<b></b>	DATEIN	23/05	6/13/05 SUSPENSE	CataNach	5/23/05 LOGGED N TY	ETB	PSCM05143493	R
			·····					-

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION



- Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505

## IST ADMINISTRATIVE APPLICATION CHECKL

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

-	Non-Stan HC-Down	s: ndard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedica nhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Comming ol Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement	gling]
		[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]	•
	OR-Quali	[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] Iifled Enhanced Oli Recovery Certification] [PPR-Positive Production Respo	nse]
[1]. <b>ТҮРЕ</b>	OF API [A]	PLICATION - Check Those Which Apply for [A]         Location - Spacing Unit - Simultaneous Dedication         NSL       NSP         SD	
	Check ( [B]	One Only for [B] or [C] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM	
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery           WFX         PMX         SWD         IPI         EOR         PPR	
: · · · · · · · · · · · · · · · · · · ·	[D]	Other: Specify	• • •
[2] <b>NOTI</b>	FICATIO [A]	<b>ON REQUIRED TO:</b> - Check Those Which Apply, or $\Box$ Does Not Apply Working, Royalty or Overriding Royalty Interest Owners	n - Langer State Rock Mark
age en dit en	[B]	Offset Operators, Leaseholders or Surface Owner	
	[C]	Application is One Which Requires Published Legal Notice	en e
en dege og som kan som	[D]	Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office	
	[E]	For all of the above, Proof of Notification or Publication is Attached, and/o	<b>r,</b>
	[F]	Waivers are Attached	
		CURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS TION INDICATED ABOVE.	THE TYPE
approval is accu	irate and	<b>TON:</b> I hereby certify that the information submitted with this application for add d complete to the best of my knowledge. I also understand that no action will be uired information and notifications are submitted to the Division.	ministrative taken on this

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

1 - .

e-mail Address

POST OFFICE DRAWER 1030 ROSWELL, NM 88202-1030



May 18, 2005

N.M. Oil Conservation Division Attn: Mr. David Catanach, Examiner Engineering Bureau 1220 South St. Francis Drive Santa Fe, NM 87505

Application for Surface Commingling Forty Niner Ridge Unit Well Nos 4 & 6 Section 21: NE/4SE/4 (#4) Section 22: SW/4SE/4 (#6) RE: Eddy County, NM

Dear Mr. Catanach,

Strata Production Company (Strata) is the Sub-Operator of the Delaware formation within the Forty Niner Ridge Unit (FNRU). Strata drilled two new wells within the FNRU as referenced above. (See attached correspondence 4/7/05).

To avoid additional surface disturbance and expanded impact from oil transport traffic by constructing separate tank batteries on each well, Strata is applying to the Oil Conservation Division (OCD) to lay low pressure surface flowlines from the Forty Niner Ridge Well #4 (FNR #4) and Forty Niner Ridge Well #6 (FNR #6) to the Forty Niner Ridge Unit Well #2 (FNRU #2).

For your review and approval please find enclosed the following:

- Schematic Diagram of Facility, including legal location
- •
- •
- •
- Application For Surface Commingling (Diverse Ownership) Plat with lease boundaries showing all well and facility locations Lease names, well numbers & API numbers Copy of Affidavit of Publication Copy of letter from State of NM Commissioner of Public Lands Copies of Certified mail return receipts from interest owners •

Please note, that when the lease commingling request was first discussed with the OCD, Strata advised that there was a diversity in working interest between the FNRU #2 and the FNR #4 wells. The difference in working Interest was due to the non-consent position by one of the working interest owners in the FNRU #2 well. Strata is in the process of beginning workover operations under the FNRU #2 well and the party that elected to go non-consent in the first operation, has elected to participate in Strata's proposed workover. Therefore, there is no longer a diversity in interest between the two wells.

If you have any questions or need further information please contact me at Extension 15.

Sincerely,

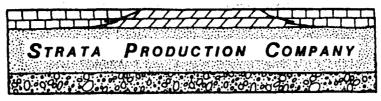
Kelly M. Britt Production Records

Enc. Stated xc: BLM - Les Babyak

MAY 2 3 2005 **OIL CONSERVATION** DIVISION

RECEIVED

POST OFFICE DRAWER 1030 ROSWELL, NM 88202-1030



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

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700 ROSWELL, NEW MEXICO 88203

TO: ALL INTERESTED PARTIES

FROM: STRATA PRODUCTION COMPANY

RE:

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP) FORTY NINER RIDGE WELLS #4 & #6 T23S, R30E, Section 21: NE/4SE/4 (#4) Section 22: SW/4SE/4 (#6)

DATE: APRIL 7, 2005

Strata Production Company ("Strata") is the Sub-Operator of the Delaware formation within the Forty Niner Ridge Unit ("FNRU"). Strata drilled two new wells within the FNRU as referenced above and believes they will be determined to be commercial wells capable of producing unitized substances.

To avoid additional surface disturbance and expanded impact from oil transport traffic by constructing separate tank batteries on each well, Strata is applying to the Oil Conservation Division (OCD) to lay low pressure surface flowlines from the Forty Niner Ridge Well #4 (FNR #4) and Forty Niner Ridge Well #6 (FNR #6) to the Forty Niner Ridge Unit Well #2 (FNRU #2).

Since there is a small diversity in ownership in some cases, Strata has requested approval from the OCD to allow Strata to bring the production from the new wells to the FNRU #2. Since the on-site battery on the FNRU #2 is capable of allocating production from each well separately, we have advised the OCD that the correlative rights of all parties will be protected. In addition, if the wells are determined to be commercial by the Bureau of Land Management and the State of New Mexico, Strata will be required to expand the Delaware Participating Area within the FNRU and all revenues for oil and gas production under FNR #4 and #6 will be paid under the Participating Area, so separate tank batteries will not be necessary.

As an interest owner in the well or wells, we are providing you with notice of the proposed commingling of the production from the wells. The Application itself is enclosed for your further information. If you have any questions, please contact the undersigned at Extension 15.

Sincerely Britt

Kelly Britt Production Manager

Enc. Stated

District I 1625 N. French Drive, Hobbs, NM 88240 **District II** 1301 W. Grand Ave, Artesia, NM 88210 **District III** 1000 Rio Brazos Road, Aztec, NM 87410 **District IV** 1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico Energy, Minerals and Natural Resources Department

# **OIL CONSERVATION DIVISION** 1220 S. St Francis Drive

Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICA	ATION FOR SURFACE	<u>COMMINGLING</u>	<u>(DIVERSE</u>	<u>OWNERSHIP</u> )		
OPERATOR NAME:	Strata Production Company					
OPERATOR ADDRESS:	P. O. Box 1030, Roswell, New Mexico 88202-1030					
APPLICATION TYPE:						
Devision Pool Commingling XLease Com	I Pool Commingling XLease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)					
LEASE TYPE: Fee	LEASE TYPE: Fee X State X Federal					
Is this an Amendment to exist Have the Bureau of Land Ma XYes No	ting Order? Yes XNo If "Ye nagement (BLM) and State Land	es", please include the a d office (SLO) been not	ppropriate Order ified in writing o	No f the proposed commi	ingling	
(A) POOL COMMINGLING Please attach sheets with the following information						
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes	
		-		-		
		-		4		
· · · · · · · · ·	t top allowables? Yes No en notified by certified mail of the p	roposed commingling?	Yes No.	1		
<ul> <li>(4) Measurement type: □Metering Other (Specify)</li> <li>(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved</li> </ul>						

( <b>B</b> )	LEASE COMMINGLIN Please attach sheets with the following in				
(1)	Pool Name and Code. Forty Niner Ridge Delaware #24750				
(2)	Is all production from same source of supply? XYes No				
(3)	Has all interest owners been notified by certified mail of the proposed commingling? XYes No				
(4)	Measurement type: Metering X Other (Specify) Test				

# POOL and LEASE COMMINGLING Please attach sheets with the following information

Complete Sections A and E. (1)

(C)

(D)

# **OFF-LEASE STORAGE and MEASUREMENT** Please attached sheets with the following information

Is all production from same source of supply? Yes (1)

(2) Include proof of notice to all interest owners.

**(E)** 

# **ADDITIONAL INFORMATION (for all application types)** Please attach sheets with the following information

TITLE: Production Records

DATE: April 1, 2005

(1) A schematic diagram of facility, including legal location.

A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. (2)

No

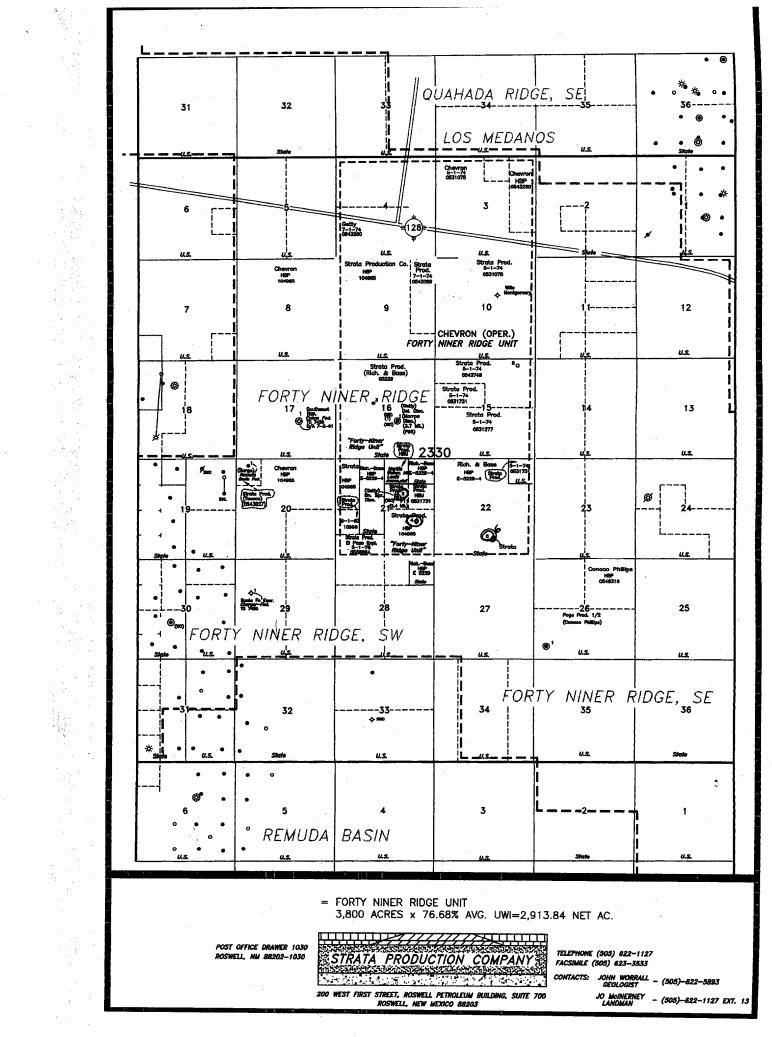
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

ULA SIGNATURE: Æ.

TYPE OR PRINT NAME Kelly M. Britt TELEPHONE NO.: 505-622-1127 ext. 15

E-MAIL ADDRESS: kellymarieb@yahoo.com



# Affidavit of Publication

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 the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

April 15	2005
	2005
	2005
	2005

That the cost of publication is \$44.35

and that payment thereof has been made and will be assessed as court costs.

tawn

Subscribed and sworn to before me this

day of bun My commission expires

Notary Public

# April 15, 2005

LEGAL NOTICE

# APPLICATION FOR LEASE

COMMINGLING Strata Production Company, P.O. Box 1030,

Roswell, New Mexico 88202-1030, (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 Administrative Approval and authority to lease commingle the Forty Niner Ridge Unit #4 located 2080' FSL & 840' FEL of Section 21, Township 23S, Range 30 East, NMPM, Eddy County, New Mexico; Forty Niner Ridge Unit #6 located 990' FSL & 2050' FEL of Section 22, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico; and the Forty Niner Ridge Unit #2 located 1980' FNL & 1980' FEL of Section 21, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico..

The purpose of the lease commingling is to transport oil produced from the Forty Niner Ridge Unit #4 and the Forty Niner Ridge Unit #6 to the Forty Niner Ridge Unit #2 Battery.

Oil to be transferred will be allocated by utilizing on site testing equipment consistent with customary industry practice.

Any interest 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, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 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.

APR 2 1 2005



PATRICK H. LYONS COMMISSIONER

# State of New Mexico Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148 SANTA FE, NEW MEXICO 87504-1148

April 18, 2005

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

Attn: Ms. Kelly Britt

Re: Application for Surface Commingling Forty Niner Ridge Unit Well Nos. 4 and 6 Sec. 21-23S-30E NE/4SE/4 (#4) Sec. 22-23S-30E SW/4SE/4 (#6) Eddy County, New Mexico

Dear Ms. Britt:

Your letter of April 7, 2005 was received on April 11, 2005. Your letter requests our approval to lease commingle the Forty Niner Ridge Unit Well Nos. 4 and 6 at the Forty Niner Ridge Unit Well No. 2 tank battery.

It is our understanding that the Forty Niner Ridge Unit Well No. 2 tank battery is located in the SW/4NE/4 of Section 21-23S-30E. The oil transferred will be accurately allocated by utilizing on site testing equipment consistent with customary industry practice.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Please submit a \$30.00 dollar filing.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS COMMISSIONER OF PUBLIC LANDS

BY: JAMI BAILEY, Director Oil, Gas and Minerals Division (505) 827-5744 PL/JB/pm

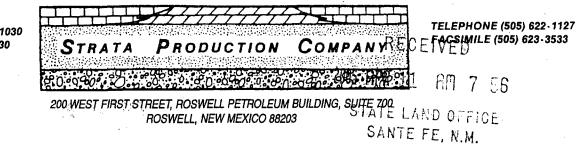
pc: Reader File, OCD-Attention: Mr. Roy Johnson BLM-Attention: Mr. Armando Lopez

# -State Land Office Beneficiaries -

1. S. 1. S. 1.

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM •NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute •NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

COMMISSIONER'S OFFICE Phone (505) 827-5760 Fax (505) 827-5766 www.nmstatelands.org POST OFFICE DRAWER 1030 ROSWELL, NM 88202-1030



TO: ALL INTERESTED PARTIES

FROM: STRATA PRODUCTION COMPANY

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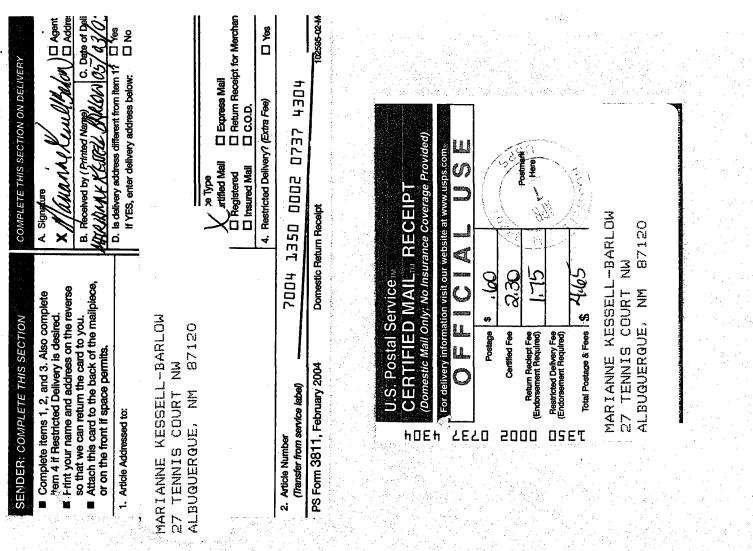
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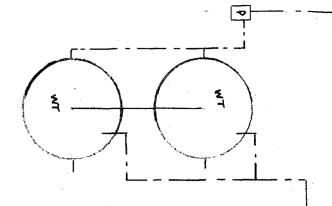
Sincerely Britt

Kelly Britt

Enc. Stated

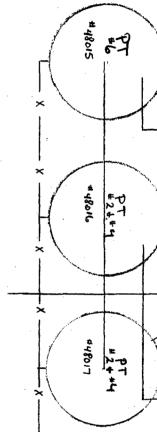
APPROVED ON Production Manager COMMISSIONER of PUJ







Oil Line Circulating Lin Nater Line Gas Line



H

# Operation and Allocation of Production:

Production from the FNRU Wells #2, #4, and #6 are connected by separate flow lines to the central header (shown as "H"). The #2 and #4 wells are isolated and directed to a separate heater treater (shown as HT #2 and #4). The #6 well is isolated and directed to a separate heater '; treater (shown as HT #6). Oil production for the #2 and #4 wells is sent to production tanks #48016 and #48017 (see PT #2 and #4). Oil production for the #6 well is sent to production tank #48015 (see PT #6). Water production is separately metered at each HT and is then directed to the water tanks (WT) for transfer to the FNRU #1-SWD well. Gas production is allocated through a separate gas meter before being sent through the gas sales meter.

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