pKRV0210532086 SWD 4/23/02

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030

STRATA PRODUCTION COMPANY

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

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

March 18, 2002

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APR - 8 2002

Attention: David Catanach

RE:

Application for Salt Water Disposal Well
Remuda Basin "20" Federal #1 (30-015-29549)
Bell Canyon and Cherry Canyon Formations
Unit Letter D, Section 20, T-23-S, R-30-E
Eddy County, New Mexico

Gentlemen:

Strata Production Company respectfully requests administrative approval for the attached C-108 application on its Remuda Basin "20" Federal # 1 well for the purpose of disposing of produced fluids in the non-commercial Bell Canyon and Cherry Canyon interval. This work will allow Strata, to supplement the disposal for the Nash Draw Unit and dispose of produced water that is anticipated from work to be performed on wells in the 49'er Ridge Unit. The installation of the proposed disposal well will lower the current economic limit on each well and ultimately allow Strata to recover additional oil & gas reserves that would otherwise be left in place.

Strata respectfully requests that this application be approved administratively, or through an NMOCD sponsored hearing scheduled at the earliest possible time. This is requested so that the necessary operations can be advanced in a prudent manner. If you have any questions concerning the application, please contact me at (505) 624-2800.

Yours very truly,

Bruce A. Stubbs
Consulting Engineer

Attachments
File

cc: Tim Gum - NMOCD; Artesia, New Mexico

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

FORM C-108
Revised 4-1-98

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____Secondary Recovery _____Pressure Maintenance __X__ Disposal _____Storage
Application qualifies for administrative approval? __X__ Yes _____No

II. OPERATOR: Strata Production Company

ADDRESS: P.O. Box 1030
CONTACT PARTY: Bruce A. Stubbs PHONE: 505-624-2800

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 __X__ 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 geologic data on the injection zone including appropriate lithologic detail, geologic 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 sources 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).

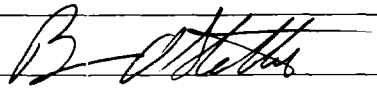
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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 sources 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: Bruce A. Stubbs TITLE: Consulting Engineer

SIGNATURE:  DATE: 3-25-02

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

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

(1) The name, address, phone number, and contact party for the applicant;

(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and,

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Side 1

INJECTION WELL DATA SHEET

OPERATOR: Strata Production Company

WELL NAME & NUMBER: Remuda Basin 20 Federal #1

WELL LOCATION:	330' FNL & 660' FWL	D	20	23S	30E
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing

****

Hole Size: 14 ¾" Casing Size: 11 ¾"

Cemented with: 400 sx. ***or*** _____ ft^3

Top of Cement: Circ. Method Determined: _____

Intermediate Casing

Hole Size: 11" Casing Size: 8 5/8"

Cemented with: 900 sx. ***or*** _____ ft^3

Top of Cement: Circ. Method Determined: _____

Production Casing

Hole Size: 7 7/8" Casing Size: 5 ½ "

Cemented with: 1400 sx. ***or*** _____ ft^3

Top of Cement: 3000' Method Determined: Calculated

Total Depth: 7500

Injection Interval

4124 feet to 4774

Perforated with1 jspf

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8" Lining Material: Plastic

Type of Packer: Nickel plated 5 ½" Arrow Type "H" Packer

Packer Setting Depth: +/-4000 ft.

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? _____Yes __X__No

   If no, for what purpose was the well originally drilled? Oil Well

2. Name of the Injection Formation: Bell Canyon and Cherry Canyon

3. Name of Field or Pool (if applicable): _____

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. 6608-6706' and 7162-7242'

   A CIBP will be set at 6575' and capped with 35 ft. of cement.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Brushy Canyon 5600'-7250'

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8" Lining Material: Plastic

Type of Packer: Nickel plated 5 ½" Arrow Type "H" Packer

Packer Setting Depth: +/-4000 ft.

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3-18-2002

NEW MEXICO OIL CONSERVATION DIVISION - Form C-108

III. SALT WATER DISPOSAL WELL DATA

Remuda Basin "20" Federal #1 : Bell Canyon and Cherry Canyon Intervals

Unit Letter D, 330' FNL & 660 FWL, Section 20, T-23-S, R-30-E Eddy County, New Mexico

All pertinent data for the above proposed salt water disposal well is included on the well schematic sheets in this application.

V. SUBJECT AREA MAPS AND AREA OF REVIEW

A map of the subject area, Remuda Basin "20" Federal #1 lease, including all wells within a 2 mile radius is attached. Also attached is a map showing the subject well's area of-review (or 1/2 mile radius circle).

VI. TABULATION OF DATA ON WELLS WITHIN AREA OF REVIEW

To date, the following wells are within a half mile radius of the proposed salt water disposal well:

T-23-S, R-30-E

SE/4 Section 18 : None
SW/4 Section 17 : None
NE/4 Section 19 : 2 Wells :Remuda Basin "19" Federal #1 (A) and #2 (B)
SE/4 Section 19 : None
N/2 Section 20 : None

Attached is a schematic and summary report for each well within the area of review.

VII. PROPOSED OPERATION

Currently, Strata Production Company operates the Nash Draw Unit and the Forty-Niner Ridge Unit producing approximately 300 BOPD, 2,500 MCFPD and 1,000 BWPD. The proposed well will be converted as soon as possible to facilitate water disposal. Attached is a schematic of the subject disposal well and its proposed completion and tubing/packer arrangement.

The intent of this application is to seek approval, either through a NMOCD administrative approval, or through a New Mexico Oil Conservation Commission sponsored hearing to convert the subject well to salt water disposal. This application is pursuant to the continuation of development and production on Strata's Nash Draw Unit

and the Forty-Niner Ridge Unit, which produce from the Bell Canyon, Cherry Canyon and Brushy Canyon intervals. The approval of this application will enhance Strata's, efforts to operate the subject lease as optimally as possible and increase the reserve potential by lowering the economic limit on each producing well.

The proposed completion within the Remuda Basin "20" #1 wellbore will be in the Bell Canyon and Cherry Canyon interval with perforations between 4124' and 4774'. The packer will be placed within approximately 50' to 100' above the top perforation at +/- 4000'. The tubing will be internally plastic coated. The proposed maximum salt water disposal rate is expected to be 1,000 BWPD. The initial disposal rate is expected to be 500 BWPD. Maximum injection pressure will not exceed 825 psig (0.2 psi/ft OCD allowable rate) until a step rate test establishes a higher limit. Injected fluids will be produced fluids from the Bell Canyon, Cherry Canyon and Brushy Canyon intervals. These zones and the proposed injection interval (Bell Canyon and Cherry Canyon) all contain saline waters with total dissolved solids (TDS) and salinity above 10,000 ppm (mg/1) . A chemical analysis of the disposed water is included. The system will be closed.

VIII. GEOLOGICAL DATA

The injection interval consists of an interbedded, fine to medium grain sorted sandstone reservoir. The saturation within the reservoir show a low oil saturation which is non-mobile making the formation non-commercial. The Bell Canyon and Cherry Canyon interval has a total thickness of approximately 2100' within the subject area. It overlays the Brushy Canyon and Bone Spring intervals which are the main productive interval within the subject area.

The known sources of fresh water within the subject area exist from approximately 120' to 400' deep in windmills that are approximately 250' deep. Based on a current geological and engineering data and a petrophysical rock-properties evaluation, there is no evidence of any natural or artificially created open faults within the unitized interval, or above, which would communicate salt water to the shallow fresh water strata. A representative shallow water analysis is included with this application.

IX. PROPOSED STIMULATION PROGRAM

The subject wells will be stimulated using 4,000 to 10,000 gallons of 7 1/2% NEFE HC1 acid. Rock salt blocks or ball sealers will be utilized during the acid job(s). A potential hydraulic frac job will, be performed using a 2% KCL crosslinked borate gel carrying 16/30 Ottawa sand. The necessity of a frac job and it's appropriate size will be determined after reworking and acidizing is completed.

STATEMENT OF SURFACE OWNER AND OFFSET OPERATOR

40 ACRE SURFACE OWNER **Bureau of Land Management**

OFFSET OPERATORS OR MINERAL INTEREST LEASEE :

Section 17: All, T23S-R30E
Devon Energy Production Company
20 N. Broadway, Suite 1500
Oklahoma City, OK 73102-8260

Section 20: NE/4, S/2 NW/4, NE/NW, T20S-R30E
Texaco Exploration & Production Company
Box 46513
Denver Colorado 80201-6513

Section 19: NW/4, T20S-R30E
Texaco Exploration & Production Company
Box 46513
Denver Colorado 80201-6513

Nash Unit - Section 18: E/2, T20S-R30E
Strata Production Company (Sub Operator Surface to Base of Bone Spring)
P.O. Box 1030
Roswell, New Mexico 88202-1030

Murchison Oil & Gas Inc.(Operator below the Bone Spring)
Attn: Michael Daugherty
1100 Mira Vista Blvd.
Plano, Texas 75093-4698

Section 19: SE/4, T20S-R30E
Yates Petroleum Corporation
105 S. 4th Street
Artesia, New Mexico 88210

Remuda Basin 20 Federal #1 3/18/02
330' FNL & 660' FEL, D-20-23S-30E
Eddy County, New Mexico

Add Bell Canyon and Cherry Canyon Injection Intervals

Well Data

Tubing:	2-7/8"	Casing:	17# & 15.5#, 5-1/2" @ 7500'		
TD:	7500'	PBTD:	7408'	Elevation:	3153'GR12'KB

Injection Perforations:

Bell Canyon	4124-36', 4140-48', 4180-90', 4196-4212'
Cherry Canyon	4296-4308', 4380-90', 4414-20', 4540-48', 4572-82', 4594-4603', 4614-20', 4634-46', 4682-90', 4696-4712', 4738-74'

CIBP at 6575' with 35' of cement on top

Plugged Back Perforations:

Brushy Canyon: 6608-12', 6616-20', 6702-06', 7162-66', 7194-7204', 7216-34', 7240-42'

Procedure

1. Rig up pulling unit. ND wellhead. NU BOP. P.O.H. with tubing and production equipment.

2. TIH with bit and scrapper on 2-7/8" workstring. T.I.H. to 6600'. Set CIBP at 6575' and cap with 35' of cement. Test casing at 1000 psi for 30 minutes.

3. Rig up Schlumberger. Run GR/CBL log from 4900' to 3800' to check cement bond. Perforate 4124-36', 4140-48', 4180-90', 4196-4212', 4296-4308', 4380-90', 4414-20', 4540-48', 4572-82', 4594-4603', 4614-20', 4634-46', 4682-90', 4696-4712', 4738-74', 1 jspf, 170 shots. Rig down Schlumberger.

4. TIH with 5-1/2" X 2-7/8", 15.5# - 17# full bore treating packer on 2-7/8" workstring. Set packer at +/- 4500'.

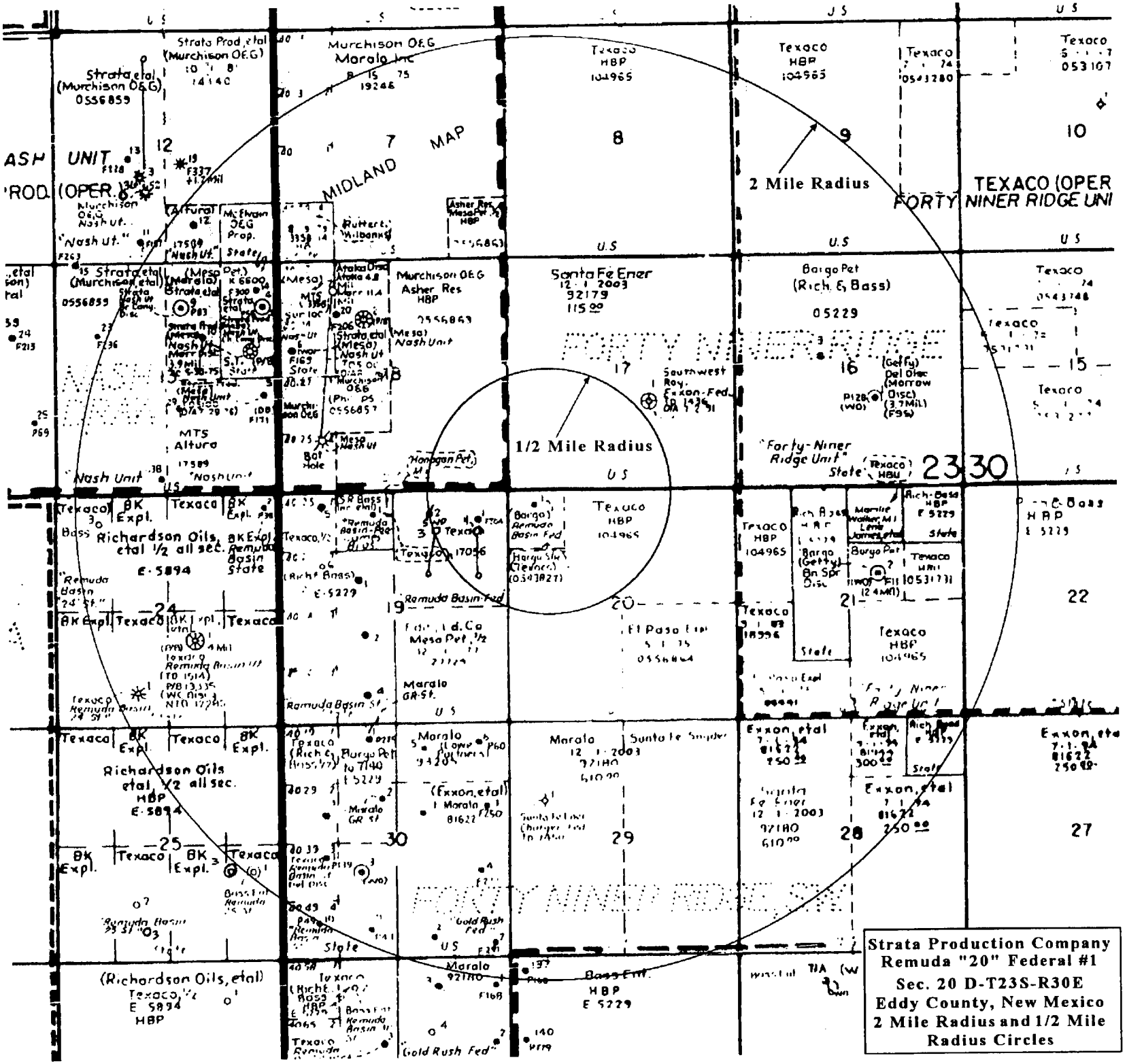
5. Acidize Cherry Canyon perforations 4540-48', 4572-82', 4594-4603', 4614-20', 4634-46', 4682-90', 4696-4712', 4738-74' with 3,000 gal 7 ½ % HCl with ball sealers as diverter. Average injection rate should be 4 to 6
BPM. Flush acid to bottom perforation with 2% KCl water. TOH with workstring and treating packer.

6. TIH with 5-1/2" X 2-7/8", 15.5# - 17# full bore treating packer and RBP on 2-7/8" workstring. Set RBP at +/- 4500'. Set packer at +/- 4000'.

7. Acidize Bell Canyon perforations 4124-36', 4140-48', 4180-90', 4196-4212' with 3,000 gal 7 ½ % HCl with rock salt as diverter. Average injection rate should be 3 to 4 BPM. Flush acid
to bottom perforation with 2% KCl water. Unset treating packer and RBP, TOH with workstring, treating packer, and RBP.

8. TIH with injection packer and plastic lined tubing. Set packer at +/- 4,000'. ND BOP. NU wellhead.

9. Put well on injection. Maximum injection rate is 1000 BWIPD at a maximum pressure of 825 psig at surface. RD pulling unit. Monitor surface injection pressure and rate.


2 Mile Radius
1/2 Mile Radius
MIDLAND MAP
Strata Production Company
Remuda "20" Federal #1
Sec. 20 D-T23S-R30E
Eddy County, New Mexico
2 Mile Radius and 1/2 Mile
Radius Circles

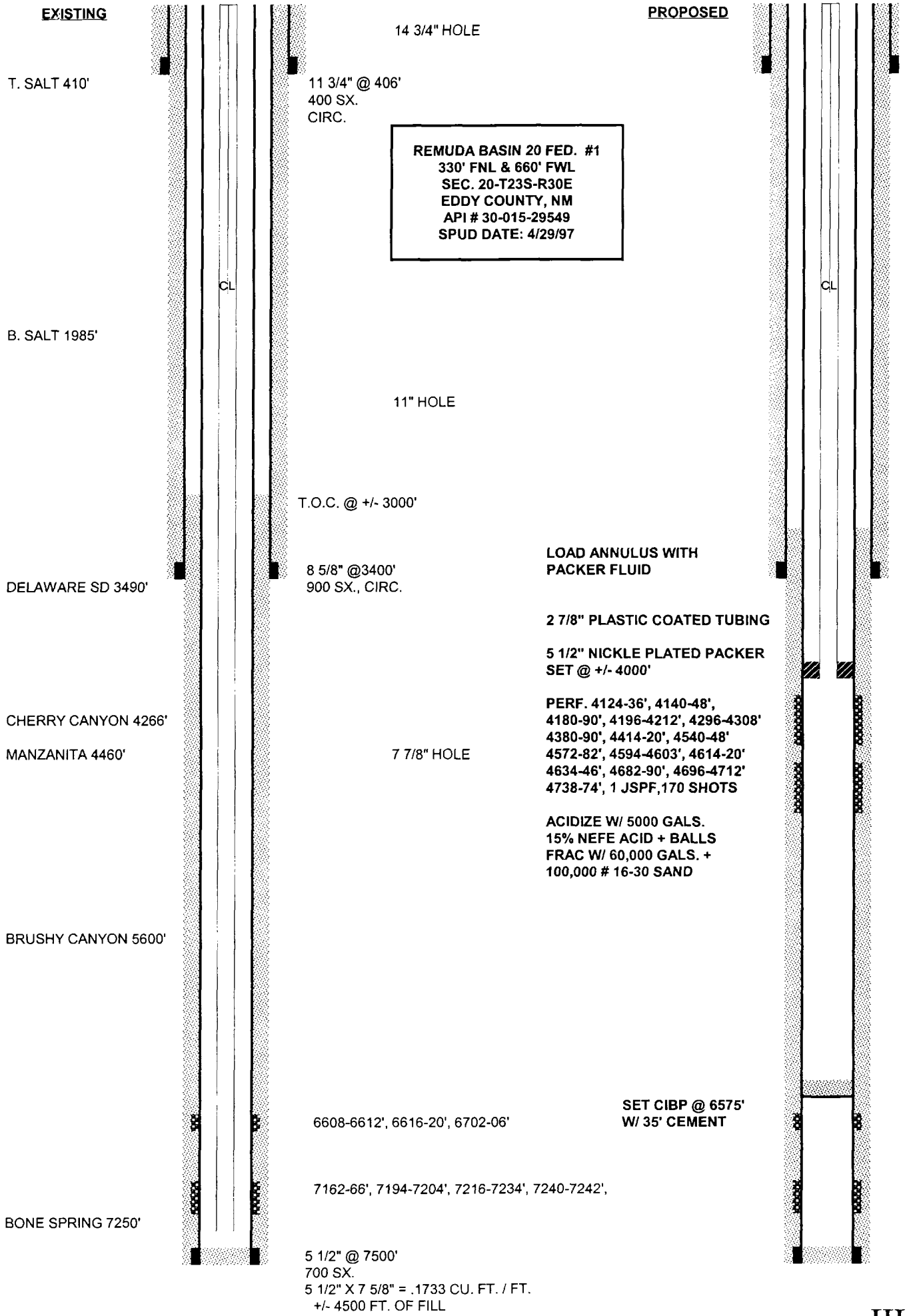
LEASE NAME	WELL #	PRODUCTION ID	API	OPERATOR NAME	PROD ZONE NAME	LEASE CODE	COUNTY
REMUDA BASIN 19 FEDERAL	2	1300220152890140000	30-015-289010000	TEXACO EXPLORATION & PRODUCTION INC	BRUSHY CANYON	18768	EDDY
REMUDA BASIN 19 FEDERAL	1	1300220152890240000	30-015-289020000	TEXACO EXPLORATION & PRODUCTION INC	BRUSHY CANYON	18768	EDDY
REMUDA BASIN 20 FEDERAL	1	1300220152954940000	30-015-295490000	STRATA PRODUCTION COMPANY	BRUSHY CANYON	20817	EDDY

		LOCATION	FIELD NAME	OIL CUM	GAS CUM	WTR CUM	STATUS	TD	UPPER PERF	LOWER PERF
REMUDA BASIN 19 FEDERAL	2	19B 23S 30E	NASH DRA	11,523	32,530	55,792	INA	7,640 6990-7036	~~7,105~~	~~7,169~~
REMUDA BASIN 19 FEDERAL	1	19A 23S 30E	NASH DRA	78,113	311,056	152,558	ACT	7,650 7010-7070	~~7,105~~	~~7,169~~
REMUDA BASIN 20 FEDERAL	1	20D 23S 30E	NASH DRA	3,173	14,090	67,605	INA	7,800	6,608	7,242

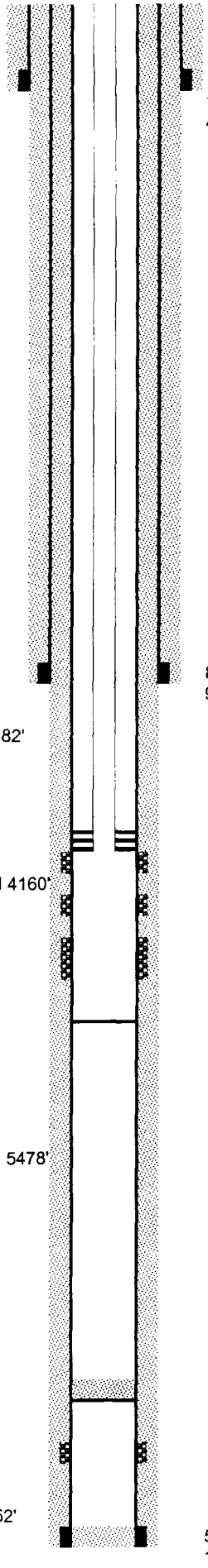
some oil/lots of water

		OIL YTD	GAS YTD	WTR YTD	OIL LATEST MONTH	GAS LATEST MONTH	WATER LATEST MONTH	FIRST PROD DATE	LAST PROD DATE
REMUDA BASIN 19 FEDERAL	2							06/01/96	05/31/97
REMUDA BASIN 19 FEDERAL	1	8,501	36,564	29,166	797	1,410	2,560	05/01/96	10/31/01
REMUDA BASIN 20 FEDERAL	1							07/01/97	08/31/98

VI


EXISTING
PROPOSED
14 3/4" HOLE
T. SALT 410'
11 3/4" @ 406'
400 SX.
CIRC.
REMUDA BASIN 20 FED. #1
330' FNL & 660' FWL
SEC. 20-T23S-R30E
EDDY COUNTY, NM
API # 30-015-29549
SPUD DATE: 4/29/97
CL
CL
B. SALT 1985'
11" HOLE
T.O.C. @ +/- 3000'
LOAD ANNULUS WITH
PACKER FLUID
8 5/8" @3400'
900 SX., CIRC.
DELAWARE SD 3490'
2 7/8" PLASTIC COATED TUBING
5 1/2" NICKLE PLATED PACKER
SET @ +/- 4000'
PERF. 4124-36', 4140-48',
4180-90', 4196-4212', 4296-4308'
4380-90', 4414-20', 4540-48'
CHERRY CANYON 4266'
4572-82', 4594-4603', 4614-20'
MANZANITA 4460'
7 7/8" HOLE
4634-46', 4682-90', 4696-4712'
4738-74', 1 JSPF,170 SHOTS
ACIDIZE W/ 5000 GALS.
15% NEFE ACID + BALLS
FRAC W/ 60,000 GALS. +
100,000 # 16-30 SAND
BRUSHY CANYON 5600'
SET CIBP @ 6575'
W/ 35' CEMENT
6608-6612', 6616-20', 6702-06'
7162-66', 7194-7204', 7216-7234', 7240-7242',
BONE SPRING 7250'
5 1/2" @ 7500'
700 SX.
5 1/2" X 7 5/8" = .1733 CU. FT. / FT.
+/- 4500 FT. OF FILL

III



11 3/4" @ 400'
400 SX., CIRC.

REMUDA BASIN 19 FED. #2
510' FNL & 1580' FEL
SEC. 19-T23S-R30E
EDDY COUNTY, NM
API # 30-015-28902
SPUD DATE: 4/5/96

SALTWATER DISPOSAL APPROVED WITH ADMINISTRATIVE ORDER No. SWD-626

8 5/8" @ 3209'
900 SX., CIRC.

B. SALT 3364'
T. DELAWARE SD 3382'

T. CHERRY CANYON 4160'

4048-95', 4012-4035'

4255-80', 4165-92'

4609-4634', 4579-88', 4555-75'

CIBP @ 4700'

T. BRUSHY CANYON 5478'

2 7/8" @ 6993

CIBP @ 6525' WITH 35' OF CEMENT

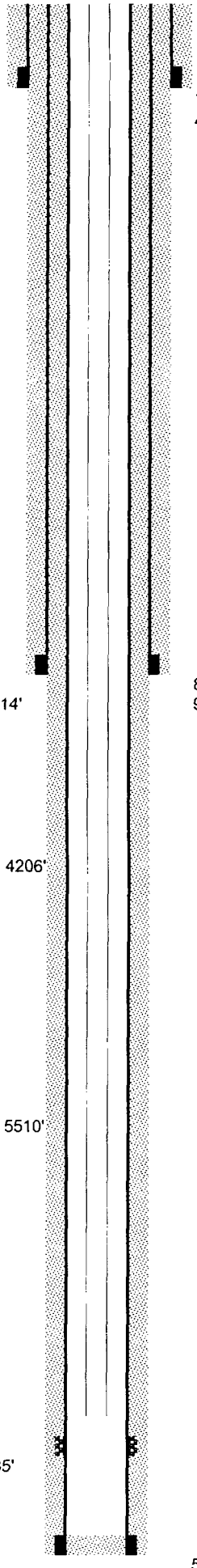
7056-7099'; BRUSHY CANYON

T. BONE SPRING 7152'

5 1/2" @ 7650'
1600 SX

5 1/2" 7 7/8" = /.1733 CU.FT./FT.
9100' FILL W/ 25% EXCESS

VI



11 3/4" @ 400'
400 SX.

REMUDA BASIN 19 FED. #1
660' FNL & 660' FEL
SEC. 19-T23S-R30E
EDDY COUNTY, NM
API # 30-015-28901
SPUD DATE: 4/20/96

B. SALT 3390'
T. DELAWARE SD 3414'

8 5/8" @ 3225'
900 SX.

T. CHERRY CANYON 4206'

T. BRUSHY CANYON 5510'

2 7/8" @7002'

7105-48', 7150-57', 7166-69'; BRUSHY CANYON

T. BONE SPRING 7185'

5 1/2" @ 7640'
1700 SX

VI

HALLIBURTON DIVISION LABORATO

HALLIBURTON SERVICES

ARTESIA DISTRICT

LABORATORY REPORT

No. W121, W122, & W123-93

TO Strata Production

Date March 25, 1993

648 Petroleum Building

Roswell, NM 88201

Submitted by Date Rec.

Well No. Depth Formation

Field County Source

	3-25-93 Nash Draw #10	3-24-93 Nash Draw #10	3-24-93 Fresh Water
Resistivity	0.050 @ 70°	0.051 @ 70°	4.18 @ 70°
Specific Gravity ..	1.204 @ 70°	1.1200 @ 70°	1.0016 @ 70°
pH	7.0	7.2	7.0
Calcium	33,040	29,901	2,478
Magnesium	3,607	4,008	902
Chlorides	188,000	184,000	600
Sulfates	600	800	200
Bicarbonates	275	244	153
Soluble Iron	250	250	0
KCL	Trace	1/2%	

Remarks:

MAR 2 9 1993

Respectfully submitted

Analyst: Eric Jacobson - Operations Engineer

HALLIBURTON SERVICES

VII

XI

Offset Operators
Remuda Basin "20" Federal #1 SWD
NW/NW Section 20, T23S-R30E, Eddy Coun!y, NM

Section 17: All, T23S-R30E
Devon Energy Production Company
20 N. Broadway, Suite 1500
Oklahoma City, OK 73102-8260

Section 20: NE/4, S/2 NW/4, NE/NW, T20S-R30E
Texaco Exploration & Production Company
Box 46513
Denver Colorado 80201-6513

Section 19: NW/4, T20S-R30E
Texaco Exploration & Production Company
Box 46513
Denver Colorado 80201-6513

Nash Unit - Section 18: E/2, T20S-R30E
Strata Production Company (Sub Operator Surface to Base of Bone Spring)
P.O. Box 1030
Roswell, New Mexico 88202-1030

Murchison Oil & Gas Inc.(Operator below the Bone Spring)
Attn: Michael Daugherty
1100 Mira Vista Blvd.
Plano, Texas 75093-4698

Section 19: SE/4, T20S-R30E
Yates Petroleum Corporation
105 S. 4th Street
Artesia, New Mexico 88210

Remuda Basin "20" Fed #1
OCD File.

Affidavit of Publication

No 21962

State of New Mexico,
County of Eddy, ss.

Dawn Higgins,

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 thc 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:

March 31, 2002
, 2002
, 2002
, 2002
, 2002
, 2002

That the cost of publication is $66.93, and that payment thereof has been made and will be assessed as court costs.

Dawn Higgins

Subscribed and sworn to before me this

31 day of March, 2002

Stephanie Dobson

My commission expires 12/13/05

Notary Public

March 31, 2002

APPLICATION FOR WATER DISPOSAL

Strata Production Company, P.O. Box 1030, Roswell, New Mexico 882092-1030, (Contact: Bruce Stubbs, 505-624-2800), has filed Application with the Oil Conservation Division, Energy, Minerals and Natural Resources Department, State of New Mexico, for Admisnistrative Approval and authority to inject salt water into the Remuda Basin "20" Fed. #1 well located 330' FNL and 660' FWL of Section 20, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico.

The purpose of the water injection well is to dispose of salt water produced from the Nash Draw 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 Bell Canyon and Cherry Canyon formation of the Delaware Mountain group at an interval between 4124 feet to 4774 feet beneath the surface.

The minimum injection rate is expected to be approximately 500 barrels of water per day. The maximum injection rate is expected to be approximately 1000 barrels of water per day.

Minimum injection pressure is expected to be approximately 300 PSI. The maximum injection pressure is expected to be approximately 825 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, P.O. Box 2088, Santa Fe, New Mexico 87504-2088 within 15 days from the date of publication.

Strata Production Company

By: **Bruce Stubbs**
P.O. Box 1030
Roswell, New Mexico
88202-1030
Telephone 505-624-2800

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City, State, ZIP+4: 1100 Mira Vista Blvd
Plano, TX 75093-4698

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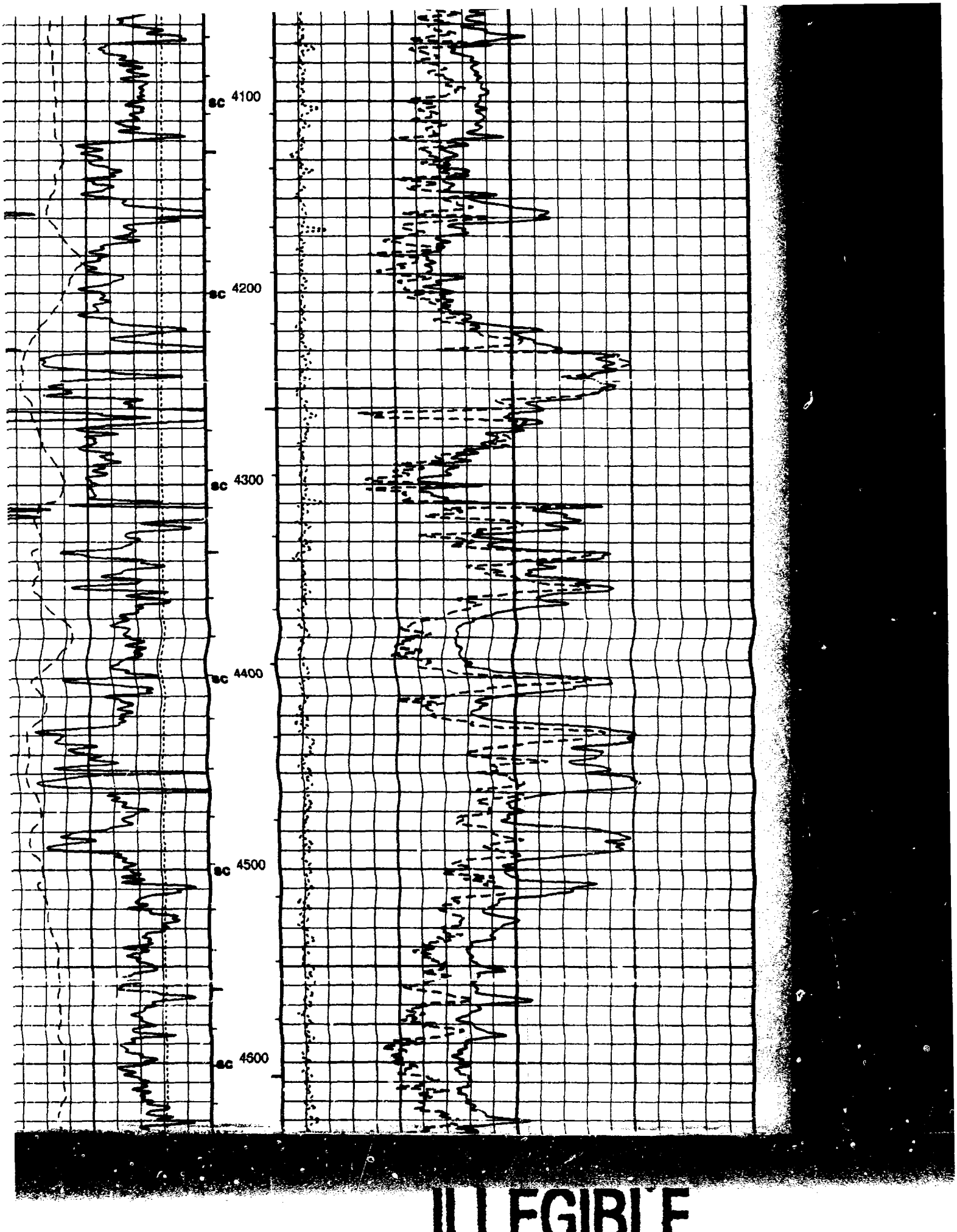

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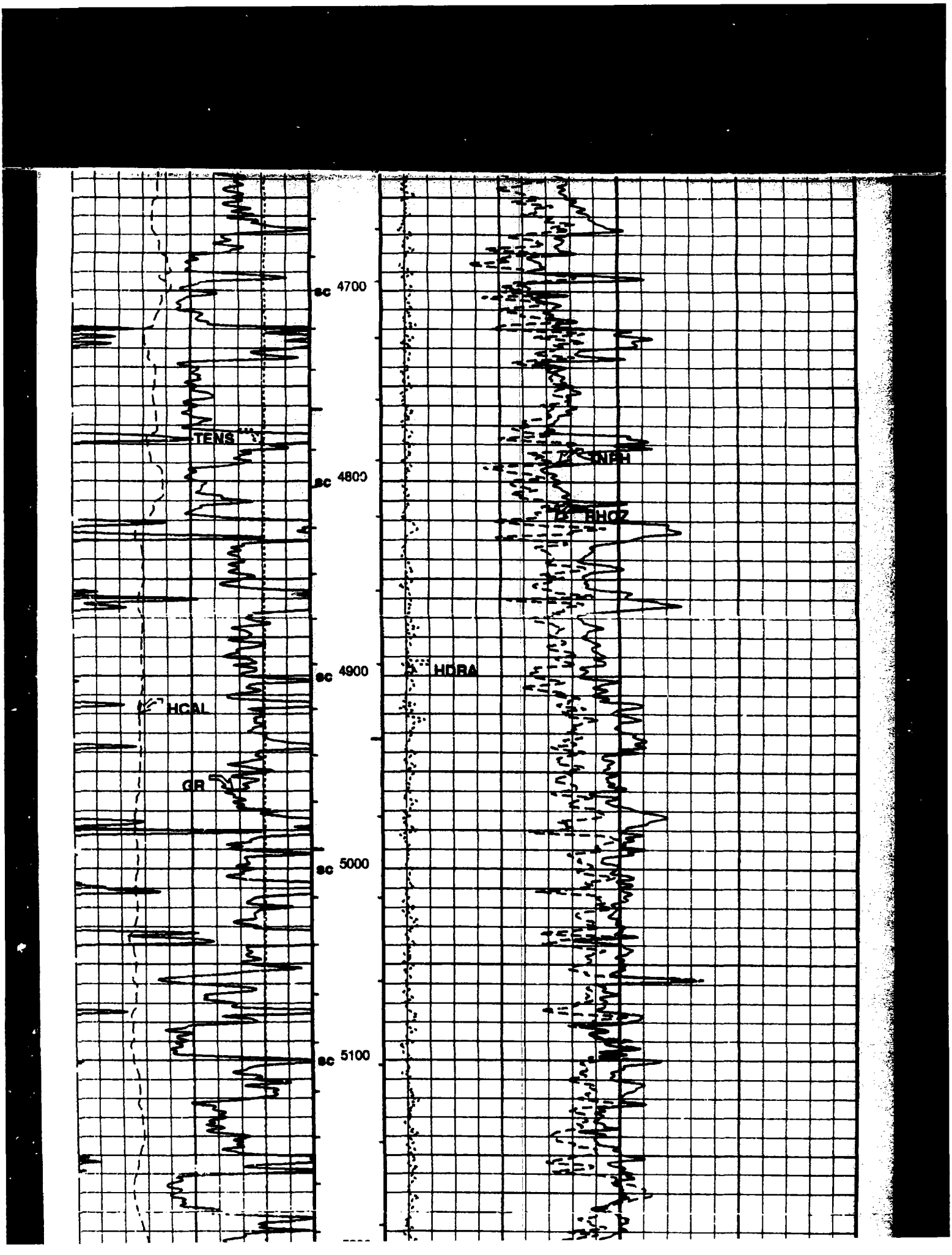
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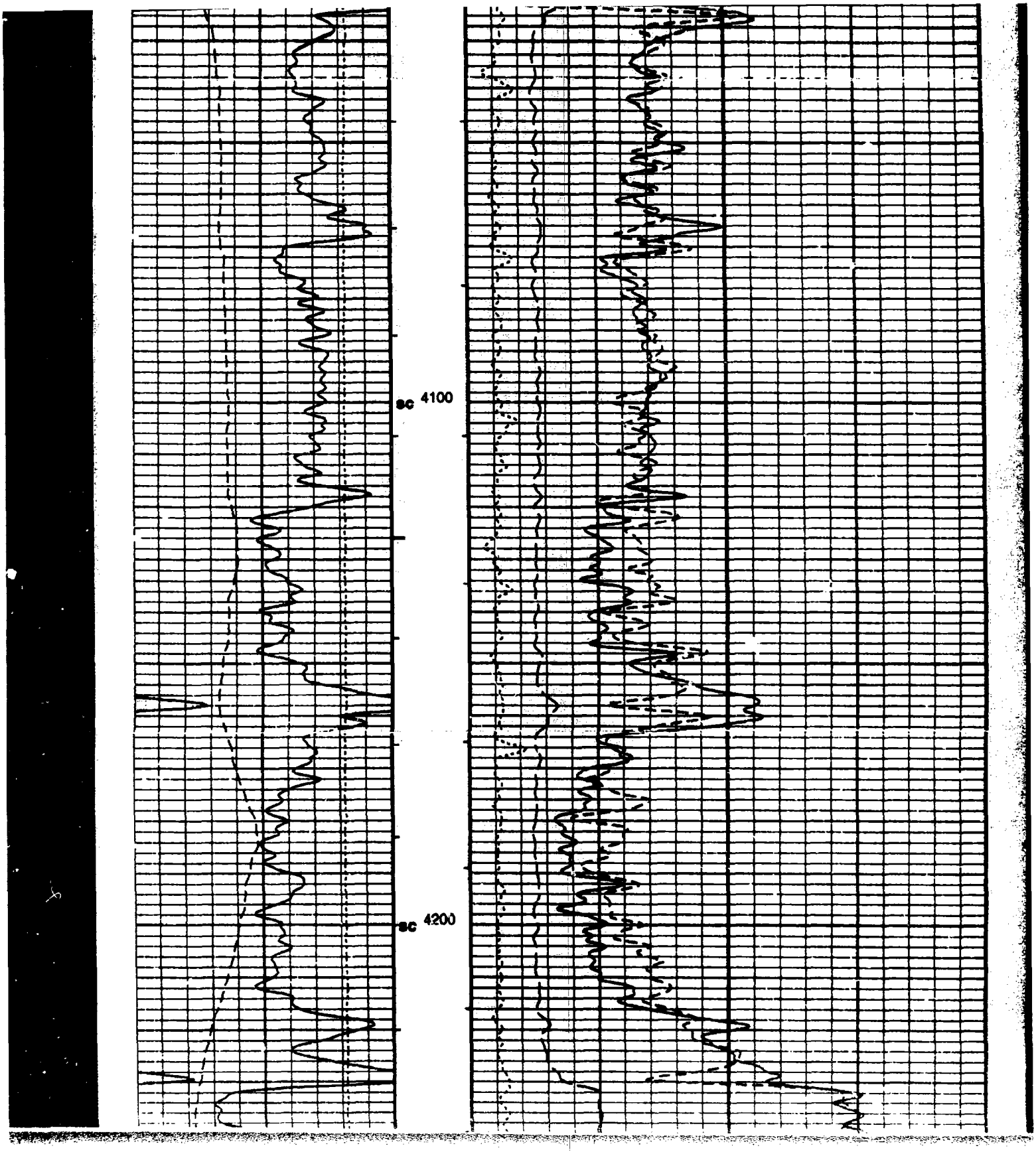
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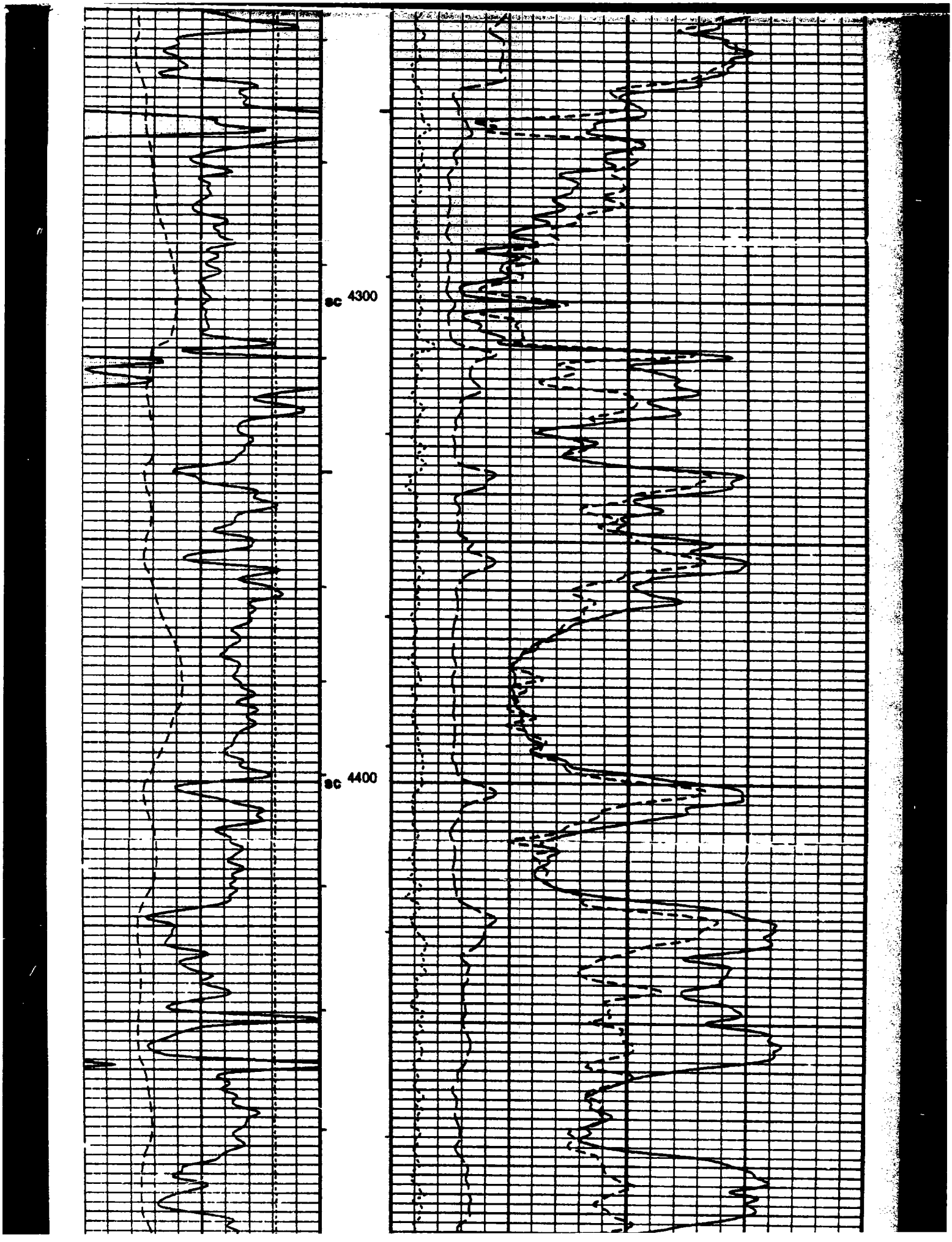
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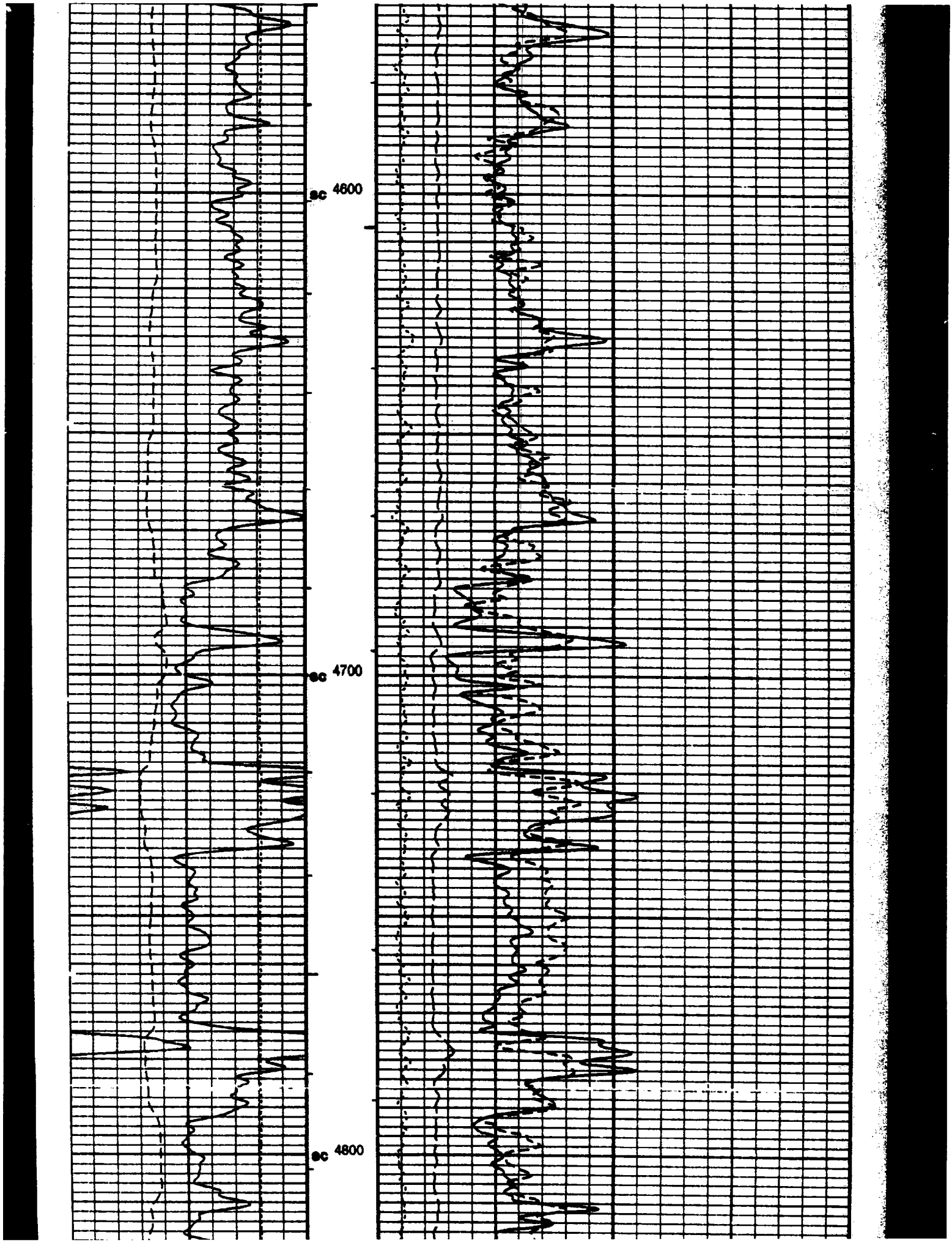
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