

CHECKLIST for ADMINISTRATIVE INJECTION APPLICATIONS

Operator: STRATA PRODUCTION CO. Well: LEE FEDERAL No. 2

Contact: FRANK MORGAN Title: V.P. Phone: _____

DATE IN 2-7-97 RELEASE DATE 2-24-97 DATE OUT 3-13-97

Proposed Injection Application is for: WATERFLOOD Expansion Initial

Original Order: R- _____ Secondary Recovery Pressure Maintenance

SENSITIVE AREAS SALT WATER DISPOSAL Commercial Well

WIPP 465 Capitan Reef Other _____

Data is complete for proposed well(s)? Additional Data Req'd _____

INJECTION ZONE IS BELOW REEF - CR'D w/ BRYAN ARKENT
DIST 2 GEOLOGIST
OK'd 3-14-97

AREA of REVIEW WELLS

5 Total # of AOR 1 # of Plugged Wells

465 Tabulation Complete 465 Schematics of P & A's

465 Cement Tops Adequate AOR Repair Required

INJECTION FORMATION

Injection Formation(s) Lower CHERY & Upper BASSIN & DEWAKE

Source of Water or Injectate AREA PRODUCTION! Compatible Analysis 465
NORROW / ATOKA

PROOF of NOTICE

465 Copy of Legal Notice 465 Information Printed Correctly

465 Correct Operators 465 Copies of Certified Mail Receipts

10 Objection Received Set to Hearing _____ Date

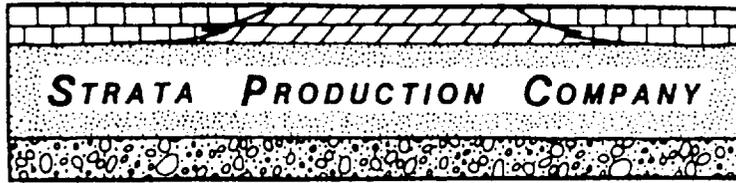
NOTES: _____

APPLICATION QUALIFIES FOR ADMINISTRATIVE APPROVAL? YES

COMMUNICATION WITH CONTACT PERSON:

1st Contact:	<input checked="" type="checkbox"/> Telephoned	<input type="checkbox"/> Letter	<u>3-13-97</u> Date	Nature of Discussion	<u>CR'D COPY FORWARDED TO OFFICE OF RHE DETERMINATION / BRYAN</u>
2nd Contact:	<input type="checkbox"/> Telephoned	<input type="checkbox"/> Letter	_____ Date	Nature of Discussion	_____
3rd Contact:	<input type="checkbox"/> Telephoned	<input type="checkbox"/> Letter	_____ Date	Nature of Discussion	_____

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

February 5, 1997

Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Proposed Salt Water Disposal Well
Lee Federal #2
1980' FNL & 1980' FEL
Section 25-20S-28E
Eddy County, New Mexico

Gentlemen:

Strata Production Company proposes converting the captioned well for water disposal of produced water from the Scanlon Field basal Brushy Canyon Delaware sandstones into the Lower Cherry Canyon and Upper Brushy Canyon formations of the Delaware Mountain Group.

Please find enclosed the following data pertinent to the Application:

1. Form C-108 with Attachment to Form C-108.
2. Area of Review Plat.
3. Wellbore Schematic - Lee Federal #2.
4. Proposed Wellbore Schematic - Lee Federal #2.
5. Logs of Proposed Disposal Zone - Lee Federal #2.
6. Wellbore Schematics of Plugged Wells in the Area of Review.
7. Copy of the Public Notice.
8. Copies of Notices to Surface Lease Owner and Offset Leasehold Operators.
9. Water Analysis will be forwarded upon completion.

Should you have any questions regarding this matter, please contact this office.

Sincerely,

STRATA PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Carol J. Garcia".

Carol J. Garcia
Production Records Manager

CJG:ms
Enclosures

ABOVE THIS LINE FOR DIVISION USE ONLY

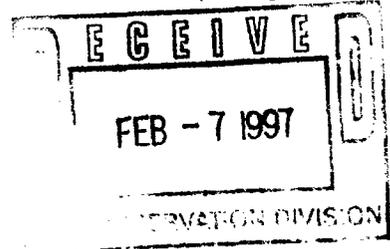
NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]



[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

<u>Carol J. Garcia</u> Print or Type Name	<u>Carol J. Garcia</u> Signature	<u>Production Manager</u> Title	<u>2/5/97</u> Date
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APPLICATION FOR AUTHORIZATION TO INJECT

- I. Purpose: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? yes no
- II. Operator: Strata Production Company
Address: P.O. Box 1030, Roswell, New Mexico 88202-1030
Contact party: Frank S. Morgan, Vice President Phone: 505-622-1127
- III. Well data: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? yes no
If yes, give the Division order number authorizing the project _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- * VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such source known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- * X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division they need not be resubmitted.)
- * XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Frank S. Morgan Title Vice President/Operations

Signature: *Frank S. Morgan* Date: 1/30/97

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal.

ATTACHMENT TO FORM C-108
APPLICATION FOR AUTHORIZATION TO INJECT

LEE FEDERAL #2
SECTION 25-20S-28E
EDDY COUNTY, NEW MEXICO

- III. Well diagram attached.
- IV. No.
- V. Plat attached. There are five (5) wells within the area of review.
- VI. Proposed Injection Well:

Lee Federal #2: Located 1980' FNL and 1980' FEL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 12/29/82. TD 11660'. Set 13 3/8" casing at 628'. Cemented with 540 sacks cement. Circulated. Set 9 5/8" casing at 3227'. Cemented with 1540 sacks cement. Circulated. Set 7" casing at 11660'. Cemented with 1025 sacks cement. Dual completion as follows: Atoka: Perforated 10735'-10755' (4 spf). Morrow: Perforated 11292'-11305' (4 spf), 11362'-11382', 11442'-11458'. Acidized last set of perforations with 5000 gallons 7 1/2% MA with 190,000 SCF N₂. Workover 11/06/96: TOH with dual completion string. Set 7" CIBP at 11220' with 35' cement on top. Set CIBP at 10700' with 35' cement on top. Set 100' cement plugs at 8994' and 5618'. Shot 4 squeeze holes at 4770'. Cement bond log indicated TOC at 4800'. Break circulation between 7" casing and 9 5/8" casing. Cement with 1500 gallons mud-flush and 550 sacks Class "C" cement. Circulated 50 sacks cement. Perforated 5286'-5308'. Acidized with 1300 gallon 7 1/2% NEFE. Perforated 3210'-3226'. Acidized with 1100 gallons 7 1/2% NEFE and 12 tons CO₂. Frac with 6000 gallons gel and 6300# 16/30 sand. Perforated 3123'-3130'. Acidized with 750 gallons 7 1/2% NEFE. Well tested noncommercial. Plan to perforate additional selected zones between 3290'-4450' for injection, run 7" plastic coated packer to a depth of 3250' with 2 3/8" plastic coated tubing. Packer will be circulated around backside. Current status Shut-in. Schematic attached.

Wells in Area of Review and Offset Wells:

Lee Federal #1: Located 2310' FSL and 660' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 7/30/82. TD 11950'. Set 13 3/8" casing at 610'. Cemented with 540 sacks cement. Circulated. Set 9 5/8" casing at 2985'. Cemented with 2445 sacks cement. Circulated. Set 5 1/2" casing at 11944'. Cemented with 485 sacks cement. Perforated 11452'-11508'. Perforated 11005'-11011', 11238'-11244' and 11329'-11330'. Acidized with 4000 gallons 10% HCL and 4000 gallons CO₂. Set RBP at 11400'. Current status Producing.

Lee Federal #3: Located 1975' FNL and 1765' FEL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 2/25/83. TD 1295'. Set 10 3/4" casing at 250'. Cemented with 115 sacks cement. Circulated. Set 7" casing at 671'. Cemented with 655 sacks cement. Circulated. Set 4 1/2" casing at 1291'. Cemented with 20 sacks cement. TOC at 591'. Perforated 1198'-1206' and 1214'-1222'. Acidized with 2500 gallons 7 1/2% NEFE. Frac with 46,000# 20/40 and 35,000# 10/20 sand. Tested. Never placed on production. Temporarily Abandoned.

Lee Federal #4: Located 2100' FSL and 660' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 5/16/84. TD 2198'. Set 13 3/8" casing at 405'. Cemented with 500 sacks cement. Circulated. Lost 619' of fish in hole. Set plug from 455' to 355' with 75 sacks Class "C" cement. Circulated 15 sacks cement. Plugged and Abandoned. Schematic attached.

Lee Federal #4Y: Located 2100' FSL and 330' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 6/2/84. TD 6700'. Set 13 3/8" casing at 405'. Cemented with 500 sacks cement. Circulated. Set 8 5/8" casing at 2703'. Cemented with 1837 sacks cement. Circulated. Set 5 1/2" casing at 6698'. Cemented Second Stage with 770 sacks cement. Perforated 5452-5470'. Acidized with 2000 gallons 15% HCL. Frac with 20,000 gallons gel with 25% CO₂ and 33,000# 20/40 sand. Perforated 5586'-5608'. Acidized with 2000 gallons 15% HCL. Frac with 20,000 gallons gel with 2% CO₂ and 33,000# 20/40 sand. Current status Producing.

Lee Federal #5: Located 860' FSL and 660' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 7/28/84. Set 13 3/8" casing at 417'. Cemented with 500 sacks cement. Circulated. Parted 8 5/8" casing. Plug well as follows: Set First Plug from 2777'-2602' with 150 sacks Class "C". Set Second Plug from 2077'-1897' with 50 sacks Class "C". Set Third Plug from 466'-298' with 50 sacks Class "C". Set Fourth Plug from 80' to surface with 30 sacks Class "C". Installed Dry Hole Marker. Plugged and Abandoned. Schematic attached.

Lee Federal #5Y: Located 990' FSL and 712' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 9/15/85. TD 6410'. Set 13 3/8" casing at 427'. Cemented with 400 sacks cement. Circulated. Set 8 5/8" casing at 2545'. Cemented with 2075 sacks cement. Circulated. Set 5 1/2" casing at 6407'. Cemented Second Stage with 1255 sacks cement. Perforated 5572'-5592'. Acidized with 2000 gallons 15% HCL. Frac with 455 bbls gelled 2% KCL and 33,000# 20/40 sand. Set CIBP at 5560' with 35' cement on top. Perforated 5372'-5448'. Acidized with 2000 gallons 7 1/2% NEFE. Frac with 45,000 gallons nitrogen and 57,000# 20/40 sand. Current status Producing.

Lee Federal #6: Located 1875' FSL and 1765' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 8/19/84. TD 6619'. Set 13 3/8" casing at 408'. Cemented with 400 sacks cement. Circulated. Set 8 5/8" casing at 2565'. Cemented with 1753 sacks cement. Circulated. Set 5 1/2" casing at 6617'. Cemented with 1225 sacks cement. Perforated 6090'-6170'. Acidized with 2000 gallons 15% HCL. Set CIBP at 6070' with 32' cement on top. Perforated 5938'-5984'. Acidized with 2000 gallons 15% HCL. Perforated 5610'-5624'. Acidized with 2000 gallons 15% HCL. Frac with 33,000# 20/40 and 20,000 gallons gelled CO₂. Set CIBP at 5592' with 34' cement on top. Perforated 5455'-5491'. Acidized with 2500 gallons 7 1/2% acid. Frac with 318 sacks 20/40 and 238 sacks 10/20 sand. Producing. Current status Shut-in.

Lee Federal #7: Located 1980' FNL and 1980' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 12/16/94. TD 7940'. Set 13 3/8" casing at 402'. Cemented with 425 sacks cement. Circulated 127 sacks cement. Set 8 5/8" casing at 2680'. Cemented with 1400 sacks cement. Circulated 250 sacks cement. Set 5 1/2" casing at 7942'. Cemented with 1420 sacks cement. Circulated 107 sacks cement.

Estimated TOC at 1700'. Shot squeeze holes at 6550'. Cemented with 50 sacks Class "C". Perforated 7507'-7565'. Acidized with 1200 gallons 7 1/2% NEFE. Frac with 60,000 gallons gel and 118,000# 16/30 sand. Perforated 6669'-6733'. Acidized with 1750 gallons 7 1/2% NEFE. Frac with 1800 barrels gelled 2% KCL and 230,000# 16/30 sand. CIBP at 6620' with 35' cement on top. Perforated 5305'-5364'. Acidized with 1850 gallons 7 1/2% NEFE. Frac with 135,000# 20/40 sand. Perforated 3096'-3132'. Acidized with 1500 gallons 7 1/2% NEFE and 30% Nitrogen. Frac with 6000 gallons gel and 5100# 16/30 sand. Isolated perforations with RBP at 3223'. Current status Producing.

Levers Fee #1: Located 660' FNL and 1980' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 9/3/43. TD 971'. Set 10" casing at 225'. Set 8" casing at 530'. Set 7" casing at 824'. Set plug at 550' with 15 sacks cement. Set plug at 230' with 15 sacks cement. Set plug at surface with 10 sacks cement. Dry and Abandoned. Schematic attached.

VII/VIII. Injection Zone/Procedure

<u>Zone to be Injected:</u>	3290'-3336'	4050'-4100'
	3352'-3400'	4172'-4250'
	3630'-3664'	4390'-4450'
	3732'-3760'	Cased hole

Geological data and testing of the Lee Federal #2 indicates that the well is down dip and wet to the offset wells in the Area of Review with possible enhanced production recovery to the wells.

TYPE INJECTION SYSTEM:	Closed
PROPOSED DAILY INJECTION RATE:	75 barrels initial (.05 BPM)
MAXIMUM DAILY INJECTION RATE:	300 barrels (.21 BPM)
AVERAGE INJECTION PRESSURE:	400 psi Estimated
MAXIMUM INJECTION PRESSURE:	600 psi

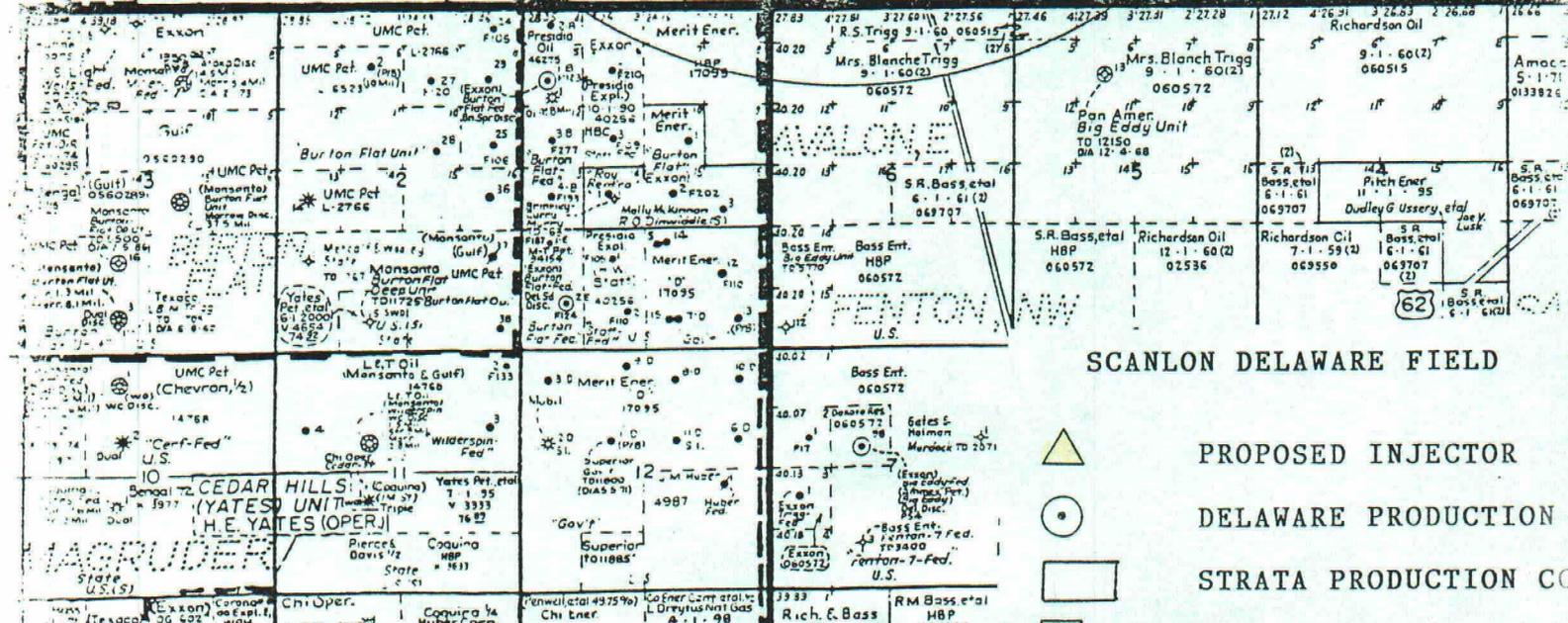
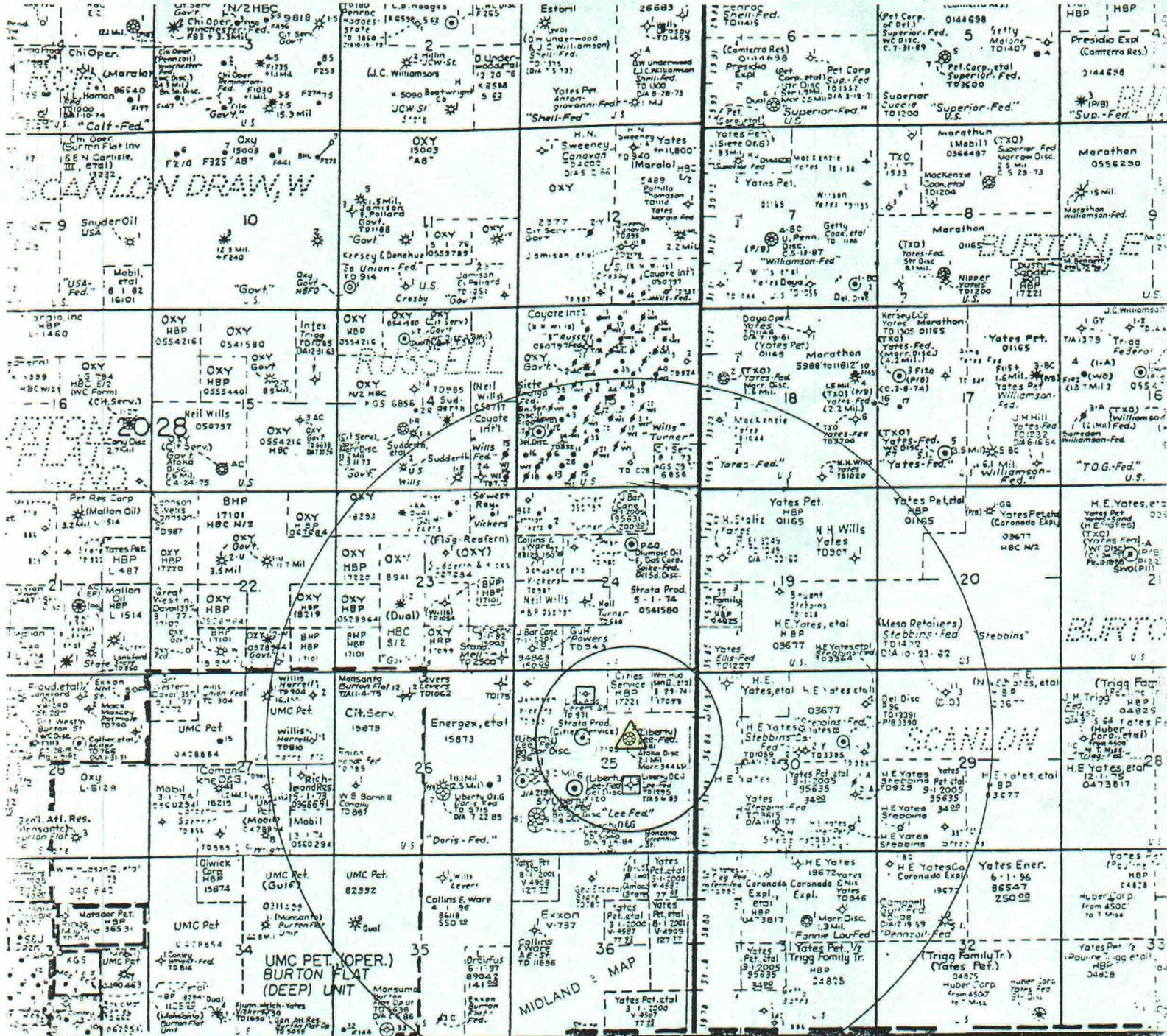
Water Compatibility: The water to be injected will initially be produced from adjacent Strata operated wells producing from the Delaware sandstone at approximately 5100 feet to 5500 feet. Currently the field produces approximately 30 BOPD and 60 BWPD. Workovers in the Delaware formation are scheduled for March, 1997 and should produce additional oil and water.

- IX. Stimulation Program: None.

- X. See attached log showing perforations.

- XI. Water Analysis attached.

- XII. Strata Production Company has examined all available geological and engineering data in this area and finds no evidence of open faults or other hydrologic connections between the disposal zone and any potable aquifers.



SCANLON DELAWARE FIELD

PROPOSED INJECTOR

DELAWARE PRODUCTION

STRATA PRODUCTION CO

P & A WELL

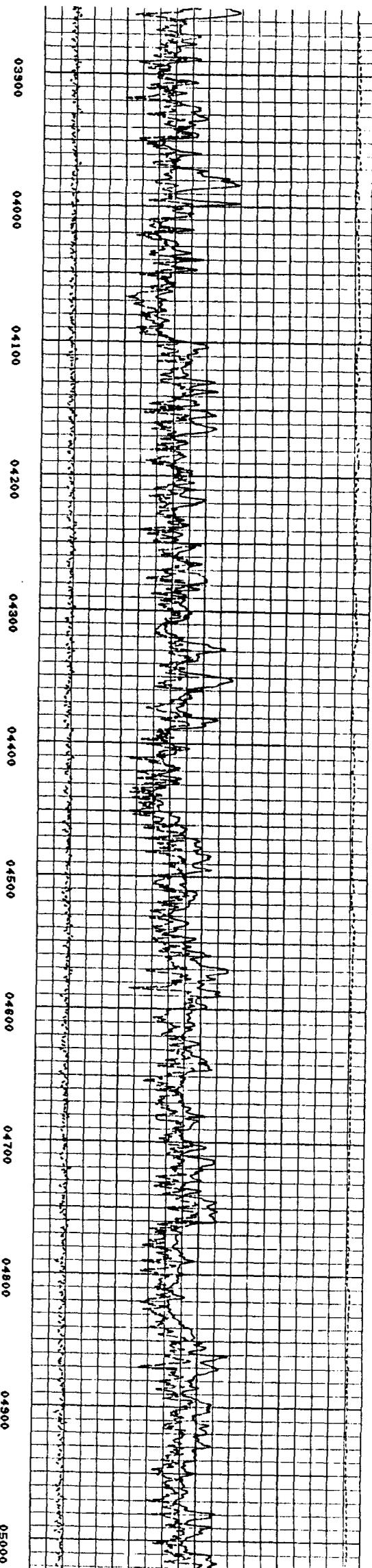
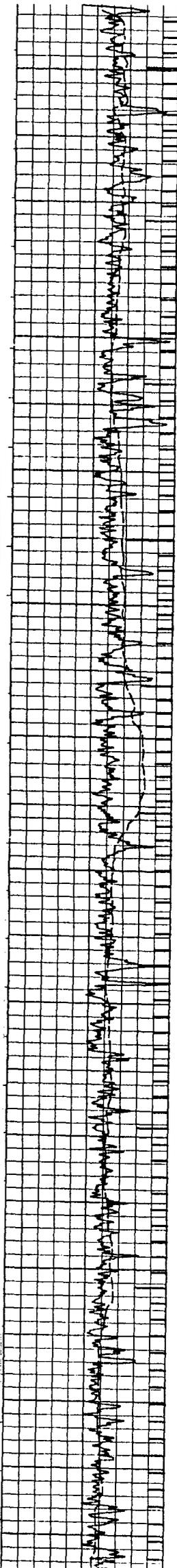
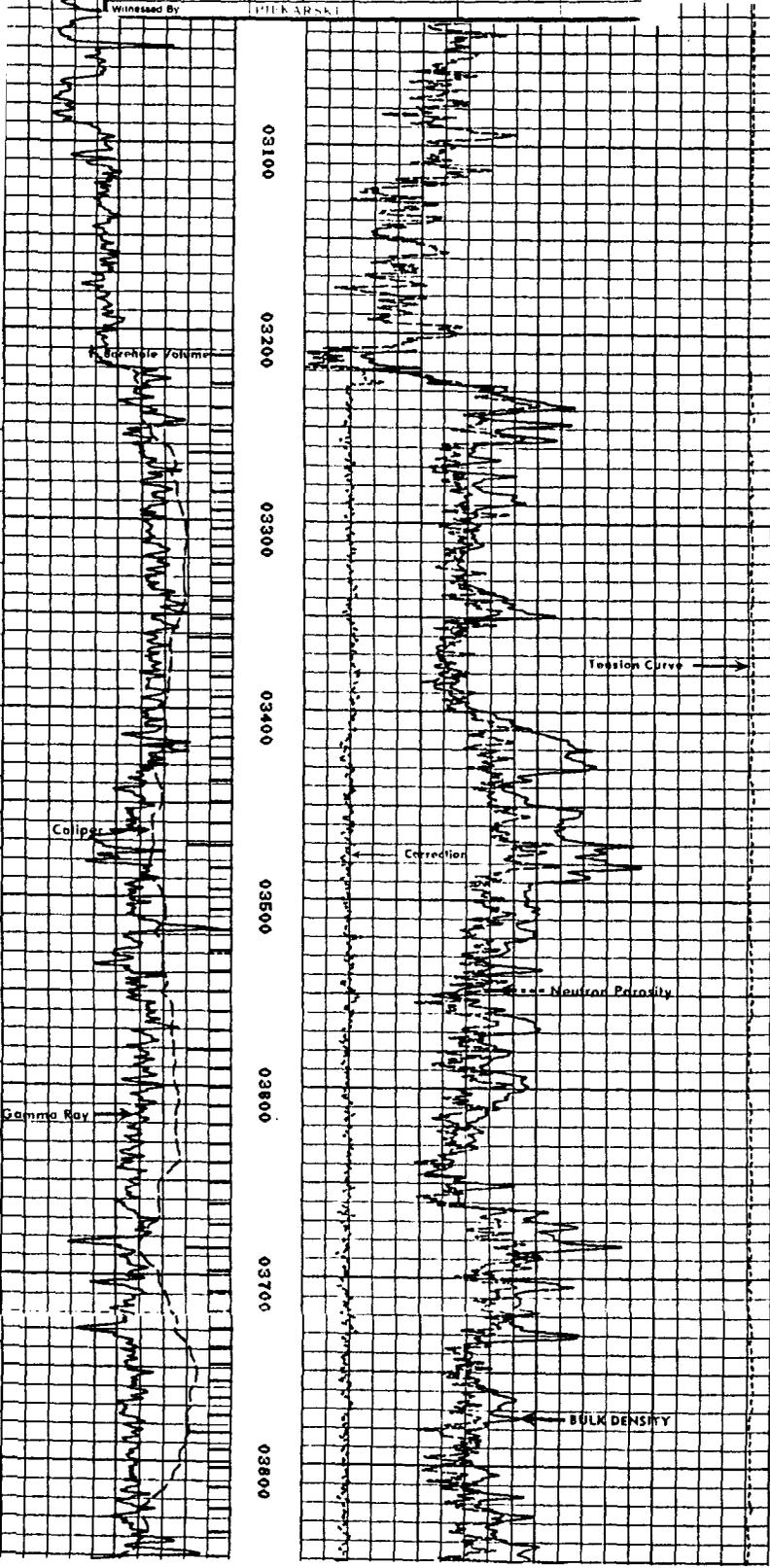
Dresser Atlas

Compensated Densilog[®] Compensated Neutron Gamma Ray



DRESSER

FILE NO	COMPANY <u>LIBERTY OIL & GAS COMPANY</u>		
API NO	WELL <u>ULL FEDERAL NO. 2</u>		
<i>Completed</i>	FIELD <u>BURTON FLAT</u>		
	COUNTY <u>LOGAN</u> STATE <u>NEBRASKA</u>		
LOCATION: <u>1950' ENCL. 1950' ECL.</u>		Other Service	
SEC <u>11</u> TWP <u>20S</u> RGE <u>21E</u>		DILL NO.	
Permanent Datum	GROUND LEVEL	Elev	1211
Log Measured from	<u>KB</u>	10	Fe. Above Permanent Datum
Drilling Measured from	<u>KB</u>		GL
Date	<u>10/11/57</u>		
Run No	<u>2711</u>		
Service Order	<u>2711</u>		
Depth—Driller	<u>2711</u>		
Depth—Logger	<u>2711</u>		
Bottom Logged Interval	<u>2711</u>		
Top Logged Interval	<u>SURFACE</u>		
Casing—Driller	<u>2 3/4" 20#</u>	@	@
Casing—Logger	<u>2 3/4"</u>		
Bit Size	<u>2 3/4"</u>		
Type Fluid in Hole	<u>SALT GEL</u>		
Density and Viscosity	<u>11.5</u>		
pH and Fluid Loss	<u>10.0</u>	<u>0</u>	<u>0</u>
Source of Sample	<u>FLOWLINE</u>		
Rm @ Meas Temp	<u>10.0</u>	@	*F
Rmf @ Meas Temp	<u>10.0</u>	@	*F
Rmc @ Meas Temp	<u>10.0</u>	@	*F
Source of Rm and Rmc	<u>10.0</u>		
Rm @ Bit	<u>10.0</u>	@	*F
Time Since Circ	<u>7 HRS</u>		
Max Rec Temp Deg F	<u>176</u>	*F	*F
Equip No and Location	<u>1111</u>		
Recorded By	<u>HI RKO</u>		
Witnessed By	<u>PIEKARSKI</u>		

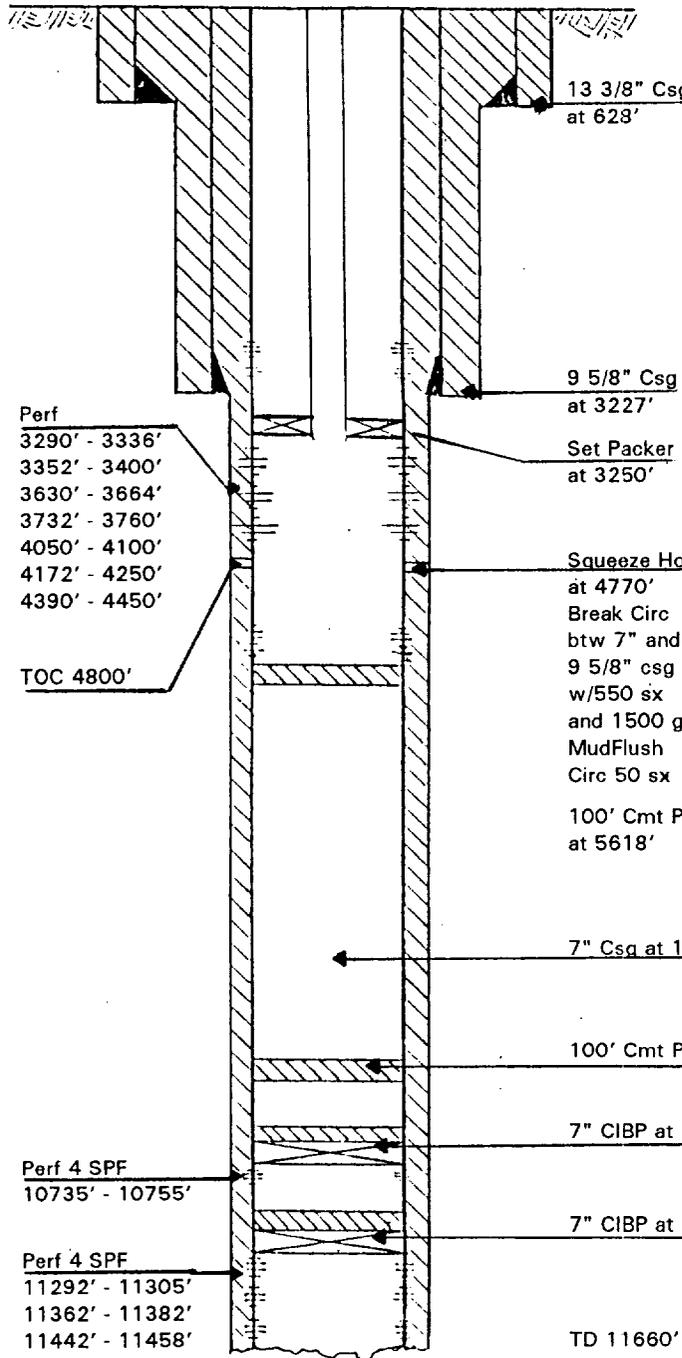


INJECTION WELL DATA SHEET

OPERATOR		LEASE		
STRATA PRODUCTION COMPANY		LEE FEDERAL		
WELL NO.	FOOTAGE LOCATION	SECTION	TOWNSHIP	RANGE
#2	1980' FNL & 1980' FEL	25	20 South	28 East

Schematic

Tubular Data



Surface Casing			
Size	13 3/8"	Cemented with	540 sx.
TOC	Surface	feet determined by	Circulated
Hole size	17 1/2"		
Intermediate Casing			
Size	9 5/8"	Cemented with	1540 sx.
TOC	Surface	feet determined by	Circulated
Hole size	12 1/4"		
Long String			
Size	7"	Cemented with	1150 sx.
TOC	Surface	feet determined by	Circulated
Hole size	8 3/4"		
Total Depth	11,660'		
Injection Interval			
Perforated	3290 feet to	4450 feet	
	(perforated or open-hole, indicate which)		

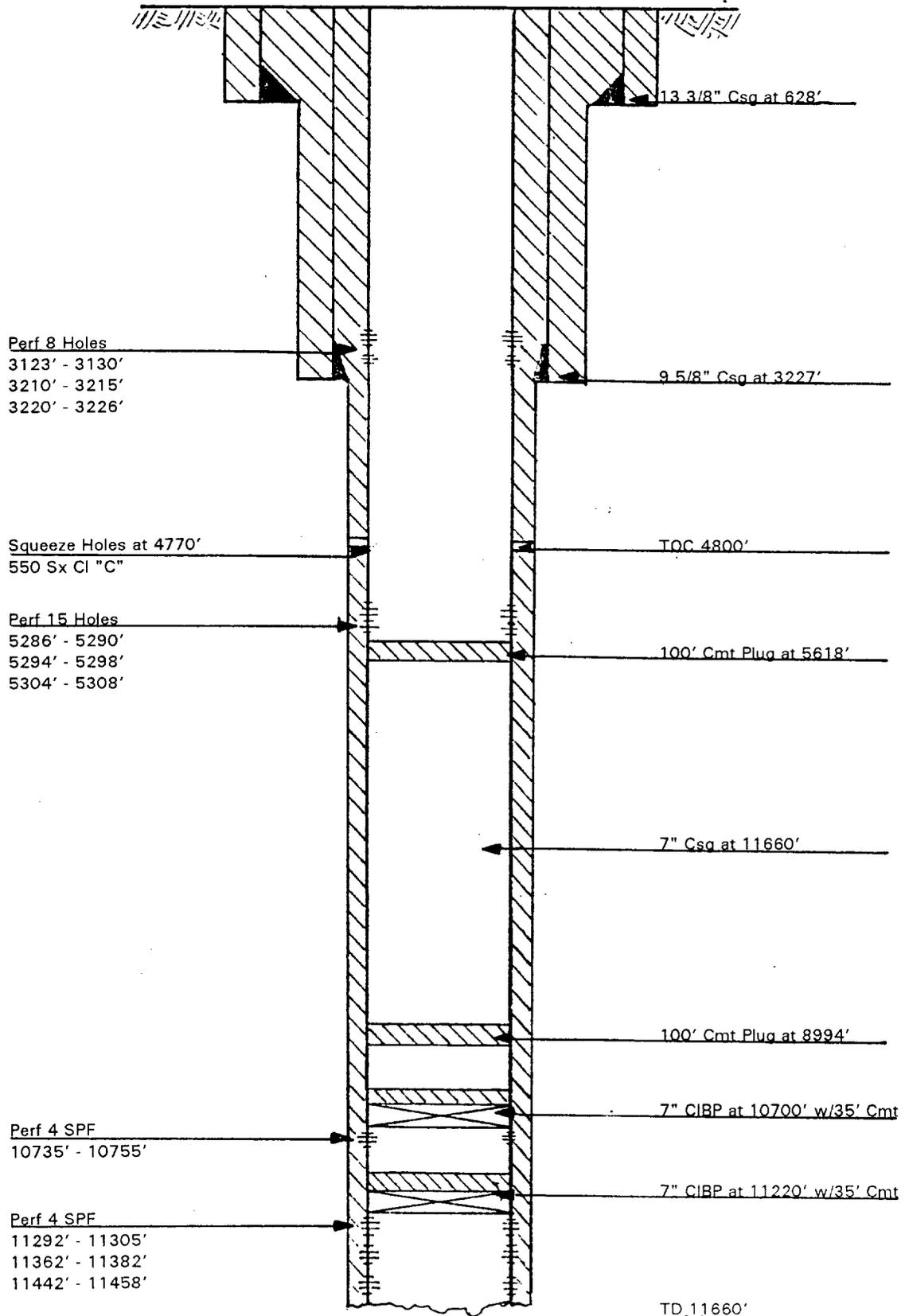
Tubing size 2 3/8" lined with Plastic (material) set in a Model - R plastic coated packer at 3250' feet (brand and model) (or describe any other casing-tubing seal).

Other Data

- Name of the injection formation Delaware
- Name of Field or Pool (if applicable) Scanlon Delaware
- Is this a new well drilled for inecjtion? Yes No
If no, for what purpose was the well originally drilled? Oil and Gas
- Has the well ever been perforated in any other zone (s)? List all such perforated intervals and give plugging detail (sacks of cement or bridge plug(s) used) Yes. Schematic attached.
- Give the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area.
The lowest injection zone is approximately 855 feet above the uppermost pay objective in the Scanlon Delaware Field. The uppermost injection zone is 160' below the top of the Delaware.

WELLBORE SCHEMATIC

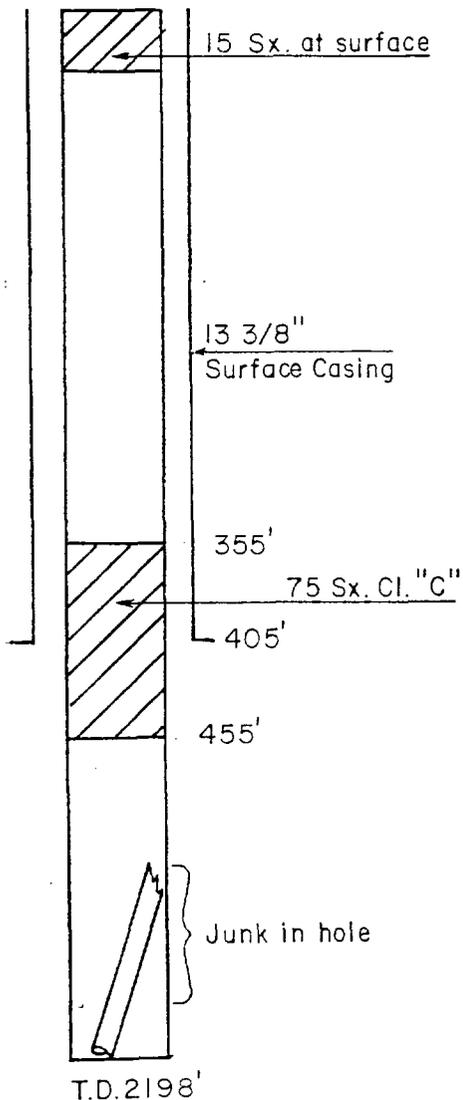
LEE FEDERAL #2
1980' FNL & 1980' FEL
Section 25-20S-28E
EDDY COUNTY, NEW MEXICO



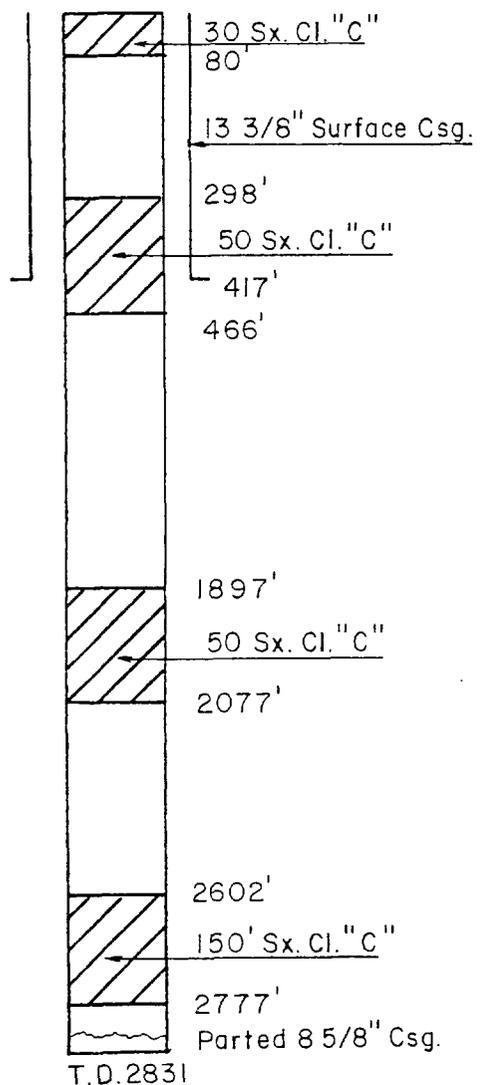
WELLBORE SCHEMATIC OF PLUGGED WELL

LEE FEDERAL #4

Located 2100' FSL and 660' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 5/16/84. Set 13 3/8" casing to 405'. Cemented with 500 sacks. Circulated. TD 2198'. Lost 619' of fish in hole. Set plug from 455' to 355' with 75 sacks Class "C". 15 sacks at surface. P&A.



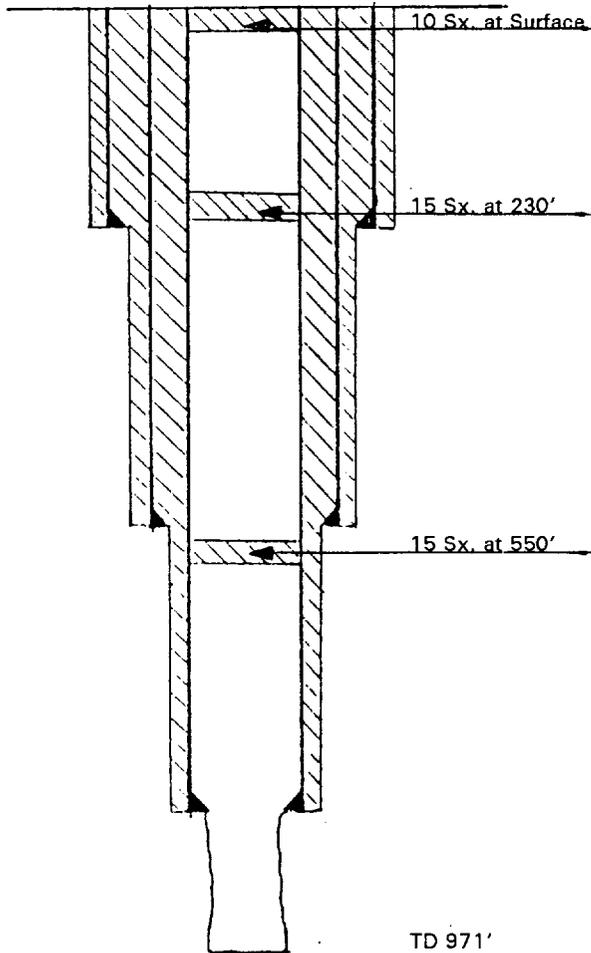
WELLBORE SCHEMATIC OF PLUGGED WELL



LEE FEDERAL #5

Located 860' FSL and 660' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 7/28/84. Set 13 3/8" 54.5# casing to 417'. Cemented with 500 sacks. Circulated. Parted 8 5/8" casing. Plug well as follows: First plug set from 2777'-2602' with 150 sacks Class "C"; Second plug set from 2077'-1897' with 50 sacks Class "C"; Third plug set from 466'-298' with 50 sacks Class "C"; Fourth plug set from 80' to surface with 30 sacks Class "C". Installed dry hole marker. P&A.

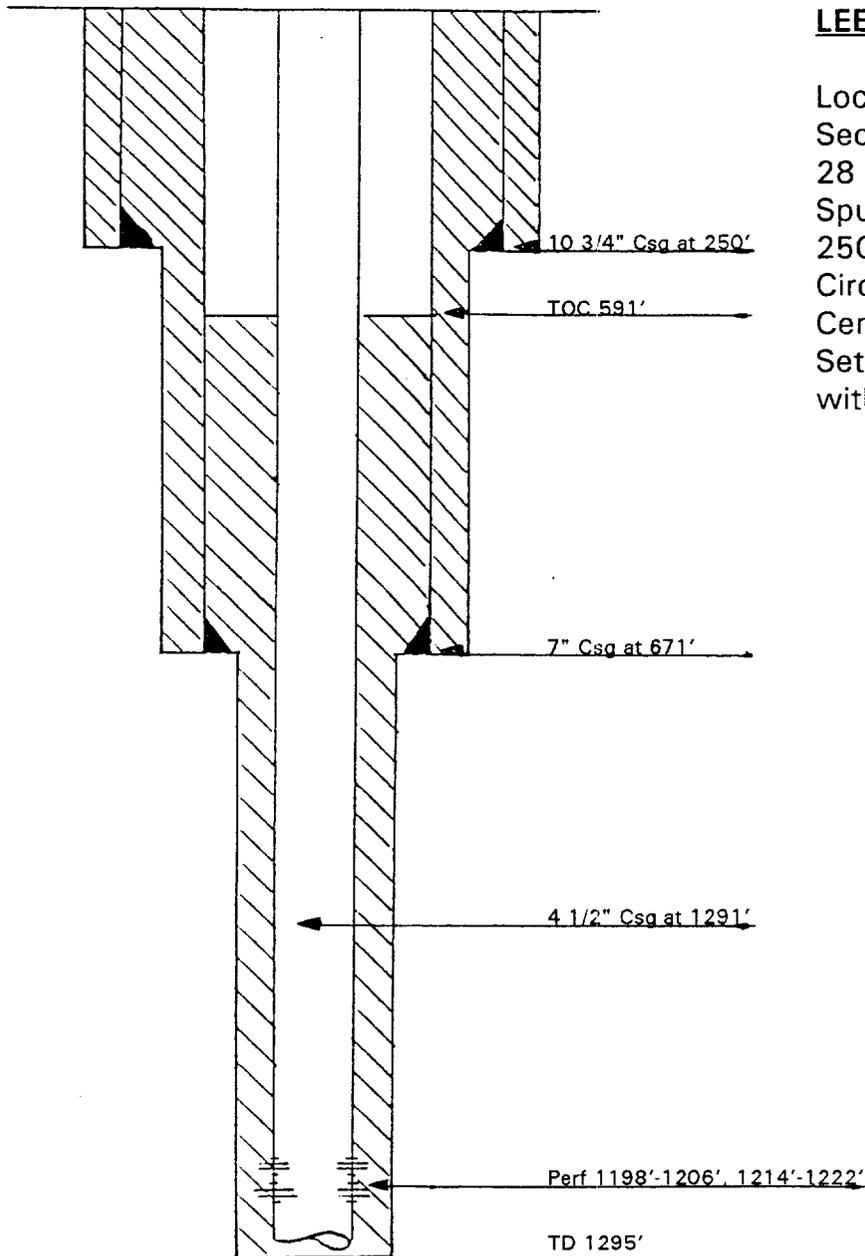
WELLBORE SCHEMATIC OF PLUGGED WELL



LEVERS FEE #1

Located in Unit C, 660' FNL and 1980' FWL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 9/3/43. Set 10" casing to 225'. Set 8" casing to 530'. Set 7" casing to 824'. TD 971'. Set 15 sack plugs at 550' and 230'. Set 10 sack plug at surface. P&A.

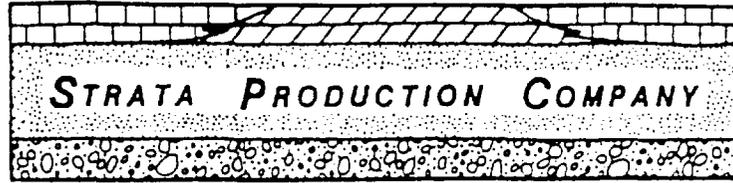
WELLBORE SCHEMATIC OF TEMPORARILY ABANDONED WELL



LEE FEDERAL #3

Located 1975' FNL and 1765' FEL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico. Spud 2/25/83. Set 10 3/4" casing to 250'. Cemented with 115 sacks. Circulated. Set 7" casing to 671'. Cemented with 655 sacks. Circulated. Set 4 1/2" casing to 1291'. Cemented with 20 sacks. TD 1295'.

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

January 28, 1997

Carlsbad Current-Argus
620 S. Main
Carlsbad, New Mexico 88220

Re: Legal Publications

Gentlemen:

Enclosed herewith please find a Legal Notice to be published in your newspaper at the earliest possible date.

Please publish the notice one (1) time only and forward an Affidavit of Publication along with your invoice to:

Strata Production Company
ATTN: Carol J. Garcia
P. O. Box 1030
Roswell, New Mexico 88202-1030

Should you have any questions regarding this matter, please contact this office. Thank you for your cooperation.

Sincerely,

STRATA PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Carol J. Garcia".

Carol J. Garcia
Production Records Manager

CJG:ms
Enclosure

PUBLIC NOTICE

APPLICATION FOR WATER DISPOSAL

Strata Production Company, P. O. Box 1030, Roswell, New Mexico 88202-1030, (Contact: Frank S. Morgan, 505-622-1127), has filed Application with the Oil Conservation Division, Energy, Minerals and Natural Resources Department, State of New Mexico, for Administrative Approval and authority to inject salt water into the Lee Federal #2 well located 1980' FNL and 1980' FEL of Section 25, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.

The purpose of the water injection well is to dispose of salt water produced from the Scanlon Delaware field as currently designated by the Oil Conservation Division and as may be extended by additional drilling.

Water to be disposed will be injected into the Upper Brushy Canyon and Lower Cherry Canyon formations of the Delaware Mountain Group at an interval between 3290 feet to 4450 feet beneath the surface.

The minimum injection rate is expected to be approximately 150 barrels of water per day. The maximum injection rate is expected to be approximately 450 barrels of water per day.

Minimum injection pressure is expected to be approximately 400 PSI. The maximum injection pressure is expected to be approximately 600 PSI.

Any interested party may file an objection to the Application or may request a public hearing. Any objection or request for hearing must be filed with the Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505 within 15 days from the date of publication.

STRATA PRODUCTION COMPANY

By: Carol J. Garcia

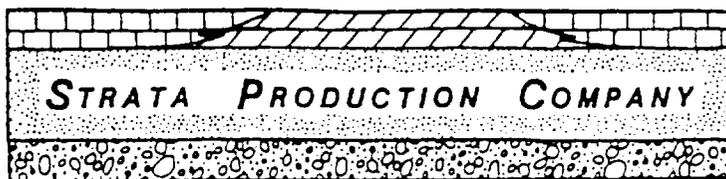
Carol J. Garcia

P. O. Box 1030

Roswell, New Mexico 88202-1030

Telephone 505-622-1127

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

February 3, 1997

CERTIFIED/RETURN RECEIPT REQUESTED

Mr. Winston Ballard
413 Connie Place
Carlsbad, New Mexico 88220

Re: Conversion to Salt Water Disposal Well
Lee Federal #2
Section 25-20S-28E
Eddy County, New Mexico

Gentlemen:

Pursuant to the rules and regulations of the New Mexico Oil Conservation Division, Strata Production Company has filed NMOCD Form C-108 Application for Authorization to Inject to convert the above referenced well to a water disposal well for the re-injection of water produced from the Scanlon Delaware field into porous zones in the Upper Brushy Canyon and Lower Cherry Canyon formations.

As a courtesy to you as a surface lease owner within one-half mile of the Lee Federal #2 well located 1980' FNL and 1980' FEL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico, please find enclosed a copy of the Application.

Should you have a question regarding the Application, please contact Mr. Frank S. Morgan, Strata Production Company, P. O. Box 1030, Roswell, New Mexico 88202-1030, telephone 505-622-1127.

Sincerely,

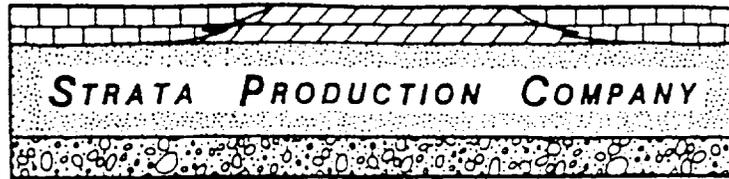
STRATA PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Carol J. Garcia".

Carol J. Garcia
Production Records Manager

CJG:ms
Enclosure

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

February 3, 1997

CERTIFIED/RETURN RECEIPT REQUESTED

Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88202-1933

Re: Conversion to Salt Water Disposal Well
Lee Federal #2
Section 25-20S-28E
Eddy County, New Mexico

Gentlemen:

Pursuant to the rules and regulations of the New Mexico Oil Conservation Division, Strata Production Company has filed NMOCD Form C-108 Application for Authorization to Inject to convert the above referenced well to a water disposal well for the re-injection of water produced from the Scanlon Delaware field into porous zones in the Upper Brushy Canyon and Lower Cherry Canyon formations.

As a leasehold operator of an oil and gas lease within one-half mile of the Lee Federal #2 well located 1980' FNL and 1980' FEL of Section 25, Township 20 South, Range 28 East, Eddy County, New Mexico, please find enclosed a copy of the Application.

Should you have an objection to the Application or feel that a public hearing is necessary, please contact the NMOCD, 2040 South Pacheco Street, Santa Fe, New Mexico 87505 or Mr. Frank S. Morgan, Strata Production Company, P. O. Box 1030, Roswell, New Mexico 88202-1030, telephone 505-622-1127.

If you do not have an objection to the Application, please sign one copy of this letter in the space provided below and return it to the undersigned.

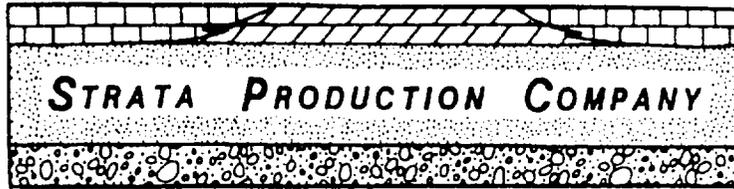
Sincerely,

STRATA PRODUCTION COMPANY
Carol J. Garcia
Carol J. Garcia
Production Records Manager

The undersigned does not object to the subject Application.
HARVEY E. YATES COMPANY

By: _____
Dated: _____

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

March 4, 1997

MAR - 6 1997

CONSERVATION DIV.

Oil Conservation Division
ATTN: Ben Stone
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: C-108 Application for
Authorization to Inject
SPC - Lee Federal #2
1980' FNL & 1980' FEL
Section 25-20S-28E
Eddy County, New Mexico

Dear Mr. Stone:

Enclosed herewith please find a copy of the Legal Notice, API Water Analysis Report and letter of no objection from Harvey E. Yates Company to complete the Application for the above referenced.

Should you have any questions regarding this matter, please contact this office.

Sincerely,

STRATA PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Carol J. Garcia".

Carol J. Garcia
Production Records Manager

CJG:ms

Enclosures

Affidavit of Publication

No 17159

State of New Mexico,
County of Eddy, ss.

Amy McKay

being first duly sworn, on oath says:

That she is Business Manager of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the state wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

February 5, 19 97
_____, 19____
_____, 19____
_____, 19____
_____, 19____
_____, 19____

That the cost of publication is \$ 44.97, and that payment thereof has been made and will be assessed as court costs.

Amy McKay

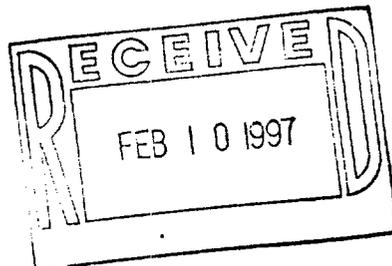
Subscribed and sworn to before me this

7th day of February, 1997

Bonnie Cunniff

My commission expires 08/01/98

Notary Public



February 5, 1997

PUBLIC NOTICE

APPLICATION FOR WATER DISPOSAL

Strata Production Company, P.O. Box 1030, Roswell, New Mexico 88202-1030, (Contact: Frank S. Morgan, 505-622-1127), has filed Application with the Oil Conservation Division, Energy, Minerals and Natural Resources Department, State of New Mexico, for Administrative Approval and authority to inject salt water into the Lee Federal #2 well located 1980' FNL and 1980' FEL of Section 25, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.

The purpose of the water injection well is to dispose of salt water produced from the Scanlon Delaware field as currently designated by the Oil Conservation Division and as may be extended by additional drilling.

Water to be disposed will be injected into the Upper Brushy Canyon and Lower Cherry Canyon formations of the Delaware Mountain Group at an interval between 3290 feet to 4450 feet beneath the surface.

The minimum injection rate is expected to be approximately 150 barrels of water per day. The maximum injection rate is expected to be approximately 450 barrels of water per day.

Minimum injection pressure is expected to be approximately 400 PSI. The maximum injection pressure is expected to be approximately 600 PSI.

Any interested party may file an objection to the Application or may request a public hearing. Any objection or request for hearing must be filed with the Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505 within 15 days from the date of publication.

STRATA PRODUCTION COMPANY

By: Carol J. Garcia
P.O. Box 1030
Roswell, New Mexico
88202-1030
Telephone 505-622-1127

Schlumberger

Dowell Schlumberger Incorporated
 1105 W. Bender
 Hobbs, New Mexico 88241
 (505) 393-6186

API WATER ANALYSIS REPORT

COMPANY: State DATE : February 28, 1997
 LEASE AND WELL : LAB NO : HQ97159
 COUNTY, STATE : EDDY NM DATE SAMPLED : February 27, 1997
 FORMATION : SAMPLE POINT : Unknown
 TEMPERATURE (BHT) : degrees F SUBMITTED BY : lsh

Specific Gravity = 1.000 @ 76 degrees F pH = 6.1

Anions

	Factor	ml	Sample	mg/l	Factor	me/l	Ionic Strength	
							(mg/l)	(me/l)
Chlorides	3545	0.4	10	124.1	0.0282	3.50	0.0017	0.0017
Sulfates			1	2500.0	0.0208	52.00	0.0525	0.0520
Carbonates	60	0.0	*	*	0.0333	0.00	0.0000	0.0000
Bicarbonates	1000	0.1	10	10.0	0.0164	0.16	0.0001	0.0001
Hydroxide	279		*	*	0.0588	0.00		

Cations

	Factor	ml	Sample	mg/l	Factor	me/l	Ionic Strength		
							(mg/l)	(me/l)	
Calcium	401	0.0	5	0.0	0.0499	0.00	0.0000	0.0000	
Magnesium	243	19.3	10	469.0	0.0823	38.60	0.0385	0.0386	
Iron		0		0.0	0.0537	0.00			
Sodium				392.3	0.0435	17.07	0.0086	0.0085	
Total Dissolved Solids =							3495	111	
Total Ionic Strength =							0.1014	0.1010	

API Oil Gravity: *

Resistivity: *

Tested By

Greg Daniel

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P. O. BOX 1933

ONE SUNWEST CENTRE

505 / 623-6601

FAX 505 / 622-4221

ROSWELL, NEW MEXICO 88202-1933

February 14, 1997

Strata Production Company
200 West First
Roswell, New Mexico 88201

Attention: Carol Garcia

Re: Conversion to SWD Well
Lee Fed. #2
T-20S, R-28E, Sec. 25
Eddy County, New Mexico

Ladies & Gentlemen:

Pursuant to your February 3, 1997 letter, Harvey E. Yates Company (HEYCO) has no objection to Strata's Application for Authorization to Inject to convert the Lee Federal #2 well to a water disposal well.

Enclosed is a copy of your letter signed by Shari A. Darr, HEYCO's Land Manager.

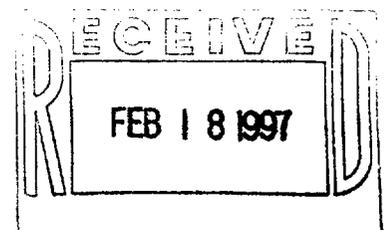
Very truly yours,

A handwritten signature in cursive script that reads "Diana L. Marshall".

Diana L. Marshall
Land Assistant

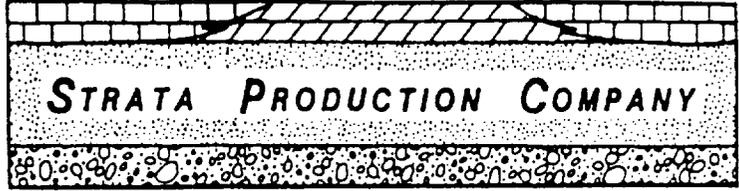
/dlm
Enclosure

stratswd.doc/A.nonop#2



FEB 06 1997

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201
February 3, 1997

CERTIFIED/RETURN RECEIPT REQUESTED

Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88202-1933

Re: Conversion to Salt Water Disposal Well
Lee Federal #2
Section 25-20S-28E
Eddy County, New Mexico

Gentlemen:

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If you do not have an objection to the Application, please sign one copy of this letter in the space provided below and return it to the undersigned.

Sincerely,

STRATA PRODUCTION COMPANY
Carol J. Garcia
Carol J. Garcia
Production Records Manager

The undersigned does not object to the subject Application.
HARVEY E. YATES COMPANY

By: *Harvey E. Yates*
Dated: 12 February 1997