STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

Case No. 22437

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

Case No. 22438

FNRU Fed Com 22 23 III 15H
FNRU Fed Com 22 23 PPI 16H

January 6, 2022

Table of Contents

Tab

Checklists 1

Applications 2

Affidavit of Landman Mitch Krakauskas – Exhibit A 3

Landman Exhibits 4

Exhibit A-1: General Location Map
Exhibit A-2: Tract Map with Leasehold Owners
Exhibit A-3: Tract Map with Proration Unit Working Interest Percentages
Exhibit A-4: Ownership Breakdown
Exhibit A-5: Chronology of Contacts
Exhibit A-6: C-102s
Exhibit A-7: Well Proposal Letter and AFEs

Affidavit of Geologist Scott Kelley– Exhibit B 5

Geologist Exhibits 6

Exhibit B-1: Regional View
Exhibit B-1b: Delaware Basin Stratigraphic Column
Exhibit B-2: Base of Brushy Canyon Formation Structure
Exhibit B-3: Base of Brushy Canyon Structure
Exhibit B-4: Target Interval on Offset Log
Exhibit B-5: Cross Section Line
Exhibit B-6: Structural Cross Section
Exhibit B-7: Gunbarrel Diagram and Landing Zone

Affidavit of Notice – Exhibit C 7

Tab 1.

Received by OCD: 1/4/2022 4:42:22 PM

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 22437	**APPLICANT'S RESPONSE**
Date	**January 6, 2021**
Applicant	**Strata Production Company**
Designated Operator & OGRID (affiliation if applicable)	**21712**
Applicant's Counsel:	Montgomery & Andrews, P.A. (Sharon Shaheen & Ricardo Gonzales)
Case Title:	Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	None at this time
Well Family	FNRU Fed Com Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Delaware Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Delaware Formation
Pool Name and Pool Code:	Forty Niner Ridge; Delaware [24750]
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	200 acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	200 acres, more or less
Building Blocks:	Quarter-quarter section (40 ac)
Orientation:	West-East
Description: TRS/County	NE/4 SE/4 of Section 22 and N/2 S/2 of Section 23, T23S, R30E, Eddy County, NM
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	n/a
Proximity Defining Well: if yes, description	n/a
Applicant's Ownership in Each Tract	Tract 1 (NE/4 SE/4): 54.182%; Tract 2 (N/2 SW/4): 39.25%; Tract 3 (N/2 SE/4): 22.875%; see Exhibits A-2 through A-4
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Released to Imaging: 1/4/2022 4:43:47 PM

Well #1	FNRU Fed Com 22 23 III 15H, API No. Pending SHL: 2100' FSL and 850' FEL, Section 22, T23S-R30E, NMPM BHL: 1650' FSL and 100' FEL, Section 23, T-23S-R30E, NMPM Completion Target: Brushy Canyon at approx. 7331' Well Orientation: West to East Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP (~2100 FSL and 990' FEL of Section 22, T23S-R30E) LTP (~1650' FSL and 100' FEL of Section 23, T23S-R30E)
Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7331'), MD (~13,199')
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$8000; see Exhibit A, ¶ 22
Production Supervision/Month $	$800; see Exhibit A, ¶ 22
Justification for Supervision Costs	Please see AFE at Exhibit A-7
Requested Risk Charge	200%; see Exhibit A, ¶ 23
Notice of Hearing	
Proposed Notice of Hearing	Submitted with online filing of Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	n/a
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	See Exhibits A-2 & A-3
Tract List (including lease numbers and owners)	See Exhibits A-2 & A-3
Pooled Parties (including ownership type)	See Exhibit A, ¶ 10
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit A-7
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	n/a
Cost Estimate to Drill and Complete	Exhibit A-7
Cost Estimate to Equip Well	Exhibit A-7
Cost Estimate for Production Facilities	Exhibit A-7
Geology	
Summary (including special considerations)	Exhibit B, ¶¶ 5-15; see Exhibits B-1 through B-7
Spacing Unit Schematic	Exhibit B-3
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibit B, ¶ 15(d)
Target Formation	Exhibit B-4
HSU Cross Section	Exhibit B-5

Depth Severance Discussion	n/a; see Exhibit A, ¶ 15
Forms, Figures and Tables	
C-102	Exhibit A-6
Tracts	Exhibits A-2 & A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits A-2 through A-4
General Location Map (including basin)	Exhibit A-1
Well Bore Location Map	Exhibit A-3; see Exhibit A-6
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-5
Cross Section (including Landing Zone)	Exhibits B-6 and B-7
Additional Information	
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen
Signed Name (Attorney or Party Representative):	Sharon T Shaheen
Date:	1/4/2022

Received by OCD: 1/4/2022 4:42:22 PM

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 22438	**APPLICANT'S RESPONSE**
Date	**January 6, 2021**
Applicant	**Strata Production Company**
Designated Operator & OGRID (affiliation if applicable)	**21712**
Applicant's Counsel:	Montgomery & Andrews, P.A. (Sharon Shaheen & Ricardo Gonzales)
Case Title:	Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	None at this time
Well Family	FNRU Fed Com Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Delaware Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Delaware Formation
Pool Name and Pool Code:	Forty Niner Ridge; Delaware [24750]
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	200 acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	200 acres, more or less
Building Blocks:	Quarter-quarter section (40 ac)
Orientation:	West-East
Description: TRS/County	SE/4 SE/4 of Section 22 and S/2 S/2 of Section 23, T23S, R30E, Eddy County, NM
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	n/a
Proximity Defining Well: if yes, description	n/a
Applicant's Ownership in Each Tract	Tract 1 (SE/4 SE/4): 54.182%; Tract 2 (S/2 SW/4): 39.25%; Tract 3 (S/2 SE/4): 22.875%; see Exhibits A-2 through A-4
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Released to Imaging: 1/4/2022 4:43:47 PM

Well #1	FNRU Fed Com 22 23 PPI 16H, API No. Pending SHL: 330' FSL and 660' FEL, Section 22, T23S-R30E, NMPM BHL: 330' FSL and 100' FEL, Section 23, T-23S-R30E, NMPM Completion Target: Brushy Canyon at approx. 7315' Well Orientation: West to East Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP (~330 FSL and 990' FEL of Section 22, T23S-R30E) LTP (~330' FSL and 100' FEL of Section 23, T23S-R30E)
Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7315'), MD (~12,967')
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$8000; see Exhibit A, ¶ 22
Production Supervision/Month $	$800; see Exhibit A, ¶ 22
Justification for Supervision Costs	Please see AFE at Exhibit A-7
Requested Risk Charge	200%; see Exhibit A, ¶ 23
Notice of Hearing	
Proposed Notice of Hearing	Submitted with online filing of Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	n/a
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	See Exhibits A-2 & A-3
Tract List (including lease numbers and owners)	See Exhibits A-2 & A-3
Pooled Parties (including ownership type)	See Exhibit A, ¶ 10
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit A-7
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	n/a
Cost Estimate to Drill and Complete	Exhibit A-7
Cost Estimate to Equip Well	Exhibit A-7
Cost Estimate for Production Facilities	Exhibit A-7
Geology	
Summary (including special considerations)	Exhibit B, ¶¶ 5-15; see Exhibits B-1 through B-7
Spacing Unit Schematic	Exhibit B-3
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibit B, ¶ 15(d)
Target Formation	Exhibit B-4
HSU Cross Section	Exhibit B-5

Received by OCD: 1/4/2022 4:42:22 PM

Depth Severance Discussion	n/a; see Exhibit A, ¶ 15
Forms, Figures and Tables	
C-102	Exhibit A-6
Tracts	Exhibits A-2 & A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits A-2 through A-4
General Location Map (including basin)	Exhibit A-1
Well Bore Location Map	Exhibit A-3; see Exhibit A-6
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-5
Cross Section (including Landing Zone)	Exhibits B-6 and B-7
Additional Information	
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen
Signed Name (Attorney or Party Representative):	Sharon T Shaheen
Date:	1/4/2022

Released to Imaging: 1/4/2022 4:43:47 PM

Tab 2.

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

Case No. _____

APPLICATION

Strata Production Company, OGRID No. 21712 ("Strata"), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and Ricardo S. Gonzales), hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the NE/4 SE/4 of Section 22, Township 23 South, Range 30 East and the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. In support of its application, Strata states as follows:

1. Strata is a working interest owner in the proposed HSU and has the right to drill thereon.

2. Strata proposes to drill the following 1.25-mile well in the proposed HSU:

   FNRU Fed Com 22 23 ILL 15H well, to be horizontally drilled from an approximate surface hole location 2100' FSL and 850' FEL of Section 22, T23S-R30E, to an approximate bottom hole location 1650' FSL and 100' FEL of Section 23, T23S-R30E ("FNRU 22 23 ILL 15H");

3. The NE/4 SE/4 of Section 22 is included in the Fortyniner Ridge Unit. The surface hole of the proposed well is located within the Fortyniner Ridge Unit due to limited availability of

surface locations. The well is located in a potash area. A subsurface pipeline located along the western boundary of Section 23 further limits surface availability.

4. Strata will allocate production to interests in the NE/4 SE/4 of Section 22 in accordance with the Fortyniner Ridge Unit's unitized tract interest.

5. The first and last take points for the proposed well will meet the setback requirements set forth in the statewide rules for horizontal oil wells. The completed lateral for the proposed well complies with the standard setback.

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

7. Approval of the HSU and the pooling of all mineral interest owners in the Middle Brushy Canyon formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In order to permit Strata to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Strata should be designated the operator of the HSU. The only uncommitted interest in this HSU is owned by OXY USA Inc., and OXY USA Inc. is therefore the only interest owner to be pooled in this proceeding.

WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on January 6, 2022, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 200-acre, more or less, HSU comprised of the NE/4 SE/4 of Section 22, Township 23 South, Range 30 East and the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico;

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

C. Allowing the drilling of the following 1.25-mile well in the proposed HSU: FNRU 22 23 ILL 15H;

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

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

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

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

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen
Sharon T. Shaheen
Ricardo S. Gonzales
Post Office Box 2307
Santa Fe, NM 87504-2307
(505) 986-2678
sshaheen@montand.com
rgonzales@montand.com

Attorneys for Strata Production Company

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

Case No. _____

APPLICATION

Strata Production Company, OGRID No. 21712 ("Strata"), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and Ricardo S. Gonzales), hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the SE/4 SE/4 of Section 22, Township 23 South, Range 30 East and the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. In support of its application, Strata states as follows:

1. Strata is a working interest owner in the proposed HSU and has the right to drill thereon.

2. Strata proposes to drill the following 1.25-mile well in the proposed HSU: **FNRU Fed Com 22 23 PPI 16H** well, to be horizontally drilled from an approximate surface hole location 330' FSL and 660' FEL of Section 22, T23S-R30E, to an approximate bottom hole location 330' FSL and 100' FEL of Section 23, T23S-R30E ("FNRU 22 23 PPI 16H");

3. The SE/4 SE/4 of Section 22 is included in the Fortyniner Ridge Unit. The surface hole of the proposed well is located within the Fortyniner Ridge Unit due to limited availability of

surface locations. The well is located in a potash area. A subsurface pipeline located along the western boundary of Section 23 further limits surface availability.

4. Strata will allocate production to interests in the SE/4 SE/4 of Section 22 in accordance with the Fortyniner Ridge Unit's unitized tract interest.

5. The first and last take points for the proposed well will meet the setback requirements set forth in the statewide rules for horizontal oil wells. The completed lateral for the proposed well complies with the standard setback.

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

7. Approval of the HSU and the pooling of all mineral interest owners in the Middle Brushy Canyon formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In order to permit Strata to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Strata should be designated the operator of the HSU. The only uncommitted interest in this HSU is owned by OXY USA Inc., and OXY USA Inc. is therefore the only interest owner to be pooled in this proceeding.

WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on January 6, 2022, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 200-acre, more or less, HSU comprised of the SE/4 SE/4 of Section 22, Township 23 South, Range 30 East and the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico;

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

C. Allowing the drilling of the following 1.25-mile well in the proposed HSU: FNRU 22 23 PPI 16H;

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

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

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

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

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen
Sharon T. Shaheen
Ricardo S. Gonzales
Post Office Box 2307
Santa Fe, NM 87504-2307
(505) 986-2678
sshaheen@montand.com
rgonzales@montand.com

Attorneys for Strata Production Company

Tab 3.

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO **Case No. 22437**

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO **Case No. 22438**

AFFIDAVIT OF LANDMAN MITCH KRAKAUSKAS

I, Mitch Krakauskas, being first duly sworn, do hereby depose and attest as follows:

1. I am over the age of eighteen and have personal knowledge of the matters stated herein.

2. I am employed as the Vice President of Strata Production Company ("Strata" or "Applicant"), and I am familiar with the subject applications and the lands involved.

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

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

Exhibit A

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

6. In Case No. **22437**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the NE/4 SE/4 of Section 22, Township 23 South, Range 30 East and the N/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. The HSU will be dedicated to the FNRU Fed Com 22 23 III 15H well,[1] to be horizontally drilled from an approximate surface hole location 2100' FSL and 850' FEL of Section 22, T23S-R30E, to an approximate bottom hole location 1650' FSL and 100' FEL of Section 23, T23S-R30E. The first take point will be located at approximately2100' FSL and 990' FEL of Section 22, T23S-R30E. The last take point will be located at approximately1650' FSL and 100' FEL of Section 23, T23S-R30E.

7. In Case No. **22438**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 200-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the SE/4 SE/4 of Section 22, Township 23 South, Range 30 East and the S/2 S/2 of Section 23, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following well: FNRU Fed Com 22 23 PPI 16H well, to be horizontally drilled from an approximate surface hole location 330' FSL and 660' FEL of Section 22, T23S-R30E, to an approximate bottom hole location 330' FSL and 100' FEL of Section 23, T23S-R30E. The first take point will be located at approximately330' FSL and 990' FEL of Section 22, T23S-R30E.

[1] The application in Case No. 22437 mistakenly referred to the FNRU Fed Com 22 23 ILL 15H. The correct well name is the FNRU Fed Com 22 23 III 15H.

The last take point will be located at approximately330' FSL and 100' FEL of Section 23, T23S-R30E.

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

9. The NE/4 SE/4 of Section 22 is included in the Fortyniner Ridge Unit ("FNRU"). The surface holes of the proposed wells are located within the FNRU due to limited availability of surface locations. The wells are located in a potash area. A subsurface pipeline located along the western boundary of Section 23 further limits surface availability. Strata is the designated sub-operator of the Delaware formation for the FNRU under the Forty Niner Ridge Unit Agreement, Eddy County, New Mexico, BLM Contract No. 14-08-0001-1246, dated July 1, 1973. Strata will allocate production to interests in the NE/4 SE/4 of Section 22 in accordance with the FNRU's unitized tract interest.

10. No opposition is expected. OXY USA, Inc. ("OXY"), an uncommitted working interest owner, was contacted regarding the proposed well. Strata continues to work toward a voluntary agreement with OXY, which is the only interest owner sought to be pooled in this proceeding.

11. A general location map is attached as **Exhibit A-1**.

12. Maps illustrating the tracts in the proposed HSUs and the ownership of each individual tract can be found in the exhibit package as **Exhibit A-2**.

13. Maps illustrating the unit ownership can be found in the exhibit package as **Exhibit A-3**.

14. The ownership breakdown of interests and a list of parties to be pooled can be found at **Exhibit A-4.**

15. A depth severance does not exist.

16. A chronology of contacts with OXY is attached as **Exhibit A-5**.

17. The location of the proposed wells within the respective HSUs is depicted in the draft C-102 Forms attached as **Exhibit A-6**. The draft C-102 Forms also indicate the locations of each surface hole, bottom hole, and the first and last take points.

18. I have conducted a diligent search of the public records in Eddy County, New Mexico, where the wells will be located, and conducted phone directory and computer searches to obtain contact information for parties entitled to notification. I mailed OXY a well proposal, including an Authorization for Expenditure ("AFE"), for each well.

19. **Exhibit A-7** is a copy of the well proposal letter and AFEs for the proposed wells that were attached thereto. The estimated costs of the wells set forth in the AFEs are fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

20. **Exhibit A-8** includes a copy of the notice letter that was sent with the Application to all of the uncommitted interest owners in the proposed HSU.

21. Strata has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

22. Strata requests the Division to approve operating charges and costs of supervision while drilling of $8,000/month and, after completion, $800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures.

23. Strata requests the maximum cost, plus 200% risk charge, be assessed against non-consenting working interest owners.

24. Strata requests that it be designated operator of the wells.

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

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

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

FURTHER AFFIANT SAYETH NAUGHT.

Mitch Krakauskas

STATE OF NEW MEXICO)
)ss
COUNTY OF CHAVES)

Subscribed to and sworn before me on this 4th day of January, 2022.

Notary Public

My commission expires: March 10, 2024.

OFFICIAL SEAL
MELISSA RANDLE
NOTARY PUBLIC
STATE OF NEW MEXICO
Com. Expires 3-10-2024

Tab 4.

STRATA PRODUCTION COMPANY

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit A-1

STRATA PRODUCTION COMPANY

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit A-2

NMNM 0543552 SW¼

Leasehold Owner	Acres	WI %
Lincoln Associates	8.00	5.000%
Oxy USA Inc.	80.00	50.000%
SJR Enterprises	2.60	1.625%
Strata Production Company	62.80	39.250%
Wade P. Carrigan and Beth Carrigan	4.00	2.500%
Winn Investments, Inc.	2.60	1.625%
Total	**160.00**	**100.00%**

NMNM 114978 SE¼

Leasehold Owner	Acres	WI %
Advance Energy Partners Hat Mesa	36.00	22.500%
Anchor Production	0.80	0.500%
Bane Bigbie, Inc.	0.40	0.250%
Duane Brown and wife, Pilar Vaile	0.80	0.500%
Lincoln Associates	4.00	2.500%
SJR Enterprises	1.20	0.750%
Strata Production Company	36.60	22.875%
Titus Oil & Gas Corporation	74.00	46.250%
Wade P. Carrigan and Beth Carrigan	3.00	1.875%
Warren Associates, LLC	1.20	0.750%
Warren, Inc.	0.80	0.500%
Winn Investments, Inc.	1.20	0.750%
Total	**160.00**	**100.00%**

FNRU E½ SE¼

Leasehold Owner	Acres	WI %
Anchor Production	1.60	2.000%
Anthracite Energy Partners, LLC	1.26	1.575%
Broughton Petroleum, Inc.	1.23	1.533%
ConocoPhillips Company	1.66	2.077%
Duane Brown and wife, Pilar Vaile	1.60	2.000%
Fortyniner Ridge, LLC	0.80	1.000%
Jane N. Brann	2.40	3.000%

FNRU E½ SE¼

Leasehold Owner	Acres	WI %
Lincoln Associates	6.00	7.500%
Strata Production Company	43.35	54.182%
Wade P. Carrigan and Beth Carrigan	4.00	5.000%
Warren Associates, LLC	0.80	1.000%
Warren, Inc.	0.80	1.000%
XTO Holdings, LLC	14.51	18.132%
Total	**80.00**	**100.00%**

STRATA PRODUCTION COMPANY

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit A-3

FNRU Fed Com 22 23 III #15H
Case No. 22437
Proration Unit WI %

Leasehold Owner	Acres	WI %
Advance Energy Partners Hat Mesa	36.000	9.0000%
Anchor Production	2.400	0.6000%
Anthracite Energy Partners, LLC	1.260	0.3151%
Bane Bigbie, Inc.	0.400	0.1000%
Broughton Petroleum, Inc.	1.226	0.3065%
ConocoPhillips Company	1.662	0.4155%
Duane Brown and wife, Pilar Vaile	2.400	0.6000%
Fortyniner Ridge, LLC	0.800	0.2000%
Jane N. Brann	2.400	0.6000%
Lincoln Associates	18.000	4.5000%
Oxy USA Inc.	80.000	20.0000%
SJR Enterprises	3.8000	0.9500%
Strata Production Company	142.746	35.6865%
Titus Oil & Gas Corporation	74.000	18.5000%
Wade P. Carrigan and Beth Carrigan	11.000	2.7500%
Warren Associates, LLC	2.000	0.5000%
Warren, Inc.	1.600	0.4000%
Winn Investments, Inc.	3.800	0.9500%
XTO Holdings, LLC	14.506	3.6264%
Total	**400.00**	**100.000%**

FNRU Fed Com 22 23 PPI #16H
Case No. 22438
Proration Unit WI %

Leasehold Owner	Acres	WI %
Advance Energy Partners Hat Mesa	36.000	9.0000%
Anchor Production	2.400	0.6000%
Anthracite Energy Partners, LLC	1.260	0.3151%
Bane Bigbie, Inc.	0.400	0.1000%
Broughton Petroleum, Inc.	1.226	0.3065%
ConocoPhillips Company	1.662	0.4155%
Duane Brown and wife, Pilar Vaile	2.400	0.6000%
Fortyniner Ridge, LLC	0.800	0.2000%
Jane N. Brann	2.400	0.6000%
Lincoln Associates	18.000	4.5000%
Oxy USA Inc.	80.000	20.0000%
SJR Enterprises	3.8000	0.9500%
Strata Production Company	142.746	35.6865%
Titus Oil & Gas Corporation	74.000	18.5000%
Wade P. Carrigan and Beth Carrigan	11.000	2.7500%
Warren Associates, LLC	2.000	0.5000%
Warren, Inc.	1.600	0.4000%
Winn Investments, Inc.	3.800	0.9500%
XTO Holdings, LLC	14.506	3.6264%
Total	**400.00**	**100.000%**

STRATA PRODUCTION COMPANY

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit A-4

CONTRACT AREA FNRU FED COM 22 23 III #15H – Case No. 22437:

NE¼SE¼ of Sec. 22-23S-30E and N½S½ of Sec. 23-23S-30E, Eddy County, New Mexico, 200.00 acres, more or less

UNIT INTEREST OF THE PARTIES:

Interest Owners:	Net Acres	WI %
Advance Energy Partners Hat Mesa, LLC	18.000	9.0000%
Anchor Production	1.200	0.6000%
Anthracite Energy Partners, LLC	0.630	0.3151%
Bane Bigbie, Inc.	0.200	0.1000%
Broughton Petroleum, Inc.	0.613	0.3065%
ConocoPhillips Company	0.831	0.4155%
Duane Brown and wife, Pilar Vaile	1.200	0.6000%
Fortyniner Ridge, LLC	0.400	0.2000%
Jane N. Brann	1.200	0.6000%
Lincoln Associates	9.000	4.5000%
Oxy USA Inc.	40.000	20.0000%
SJR Enterprises	1.900	0.9500%
Strata Production Company	71.373	35.6865%
Titus Oil & Gas Corporation	37.000	18.5000%
Wade P. Carrigan and Beth Carrigan	5.500	2.7500%
Warren Associates, LLC	1.000	0.5000%
Warren, Inc.	0.800	0.4000%
Winn Investments, Inc.	1.900	0.9500%
XTO Holdings, LLC	7.253	3.6264%
Total	**200.00**	**100.000%**

TRACT INTEREST OF THE PARTIES:

Tract 1 (NE¼SE¼ of Sec. 22-23S-30E, 40.00 acres, more or less)

Interest Owners:	Net Acres	WI %
Anchor Production	0.800	2.000%
Anthracite Energy Partners, LLC	0.630	1.575%
Broughton Petroleum, Inc.	0.615	1.533%
ConocoPhillips Company	0.830	2.077%
Duane Brown and wife, Pilar Vaile	0.800	2.000%
Fortyniner Ridge, LLC	0.400	1.000%
Jane N. Brann	1.200	3.000%
Lincoln Associates	3.000	7.500%
Strata Production Company	21.675	54.182%
Wade P. Carrigan and Beth Carrigan	2.000	5.000%
Warren Associates, LLC	0.400	1.000%
Warren, Inc.	0.400	1.000%
XTO Holdings, LLC	7.255	18.132%
Total	**40.00**	**100.000%**

Tract 2 (N½SW¼ of Sec. 23-23S-30E, 80.00 acres, more or less)

Interest Owners:	Net Acres	WI %
Lincoln Associates	4.000	5.000%
Oxy USA Inc.	40.000	50.000%
SJR Enterprises	1.300	1.625%
Strata Production Company	31.400	39.250%
Wade P. Carrigan and Beth Carrigan	2.000	2.500%
Winn Investments, Inc.	1.300	1.625%
Total	**80.00**	**100.000%**

Tract 3 (N½SE¼ of Sec. 23-23S-30E, 80.00 acres, more or less)

Interest Owners:	Net Acres	WI %
Advance Energy Partners Hat Mesa	18.000	22.500%
Anchor Production	0.400	0.500%
Bane Bigbie, Inc.	0.200	0.250%
Duane Brown and wife, Pilar Vaile	0.400	0.500%
Lincoln Associates	2.000	2.500%
SJR Enterprises	0.600	0.750%
Strata Production Company	18.300	22.875%
Titus Oil & Gas Corporation	37.000	46.250%
Wade P. Carrigan and Beth Carrigan	1.500	1.875%
Warren Associates, LLC	0.600	0.750%
Warren, Inc.	0.400	0.500%
Winn Investments, Inc.	0.600	0.750%
Total	**80.00**	**100.000%**

CONTRACT AREA FNRU FED COM 22 23 PPI #16H – Case No. 22438:

SE¼SE¼ of Sec. 22-23S-30E and S½S½ of Sec. 23-23S-30E, Eddy County, New Mexico, 200.00 acres, more or less

UNIT INTEREST OF THE PARTIES:

Interest Owners:	Net Acres	WI %
Advance Energy Partners Hat Mesa, LLC	18.000	9.0000%
Anchor Production	1.200	0.6000%
Anthracite Energy Partners, LLC	0.630	0.3151%
Bane Bigbie, Inc.	0.200	0.1000%
Broughton Petroleum, Inc.	0.613	0.3065%
ConocoPhillips Company	0.831	0.4155%
Duane Brown and wife, Pilar Vaile	1.200	0.6000%
Fortyniner Ridge, LLC	0.400	0.2000%
Jane N. Brann	1.200	0.6000%
Lincoln Associates	9.000	4.5000%
Oxy USA Inc.	40.000	20.0000%
SJR Enterprises	1.900	0.9500%
Strata Production Company	71.373	35.6865%
Titus Oil & Gas Corporation	37.000	18.5000%
Wade P. Carrigan and Beth Carrigan	5.500	2.7500%
Warren Associates, LLC	1.000	0.5000%
Warren, Inc.	0.800	0.4000%
Winn Investments, Inc.	1.900	0.9500%
XTO Holdings, LLC	7.253	3.6264%
Total	**200.00**	**100.000%**

TRACT INTEREST OF THE PARTIES:

Tract 1 (SE¼SE¼ of Sec. 22-23S-30E, 40.00 acres, more or less)

Interest Owners:	Net Acres	WI %
Anchor Production	0.800	2.000%
Anthracite Energy Partners, LLC	0.630	1.575%
Broughton Petroleum, Inc.	0.615	1.533%
ConocoPhillips Company	0.830	2.077%
Duane Brown and wife, Pilar Vaile	0.800	2.000%
Fortyniner Ridge, LLC	0.400	1.000%
Jane N. Brann	1.200	3.000%
Lincoln Associates	3.000	7.500%
Strata Production Company	21.675	54.182%
Wade P. Carrigan and Beth Carrigan	2.000	5.000%
Warren Associates, LLC	0.400	1.000%
Warren, Inc.	0.400	1.000%
XTO Holdings, LLC	7.255	18.132%
Total	**40.00**	**100.000%**

Tract 2 (S½SW¼ of Sec. 23-23S-30E, 80.00 acres, more or less)

Interest Owners:	Net Acres	WI %
Lincoln Associates	4.000	5.000%
Oxy USA Inc.	40.000	50.000%
SJR Enterprises	1.300	1.625%
Strata Production Company	31.400	39.250%
Wade P. Carrigan and Beth Carrigan	2.000	2.500%
Winn Investments, Inc.	1.300	1.625%
Total	**80.00**	**100.000%**

Tract 3 (S½SE¼ of Sec. 23-23S-30E, 80.00 acres, more or less)

Interest Owners:	Net Acres	WI %
Advance Energy Partners Hat Mesa	18.000	22.500%
Anchor Production	0.400	0.500%
Bane Bigbie, Inc.	0.200	0.250%
Duane Brown and wife, Pilar Vaile	0.400	0.500%
Lincoln Associates	2.000	2.500%
SJR Enterprises	0.600	0.750%
Strata Production Company	18.300	22.875%
Titus Oil & Gas Corporation	37.000	46.250%
Wade P. Carrigan and Beth Carrigan	1.500	1.875%
Warren Associates, LLC	0.600	0.750%
Warren, Inc.	0.400	0.500%
Winn Investments, Inc.	0.600	0.750%
Total	**80.00**	**100.000%**

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Tract 1[1]:
Lessor: State of New Mexico
Lessee: Malco Refineries, Inc.
Serial No.: E-5229
Date: May 10, 1951
Description: E½SE¼ of Sec. 22-23S-30E, Eddy County, New Mexico, 80.00 acres, more or less

Tract 2:
Lessor: United State of America
Lessee: Messrs G. Burke and H. McCall
Serial No.: NMNM 0543552
Date: June 1, 1964
Description: SW¼ of Sec. 23-23S-30E, Eddy County, New Mexico, 160.00 acres, more or less

Tract 3[2]:
Lessor: United State of America
Lessee: Rubicon Oil & Gas II, L.P.
Serial No.: NMNM 114978
Date: December 1, 2005
Description: SE¼ of Sec. 23-23S-30E, Eddy County, New Mexico, 160.00 acres, more or less

[1] This tract is part of the Fortyniner Ridge Unit and is subject to the Unit Operating Agreement dated July 1, 1973. Strata is sub-operator from the surface to base of the Delaware formation and the Delaware Participating Area.

[2] This tract is subject to a Joint Operating Agreements dated September 1, 2005, April 3, 2006 and January 1, 2008 naming Strata Production Company as Operator or Strata has assumed Operatorship per those agreements.

STRATA PRODUCTION COMPANY

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit A-5

Interest Owner: Oxy USA Inc.

Contact Type: Phone, Email, USPS

Notes: Contacted Matthew Cole regarding the proposed development on March 16, 2021. Continued to discuss with Mr. Cole for 9 months and sent proposals and discussed the possibility of a farmout or JOA covering these lands naming Strata as Operator. Sent formal proposal on September 2, 2021 and continued discussions via phone. Mr. Cole continued to say his team was looking into this, but he could not get a response out of them. On November 10, 2021 Mr. Cole informed me that it would be months before they could give me an answer as they did not have an approved 2022 budget for the area. He informed me that the best path forward was compulsory pooling, it was the only way his team would evaluate the proposals. On November 11, 2021, I informed Mr. Cole that we were moving forward with pooling and asked if he had a JOA that Oxy would like to use so we could avoid the pooling process. This was the last communication I had with Oxy and never heard back.

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit A-6

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New M
Energy, Minerals & Natural Res
OIL CONSERVATIO
1220 South St. Fr
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
	24750	Forty Niner Ridge; Delaware

4 Property Code	5 Property Name	6 Well Number
	FNRU 22/23 III	15H

7 OGRID NO.	8 Operator Name	9 Elevation
21712	STRATA PRODUCTION COMPANY	3220'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
I	22	23S	30E		2100	SOUTH	850	EAST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	23	23S	30E		1650	SOUTH	100	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
200			

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

16

CORNER DATA
NAD 83 GRID – NM EAST

A: FOUND BRASS CAP "1942"
N: 467055.4 – E: 682172.6

B: FOUND BRASS CAP "1942"
N: 469704.3 – E: 682151.4

C: FOUND BRASS CAP "1942"
N: 472352.8 – E: 682132.3

D: FOUND BRASS CAP "1942"
N: 472364.0 – E: 684804.5

E: FOUND BRASS CAP "1942"
N: 472376.5 – E: 687479.5

F: FOUND BRASS CAP "1942"
N: 472383.4 – E: 690160.9

G: FOUND BRASS CAP "1942"
N: 472390.8 – E: 692844.2

H: FOUND BRASS CAP "1942"
N: 469750.0 – E: 692862.1

I: CALCULATED CORNER
N: 467108.3 – E: 692881.7

J: FOUND BRASS CAP "1942"
N: 467097.4 – E: 690206.2

K: FOUND BRASS CAP "1942"
N: 467084.8 – E: 687530.3

L: FOUND BRASS CAP "1942"
N: 467070.0 – E: 684851.5

M: FOUND BRASS CAP "1942"
N: 469732.1 – E: 687504.4

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature — Date: 7.1.2021

Mitch Krakauskas
Printed Name

Mitch@StrataNM.Com
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

07-01-2021
Date of Survey

Signature and Seal of Professional Surveyor:

ROBERT M. HOWETT
NEW MEXICO
19680
PROFESSIONAL SURVEYOR

19680
Certificate Number

Job No: LS21060667

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
	24750	Forty Niner Ridge; Delaware

4 Property Code	5 Property Name	6 Well Number
	FNRU 22/23 PPI	16H

7 OGRID NO.	8 Operator Name	9 Elevation
21712	STRATA PRODUCTION COMPANY	3260'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
P	22	23S	30E		330	SOUTH	660	EAST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	23	23S	30E		330	SOUTH	100	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
200			

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

16

CORNER DATA
NAD 83 GRID – NM EAST

A: FOUND BRASS CAP "1942"
N: 467055.4 – E: 682172.6

B: FOUND BRASS CAP "1942"
N: 469704.3 – E: 682151.4

C: FOUND BRASS CAP "1942"
N: 472352.8 – E: 682132.3

D: FOUND BRASS CAP "1942"
N: 472364.0 – E: 684804.5

E: FOUND BRASS CAP "1942"
N: 472376.5 – E: 687479.5

F: FOUND BRASS CAP "1942"
N: 472383.4 – E: 690160.9

G: FOUND BRASS CAP "1942"
N: 472390.8 – E: 692844.2

H: FOUND BRASS CAP "1942"
N: 469750.0 – E: 692862.1

I: CALCULATED CORNER
N: 467108.3 – E: 692881.7

J: FOUND BRASS CAP "1942"
N: 467097.4 – E: 690206.2

K: FOUND BRASS CAP "1942"
N: 467084.8 – E: 687530.3

L: FOUND BRASS CAP "1942"
N: 467070.0 – E: 684851.5

M: FOUND BRASS CAP "1942"
N: 469732.1 – E: 687504.4

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature — Date: 7.1.2021

Mitch Krakauskas
Printed Name

Mitch@StrataNM.Com
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

07-01-2021
Date of Survey

Signature and Seal of Professional Surveyor:

ROBERT M. HOWETT
NEW MEXICO
19680
PROFESSIONAL SURVEYOR

19680
Certificate Number

Job No: LS21060668

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030

STRATA PRODUCTION COMPANY

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

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

September 2, 2021

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit A-7

To: OXY USA Inc.
P. O. Box 27570
Houston, TX 77227

Subject: Roadrunner Federal Com 23 ILL #5H
Roadrunner Federal Com 23 PML #6H
FNRU Federal Com 22 23 III #15H
FNRU Federal Com 22 23 PPI #16H

Dear Sir/Madam:

Strata Production Company ("Strata") proposes the drilling and completion of the Roadrunner Federal Com 23 ILL #5H, Roadrunner Federal Com 23 PML #6H, FNRU Federal Com 22 23 III #15H, FNRU Federal Com 22 23 PPI #16H (collectively, the "Wells") located in Sections 22 & 23, Township 23 South, Range 30 East, Eddy County, New Mexico.

In connection with the above, please note the following:

The estimated cost of drilling, testing, completing, and equipping of each well is itemized on the four (4) enclosed Authority for Expenditures ("AFE") dated July 19, 2021.

Roadrunner Federal Com 23 ILL #5H: To be drilled from the legal location with a proposed surface hole location 1980' FSL and 330' FEL and a proposed bottom hole location of 2310' FSL and 100' FWL of Section 23, Township 23 South, Range 30 East. The well will have a targeted interval within the lower Brushy Canyon (L Zone – 7649' TVD) and will be drilled horizontally to a measured depth of approximately 12403'.

Roadrunner Federal Com 23 PML #6H: To be drilled from the legal location with a proposed surface hole location 860' FSL and 530' FEL and a proposed bottom hole location of 990' FSL and 100' FWL of Section 23, Township 23 South, Range 30 East. The well will have a targeted interval within the lower Brushy Canyon (L Zone – 7643' TVD) and will be drilled horizontally to a measured depth of approximately 12691'.

FNRU Federal Com 22 23 III #15H: To be drilled from the legal location with a proposed surface hole location 2100' FSL and 850' FEL of section 22 and a proposed bottom hole location of 1650' FSL and 100' FEL of Section 23, Township 23 South, Range 30 East. The well will have a targeted interval within the middle Brushy Canyon (I Zone – 7331' TVD) and will be drilled horizontally to a measured depth of approximately 13199'.

FNRU Federal Com 22 23 PPI #16H: To be drilled from the legal location with a proposed surface hole location 330' FSL and 660' FEL of section 22 and a proposed bottom hole location of 330' FSL and 100' FEL of Section 23, Township 23 South, Range 30 East. The well will have a targeted interval within the middle Brushy Canyon (I Zone – 7315') and will be drilled horizontally to a measured depth of approximately 12967'.

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

Strata is proposing to drill the Wells under the terms of the modified 1989 AAPL form Operating Agreement ("JOA"). The JOA dated September 1, 2021, by and between Strata Production Company, as Operator and Oxy USA Inc. as Non-Operator, covers Section 23: W½ and Section 26: N½, Township 23 South, Range 30 East, Eaddy County, New Mexico, being 640 acres, more or less, with the following general provisions:

- 100%/300%/300% Non-consent penalty;
- $8,000/$800 Drilling and producing rate;
- Strata Production Company named as Operator from the surface to base of the Delaware Formation.

Strata requests that you indicate your election in the drilling and completion of the Wells on each AFE, sign and return one copy of each AFE to the undersigned within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFEs are only an estimate of costs to be incurred and by electing to participate in the Wells, each working interest owner shall be responsible for its proportionate share of all costs incurred.

If you are interested in divesting of your interest or wish to discuss this proposal further, please contact myself at (575) 622-1127 ext. 23 or by email mitch@stratanm.com.

Sincerely,

Mitch Krakauskas
Vice President

Enclosures: as stated

STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS

WELL NAME AND NUMBER	AFE NUMBER	DATE
Roadrunner Federal Com 23 ILL #5H	**FNR-23-23-30-5I-0721**	**8/17/2021**

LOCATION: SHL 1980' FSL & 330' FEL Sec 23-T23S-R30E
BHL 2310' FSL & 100' FWL Sec 23-T23S-R30E

FIELD: **Forty Niner Ridge Delaware**

API NUMBER	COUNTY OR PARISH	STATE
TBD	**Eddy**	**New Mexico**

PROJECT DESCRIPTION AND LOCATION	SECTION	TOWNSHIP	RANGE
DRILL A NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE L SAND, TVD 7,649' AND MD 12,403'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL	**23**	**23S**	**30E**

PROPOSED FORMATION	PROPOSED DEPTH
Delaware	**7,649' TVD / 12403' MD**

ACCT CODE	INTANGIBLES				DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage		Ft. @ $	/Ft.			
	Drilling - Day Work - BCP	**16**	Days @ $	**18000** /Day	$288,000		$288,000
	Drilling - Day Work - ACP	**4**	Days @ $	**18000** /Day		$72,000	$72,000
	Completion Rig, Power Swivel, and Reverse Unit etc					$133,000	$133,000
	Mobilization & Demobilization- Other Contractors Charges				$200,000		$200,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion				$139,000	$500	$139,500
	Drill Bits, Coring & DST				$65,000	$5,000	$70,000
	Transportation and Hauling				$24,500	$6,000	$30,500
	Drilling Mud, Chemicals & Completion Fluids				$82,700	$12,500	$95,200
	Fuel, Power, Water				$111,000	$230,000	$341,000
	Cementing Services, Cementing Equipment, Hangers; Packers				$120,250	$90,500	$210,750
	Mud Logging				$31,500		$31,500
	Open Hole Logging and Side Wall Coring				$65,000		$65,000
	Cased Hole Logging and Perforating					$120,000	$120,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services				$405,251	$44,000	$449,251
	Insurance				$23,125		$23,125
	Other Well Services, NU/BOP, Casing Inspection				$49,500	$50,500	$100,000
	Overhead				$10,000	$5,000	$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants				$98,000	$35,750	$133,750
	Contract Services				$11,400	$10,000	$21,400
	Fluids & Cuttings Disposal				$263,000	$5,500	$268,500
	Environmental Charges						
	Stimulation Treatment - 20 Stages (+/- 150K lbs per stage)					$700,000	$700,000
	Plugging Costs						
	Miscellaneous Costs, Tax and Contingencies				$176,667	$176,284	$352,951
	TOTAL INTANGIBLES				$2,163,893	$1,696,534	$3,860,427

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	**80**	**20"**	**94#**	**H40**	**300.00**	$24,000		$24,000
	Surface	**500**	**13⅜"**	**48#**	**H40**	**40.53**	$20,265		$20,265
	Surface								
	Intermediate	**4200**	**9 5/8"**	**40#**	**J55**	**37.50**	$157,500		$157,500
	Intermediate								
	Liner								
	Production	**12,450**	**5.5"**	**20#**	**P110**	**21.12**		$262,944	$262,944
	Production								
	Tubing	**7500**	**2 7/8"**	**6.5#**	**L80**	**8.50**		$63,750	$63,750
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						$19,350	$8,850	$28,200
	Pumping Equipment (Pumping Unit or Sub Pump)								
	Flowlines							$32,000	$32,000
	Tanks							$120,000	$120,000
	Sales Line Equipment							$12,000	$12,000
	Separator-Prod. Equip.							$28,500	$28,500
	Valves,Fittings etc.							$20,750	$20,750
	Installation of Surface Lease Equipment							$112,500	$112,500
	Other Lease & Well Equip.							$22,000	$22,000
						TOTAL TANGIBLES	$221,115	$683,294	$904,409
						TOTAL WELL COSTS	**$2,385,008**	**$2,379,828**	**$4,764,836**

Strata Production Company Working Interest	Strata Production Co. - DRY HOLE	Strata Production Co.- COMPLETED
31.06%	$740,843	$1,480,077

PREPARED BY: Matt Murphy, Engineer DATE: 8/17/2021

APPROVED BY: Mitch Krakauskas, Vice President DATE: 9/2/2021 SIGNED:

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:

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

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

By: _____ Date: _____

STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS

WELL NAME AND NUMBER	AFE NUMBER	DATE
Roadrunner Federal Com 23 PML #6H	**FNR-23-23-30-6P-0721**	**8/17/2021**

LOCATION: SHL 860' FSL & 530' FEL Sec 23-T23S-R30E
BHL 990' FSL & 100' FWL Sec 23-T23S-R30E

FIELD: **Forty Niner Ridge Delaware**

API NUMBER	COUNTY OR PARISH	STATE
TBD	**Eddy**	**New Mexico**

PROJECT DESCRIPTION AND LOCATION	SECTION	TOWNSHIP	RANGE
DRILL A NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE L SAND, TVD 7,643' AND MD 12,691'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL	**23**	**23S**	**30E**

PROPOSED FORMATION	PROPOSED DEPTH
Delaware	**7,643' TVD / 12691' MD**

ACCT CODE	INTANGIBLES				DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage		Ft. @ $	/Ft.			
	Drilling - Day Work - BCP	**14**	Days @ $	**18000** /Day	$252,000		$252,000
	Drilling - Day Work - ACP	**4**	Days @ $	**18000** /Day		$72,000	$72,000
	Completion Rig, Power Swivel, and Reverse Unit etc					$133,000	$133,000
	Mobilization & Demobilization- Other Contractors Charges				$200,000		$200,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion				$139,000	$500	$139,500
	Drill Bits, Coring & DST				$65,000	$5,000	$70,000
	Transportation and Hauling				$24,500	$9,500	$34,000
	Drilling Mud, Chemicals & Completion Fluids				$79,100	$12,500	$91,600
	Fuel, Power, Water				$93,000	$230,000	$323,000
	Cementing Services, Cementing Equipment, Hangers; Packers				$118,750	$60,500	$179,250
	Mud Logging				$29,000		$29,000
	Open Hole Logging and Side Wall Coring				$65,000		$65,000
	Cased Hole Logging and Perforating					$120,000	$120,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services				$367,151	$44,000	$411,151
	Insurance				$18,780		$18,780
	Other Well Services, NU/BOP, Casing Inspection				$49,500	$50,500	$100,000
	Overhead				$10,000	$5,000	$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants				$91,000	$35,750	$126,750
	Contract Services				$11,400	$10,000	$21,400
	Fluids & Cuttings Disposal				$263,000	$5,500	$268,500
	Environmental Charges						
	Stimulation Treatment - 20 Stages (+/- 150K lbs per stage)					$700,000	$700,000
	Plugging Costs						
	Miscellaneous Costs, Tax and Contingencies				$167,784	$174,586	$342,370
	TOTAL INTANGIBLES				$2,043,965	$1,668,336	$3,712,301

ACCT CODE	TANGIBLES CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT	DRY HOLE	COMPLETION	TOTAL
	Conductor	**80**	**20"**	**94#**	**H40**	**300.00**	$24,000		$24,000
	Surface	**500**	**13⅜"**	**48#**	**H40**	**40.53**	$20,265		$20,265
	Surface								
	Intermediate	**4200**	**9 5/8"**	**40#**	**J55**	**37.50**	$157,500		$157,500
	Intermediate								
	Liner								
	Production	**12,700**	**5.5"**	**20#**	**P110**	**21.12**		$268,224	$268,224
	Production								
	Tubing	**7500**	**2 7/8"**	**6.5#**	**L80**	**8.50**		$63,750	$63,750
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						$19,350	$8,850	$28,200
	Pumping Equipment (Pumping Unit or Sub Pump)								
	Flowlines							$32,000	$32,000
	Tanks							$120,000	$120,000
	Sales Line Equipment							$12,000	$12,000
	Separator-Prod. Equip.							$28,500	$28,500
	Valves,Fittings etc.							$20,750	$20,750
	Installation of Surface Lease Equipment							$112,500	$112,500
	Other Lease & Well Equip.							$22,000	$22,000
	TOTAL TANGIBLES						$221,115	$688,574	$909,689
	TOTAL WELL COSTS						**$2,265,080**	**$2,356,910**	**$4,621,990**

Strata Production Company Working Interest	Strata Production Co. - DRY HOLE	Strata Production Co.- COMPLETED
31.06%	$703,590	$1,435,706

PREPARED BY: Matt Murphy, Engineer DATE: 8/17/2021

APPROVED BY: Mitch Krakauskas, Vice President DATE: 9/2/2021 SIGNED:

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:

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

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

By: _____ Date: _____

STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS

WELL NAME AND NUMBER	AFE NUMBER	DATE
FNRU Federal Com 22 23 III #15H	**FNR-22-23-30-15I-0721**	**8/17/2021**

LOCATION: SHL 2100' FSL & 850' FEL Sec 22-T23S-R30E
BHL 1650' FSL & 100' FEL Sec 23-T23S-R30E

FIELD: **Forty Niner Ridge Delaware**

API NUMBER	COUNTY OR PARISH	STATE
TBD	**Eddy**	**New Mexico**

PROJECT DESCRIPTION AND LOCATION	SECTION	TOWNSHIP	RANGE
DRILL A NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE L SAND, TVD 7,331' AND MD 13,199'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL	**22**	**23S**	**30E**

PROPOSED FORMATION	PROPOSED DEPTH
Delaware	**7,331' TVD / 13199' MD**

ACCT CODE	INTANGIBLES				DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage		Ft. @ $	/Ft.			
	Drilling - Day Work - BCP	**14**	Days @ $	**18000** /Day	$252,000		$252,000
	Drilling - Day Work - ACP	**4**	Days @ $	**18000** /Day		$72,000	$72,000
	Completion Rig, Power Swivel, and Reverse Unit etc					$133,000	$133,000
	Mobilization & Demobilization- Other Contractors Charges				$200,000		$200,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion				$189,000	$500	$189,500
	Drill Bits, Coring & DST				$65,000	$5,000	$70,000
	Transportation and Hauling				$24,500	$9,500	$34,000
	Drilling Mud, Chemicals & Completion Fluids				$81,400	$12,500	$93,900
	Fuel, Power, Water				$102,000	$230,000	$332,000
	Cementing Services, Cementing Equipment, Hangers; Packers				$118,750	$60,500	$179,250
	Mud Logging				$27,500		$27,500
	Open Hole Logging and Side Wall Coring				$65,000		$65,000
	Cased Hole Logging and Perforating					$120,000	$120,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services				$349,150	$44,000	$393,150
	Insurance				$24,420		$24,420
	Other Well Services, NU/BOP, Casing Inspection				$49,500	$50,500	$100,000
	Overhead				$10,000	$5,000	$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants				$91,000	$35,750	$126,750
	Contract Services				$10,800	$10,000	$20,800
	Fluids & Cuttings Disposal				$263,000	$5,500	$268,500
	Environmental Charges						
	Stimulation Treatment - 20 Stages (+/- 150K lbs per stage)					$700,000	$700,000
	Plugging Costs						
	Miscellaneous Costs, Tax and Contingencies				$171,531	$175,431	$346,962
	TOTAL INTANGIBLES				$2,094,551	$1,669,181	$3,763,732

ACCT CODE	TANGIBLES CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT	DRY HOLE	COMPLETION	TOTAL
	Conductor	**80**	**20"**	**94#**	**H40**	**300.00**	$24,000		$24,000
	Surface	**500**	**13⅜"**	**48#**	**H40**	**40.53**	$20,265		$20,265
	Surface								
	Intermediate	**4200**	**9 5/8"**	**40#**	**J55**	**37.50**	$157,500		$157,500
	Intermediate								
	Liner								
	Production	**13,200**	**5.5"**	**20#**	**P110**	**21.12**		$278,784	$278,784
	Production								
	Tubing	**7500**	**2 7/8"**	**6.5#**	**L80**	**8.50**		$63,750	$63,750
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						$19,350	$8,850	$28,200
	Pumping Equipment (Pumping Unit or Sub Pump)								
	Flowlines							$32,000	$32,000
	Tanks							$120,000	$120,000
	Sales Line Equipment							$12,000	$12,000
	Separator-Prod. Equip.							$28,500	$28,500
	Valves,Fittings etc.							$20,750	$20,750
	Installation of Surface Lease Equipment							$112,500	$112,500
	Other Lease & Well Equip.							$22,000	$22,000
	TOTAL TANGIBLES						$221,115	$699,134	$920,249
	TOTAL WELL COSTS						**$2,315,666**	**$2,368,315**	**$4,683,981**

Strata Production Company Working Interest	Strata Production Co. - DRY HOLE	Strata Production Co.- COMPLETED
35.69%	$826,380	$1,671,548

PREPARED BY: Matt Murphy, Engineer DATE: 8/17/2021

APPROVED BY: Mitch Krakauskas, Vice President DATE: 9/2/2021 SIGNED:

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:

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

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

By: _____ Date: _____

STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS

WELL NAME AND NUMBER	AFE NUMBER	DATE
FNRU Federal Com 22 23 PPI #16H	**FNR-22-23-30-16P-0721**	**8/17/2021**

LOCATION: SHL 330' FSL & 660' FEL Sec 22-T23S-R30E
BHL 330' FSL & 100' FEL Sec 23-T23S-R30E

FIELD: **Forty Niner Ridge Delaware**

API NUMBER	COUNTY OR PARISH	STATE
TBD	**Eddy**	**New Mexico**

PROJECT DESCRIPTION AND LOCATION	SECTION	TOWNSHIP	RANGE
DRILL A NEW WELL WITH A HORIZONTAL LATERAL IN THE DELAWARE L SAND, TVD 7,315' AND MD 12,967'. FRAC IN 20+ STAGES WITH +/- 3,000,000 LBS 16/30 COOLSET (RC) SAND & BORATE CROSS LINK GEL	**22**	**23S**	**30E**

PROPOSED FORMATION	PROPOSED DEPTH
Delaware	**7,315' TVD / 12967' MD**

ACCT CODE	INTANGIBLES				DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage		Ft. @ $	/Ft.			
	Drilling - Day Work - BCP	**14**	Days @ $	**18000** /Day	$252,000		$252,000
	Drilling - Day Work - ACP	**4**	Days @ $	**18000** /Day		$72,000	$72,000
	Completion Rig, Power Swivel, and Reverse Unit etc					$133,000	$133,000
	Mobilization & Demobilization- Other Contractors Charges				$200,000		$200,000
	Location, Roads, Pits, Survey, Permits, Cleanup, Damages & Title Opinion				$189,000	$500	$189,500
	Drill Bits, Coring & DST				$65,000	$5,000	$70,000
	Transportation and Hauling				$24,500	$9,500	$34,000
	Drilling Mud, Chemicals & Completion Fluids				$81,400	$12,500	$93,900
	Fuel, Power, Water				$102,000	$230,000	$332,000
	Cementing Services, Cementing Equipment, Hangers; Packers				$118,750	$60,500	$179,250
	Mud Logging				$29,000		$29,000
	Open Hole Logging and Side Wall Coring				$65,000		$65,000
	Cased Hole Logging and Perforating					$120,000	$120,000
	Equipment Rental Including Solids Control, Closed Loop & Directional Services				$351,150	$44,000	$395,150
	Insurance				$24,050		$24,050
	Other Well Services, NU/BOP, Casing Inspection				$47,000	$50,500	$97,500
	Overhead				$10,000	$5,000	$15,000
	Supervision: Wellsite, Engineering, Geological, Consultants				$91,000	$35,750	$126,750
	Contract Services				$11,400	$10,000	$21,400
	Fluids & Cuttings Disposal				$263,000	$5,500	$268,500
	Environmental Charges						
	Stimulation Treatment - 20 Stages (+/- 150K lbs per stage)					$700,000	$700,000
	Plugging Costs						
	Miscellaneous Costs, Tax and Contingencies				$171,629	$175,093	$346,722
	TOTAL INTANGIBLES				$2,095,879	$1,668,843	$3,764,722

ACCT CODE	TANGIBLES						DRY HOLE	COMPLETION	TOTAL
	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	**80**	**20"**	**94#**	**H40**	**300.00**	$24,000		$24,000
	Surface	**500**	**13⅜"**	**48#**	**H40**	**40.53**	$20,265		$20,265
	Surface								
	Intermediate	**4200**	**9 5/8"**	**40#**	**J55**	**37.50**	$157,500		$157,500
	Intermediate								
	Liner								
	Production	**13,000**	**5.5"**	**20#**	**P110**	**21.12**		$274,560	$274,560
	Production								
	Tubing	**7500**	**2 7/8"**	**6.5#**	**L80**	**8.50**		$63,750	$63,750
	Subsurface Well Equipment (Packers/Bottom Hole Pump)								
	Rods, etc								
	Wellhead Equipment (Casing Head/Christmas Tree)						$19,350	$8,850	$28,200
	Pumping Equipment (Pumping Unit or Sub Pump)								
	Flowlines							$32,000	$32,000
	Tanks							$120,000	$120,000
	Sales Line Equipment							$12,000	$12,000
	Separator-Prod. Equip.							$28,500	$28,500
	Valves,Fittings etc.							$20,750	$20,750
	Installation of Surface Lease Equipment							$112,500	$112,500
	Other Lease & Well Equip.							$22,000	$22,000
	TOTAL TANGIBLES						$221,115	$694,910	$916,025
	TOTAL WELL COSTS						**$2,316,994**	**$2,363,753**	**$4,680,747**

Strata Production Company Working Interest	Strata Production Co. - DRY HOLE	Strata Production Co.- COMPLETED
35.69%	$826,854	$1,670,394

PREPARED BY: Matt Murphy, Engineer DATE: 8/17/2021

APPROVED BY: Mitch Krakauskas, Vice President DATE: 9/2/2021 SIGNED:

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

COMPANY NAME:	SIGNATURE:	DATE:	WORKING INTEREST:

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

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

By: _____ Date: _____

Tab 5.

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO **Case No. 22437**

APPLICATION OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO **Case No. 22438**

AFFIDAVIT OF GEOLOGIST SCOTT KELLEY

I, Scott Kelley, being first duly sworn, do hereby depose and attest as follows:

1. I am over the age of eighteen and have personal knowledge of the matters stated herein.

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

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

4. I have not previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My education and work experience are as follows: I have a Bachelor's degree in geology from the University of Oklahoma and a Master's degree in geology from the University of Texas at Arlington. I have been working continuously as a professional geologist since 2009. I worked for 2 years at Geosite Inc., 2 years at Panther Energy Company, 6 Years at Pioneer Natural Resources and have been at Strata Production Company for 2 and a half years.

5. **Exhibit B-1** shows the regional setting for the proposed wells.

6. **Exhibit B-1b** is a general stratigraphic column showing the target zone.

Exhibit B

7. **Exhibit B-2** is a regional Brushy Canyon structure map with 50' contour intervals, which illustrates the locations of the HSUs in a yellow highlighted rectangle.

8. **Exhibit B-3** is a Spacing Unit Schematic showing the Brushy Canyon structure with 50' contour intervals, which illustrates the location of the HSUs by a red outline and the approximate locations of the proposed wells.

9. **Exhibit B-4** is a type log of the production portion of the Brushy Canyon formation. The log includes a gamma ray log, a density porosity log and a deep resistivity log. These are the key logs used to identify and evaluate reservoirs and landing targets for the proposed wells.

10. **Exhibit B-5** is a Brushy Canyon structural cross section map with showing the location of the cross section on Exhibit B-6 in the region of the proposed wells.

11. **Exhibit B-6** is the structural cross section and indicates that these wells are being placed in a zone that has an estimated gross interval thickness of 230'. This gross thickness is being calculated from the top of the I1 marker to the top of the J marker within the Brushy Canyon formation.

12. **Exhibit B-7** is a gunbarrel diagram depicting each well. These diagrams show the approximate landing zones in reference to the type log for the area and the associated spacing of the wellbores within the HSU.

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

	MD	TVD
FNRU Federal Com 22 23 III #15H	13,199'	7331'
FNRU Federal Com 22 23 PPI #16H	12,967'	7315'

14. The true vertical landing depth of the target formation is approximately 7330' based on the structural cross section, **Exhibit B-6**.

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

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

b. There are no structural impediments or faulting that will interfere with horizontal development.

c. Each quarter-quarter section in the HSU will contribute more or less equally to production.

d. Due to the limitation of surface occupancy and the wells being located in the Secretary's Potash Area, we are limited to drilling from approved Drill Islands. Therefore, the most efficient way to develop this acreage is as proposed. There is no known and generally accepted preferential drilling orientation based on present-day stress regime or other geological factors that would counter the proposed west east well orientation. Many Brushy Canyon Fm. horizontal wells are oriented W-E, so an established trend is present. This orientation also fits our lease boundaries and aligns with the remainder of Strata's planned development in the adjoining tracts. Therefore, the preferred well orientation does not strand any acreage or reserves.

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

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

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

FURTHER AFFIANT SAYETH NAUGHT.

Michael Scott Kelley

STATE OF NEW MEXICO)
)ss
COUNTY OF CHAVES)

Subscribed to and sworn before me on this 4th day of January, 2022.

Notary Public

My commission expires: March 10, 2024.

OFFICIAL SEAL
MELISSA RANDLE
NOTARY PUBLIC
STATE OF NEW MEXICO
Com. Expires 3-10-2024

Tab 6.

Regional View of the Delaware Basin

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit B-1

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H

STRATA PRODUCTION COMPANY

Delaware Basin Stratigraphic Column

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit B-1b

STRATA PRODUCTION COMPANY

Base of Brushy Canyon Fm. Structure (TVDSS)

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit B-2

STRATA PRODUCTION COMPANY

Base of Brushy Canyon Structure (TVDSS)

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit B-3

STRATA PRODUCTION COMPANY

Target Interval on Offset Log

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit B-4

Target Interval
FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H

Lower Brushy Canyon Fm. (Base)

STRATA PRODUCTION COMPANY

Cross Section Line

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit B-5

STRATA PRODUCTION COMPANY

Structural Cross section

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit B-6

STRATA PRODUCTION COMPANY

Gun Barrel Diagram and Landing Zone

FNRU Fed Com 22 23 III #15H
FNRU Fed Com 22 23 PPI #16H
NM OCD Case No. 22437 & 22438
Exhibit B-7

STRATA PRODUCTION COMPANY

Tab 7.

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATIONS OF STRATA PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

Case Nos. 22435-22438

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Sharon T. Shaheen, attorney for Applicant STRATA PRODUCTION CO., upon oath state that I caused notice of the application to be sent by certified mail through the United States Postal Service ("USPS") on December 13, 2021, to the one uncommitted interest owner sought to be pooled in this proceeding. Evidence of receipt by Oxy USA Inc. is attached hereto as Exhibit A.

SHARON T. SHAHEEN

SUBSCRIBED AND SWORN to before me on this 4th day of January.

Notary Public

My Commission Expires: August 13, 2023

WILL McGINNIS NOTARY PUBLIC STATE OF NEW MEXICO

Exhibit C

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Oxy USA Inc.
5 Greenway Plaza
Houston, TX 77046

9590 9402 1258 5246 3540 30

2. Article Number (Transfer from service label)

7021 0950 0001 6540 1603

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Craig ☑ Agent ☐ Addressee

B. Received by (Printed Name) Craig Carmen C. Date of Delivery 12-16-21

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Adult Signature
☐ Adult Signature Restricted Delivery
☑ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Insured Mail Restricted Delivery (over $500)
☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☑ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

7021 0950 0001 6540 1603

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

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee
$

Extra Services & Fees (check box, add fee as appropriate)
☑ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $

Postage
$

Total Postage and Fees
$

Sent To Oxy USA Inc.
Street and Apt. No., or PO Box No. 5 Greenway Plaza
City, State, ZIP+4® Houston, TX 77046

SANTA FE NM
Postmark Here
DEC 13 2021
USPO 87504

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

Exhibit A