00 acres, more or less)

Record Title Owners:	%
Devon Energy Production Co.	100.00%
Total	100.00%

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Tract 1:	
Lessor:	United State of America
Lessee:	Bettis Brothers Inc.
Serial No.:	NMNM 081622
Date:	July 1, 1989
Description: or less	S ¹ / ₂ N ¹ / ₂ of Sec. 27 & S ¹ / ₂ NE ¹ / ₄ of Sec. 28, T23S-R30E 240.00 acres, more
Tract 2:	
Lessor:	United State of America
Lagaaa	Soute Es En aver On anotin a Darth aver LD

Santa Fe Energy Operating Partners, LP
NMNM 092180
December 1, 1993
S ¹ / ₂ NW ¹ / ₄ of Sec. 28, 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.



Eeyore 27 28 HEL Fed Com #2H NM OCD Case No. 24130 Exhibit A-5

Interest Owner:WPX Energy Permian LLCContact Type:Phone, Email, USPSNotes:I have spoken to Peggy Buller and Aaron Young multiple times since June 30, 2022regarding the proposals.Aaron Young said they would reach back out if they had any furtherquestions on the proposals, but they thought everything looked good.

1625 N. French Dr., Hobbs, NM 88240

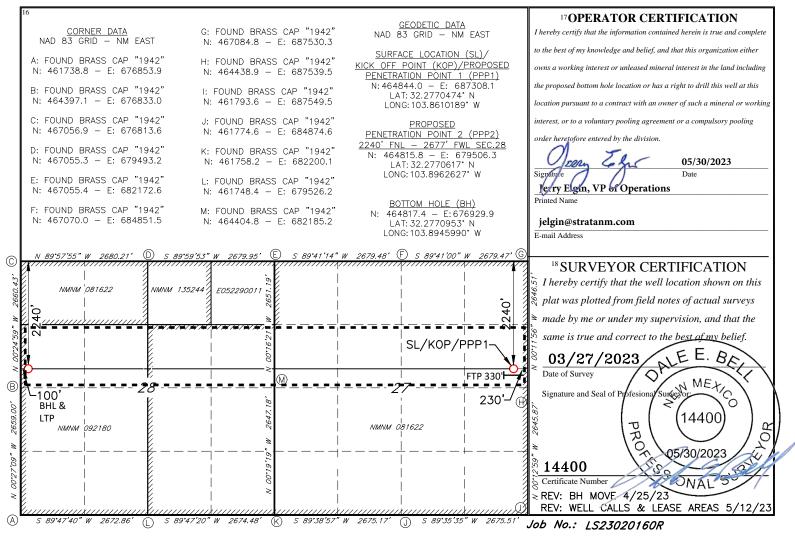
District I

Form C-102

istrict II					nerals & Natural Resources Department IL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505					Revised August 1, 201 Submit one copy to appropriat District Offic		
			WELL L	OCA	FION AND	ACF	REAGE DEDIC	CATION PLA	Т			
1	API Number	r		² Pool				³ Pool Na				
30-0	15 - 543	50		247	50		FORTY	NINER RII	DGE D	ELAW	ARE	
⁴ Property Cod	e				⁵ Property Name					⁶ Well Number		
334844	:			EE	YORE 27 28 HEL FED COM					2H		
⁷ OGRID NO.					8 Operator Name					9Elevation		
21712	21712 STI					ATA PRODUCTION COMPANY					3329'	
	•				¹⁰ Sur	face	Location					
UL or lot no.	Section	Township	Range	Lot I	dn Feet from	n the	North/South line	Feet From the	East/W	est line	County	
Н	27	23S	30E		224	0	NORTH	230	EAS	ST	EDDY	
			11]	Botto	m Hole Loc	ation	If Different Fr	om Surface				
UL or lot no.	Section	Township	Range	Lot I	dn Feet from the		North/South line	Feet from the	East/W	est line	County	
E	28	23S	30E		2240)	NORTH	100	WE	ST	EDDY	
12 Dedicated Acres	13 Joint	or Infill 1	4 Consolidation	Code	¹⁵ Order No.							
320							OC	D Case No.	24130	Exhi	bit A-6	

State of New Mexico

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.



Released to Imaging: 1/31/2024 8:18:01 AM

OCD Case No. 24130 Exhibit A-6



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

November 29, 2023

To: WPX Energy Permian LLC 333 W. Sheridan Avenue Oklahoma City, OK 73102
Subject: Eeyore 27 28 ADL Fed Com #1H Eeyore 27 28 HEL Fed Com #2H

Eeyore 27 28 ILL Fed Com #3H

Eeyore 27 28 HEL Fed Com #2H NM OCD Case No. 24130 Exhibit A-7

Dear Sir/Madam:

Strata Production Company ("Strata") proposes the drilling and completion of the Eeyore Fed Com 27 28 ADL #1H, Eeyore Fed Com 27 28 HEL #2H and Eeyore Fed Com 27 28 ILL #3H (collectively, the "Wells") located in Sections 27 & 28, 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 enclosed Authority for Expenditures ("AFE") dated March 1, 2023.

Eeyore 27 28 ADL Fed Com #1H: To be drilled from the legal location with a proposed surface hole location 920' FNL & 450' FEL of Section 27 and a proposed bottom hole location of 920' FNL & 100' FWL of Section 28, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7626' TVD) and will be drilled horizontally to a measured depth of approximately 17338'.

Eeyore 27 28 HEL Fed Com #2H: To be drilled from the legal location with a proposed surface hole location 2240' FNL & 230' FEL of Section 27 and a proposed bottom hole location of 2240' FSL & 100' FWL of Section 28, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7623' TVD) and will be drilled horizontally to a measured depth of approximately 17338'.

Eeyore 27 28 ILL Fed Com #3H: To be drilled from the legal location with a proposed surface hole location 1720' FSL & 330' FEL of Section 27 and a proposed bottom hole location of 1720' FSL & 100' FWL of Section 28, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7616' TVD) and will be drilled horizontally to a measured depth of approximately 17338'.

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

Strata is proposing to drill the Wells under the terms of the modified 1989 AAPL form Operating Agreement ("JOA"). The JOA dated July 1, 2022, by and between Strata Production Company, as Operator and WPX Energy Permian LLC, etal as Non-Operator, covers Section 27: All and Section 28: All, Township 23 South, Range 30 East, Eaddy County, New Mexico, being 1280 acres, more or less, with the following general provisions:

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

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

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 this proposal further, please contact myself at (575) 622-1127 ext. 23 or by email mitch@stratanm.com.

Sincerely,

Tabe-

Mitch Krakauskas Vice President

Enclosures: as stated

Received by OCD: 1/30/2024 5:42:47 PM STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

Geyore 27 28 HEL Fed Com #2H FI						afe number FNR-27-23	3-30-02-0323 March 1, 2023			
OCATION	BHL: 2,240 FNL & 230 FEL of Section 27 FEL BHL: 2,240' FNL & 100' FWL of Section 28 For						LD orty Niner Ridge Delaware			
PI NUMBE	Donding						R PARISH STATE New Mexico			
ROJECT D	DESCRIPTION AND	-				Eddy section	TOWNSHIP	RANGE		
Orill ~10,0	Il ~10,033' lateral at ~7,623' TVD to test the Brushy Canyon Formation. PROPOSED FOI Delawar						23S	30E proposed depth		
								17,338 MD		
ACCT		INTANGIBLES								
CODE						/Ft.	DRY HOLE	RUN CSG	TOTAL	
	Drilling - Footage Drilling - Day Wor	·k - BCP	16	Ft. @ \$ Days @ \$	31600		\$505,600		\$505,60	
	Drilling - Day Wor		1		31600		,	\$31,600	\$31,60	
	Completion Rig, P						* * * * * *	\$61,600	\$61,60	
	Mobilization & De			e e			\$105,000 \$112,000	\$500	\$105,00 \$112,50	
	Location, Roads, P Drill Bits, Coring &	-	s, Cleanup, Da	mages & 1 itle O	pinion		\$70,000	\$300	\$112,30	
	Transportation and						\$53,500	\$21,000	\$74,50	
	Drilling Mud, Cher	micals & Completi	on Fluids				\$77,000	\$9,000	\$86,00	
	Fuel, Power, Wate	r					\$146,500	\$163,500	\$310,00	
	Cementing Service	s, Cementing Equi	pment, Hanger	s; Packers			\$94,600	\$161,500	\$256,10	
	Mud Logging Open Hole Logging	a and Sida Wall C	ning				\$39,900 \$55,000		\$39,90 \$55,00	
	Cased Hole Loggin	-	Jing				\$55,000	\$405,000	\$405,00	
	Equipment Rental		ontrol, Closed	Loop & Direction	nal Services		\$424,150	\$37,000	\$461,15	
	Insurance						\$32,075		\$32,07	
	Other Well Service	s, NU/BOP, Casin	g Inspection				\$44,500	\$35,500	\$80,00	
	Overhead	·		1. ·			\$10,000	\$5,000 \$32,250	\$15,00 \$160,85	
	Supervision: Wells Contract Services	ite, Engineering, C	eological, Cor	sultants			\$128,600	\$32,250	\$160,85	
	Fluids & Cuttings	Disposal					\$253,000	\$5,500	\$258,50	
	Environmental Cha						\$200,000	\$2,200	\$200,00	
	Stimulation Treatm	nent	50) Stages				\$2,759,000	\$2,759,00	
	Plugging Costs									
	Miscellaneous Cos	ts, Tax and Contin	gencies	momentar			\$393,103	\$830,478	\$1,223,58	
				TOTAL IN	TANGIBLES		\$2,544,529	\$4,653,428	\$7,197,95	
ACCT			TANO	GIBLES			DRY HOLE	COMPLETION	TOTAL	
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT	\$20.000		\$30.00	
	Conductor	100 500	20" 13 ³ / ₈ "	94# 48#	H40 H40	\$300.00 \$64.33	\$30,000 \$32,165		\$30,00	
	Surface Surface	500	1378	40#	1140	\$04.55	\$52,105		\$52,10	
	Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,78	
	Intermediate									
	Liner									
	Production	9,838	5.5"	20#	HCP110	\$30.90		\$303,994	\$303,99	
	Production Tubing	7,500	2 7/8"	29# 6.5#	HCP110 L80	\$52.29 \$13.36		\$392,175 \$93,520	\$392,17 \$93,52	
	Subsurface Well E	,			100	\$13.30		\$75,520	Φ75,52	
	Rods, etc	quipinent (i ueners)		(unip)						
	Wellhead Equipme	ent (Casing Head/C	hristmas Tree)				\$29,350	\$26,100	\$55,45	
	Pumping Equipment	nt (Pumping Unit c	or Sub Pump)					\$312,500	\$312,50	
	Flowlines							\$60,000	\$60,00	
	Tanks	4								
	Sales Line Equipm Separator-Prod. Eq							\$95,000	\$95,00	
	Valves,Fittings etc							\$16,250	\$16,25	
	Installation of Surf		ent (extend ele	ctric grid - to be j	prorated to all Ee	yore wells)		\$68,000	\$68,00	
	Other Lease & We	ll Equip.								
					TOTAL TA		\$305,295	\$1,367,539	\$1,672,83	
					TOTAL W	ELL COSTS	\$2,849,824	\$6,020,967	\$8,870,79	
Strata Pr	oduction Compa	ny Working Int	erest	Strata Produ	iction Co DR	Y HOLE	Strata Productio	n Co COMPLETED		
REPARI	ED BY: Jerry El	gin, VP Operatio	ons	DATE:	3/1/2023					
APPROV	ED BY: Mitch K	Krakauskas, Vice	President	DATE:			SIGNED:	Take	-	
	NTEREST SHAI			-	ailability and		rsigned agrees tha	at this AFE is valid for 180 days from	m execution.	
JOMPAN	IY NAME:	2	SIGNATURE	5:		DATE:		WORKING INTEREST:		
			is agreeing to	be covered by	the Operator's	well control insur	rance and agreeing	to the limits within and carrier of suc		
either of surance	which is guarante	ed as sufficient	by Operator. to spud date a	In order to decl	υ.			you must sign below and provide a Co t covered by your insurance or as othe		

Received by OCD: 1/30/2024 5:42:47 PM STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

LOCATION							3-30-02-0323	DATE March 1, 2023		
BHL: 2,240' FNL & 100' FWL of Section 28 For							ELD Dorty Niner Ridge Delaware			
PI NUMBI	Pendi	-				county or pari Eddy		state New Mexico		
ROJECT DESCRIPTION AND LOCATION Drill ~10,033' lateral at ~7,623' TVD to test the Brushy Canyon Formation.					on.	SECTION TOWNSHIP 27 23S PROPOSED FORMATION		RANGE 30E proposed depth		
	Delawa						17,338 MD			
ACCT CODE	INTANGIE			GIDLES			DRY HOLE	RUN CSG	TOTAL	
	Drilling - Footage Drilling - Day Wor	-k BCD	16	Ft. @ \$ Days @ \$	31600	/Ft.	\$505,600		\$505,60	
	Drilling - Day Wor		10	Days @ \$	31600		\$505,000	\$31,600	\$31,60	
	Completion Rig, P	ower Swivel, and F	Reverse Unit et					\$61,600	\$61,60	
	Mobilization & De	mobilization- Othe	er Contractors (Charges			\$105,000		\$105,00	
	Location, Roads, P		s, Cleanup, Da	mages & Title Oj	pinion		\$112,000	\$500	\$112,50	
	Drill Bits, Coring a Transportation and						\$70,000 \$53,500	\$18,000 \$21,000	\$88,00 \$74,50	
	Drilling Mud, Che	ē	on Fluids				\$77,000	\$9,000	\$86,00	
	Fuel, Power, Wate	-	on i fuido				\$146,500	\$163,500	\$310,00	
	Cementing Service		pment, Hanger	s; Packers			\$94,600	\$161,500	\$256,10	
	Mud Logging						\$39,900		\$39,90	
	Open Hole Loggin	g and Side Wall Co	oring				\$55,000		\$55,00	
	Cased Hole Loggir						±	\$405,000	\$405,00	
	Equipment Rental	Including Solids C	ontrol, Closed	Loop & Direction	nal Services		\$424,150	\$37,000	\$461,15	
	Insurance	1111 m c =	<u> </u>				\$32,075	005 500	\$32,07	
	Other Well Service	es, NU/BOP, Casin	g Inspection				\$44,500 \$10,000	\$35,500 \$5,000	\$80,00 \$15,00	
	Overhead Supervision: Wells	ita Enginaaring (Jaclogical Con	cultonte			\$10,000	\$32,250	\$15,00	
	Contract Services	site, Eligineering, C		suitains			\$120,000	\$77,000	\$77,00	
	Fluids & Cuttings	Disposal					\$253,000	\$5,500	\$258,50	
	Environmental Cha Stimulation Treatm	-	50	Stages				\$2,759,000	\$2,759,00	
	Plugging Costs									
	Miscellaneous Cos	ts, Tax and Contin	gencies				\$393,103	\$830,478	\$1,223,58	
				TOTAL IN	TANGIBLES		\$2,544,529	\$4,653,428	\$7,197,95	
ACCT CODE	CASING	FOOTAGE	TANC SIZE	GIBLES WEIGHT	GRADE	COST/FT	DRY HOLE	COMPLETION	TOTAL	
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,00	
	Surface	500	13 ³ /8"	48#	H40	\$64.33	\$32,165		\$32,16	
	Surface	4 200	0.5/011	40.4	155	¢50.00	¢212.790		¢212.70	
	Intermediate Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,78	
	Liner									
	Production	9,838	5.5"	20#	HCP110	\$30.90		\$303,994	\$303,99	
		-	7"	29#	HCP110	\$52.29		\$392,175	\$392,17	
	Production	7,500		(= !!	L80	\$13.36		\$93,520		
	Production Tubing	7,500 7,000	2 7/8"	6.5#				φ <i>)</i> 5,5 <u>2</u> 0	\$93,52	
		7,000						\$75,520	\$93,52	
	Tubing	7,000								
	Tubing Subsurface Well E	7,000 quipment (Packers	/Bottom Hole F	Pump)			\$29,350	\$26,100	\$55,45	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme	7,000 quipment (Packers ent (Casing Head/C	/Bottom Hole F Christmas Tree)	Pump)			\$29,350	\$26,100 \$312,500	\$55,45 \$312,50	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme Flowlines	7,000 quipment (Packers ent (Casing Head/C	/Bottom Hole F Christmas Tree)	Pump)			\$29,350	\$26,100	\$55,45 \$312,50	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c	/Bottom Hole F Christmas Tree)	Pump)			\$29,350	\$26,100 \$312,500	\$55,45 \$312,50	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme Flowlines Tanks Sales Line Equipm	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c	/Bottom Hole F Christmas Tree)	Pump)			\$29,350	\$26,100 \$312,500 \$60,000	\$55,45 \$312,50 \$60,00	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent uip.	/Bottom Hole F Christmas Tree)	Pump)			\$29,350	\$26,100 \$312,500 \$60,000 \$95,000	\$55,45 \$312,50 \$60,00 \$95,00	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme Flowlines Tanks Sales Line Equipm	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent juip.	/Bottom Hole F Christmas Tree) or Sub Pump)	Pump)	prorated to all Ee	yore wells)	\$29,350	\$26,100 \$312,500 \$60,000	\$55,45 \$312,50	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent juip. ace Lease Equipme	/Bottom Hole F Christmas Tree) or Sub Pump)	Pump)	prorated to all Ee	yore wells)	\$29,350	\$26,100 \$312,500 \$60,000 \$95,000 \$16,250	\$55,45 \$312,50 \$60,00 \$95,00 \$16,25	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Surf	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent juip. ace Lease Equipme	/Bottom Hole F Christmas Tree) or Sub Pump)	Pump)	TOTAL TA	NGIBLES	\$305,295	\$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,367,539	\$55,45 \$312,50 \$60,00 \$95,00 \$16,25 \$68,00 \$1,672,83	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Surf	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent juip. ace Lease Equipme	/Bottom Hole F Christmas Tree) or Sub Pump)	Pump)	TOTAL TA			\$26,100 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000	\$55,45 \$312,50 \$60,00 \$95,00 \$16,25 \$68,00	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Surf	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent juip. ace Lease Equipmo Il Equip.	/Bottom Hole F Christmas Tree) or Sub Pump) ent (extend elec	Pump) ctric grid - to be p	TOTAL TA	NGIBLES ELL COSTS	\$305,295 \$2,849,824	\$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,367,539	\$55,45 \$312,50 \$60,00 \$95,00 \$16,25 \$68,00 \$1,672,83	
trata Pr	Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Surf Other Lease & We	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent juip. ace Lease Equipmo Il Equip.	/Bottom Hole F Christmas Tree) or Sub Pump) ent (extend elec	Pump) ctric grid - to be p	TOTAL TA TOTAL W	NGIBLES ELL COSTS	\$305,295 \$2,849,824	\$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,367,539 \$6,020,967	\$55,45 \$312,50 \$60,00 \$95,00 \$16,25 \$68,00 \$1,672,83	
	Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Surf Other Lease & We	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent juip. ace Lease Equipme Il Equip. ny Working Int	/Bottom Hole F Christmas Tree) or Sub Pump) ent (extend elec terest	Pump) ctric grid - to be p	TOTAL TA TOTAL W	NGIBLES ELL COSTS	\$305,295 \$2,849,824	\$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,367,539 \$6,020,967 n Co COMPLETED	\$55,45 \$312,50 \$60,00 \$95,00 \$16,25 \$68,00 \$1,672,83 \$8,870,79	
REPAR	Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc Installation of Surf Other Lease & We	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of nt (Pumping Unit of nt (Pumping Unit of nent quip. ace Lease Equipment Il Equip.	/Bottom Hole F Christmas Tree) or Sub Pump) ent (extend elec terest	Strata Produ DATE:	TOTAL TA TOTAL W	NGIBLES ELL COSTS	\$305,295 \$2,849,824 Strata Productio	\$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,367,539 \$6,020,967 n Co COMPLETED	\$55,45 \$312,50 \$60,00 \$95,00 \$16,25 \$68,00 \$1,672,83 \$8,870,79	
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PREPAR Approv OINT II	Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc Installation of Surf Other Lease & We	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip. ace Lease Equipment Il Equip. Il Equip. ny Working Int gin, VP Operatio Crakauskas, Vice RE	/Bottom Hole F Christmas Tree) or Sub Pump) ent (extend elec terest	Strata Produ DATE: DATE: Due to rig av	TOTAL TA TOTAL W Iction Co DR 3/1/2023	NGIBLES ELL COSTS AY HOLE	\$305,295 \$2,849,824 Strata Productio SIGNED:	\$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,367,539 \$6,020,967 n Co COMPLETED	\$55,45 \$312,50 \$60,00 \$95,00 \$16,25 \$68,00 \$1,672,83 \$8,870,79	
REPAR .PPROV OINT I I	Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc Installation of Surf Other Lease & We Coduction Compa ED BY: Jerry El ED BY: Mitch F NTEREST SHAL	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip. ace Lease Equipment Il Equip. Il Equip. ny Working Int gin, VP Operatio Crakauskas, Vice RE	/Bottom Hole F Christmas Tree) or Sub Pump) ent (extend elec ent (extend elec terest	Strata Produ DATE: DATE: Due to rig av	TOTAL TA TOTAL W Iction Co DR 3/1/2023	NGIBLES ELL COSTS Y HOLE	\$305,295 \$2,849,824 Strata Productio SIGNED:	\$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,367,539 \$6,020,967 n Co COMPLETED	\$55,45 \$312,50 \$60,00 \$95,00 \$16,25 \$68,00 \$1,672,83 \$8,870,79	
REPAR PPROV OINT II OMPAN y execut either of asurance	Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc Installation of Surf Other Lease & We Coduction Compa ED BY: Jerry El ED BY: Mitch k NTEREST SHAI NY NAME: Tomo of this AFE, t	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uuip. ace Lease Equipment Il Equip. Il Equip. In Working Int gin, VP Operation Crakauskas, Vice RE	/Bottom Hole F Christmas Tree) or Sub Pump) ent (extend elec ent (extend elec terest ons President SIGNATURE is agreeing to by Operator. I to spud date a	Strata Produ DATE: DATE: DATE: Due to rig av Strata rodu	TOTAL TA TOTAL W iction Co DR 3/1/2023 ailability and the Operator's ine coverage by	NGIBLES ELL COSTS Y HOLE timing, the under DATE: well control insur y Operator's well	\$305,295 \$2,849,824 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,367,539 \$6,020,967 n Co COMPLETED	\$55,4: \$312,5(\$60,0(\$16,2: \$68,0(\$1,672,8: \$8,870,79 m execution. h insurance, ertificate of	
REPAR PPROV OINT II OMPAN y execut either of asurance xhibit D	Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc Installation of Surf Other Lease & We Coduction Compa ED BY: Jerry El ED BY: Jerry El ED BY: Mitch k NTEREST SHAI NY NAME: with waiver of su	7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent uip. ace Lease Equipme II Equip. II Equip. Iny Working Int gin, VP Operatic Grakauskas, Vice RE the above signee eed as sufficient brogation prior t ating Agreement	/Bottom Hole F Christmas Tree) or Sub Pump) ent (extend elect ent (extend elect terest ons President SIGNATURE is agreeing to by Operator. I to spud date a i.	Strata Produ DATE: DATE: DATE: Due to rig av Strate of the other other of the other	TOTAL TA TOTAL W iction Co DR 3/1/2023 ailability and the Operator's ine coverage by	NGIBLES ELL COSTS Y HOLE timing, the under DATE: well control insur y Operator's well	\$305,295 \$2,849,824 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$16,250 \$68,000 \$1,367,539 \$6,020,967 In Co COMPLETED Co CO COMPLETED CO CO COMPLETED CO CO CO CO CO CO CO CO	\$55,4: \$312,50 \$60,00 \$16,2: \$68,00 \$1,672,8: \$8,870,7 9 m execution. h insurance, ertificate of	



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

January 3, 2024

Via U.S. Certified Mail, return receipt requested

TO: ALL INTEREST OWNERS ON ATTACHED LIST

Re: Case No. 24130 - Application of Strata Production Company for Compulsory Pooling, Eddy County, NM -- Eeyore 27 28 HEL Fed Com 2H

Case No. 24131 - Application of Strata Production Company for Compulsory Pooling, Eddy County, NM -- Eeyore 27 28 ILL Fed Com 3H

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 regarding the proposed wells described below. You are receiving this notice because you may have an interest in these wells.

Case No. 24130. Application of Strata Production Co. for Compulsory **Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (FORTY NINER RIDGE; DELAWARE [24750]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the S/2 N/2 of Sections 27 and 28, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following well: Eeyore 27 28 HEL Fed Com 2H well, to be horizontally drilled from an approximate surface hole location 2240' FNL and 230' FEL of Section 27, T23S-R30E, to an approximate bottom hole location 2240' FSL and 100' FWL of Section 28, T23S-R30E. The first and last take points and completed interval meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles East of Loving, New Mexico.

Eeyore 27 28 HEL Fed Com #2H

NM OCD Case No. 24130

Exhibit A-8

Interest Owners Jan. 3, 2024 Page 2

Case No. 24131: Application of Strata Production Co. for Compulsory **Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (FORTY NINER RIDGE; DELAWARE [24750]) in a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the N/2 S/2 of Sections 27 and 28, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following well: Eevore 27 28 **ILL Fed Com 3H** well, to be horizontally drilled from an approximate surface hole location 1720' FSL and 330' FEL of Section 27, T23S-R30E, to an approximate bottom hole location 1720' FSL and 100' FWL of Section 28, T23S-R30E. The first and last take points and completed interval meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 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. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on **February 1, 2024**, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>. 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 **January 24, 2024**, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **January 25, 2024**, in accordance with Division Rule 19.15.4.13 NMAC.

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

Very truly yours,

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

Enclosure

EXHIBIT A

INTEREST OWNERS

Working Interest Party(ies):

WPX Energy Permian LLC c/o Devon Energy – Regulatory 333 West Sheridan Ave., Oklahoma City, OK 73102

Additional Party(ies):

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

Tab 5.

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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. 24130

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

Case No. 24131

AFFIRMATION OF GEOLOGIST MICHAEL SCOTT KELLEY

I, Michael Scott Kelley, 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.

Eeyore 27 28 HEL Fed Com #2H NM OCD Case No. 24130 Exhibit B

6. **Exhibit B-2** includes 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, 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 263'. 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 1679'. 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
24130:	Eeyore 27 28 HEL Fed Com #2H	17,540	7,674'
24131:	Eeyore 27 28 ILL Fed Com #3H	17,540'	7,677'

12. The true vertical landing depths of the target formation for Case Nos. 24130 and 24131 are approximately 7674' and 7677', respectively, based on the structural cross section, **Exhibit B-6**.

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- 13. Based on my geologic study of the area, I conclude the following:
 - a. The horizontal spacing and proration units are justified from a geologic standpoint.
 - b. There are no structural impediments or 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 each case is as proposed due to surface location limitations due to potash drill islands, and appropriate well spacing for the Brushy Canyon formation. 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 East-West well orientation. Successfully developed Brushy Canyon formation horizontal wells oriented East-West have been drilled in the region, so an established trend is present. This orientation also fits our lease boundaries and aligns with the remainder of Strata's planned development in the adjoining tracts. Therefore, the preferred well orientation does not strand any acreage or reserves.

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

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

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

I affirm under penalty of perjury under the laws of the State of New Mexico that this

statement is true and correct.

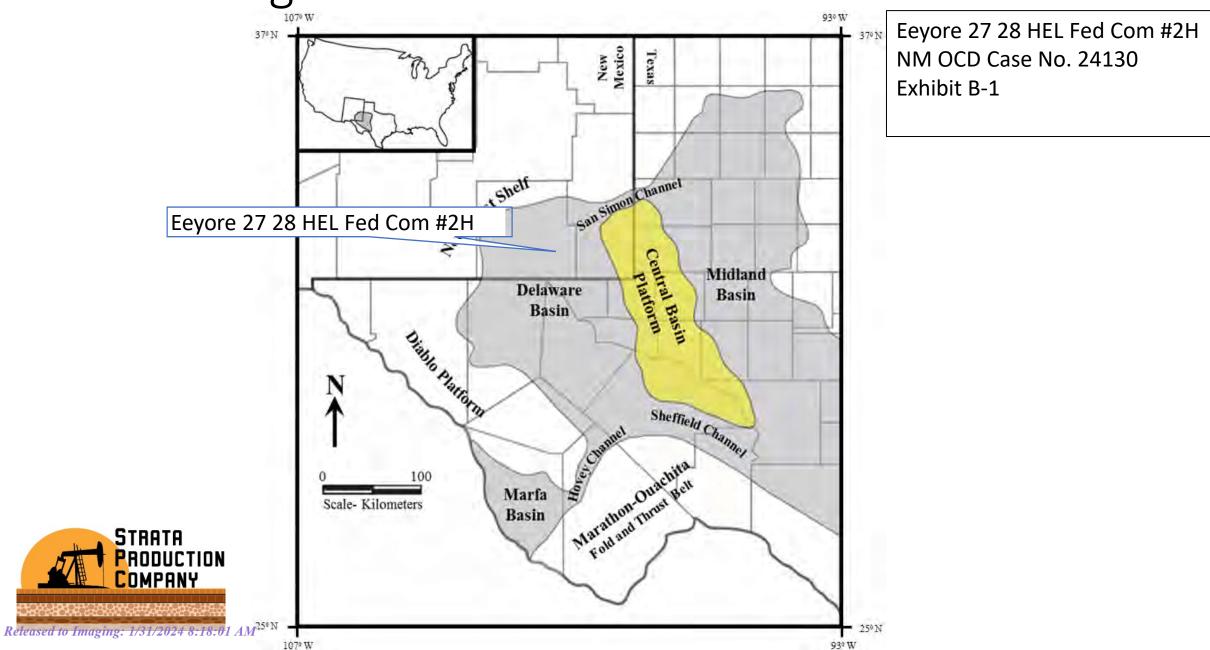
Michael Scott Kelley 2/

1/29/24 Date

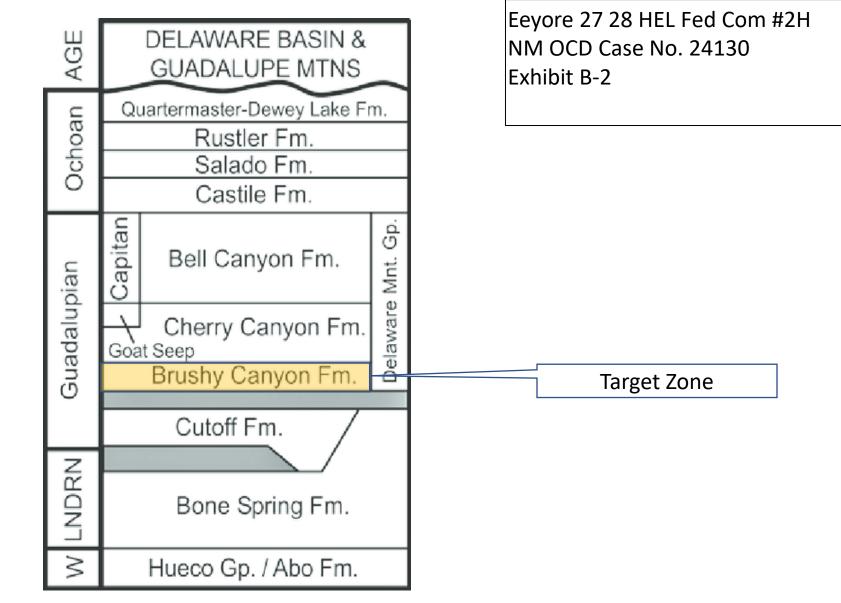
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Tab 6.

Regional View of the Delaware Basin



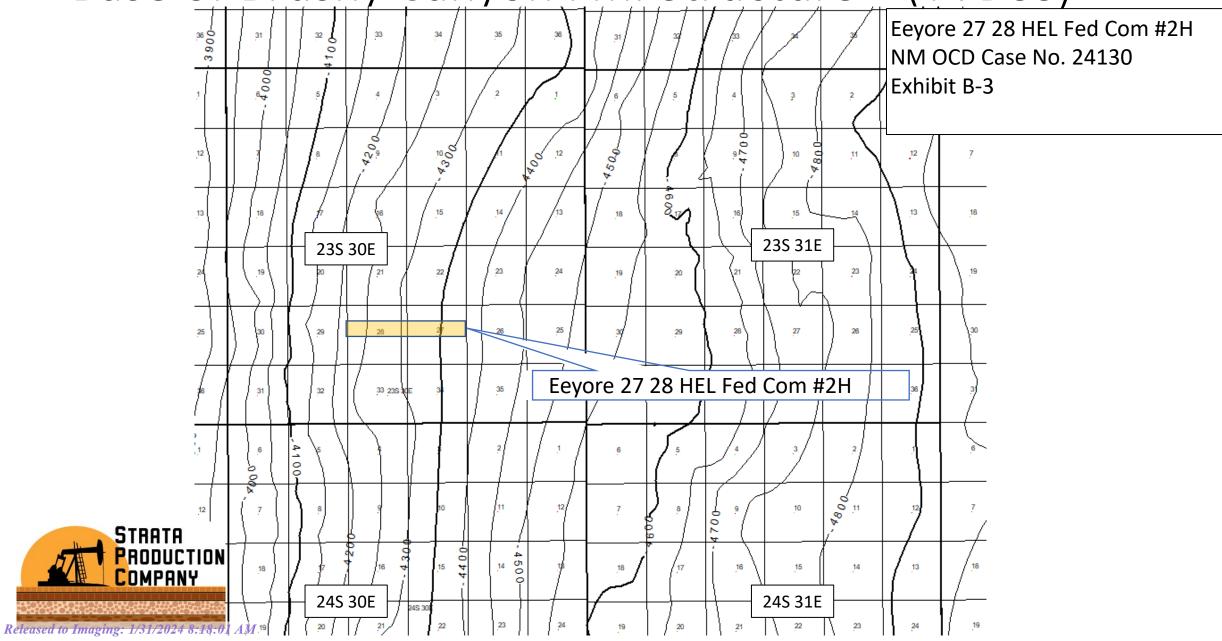
Delaware Basin Stratigraphic Column





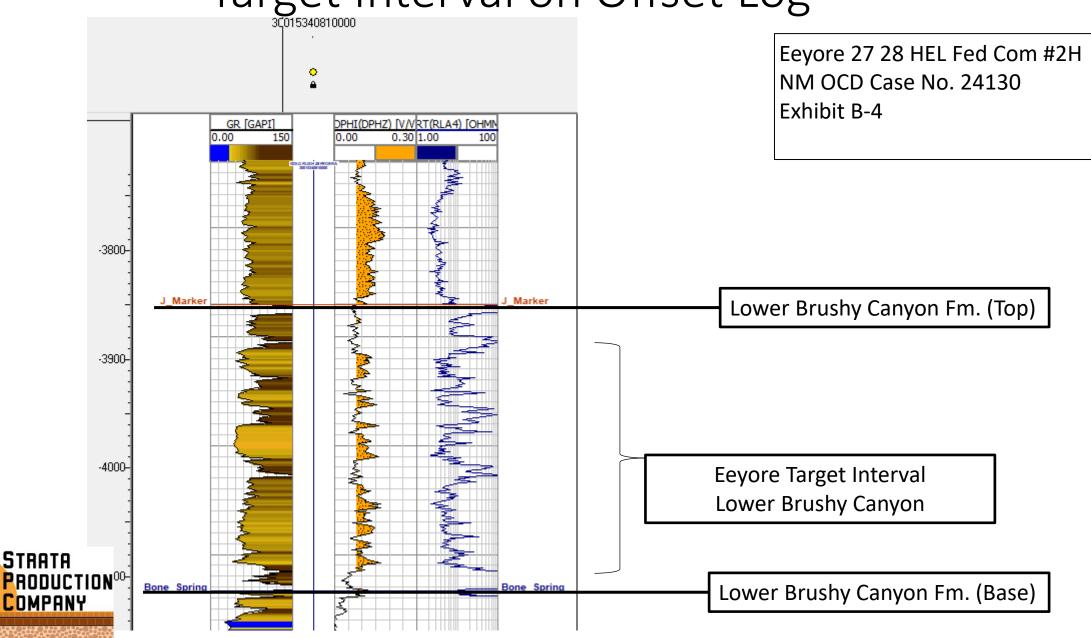
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Base of Brushy Canyon Fm. Structure (TVDSS)

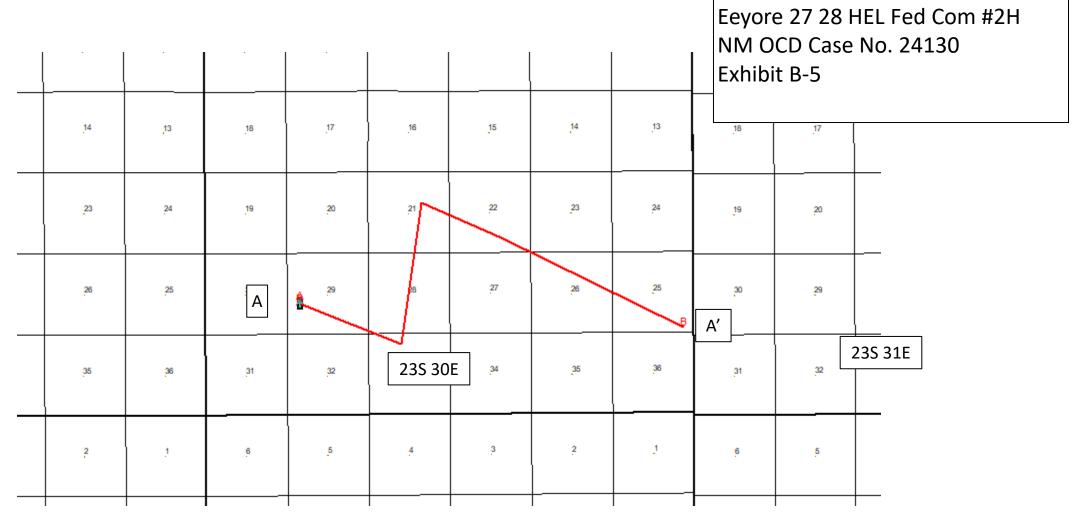


Target Interval on Offset Log

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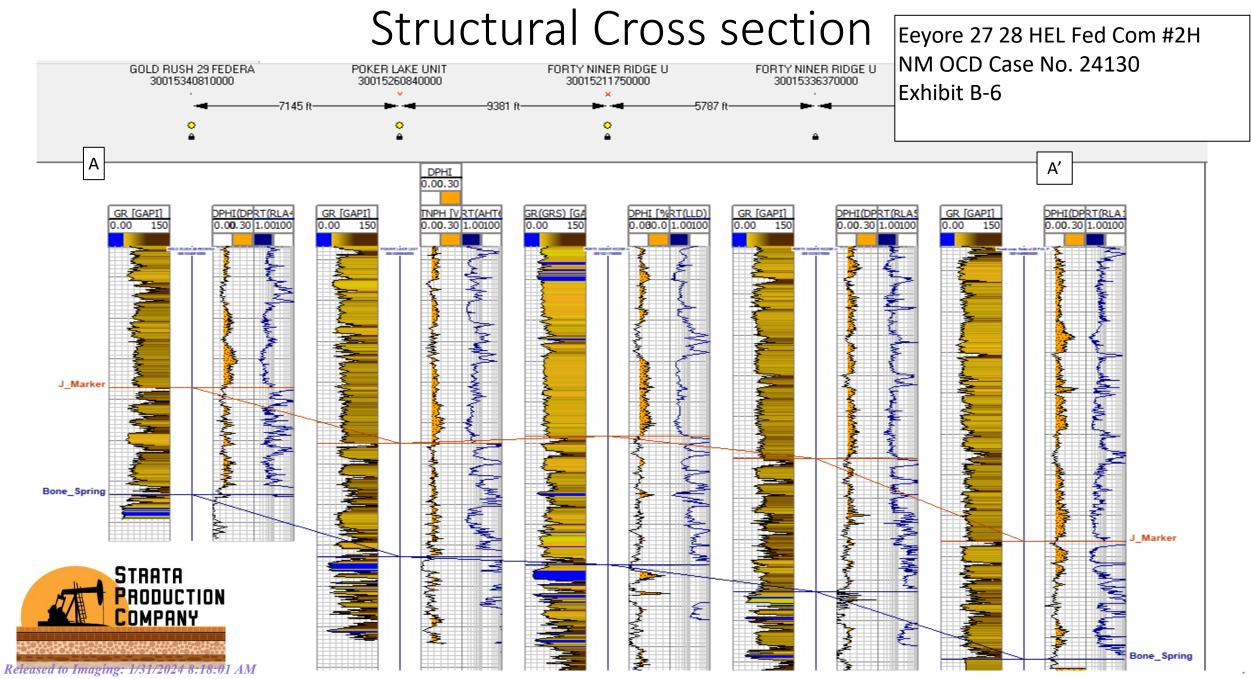


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Tab 7.

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. 24130

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

Case No. 24131

AFFIRMATION OF NOTICE

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

I caused notice of the applications to be sent by certified mail through the United States Postal Service on December 28, 2023, to the only interest owner sought to be pooled in these proceedings, WPX Energy Permian LLC, and to the Bureau of Land Management. Evidence of mailing and receipt is attached hereto as Exhibit A, which demonstrates to my satisfaction that all interest owners entitled to notice have been 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 Application filed herein.

I affirm under penalty of perjury under the laws of the State of New Mexico that this

statement is true and correct.

<u>/s/</u>	Shar	ron	Τ.	Shahe	en
Sh	aron	T.	Sh	aheen	

January 30, 2024 Date

> Eeyore 27 28 HEL Fed Com #2H NM OCD Case No. 24130 Exhibit C

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Strata Production Company Eeyore 27 28 HEL Fed Com 2H & ILL Fed Com 3H/ Case Nos. 24130 - 24131 February 1, 2024 Hearing

Entity	Date Letter Mailed	Certified Mail Number	Status of Delivery	Date Received				
WORKING INTEREST PARTY(IES)								
WPX Energy Permian LLC c/o Devon Energy – Regulatory 333 West Sheridan Ave. Oklahoma City, OK 73102	January 3, 2024	7020 0090 0000 0864 0013	Delivered	January 11, 2024				
ADDITIONAL INTERESTED PARTY(IES)								
Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157	January 3, 2024	7020 0090 0000 0864 0020	Delivered	January 8, 2024				

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 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Atlach this card to the back of the mailplece, or on the front if space permits. 	B. Received by (Printed Name) C. Date of Delivery	e/Where-is-my-package)
1. Article Addressed to:	D. Is delivery address different from ifem 12 Stress If YES, enter delivery address below:	\sim
WPX Energy Permian LLC c/o Devon Energy – Regulatory 333 West Sheridan Ave., Oklahoma City, OK 73102	CENTRA CENTRA	~
9590 9402 1258 5246 3436 21	3. Service Type □ Priority Mail Express® □ Adult Signature □ Registered Mail™™ □ Adult Signature Restricted Delivery □ Registered Mail Restricted Delivery □ Certified Mail® □ Return Receipt for □ Collect on Delivery □ Signature Confirmation™ □ Delivery □ Signature Confirmation™	
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FAQs >

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