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. 24131



Eeyore 27 28 ILL Fed Com 3H

February 1, 2024

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Tab 1.

1	COMPULSORY POOLING APPLIC	ATION CHECKLIST							
	ALL INFORMATION IN THE ARRUSTION MALE	T DE CUIDANTED DV CICALED AFFIDAVITO							
2	ALL INFORMATION IN THE APPLICATION MUS	I BE SUPPORTED BY SIGNED AFFIDAVITS							
3	Case: 24131	APPLICANT'S RESPONSE							
F									
4	Date	February 1, 2024							
	Applicant	Strata Production Company							
5	Applicant	Strata Production Company							
6	Designated Operator & OGRID (affiliation if applicable)	21712							
		Montgomery & Andrews, P.A. (Sharon Shaheen & Samantha H.							
7	Applicant's Counsel: Case Title:	Catalano) Application of Strata Production Co. for Compulsory Pooling, Eddy							
	Case Title.	County, New Mexico							
	Entries of Appearance/Intervenors:	None at this time							
9									
	Well Family	Eeyore 27 28 Fed Com Wells							
10									
11	Formation/Pool								
	Formation Name(s) or Vertical Extent:	Delaware Formation							
12	Drive and Draduct (Oil or Cos)	Oil							
	Primary Product (Oil or Gas):	Oil							
13	Pooling this vertical extent:	Delaware Formation							
14									
	Pool Name and Pool Code:	Forty Niner Ridge; Delaware [24750]							
15	Well Location Setback Rules:	Statewide rules							
16	Well Education detablish Nation	Statewide Fales							
	Spacing Unit Size:	320 acres, more or less							
17									
	Canaina Unit								
18	Spacing Unit Type (Horizontal/Vertical)	Horizontal							
19									
	Size (Acres)	320 acres, more or less							
20	Building Blocks:	Quarter-quarter section (40 ac)							
21	Building Blocks.	Quarter section (40 de)							
-21	Orientation:	East-West							
22		N/0 c/0 C0 11 27 100 7 11 00 7							
	Description: TRS/County	N/2 S/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									
25	Other Situations								
F	Depth Severance: Y/N. If yes, description	No							
26		,							
	Proximity Tracts: If yes, description	n/a							
27									

A	В
Proximity Defining Well: if yes, description	n/a
Applicant's Ownership in Each Tract	Tract 1: 64.90%; Tract 2: 49.84%; see Exhibits A-2 and A-4
· Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation,	
Well #1	Eeyore 27 28 ILL Fed Com 3H, API No. 30-015-54351 SHL: 1720' FSL and 330' FEL of Section 27, T23S-R30E BHL: 1720' FSL and 100' FWL of Section 28, T23S-R30E Completion Target: Brushy Canyon at approx. 7677' Well Orientation: East to West
Horizontal Well First and Last Take Points	Completion location expected to be standard FTP (~1720' FSL and 330' FEL of Section 27, T23S-R30E) LTP (~1720' FSL and 100' FWL of Section 28, T23S-R30E)
Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7,677'), MD (~17,540')
5 AFE Capex and Operating Costs	
6 Drilling Supervision/Month \$	\$8000; see Exhibit A, ¶ 21
Production Supervision/Month \$	\$800; see Exhibit A, ¶ 21
Justification for Supervision Costs	Please see AFE at Exhibit A-7
Requested Risk Charge	200%; see Exhibit A, ¶ 22
Notice of Hearing	
Proposed Notice of Hearing	Submitted with online filing of Application
Proof of Mailed Notice of Hearing (20 days before hearing	Publication was not required because the only interested parties required to be noticed received notice by certified mail. See
3 Proof of Published Notice of Hearing (10 days before hearing 4 Ownership Determination	g) Exhibit C.
s Land Ownership Schematic of the Spacing Unit	See Exhibits A-2 and A-3
Tract List (including lease numbers and owners)	See Exhibits A-2 and A-4
If approval of Non-Standard Spacing Unit is requested, To	ract N/A
Pooled Parties (including ownership type)	See Exhibit A-4
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	e None
₁ Joinder	
Sample Copy of Proposal Letter	Exhibit A-7

List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	n/a
Cost Estimate to Drill and Complete	See AFE at Exhibit A-7
Cost Estimate to Equip Well	See AFE at Exhibit A-7
Cost Estimate for Production Facilities	See AFE at Exhibit A-7
Geology	
Summary (including special considerations)	Exhibit B, ¶¶ 5-13; see Exhibits B-1 through B-6
Spacing Unit Schematic	Exhibit B-3
Well Orientation (with rationale)	Exhibit B, ¶ 13(d)
Target Formation	Exhibits B-2 and B-4
HSU Cross Section	Exhibit B-6
Depth Severance Discussion	n/a; see Exhibit A, ¶ 12
Forms, Figures and Tables	
67 C-102	Exhibit A-6
Tracts	Exhibits A-2 and A-4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibits A-1 and B-1
Well Bore Location Map	Exhibit A-3; Exhibit A-6
	Exhibit A-3; Exhibit A-6 Exhibit B-3
Well Bore Location Map Structure Contour Map - Subsea Depth Cross Section Location Map (including wells)	
72 Structure Contour Map - Subsea Depth 73 Cross Section Location Map (including wells) 74 Cross Section (including Landing Zone)	Exhibit B-3
72 Structure Contour Map - Subsea Depth 73 Cross Section Location Map (including wells)	Exhibit B-3 Exhibit B-5
72 Structure Contour Map - Subsea Depth 73 Cross Section Location Map (including wells) 74 Cross Section (including Landing Zone) Additional Information	Exhibit B-3 Exhibit B-5
Structure Contour Map - Subsea Depth Cross Section Location Map (including wells) Cross Section (including Landing Zone) Additional Information	Exhibit B-3 Exhibit B-5 Exhibits B-5 and B-6 None
Structure Contour Map - Subsea Depth Cross Section Location Map (including wells) Cross Section (including Landing Zone) Additional Information Special Provisions/Stipulations	Exhibit B-3 Exhibit B-5 Exhibits B-5 and B-6 None
Structure Contour Map - Subsea Depth Cross Section Location Map (including wells) Cross Section (including Landing Zone) Additional Information Special Provisions/Stipulations CERTIFICATION: I hereby certify that the information pro-	Exhibit B-3 Exhibit B-5 Exhibits B-5 and B-6 None ovided in this checklist is complete and accurate.

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. 24131

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 N/2 S/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.
- 2. Strata proposes to drill the following 2-mile well in the proposed HSU: **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 ("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 N/2 S/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 ILL Fed Com 3H;
 - 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
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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 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: 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 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 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 sixteen years. I am a Certified Professional Landman through the

American Association of Professional Landmen.

Eeyore 27 28 ILL Fed Com #3H

NM OCD Case No. 24131

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' FNL 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 last take point will be located at approximately 2240' FNL and 100' FWL of Section 28, 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 last take point will be located at approximately 1720' FSL and 100' FWL of Section 28, T23S-R30E.

- 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.

- 19. **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 non-consenting 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.

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

MITCH KRAKAUSKAS

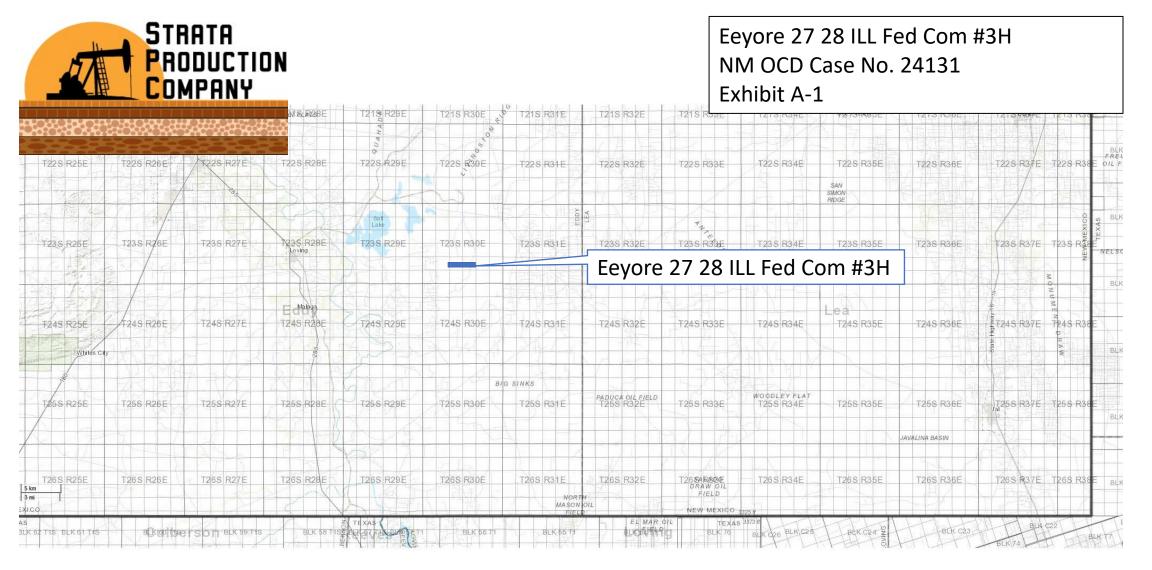
January 29, 2024

DATE

Tab 4.

Received by OCD: 1/30/2024 5:43:30 PM

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Released to Imaging: 1/31/2024 8:18:38 AM

15/	PRO	ATA DUCT		NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	-	e 27 28 CD Cas		ed Com 24131	#3H
一個	COM	IPANY	le le	SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	Exhibi	t A-2			
			E	NWSW	NESW	21 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	SWNE	SENE 23S	30E	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE
NWSW	NESW	NWSE	NESE	₩S₩	NESW	NWSE	NESE 27 28 ILL Fed C	NWSW om #3H	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE
SWSW	SESW	SWSE	SESE	Su	SESW	SWSE	SESE	SWSW	SESW	SWSE	-CE	SWSW	SESW	SWSE	SESE
NWNW	NENW	NWNE		NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE		Tract 1: NI	MNM 081622	N½SE¼ & N½S	/ 2
	Tract 2:	NMNM 0921	80 N½SW¼								Leasehold	Owner		Acres	WI %
Leasehold C	Owner		Acres	WI%	SENW	SWNE	SENE	SWNW	SENW	SWNE		Investments III	, LLC	62.88	26.20
CP Energy Ir	CP Energy Investments III, LLC 29.47		36.83%		33 2	3S 30E			34	Lincoln Ass			9.00 2.93	1.2	
Strata Produ	uction Compar	ıy	39.87	49.84%	NECW		NESE	NIMCM	NECW	NWSE	I — — — —	duction Compa	ny	155.77	64.9
WPX Energy	/ Permian LLC		10.66	13.33%	NESW	NWSE	INESE	NWSW	NESW	INVVSE	-	arrigan and Be		4.50	1.87
Total			80.00	100.00%				_			Winn Investments, Inc.			2.93	1.2
377377	JLJVV	JVVJL	JEJE		SESW	SWSE	SESE	SWSW	SESW	SWSE		gy Permian LLC		1.99	0.8
1				1							Total			240.00	100.0

		PRO	ATA DUCT IPANY		NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NM O	e 27 28 CD Cas			n #3H
	-111	LUP	IFANI	IE	SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	Exhibi	t A-3			
							21				-22				23	
933			4554	E	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE
Ī	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	SWNE	SENE 23S	30E	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE
Ī	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE 8 ILL Fed Com	NWSW #3H	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE
+																
	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	5, V	SWSE	SESE	SWSW	SESW	SWSE	SESE
+												Eeyore 27 28 ILL Fec Proration Unit				
	NWNW	NENW	NWNE	NENE	NWNW	NENW	NWNE	NENE	NWNW	NENW		Leasehold C	Owner		Acres	WI %
†												CP Energy Ir	nvestments III,	LLC	92.37	28.87%
	SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	SENE	SWNW	SENW	SWNE	Lincoln Asso	ociates		9.00	2.81%
+			32				33 ₂ :	3S 30E			34	SJR Enterpri	ises		2.92	0.91%
	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE	NESE	NWSW	NESW	NWSE		uction Compan	· +	195.62	61.14%
ļ	1444244	HLJVV	11115	11232		112311	,52						rrigan and Beth	n Carrigan	4.50 2.92	1.40% 0.91%
†												WPX Fnergy	y Permian LLC		12.67	3.96%
1	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	SESE	SWSW	SESW	SWSE	Total	, i cillian LLC		320.00	100.00%



Eeyore 27 28 ILL Fed Com #3H NM OCD Case No. 24131 Exhibit A-4

CONTRACT AREA Eeyore 27 28 ILL Fed Com #3H- Case No. 24131:

 $N\frac{1}{2}S\frac{1}{2}$ of Sec. 27-23S-30E and $N\frac{1}{2}S\frac{1}{2}$ 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	12.67	<mark>3.96%</mark>
Total	320.00	100.000%

TRACT INTEREST OF THE PARTIES:

Tract 1 ($N\frac{1}{2}S\frac{1}{2}$ of Sec. 27 & $N\frac{1}{2}SE\frac{1}{4}$ 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	0.83%			
Total	240.00	100.000%			
Record Title Owners:		%			
XTO Holdings, LLC		37.500000%			
Devon Energy Production Co.		20.833300%			
COG Operating, LLC	20.833400%				
Aquila Energy Resources		20.000000%			
WPX Energy Permian, LLC		0.8333000%			
Total		100.00%			

Tract 2 (N½SW¼ of Sec. 28, T23S-R30E, 80.00 acres, more or less)

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	10.66	13.33%
Total	80.00	100.00%
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: N½S½ of Sec. 27 & N½SE¼ of Sec. 28, T23S-R30E 240.00 acres, more

or less

Tract 2:

Lessor: United State of America

Lessee: Santa Fe Energy Operating Partners, LP

Serial No.: NMNM 092180 Date: December 1, 1993

Description: N½SW¼ 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 ILL Fed Com #3H NM OCD Case No. 24131 Exhibit A-5

Interest Owner: WPX Energy Permian LLC

Contact Type: Phone, Email, USPS

Notes: I have spoken to Peggy Buller and Aaron Young multiple times since June 30, 2022 regarding the proposals. Aaron Young said they would reach back out if they had any further

questions on the proposals, but they thought everything looked good.

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 Numb	er	² Pool Code					
30-015-5	4351	24750	FORTY NINER RIDGE DELAWARE				
⁴ Property Code		⁵ Property Name		6 Well Number			
334845		EEYORE 27-28 ILI	L FED COM	3H			
⁷ OGRID NO.		8 Operator Name		9Elevation			
21712		STRATA PRODUCTION	N COMPANY	3356'			

¹⁰ Surface Location										
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County	
I	27	23S	30E		1720	SOUTH	330	EAST	EDDY	
	¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
L	28	23S	30E		1720	SOUTH	100	WEST	EDDY	
12 Dedicated Acres	13 Joint	or Infill 14	Consolidation	Code 15 (Order No.					
320					OCD Case No. 24131 Exhibit A-6					

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		OFORFILO DATA	17OPERATOR CERTIFICATION
<u>CORNER DATA</u> NAD 83 GRID — NM EAST	G: FOUND BRASS CAP "1942" N: 467084.8 - E: 687530.3	<u>GEODETIC DATA</u> NAD 83 GRID — NM EAST	I hereby certify that the information contained herein is true and complete
A: FOUND BRASS CAP "1942"	H: FOUND BRASS CAP "1942"	SURFACE LOCATION (SL)/	to the best of my knowledge and belief, and that this organization either
N: 461738.8 - E: 676853.9	N: 464438.9 – E: 687539.5	KICK OFF POINT (KOP)/PROPOSED PENETRATION POINT 1 (PPP1)	owns a working interest or unleased mineral interest in the land including
B: FOUND BRASS CAP "1942"	I: FOUND BRASS CAP "1942"	N: 463510.9 - E: 687213.1 LAT: 32.2733839* N	the proposed bottom hole location or has a right to drill this well at this
N: 464397.1 - E: 676833.0	N: 461793.6 - E: 687549.5	LONG: 103.8613451* W	location pursuant to a contract with an owner of such a mineral or working
C: FOUND BRASS CAP "1942" N: 467056.9 - E: 676813.6	J: FOUND BRASS CAP "1942" N: 461774.6 — E: 684874.6	<u>PROPOSED</u> PENETRATION POINT 2 (PPP2)	interest, or to a voluntary pooling agreement or a compulsory pooling
D: FOUND BRASS CAP "1942"	K: FOUND BRASS CAP "1942"	1720' FSL - 2675' FWL SEC.28	order heretofore entered by the division.
N: 467055.3 - E: 679493.2	N: 461758.2 - E: 682200.1	N: 463467.9 - E: 679514.8 LAT: 32.2733566° N	O5/30/2023
E: FOUND BRASS CAP "1942"	L: FOUND BRASS CAP "1942"	LONG: 103.8862535° W	Signature Date
N: 467055.4 - E: 682172.6	N: 461748.4 - E: 679526.2	<u>BOTTOM HOLE (BH)</u> N: 463458.7 - E: 676940.3	Urry Ligin, VP of Operations Printed Name
F: FOUND BRASS CAP "1942" N: 467070.0 - E: 684851.5	M: FOUND BRASS CAP "1942" N: 464404.8 - E: 682185.2	LAT: 32.2733604° N	ioloin Cotrotomor com
1. 107070.0	N. 404404.0 E. 002103.2	LON: 103.8945831*	jelgin@stratanm.com E-mail Address
N 89°57'55" W 2680.21' D S	80°50'53" W 2670.05' (F) \$ 80°41'14"	w 2679.48' F) 5 89°41'00" w 2679.47' ©	
7,111111111111111111111111111111111111			18 SURVEYOR CERTIFICATION
NMNM 081622 NMNM	135244 E052290011 -	15.9	I hereby certify that the well location shown on this
111111111	100227	7	plat was plotted from field notes of actual surveys
			made by me or under my supervision, and that the
	2,5	95,	same is true and correct to the best of my belief.
NMNM 092180	000.1	NMNM 081622	03/27/2023 ALE E. BE
\(\begin{align*} \text{V} & \text	< (M)		Date of Survey Signature and Seal of Profesional Survey (14400)
			Signature and Seal of Irrofesional Surveyor:
7-100' BHL &		330'-	$\left(\begin{array}{c} \sqrt{2} \end{array} \right) \left(\frac{14400}{2} \right) \propto$
LTP	76	FTP	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
		<u></u> ++/-	05/30/2023
.500.	. 1,61.	SL/KOP/PPP1-	14400
172	00		Certificate Number
			REV: BH MOVE 4/25/23 REV: WELL CALLS & LEASE AREAS 5/12/23
(<u>////////////////////////////////////</u>		//////////////////////////////////////	Job No.: LS23020157R

POST OFFICE DRAWER 1030 ROSWELL, NM 88202-1030



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

1301 NORTH SYCAMORE AVENUE ROSWELL, NEW MEXICO 88201

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 ILL Fed Com #3H

NM OCD Case No. 24131

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

Tale-

• 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,

Mitch Krakauskas Vice President

Enclosures: as stated

Released to Imaging: 1/31/2024 8:18:38 AM

Received by OCD: 1/30/2024 5:43:30 PM STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

INTELL NAME	AE AND MUMBED					LEE MUMBER		DATE	
	NAME AND NUMBER				AFE NUMBER FNID 27 22	3-30-01-0323	February 23, 20	23	
LOCATION	rore 27 28 ILL Fed Com #3H						5-30-01-0323	Teordary 23, 20.	23
200.1110.	SL: 1,/20 FSL & 330 FEL of Section 2/					FIELD			
	BHL: 1,720' FSL & 100' FWL of Section 28						Forty Niner Ridge Delaware COUNTY OR PARISH ISTATE		
API NUMBI	NUMBER Pending						SH	STATE Name Manina	
PROJECT I	JECT DESCRIPTION AND LOCATION					Eddy SECTION	TOWNSHIP	New Mexico	
	033' lateral at \sim 7,6		st the Brushy C	anvon Formati	ion.	27	23S	30E	
.,			,	,		PROPOSED FORM		PROPOSED DEPTH	
						Delaware		17,338 MD	
ACCT	INTANGIBLES								
ACCT CODE			INTA	GIBLES			DRY HOLE	RUN CSG	TOTAL
CODE	Drilling - Footage			E+ @ \$		/Ft.	DK1 HOLE	KUN CSG	TOTAL
		l- DCD	17	Ft. @ \$	31600		\$537,200		\$537,200
	Drilling - Day Wor			, , ,			\$337,200	\$21,600	
	Drilling - Day Wor		1	Days @ \$	31600	/Day		\$31,600	\$31,600
	Completion Rig, Po						#105 000	\$61,600	\$61,600
	Mobilization & De						\$105,000	0.500	\$105,000
	Location, Roads, P	•	its, Cleanup, Da	mages & Title O	pinion		\$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, Cher	nicals & Comple	tion Fluids				\$77,000	\$9,000	\$86,000
	Fuel, Power, Water	:					\$146,500	\$166,000	\$312,500
	Cementing Services	s, Cementing Equ	ipment, Hanger	s; Packers			\$94,600	\$161,500	\$256,100
	Mud Logging						\$39,900		\$39,900
	Open Hole Logging	g and Side Wall (Coring				\$55,000		\$55,000
	Cased Hole Loggin	g and Perforating	3					\$405,000	\$405,000
	Equipment Rental I		•	Loop & Directio	nal Services		\$424,150	\$37,000	\$461,150
	Insurance		*				\$32,075	, , , ,	\$32,075
	Other Well Service	s, NU/BOP Cae	ing Inspection				\$44,500	\$35,500	\$80,000
	Overhead	,	opeenon				\$10,000	\$5,000	\$15,000
	Supervision: Wells	ita Enginassin-	Geological Car	cultante			\$128,600	\$32,250	\$160,850
	_	ne, Engineering,	Geological, Coll	Suitants			\$120,000	\$77,000	\$77,000
	Contract Services	~					\$252,000	-	·
	Fluids & Cuttings I						\$253,000	\$5,500	\$258,500
	Environmental Cha							#2.750.000	#2 75 0 000
	Stimulation Treatm	ent	50	Stages				\$2,759,000	\$2,759,000
	Plugging Costs								
	Miscellaneous Cost	ts, Tax and Conti	ngencies				\$398,099	\$830,878	\$1,228,977
				TOTAL IN	TANGIBLES		\$2,581,125	\$4,656,328	\$7,237,453
A CICIT			TANG	GIBLES			DDV/HOLE	COMPLETION.	TOTAL
ACCT	CACRIC	FOOTLOE		1	CD + DE	CO CTE/TETT	DRY HOLE	COMPLETION	TOTAL
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT	\$20,000		620,000
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,000
	Surface	500	13%"	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	9,838	5.5"	20#	HCP110	\$30.90		\$303,994	\$303,994
	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 Ed	quipment (Packer	s/Bottom Hole F	ump)		1			
	Rods, etc								
	Wellhead Equipme	nt (Casing Head/	Christmas Tree)				\$29,350	\$26,100	\$55,450
	Pumping Equipmer						,	\$312,500	\$312,500
	Flowlines	. 1 5	T/					\$60,000	\$60,000
	Tanks								400,000
	Sales Line Equipme	ent							
								\$95,000	\$95,000
	Separator-Prod. Eq Valves, Fittings etc.							\$16,250	\$16,250
			1 1		. 1. 115			\$68,000	\$68,000
	Installation of Surfa		nent (extend elec	unc grid - to be	prorated to all Ee	yore wells)		\$08,000	φυο, υυυ
	Other Lease & Wel	ll Equip.					#205 205	ф1 2 <i>6</i> 7 520	Φ1 6 72 02.4
					TOTAL TA		\$305,295	\$1,367,539	\$1,672,834
					TOTAL W	ELL COSTS	\$2,886,420	\$6,023,867	\$8,910,287
Strata Pr	oduction Compa	ny Working Iı	iterest	Strata Produ	iction Co DR	RY HOLE	Strata Productio	on Co COMPLETED	
	•								
PREPAR	ED BY: Jerry El	gin, VP Operat	ions	DATE:	3/1/2023				
APPROVED BY: Mitch Krakauskas, Vice President DATE:						SIGNED:	Take	_	
				timing, the unde	rsigned agrees th				
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:									
SALE.									
						<u> </u>			
By execut	ion of this AFE, th	ne above signe	e is agreeing to	be covered by	the Operator's	well control insur	rance and agreeing	to the limits within and carrier of suc	h 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.									
Agreeto	decline coverage, p	rovide proof	and hold harm!	ess.					
rigice to (.comic coverage, I	provide proof, a	ara nora natifil	. 33.					
By:					Date:				

Released to Imaging: 1/31/2024 8:18:38 AM

Received by OCD: 1/30/2024 5:43:30 PM STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

WELL NAME AND NUMBER						AFE NUMBER DATE			
Eeyore 27 28 ILL Fed Com #3H				FNR-27-23-30-01-0323		February 23, 202	23		
LOCATION: SL: 1,720' FSL & 330' FEL of Section 27						FIELD			
BHL: 1,720' FSL & 100' FWL of Section 28						Forty Niner Ridge Delaware			
API NUMBER Pending						COUNTY OR PARI	SH	STATE	
PROJECT DESCRIPTION AND LOCATION						Eddy	Eddy New Mexico SECTION TOWNSHIP RANGE		
	033' lateral at \sim 7,6		st the Brushy C	anvon Formati	ion.	27	238	30E	
			,	,		PROPOSED FORM		PROPOSED DEPTH	
					Delaware		17,338 MD		
ACCT		INTANGIBLES				•			
CODE			1111111	GIBLES			DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage			Ft. @ \$		/Ft.			
	Drilling - Day Wor	·k - BCP	17	Days @ \$	31600	/Day	\$537,200		\$537,200
	Drilling - Day Wor		1	Days @ \$	31600			\$31,600	\$31,600
	Completion Rig, Po	ower Swivel, and	Reverse Unit etc	2				\$61,600	\$61,600
	Mobilization & De	mobilization- Otl	ner Contractors C	Charges			\$105,000		\$105,000
	Location, Roads, P	its, Survey, Perm	its, Cleanup, Da	mages & Title O	pinion		\$112,000	\$500	\$112,500
	Drill Bits, Coring &	& DST					\$70,000	\$18,000	\$88,000
	Transportation and						\$53,500	\$21,000	\$74,500
	Drilling Mud, Cher		tion Fluids				\$77,000	\$9,000	\$86,000
	Fuel, Power, Water						\$146,500	\$166,000	\$312,500
	Cementing Services	s, Cementing Equ	uipment, Hangers	s; Packers			\$94,600 \$39,900	\$161,500	\$256,100 \$39,900
	Mud Logging	10:1 37 11	a :				\$55,000		\$55,000
	Open Hole Logging Cased Hole Loggin						\$55,000	\$405,000	\$405,000
	Equipment Rental 1			Loop & Directio	nal Services		\$424,150	\$37,000	\$461,150
	Insurance	including Bollus	Control, Closed	Loop & Directio	nai Scivices		\$32,075	Ψ37,000	\$32,075
	Other Well Service	s NU/BOP Cas	ing Inspection				\$44,500	\$35,500	\$80,000
	Overhead	-,					\$10,000	\$5,000	\$15,000
	Supervision: Wells	ite, Engineering,	Geological, Con	sultants			\$128,600	\$32,250	\$160,850
	Contract Services							\$77,000	\$77,000
	Fluids & Cuttings I	Disposal					\$253,000	\$5,500	\$258,500
	Environmental Cha	arges							
	Stimulation Treatm	nent	50	Stages				\$2,759,000	\$2,759,000
	Plugging Costs								
	Miscellaneous Cos	ts, Tax and Conti	ingencies				\$398,099	\$830,878	\$1,228,977
				TOTAL IN	TANGIBLES		\$2,581,125	\$4,656,328	\$7,237,453
ACCT			TANG	GIBLES			DRY HOLE	COMPLETION	TOTAL
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,000
	Surface	500	133/8"	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	9,838	5.5"	20#	HCP110	\$30.90		\$303,994	\$303,994
	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 Ed	quipment (Packer	rs/Bottom Hole F	ump)					
	Rods, etc	(Ci II1/	(Cl t T)				\$29,350	\$26,100	\$55,450
	Wellhead Equipme Pumping Equipmer		-				\$29,330	\$312,500	\$312,500
	Flowlines	nt (1 umping Omt	or sub rump)					\$60,000	\$60,000
	Tanks							\$00,000	+ > 0, > 0 0
	Sales Line Equipme	ent							
	Separator-Prod. Eq							\$95,000	\$95,000
	Valves,Fittings etc.	-						\$16,250	\$16,250
	Installation of Surfa	ace Lease Equipr	ment (extend elec	tric grid - to be	prorated to all Ee	yore wells)		\$68,000	\$68,000
	Other Lease & Wel	ll Equip.							
					TOTAL TA		\$305,295	\$1,367,539	\$1,672,834
					TOTAL W	ELL COSTS	\$2,886,420	\$6,023,867	\$8,910,287
Strata Pr	oduction Compa	ny Working II	iterest	Strata Produ	iction Co DR	RY HOLE	Strata Productio	n Co COMPLETED	
	_								
DDEDAR	ED RV: 1 1	gin VD O	ions	DATE:	3/1/2022		<u> </u>		
	PREPARED BY: Jerry Elgin, VP Operations DATE: 3/1/2023							Tale	
APPROVED BY: Mitch Krakauskas, Vice President DATE:						Atomic of T	SIGNED:		
JOINT INTEREST SHARE Due to rig availability and t COMPANY NAME: SIGNATURE:					allability and	DATE:	rsigned agrees tha	at this AFE is valid for 180 days from WORKING INTEREST:	n execution.
WORKING INTEREST.									
By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance,									
								you must sign below and provide a Co	
	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 o	decline coverage, p	provide proof, a	and hold harml	ess:					
By:					Date:				

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 ILL Fed Com #3H NM OCD Case No. 24131 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: **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 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: https://www.emnrd.nm.gov/ocd/hearing-info/. 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.

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

<u>AFFIRMATION OF GEOLOGIST MICHAEL SCOTT KELLEY</u>

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 ILL Fed Com #3H NM OCD Case No. 24131 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**.

- 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.

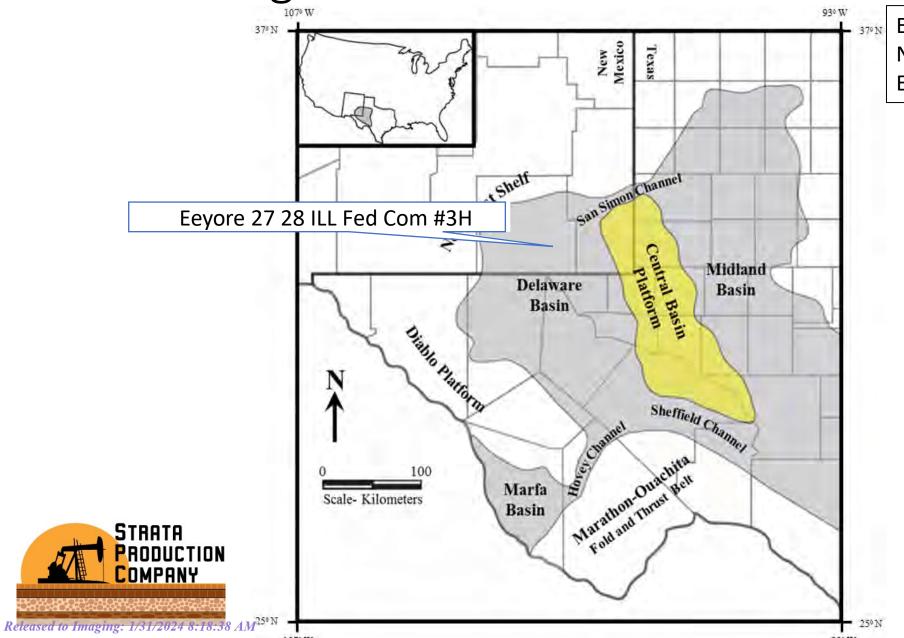
I affirm under penalty of perjury under the laws of the State of New Mexico that this statement is true and correct.

Michael Scott Kelley

Date

Tab 6.

Regional View of the Delaware Basin

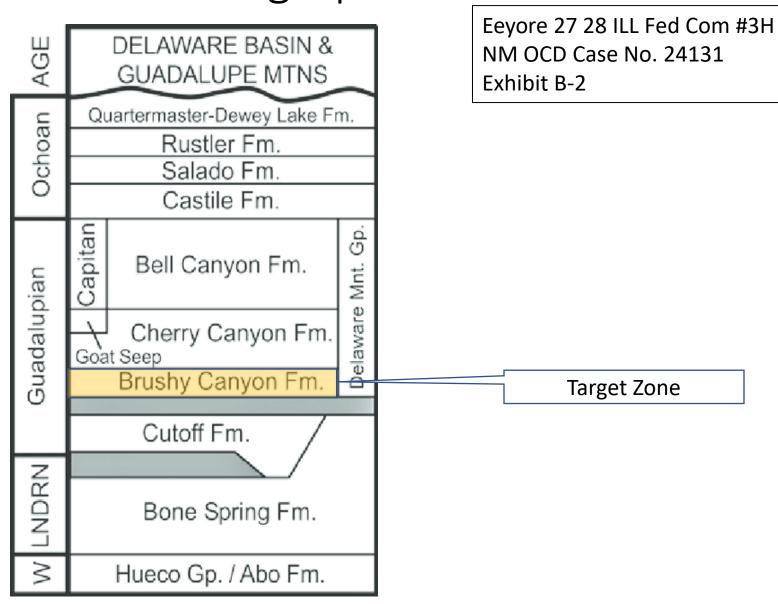


107º W

Eeyore 27 28 ILL Fed Com #3H NM OCD Case No. 24131 Exhibit B-1

93° W

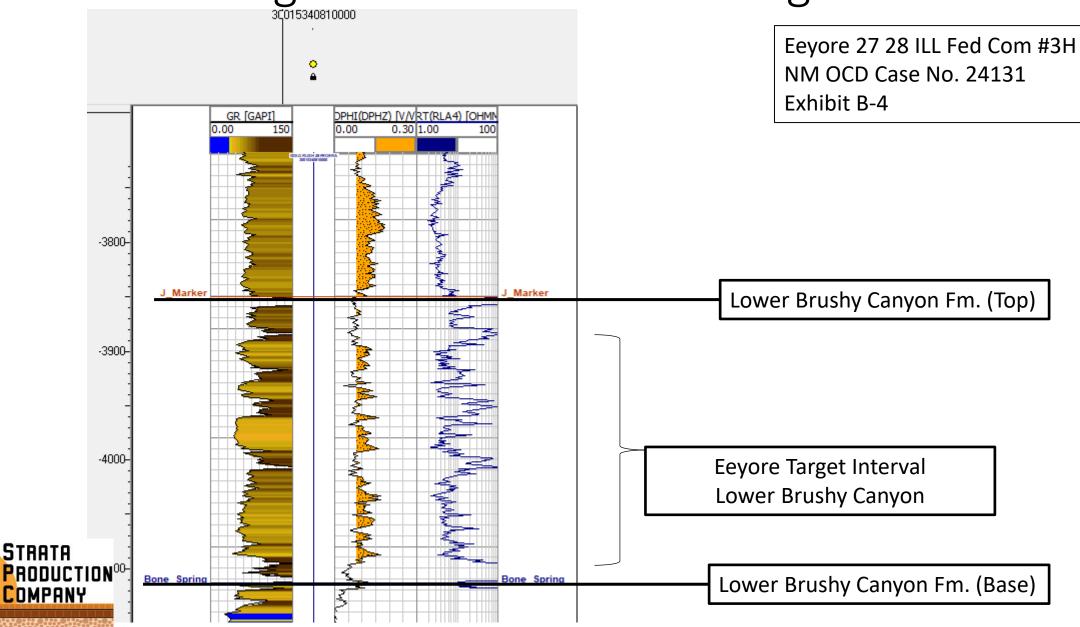
Delaware Basin Stratigraphic Column





Base of Brushy Canyon Fm. Structure (TVDSS) Eeyore 27 28 ILL Fed Com #3H NM OCD Case No. 24131 Exhibit B-3 12 23S 31E 23S 30E 33 23S 30E Eeyore 27 28 ILL Fed Com #3H 700 STRATA PRODUCTION .14 O 24S 30E 24S 31E Released to Imaging: 1/31/2024 8:48:38 AM 15

Target Interval on Offset Log

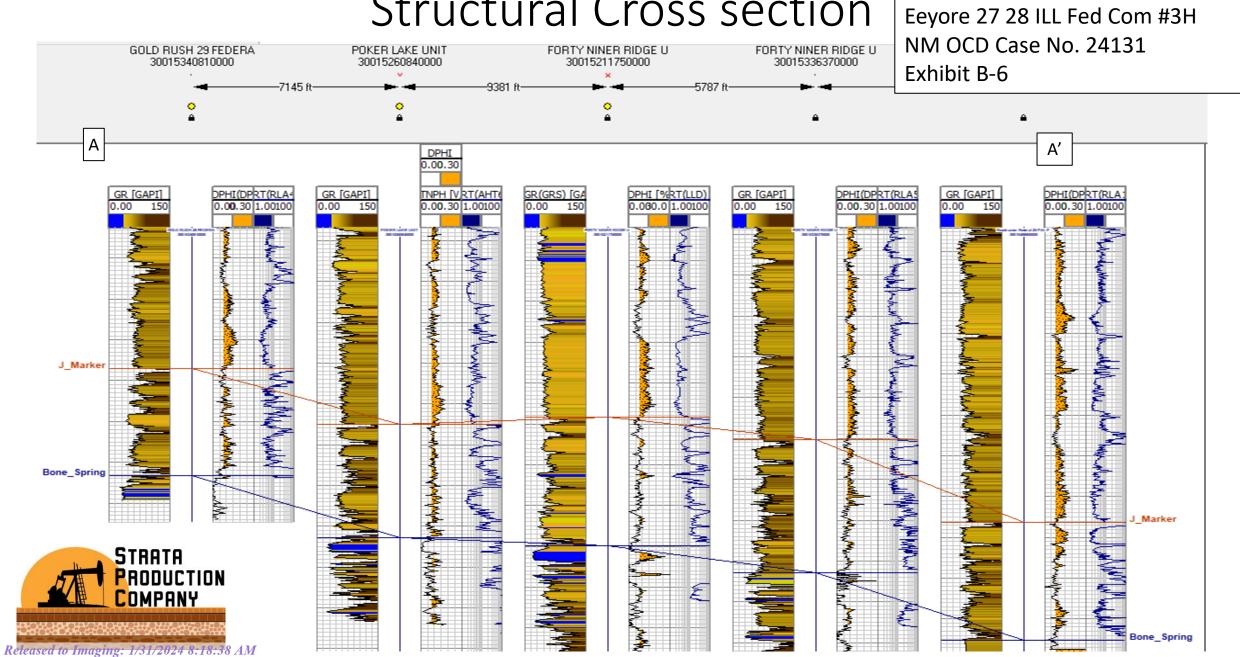


Cross Section Line

Eeyore 27 28 ILL Fed Com #3H NM OCD Case No. 24131 Exhibit B-5 Α Α' 23S 31E 23S 30E



Structural Cross section



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.

/s/ Sharon T. Shaheen
Sharon T. Shaheen

January 30, 2024

Date

Eeyore 27 28 ILL Fed Com #3H NM OCD Case No. 24131 Exhibit C

1

Received by OCD: 1/30/2024 5:43:30 PM

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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OKLAHOMA CITY, OK 73102 January 11, 2024, 12:07 pm GENDACK

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Article Addressed to:	D. Is delivery address different from ifeth 1? Single Yes If YES, enter delivery address below:	V
WPX Energy Permian LLC c/o Devon Energy – Regulatory 333 West Sheridan Ave., Oklahoma City, OK 73102	STATE OF THE STATE	~
9590 9402 1258 5246 3436 21	3. Service Type	~
2. Article Number (Transfer from 2001) 0864 001	I Delivery Destricted Delivery	
PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt	

(12 - 12)				
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY			
Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157	A. Signature A. Signature A. C. Date of Delivery D. Is delivery address different from item 1? Yes If YES, enter delivery address below:			
9590 9402 1258 5246 3436 38 2. Article Number (Transfer from service label) 7020 0090 0000 0864 002	3. Service Type □ Adult Signature □ Adult Signature Restricted Delivery □ Certified Mail Restricted Delivery □ Collect on Delivery □ Collect on Delivery □ Insured Mail □ Iail Restricted Delivery □ Isignature Confirmation □ Restricted Delivery □ Registered Mail Restricted Delivery □ Return Receipt for Merchandise □ Signature Confirmation □ Restricted Delivery □ Registered Mail Restricted Delivery □ Return Receipt for Merchandise □ Signature Confirmation Restricted Delivery □ Signature Confirmation Restricted Delivery			
DC Form 3811 July 2015 DCN 7520 03 000 0053				