

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

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

☐ AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address Strata Production Company P.O. Box 1030 Roswell, NM 88202-1030		2. OGRID Number 21712
		3. API Number 30-015-20899
4. Property Code 28510	5. Property Name Forty Niner Ridge Unit	6. Well No. 001 SWD

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
J	16	23S	30E		1980	FSL	1980	FEL	Eddy

* Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
J	16	23S	30E		1980	FSL	1980	FEL	Eddy

9. Pool Information

Pool Name Forty Niner Ridge Devonian SWD	Pool Code 96100
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Additional Well Information

11. Work Type E D	12. Well Type S	13. Cable/Rotary R	14. Lease Type S	15. Ground Level Elevation 3170.6
16. Multiple No	17. Proposed Depth 16000	18. Formation Devonian	19. Contractor Standard	20. Spud Date 10-01-2013
Depth to Ground water - >100 ft		Distance from nearest fresh water well - 150'		Distance to nearest surface water - 5 miles

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Production	6 1/4"	5 1/2"	20#	15650'	3500'	Surface

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	N.L Shaffer

RECEIVED

SEP 09 2013

NMOC D ARTESIA

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

I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐, if applicable.

Signature:

Printed name: Paul Ragsdale

Title: Operations Manager

E-mail Address: pragsdale@stratanm.com

Date: 09/05/2013

Phone: 575-622-1127 Ext. 18

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date:

Conditions of Approval Attached

C105 must be on file prior to injection

"Geologist"

DRILLING PROGRAM

FORTY NINER RIDGE UNIT #1 SWD

REENTRY AND DEEPENING

Proposed Operation: The well is currently an injection well in the Delaware from 4433'-5452'. 9 5/8" casing is set to 11,340' with a CIBP at 5510'.

The proposed operation is to squeeze the existing perms to shut off any flow back from the injection zone.

Drill out the CIBP and clean out the 9 5/8" casing to 11,135'.

7 3/4" casing is set as a liner from 11,135'-14,507'.

Drill out the CIBP's and fish the Vann perforating guns out of the hole and clean out to CIBP at 14,333' with a 6 1/4" bit.

Circulate casing and load with mud. Rig down pulling unit and move a drilling rig on location. TIH with 6 1/4" bit and drill out CIBP at 14,333' and then drill new hole to 16,000'. Circulate and TOH. Log well with gamma ray.

TIH with 5 1/2", 23#, L-80 casing to 15,500'. Cement the production casing back to surface with 3500 sacks of Class H/Pozmix with 4 % gel and retarder.

Pick up a 4 3/4" bit and drill out the Casing shoe at 15,500' and clean out to 16,000'. TIH with 2 7/8" plastic coated tubing and a nickel plated packer and set it at 15,450'. Pressure up tubing/casing annulus and commence injection.

See attached wellbore diagram.

STRATA PRODUCTION COMPANY

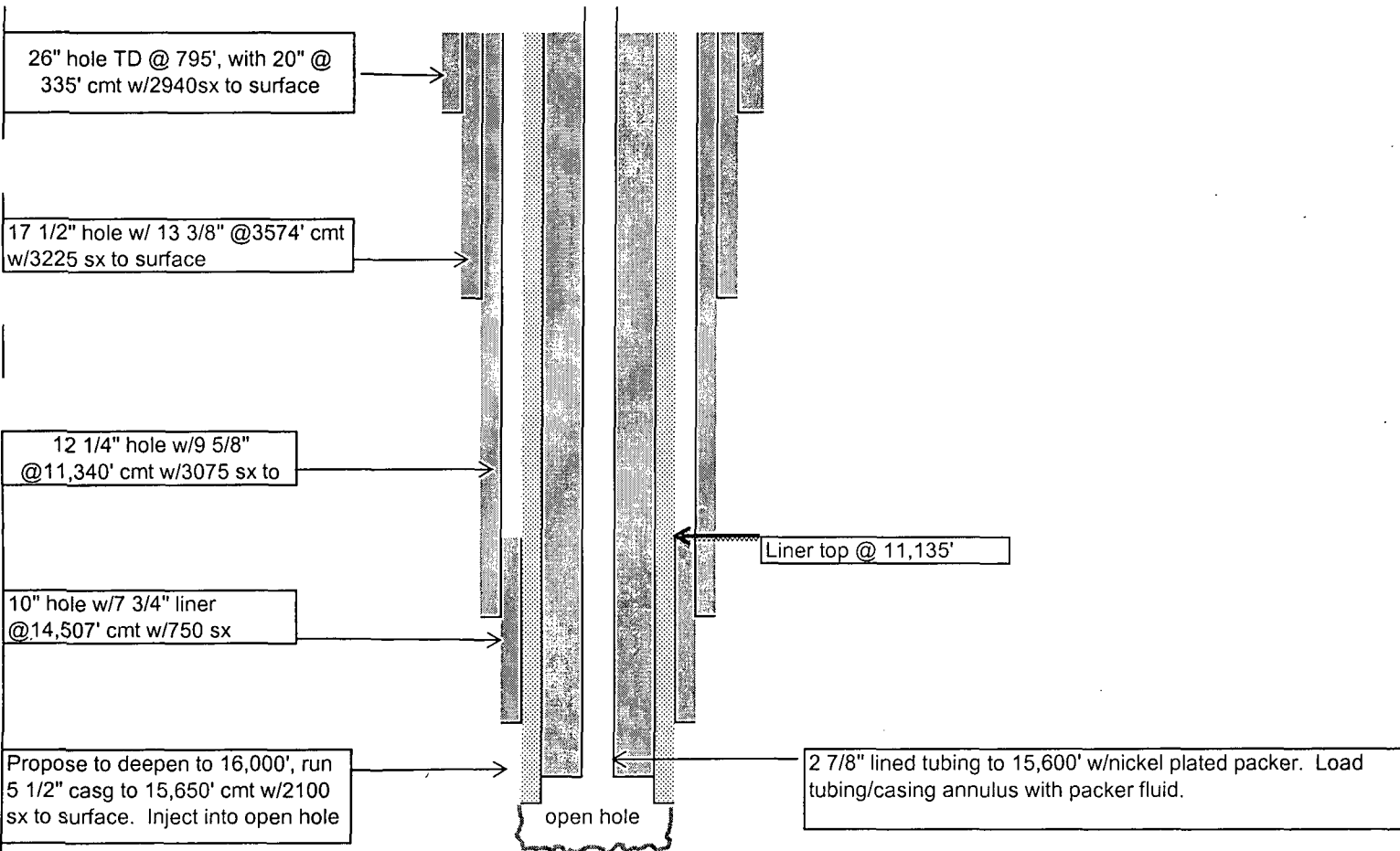
WELLBORE DIAGRAM

FORTY NINER RIDGE UNIT #1

FORTY NINER RIDGE FIELD
1980 FSL & 1980 FEL
Sec 16-T23S-R30E
EDDY County, NM

Well Info

Hole Size	Csg Size	Depth	Grade		
26"	20"	795'	94#		
17 1/2"	13 3/8"	3574'	54#		
12 1/4"	9 5/8"	11340'	53.5#		
10"	7 3/4"	14,507'	45.7#		
6 1/4"	5 1/2"	15650'	20#		
6 1/4"	open hole	16,000'	none		
2 7/8"		15,600'	6.5#		



Strata Production Company
Phone: 575-622-1127 ext. 18
PO BOX 1030
ROSWELL, NM 88202-1030

Directions: Go east of Loving NM to Highway 128, Turn right towards Jal. Go to Mile Marker #7, Turn south on County Road 795 for about 1/2 mile, turn right and go 1 mile south past the ranch house on the right, turn left to location on top of the ridge.

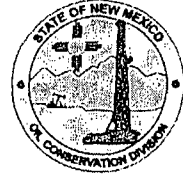
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order SWD-1437
August 23, 2013

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of 19.15.26.8B NMAC, the Strata Production Company (the "operator") seeks an administrative order to utilize its Forty Niner Ridge Unit Well No. 1 with a location of 1980 feet from the South line and 1980 feet from the East line, Unit letter J of Section 16, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico, for produced water disposal purposes in a new injection interval.

The well is currently approved under Administrative Order SWD-845 for disposal in the Bell Canyon and Cherry Canyon formations from a depth of 4433 feet to 5952 feet. Additionally, the operation of the well has been modified with Administrative Order IPI-431 which permits a maximum surface tubing pressure of 1500 psig.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Strata Production Company (OGRID 21712), is hereby authorized to utilize its Forty Niner Ridge Unit Well No. 1 (API 30-015-20899) with a location of 1980 feet from the South line and 1980 feet from the East line, Unit letter J of Section 16, Township 23 South, Range 30 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) into the Devonian formation through open hole from a depth of 15650 feet to 16000 feet. Injection will occur through internally coated tubing and a packer set within 100 feet of the permitted interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the well construction proposed and described in the application.

Additionally, the operator will squeeze cement all exiting open perforations (inclusive of perforations in the Bell Canyon, Cherry Canyon, Bone Spring, Wolfcamp and Morrow formations) prior to deepening the borehole and the installation of the new 5½-inch casing.

If the cement for the installation of the new 5½-inch casing does not circulate to surface, the operator shall determine the top of cement by cement bond log (or equivalent method) and submit a copy to Division district II.

The operator shall supply the Division with a copy of a mudlog over the permitted disposal interval and an estimated in-situ water salinity from open hole log correlations. If significant hydrocarbon shows occur in the injection interval while drilling, the operator shall notify Division district II and the operator shall be required to obtain permission from the Division prior to commencing injection.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 3130 psig**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's district II office of the date and time of the installation of disposal equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's district II office of any failure of the tubing, casing or packer in the well, or of any leakage or release of

water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

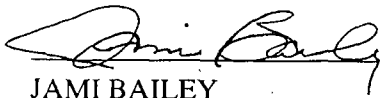
The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

The previous Administrative Order SWD-845 shall be terminated with the commencement of injection under this order. Additionally, Administrative Order IPI-431 shall be rescinded with the termination of Administrative Order SWD-845.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Artesia District Office
State Land Office – Oil, Gas, and Minerals Division