

DATE IN <u>1/27/10</u>	SUSPENSE	ENGINEER <u>Jones</u>	LOGGED IN	TYPE <u>SWD</u>	APP NO. <u>1002047949</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] 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] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [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/or,
- [F] Waivers are Attached

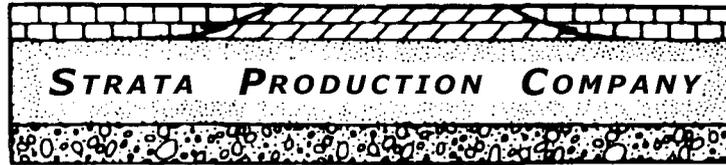
[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

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

<u>Frank S. Morgan</u> Print or Type Name	<u>[Signature]</u> Signature	<u>Vice President</u> Title	<u>01/27/2010</u> Date
		<u>fmorgan@stratanm.com</u> e-mail Address	

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

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

PTGW-
1002047949

January 13, 2010

CERTIFIED/RETURN RECEIPT REQUESTED

RE: Cleary State #1 SWD
Hat Mesa
S32-T20S-R33E, NMPM
Lea County, New Mexico

Oil Conservation Division
1220 South St. Frances Drive
Santa Fe, NM 87504
Attn: Will Jones

Will,

Pursuant to OCD Rule 701, I am enclosing two (2) copies of Form C-108 together with attachments and requesting Administrative Approval for a Water Disposal Well. The proposed Disposal Well is the Cleary State #1 SWD, located in Unit "N", Sec 32, T21S, R32E, NMPM.

All of the information requested in Form C-108 is attached and includes a copy of Affidavit of Publication attesting that Public Notice was published in the Hobbs Daily News Sun on December 2, 2009. All the Lease-hold Operators within the half-mile radius of the well were furnished a copy of the C-108 by Certified Mail. Copy of Return Receipts as well as my letter to each Operator is attached.

Pursuant to "Distribution" noted on C-108 I am also forwarding a copy of this letter and completed form to your Hobbs Office.

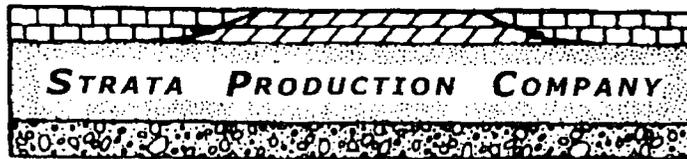
Thank You,

A handwritten signature in cursive script, appearing to read "Frank S. Morgan".

Frank S. Morgan
Vice President

CC: Oil Conservation Division - Hobbs District Office
1625 N. French Dr.
Hobbs, NM 88240

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

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

December 29, 2009

Sent Via Email

William Jones
Examiner
Oil Conservation Division
Santa Fe, NM
William.V.Jones@state.nm.us

RE: Cleary #1 SWD History

Dear Will,

In October of 1990, Strata Production Company received approval to convert Cleary Petroleum Corporation's "SL" State Comm. #1 into a salt water disposal well. Strata cleaned out to the top of the cement plug at a depth of 6505'. There were full returns with no hole trouble. Strata pressured up to test the casing integrity to 500# without any decrease in pressure. A 9 5/8" cement retainer was run to a depth of 5863'. Cement was squeezed on top of the cement plug at 6505' making the plug back TD at 5843'. We then perforated 57 .42 holes from 5413-5682' and acidized with 4000 gallons 7 1/2% NeFe with additives. Next we ran 2 3/8" plastic coated tbg and 9 5/8" zinc coated Halliburton "Loc" and set the packer at 5360'. The hole was circulated with pkr fluid. We pressure tested the casing and pkr to 500# with no leakage. Injection was commenced on 10/26/90. Forms C-105 and C-103 were filed with the OCD and approved April 4, 1991.

On September 23, 2009 a leak was discovered approximately 4' below the surface in the 13 3/8" casing. The Cleary #1 SWD was shut down and I contacted the OCD office in Hobbs and notified Buddy Hill of the situation. The hole in the casing (about the size of a quarter) was clamped off until repairs could be made.

Strata determined that the best way to repair the well and to avoid future problems would be to run a new production string of 5 1/2" 17# J-55 casing to a depth of 5385' and circulate cement back to the surface. In doing so it would seal the 9 5/8" and 13 3/8" casing and be within 28' of the top perforation: Form C-103 was filed with the procedure described.

I received a call from Buddy Hill informing me he could not approve the C-103 because the R-Order No. SWD-397 showed the perforations to be approximately 5575' to 5615' even though a C-103 and C-105 had been filed and approved. At this point Buddy advised I should contact you to follow the proper procedure to amend or approve Order # SWD-397.

I have enclosed a series of Well Bore Diagrams, Form C-103 and exhibits per your request. I would appreciate speaking with you the week of January 4th to see how best to expedite approval of our proposed operation.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank S. Morgan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Frank S. Morgan
Vice President

Enclosures:

Approved Well Bore Diagrams
Administrative Order SWD-397
Step Rate Approval
C-105 dated 04/09/91
C-103 of proposed procedure
Well bore diagram of procedure

CC: Buddy Hill
Larry.hill@state.nm.us

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance X Disposal _____ Storage
Application qualifies for administrative approval? X Yes _____ No

II. OPERATOR: Strata Production Company

ADDRESS: PO Box 1030 Roswell, NM 88202-1030

CONTACT PARTY: Frank S. Morgan PHONE: (575) 622-1127

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes X No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than re-injected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

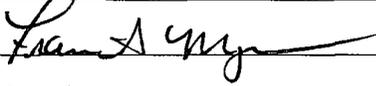
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Frank S. Morgan TITLE: Vice President

SIGNATURE:  DATE: 01/13/09

E-MAIL ADDRESS: fmorgan@stratanm.com

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

RECEIVED 000
JAN 19 P 11 19

III. WELL DATA

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

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

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

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

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

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

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

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

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

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

INJECTION WELL DATA SHEET

OPERATOR: Strata Production Company

WELL NAME & NUMBER: Cleary State #1 SWD

WELL LOCATION: 990' FSL & 1980' FWL
FOOTAGE LOCATION

UNIT LETTER N

SECTION 32

TOWNSHIP 20S

RANGE 33E

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA
Surface Casing

Hole Size: _____ Casing Size: 13 3/8" 48#
Cemented with: Circ. sx. or _____ ft³
Top of Cement: Circ. Method Determined: Circ.

Intermediate Casing

Hole Size: _____ Casing Size: 9 5/8" 48#
Cemented with: Circ. sx. or _____ ft³
Top of Cement: Circ. Method Determined: Circ.

Production Casing

Hole Size: 13 3/8" & 9 5/8" Casing Size: 5 1/2" 17#
Cemented with: 1255 CL "C" sx. or _____ ft³
Top of Cement: Circ. Method Determined: _____

Total Depth: 5380'

Injection Interval

_____ feet to 5682'

(Perforated or Open Hole; indicate which)



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

May 31, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Strata Production Company
200 West First Street
Roswell Petroleum Building, Suite 700
Roswell, New Mexico 88201

Attn: Ms. Carol Garcia

**RE: Injection Pressure Increase,
Cleary State Well No. 1,
Administrative Order No. SWD-397,
Lea County, New Mexico**

Reference is made to your request dated May 30, 2000 to increase the surface injection pressure on the above referenced well. This request is based on a step rate test conducted on May 1, 2000. The results of the test have been reviewed by my staff and we feel an increase in injection pressure on this well is justified at this time.

You are therefore authorized to increase the surface injection pressure on the following well:

<i>Well and Location</i>	<i>Maximum Injection Pressure</i>
<i>Cleary State Well No. 1</i>	1240 PSIG
Located in Section 32, Township 20 South, Range 33 East, Lea County, New Mexico.	

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,

Lori Wrotenbery
Director

LW/MWA/kv

cc: Oil Conservation Division - Aztec
Files: SWD-397; IPI 2nd QTR-2000



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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ADMINISTRATIVE ORDER NO. SWD-397

APPLICATION OF STRATA PRODUCTION COMPANY

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Strata Production Company made application to the New Mexico Oil Conservation Division on July 20, 1990, for permission to complete for salt water its New Mexico "SL" State Com No. 1, located in Unit N of Section 32, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

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

IT IS THEREFORE ORDERED THAT:

- (1) The applicant herein, Strata Production Company is hereby authorized to complete its New Mexico "SL" State Com Well No. 1 located in Unit N of Section 32, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Delaware formation at approximately 5575 feet to approximately 5615 feet through 2 3/8-inch plastic lined tubing set in a packer located at approximately 5500 feet.

IT IS FURTHER ORDERED THAT:

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

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

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

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1115 psi.

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

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

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

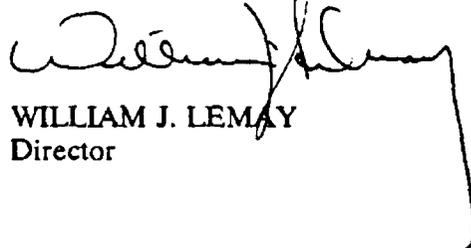
PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

*Administrative Order No. SWD-397
Strata Production Company
August 22, 1990
Page 3*

Approved at Santa Fe, New Mexico, on this 22nd day of August, 1990.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
Tim Gallegos

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LAND OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
L-6725

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	7. Unit Agreement Name
2. Name of Operator Amini Oil Company	8. Farm or Lease Name N.M. "SL" State
3. Address of Operator 405 Wall Towers East - Midland, Tx. 79701	9. Well No. 1
4. Location of Well UNIT LETTER <u>N</u> , <u>1980</u> FEET FROM THE <u>West</u> LINE AND <u>990</u> FEET FROM THE <u>South</u> LINE, SECTION <u>32</u> TOWNSHIP <u>20-S</u> RANGE <u>33-E</u> NMPM.	10. Field and Pool, or Wildcat Undesignated
15. Elevation (Show whether DF, RT, GR, etc.) 3626 GR	12. County Lea

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK

TEMPORARILY ABANDON

PULL OR ALTER CASING

OTHER _____

PLUG AND ABANDON

CHANGE PLANS

SUBSEQUENT REPORT OF:

REMEDIAL WORK

COMMENCE DRILLING OPNS.

CASING TEST AND CEMENT JOB

OTHER _____

ALTERING CASING

PLUG AND ABANDONMENT

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

- 10-27-73 Drilled 12 1/4" hole to 6999'; cemented 1st stage of 43.50# & 40# lt&c 9-5/8" csg. @6999' w/600 sx Halliburton light (1/4# floseal & 5# gilsonite per sk) + w/400 sx Halliburton light (1/4# floseal per sk) + w/300 sx class C (.5 of 1% CFR-2 & 8# salt per sk).
- 10-28-73 Plugged down @1:15 AM MST. Cemented 2nd stage w/1800 sx Halliburton light (14# salt per sk) + w/100 sx class C (8# salt per sk). Plugged down @7:00 am MST.
- 10-29-73 W.O.C. 18 hrs.; tested csg. w/1000 psi for 30 mins. - held ok.

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

SIGNED Juan Hernandez TITLE Agent DATE 11-12-73

APPROVED BY Joe [Signature] TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY _____

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 June 19, 2008

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-24540
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-1618
7. Lease Name or Unit Agreement Name CLEARY STATE SWD
8. Well Number 001
9. OGRID Number 21712
10. Pool name or Wildcat HAT MESA DELAWARE
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3626' GL

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
STRATA PRODUCTION COMPANY

3. Address of Operator
PO BOX 1030, ROSWELL, NM 88202-1030

4. Well Location
 Unit Letter N : 990' feet from the SOUTH line and 1980' feet from the WEST line
 Section 32 Township 20S Range 33E NMPM County LEA

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPL
 DOWNHOLE COMMINGLE

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. P AND A
 CASING/CEMENT JOB

OTHER: RUN 5 1/2" CASING FOR PRODUCTION

OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

RU SERVICE RIG. NU BOP. REL 9 5/8" PKR AND TOH W/ PRODUCTION STRING.
 RU WIRE-LINE. TIH W/ 9 5/8" CIBP TO A DEPTH OF 5390' AND SET.
 PU AND GIH W/ 5 1/2" 17# J-55 CASING TO A DEPTH OF 5385' AND SET. BREAK CIRC.
 CEMENT W/ 1055 SX LEAD AND 200 SX TAIL. (FLUID SYSTEM WITH ADDITIVES ATTACHED) CIRC TO SURFACE.
 RU REV UT. DRLG OUT 5 1/2" CASING SHOE AND CIBP @ 5390'. CIRC. CLEAN. TOH W/ TOOLS.
 PU AND TIH W/ 5 1/2" ZINC COATED PKR AND 2 3/8 PLASTIC COATED TBG. CIRC. HOLE W/ PKR FLUID. SET PKR @ 5380'. FLANGE UP WELL-HEAD. TEST CASING AS PER OCD REGULATION. PLACE IN OPERATION.

Spud Date:

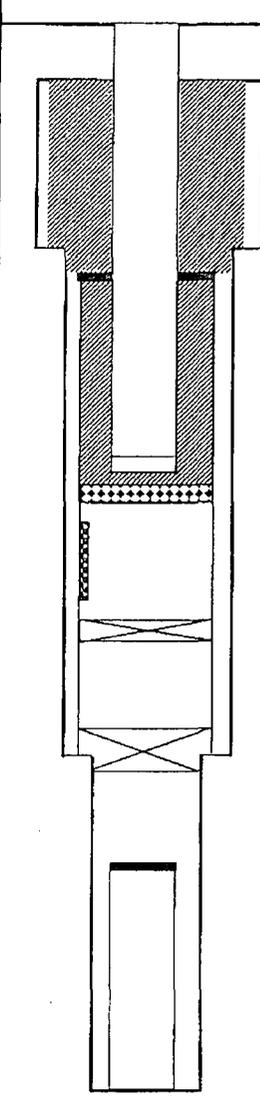
Rig Release Date:

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

SIGNATURE Frank S. Morgan TITLE VICE PRESIDENT DATE 10-7-09

Type or print name FRANK S. MORGAN E-mail address: fmorgan@stratanm.com PHONE: 622-1127 ext 13
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any): _____

COMPANY STRATA PRODUCTION COMPANY		LEASE TYPE <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/> FEDERAL		API NO. 30-025-24540	
WELL NAME CLEARY STATE SWD #1		SECTION 32	TWP. T20S	RANGE R33E	COUNTY / STATE Lea NM
FOOTAGE UT-N 990' FSL & 1980' FWL		ELEVATION = 3626'	KELLY BUSHING =	STATUS =	TOTAL DEPTH = PB-5863'
		Plugging		Bit	Casing
		Depth	Cement		
Spot 10 sx @ surface					
TOC @ 1075				17 1/2	13 3/8
Cut off 9 5/8 @ 1155					
Set 5 1/2" 17# J-55 @ 5380' to run pipe. Drig out.					5 1/2 17# J-55
Set CIBP @ 5390'					
Perforation's 5413-5682'					1800 sx thru DV
9 5/8" Cement Retainer @ 5863' (PBTD)					Collar @ 3299'
TOC @ 6505'					
Spot 55 sx @ 7053'				12 1/4	9 5/8
Spot 55 sx @ 8307'					
TOC @ 9634'					1300 sx thru csg shoe
Shot off 5 1/2 @ 9680'					
Spot 55 sx @ 8307'					TOC @ 10000'
Spot 35 sx @ 9738'					
Set CIBP @ 13008'				8 1/2	5 1/2
Capped w/ 35' cmt					13860'
					900 sx
COMMENTS: Will Rel. 9 5/8" Pkr & TOH w/ prod. String. RU Wireline & Set 9 5/8" CIBP @ 5390'. PU & GIH w/ 5 1/2" 17# J-55 to a depth of 5385'. Cement w/ 1255 sx. Circ. RU Rev UT. & drig out casing shoe and CIBP @ 5390'. TH w/ Prod string. Circ. Pkr fluid & set Pkr. Flange up well-head. Test casing as per OCD. OCD will be notified of daily Operations.				STRATA PRODUCTION CO. P.O. BOX 1030 ROSWELL, NEW MEXICO 88202 9/30/2009	

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 June 19, 2008

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-24540
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-1618
7. Lease Name or Unit Agreement Name CLEARY STATE SWD
8. Well Number 001
9. OGRID Number 21712
10. Pool name or Wildcat HAT MESA DELAWARE

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
STRATA PRODUCTION COMPANY

3. Address of Operator
PO BOX 1030, ROSWELL, NM 88202-1030

4. Well Location
 Unit Letter N : 990' feet from the SOUTH line and 1980' feet from the WEST line
 Section 32 Township 20S Range 33E NMPM County LEA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3626' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>DOWNHOLE COMMINGLE <input type="checkbox"/></p> <p>OTHER: RUN 5 1/2" CASING FOR PRODUCTION <input checked="" type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>
---	--

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

RU SERVICE RIG. NU BOP. REL 9 5/8" PKR AND TOH W/ PRODUCTION STRING.
 RU WIRE-LINE. TIH W/ 9 5/8" CIBP TO A DEPTH OF 5390' AND SET.
 PU AND GIH W/ 5 1/2" 17# J-55 CASING TO A DEPTH OF 5385' AND SET. BREAK CIRC.
 CEMENT W/ 1055 SX LEAD AND 200 SX TAIL. (FLUID SYSTEM WITH ADDITIVES ATTACHED) CIRC TO SURFACE.
 RU REV UT. DRLG OUT 5 1/2" CASING SHOE AND CIBP @ 5390'. CIRC. CLEAN. TOH W/ TOOLS.
 PU AND TIH W/ 5 1/2" ZINC COATED PKR AND 2 3/8 PLASTIC COATED TBG. CIRC. HOLE W/ PKR FLUID. SET PKR @ 5380'. FLANGE UP WELL-HEAD. TEST CASING AS PER OCD REGULATION. PLACE IN OPERATION.

Spud Date:

Rig Release Date:

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

SIGNATURE Frank S. Morgan TITLE VICE PRESIDENT DATE 10-7-09

Type or print name FRANK S. MORGAN E-mail address: fmorgan@stratanm.com PHONE: 622-1127 ext 13

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

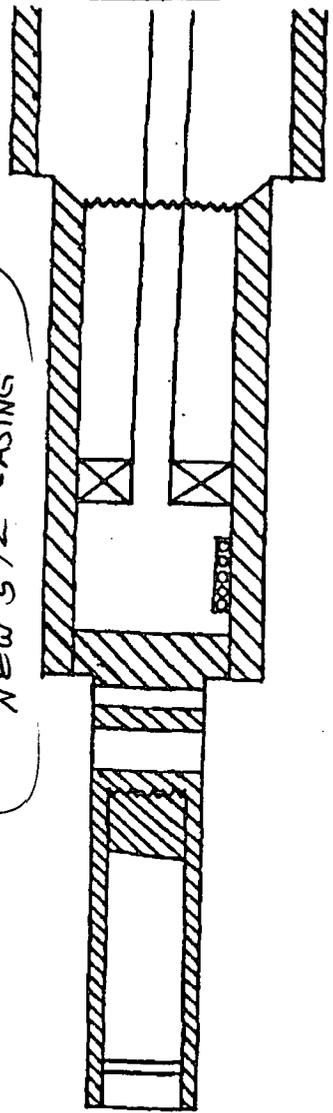
Conditions of Approval (if any):

30-025-24540

OPERATOR Strata Production Co.* LEASE New Mexico SL St. Comm WELL NO. #1

WELL NAME NM SL St. Comm #1 SEC. 32 TWN. 20 RGE. 33 FTC. 990 FSL & 1980 FWL

Schematic



13 3/8 Casing shoe:
1125'

Cut off 9 5/8 casing at
1155'.

Packer to be set at
5500'. Halliburton type.
(Lock-Set) Zinc Plated.

Perfs: 5575' - 5615'

Set cement plug at 7053'
with 55 sx. TOC 6505'

Set cement plug at 8307'
with 55 sx.

Cut-off 5 1/2 at 9680'

Set CIBP at 13008 and
capped with 35' cement

Surface Casing

Size 13 3/8" Cement with 900 sx.
TOC circ.
Hole size 17 1/2"

Intermediate Casing

Size 9 5/8" Cemented with 3100 sx.
TOC 1075'; determined by
Freepoint (DV tool 3299')
Hole size 12 1/4"
Total Depth 7000'
Injection Interval 5575' - 5615'

Production Casing

Size 5 1/2" Cement with 900 sx
TOC 10,000'; determined by
Calculated by bond-log
Hole size 8 1/2"
Total Depth 13,860'

*Appears on Public Records as
the Cleary Petroleum Corp.
"SL" State Comm #1

Tubing size 2 3/8" lined with Plastic set in a Halliburton Type
Packer at 5500' feet.
Describe any other casing-tubing seal

Additional Data:

1. Name of the injection formation Delaware Formation
2. Name of Field of Pool (if applicable) Hat Mesa Field
3. Is this a new well drilled for injection? YES XX NO
If no, for what purpose was the well originally drilled? Oil & Gas
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging details (sacks of cement or Bridge-Plug(s) used) Information covered in format.
5. Give the depth to and name of any overlying and/or underlying oil or gas zones in this area. Information covered in format.

RECOMPLETION DATA

Submit to Appropriate District Office
 State Leases - 6 copies
 Fee Leases - 5 copies
DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
 Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

Form C-105
 Revised 1-1-89

WELL API NO. API 30-025-24540
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-1618

WELL COMPLETION OR RECOMPLETION REPORT AND LOG				
1a. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER Salt Water Disp. <input checked="" type="checkbox"/>			7. Lease Name or Unit Agreement Name Cleary State SWD	
b. Type of Completion: NEW WELL <input type="checkbox"/> WORK OVER <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DEEP REPER <input type="checkbox"/> OTHER <input type="checkbox"/>			8. Well No. #1	
2. Name of Operator Strata Production Company			9. Pool name or Wildcat Hat Mesa Delaware	
3. Address of Operator 648 Petroleum Bldg. Roswell, New Mexico 88201				
4. Well Location Unit Letter <u>N</u> : <u>990'</u> Feet From The <u>South</u> Line and <u>1980'</u> Feet From The <u>West</u> Line Section <u>32</u> Township <u>20S</u> Range <u>33E</u> NMPM Lea County				
10. Date Spudded 10/03/73	11. Date T.D. Reached 11/29/73	12. Date Compl. (Ready to Prod.) 10/26/90	13. Elevations (DF & RKB, RT, GR, etc.) 3626'	14. Elev. Casingshead 3626'
15. Total Depth 13860'	16. Plug Back T.D. 5863'	17. If Multiple Compl. How Many Zones? Set cement retainer at: 5863'	18. Intervals Drilled By Rotary Tools	Cable Tools
19. Producing Interval(s), of this completion - Top, Bottom, Name Injecting in to perms: 5413-5682.				20. Was Directional Survey Made
21. Type Electric and Other Logs Run			22. Was Well Cored	

23. CASING RECORD (Report all strings set in well)					
CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13 3/8"	48#	1125'	17 1/2"	Circ.	
9 5/8"	43.8 & 40#	6999'	12 1/4"	Circ.	

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
5 1/2"	9680'	13860'	900 sx		2 3/8"	5363'	5363'
		Est. Top 9600'					

26. Perforation record (interval, size, and number) Perf. 57 .42 holes as follows: 5413'-5682'	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.	
	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
	5413-5682'	Acidize with 4000 gal. of NeFe 7 1/2% and add.

28. PRODUCTION							
Date First Production		Production Method (Flowing, gas lift, pumping - Size and type pump)				Well Status (Prod. or Shut-in)	
Date of Test	Hours Tested	Choke Size	Prod's For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)	
29. Disposition of Gas (Sold, used for fuel, vented, etc.)						Test Witnessed By	

30. List Attachments

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Frank S. Morgan Printed Name Frank S. Morgan Title VP Field Ops. Date 4/02/91

COMPANY STRATA PRODUCTION COMPANY	LEASE TYPE <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/> FEDERAL	API NO. 30-025-24540
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WELL NAME CLEARY STATE SWD #1	SECTION 32	TWP. T20S	RANGE R33E	COUNTY / STATE Lea NM
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FOOTAGE UT-N 990' FSL & 1980' FWL	ELEVATION = 3626'	KELLY BUSHING =	STATUS =	TOTAL DEPTH = PB-5863'
---	-----------------------------	------------------------	-----------------	----------------------------------

	Plugging	Bit	Casing	Depth	Cement
	Spot 10 sx @ surface				
	TOC @ 1075	17 1/2	13 3/8	1125'	900 Circ
	Cut off 9 5/8 @ 1155				
	Set 5 1/2" 17# J-55 @ 5380' to run pipe. Drlg out. Set CIBP @ 5390' Perforation's 5413-5682'		5 1/2 17# J-55	5380'	1800 sx thru DV Collar @ 3299'
	9 5/8" Cement Retainer @ 5863' (PBSD) TOC @ 6505'				
	Spot 55 sx @ 7053'	12 1/4	9 5/8	7000'	1300 sx thru csg shoe
	Spot 55 sx @ 8307' TOC @ 9634'				
	Shot off 5 1/2 @ 9680' Spot 55 sx @ 8307' Spot 35 sx @ 9738'				TOC @ 10000'
	Set CIBP @ 13008' Capped w/ 35' cmt	8 1/2	5 1/2	13860'	900 sx

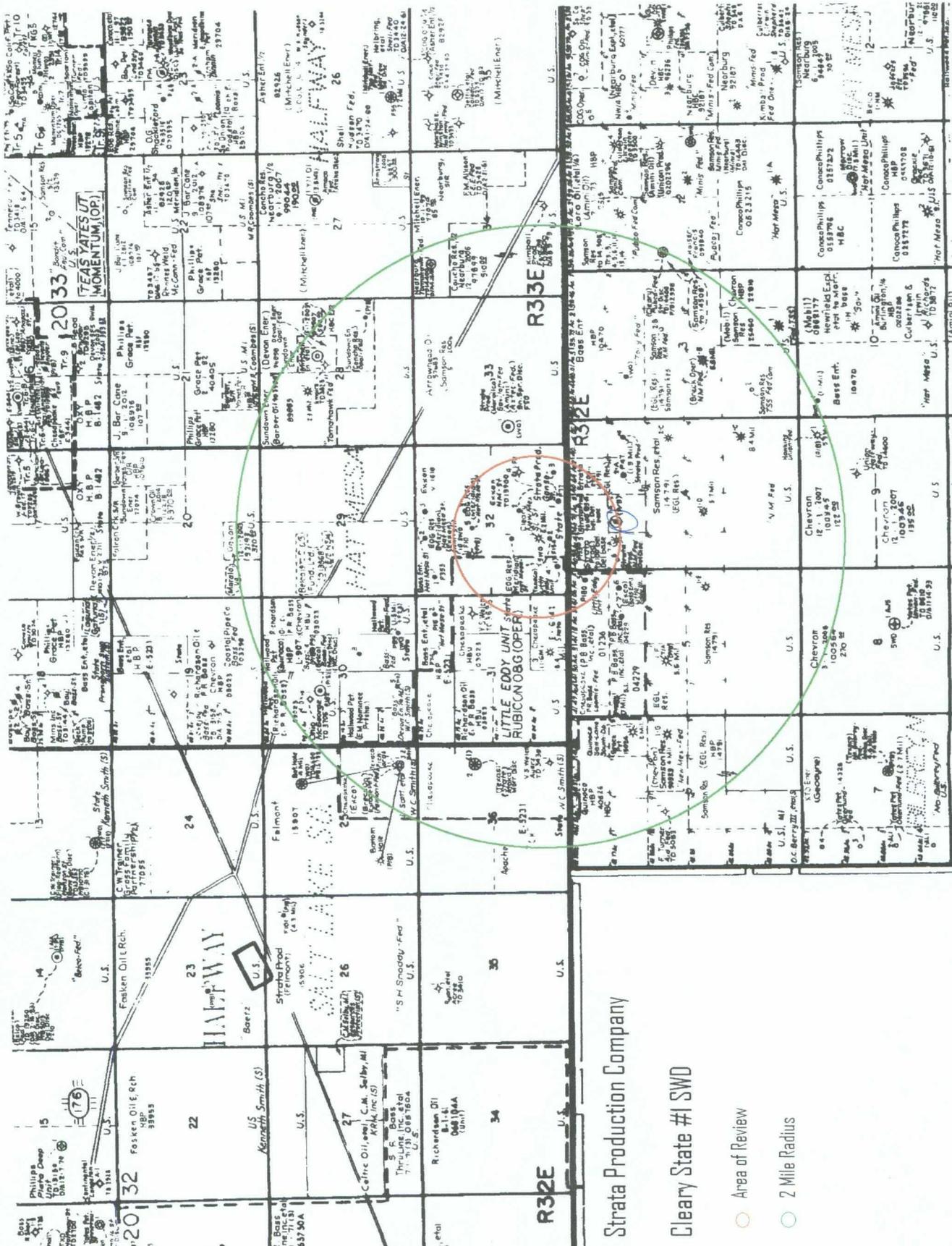
Calc to circ below DV tool

3299' DV on 9 5/8"

COMMENTS:
Will Rel. 9 5/8" Pkr & TOH w/ prod. String. RU Wireline & Set 9 5/8" CIBP @ 5390'. PU & GIH w/ 5 1/2" 17# J-55 to a depth of 5385'. Cement w/ 1255 sx. Circ. RU Rev UT. & drlg out casing shoe and CIBP @ 5390'. TIH w/ Prod string. Circ. Pkr fluid & set Pkr. Flange up well-head. Test casing as per OCD. OCD will be notified of daily Operations.

STRATA PRODUCTION CO.
P.O. BOX 1030
ROSWELL, NEW MEXICO

88202
9/30/2009



Strata Production Company

Clearly State # SWD

- Area of Review
- 2 Mile Radius

Cleary State SWD #1
FORM C-108

Producing
wells within area of review

New

Tabulation of data on wells within area of review

Well Name	Operator	Spud	Well Information
Hat Mesa 32 State #3 S32-T20S-R33E, UT. B	Bass Enterprises Production Co.	3/3/2001	Completed 04/04/01. TD 8500'. 11 3/4" 42# set @ 1440' with 725 sx circ. 8 5/8" 32# set @ 3250' with 700 sx. 5 1/2" 17# and 15.5# set at 8500' with 1000 sx. Perforated 7168'-7174'. Acidize and Frac. Producing. <i>7</i>
Hat Mesa 32 State #2 S32-T20S-R33E	Bass Enterprises Production Co.	1/24/2000	Completed 02/21/00. TD 8450'. 11 3/4" 42# set @ 1418' with 700sx circ. 8 5/8" 32# set @ 3230' with 730 sx. 5 1/2" 17# and 15.5# set @ 8450' with 750 sx. Perforated 6760-6765'. Acidize and Frac. Producing. <i>?</i>
Hat Mesa State #1 S32-T20S-R33E	Meridian Oil, Inc.	11/27/1992	Completed 12/18/92. TD 8346'. 13 3/8" 48# set @ 400' with 425 sx 8 5/8" 32# set @ 3300' with 1650 sx. 5 1/2" 17# set @ 8346' with 1300 sx. Perforated 6824-7166' and 8030-8080'. Acidize and Frac. Producing. <i>?</i>
Little Eddy Unit #1 S32-T20S-R33E	Bass Enterprises Production Co.	12/25/1992	Completed 03/09/93. TD 9482'. 11 3/4" 42# set @ 1313' with 805 sx circ. 8 5/8" 24# set @ 3177' with 1000 sx circ 5 1/2" 15.5# and 17# set @ 9482' with 1050 sx. Perforated 7085-8252'. Acidize and Frac. Producing. <i>?</i>
Hat Mesa State #5 S32-T20S-R33E	Meridian Oil, Inc.	3/5/1993	Completed 05/07/93. TD 8370'. 13 3/8" 48# set @ 415' with 425 sx 8 5/8" 28# set @ 3305' with 1475 sx. 5 1/2" 17# set @ 8358' with 1125 sx. Perforated 6802-7184'. Acidize and Frac. Producing. <i>?</i>
Ganso State #1 S32-T20S-	Strata Production Company	9/29/1990	Completed 11/04/90. TD 7318'. 8 5/8" 24# set @ 1350' with 400 sx circ. 5 1/2" 17# set @ 7317' with 1130 sx. Circ. Perforated 7148-7180'. Acidize and Frac. Producing. <i>?</i>

OK
5/11/93
DL

Tabulation of data on wells within area of review.

NEW

Well Name	Operator	Spud	Well Information
Ganso State #2 S32-T20S-R33E	Strata Production Company	3/29/1991	Completed 05/01/1991. 13 3/8" 54.5# set @ 342' with 315 sx circ. 8 5/8" 24# and 32# set @ 3130' with 1200 sx circ. 5 1/2" 17# set @ 8393' with 1165 sx. Perforated 7151-8121'. Acidize and Frac. Producing. <i>2</i>
Ganso State #3 S32-T20S-R33E	Strata Production Company	8/15/1991	Completed 09/27/1991. 13 3/8" 48# set @ 368' with 315 sx. Circ. 8 5/8" 24# and 32# set @ 3174' with 1000 sx circ. 5 1/2" 17# set @ 8375' with 1200 sx. Perforated 6708-8269'. Acidize and Frac. Producing. <i>2</i>
Ganso State #4 S32-T20S-R33E	Strata Production Company	3/26/1992	Completed 05/21/1992. 13 3/8" 54# set @ 411' with 315 sx. Circ. 8 5/8" 28# & 32# set @ 3176' with 1380 sx circ. 5 1/2" 17# set @ 8435' with 1495 sx. Perforate 6602-8133'. Acidize and Frac. Producing. <i>2</i>
New Mexico "A" Federal #7. S-4-T21S-R32E	Samson Resources Company	5/3/2003	Completed 06/28/03. 16" 84# set @ 1430' with 840 sx circ. 11 3/4" 65# set @ 3357' with 1680 sx circ. 8 5/8" 32# set @ 4880' with 650 sx. 5 1/2" 20# set @ 14037' with 1710 sx circ. Perforate 13612-13622'. Acidize and Frac. Producing. <i>2</i>

STW

NM "A" Fed #1

*2/9/73 9 5/8 18 00 SX cut @ 35524
Re-entered / RE-logged 9 5/8
6834-6869 producing*

III. A. Well Data: (1) through (4). See two attached Well Data Sheets; Plugging Data; and Recompletion Data.

B. (1) Injection Formation: Delaware Cherry Canyon "B" sandstone.

(2) Injection interval will be perforated.

(3) The injection well was originally drilled for production of oil and gas.

(4) There are no other perforated intervals in this injection well.

(5) The next possible higher oil or gas zone is the Yates sandstone located (approximately) between 3300' and 3330'. The next lower oil or gas zone in the area of this well is a Delaware sandstone, if present, located between (approximately) 6450' and 6460'.

There is no oil or gas production in these higher and lower zones in the area of the injection well. Logs covering these zones are not available.

V. Area of Review: Plat attached.

VI. Well Data: Wells within area of review.

Section 32-T20S-R33E, Unit "N", SE/4SW/4 (Proposed injection well) Cleary Petroleum, New Mexico "SL" St #1 - Spud 10-3-1973, completed 11-30-1973.
T.D. 13,860 feet. 13 3/8" 48# set at 1,125 feet with 900 sacks. 9 5/8" 40# and 43# set at 7,000 feet with 1300 sacks, thru shoe, and 1800 sacks thru DV collar at 3,299 feet. 5 1/2" 17# and 20# set at 13,860 feet with 900 sacks.

P & A 11-28-1978. Shot-off 5 1/2" at 9,680 feet and POOH. Spotted 35 sacks at 9,738 feet, 55 sacks at 8,307 feet, 55 sacks at 7,053 feet, 55 sacks at 3,486 feet, 55 sacks at 2,242 feet, and 55 sacks at 1,527 feet. Cut off 9 5/8" at 1,155 feet and POOH w/same. Spotted 80 sacks at 1,250 feet and 10 sacks at surface.

Section 32-T20S-R33E, Unit "F", SE/4NW/4

Exxon Corp, New Mexico "FH" State Comm #1 - Spud 5-24-1989, completed 12-30-1989 as D & A. 13 3/8" at 522 feet with 450 sacks, 9 5/8" at 4,910 feet with 2150 sacks, 5 1/2" at 13,358 feet with 1570 sacks.

P & A 12-30-1989. Cut 5 1/2" at 6,560 feet and POOH.

Spotted 15 sacks at 12,550 feet, 25 sacks at 12,175 to 12,375 feet, 25 sacks at 11,160 to 11,360 feet, 25 sacks at 8,190 to 8,390 feet, 55 sacks at 6,476 to 6,660 feet, 70 sacks at 4,350 to 5,000 feet, 70 sacks at 3,600 feet, and 1,110 sacks at 3,200 feet to surface.

Section 4-T21S-R32E, Unit "F", Lot 6, (SE/4NW/4)

Strata Production, New Mexico "A" Fed. #1 - Spud 2-9-1973 by Amini Oil Corporation, completed 8-6-1973 in the Morrow 13,640 to 13,671 feet. 20" at 397 feet with 1000 sacks, 13 3/8" at 3,350 feet with 2800 sacks, 9 5/8" at 8,951 feet with 1825 sacks, 5 1/2" liner 8,805 to 14,000 feet with 1385 sacks.

P & A 6-8-1979. Cut off 9 5/8" at 3,524 feet and POOH.

Re-entered 7-13-1989, drilled out cement to 9 5/8" casing stub at 3,524 feet, ran 9 5/8" casing (43.5#) to 3,524 feet (tie-in) with 35 sacks, DO to 10,656 feet, set CIBP at 9,100 feet. Completed 9-18-1989 in the Delaware from 6,834 to 6,869 feet. Producing.

Section 4-T21S-R32E, Unit "C", Lot 3, (NE/4NW/4)

Strata Production, New Mexico "A" Fed. #3 - Sput 3-15-1990, completed 5-2-1990. 8 5/8" 24# at 1,342 feet with 410 sacks, 5 1/2" 15.5# and 17# set at 7,150 feet with 540 sacks and, second stage cement at 1900 sacks thru D.V. tool at 4,900 feet. Completed in Delaware sandstone at 6,609 to 6,625 feet and 6,719 to 6,723 feet. Producing. ✓

Note: The well shown on the Area of Review Plat located in Unit "I", Sec. 32 was permitted but was never drilled.

VII. Proposed Operation:

1. Average injection rate into the well will be .5 BPM with an average initial daily total of 200 barrels. The maximum rate anticipated is 1.0 BPM with a maximum daily total of 800 barrels.
2. This will be a closed system.
3. Average injection pressure will be approximately 430 psi, and request an operating maximum of 1200 psi. The system will be regulated with Murphy Controls so as not to have a continuous injection of fluid. No deeper aquifers containing usable water are known in this area.
4. and 5. Water compatibility: Refer to attached Geological Report by John G. Worrall.

VIII. Refer to attached Geological Report.

IX. Stimulation Program: None

X. Test and Logging Data: Refer to Cleary Petroleum State "SL" #1 well above, Paragraph VI.

XI. Water Analysis: There are no producing fresh water wells within one mile of the Injection well. Also refer to attached Geological Report.

XII. Applicant has examined available geologic and engineering data and finds no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water. See also attached, Geological Report.

Scott Exploration, Inc.

Suite 648, Petroleum Bldg.
Roswell, New Mexico 88201
Tel: (505) 622-5891

June 26, 1990

Oil Conservation Division
PO Box 2088
Santa Fe, NM 87051

RE: Proposed Water Disposal Well
Strata Production Company
New Mexico "SL" State Comm. #1
990' FSL, 1980' FWL, Section 32-T20S-R33E
Lea County, New Mexico

Gentlemen:

1-700
Strata Production proposes to convert captioned well into a water disposal. This well was drilled by Cleary Petroleum in 1973. The present operator is Exxon Corp., who has concluded an agreement with Strata Production Company to use the well for water disposal.

The well was originally drilled to a depth of 13,860' and 5 1/2" casing was set. The Morrow was perforated from 13,106-16' and completed as a gas well in November, 1973. The well produced to May, 1978 and was plugged in November, 1978. The 5 1/2" casing was shot off at 9,680' and pulled. The 9 5/8" casing was shot off at 1,155' (freepoint at 1,200') and pulled. An 80-sack plug was then spotted in and out of the casing stub from 1,250 to 1,075'.

Strata Production Company proposes to re-enter this well, run 9 5/8" casing to the stub at 1,155' and tie back to surface. Next, Strata will drill out cement plugs to 6,950' and run a cased-hole gamma ray-neutron log and a cement bond log. (Strata was unable to obtain the original-open hole logs for this well, despite numerable attempts.)

The objective is to inject water into the Delaware Cherry Canyon "B" Sandstone - a 40-foot thick sandstone having porosities of 20 to 23% which should be encountered at 5,575 to 5,615' (see Type Log Exhibit). This laterally extensive sandstone gave up water with no shows on two drill stem tests in updip wells, and has given up no shows in samples or mud logs of nearby wells, including no shows in a recently drilled diagonal offset well - the Strata Production Company NM Federal #3 (see Porosity Isopach

Map Exhibit). The base of this sandstone is 920 feet above the producing Delaware interval at Hat Mesa Delaware field. Vertical fluid communication from (or within) the injection zones is restricted by dense zones of anhydritic dolomite.

1
0
7
0
1

The water to be injected is unfit for domestic, stock, irrigation, or any other general use. It is being produced from nearby Delaware and Bone Spring sandstone wells operated by Strata Production Co. Water samples from those wells have shown the waters have fluid chemistries compatible with the zone to be injected. There are no fresh aquifers currently being produced within a two-mile radius of the proposed water disposal well. There is also no evidence of faulting or any other hydrologic connection between potential fresh water aquifers and the proposed injection zone. No wells produce oil or gas from this sandstone within a 2-mile radius of the proposed disposal well.

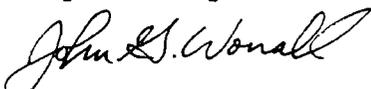
Exhibits Furnished:

Exhibit #1. Type Log Exhibit showing a CNL-FDC profile of the B sandstone with overlying and underlying dolomite beds.

Exhibit #2. Structure Map - Top of B Sandstone Interval.

Exhibit #3. Gross Isopach Map - B Sandstone Interval.

Respectfully submitted,


John G. Worrall
Consulting Geologist

JGW:ss

Enclosures

TYPE LOG EXHIBIT
STRATA PROD. NM FED #3
SECTION 4-T21S-R32E
560' FNL & 2100' FWL

5600

-1979

B SANDSTONE
ZONE TO BE INJECTED

30

20

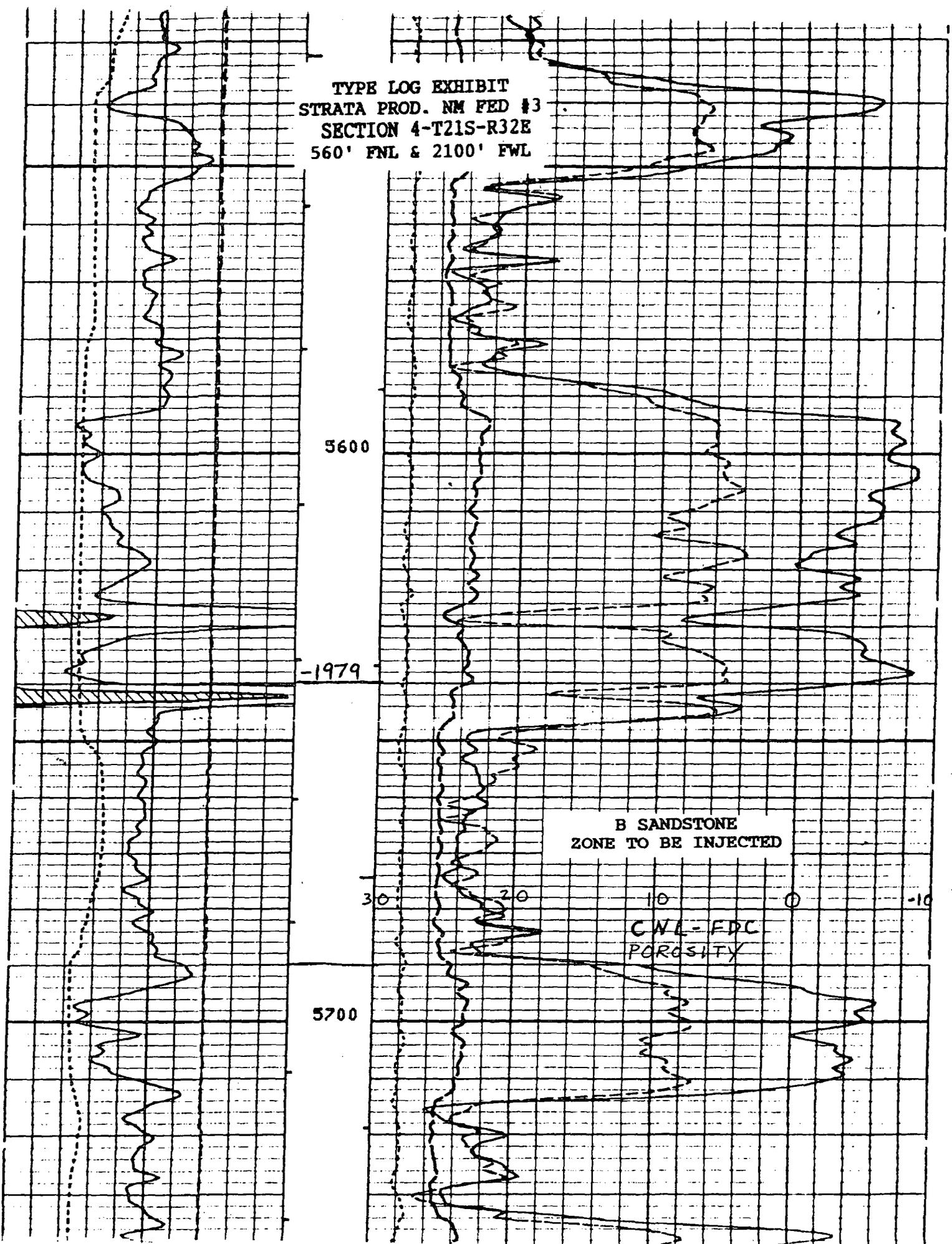
10

0

-10

CNL-FDC
POROSITY

5700



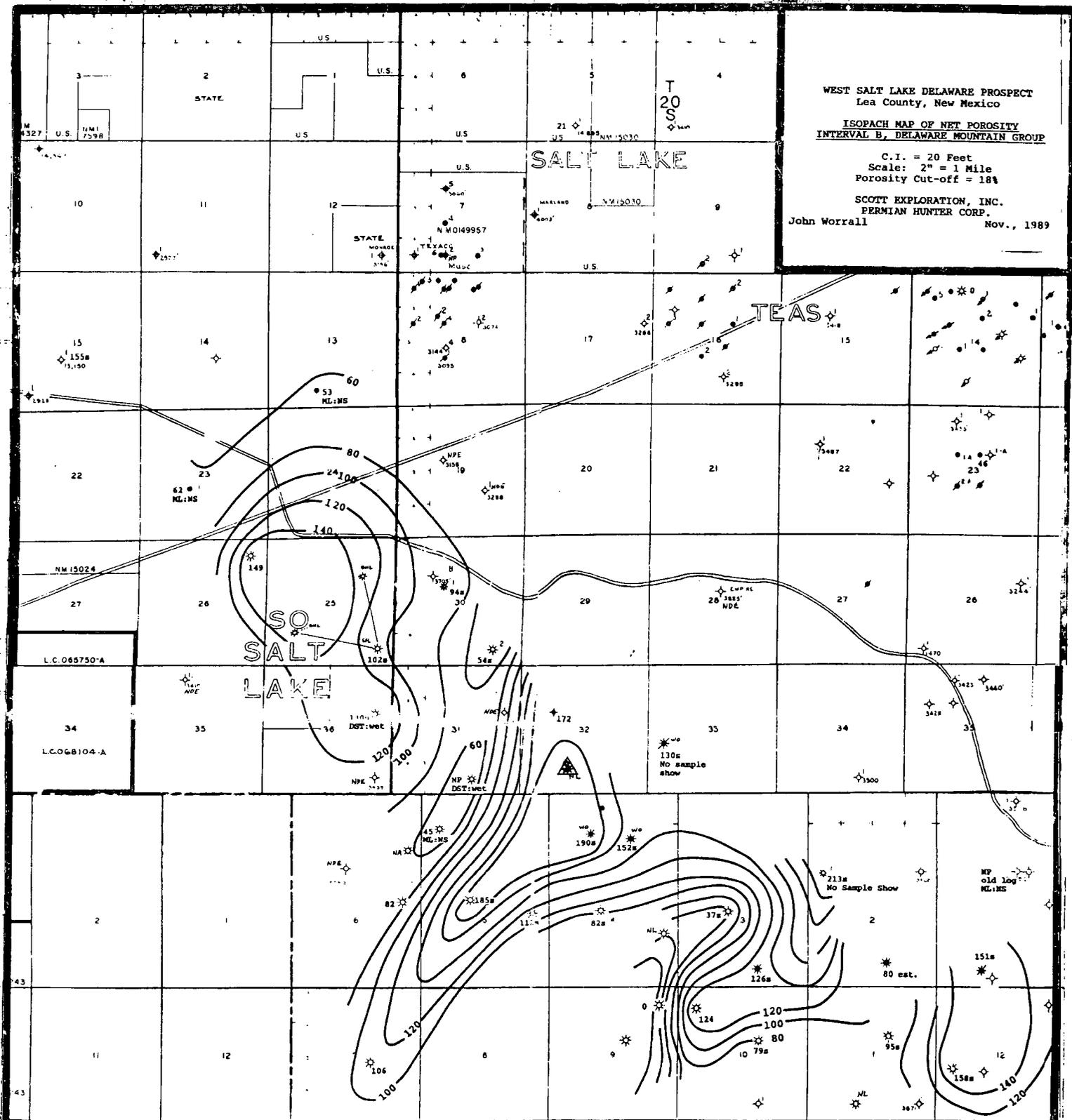
WEST SALT LAKE DELAWARE PROSPECT
 Lea County, New Mexico

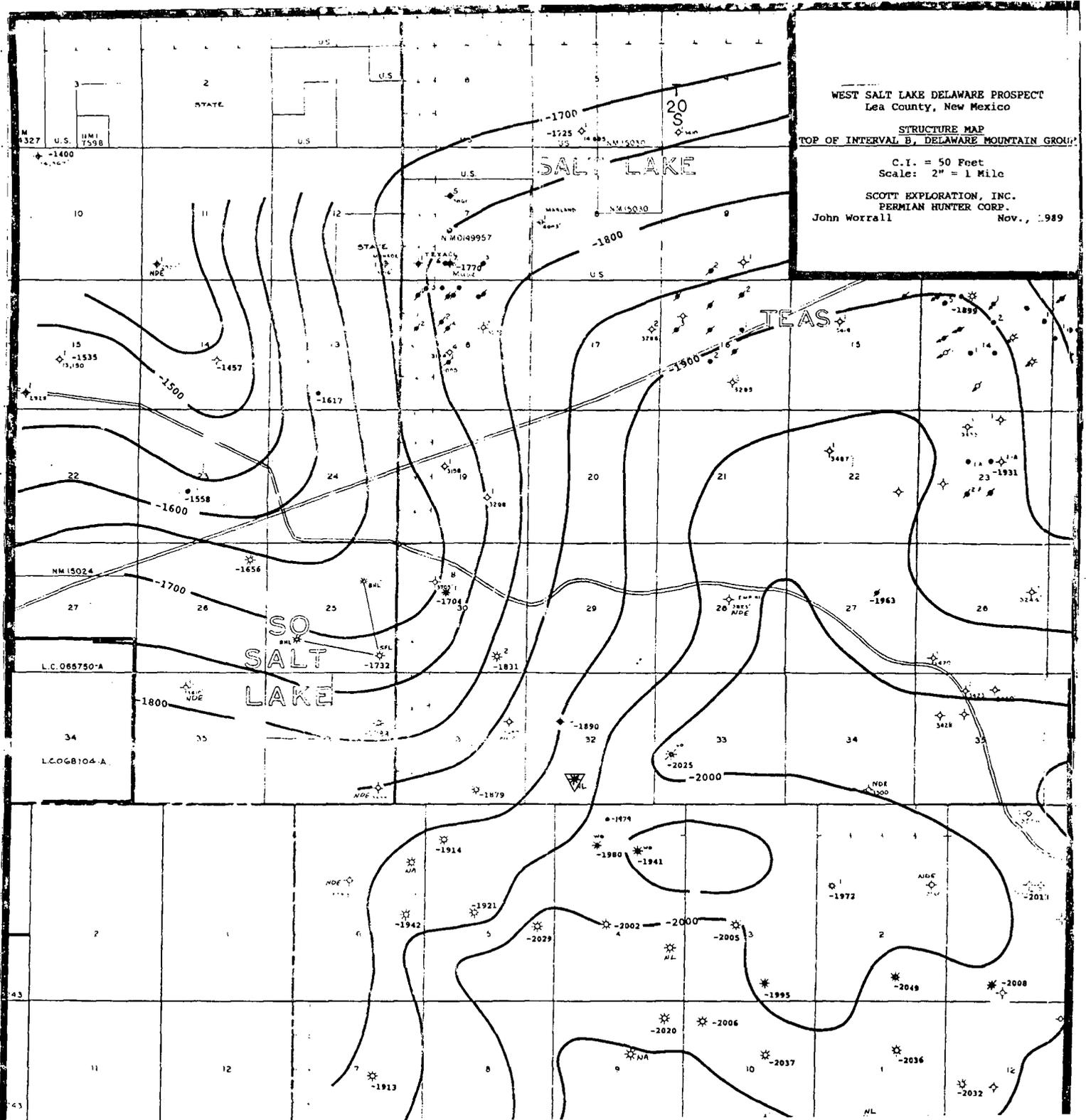
ISOPACH MAP OF NET POROSITY
 INTERVAL B, DELAWARE MOUNTAIN GROUP

C.I. = 20 Feet
 Scale: 2" = 1 Mile
 Porosity Cut-off = 18%

SCOTT EXPLORATION, INC.
 PERMIAN HUNTER CORP.

John Worrall Nov., 1989





WEST SALT LAKE DELAWARE PROSPECT
 Lea County, New Mexico

STRUCTURE MAP
 TOP OF INTERVAL B, DELAWARE MOUNTAIN GROUP

C.I. = 50 Feet
 Scale: 2" = 1 Mile

SCOTT EXPLORATION, INC.
 PERMIAN HUNTER CORP.
 John Worrall Nov., 1989

TRETOLITE

Chemicals and Services



16010 Barker's Point Lane • Houston, Texas 77079
713 558-5200 • Telex: 4620346 • FAX: 713 589-4737

Reply to: P.O. Box FF
Artesia, New Mexico 88210
(505) 746-3588 Phone
(505) 746-3580 Fax

WATER ANALYSIS REPORT

Company : STRATA PRODUCTION Date : 11/25/92
Address : ARTESIA, NEW MEXICO Date Sampled : 11/20/92
Lease : CLEARY STATE SWD Analysis No. : 2810
Well : #1
Sample Pt. : WELLHEAD

ANALYSIS	mg/L	* meq/L
1. pH	5.3	
2. H2S	3 PPM	
3. Specific Gravity	1.180	
4. Total Dissolved Solids	301172.4	
5. Suspended Solids	NR	
6. Dissolved Oxygen	NR	
7. Dissolved CO2	80 PPM	
8. Oil In Water	NR	
9. Phenolphthalein Alkalinity (CaCO3)		
10. Methyl Orange Alkalinity (CaCO3)	30.0	
11. Bicarbonate	HCO3 36.6	HCO3 0.6
12. Chloride	Cl 187670.9	Cl 5294.0
13. Sulfate	SO4 237.5	SO4 4.9
14. Calcium	Ca 28633.2	Ca 1428.8
15. Magnesium	Mg 4949.5	Mg 407.2
16. Sodium (calculated)	Na 79626.0	Na 3463.5
17. Iron	Fe 18.8	
18. Barium	Ba NR	
19. Strontium	Sr NR	
20. Total Hardness (CaCO3)	91882.6	

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt	X meq/L	= mg/L
1429 *Ca <----- *HCO3	Ca (HCO3) 2	81.0	0.6	49
/----->	CaSO4	68.1	4.9	337
407 *Mg -----> *SO4	CaCl2	55.5	1423.3	78976
<-----/	Mg (HCO3) 2	73.2		
3464 *Na -----> *Cl	MgSO4	60.2		
	MgCl2	47.6	407.2	19385
Saturation Values Dist. Water 20 C	NaHCO3	84.0		
CaCO3 13 mg/L	Na2SO4	71.0		
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	3463.5	202407
BaSO4 2.4 mg/L				

REMARKS:

D. CANADA / FILE

Petrolite Oilfield Chemicals Group

Respectfully submitted,
SHELIA DEARMAN



SCALE TENDENCY REPORT

Company : STRATA PRODUCTION Date : 11/25/92
Address : ARTESIA, NEW MEXICO Date Sampled : 11/20/92
Lease : CLEARY STATE SWD Analysis No. : 2810
Well : #1 Analyst : SHELIA DEARMAN
Sample Pt. : WELLHEAD

STABILITY INDEX CALCULATIONS
(Stiff-Davis Method)
CaCO3 Scaling Tendency

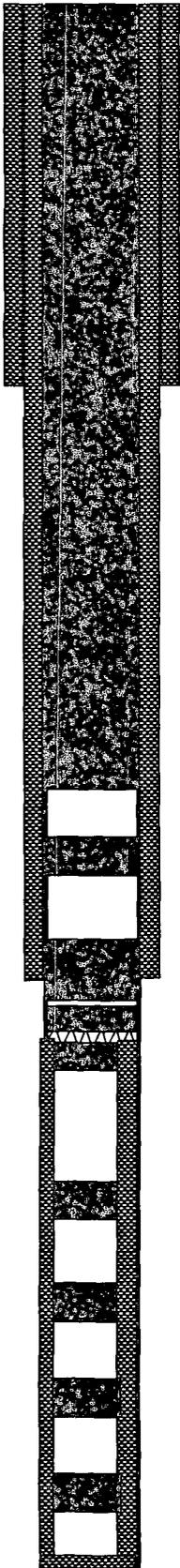
S.I. = -0.6 at 60 deg. F or 16 deg. C
S.I. = -0.6 at 80 deg. F or 27 deg. C
S.I. = -0.6 at 100 deg. F or 38 deg. C
S.I. = -0.7 at 120 deg. F or 49 deg. C
S.I. = -0.7 at 140 deg. F or 60 deg. C

CALCIUM SULFATE SCALING TENDENCY CALCULATIONS
(Skillman-McDonald-Stiff Method)
Calcium Sulfate

S = 407 at 60 deg. F or 16 deg C
S = 453 at 80 deg. F or 27 deg C
S = 481 at 100 deg. F or 38 deg C
S = 493 at 120 deg. F or 49 deg C
S = 501 at 140 deg. F or 60 deg C

Petrolite Oilfield Chemicals Group

Respectfully submitted,
SHELIA DEARMAN



Exxon Corp.
 New Mexico "FH" State Comm #1
 Sec. 32 - T20S - R33E UT F
 Spud 05/24/89, Completed 12/30/89
 13 3/8" set @ 522' w/ 450 sx, 9 5/8"
 set @ 4910' with 2150 sx, 5 1/2" set
 13,358' with 1570'.

Located North of SWD

13 3/8" set @ 522'. Cemented w/ 450 sx.

Set 1110 sx cement plug @ 3200' to surface.

Set 70 sx plug @ 3600'.

9 5/8" csg @ 4910'. Cemented w/ 2150 sx cement.
 70 sx cement plug @ 4350-5000'.

5,000' - 6,476' OPEN HOLE
NON-PRODUCING interval in AOR

5 1/2" cut-off at 6560'.
 55 sx cement plug from 6476-6660'.

25 sx cement plug from 8190-8390'.

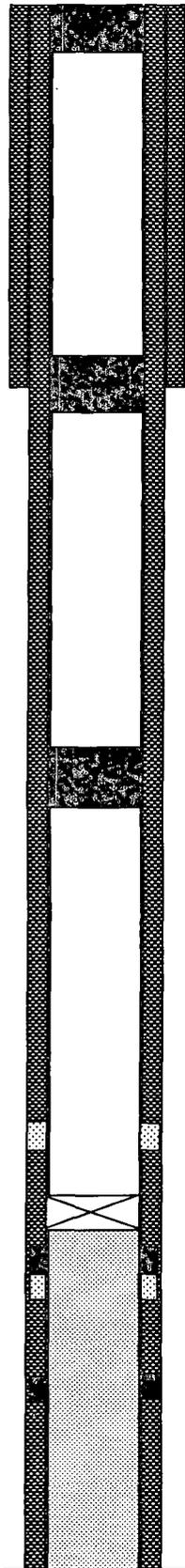
25 sx cement plug from 11160-11360'.

25 sx cement plug from 12175-12375'.

15 sx cement plug @ 12550'.

5 1/2" csg set @ 13358' w/ 1570 sx cement.
 TD 13358'

Strata Production Company New Mexico "A" Federal #4 1880' FNL & 660' FEL Section 4-T21S-R32E Eddy County, New Mexico Spud Date 9/11/90



60' Plug @ Surface

8 5/8" -24#/FT., J-55, @ 1370'
 400 sx. P.S. Lite & 200 sx. Class "C", Circ. 141 sx
 Set 20 sx Plug 1320'-1420'

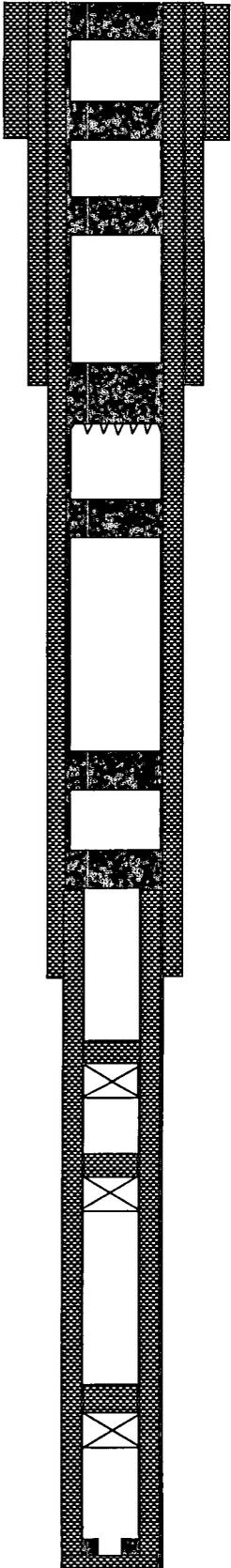
Set 20 sx plug @ 3200'-3300'

D.V. @ 5959'
 Circ. Hole with 10# Mud
 CIBP @6680'. 35' cement
 2/94 F.L.@ 6615'
 "A" 6738'-6750', 2 SPF
 "B" 6828-6833.5, 3 SPF, Squeezed w/ 150 sx. CLASS "C"

5/92 S.N. @ 7116
 "D-4" 7162-67, 2 SPF, 7168-71, 2 SPF, "E" 7183,84,85, 1 SPF, 7188,89,90,91 & 92, 1 SPF

5 1/2"-15.5 & 17#/FT., J-55 @ 7230'
 First Stage 390 SX> 50/50 POZ "H"
 Second Stage 1385 SX. "LITE", Circ. 140sx ✓

Strata Production Company New Mexico Federal #1 1683' FNL & 1650' FWL Sec 4-T21S-R32E PA 01/19/02 Witnessed by BLM



20 sx plug @ surface
 20" csg set @ 397' w/ 1000 sx cement.

70 sx plug @ 450'.

75 sx plug @ 1450'.
 13 3/8" set @ 3350' w/ 3760 sx cement.

Tagged @ 3142'
 175 sx plug @ 3605'.
 9 5/8" csg cut off @ 3565'.



55 sx plug @ 4800'.

55 sx plug @ 8400'

55 sx plug @ 8800'.
 5 1/2" liner top @ 8805'.

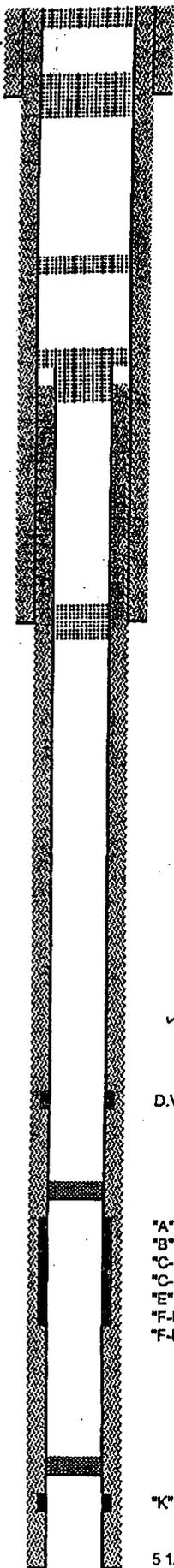
9 5/8" csg set @ 8951' w/ 1825 sx cement.

CIBP @ 9100' w/ 35 sx cement on top.

CIBP @ 9887' w/ 35 sx cement on top.

CIBP @ 13100 w/ 35 sx cement on top.

Strata Production Company
New Mexico Federal #6
1650' FNL & 330' FWL
Section 4-T21S-R32E
Lea County, New Mexico
Spud Date 9/14/91



10 SX SURFACE PLUG
50 sx plug 318'-418'

13 3/8" - 48#/FT., J-55, @ 368'
315 sx. CLASS "C", CIRC. 90 SX.

35 SX PLUG ACROSS RUSTLER ANHYDRITE 1410'-1510'

35 SX PLUG ACROSS STUB 50' IN/50' OUT
CUT CASING AT 2000' AND PULL OUT OF HOLE
EST. TOC @ +/- 2000'

SHOE PLUG
25 SX. PLUG 3022'-3222'

8 5/8" - 24 & 32 #/FT., J-55, @ 3122'
700 SX. HLC & 200 SX. CLASS "C", CID NOT CIRC.
TOC @ 544'
1" w/225 SX CLASS "C", CIRC. 20 SX.

D.V. TOOL @ 5980'

CIBP W/ 35' CEMENT

"A" 6624-6630
"B" 6713-32
"C-2" 6878-81
"C-2" 6918-22
"E" 7064-66 FLUID LEVEL 1/95 @ 7088'
"F-UPPER" 7138-48
"F-LOWER" 7167-73, 7175-81, & 7188-82

CIBP @ 8050' W/ 35' CEMENT

"K" 8095, 96, 97, 98, 99, 8102, 03, 04, 06, 07, 08, 09, 10, 11, 12, 13, & 14

5 1/2"-17#/FT., J-55 @ 8414'
FIRST STAGE 800 SX. 50/50 POZ
SECOND STAGE 600 SX. HLC & 200 SX. PREMIUM PLUS

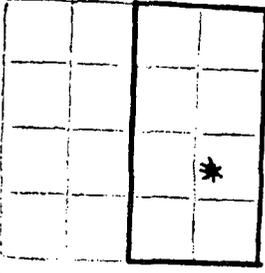
STATE OF NEW MEXICO
STATE LAND OFFICE
ACTIVE COMMUNITIZATIONS

*Christina
& Jim*

COMMUNITIZATION NAME: AMINI OIL COMPANY-NEW MEXICO "SL" STATE COM WELL NO. 1 (FORCE POOLING)
OPERATOR: AMINI OIL COMPANY
DATE APPROVED: November 16, 1973
EFFECTIVE DATE: November 16, 1973
COUNTY: Lea
TOTAL ACREAGE: 320.00
STATE ACREAGE: All
DEDICATED TO: Salt Lake South Morrow Pool
INSTITUTION: Common Schools
TERM OF COMMUNITIZATION: So long as
WELL LOCATION: SE/4SW/4 (N)

*Case # 5088
Order # R-4666*

S/2 Sec. 32-20S-33E



<u>SEC.</u>	<u>TWP.</u>	<u>RGE.</u>	<u>SUBDIVISION</u>	<u>LEASE NO.</u>	<u>LESSEE</u>	<u>ACREAGE</u>
32	20S	33E	W/2SW/4	E-9052-2	Texaco Inc.	80.00
32	20S	33E	SE/4, E/2SW/4	L-6725	Amini Oil Company	240.00
						<u>320.00</u>

This well was completed as a shut-in well.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- 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.

Article Addressed to:

Chesapeake Operating, Inc.
 PO Box 18496
 Oklahoma City, OK 73154
 Attn: Christian Combs

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

X

B. Received by (Printed Name) C. Date of Delivery

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

RECEIVED
JAN 16 2010
MAILROOM 18
 0107

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Transfer from service label) **7008 2810 0001 9032 5017**

S Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- 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.

Article Addressed to:

Samson Resources, Co.
 200 N. Loraine, Suite 1010
 Midland, TX 79701

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

X *Gina Saddle*

B. Received by (Printed Name) C. Date of Delivery

GINA SADDLE 1-14-10

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

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Transfer from serv) **7008 2810 0001 9032 4980**

S Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- 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.

Article Addressed to:

EOG Resources, Inc.
 PO Box 2267
 Midland, TX 79702-2267
 Attn: Doug Hurlbut

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

X *Larry Tyson*

B. Received by (Printed Name) C. Date of Delivery

Larry Tyson 1-15-10

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

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Transfer from service label) **7008 2810 0001 9032 5031**

S Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Cleary State #1 SWD

Legal Notice

DECEMBER 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 2009

Public Notice Application for addition of perforations for water disposal. Strata Production Company, PO Box 1030, Roswell, New Mexico 88202-1030. (Contact: Frank S. Morgan, (575)622-1127 ext.#14) has made application to the Oil Conservation Division, Energy, Minerals and Natural Resources Department, State of New Mexico, for Administrative Approval and Authority to amend the original approved application (SWD-397), for the purpose of showing existing perforations to inject salt water into the Cleary State #1 SWD. API # 30-025-24540, located 990i from the South Line, 1980i from the West Line, S32-T20S-R33E, NMPM, Lea County, New Mexico, Approximately 30 miles East of Carlisbad on 62/180.

The Purpose of this water injection well is to dispose of salt water produced from the Hat Mesa Delaware Field and Hat Mesa Bone Springs Field as currently designated by the Oil Conservation Division and as may be extended by additional drilling.

Water to be disposed of will be injected into the Cherry Canyon formation of the Delaware Mountain group at an interval lying between 5400i and 5690i beneath the surface.

The minimum injection rate is expected to be approximately 200 barrels of water per day. The maximum injection rate is expected to be approximately 800 barrels of water per day.

Minimum injection pressure will be approximately 430 psi. The maximum expected to be 1240 psi.

Any interested party may file an objection to this application or may request a public hearing. Any objection or request for hearing must be filed with the Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, New Mexico 87505 and Strata Production Company, PO Box 1030, Roswell, NM 88202-1030, within 15 days of this publication. #25400

Jones, William V., EMNRD

From: Jennifer Zapata [jzapata@stratanm.com]
Sent: Monday, March 01, 2010 2:25 PM
To: Jones, William V., EMNRD
Cc: Frank Morgan
Subject: FW: Disposal application from Strata Production Company: Cleary State #1 30-025-24540
Cherry Canyon Disposal
Attachments: Cleary Letters.pdf

From: Frank Morgan [mailto:fmorgan@stratanm.com]
Sent: Monday, March 01, 2010 2:16 PM
To: Jennifer Zapata
Subject: FW: Disposal application from Strata Production Company: Cleary State #1 30-025-24540 Cherry Canyon Disposal

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Thursday, February 11, 2010 12:04 PM
To: fmorgan@stratanm.com
Cc: Ezeanyim, Richard, EMNRD; Kautz, Paul, EMNRD; Hill, Larry, EMNRD; Wesley_Ingram@blm.gov
Subject: Disposal application from Strata Production Company: Cleary State #1 30-025-24540 Cherry Canyon Disposal

Hello Frank:

I have your permit amendment ready to release but first:

Please send:

- a. A formal notice of this application to the nearest Potash lessee – you can ask them to sign a waiver if possible, or we must wait the 15 days. This is a practice the OCD has been requiring for any disposal applications located within the R-111-P Potash area.
- b. Proof of formal notice to the surface owner at the wellsite.

Thank You,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

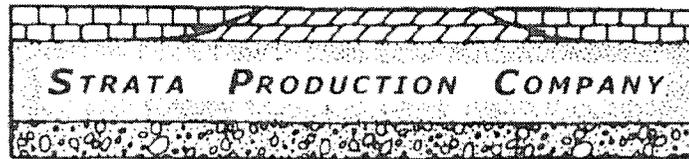
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scanned by the Sybari - Antigen Email System.

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This email has been scanned using Webroot Email Security.

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

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

January 13, 2010

CERTIFIED/RETURN RECEIPT REQUESTED

RE: Cleary State #1 SWD
Hat Mesa
S32-T20S-R33E, NMPM
Lea County, New Mexico

Commissioner of Public Lands
State Land Office
PO Box 1148 310 Old Santa Fe Trail
Santa Fe, New Mexico 87504-1148

Dear Mr. Lyons,

The State of New Mexico is the owner of the surface of the land upon which Strata Production Company operates the Cleary State #1 SWD, located in SE/4SW/4 S32-T20S-R33E, NMPM, Lea County, New Mexico.

Strata Production Company is making Application to the New Mexico Oil Conservation Division, form C-108, for Administrative Approval and authority to amend the original approved application (SWD-397), for the purpose of showing existing perforations to inject salt water into the Cleary State #1 SWD, API # 30-025-24540, located 990' FSL & 1980' FWL, S32-T20S, R33E, NMPM, Lea County.

Consequently, and pursuant to the rules and regulations of the OCD, I am enclosing a copy of OCD Form C-108 which is the Application for Administrative Approval (SWD-397).

Thank You,

A handwritten signature in cursive script, appearing to read "Frank S. Morgan", followed by a horizontal line.

Frank S. Morgan
Vice President

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- 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:

Commissioner of Public Lands
State Land Office
PO Box 1148 310 Old Santa Fe
Trail
Santa Fe, NM 87504-1148

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
B. Received by (Printed Name) C. Date of Delivery

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

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

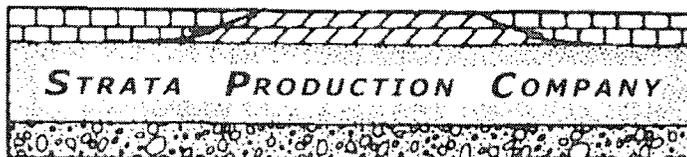
2. Article Number 7008 2810 0001 9032 5000

(Transfer from service label)

PS Form 3811, February 2004

Domestic Return Receipt

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

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

February 25, 2010

CERTIFIED/RETURN RECEIPT REQUESTED

RE: Cleary State #1 SWD
Hat Mesa
S32-T20S-R33E, NMPM
Lea County, New Mexico

Western Ag & Mineral's Co.
5516 Hobb's Hwy
Carlsbad, NM 88220

To Whom It May Concern:

Western Ag & Mineral's, Co. is the lessee of the Potash Lease #HP-004-1 whis is located on lands where Strata Production Company operates the Cleary State #1 SWD, located in SE/4SW/4 S32-T20S-R33E, NMPM, Lea County, New Mexico.

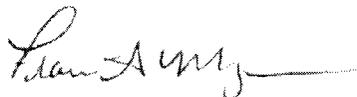
Strata Production Company is making Application to the New Mexico Oil Conservation Division, form C-108, for Administrative Approval and authority to amend the original approved application (SWD-397), for the purpose of showing existing perforations to inject salt water into the Cleary State #1 SWD, API # 30-025-24540, located 990' FSL & 1980' FWL, S32-T20S, R33E, NMPM, Lea County.

Consequently, and pursuant to the rules and regulations of the OCD, I am enclosing a copy of OCD Form C-108 which is the Application for Administrative Approval (SWD-397).

If you object to this application please contact the Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, New Mexico 87504. You may also contact Frank S. Morgan at Strata Production Company, PO Box 1030, Roswell, New Mexico 88202-1030.

If you have no objections to the above mentioned application please sign one copy of this letter in the space provided and return to the undersigned.

Thank You,



Frank S. Morgan
Vice President

We have no objections to the application:
Western Ag & Mineral's Co.

By: _____
Date: _____

Injection Permit Checklist (11/30/09)

3/1/10

Case _____ R- (397-A) SWD _____ WFX _____ PMX _____ IPI _____ Permit Date 3/1/10 UIC Qtr (J/F/M)

Wells 1 Well Name: Cherry State #1 SWD

API Num: (30-) 025-24540 Spud Date: 73 New/Old: 0 (UIC primacy March 7, 1982)

Footages 990 FSL/1980 FWL Unit N Sec 32 Tsp 205 Rge 33E County LEA

Operator: State Producers Company Contact Frank S. Morgan

OGRID: 21712 RULE 5.9 Compliance (Wells) 1/54 (Finan Assur) OK OK

Operator Address: P.O. Box 9030, Roswell, NM 88202-1030

Location and Current Status: _____

Planned Work to Well: _____

Planned Tubing Size/Depth: 2 3/8 x 5 1/2 @ 5380'

	Sizes Hole.....Pipe	Setting Depths,	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	17 1/2 13 3/8	1125'	900	CIRC
Existing <input checked="" type="checkbox"/> Intermediate	12 1/4 9 5/8	1155-7000'	1300/1800	CIRC DVE 3299'
NEW Existing <input checked="" type="checkbox"/> Long String	8 1/2 5 1/2	5380'	1255	CIRC

DV Tool _____ Liner _____ Open Hole _____ Total Depth 5863 PBTD

Well File Reviewed

Diagrams: Before Conversion After Conversion Elogs in Imaging File: NOT over 1000' interval

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)	3185 - Yates		
Above (Name and Top)	4750 TOP Del		
Injection..... Interval TOP:	5,413'	Cherry C. 8"	NO
Injection..... Interval BOTTOM:	5682	110" 8"	NO
Below (Name and Top)	8315 - B. SP.		

SWD-397 550-5615
Deleware
30 mi EAST of Carlsbad

1083 PSI Max. WHIP

Open Hole (Y/N) _____

Deviated Hole? _____

Sensitive Areas: Capitan Reef Yes Cliff House _____ Salt Depths 1,533' - 2240'

.... Potash Area (R-111-P) yes Potash Lessee _____ Noticed? ?

Fresh Water: Depths: _____ Wells None Analysis? _____ Affirmative Statement

Disposal Fluid Sources: _____ Analysis? _____

Disposal Interval Production Potential/Testing/Analysis Analysis: DSTS = water

Notice: Newspaper (Y/N) Surface Owner _____ Mineral Owner(s) _____

RULE 26.7(A) Affected Parties: _____

Area of Review: Adequate Map (Y/N) and Well List (Y/N)

Active Wells 11 Num Repairs 0 Producing in Injection Interval in AOR NOT in Cherry Canyon

..P&A Wells 4 Num Repairs 0 All Wellbore Diagrams Included?

Questions to be Answered: _____

Required Work on This Well: _____ Request Sent _____ Reply: _____

AOR Repairs Needed: _____ Request Sent _____ Reply: _____

_____ Request Sent _____ Reply: _____

543
10826

Perforating
9 5/8

1240 PER IPT