



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 8, 2001

Strata Production Company
P.O. Drawer 1030
Roswell, New Mexico 88202-1030

Attention: Ms. Carol J. Garcia

Re: Extension of Division Order SWD-765
Gamma "ZM" State No. 1 (API No. 30-041-20728)
Unit E, Section 16, T-7 South, R-34 East, NMPM,
Roosevelt County, New Mexico

Dear Ms. Garcia:

Reference is made to your request dated March 14, 2001 for an extension of the time period in which to commence injection into the Gamma "ZM" State Well No. 1. As you are aware, Division Order No. SWD-765 expires on March 22, 2001 if injection has not yet commenced into the well.

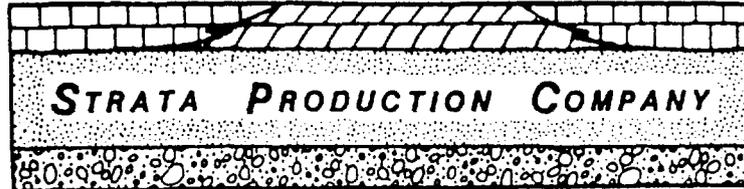
For the reasons outlined in your letter, a one-year extension is hereby granted. If injection has not commenced into the Gamma "ZM" State Well No. 1 on or before March 22, 2002, or, if an additional extension is not granted, the injection authority for the well shall terminate on that date.

Sincerely,

David Catanach
Engineer

Xc: OCD-Hobbs
File-SWD-765

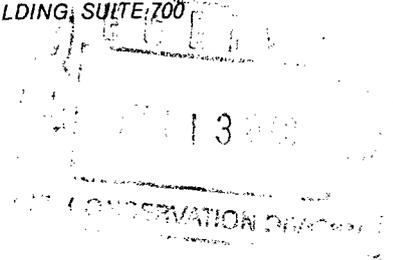
POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

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

March 9, 2000



Oil Conservation Division
ATTN: Mike Stogner
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: C-108 Application for
Authorization to Inject
Yates Gamma ZM State #1
1650' FNL & 330' FWL
Section 16-7S-34E
Roosevelt County, New Mexico

Dear Mr. Stogner:

Enclosed herewith please find one copy of the Legal Notice and certified receipts to the surface owner, offset operators and mineral owner to complete 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

Legal 3871

Copy of Publication

STATE OF NEW MEXICO
COUNTY OF ROOSEVELT:

WAYLAND THOMAS, being duly sworn says:

That he is the PUBLISHER, of the
Portales News-Tribune, a daily newspaper
of general circulation, published in
English at Portales, said county and
state, and that the hereto attached

SALT WATER DISPOSAL WELL

was published in said News-Tribune,
a daily newspaper duly qualified for that
purpose within the meaning of Chapter 167
of the 1937 Session Laws of the State of
New Mexico for 1 consecutive days/
weeks on the same days as follows:

First Publication : MARCH 7, 2000

Second Publication:

Third Publication :

Fourth Publication:

Wayland Thomas

PUBLISHER

Subscribed and sworn to before me this
7TH day of MARCH, 2000.

George L. ...

NOTARY PUBLIC

My Commission Expires: APRIL 14, 2001

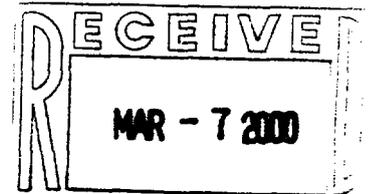
□

LEGAL 3871
March 7, 2000

LEGAL NOTICE

Strata Production Com-
pany has filed Form C-108
Application For Authoriza-
tion to Inject with the New
Mexico Oil Conservation
Division seeking adminis-
trative approval for a salt
water disposal well. The
proposed well is the Yates
Petroleum Gramma ZM
State #1 located 1650'
FNL and 330' FWL, Sec-
tion 16, Township 7 South,
Range 34 East, NMPM,
Roosevelt County, New
Mexico. Disposal water will
be sourced from area
wells producing from the
San Andres formation. The
disposal water will be in-
jected into the San Andres
formation at a depth of
4436' to 4486', a maxi-
mum surface pressure of
500 PSI and a maximum
rate of 200 BWPD.

All interested parties op-
posing the action must file
objections or requests for
hearing with the Oil Con-
servation Division, 2040
South Pacheco Street,
Santa Fe, New Mexico
87505 within 15 days. Ad-
ditional information can be
obtained by contacting
Frank Morgan, Vice Presi-
dent, P.O. Box 1030, Ros-
well, New Mexico 88202-
1030 or (505) 622-1127.



Z 263 851 186

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to Canaan Land & Cattle	
Street & Number P. O. Box 1267	
Post Office, State, & ZIP Code Portales, NM 88131-1267	
Postage	\$ <u>1.43</u>
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	<u>1.25</u>
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$4.08
Postmark or Date Please return to: P.O. Box 1030 Roswell, NM 88202	

Post Office Service until April 1995

Is your RETURN ADDRESS completed on the reverse side?

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Canaan Land & Cattle P. O. Box 1267 Portales, NM 88131-1267		4a. Article Number Z 263 851 186	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery 3-3-00	
5. Received By: (Print Name) Toni Cox		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) X Toni Cox			

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service

Z 263 851 187

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to Permian Resources Inc.	
Street & Number P. O. Box 590	
Post Office, State, & ZIP Code Midland, TX 79702-0590	
Postage	\$ <u>1.43</u>
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	<u>1.25</u>
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$4.08
Postmark or Date Please return to: P.O. Box 1030 Roswell, NM 88202	

Post Office Service until April 1995

Is your RETURN ADDRESS completed on the reverse side?

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Permian Resources Inc. P. O. Box 590 Midland, TX 79702-590		4a. Article Number Z 263 851 187	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery 3-6-00	
5. Received By: (Print Name)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) X [Signature]			

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service

Z 263 851 188

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to Yates Petroleum Corp.	
Street & Number 105 S. Fourth Street	
Post Office, State, & ZIP Code Artesia, NM 88210	
Postage	\$ 1.43
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 4.08
Postmark or Date Please return to: P.O. Box 1030 Roswell, NM 88202	

PS Form 3800, April 1995

Is your RETURN ADDRESS completed on the reverse side?

SENDER: <ul style="list-style-type: none"> Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered. 		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
3. Article Addressed to: Yates Petroleum Corp. 105 S. Fourth Street Artesia, NM 88210		4a. Article Number Z 263 851 188
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
		7. Date of Delivery
5. Received By: (Print Name) JOANN GRIGGS		8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Addressee or Agent) <i>Jo Ann Griggs</i>		

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service

Z 263 851 189

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to NM State Land Office	
Street & Number P. O. Box 1148	
Post Office, State, & ZIP Code Santa Fe, NM 87504-1148	
Postage	\$ 1.43
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 4.08
Postmark or Date Please return to: P.O. Box 1030 Roswell, NM 88202	

PS Form 3800, April 1995

Is your RETURN ADDRESS completed on the reverse side?

SENDER: <ul style="list-style-type: none"> Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered. 		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
3. Article Addressed to: N.M. State Land Office P. O. Box 1148 Santa Fe, NM 87504-1148		4a. Article Number 7 263 851 189
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
		7. Date of Delivery
5. Received By: (Print Name)		8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Addressee or Agent) <i>X [Signature]</i>		

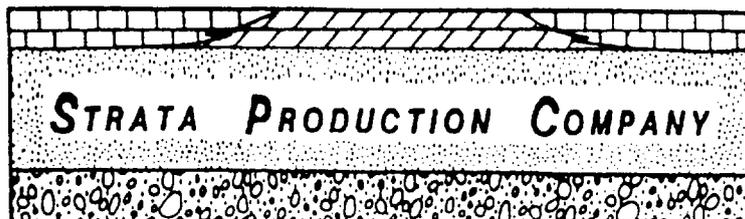
PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030

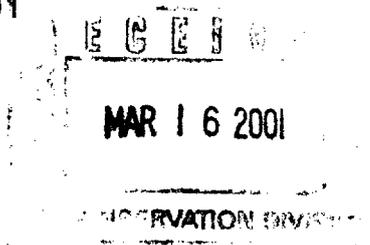


200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

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

March 14, 2001

Oil Conservation Division
ATTN: Mike Stogner
1220 South St. Francis Drive
Santa Fe, New Mexico 87504



Re: Administrative Order SWD-765
Yates Gramma ZM State #1
1650' FNL & 330' FWL
Section 16-7S-34E
Roosevelt County, New Mexico

Dear Mr. Stogner:

The referenced Administrative Order SWD-765 was approved on March 22, 2000 and will expire on March 22, 2001. An extension is requested to drill and evaluate an additional well scheduled to be drilled in the third or fourth quarter of this year contingent upon rig availability. If the well is successful, the extension will allow Strata the opportunity to determine the feasibility of converting the wellbore for injection.

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

Sincerely,

STRATA PRODUCTION COMPANY

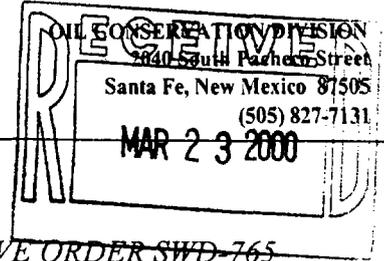
Carol J. Garcia
Carol J. Garcia
Production Records Manager

CJG:ms

Enclosures



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**



ADMINISTRATIVE ORDER SWD-765

**APPLICATION OF STRATA PRODUCTION COMPANY FOR PRODUCED WATER
DISPOSAL, ROOSEVELT COUNTY, NEW MEXICO.**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Strata Production Company made application to the New Mexico Oil Conservation Division on March 3, 2000 and March 7, 2000, for permission to complete for produced water disposal its Gramma ZM State Well No. 1 (API No. 30-041-20728) located 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 16, Township 7 South, Range 34 West, NMPM, Roosevelt County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its Gramma ZM State Well No. 1 (API No. 30-041-20728) located 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 16, Township 7 South, Range 34 West, NMPM, Roosevelt County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the San Andres formation from approximately 4,436 feet to 4,486 feet through 2 3/8 inch plastic-lined tubing set in a packer located at approximately 4,375 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 887 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the San Andres formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

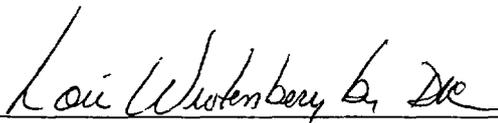
PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Administrative Order SWD-765
Strata Production Company
March 22, 2000
Page 3

Approved at Santa Fe, New Mexico, on this 22nd day of March, 2000.



LORI WROTENBERY, Director

LW/MWA/kv

cc: Oil Conservation Division – Hobbs
State Land Office – Oil and Gas Division