

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. 24834



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

For hearing on October 3, 2024

AMENDED EXHIBITS TO INCLUDE SECOND PAGE OF C-102 FORMS

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TAB 1

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

Case: 24413	APPLICANT'S RESPONSE
Date	October 3, 2024
Applicant	Strata Production Company
Designated Operator & OGRID (affiliation if applicable)	21712
Applicant's Counsel:	Spencer Fane LLP (Sharon T. Shaheen)
Case Title:	Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	None at this time
Well Family	Oscar 23 11 Fed Com wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Delaware Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Delaware Formation
Pool Name and Pool Code (Only if NSP is requested):	
Well Location Setback Rules (Only if NSP is Requested):	
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	400 acres, more or less
Building Blocks:	40-acre tracts
Orientation:	South-North
Description: TRS/County	E/2 NW/4 of Section 23 and E/2 W/2 of Sections 14 and 11, T23S-R30E, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	Tract 1: 78.50%; Tract 2: 0.0%; Tract 3: 78.50%; Tract 4: 39.25%; see Exhibits A-2 and A-4
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Oscar 23 11 FCL Fed Com #2H, API# 30-015-54369; SHL: ~2310' FNL and 1905' FWL of Section 23, T23S-R30E; BHL:100 FNL and 1650' FWL of Section 11, T23S-R30E, NMPM.
Well #2	Oscar 23 11 FCI Fed Com #12H well, API# 30-015-54372; SHL: ~2310' FNL and 1980' FWL of Section 23, T23S-R30E; BHL: 100' FNL and 2310' FWL of Section 11, T23S-R30E, NMPM.

Horizontal Well First and Last Take Points	Well #1--FTP: 2310' FNL and 1905' FWL of Section 23, T23S-R30E, LTP: ~100' FNL and 1650' FWL of Section 11, T23S-R30E Well #2--FTP: ~2310' FNL and 1980' FWL of Section 23, T23S-R30E; LTP: ~100' FNL and 2310' FWL of Section 11, T23S-R30E.
Completion Target (Formation, TVD and MD)	Well #1: Brushy Canyon - TVD (~7,579'), MD (~20,167'); Well #2: Brushy Canyon - TVD (~7,304'), MD (~19,009')
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000; see Exhibit A, ¶ 16
Production Supervision/Month \$	\$800; see Exhibit A, ¶ 16
Justification for Supervision Costs	See AFE at Exhibit A-4
Requested Risk Charge	200%; see Exhibit A, ¶ 17
Notice of Hearing	
Proposed Notice of Hearing	Submitted with online filing of Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits C, C-1, C-2, and C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2 and A-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	n/a
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	See AFE at Exhibit A-4
Cost Estimate to Equip Well	See AFE at Exhibit A-4
Cost Estimate for Production Facilities	See AFE at Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B, ¶ 12
Spacing Unit Schematic	Exhibits A-1 and A-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Exhibit B, ¶ 12(d)
Target Formation	Exhibit B, ¶ 11; Exhibits B-3 and B-4
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	n/a
Forms, Figures and Tables	

C-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits A-2 and A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit A-2
Structure Contour Map - Subsea Depth	Exhibit B-2(a)
Cross Section Location Map (including wells)	Exhibit B-2(b)
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen
Signed Name (Attorney or Party Representative):	/s/ Sharon T. Shaheen
Date:	9/26/2024

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. _____

APPLICATION

Strata Production Company, OGRID No. 21712 (“Strata”), through its undersigned counsel Spencer Fane LLP, formerly Montgomery & Andrews, P.A. (Sharon T. Shaheen), hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. In support of its application, Strata states as follows:

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

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

3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

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

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 October 3, 2024, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 400-acre, more or less, HSU comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico;

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

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

D. Designating Strata as operator of the HSU and the well to be drilled thereon;

E. Authorizing Strata to recover its costs of drilling, equipping and completing the well;

F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Strata in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

SPENCER FANE LLP
(formerly Montgomery & Andrews, P.A.)

/s/ Sharon T. Shaheen

Sharon T. Shaheen

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 986-2678

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ec: dortiz@spencerfane.com

Attorneys for Strata Production Company

Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) **Oscar 23 11 FCL Fed Com #2H** well, to be horizontally drilled from an approximate surface hole location 2310’ FNL and 1905’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 1650’ FWL of Section 11, T23S-R30E; and (2) **Oscar 23 11 FCI Fed Com #12H** well, to be horizontally drilled from an approximate surface hole location 2310’ FNL and 1980’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 2310’ FWL of Section 11, T23S-R30E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 14 miles East of Loving, New Mexico.

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. 24834

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 application pursuant to 19.15.4.12.A(1) NMAC.

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

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

EXHIBIT A

6. The only parties being force pooled are Oxy USA Inc. (“OXY”) and XTO Holdings, LLC (“XTO”), which have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interest in the wells.

7. In this case, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the following 2.5-mile wells:

- **Oscar 23 11 FCL Fed Com #2H** well, API# 30-015-54369, to be horizontally drilled from an approximate surface hole location 2310’ FNL and 1905’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 1650’ FWL of Section 11, T23S-R30E. The first take point will be located at approximately 2310’ FNL and 1905’ FWL of Section 23, T23S-R30E. The last take point will be located at approximately 100’ FNL and 1650’ FWL of Section 11, T23S-R30E.
- **Oscar 23 11 FCI Fed Com #12H** well, API# 30-015-54372, to be horizontally drilled from an approximate surface hole location 2310’ FNL and 1980’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 2310’ FWL of Section 11, T23S-R30E. The first take point will be located at approximately 2310’ FNL and 1980’ FWL of Section 23, T23S-R30E. The last take point will be located at approximately 100’ FNL and 2310’ FWL of Section 11, T23S-R30E.

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

9. The C-102s are attached as **Exhibit A-1**. They depict the locations of the proposed wells within the HSU and the locations of each surface hole, bottom hole, and the first and last take points.

10. A map illustrating the tracts in the proposed HSU and the ownership of each individual tract is attached as **Exhibit A-2**.

11. The ownership breakdown of interests, parties to be pooled, list of pertinent leases, and map illustrating unit ownership are attached as **Exhibit A-3**.

12. **Exhibit A-4** 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. There are no depth severances in the formation being pooled.

13. A chronology of contacts is attached as **Exhibit A-5**.

14. 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.

15. Strata has made a good faith effort to obtain voluntary joinder of OXY and XTO in the proposed wells.

16. 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.

17. Strata requests the maximum cost, plus 200% risk charge, be assessed against non-consenting working interest owners.
18. Strata requests that it be designated operator of the wells.
19. The Exhibits hereto were prepared by me, or compiled from Strata's business records.
20. The granting of the Applications is in the interests of conservation, the prevention of waste, and the protection of correlative rights.
21. 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

September 25, 2024

DATE

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024
	<div style="border: 1px solid black; padding: 5px;"> NM OCD Case No. 24834 Exhibit A-1(a) </div>	<input type="checkbox"/> Initial Submittal <input checked="" type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled
	Submittal Type:	

WELL LOCATION INFORMATION

API Number 30-015-54369	Pool Code 24750	Pool Name FORTY NINER RIDGE DELAWARE
Property Code 334588	Property Name OSCAR 23/11 FED COM	Well Number 2H
OGRID No. 21712	Operator Name STRATA PRODUCTION COMPANY	Ground Level Elevation 3225'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal		Mineral Owner: <input type="checkbox"/> State <input checked="" type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal

Surface Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
F	23	23S	30E		2310 FNL	1905 FWL	32.2913924°N	103.8541559°W	EDDY

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
C	11	23S	30E		100 FNL	1650 FEL	32.3265481°N	103.8549514°W	EDDY

Dedicated Acres 400	Infill or Defining Well INFILL	Defining Well API	Overlapping Spacing Unit (Y/N) N	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
F	23	23S	30E		2310 FSL	1905 FWL	32.2913924°N	103.8541559°W	EDDY

First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
F	23	23S	30E		2310 FSL	1905 FWL	32.2913924°N	103.8541559°W	EDDY

Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
C	11	23S	30E		100 FNL	1650 FWL	32.3265481°N	103.8549514°W	EDDY

Unitized Area or Area of Uniform Interest	Spacing Unit Type <input checked="" type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation: 3225'
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OPERATOR CERTIFICATIONS <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i>	SURVEYOR CERTIFICATIONS <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my belief.</i>
Signature: Date: 09/04/2024	
Printed Name: Jerry Elgin, VP of Operations	Signature and Seal of Professional Surveyor:
Email Address: jelgin@stratanm.co	Certificate Number: 14400 Date of Survey: 03/29/2023

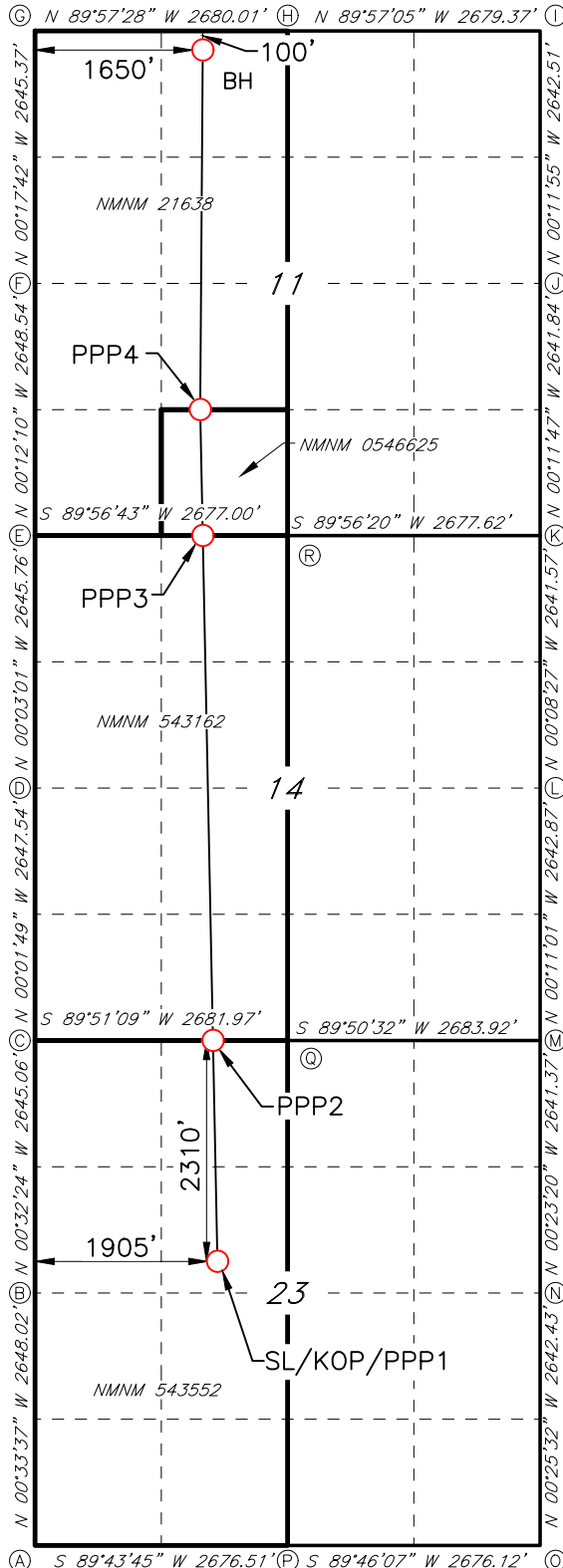
Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is a directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

OSCAR 23/11 FED COM #2H



GEODETTIC DATA
NAD 83 GRID - NM EAST

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

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

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

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

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

CORNER DATA
NAD 83 GRID - NM EAST

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



C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION NM OCD Case No. 24834 Exhibit A-1(b)	Revised July 9, 2024
	Submittal Type:	<input type="checkbox"/> Initial Submittal <input checked="" type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled

WELL LOCATION INFORMATION

API Number 30-015-54372	Pool Code 24750	Pool Name FORTY NINER RIDGE DELAWARE
Property Code 335007	Property Name OSCAR 23/11 FED COM	Well Number 12H
OGRID No. 21712	Operator Name STRATA PRODUCTION COMPANY	Ground Level Elevation 3226'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal		Mineral Owner: <input type="checkbox"/> State <input checked="" type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal

Surface Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
F	23	23S	30E		2310 FNL	1980 FWL	32.2913920°N	103.8539132°W	EDDY

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
C	11	23S	30E		100 FNL	2310 FWL	32.3265387°N	103.8528152°W	EDDY

Dedicated Acres 400	Infill or Defining Well INFILL	Defining Well API	Overlapping Spacing Unit (Y/N) N	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
F	23	23S	30E		2310 FSL	1980 FWL	32.2913920°N	103.8539132°W	EDDY

First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
C	11	23S	30E		100 FNL	2310 FWL	32.3265387°N	103.8528152°W	EDDY

Unitized Area or Area of Uniform Interest	Spacing Unit Type <input checked="" type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation: 3226'
---	--	---

OPERATOR CERTIFICATIONS <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i>		SURVEYOR CERTIFICATIONS <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my belief.</i>	
Signature: <i>Jerry Elgin</i> Date: 09/04/2024	Signature and Seal of Professional Surveyor: <i>Dale E. Bell</i>		
Printed Name: Jerry Elgin, VP of Operations	Certificate Number: 14400	Date of Survey: 03/29/2023	
Email Address: jelgin@stratanm.com			



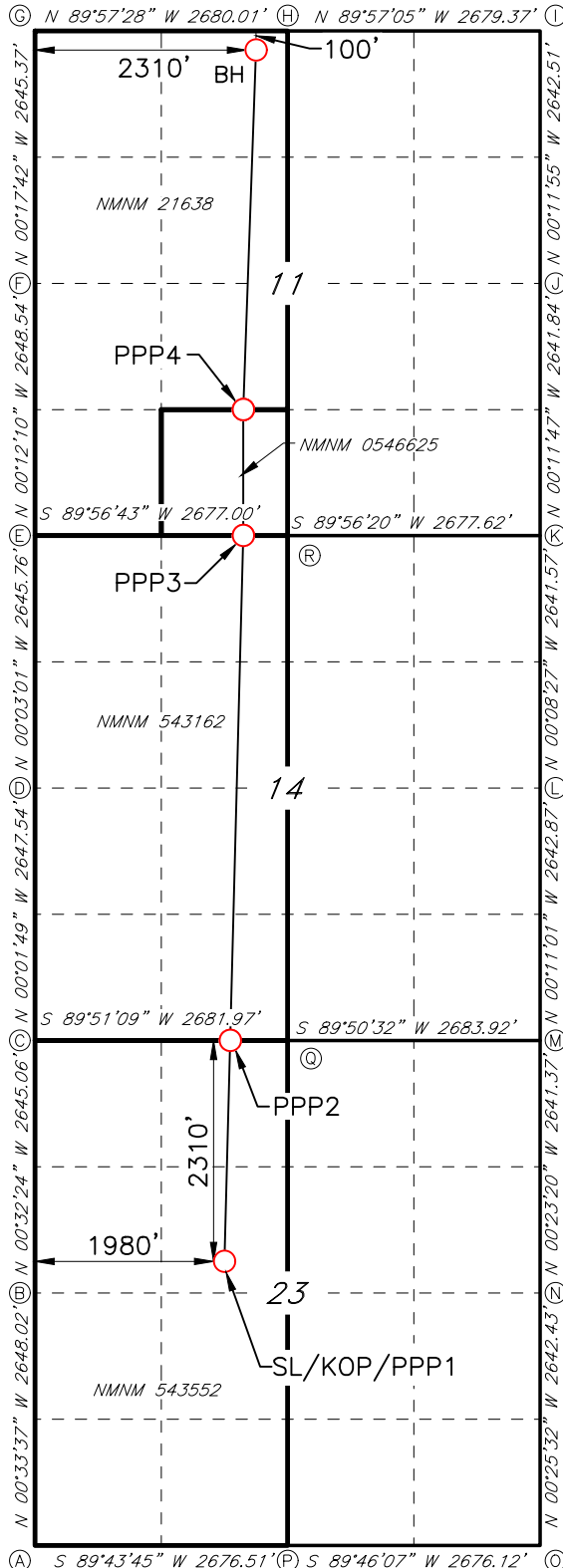
Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is a directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

OSCAR 23/11 FED COM #12H



GEODETIC DATA
NAD 83 GRID - NM EAST

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

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

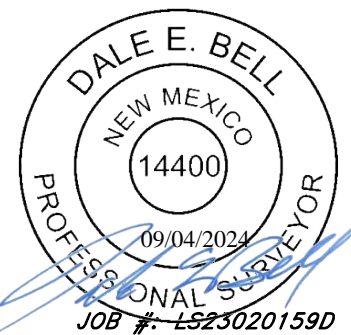
PROPOSED PENETRATION POINT 3 (PPP3)
0' FSL - 2176' FWL SEC.11
N: 477670.7 - E: 689651.3
LAT: 32.3122765° N
LONG: 103.8532514° W

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

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

CORNER DATA
NAD 83 GRID - NM EAST

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

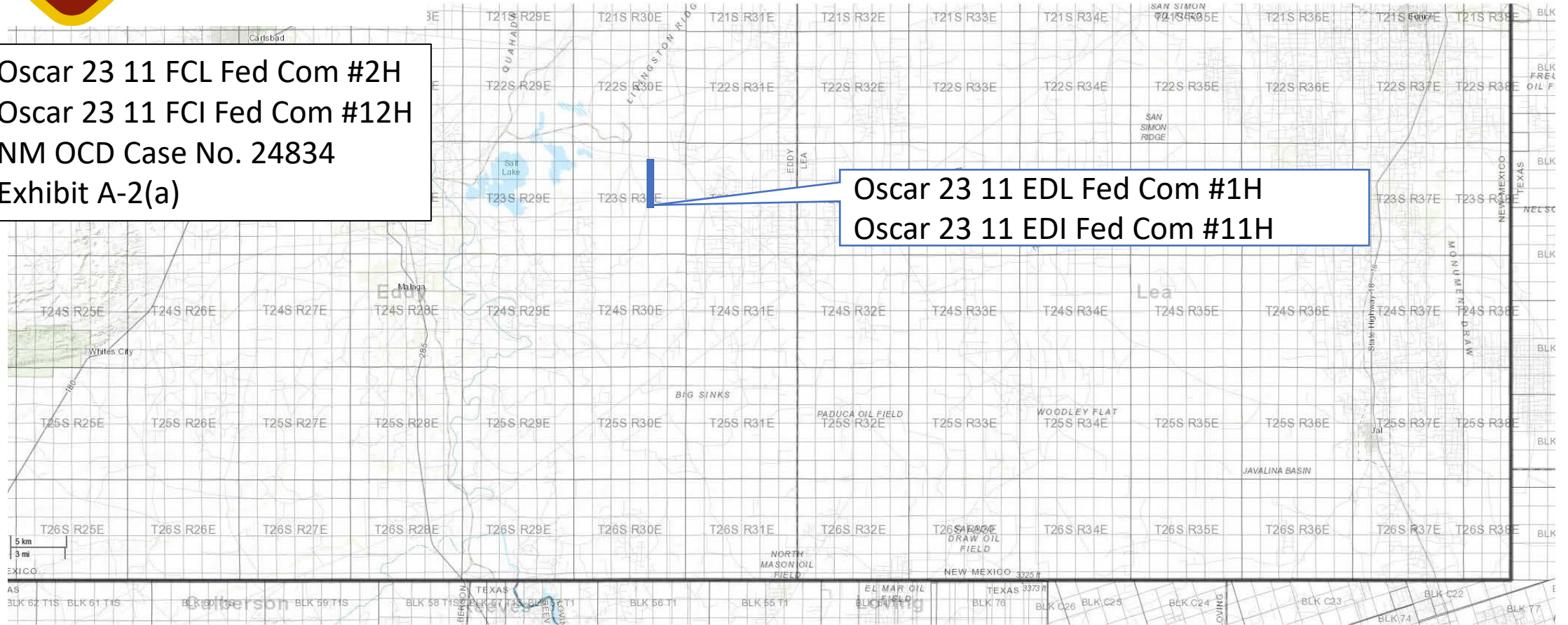




STRATA PRODUCTION COMPANY

Oscar 23 11 FCL Fed Com #2H
Oscar 23 11 FCI Fed Com #12H
NM OCD Case No. 24834
Exhibit A-2(a)

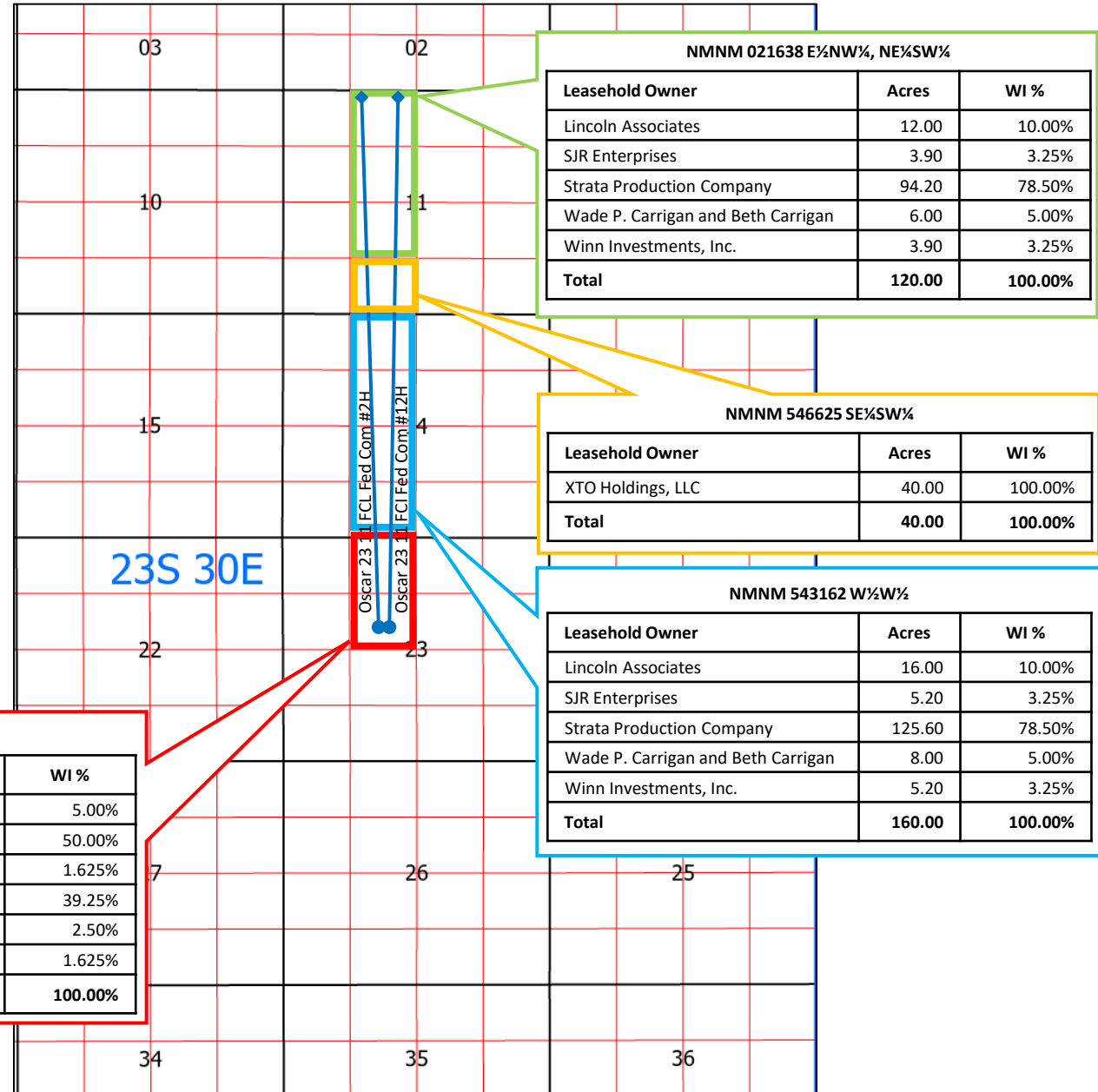
Oscar 23 11 EDL Fed Com #1H
Oscar 23 11 EDI Fed Com #11H





STRATA PRODUCTION COMPANY

Oscar 23 11 FCL Fed Com #2H
 Oscar 23 11 FCI Fed Com #12H
 NM OCD Case No. 24834
 Exhibit A-2(b)



NMNM 021638 E½NW¼, NE¼SW¼

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

NMNM 546625 SE¼SW¼

Leasehold Owner	Acres	WI %
XTO Holdings, LLC	40.00	100.00%
Total	40.00	100.00%

NMNM 543162 W¼W¼

Leasehold Owner	Acres	WI %
Lincoln Associates	16.00	10.00%
SJR Enterprises	5.20	3.25%
Strata Production Company	125.60	78.50%
Wade P. Carrigan and Beth Carrigan	8.00	5.00%
Winn Investments, Inc.	5.20	3.25%
Total	160.00	100.00%

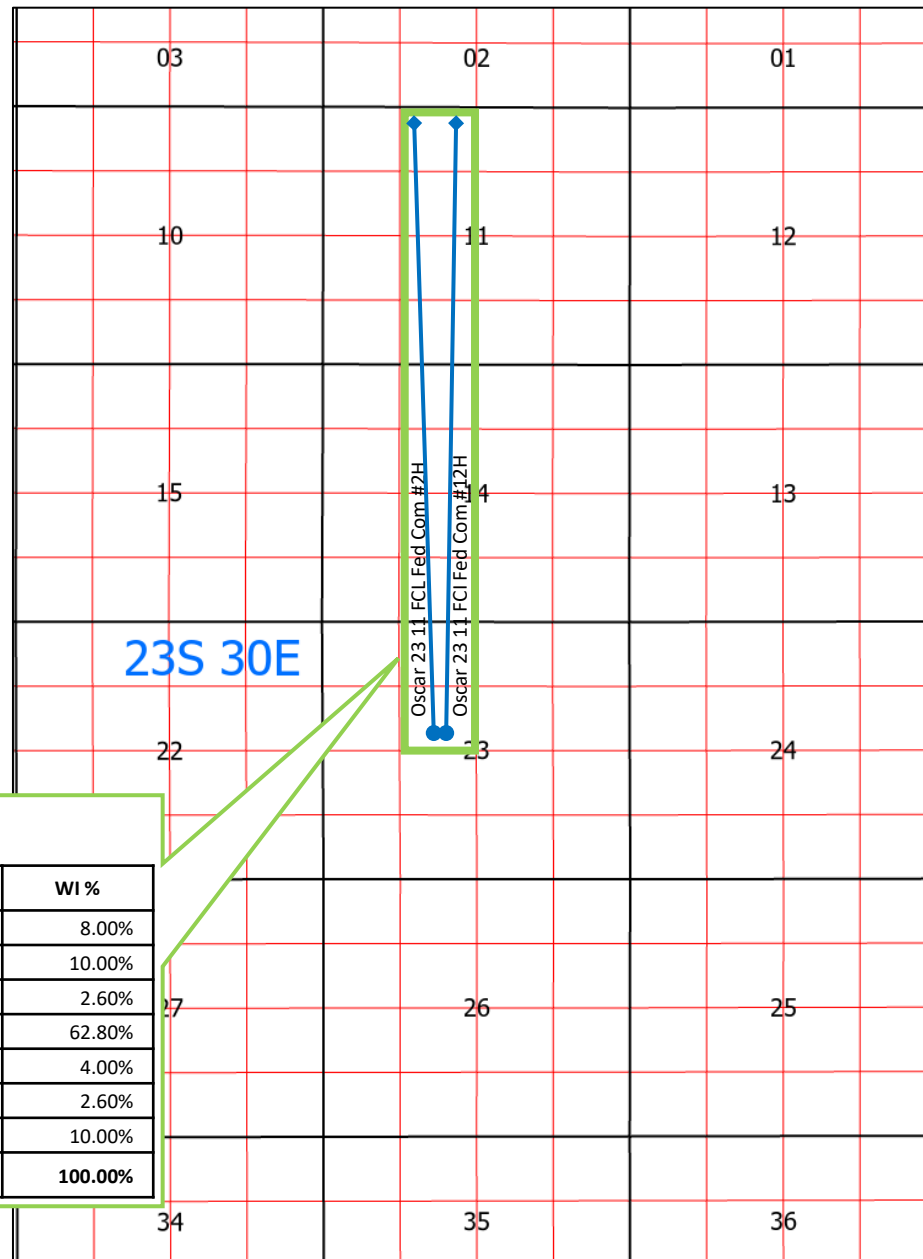
NMNM 543552 W¼NW¼

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



STRATA PRODUCTION COMPANY

Oscar 23 11 FCL Fed Com #2H
 Oscar 23 11 FCI Fed Com #12H
 NM OCD Case No. 24834
 Exhibit A-2(c)



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

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



STRATA PRODUCTION COMPANY

Oscar 23 11 FCL Fed Com #2H
Oscar 23 11 FCI Fed Com #12H
NM OCD Case No. 24834
Exhibit A-3

CONTRACT AREA Oscar 23 11 FCL Fed Com 23 11 #2H & Oscar 23 11 FCI Fed Com #12H– Case No. 53563:

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

UNIT INTEREST OF THE PARTIES:

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

TRACT INTEREST OF THE PARTIES:

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

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

Record Title Owners:	%
ConocoPhillips Company	100.00%
Total	100.00%

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

Interest Owners:	Net Acres	WI %
XTO Holdings, LLC	40.00	100.00%
Total	40.00	100.00%

Record Title Owners: %

XTO Holdings, LLC	100.00%
Total	100.00%

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

Interest Owners:	Net Acres	WI %
Lincoln Associates	16.00	10.00%
SJR Enterprises	5.20	3.25%
Strata Production Company	125.60	78.50%
Wade P. Carrigan and Beth Carrigan	8.00	5.00%
Winn Investments, Inc.	5.20	3.25%
Total	160.00	100.00%

Record Title Owners: %

ConocoPhillips Company	100.00%
Total	100.00%

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

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

Record Title Owners: %

ConocoPhillips Company	50.00%
OXY USA, Inc.	50.00%
Total	100.00%

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Tract 1:

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

Tract 2:

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

Tract 3:

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

Tract 4:

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

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

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

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

Oscar 23 11 FCL Fed Com #2H
Oscar 23 11 FCI Fed Com #12H
NM OCD Case No. 24834
Exhibit A-4(a)

September 3, 2023

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

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

Dear Sir/Madam:

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

In connection with the above, please note the following:

The estimated cost of drilling, testing, completing, and equipping of each well is itemized on the two (2) enclosed Authority for Expenditures (“AFE”) dated July 3, 2024.

Oscar 23 11 FCL Fed Com #2H: To be drilled from the legal location with a proposed surface hole location 2310' FNL & 1905' FWL of Section 23 and a proposed bottom hole location of 100' FNL & 1650' FWL of Section 11, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7579' TVD) and will be drilled horizontally to a measured depth of approximately 19850'.

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

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

In the event you elect to participate in the proposed wells, please execute the enclosed AFEs and return them to the undersigned within thirty (30) days. Please be aware that the enclosed AFEs are only an estimate of costs to be incurred and by electing to participate in the Wells, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Strata is proposing to drill the Wells under the terms of the modified 1989 AAPL form Operating Agreement (“JOA”). The JOA dated January 1, 2024, by and between Strata Production Company, as Operator and Oxy USA Inc. as Non-Operator, with the following general provisions:

- 100%/300%/300% Non-consent penalty;
- \$8,000/\$800 Drilling and producing rate;

- Strata Production Company named as Operator from the surface to base of the Delaware Formation.

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

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

If you are interested in divesting of your interest or wish to discuss other options, please contact me at (575) 622-1127 ext. 23 or by email mitch@stratanm.com. These well proposals are supplemental to those dated March 3, 2023, that were previously sent to Oxy.

Sincerely,



Mitch Krakauskas
Vice President

Enclosures: as stated

**AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS**

WELL NAME AND NUMBER Oscar 23 11 FCL Fed Com #2H		AFE NUMBER	DATE July 3, 2024
LOCATION: SL: 2,310' FNL & 1,905' FWL of Section 23 BHL: 100' FNL & 1,650' FWL of Section 11		FIELD Forty Niner Ridge Delaware	
API NUMBER 30-015-54371		COUNTY OR PARISH Eddy	STATE New Mexico
PROJECT DESCRIPTION AND LOCATION Drill ~12,468' lateral at ~7,579' TVD to test the Brushy Canyon Formation.		SECTION 23	TOWNSHIP 23S
		PROPOSED FORMATION Delaware	RANGE 30E
		PROPOSED DEPTH 19,850 7,579	

ACCT CODE	INTANGIBLES		DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage	Ft. @ \$ /Ft.			
	Drilling - Day Work - BCP	24 Days @ \$ 27000 /Day	\$648,000		\$648,000
	Drilling - Day Work - ACP	2 Days @ \$ 27000 /Day		\$54,000	\$54,000
	Completion Rig, Power Swivel, and Reverse Unit etc			\$320,000	\$320,000
	Mobilization & Demobilization- Other Contractors Charges		\$189,000		\$189,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion		\$222,000	\$500	\$222,500
	Drill Bits, Coring & DST		\$56,000	\$8,000	\$64,000
	Transportation and Hauling		\$27,500	\$28,000	\$55,500
	Drilling Mud, Chemicals & Completion Fluids		\$193,000	\$12,000	\$205,000
	Fuel, Power, Water		\$168,000	\$287,000	\$455,000
	Cementing Services, Cementing Equipment, Hangers; Packers		\$80,800	\$161,500	\$242,300
	Mud Logging		\$70,700		\$70,700
	Open Hole Logging and Side Wall Coring		\$108,400		\$108,400
	Cased Hole Logging and Perforating			\$405,000	\$405,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services		\$774,200	\$42,925	\$817,125
	Insurance		\$36,723		\$36,723
	Other Well Services, NU/BOP, Casing Inspection		\$52,000	\$49,000	\$101,000
	Overhead		\$10,000	\$5,000	\$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants		\$128,600	\$32,250	\$160,850
	Contract Services				
	Fluids & Cuttings Disposal		\$282,000	\$261,100	\$543,100
	Environmental Charges				
	Stimulation Treatment 61 Stages			\$2,998,000	\$2,998,000
	Plugging Costs				
	Miscellaneous Costs, Tax and Contingencies		\$529,469	\$991,791	\$1,521,260
	TOTAL INTANGIBLES		\$3,576,392	\$5,656,066	\$9,232,458

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,000
	Surface	500	13 3/8"	48#	H40	\$38.18	\$19,089		\$19,089
	Surface								
	Intermediate	4,200	9 5/8"	43.5	N-80	\$43.51	\$182,725		\$182,725
	Intermediate								
	Liner								
	Production	12,850	5-1/2"	20#	HCP110	\$24.25		\$311,561	\$311,561
	Production	7,000	7"	29#	HCP110	\$35.02		\$245,133	\$245,133
	Tubing	7,000	2 7/8"	6.5#	L80	\$5.03		\$35,224	\$35,224
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc							\$500	\$500
	Wellhead Equipment (Casing Head/Christmas Tree)						\$30,750	\$99,000	\$129,750
	Pumping Equipment (Pumping Unit or Sub Pump)							\$356,000	\$356,000
	Flowlines							\$76,000	\$76,000
	Tanks								
	Sales Line Equipment								
	Separator-Prod. Equip.							\$115,000	\$115,000
	Valves,Fittings etc.							\$148,000	\$148,000
	Installation of Surface Lease Equipment (extend electric grid - to be prorated to all Eeyore wells)							\$148,000	\$148,000
	Other Lease & Well Equip.								
	TOTAL TANGIBLES						\$262,564	\$1,534,418	\$1,796,982
	TOTAL WELL COSTS						\$3,838,956	\$7,190,484	\$11,029,440

Strata Production Company Working Interest	Strata Production Co. - DRY HOLE	Strata Production Co.- COMPLETED
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PREPARED BY: Jerry Elgin, VP Operations DATE: 7/3/2024

APPROVED BY: Mitch Krakauskas, Vice President DATE: SIGNED:

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:
---------------	------------	-------	-------------------

By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: _____ Date: _____

**AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS**

WELL NAME AND NUMBER Oscar 23 11 FCI Fed Com #12H		AFE NUMBER	DATE July 3, 2024
LOCATION: SL: 2,310' FNL & 1,980' FWL of Section 23 BHL: 100' FNL & 2,310' FWL of Section 11		FIELD Forty Niner Ridge Delaware	
API NUMBER 30-015-54372		COUNTY OR PARISH Eddy	STATE New Mexico
PROJECT DESCRIPTION AND LOCATION Drill ~11,903' lateral at ~7,304' TVD to test the Brushy Canyon Formation.		SECTION 23	TOWNSHIP 23S
		RANGE 30E	
		PROPOSED FORMATION Delaware	PROPOSED DEPTH (MD/TVD) 19,009 7,304

ACCT CODE	INTANGIBLES	DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage Ft. @ \$ /Ft.			
	Drilling - Day Work - BCP 24 Days @ \$ 27000 /Day	\$648,000		\$648,000
	Drilling - Day Work - ACP 2 Days @ \$ 27000 /Day		\$54,000	\$54,000
	Completion Rig, Power Swivel, and Reverse Unit etc		\$320,000	\$320,000
	Mobilization & Demobilization- Other Contractors Charges	\$189,000		\$189,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion	\$222,000	\$500	\$222,500
	Drill Bits, Coring & DST	\$56,000	\$8,000	\$64,000
	Transportation and Hauling	\$27,500	\$28,000	\$55,500
	Drilling Mud, Chemicals & Completion Fluids	\$193,000	\$12,000	\$205,000
	Fuel, Power, Water	\$168,000	\$287,000	\$455,000
	Cementing Services, Cementing Equipment, Hangers; Packers	\$80,800	\$161,500	\$242,300
	Mud Logging	\$70,700		\$70,700
	Open Hole Logging and Side Wall Coring	\$108,400		\$108,400
	Cased Hole Logging and Perforating		\$405,000	\$405,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services	\$774,200	\$42,505	\$816,705
	Insurance	\$35,167		\$35,167
	Other Well Services, NU/BOP, Casing Inspection	\$52,000	\$49,000	\$101,000
	Overhead	\$10,000	\$5,000	\$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants	\$128,600	\$32,250	\$160,850
	Contract Services			
	Fluids & Cuttings Disposal	\$282,000	\$261,100	\$543,100
	Environmental Charges			
	Stimulation Treatment 59 Stages		\$2,900,000	\$2,900,000
	Plugging Costs			
	Miscellaneous Costs, Tax and Contingencies	\$529,276	\$972,781	\$1,502,057
	TOTAL INTANGIBLES	\$3,574,643	\$5,538,636	\$9,113,278

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,000
	Surface	500	13 3/8"	48#	H40	\$38.18	\$19,089		\$19,089
	Surface								
	Intermediate	4,200	9 5/8"	43.5	N-80	\$43.51	\$182,725		\$182,725
	Intermediate								
	Liner								
	Production	12,009	5-1/2"	20#	HCP110	\$24.25		\$291,170	\$291,170
	Production	7,000	7"	29#	HCP110	\$35.02		\$245,133	\$245,133
	Tubing	7,000	2 7/8"	6.5#	L80	\$5.03		\$35,224	\$35,224
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc							\$500	\$500
	Wellhead Equipment (Casing Head/Christmas Tree)						\$30,750	\$99,000	\$129,750
	Pumping Equipment (Pumping Unit or Sub Pump)							\$356,000	\$356,000
	Flowlines							\$76,000	\$76,000
	Tanks								
	Sales Line Equipment								
	Separator-Prod. Equip.							\$115,000	\$115,000
	Valves,Fittings etc.							\$148,000	\$148,000
	Installation of Surface Lease Equipment (extend electric grid - to be prorated to all Eeyore wells)							\$148,000	\$148,000
	Other Lease & Well Equip.								
	TOTAL TANGIBLES						\$262,564	\$1,514,027	\$1,776,591
	TOTAL WELL COSTS						\$3,837,207	\$7,052,663	\$10,889,869

Strata Production Company Working Interest	Strata Production Co. - DRY HOLE	Strata Production Co.- COMPLETED
---	---	---

PREPARED BY: Jerry Elgin, VP Operations DATE: 7/3/2024

APPROVED BY: Mitch Krakauskas, Vice President DATE: SIGNED:

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:
---------------	------------	-------	-------------------

By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: _____ Date: _____



**STRATA
PRODUCTION
COMPANY**

Oscar 23 11 FCL Fed Com #2H
Oscar 23 11 FCI Fed Com #12H
NM OCD Case No. 24834
Exhibit A-5

Interest Owner: OXY USA Inc.

Contact Type: Phone, Email, USPS

Notes: Contacted Matthew Cole regarding the proposals on March 3, 2023, with no response. In prior discussions, Mr. Cole has informed me that Oxy will not look at a proposal until they are compulsory pooled and to proceed with pooling for all future wells. Contacted Mr. Cole again on September 3, 2024, via USPS and Email. He responded, connecting me with Leslie Mullin. Leslie Mullin contacted me on September 17, 2024, regarding a proposed JOA. I sent the JOA with a response stating they would review, but no further correspondence was received.

Interest Owner: XTO Holdings, LLC

Contact Type: Phone, Email, USPS

Notes: Contacted Brett Woody on February 7, 2024, with well proposals and proposed JOA. I then followed up on February 11, 2024, with Chad Smith who responded that he would review the JOA and get back to me. I followed up 10+ more times from March to September and Chad Smith responded that he was waiting on legal to review. On September 25, 2024, Chad Smith replied that XTO would plan on entering into a JOA for these wells, but as of filing the exhibits Strata has not received and executed JOA or AFEs.

TAB 4

**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. 24834

AFFIRMATION OF GEOLOGIST SCOTT KELLEY

I, being first duly sworn on oath, state the following:

1. I am over the age of 18, and have the capacity to execute this Affirmation, which is based on my personal knowledge.

2. I am employed as the geologist for Strata Production Company (“Strata” or “Applicant”), and I am familiar with the subject applications and the lands involved.

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

4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record. My education and work experience are as follows: I have a bachelor’s degree in geology from the University of Oklahoma and a master’s degree in geology from the University of Texas at Arlington. I have been working continuously as a professional geologist since 2009. I worked for two years at Geosite Inc., two years at Panther Energy Company, six years at Pioneer Natural Resources and have been at Strata Production Company for four years.

5. **Exhibit B-1** is a location map, which shows the regional setting for the proposed wells.

EXHIBIT B

6. **Exhibit B-2** includes a structural cross-section map and a regional Brushy Canyon structure map with 50' contour intervals, which illustrate the locations of the HSUs in a yellow highlighted rectangle.

7. **Exhibit B-3** is the structural cross section, indicating that the horizontal section of these wells will be placed in a zone that has an estimated gross interval thickness of 320'. This gross thickness is being calculated from the top of the lower Brushy Canyon formation to the Base of the lower Brushy Canyon formation (top of Bone Spring formation). The total thickness of the Brushy Canyon formation in this area is approximately 1600'. Perforations and completions are planned where reservoir quality sands are present through the vertical portion of the wellbore within the greater Brushy Canyon formation.

8. **Exhibit B-4** is a gunbarrel diagram that shows the proposed wells in the target formation.

9. **Exhibit B-5** is a gross isopach map.

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

Well	MD	TVD
Oscar 23 11 FCL Fed Com #2H	20,167'	7,579'
Oscar 23 11 FCI Fed Com #12H	19,009'	7,304'

11. The true vertical landing depth of the target formation for both wells is approximately 7539' and 7290' based on the structural cross section, **Exhibit B-3**.

12. Based on my geologic study of the area, I conclude the following:

- a. The horizontal spacing and proration units are justified from a geologic standpoint.

- b. There are no structural impediments or faults that will interfere with horizontal development.
- c. Each quarter-quarter section in the HSU will contribute more or less equally to production.
- d. The most efficient way to develop the acreage in is as proposed because of drilling island locations due to Potash limitations. There is no known and generally accepted preferential drilling orientation based on present-day stress regime or other geological factors that would counter the proposed south-north well orientation. Successfully developed Brushy Canyon formation horizontal wells oriented south-north have been drilled in the region, so an established trend is present. This orientation also fits our lease boundaries and aligns with the remainder of Strata's planned development in the adjoining tracts. Therefore, the preferred well orientation does not strand any acreage or reserves.

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

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

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

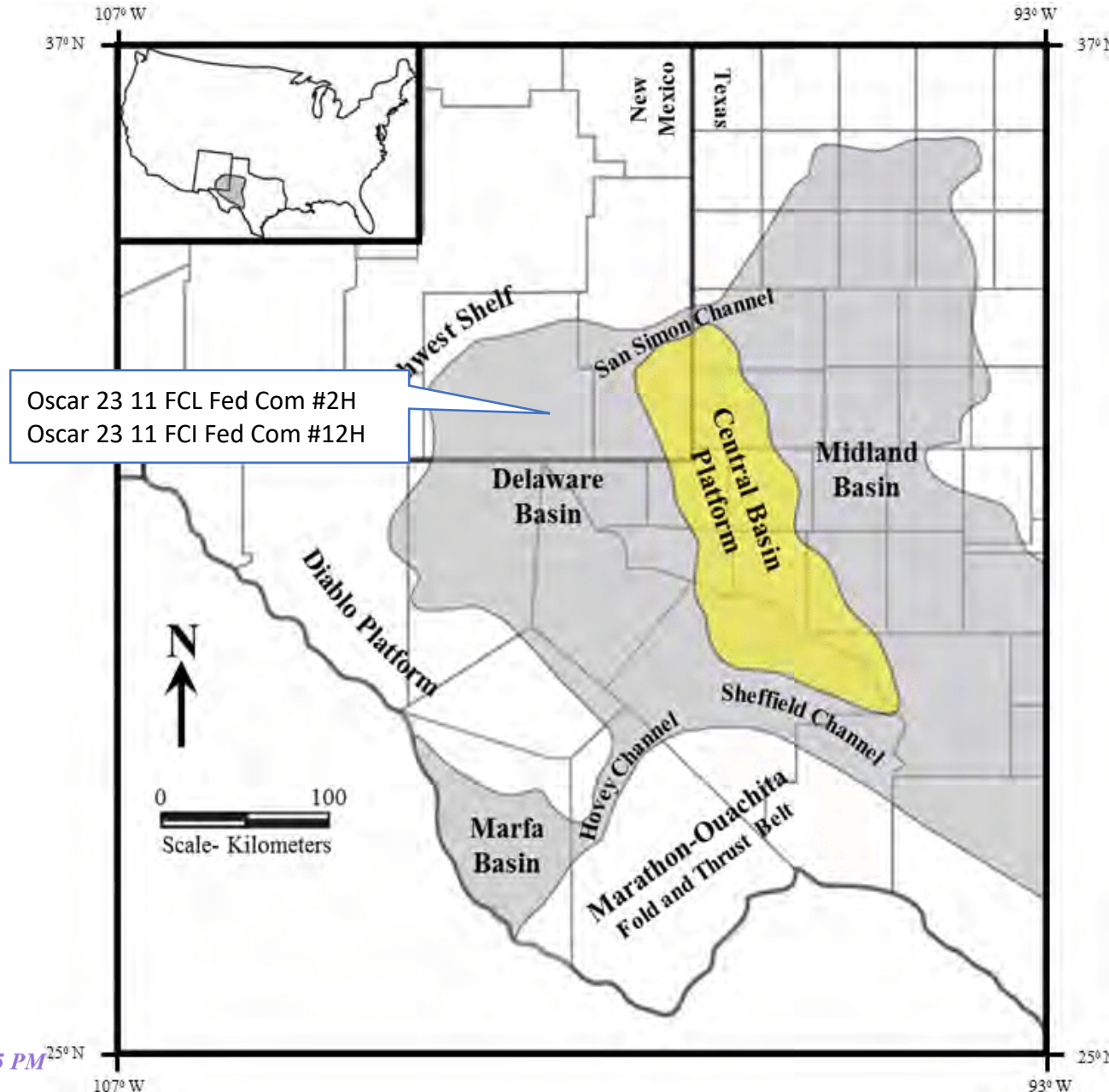
I affirm under penalty of perjury under the laws of the State of New Mexico that this statement is true and correct.



Michael Scott Kelley

September 25, 2024
Date

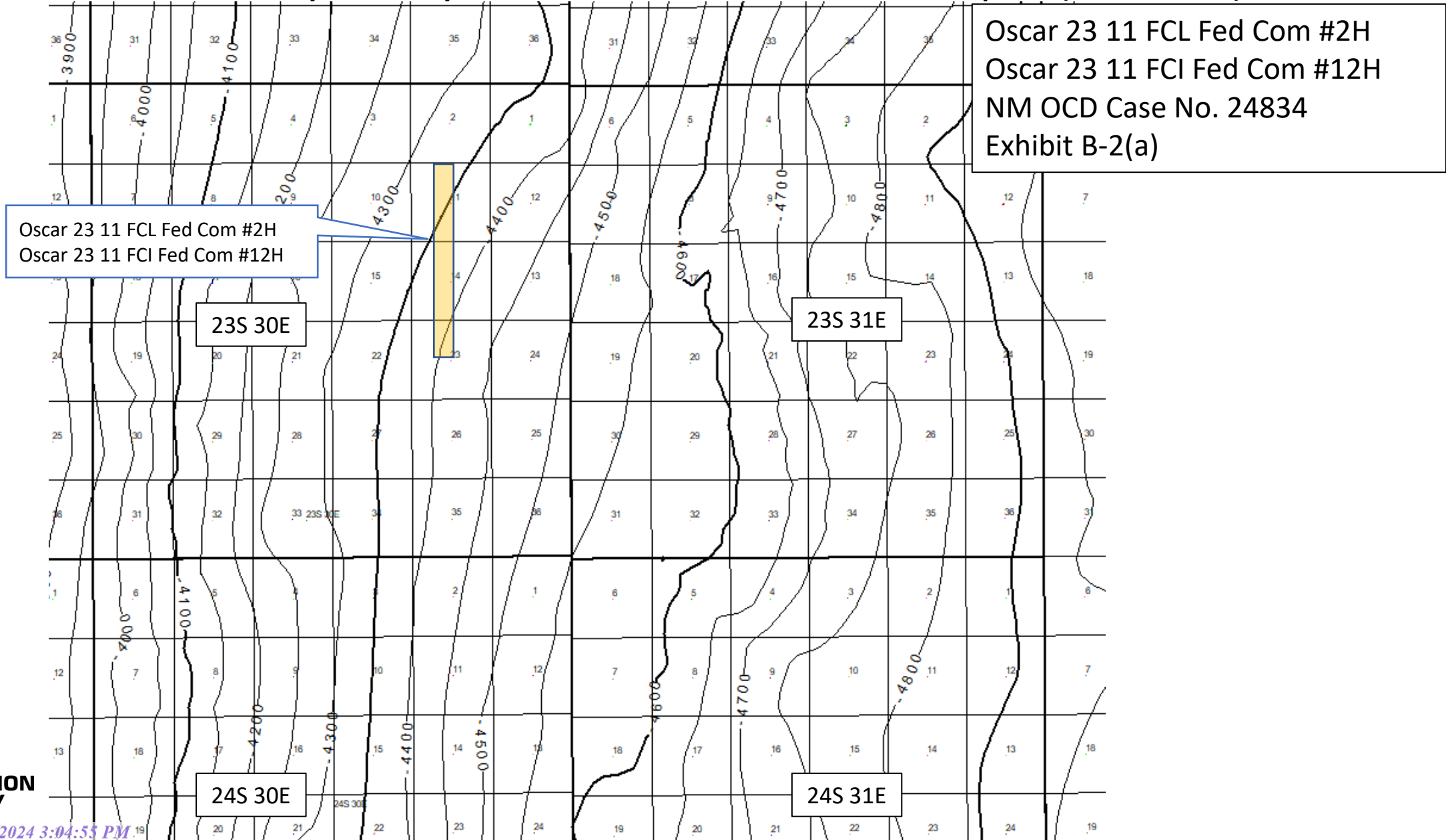
Regional View of the Delaware Basin



Oscar 23 11 FCL Fed Com #2H
 Oscar 23 11 FCI Fed Com #12H
 NM OCD Case No. 24834
 Exhibit B-1

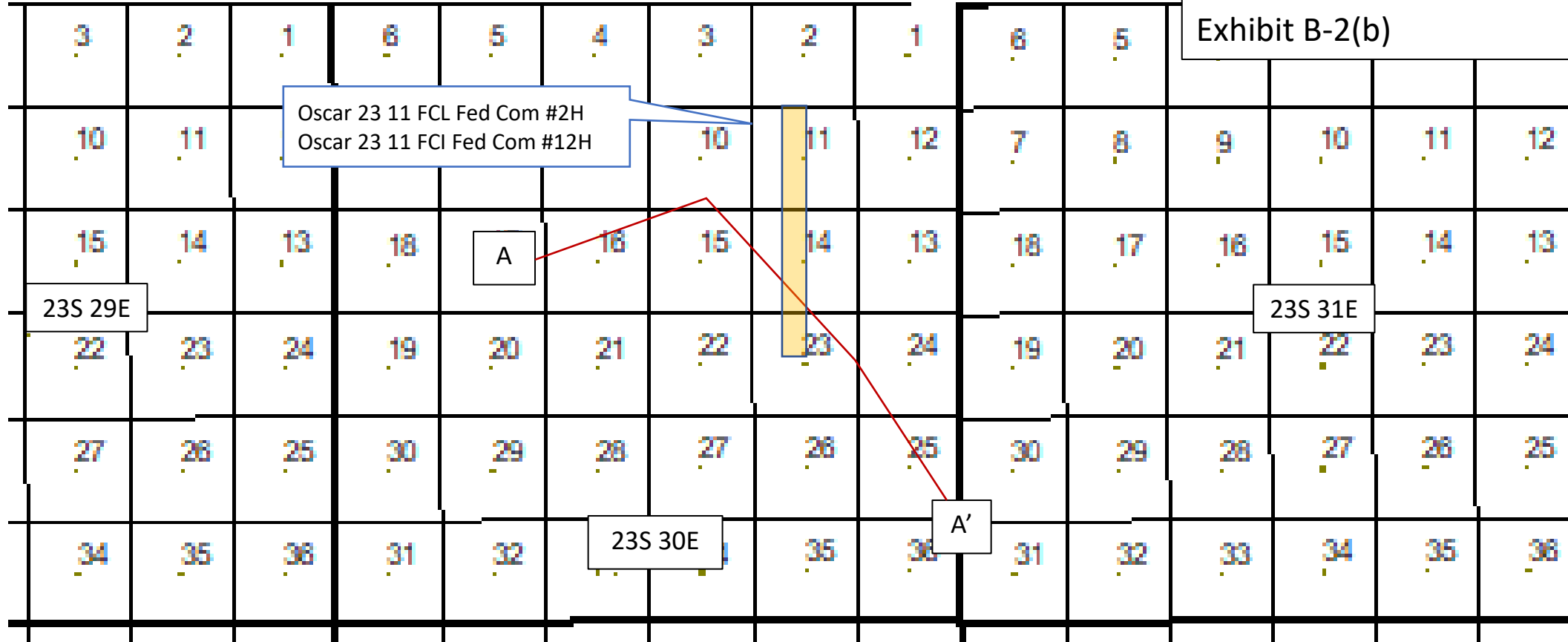


Base of Brushy Canyon Fm. Structure Map (TVDSS)



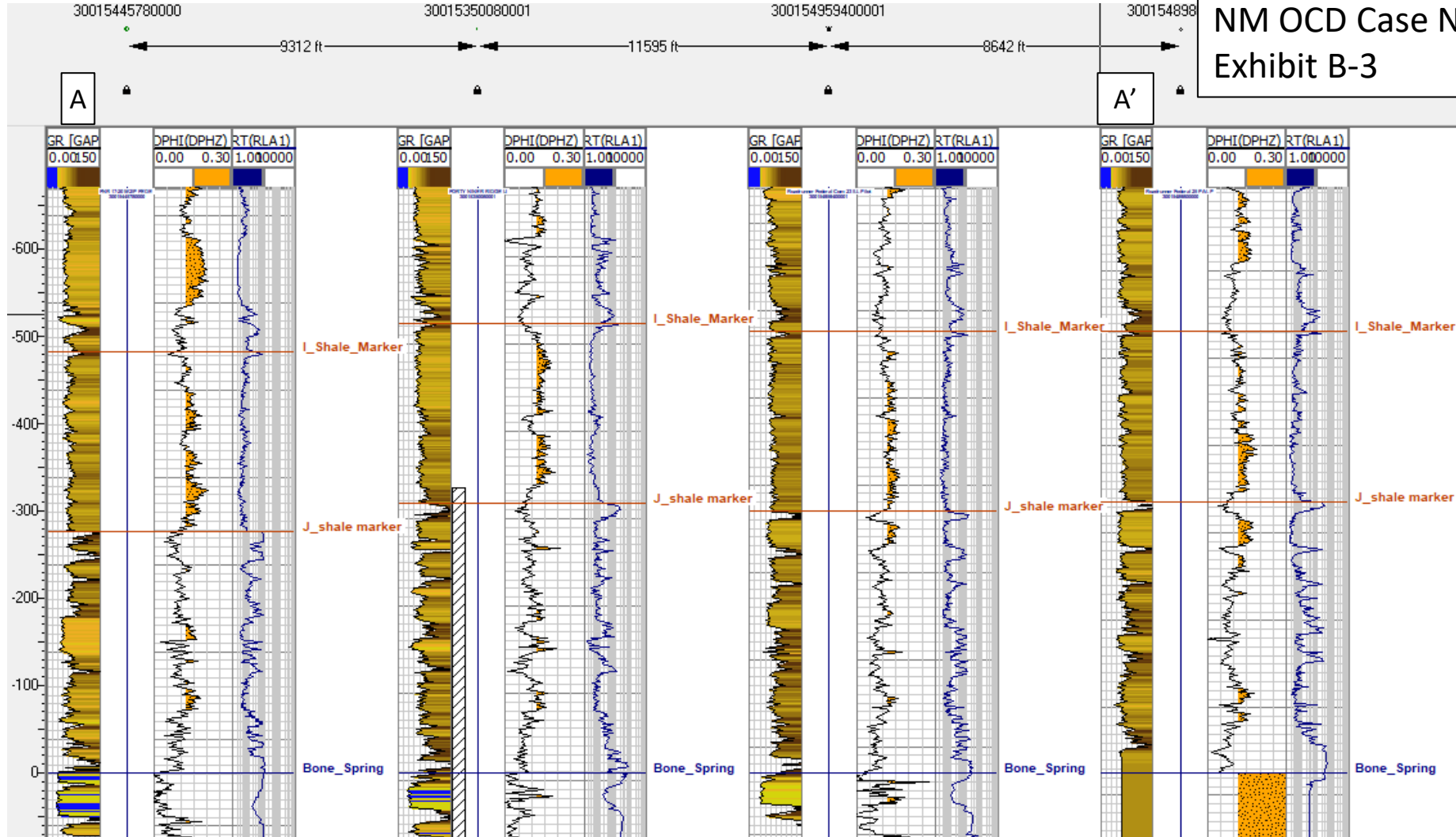
Cross Section Line Map

Oscar 23 11 FCL Fed Com #2H
 Oscar 23 11 FCI Fed Com #12H
 NM OCD Case No. 24834
 Exhibit B-2(b)

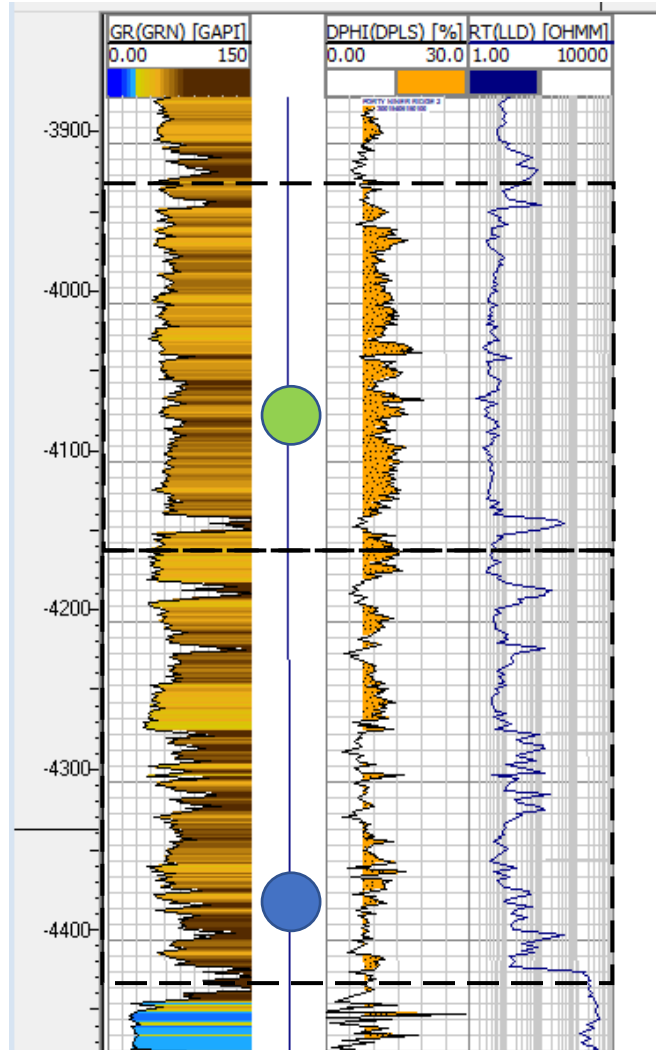


Stratigraphical Cross Section

Oscar 23 11 FCL Fed Com #2H
Oscar 23 11 FCI Fed Com #12H
NM OCD Case No. 24834
Exhibit B-3

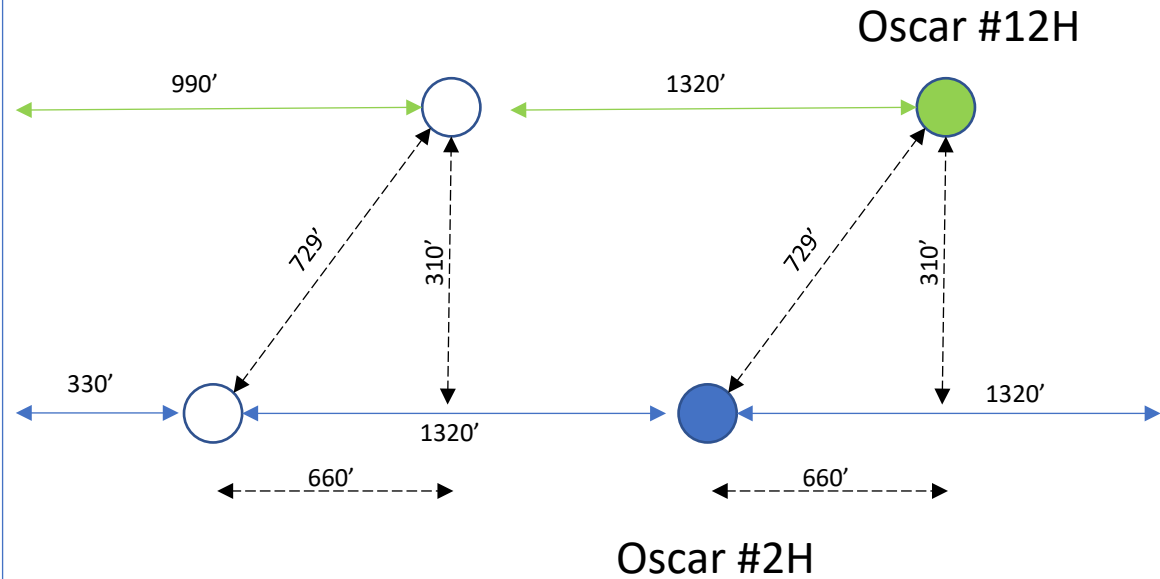


Gunbarrel Diagram



Section 22

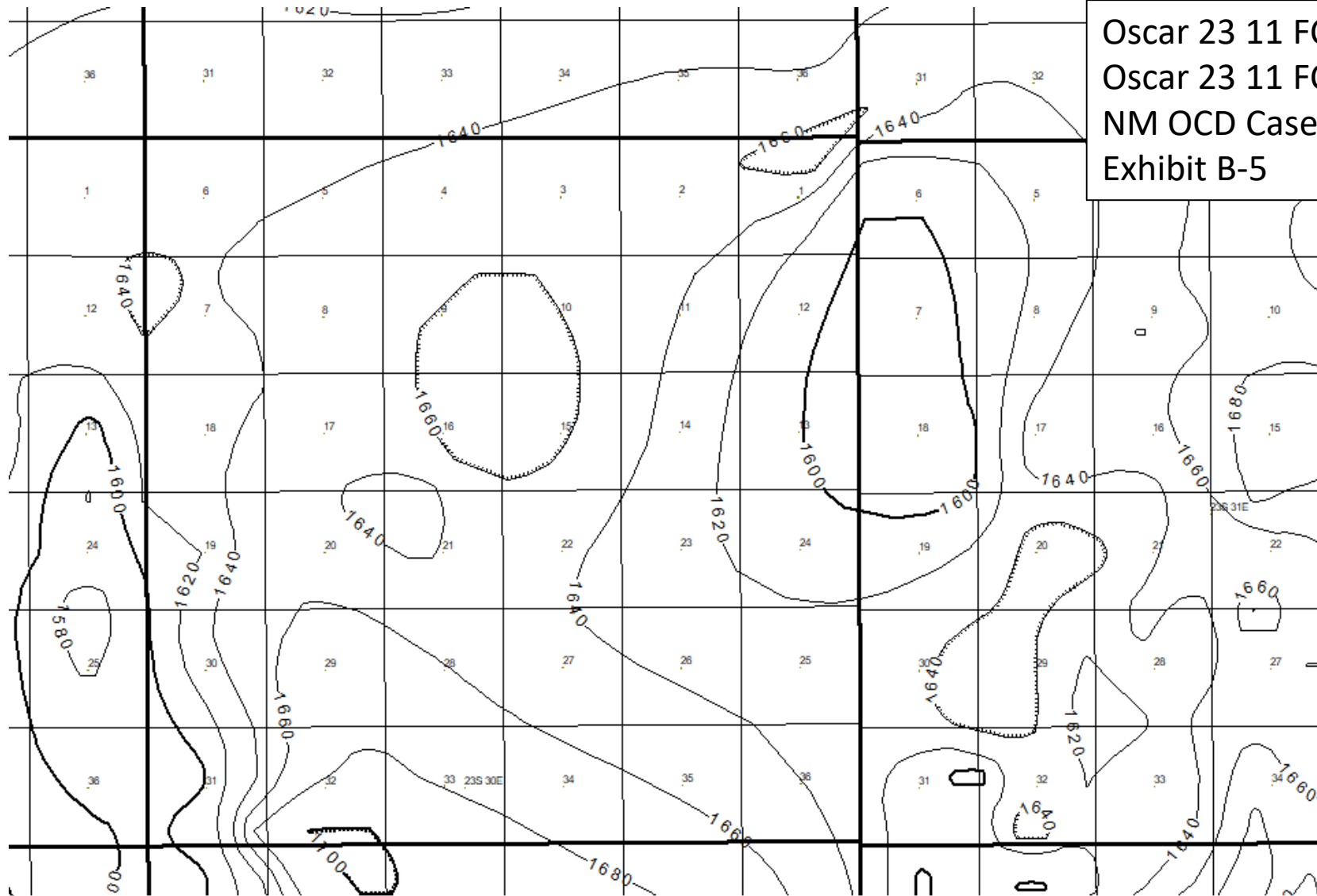
Section 23



Oscar 23 11 FCL Fed Com #2H
 Oscar 23 11 FCI Fed Com #12H
 NM OCD Case No. 24834
 Exhibit B-4



Gross Isopach Map



Oscar 23 11 FCL Fed Com #2H
Oscar 23 11 FCI Fed Com #12H
NM OCD Case No. 24834
Exhibit B-5



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. 24834

AFFIRMATION OF NOTICE

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

I caused notice of the applications to be sent by certified mail through the United States Postal Service on September 13, 2024, to all interest owners sought to be pooled in these proceedings. A sample notice letter to all interested parties is attached hereto as Exhibit C-1. A chart showing the results of certified mailing of the notice letter to all interested parties is attached as Exhibit C-2. All interested parties in this matter received notice by certified mail, which is reflected in the attached Exhibit C-3. Nonetheless, in an abundance of caution, notice was also directed to all such owners by publication in the Carlsbad Current Argus on September 19, 2024, as shown in the Affidavit of Publication attached hereto as Exhibit C-4. The attached exhibits demonstrate to my satisfaction that all owners sought to be pooled were properly served.

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

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

September 26, 2024
Date

EXHIBIT C



SpencerFane®

Sharon T. Shaheen
Direct Dial: 505-986-2678
sshahen@spencerfane.com

September 13, 2024

Via U.S. Certified Mail, return receipt requested

TO: ALL INTEREST OWNERS ON ATTACHED LIST

Re: Case No. 24843 – Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico – **Oscar 23 11 FCL Fed Com #2H and Oscar 23 11 FCL Fed Com #12H**

Dear Interest Owner:

This will advise that pursuant to NMSA 1978, § 70-2-17, Strata Production Company (“Strata”) has filed applications with the New Mexico Oil Conservation Division for orders pooling all uncommitted interests in the proposed wells described below (“Applications”). You are receiving this notice because you may have an interest in one or more of these wells.

Case No. 24843. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) **Oscar 23 11 FCL Fed Com #2H** well, to be horizontally drilled from an approximate surface hole location 2310’ FNL and 1905’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 1650’ FWL of Section 11, T23S-R30E; and (2) **Oscar 23 11 FCI Fed Com #12H** well, to be horizontally drilled from an approximate surface hole location 2310’ FNL and 1980’ FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100’ FNL and 2310’ FWL of Section 11, T23S-R30E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 14 miles East of Loving, New Mexico.

The attached application will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division. Hearings are currently conducted remotely. The hearing will be conducted on **October 3, 2024**, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. You are not

All Interest Owners
September 13, 2024
Page 2



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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 **September 25, 2024**, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **September 26, 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,

/s/ Sharon T. Shaheen

Sharon T. Shaheen

Enclosure

cc: Strata Production Co., *via email*

EXHIBIT A

INTEREST OWNERS

Working Interest Party(ies):

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

XTO Holdings, LLC
22777 Springwoods Village Prkwy
Spring, TX 77389

Additional Interested Party(ies):

Bureau of Land Management
620 E Greene St.
Carlsbad, NM 88220

Mail Activity Report - CertifiedPro.net
 Mailed from 9/13/2024 to 9/13/2024
 User Name: Dortiz
 Generated: 9/26/2024 8:37:30 AM

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EXHIBIT C-2

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 XTO Holdings, LLC
 22777 Springwoods Village Parkway
 Spring, TX 77389

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 Sharon T. Shaheen
 Strata (9015271,2301) Oscar 2H and 21H wells
 Spencer Fane, LLP
 325 Paseo de Peralta
 Santa Fe, NM 87501-1860

Service Options: Return Receipt
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Custom Field 3: Oscar @H and 12H

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EXHIBIT C-3

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Domestic Mail Only

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Sent to:
XTC Holdings, LLC
22777 Springwoods Village Parkway
Spring, TX 77389

Reference Information

Transaction Details

Recipient:
 Oxy USA, Inc.
 5 Greenway Plaza
 Suite 110
 Houston, TX 77046

Sender:
 Sharon T. Shaheen
 Strata (9015271.2301) Oscar 2H and 21H wells
 Spencer Fane, LLP
 325 Paseo de Peralta
 Santa Fe, NM 87501-1860

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U.S. Postal Service®
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Certified Mail Restricted Delivery	\$	0.00
Postage	\$	1.77
Total Postage and Fees	\$	10.72



Postmark Here

Sent to:
 Oxy USA, Inc.
 5 Greenway Plaza
 Suite 110
 Houston, TX 77046

Reference Information

PS Form 3800, Facsimile, July 2015

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1. Article Addressed to: Oxy USA, Inc. 5 Greenway Plaza Suite 110 Houston, TX 77046	B. Received by (Printed Name) 	C. Date of Delivery 9/18/24
2. Certified Mail (Form 3800) Article Number 9314 7699 0430 0125 9359 32	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
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 620 E. Greene Street
 Carlsbad, NM 88220

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 Sharon T. Shaheen
 Strata (9015271.2301) Oscar 2H and 21H wells
 Spencer Fane, LLP
 325 Paseo de Peralta
 Santa Fe, NM 87501-1860

Service Options: Return Receipt
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Mail Service: Certified
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Postage: \$1.77
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Status: Delivered
Sender: S. Shaheen
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Custom Field 3: Oscar @H and 12H

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U.S. Postal Service®
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

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Return Receipt (Hardcopy)	\$	4.10	
Return Receipt (Electronic)	\$	0.00	
Certified Mail Restricted Delivery	\$	0.00	
Postage	\$	1.77	
Total Postage and Fees	\$	10.72	

Sent to:
 Bureau of Land Management
 620 E. Greene Street
 Carlsbad, NM 88220

Reference Information

PS Form 3800, Facsimile, July 2015

Return Receipt (Form 3811) Barcode	COMPLETE THIS SECTION ON DELIVERY	
 9590 9699 0430 0125 9359 58	A. Signature 	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to: Bureau of Land Management 620 E. Greene Street Carlsbad, NM 88220	B. Received by (Printed Name) <i>W. P. Ric</i>	C. Date of Delivery <i>9/17/24</i>
2. Certified Mail (Form 3800) Article Number 9314 7699 0430 0125 9359 56	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
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AFFIDAVIT OF PUBLICATION

CARLSBAD CURRENT-ARGUS
PO BOX 507
HUTCHINSON, KS 67504-0507

NOTICE

STATE OF NEW MEXICO } SS
COUNTY OF EDDY }

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

Account Number: 1006
Ad Number: 14410
Description: Case #24834
Ad Cost: \$143.05

Oxy USA, Inc.; XTO Holdings, LLC; and Bureau of Land Management.

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

Nicole Bitton, being first duly sworn, says:

Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit (HSU) comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) **Oscar 23 11 FCL Fed Com #2H** well, to be horizontally drilled from an approximate surface hole location 2310 FNL and 1905 FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100 FNL and 1650 FWL of Section 11, T23S-R30E; and (2) **Oscar 23 11 FCI Fed Com #12H** well, to be horizontally drilled from an approximate surface hole location 2310 FNL and 1980 FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100 FNL and 2310 FWL of Section 11, T23S-R30E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 14 miles East of Loving, New Mexico.

That she is the Agent of the the Carlsbad Current-Argus, a Weekly newspaper of general circulation, printed and published in Carlsbad, Eddy County, New Mexico; that the publication, a copy of which is attached hereto, was published in said newspaper on the following dates:

September 19, 2024

That said newspaper was regularly issued and circulated on those dates.

SIGNED:

N Bitton
Agent

Subscribed to and sworn to me this 19th day of September 2024.

Latisha Romine
Notary Public
State of NM County Eddy
ID#: 1076338
My commission expires: 5/12/27

These applications will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division on **October 3, 2024**, beginning at 8:15 a.m. Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to present testimony or evidence at the hearing, you must enter your appearance by **September 25, 2024**, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **September 26, 2024**, in accordance with Division Rule 19.15.4.13 NMAC. For further information, contact the applicants attorney, Sharon T. Shaheen, Spencer Fane, LLP, 325 Paseo de Peralta, Santa Fe, New Mexico 87501, (505) 986-2678.

Published in the Carlsbad Current-Argus on Sep 19, 2024.

LATISHA ROMINE
Notary Public, State of New Mexico
Commission No. 1076338
My Commission Expires
05-12-2027

DAVID ORTIZ
SPENCER FANE LLP
325 PASEO DE PERALTA
SANTA FE, NM 87501-1860

EXHIBIT C-4