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PATRICK H. LYONS  
COMMISSIONER

State of New Mexico  
Commissioner of Public Lands

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August 16, 2007

Strata Production Company  
1301 North Sycamore Avenue  
Roswell, NM 88201

Attention: Ms. Jo McInerney

Re: Forty Niner Ridge Unit  
Rejection of First Revision to the Delaware (Brushy Canyon) Participating Area  
Eddy County, New Mexico

Dear Ms. McInerney:

Thank you for your application of July 28, 2006 and your letter of August 16, 2007 requesting our approval of the first revision to the Forty Niner Ridge Unit Delaware (Brushy Canyon) participating area.

We regret to inform you that we have reviewed your application and do not concur with the lands proposed to be included in the participating area. In accordance with Article 11 of the Forty Niner Ridge Unit, the following lands containing 1,920.00 acres are reasonably proven to be productive in paying quantities and recommend that these lands be considered as constituting the first revision to the Delaware participating area:

TOWNSHIP 23 SOUTH, RANGE 30 EAST

- All Section 16
- All Section 21
- All Section 22

It is our understanding that although the Wills Montgomery #1 well drilled in Unit Letter G of Sec. 10-23S-30E was a dry hole, you obtained within the last two years all necessary approvals to drill another well in Section 10. If any commercially productive wells are drilled or have a bottom hole in unproven Sections 9, 10 or 11 of Township 23 South, Range 30 East we will be glad to consider the appropriate revision to the Delaware participating area.

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

PL/JB/pm

pc: Reader File  
BLM-Roswell, Attn: Mr. John Simitz  
OCD-Santa Fe Attn: Mr. David Catanach

-State Land Office Beneficiaries -

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