

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS** *OCD Artesia*
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.5. Lease Serial No.
SHL NM-0531075 BHL NM-104965 ✓
6. If Indian, Allottee or Tribe Name**SUBMIT IN TRIPLICATE** - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other7. If Unit of CA/Agreement, Name and/or No.
NM-070951C2. Name of Operator
STRATA PRODUCTION COMPANY8. Well Name and No.
FORTY NINER RIDGE UNIT #14 ✓3a. Address
PO BOX 1030, ROSWELL, NM 88202-10303b. Phone No. (include area code)
575-622-1127

9. API Well No. 30015 38563

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL 330' FSL & 2480' FWL, SEC 10, T23S-R30E
BHL 360' FNL & 1470' FEL, SEC 9, T23S-R30E10. Field and Pool or Exploratory Area
FORTY NINER RIDGE DELAWARE
11. Country or Parish, State
EDDY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other UPDATE
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13 Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleting horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleting in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

UPDATED CEMENTING PLAN - NO DV TOOL ON 7" CSG. 7" CEMENT TO SURFACE. 4 1/2" LINER CEMENT WITH 590' TIEBACK TO 7" CSG.

Details:

13 3/8" Conductor @ 250'. 285 sacks Class C + .005 lbs/sk Static Free + 2% bwoc CaCl + 1 gal/100sk FP-6L + 56.3% Fresh Water. 14.8 ppg, 1.34 cf/sk yield

9 5/8" Surface @ 3600'. Lead: 736 sacks (35:65) Poz (Fly Ash): Class C + .005 lb/sk Static Free + 5% bwow NaCl + 125 lb/sk Cello Flake + 5 lb/sk LCM-1 + 1 gal/100 sk FP-6L + 4% bwoc Bentonite + 1.3% bwoc Sodium Metasilicate + 5% bwoc MPA-5 + 107.2% Fresh Water. 12.5 ppg, 2.13 cf/sk yield. Tail: 485 sacks Class C + .005 lb/sk Static Free + .15% bwoc R-3 + 1 gal/100sk FP-6L + 56% Fresh Water. 14.8 ppg, 1.33 cf/sk yield.

7" Intermediate @ 7790'. Lead: 580 sacks (35:65) Poz (Fly Ash): Class H + .005 lb/sk Static Free + 5% bwow NaCl + 125 lb/sk Cello Flake + 5 lb/sk LCM-1 + 2% bwoc FL-52 + 1 gal/100 sk FP-6L + 4% bwoc Bentonite + 2% bwoc Sodium Metasilicate + 5% bwoc MPA-5 + 106.5% Fresh Water. 12.5 ppg, 2.11 cf/sk yield. Tail: 253 sacks Class H + .005 lb/sk Static Free + 1% bwow NaCl + .2% bwoc FL-52 + 1 gal/100sk FP-6L + 46.5% Fresh Water. 15.6 ppg, 1.19 cf/sk yield.

4 1/2" Liner @ 7200'-12468' 610 sacks Class H + .005 lb/sk Static Free + 1% bwow NaCl + .2% bwoc FL-52 + 1 gal/100 sk FP-6L + 46.5% Fresh Water. 15.6 ppg, 1.19 cf/sk yield

Attached are updated Choke Manifold and BOP configurations.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

MARK B. MURPHY

Title President

Signature

Mark B. Murphy

Date

6-28-11

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Ted M. Morgan

Petroleum Engineer

Office

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instructions on page 2)

RECEIVED
JUL 15 2011
NMOCD ARTESIA

Forty Niner Ridge Unit #14
Strata Production Company
30-015-38563
July 7, 2011
Conditions of Approval

Summary of Current Status:

- Original APD Approved Feb 2011 as horizontal well.
- Location is Secretary's Potash.
- Original APD included.
 - 2 stage cement job on 7" Production Casing.
 - Use of hydraulic set isolation packer assy on 4-1/2" casing.

Requests:

1. Operator is requesting to revise cementing procedures on the well by:
 - conducting a single stage cement job instead of a two stage cementing the 7" production casing
 - cementing the 4-1/2" production liner in the drainhole and delete use of the hydraulic set packers.

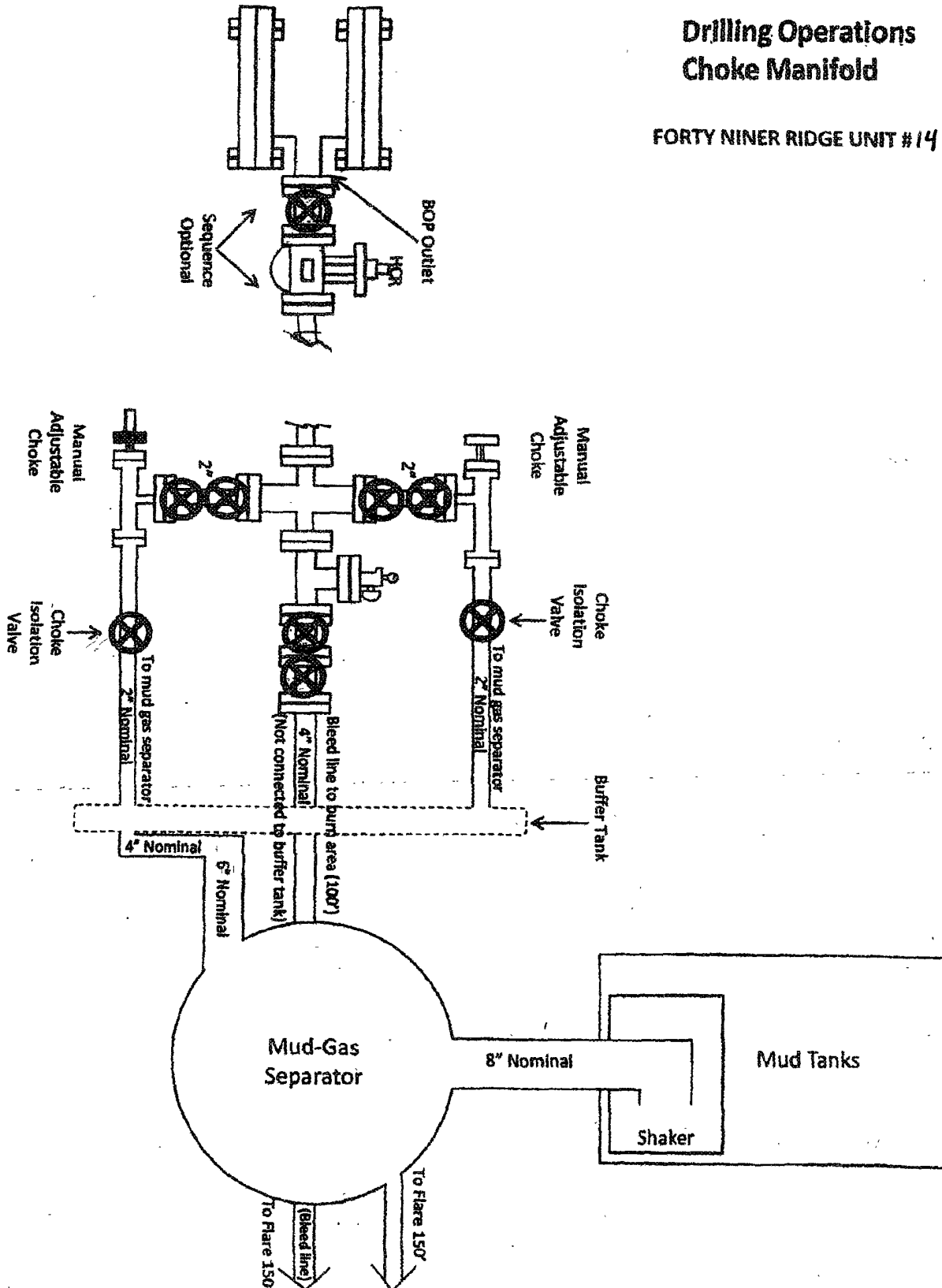
Conditions of Approval:

- a) While utilization of a single stage cement job on the 7" casing is possible, the use of two stage cementing procedure will increase the likelihood of successfully getting cement returns to surface. Hydrostatic pressure on the formation below 4500' will be reduced by approximately 800 psi ($3.5 \text{ ppg} \times .052 \times 4500'$) by use of the two stage cement job procedure. Therefore, a two stage cementing procedure is required.
- b) Cementing of the 4-1/2" liner in the drainhole as an alternative to the isolation packers system is approved.
- c) Centralizers suitable for horizontal sections shall be used on the 4-1/2" liner in the drainhole.
- d) The revised BOPE equipment specifications are approved.
- e) All other terms of the previous drilling Conditions of Approval will still apply.

TMM 07/07/2011

Drilling Operations Choke Manifold

FORTY NINER RIDGE UNIT #14





Minimum operating equipment for the prevention and hydraulically operated valves shall be as follows: (1) Multiple pumps, driven by a continuous source of power, capable of fluid charging the total accumulator volume from the nitrogen precharge pressure to its rated pressure within _____ minutes. Also, the pumps are to be connected to the precharge of nitrogen of not less than 750 PSI and connected so as to receive the aforementioned fluid charge. With _____ pumps must be sufficient to close all the pressure-operated devices simultaneously, within _____ seconds; after closure, the accumulator fluid volume at least _____ percent of the original. (3) When requested, an additional source of _____ there shall be additional pumps operated by separate power and equal in performance capabilities.

The closing manifold and remote closing manifold shall have a separate control for each pressure-operated device. Controls are to be labeled, with control handles indicating open and closed positions. A pressure reducer and regulator must be provided for operating the Hydriil preventer. When requested, a second pressure reducer shall be available to limit operating fluid pressures to ram preventers. Gulf Legion No. 38 hydraulic oil, an equivalent or better, is to be used as the fluid to operate the hydraulic equipment.

* To include derrick floor mounted controls.