

Form 3160-3
(August 2007)**COPY****OCD-ARTESIA**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**APPLICATION FOR PERMIT TO DRILL OR REENTER**FORM APPROVED
OMB No. 1004-0137
Expires July 31, 20105. Lease Serial No.
SH NM-0534075 - BHL - NM 104965

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
FORTY NINER RIDGE UNIT #14 ✓9. API Well No.
30-015-38563 ✓10. Field and Pool, or Exploratory
FORTY NINER RIDGE DELAWARE ✓11. Sec., T. R. M. or Blk. and Survey or Area
SHL SEC. 10, T23S-R30E
BHL SEC. 9, T23S-R30E12. County or Parish
EDDY13. State
NM1a. Type of work: ☒ DRILL ☐ REENTER1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator STRATA PRODUCTION COMPANY (21712)

3a. Address PO DRAWER 1030
ROSWELL, NM 88201-10303b. Phone No. (include area code)
575-622-1127

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 330' FSL & 2480' FWL

At proposed prod. zone 360' FNL & 1470' FEL

14. Distance in miles and direction from nearest town or post office*
~12 MILES EAST OF LOVING, NM15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)
330'16. No. of acres in lease
LEASE/ UNIT
600 / 384017. Spacing Unit dedicated to this well
28018. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.
75'19. Proposed Depth
12435' 7,419 ✓20. BLM/BIA Bond No. on file
OGB-087021. Elevations (Show whether DF, KDB, RT, GL, etc.)
GL 3141' ✓22. Approximate date work will start*
12/01/201023. Estimated duration
30 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

1. Well plat certified by a registered surveyor.

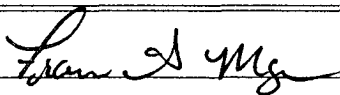
2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO must be filed with the appropriate Forest Service Office).4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification

6. Such other site specific information and/or plans as may be required by the
BLM.

25. Signature



Name (Printed/Typed)

FRANK S. MORGAN

Date

04/02/10

Title

VICE-PRES.

Approved by (Signature)

Linda S.C. Rundell

Name (Printed/Typed)

Date

FEB 11 2011

Title

STATE DIRECTOR

Office

NM STATE OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to
conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARSTitle 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United
States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

RECEIVED

FEB 28 2011

NMOCD ARTESIA

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL****APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**

HOLE PROGNOSIS
FORM 3160-3 APPLICATION FOR PERMIT TO DRILL
STRATA PRODUCTION COMPANY
FORTY NINER RIDGE UNIT #14
330' FSL & 2480' FWL
SECTION 10-23S-30E
EDDY COUNTY, NEW MEXICO

In conjunction with Form 3160-3, Application for Permit to Drill, Deepen, or Plug Back, Strata Production Company submits the following items in accordance with Onshore Oil and Gas Order Numbers 1 and 2, and all other applicable federal and state regulations.

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Geologic Markers:

	<u>TVD</u>	<u>MD</u>
Rustler	Surface	Surface
Top of Salt	700'	700'
Base of Salt	3380'	3380'
Delaware	3600'	3600'
KOP - slant hole	3650'	3650'
KOP - curve	7150'	7300'
EOC	7419'	7790'
TD	7339'	12435'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Surface	150'	Fresh Water
Delaware	3600' - TD	Oil or Gas

No other formations are expected to produce oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" casing at ~500' and circulating cement back to surface. Potash will be protected by setting 9 5/8" casing at ~3600' and circulating cement back to surface. The Delaware pay intervals will be isolated by setting 7" casing at the EOC at ~7790' and cementing back to surface in two stages. A 6 1/8" lateral hole will be drilled to TD and 4 1/2" production casing with hydraulic set packers will be run for the completion. The top of the 4 1/2" liner will be set ~100' above the KOP of the curve.

4. Casing & Cementing Programs:

See COA

<u>Hole Size</u>	<u>Depth</u>	<u>OD Csg</u>	<u>Weight, Grade, Collars, New/Used</u>
17 1/2"	500' 250'	13 3/8"	48#, H-40, STC, New
12 1/4"	3600'	9 5/8"	40#, J-55, STC, New
8 3/4"	7790'	7 "	26#, HCP-110, LTC/BTC, New
6 1/8"	12435' 12468'	4 1/2"	11.6#, HCP-110, BTC, New

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Joint Strength 1.8

Cementing Program:

Surface Casing:

See COA
13 3/8" casing will be set at ~500' and cemented with ~250 sx lead of C1 "C", 12.9 density, 1.97 yield, 10.88 gal/sk H2O. ~200 sx tail, 14.8 density, 1.33 yield, 6.36 gal/sk H2O. Cement in sufficient quantities to circulate to surface will be utilized.

Intermediate Casing:

9 5/8" casing will be set at ~3600' and cemented with ~790 sx lead of 35/65 C1 "C" Blend, 12.6 density, 2.06 yield, 11.56 gal/sk H2O. ~200 sx tail of C1 "C", 14.8 density, 1.33 yield, 6.35 gal/sk H2O. Cement in sufficient quantities to circulate to surface will be utilized.

Intermediate Casing:

See COA
7" casing will be set through the curve at ~7790' and cemented in two stages with the DV tool set at ~4500'. ~450 sx lead of 50/50 Poz/H Blend, 11.8 density, 2.56 yield, 14.9 gal/sk H2O. ~400 sx tail of PVL, 13.0 density, 1.4 yield, 7.23 gal/sk H2O. Cement in sufficient quantities to circulate to surface will be utilized.

Production Casing:

No cement. 4 1/2" casing will be run open hole to TD with hydraulic set packers. Top of the 4 1/2" will be at approximately 7200'.

5. Minimum Specifications for Pressure Control:

see
COA

The blowout preventer equipment (BOP) shown in Exhibit "A" will consist of a double ram-type (3000 psi WP) preventer and a bag-type (hydril) preventer (3000 psi WP). Both units will be hydraulically operated and the ram-type preventer will be equipped with blind rams on top and 4 1/2" drill pipe rams on bottom. Both BOP's will be nipped up on the 13 3/8" surface casing and used continuously until TD is reached. ~~All BOP's and accessory equipment will be tested to 1000 psi before drilling out of surface casing.~~ Before drilling out of intermediate casing, the ram-type BOP and accessory equipment will be tested to 3000 psi and the hydril to 70% of rated working pressure (2100 psi).

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and 3" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating.

6. Proposed Mud System:

see
COA

Depth	Type	MW	FV	PV	YP	FL	Ph
0'-510'	FW/Native	8.4-8.7	28-32	4-8	4-6	NC	9-9.5
510'-3600'	Brine Wtr	9.7-10	28-30	NA	NA	NC	9.5-10
3600'-7800'	Cut Brine/ Gel Sweeps	8.8-9	28-30	NA	NA	NC	9.5-10
7800'-TD	Cut Brine/ Poly-Starch	9-9.5	34-38	12-16	4-8	8	9.5-10

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxiliary Well Control and Monitoring Equipment:

- A. A kelly cock will be kept in the drill string at all times.
- B. A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

8. Testing, Logging and Coring Program:

*See COA **
Two (2) man Mudlogging unit from top of Delaware to TD DLL-MSFL, CNL-Density, Gamma Ray, Caliper.

Mudlogging unit will be employed from approximately 3600' (Top of Delaware) to TD. The Dual Laterolog will be run from TD back to the intermediate casing and the Compensated Neutron/Density and Gamma Ray logs will be run from TD back to surface. In some cases, Strata elects to run rotary sidewall cores from selected intervals dependent upon logging results.

9. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are anticipated.

Loss of circulation is possible in the Delaware section of the hole, however, no major loss circulation zones have been reported in offsetting wells.

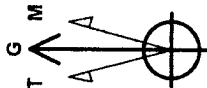
Strata has drilled and completed eighteen (18) wells in the immediate area. To date, Hydrogen Sulfide has not been encountered. However, if Hydrogen Sulfide is encountered, a Hydrogen Sulfide alarm on the drilling rig would be activated. All personnel have had Hydrogen Sulfide training and appropriate breathing apparatus is located on site. If necessary, the well can be shut in utilizing the blow out preventer and other equipment to prevent the migration of Hydrogen Sulfide to the surface.

10. Anticipated Starting Date and Duration of Operations:

Work will not begin until approval has been received from the BLM. The anticipated spud date is December 1, 2010. Once commenced, the drilling operation should be finished in approximately 30 days. If the well is productive, an additional 15 days will be required for completion and testing before a decision is made to install permanent facilities.

Strata Production Corp

Project: Eddy County
 Site: FNRU
 Well: #14 - SHL 330°F
 Wellbore: OH - BHL 360°F
 3L 2480°FWL S10-T23S-R30E/OH - I



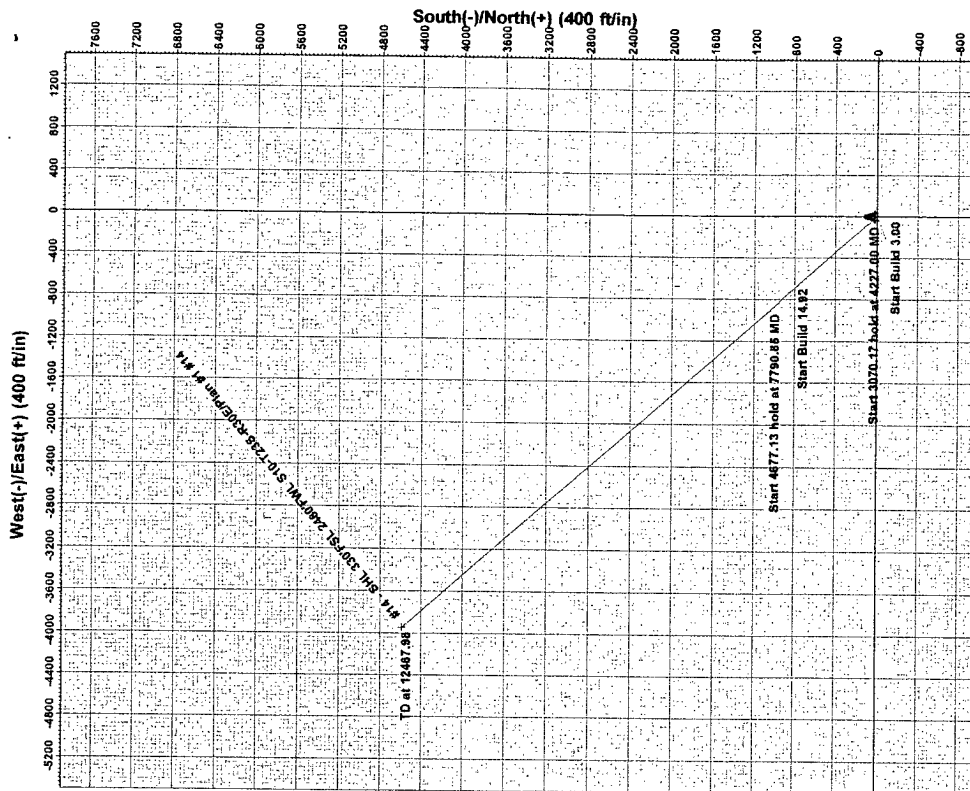
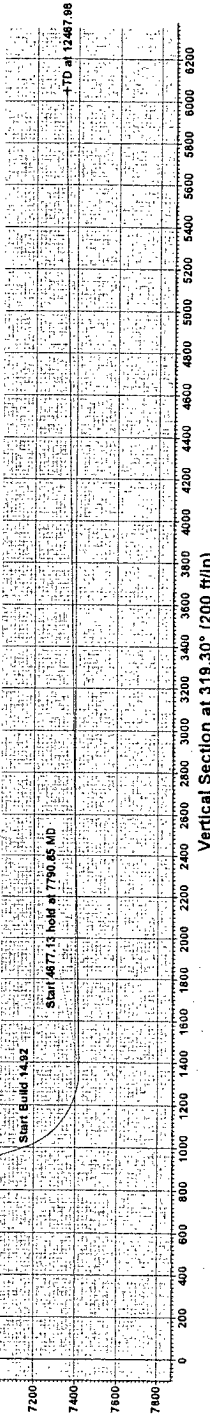
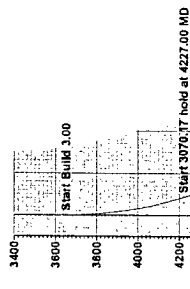
Azimuths to Grid North
 True North: -0.25°
 Magnetic North: 7.60°
 Magnetic Field
 Strength: 48778.7nT
 Dip Angle: 60.26°
 Date: 05/12/2010
 Model: IGRF200510

PROJECT DETAILS: Eddy County
 Geodetic System: US State Plane 1927 (Exact solution)
 Datum: NAD 1927 (NADCON CONUS)
 Ellipsoid: Clarke 1866
 Zone: New Mexico East 3001
 System Datum: Mean Sea Level
 Local North: Grid

Sec	MD	Inc	Azi	TVD	+N-S	+E-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	3650.00	0.00	0.00	3650.00	0.00	0.00	0.00	0.00	0.00	0.00
3	4257.17	11.1	319.30	7218.26	66.98	-55.41	3.00	319.30	66.80	0.00
4	7257.17	17.31	319.30	7418.00	74.18	-55.41	3.00	319.30	102.00	0.00
5	7780.55	80.99	319.30	7419.00	104.03	-55.41	14.92	0.00	1323.00	0.00
6	12467.98	90.99	319.30	7333.19	4586.40	-3844.32	0.00	0.00	6048.58	PBHL(FNRU#4)

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)				
Name	TVD	+N-S	+E-W	Point
PBHL(FNRU#4)	7339.00	4586.50	-3844.60	639317.000

WELL DETAILS: #14 - SHL 330°FSL 2480°FWL S10-T23S-R30E				
Ground Elevation: 3142.00				
RKB Elevation: WELL (copy) @ 3159.00ft (17 KB Correction)				
Rig Name: 17 KB Correction				
+N-S	+E-W	North	East	Point
0.00	0.00	477964.500	643261.800	32° 16' 47.480 N 103° 52' 10.594 W



Strata Production Company

Eddy County

FNRU

#14 - SHL 330'FSL 2480'FWL S10-T23S-R30E

OH - BHL 360'FNL 1470'FEL S9-T23S-R30E

Plan: Plan #1 #14

Pathfinder X & Y Planning Report

11 August, 2010

PATHFINDER

Pathfinder

Pathfinder X & Y Planning Report



Company: Strata Production Company Project: Eddy County Site: FNRU Well: #14 - SHL 330'FSL 2480'FWL S10-T23S-R30E Wellbore: OH - BHL 360'FNL 1470'FEL S9-T23S-R30E Design: Plan #1 #14	Local Co-ordinate Reference: TVD Reference: MD Reference: North Reference: Survey Calculation Method: Database:	Well #14 - SHL 330'FSL 2480'FWL S10-T23S-R30E WELL (copy) @ 3159.00ft (17' KB Correction) WELL (copy) @ 3159.00ft (17' KB Correction) Grid Minimum Curvature Midland Database
---	---	--

Project: Eddy County Map System: US State Plane 1927 (Exact solution) Geo Datum: NAD 1927 (NADCON CONUS) Map Zone: New Mexico East 3001	System Datum: Mean Sea Level
--	-------------------------------------

Site: FNRU Site Position: Northing: 477,964.500 ft Easting: 643,417.000 ft Position Uncertainty: 0.00 ft Map Slot Radius: "	Latitude: 32° 18' 47.473 N Longitude: 103° 52' 8.786 W Grid Convergence: 0.25 °
--	--

Well: #14 - SHL 330'FSL 2480'FWL S10-T23S-R30E Well Position: +N/-S 0.00 ft +E/-W 0.00 ft Position Uncertainty: 0.00 ft	Latitude: 32° 18' 47.480 N Longitude: 103° 52' 10.595 W Ground Level: 3,142.00 ft
--	--

Wellbore: OH - BHL 360'FNL 1470'FEL S9-T23S-R30E Magnetics: IGRF200510	Model Name: OH - BHL 360'FNL 1470'FEL S9-T23S-R30E Sample Date: 05/12/2010 Declination: 7.85 Dip Angle: 60.26 Field Strength: 48,780 (nT)
---	--

Design: Plan #1 #14 Audit Notes: Version: Vertical Section:	Phase: PLAN Depth From (TVD): 0.00 ft Tie On Depth: 0.00 +N/-S: 0.00 ft +E/-W: 0.00 ft Direction: 319.30
--	---

Survey Tool Program: Date 08/11/2010 From (ft): 0.00 To (ft): 12,467.86 Survey (Wellbore): Plan #1 #14 (OH - BHL 360'FNL 1470'FEL)	Tool Name: Description:
---	--

Pathfinder

Pathfinder X & Y Planning Report



Company: Sfrata Production Company
Project: Eddy County
Site: FNRU
Well: #14 - SHL 330FSL 2480FWL S10-T23S-R30E
Wellbore: OH - BHL 360FNL 1470FEL S9-T23S-R30E
Design: Plan #1 #14

Local Co-ordinate Reference:
TVD Reference:
MD Reference:
North Reference:
Survey/Calculation Method:
Database:

Well #14 - SHL 330FSL 2480FWL S10-T23S-R30
 WELL (copy) @ 3159.00ft (17' KB Correction)
 WELL (copy) @ 3159.00ft (17' KB Correction)
 Grid
 Minimum Curvature
 Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	D. Leg (°/100ft)	Northing (ft)	Easting (ft)
0.00	0.00	0.00	0.00	-3,159.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
100.00	0.00	0.00	100.00	-3,059.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
200.00	0.00	0.00	200.00	-2,959.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
300.00	0.00	0.00	300.00	-2,859.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
400.00	0.00	0.00	400.00	-2,759.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
500.00	0.00	0.00	500.00	-2,659.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
600.00	0.00	0.00	600.00	-2,559.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
700.00	0.00	0.00	700.00	-2,459.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
800.00	0.00	0.00	800.00	-2,359.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
900.00	0.00	0.00	900.00	-2,259.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
1,000.00	0.00	0.00	1,000.00	-2,159.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
1,100.00	0.00	0.00	1,100.00	-2,059.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
1,200.00	0.00	0.00	1,200.00	-1,959.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
1,300.00	0.00	0.00	1,300.00	-1,859.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
1,400.00	0.00	0.00	1,400.00	-1,759.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
1,500.00	0.00	0.00	1,500.00	-1,659.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
1,600.00	0.00	0.00	1,600.00	-1,559.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
1,700.00	0.00	0.00	1,700.00	-1,459.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
1,800.00	0.00	0.00	1,800.00	-1,359.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
1,900.00	0.00	0.00	1,900.00	-1,259.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
2,000.00	0.00	0.00	2,000.00	-1,159.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
2,100.00	0.00	0.00	2,100.00	-1,059.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
2,200.00	0.00	0.00	2,200.00	-959.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
2,300.00	0.00	0.00	2,300.00	-859.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
2,400.00	0.00	0.00	2,400.00	-759.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
2,500.00	0.00	0.00	2,500.00	-659.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
2,600.00	0.00	0.00	2,600.00	-559.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80

Pathfinder

Pathfinder X & Y Planning Report



Company: Strata Production Company
Project: Eddy County
Site: FNRU
Well: #14 - SHL 330FSL 2480FWL S10-T23S-R30E
Wellbore: OH - BHL 360FNL 1470FEL S9-T23S-R30E
Design: Plan #1 #14

Local Co-ordinate Reference:
TVD Reference:
MD Reference:
North Reference:
Survey Calculation Method:
Database:

Well #14 - SHL 330FSL 2480FWL S10-T23S-R3
 WELL (copy) @ 3159.00ft (17' KB Correction)
 WELL (copy) @ 3159.00ft (17' KB Correction)
 Grid
 Minimum Curvature
 Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	EW (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
2,700.00	0.00	0.00	2,700.00	-459.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
2,800.00	0.00	0.00	2,800.00	-359.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
2,900.00	0.00	0.00	2,900.00	-259.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
3,000.00	0.00	0.00	3,000.00	-159.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
3,100.00	0.00	0.00	3,100.00	-59.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
3,200.00	0.00	0.00	3,200.00	41.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
3,300.00	0.00	0.00	3,300.00	141.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
3,400.00	0.00	0.00	3,400.00	241.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
3,500.00	0.00	0.00	3,500.00	341.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
3,600.00	0.00	0.00	3,600.00	441.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
3,650.00	0.00	0.00	3,650.00	481.00	0.00	0.00	0.00	0.00	477,964.50	643,261.80
3,700.00	1.50	319.30	3,699.99	540.99	0.50	-0.43	0.65	3.00	477,965.00	643,261.37
3,800.00	4.50	319.30	3,799.85	640.85	4.46	-3.84	5.89	3.00	477,968.96	643,257.96
3,900.00	7.50	319.30	3,899.29	740.29	12.39	-10.65	16.34	3.00	477,976.89	643,251.15
4,000.00	10.50	319.30	3,998.04	839.04	24.25	-20.85	31.98	3.00	477,988.75	643,240.95
4,100.00	13.50	319.30	4,095.85	936.85	40.01	-34.41	52.77	3.00	478,004.51	643,227.39
4,200.00	16.50	319.30	4,192.43	1,033.43	59.63	-51.29	78.65	3.00	478,024.13	643,210.51
4,227.00	17.31	319.30	4,218.26	1,059.26	65.58	-56.41	86.50	3.00	478,030.08	643,205.39
4,300.00	17.31	319.30	4,287.96	1,128.96	82.05	-70.57	108.22	0.00	478,046.55	643,191.23
4,400.00	17.31	319.30	4,383.43	1,224.43	104.60	-89.97	137.97	0.00	478,069.10	643,171.83
4,500.00	17.31	319.30	4,478.90	1,319.90	127.16	-109.38	167.73	0.00	478,091.66	643,152.42
4,600.00	17.31	319.30	4,574.37	1,415.37	149.72	-128.78	197.48	0.00	478,114.22	643,133.02
4,700.00	17.31	319.30	4,669.84	1,510.84	172.28	-148.18	227.24	0.00	478,136.78	643,113.62
4,800.00	17.31	319.30	4,765.31	1,606.31	194.83	-167.58	256.99	0.00	478,159.33	643,094.22
4,900.00	17.31	319.30	4,860.78	1,701.78	217.39	-186.99	286.75	0.00	478,181.89	643,074.81
5,000.00	17.31	319.30	4,956.25	1,797.25	239.95	-206.39	316.50	0.00	478,204.45	643,055.41
5,100.00	17.31	319.30	5,051.72	1,892.72	262.51	-225.79	346.25	0.00	478,227.01	643,036.01

Pathfinder

Pathfinder X & Y Planning Report



Company: Strata Production Company
Project: Eddy County
Site: FNRU
Well: #14 - SHL 330/FSL 2480FWL S10-T23S-R30E
Wellbore: OH - BHL 360FNL 1470/FEL S9-T23S-R30E
Design: Plan #1 #14

Local Co-ordinate Reference:
TVD Reference:
MD Reference:
North Reference:
Survey Calculation Method:
Database:

Well #14 - SHL 330/FSL 2480FWL S10-T23S-R30E
 WELL (copy) @ 3159.00ft (17' KB Correction)
 WELL (copy) @ 3159.00ft (17' KB Correction)
 Grid
 Minimum Curvature
 Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	D Leg (°/100ft)	Northing (ft)	Eastings (ft)
5,200.00	17.31	319.30	5,147.19	1,988.19	285.06	-245.19	376.01	0.00	478,249.56	643,016.61
5,300.00	17.31	319.30	5,242.67	2,083.67	307.62	-264.60	405.76	0.00	478,272.12	642,997.20
5,400.00	17.31	319.30	5,338.14	2,179.14	330.18	-284.00	435.52	0.00	478,294.68	642,977.80
5,500.00	17.31	319.30	5,433.61	2,274.61	352.74	-303.40	465.27	0.00	478,317.24	642,958.40
5,600.00	17.31	319.30	5,529.08	2,370.08	375.29	-322.80	495.02	0.00	478,339.79	642,939.00
5,700.00	17.31	319.30	5,624.55	2,465.55	397.85	-342.21	524.78	0.00	478,362.35	642,919.59
5,800.00	17.31	319.30	5,720.02	2,561.02	420.41	-361.61	554.53	0.00	478,384.91	642,900.19
5,900.00	17.31	319.30	5,815.49	2,656.49	442.97	-381.01	584.29	0.00	478,407.47	642,880.79
6,000.00	17.31	319.30	5,910.96	2,751.96	465.53	-400.41	614.04	0.00	478,430.03	642,861.39
6,100.00	17.31	319.30	6,006.43	2,847.43	488.08	-419.82	643.79	0.00	478,452.58	642,841.98
6,200.00	17.31	319.30	6,101.90	2,942.90	510.64	-439.22	673.55	0.00	478,475.14	642,822.58
6,300.00	17.31	319.30	6,197.37	3,038.37	533.20	-458.62	703.30	0.00	478,497.70	642,803.18
6,400.00	17.31	319.30	6,292.84	3,133.84	555.76	-478.03	733.06	0.00	478,520.26	642,783.77
6,500.00	17.31	319.30	6,388.32	3,229.32	578.31	-497.43	762.81	0.00	478,542.81	642,764.37
6,600.00	17.31	319.30	6,483.79	3,324.79	600.87	-516.83	792.57	0.00	478,565.37	642,744.97
6,700.00	17.31	319.30	6,579.26	3,420.26	623.43	-536.23	822.32	0.00	478,587.93	642,725.57
6,800.00	17.31	319.30	6,674.73	3,515.73	645.99	-555.64	852.07	0.00	478,610.49	642,706.16
6,900.00	17.31	319.30	6,770.20	3,611.20	668.54	-575.04	881.83	0.00	478,633.04	642,686.76
7,000.00	17.31	319.30	6,865.67	3,706.67	691.10	-594.44	911.58	0.00	478,655.60	642,667.36
7,100.00	17.31	319.30	6,961.14	3,802.14	713.66	-613.84	941.34	0.00	478,678.16	642,647.96
7,200.00	17.31	319.30	7,056.61	3,897.61	736.22	-633.25	971.09	0.00	478,700.72	642,628.55
7,297.17	17.31	319.30	7,149.38	3,990.38	758.14	-652.10	1,000.00	0.00	478,722.64	642,609.70
7,300.00	17.73	319.30	7,152.08	3,993.08	758.78	-652.66	1,000.85	14.92	478,723.28	642,609.14
7,325.00	21.46	319.30	7,175.63	4,016.63	765.14	-658.12	1,009.24	14.92	478,729.64	642,603.68
7,350.00	25.19	319.30	7,198.58	4,039.58	772.64	-664.58	1,019.14	14.92	478,737.14	642,597.22
7,375.00	28.93	319.30	7,220.84	4,061.84	781.26	-671.99	1,030.51	14.92	478,745.76	642,589.81
7,400.00	32.66	319.30	7,242.31	4,083.31	790.96	-680.34	1,043.30	14.92	478,755.46	642,581.46

Pathfinder

Pathfinder X & Y Planning Report



Company: Strata Production Company
Project: Eddy County
Site: FNRU
Well: #14 - SHL 330/FSL 2480FWL S10-T23S-R30E
Wellbore: OH - BHL 360FNL 1470/FEL S9-T23S-R30E
Design: Plan #1 #14

Local Co-ordinate Reference:
TVD Reference:
MD Reference:
North Reference:
Survey Calculation Method:
Database:

Well #14 - SHL 330/FSL 2480FWL S10-T23S-R30E
 WELL (copy) @ 3159.00ft (17' KB Correction)
 WELL (copy) @ 3159.00ft (17' KB Correction)
 Grid
 Minimum Curvature
 Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	D Leg (°/100ft)	Northing (ft)	Easting (ft)
7,425.00	36.39	319.30	7,262.90	4,103.90	801.70	-689.57	1,057.47	14.92	478,766.20	642,572.23
7,450.00	40.12	319.30	7,282.53	4,123.53	813.44	-699.67	1,072.94	14.92	478,777.94	642,562.13
7,475.00	43.85	319.30	7,301.11	4,142.11	826.11	-710.57	1,089.67	14.92	478,790.61	642,551.23
7,500.00	47.58	319.30	7,318.57	4,159.57	839.68	-722.24	1,107.56	14.92	478,804.18	642,539.56
7,525.00	51.31	319.30	7,334.82	4,175.82	854.08	-734.62	1,126.55	14.92	478,818.58	642,527.18
7,550.00	55.04	319.30	7,349.80	4,190.80	869.25	-747.67	1,146.56	14.92	478,833.75	642,514.13
7,575.00	58.77	319.30	7,363.44	4,204.44	885.12	-761.33	1,167.50	14.92	478,849.62	642,500.47
7,600.00	62.51	319.30	7,375.70	4,216.70	901.64	-775.53	1,189.29	14.92	478,866.14	642,486.27
7,625.00	66.24	319.30	7,386.51	4,227.51	918.72	-790.23	1,211.82	14.92	478,883.22	642,471.57
7,650.00	69.97	319.30	7,395.83	4,236.83	936.31	-805.35	1,235.02	14.92	478,900.81	642,456.45
7,675.00	73.70	319.30	7,403.63	4,244.63	954.31	-820.84	1,258.77	14.92	478,918.81	642,440.96
7,700.00	77.43	319.30	7,409.86	4,250.86	972.66	-836.62	1,282.97	14.92	478,937.16	642,425.18
7,725.00	81.16	319.30	7,414.50	4,255.50	991.29	-852.64	1,307.53	14.92	478,955.79	642,409.16
7,750.00	84.89	319.30	7,417.53	4,258.53	1,010.09	-868.82	1,332.34	14.92	478,974.59	642,392.98
7,775.00	88.62	319.30	7,418.95	4,259.95	1,029.01	-885.09	1,357.30	14.92	478,993.51	642,376.71
7,790.85	90.99	319.30	7,419.00	4,260.00	1,041.03	-895.43	1,373.15	14.92	479,005.53	642,366.37
7,800.00	90.99	319.30	7,418.84	4,259.84	1,047.97	-901.39	1,382.30	0.00	479,012.47	642,360.41
7,900.00	90.99	319.30	7,417.11	4,258.11	1,123.77	-966.59	1,482.28	0.00	479,088.27	642,295.21
8,000.00	90.99	319.30	7,415.39	4,256.39	1,199.57	-1,031.79	1,582.27	0.00	479,164.07	642,230.01
8,100.00	90.99	319.30	7,413.66	4,254.66	1,275.37	-1,096.99	1,682.25	0.00	479,239.87	642,164.81
8,200.00	90.99	319.30	7,411.93	4,252.93	1,351.17	-1,162.19	1,782.24	0.00	479,315.67	642,099.61
8,300.00	90.99	319.30	7,410.20	4,251.20	1,426.98	-1,227.39	1,882.22	0.00	479,391.48	642,034.41
8,400.00	90.99	319.30	7,408.48	4,249.48	1,502.78	-1,292.59	1,982.21	0.00	479,467.28	641,969.21
8,500.00	90.99	319.30	7,406.75	4,247.75	1,578.58	-1,357.79	2,082.19	0.00	479,543.08	641,904.01
8,600.00	90.99	319.30	7,405.02	4,246.02	1,654.38	-1,422.99	2,182.18	0.00	479,618.88	641,838.81
8,700.00	90.99	319.30	7,403.29	4,244.29	1,730.19	-1,488.19	2,282.16	0.00	479,694.69	641,773.61
8,800.00	90.99	319.30	7,401.56	4,242.56	1,805.99	-1,553.39	2,382.15	0.00	479,770.49	641,708.41

Pathfinder

Pathfinder X & Y Planning Report



Company: Strata Production Company
Project: Eddy County
Site: FNRU
Well: #14 - SHL 330'FSL 2480'FWL S10-T23S-R30E
Wellbore: OH - BHL 360'FNL 1470'FEL S9-T23S-R30E
Design: Plan #1 #14

Local Co-ordinate Reference:
TVD Reference:
MD Reference:
North Reference:
Survey Calculation Method:
Database:

Well #14 - SHL 330'FSL 2480'FWL S10-T23S-R30E
 WELL (copy) @ 3159.00ft (17' KB Correction)
 WELL (copy) @ 3159.00ft (17' KB Correction)
 Grid
 Minimum Curvature
 Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	EW (ft)	V. Sec (ft)	O. Leg (°/100ft)	Northing (ft)	Easting (ft)
8,900.00	90.99	319.30	7,399.84	4,240.84	1,881.79	-1,618.59	2,482.13	0.00	479,846.29	641,643.21
9,000.00	90.99	319.30	7,398.11	4,239.11	1,957.59	-1,683.79	2,582.12	0.00	479,922.09	641,578.01
9,100.00	90.99	319.30	7,396.38	4,237.38	2,033.39	-1,748.99	2,682.10	0.00	479,997.89	641,512.81
9,200.00	90.99	319.30	7,394.65	4,235.65	2,109.20	-1,814.19	2,782.09	0.00	480,073.70	641,447.61
9,300.00	90.99	319.30	7,392.93	4,233.93	2,185.00	-1,879.39	2,882.07	0.00	480,149.50	641,382.41
9,400.00	90.99	319.30	7,391.20	4,232.20	2,260.80	-1,944.59	2,982.06	0.00	480,225.30	641,317.21
9,500.00	90.99	319.30	7,389.47	4,230.47	2,336.60	-2,009.79	3,082.04	0.00	480,301.10	641,252.01
9,600.00	90.99	319.30	7,387.74	4,228.74	2,412.40	-2,074.99	3,182.03	0.00	480,376.90	641,186.81
9,700.00	90.99	319.30	7,386.01	4,227.01	2,488.21	-2,140.19	3,282.01	0.00	480,452.71	641,121.61
9,800.00	90.99	319.30	7,384.29	4,225.29	2,564.01	-2,205.40	3,382.00	0.00	480,528.51	641,056.40
9,900.00	90.99	319.30	7,382.56	4,223.56	2,639.81	-2,270.60	3,481.98	0.00	480,604.31	640,991.20
10,000.00	90.99	319.30	7,380.83	4,221.83	2,715.61	-2,335.80	3,581.97	0.00	480,680.11	640,926.00
10,100.00	90.99	319.30	7,379.10	4,220.10	2,791.41	-2,401.00	3,681.95	0.00	480,755.91	640,860.80
10,200.00	90.99	319.30	7,377.37	4,218.37	2,867.22	-2,466.20	3,781.94	0.00	480,831.72	640,795.60
10,300.00	90.99	319.30	7,375.65	4,216.65	2,943.02	-2,531.40	3,881.92	0.00	480,907.52	640,730.40
10,400.00	90.99	319.30	7,373.92	4,214.92	3,018.82	-2,596.60	3,981.91	0.00	480,983.32	640,665.20
10,500.00	90.99	319.30	7,372.19	4,213.19	3,094.62	-2,661.80	4,081.89	0.00	481,059.12	640,600.00
10,600.00	90.99	319.30	7,370.46	4,211.46	3,170.43	-2,727.00	4,181.88	0.00	481,134.93	640,534.80
10,700.00	90.99	319.30	7,368.74	4,209.74	3,246.23	-2,792.20	4,281.86	0.00	481,210.73	640,469.60
10,800.00	90.99	319.30	7,367.01	4,208.01	3,322.03	-2,857.40	4,381.85	0.00	481,286.53	640,404.40
10,900.00	90.99	319.30	7,365.28	4,206.28	3,397.83	-2,922.60	4,481.83	0.00	481,362.33	640,339.20
11,000.00	90.99	319.30	7,363.55	4,204.55	3,473.63	-2,987.80	4,581.82	0.00	481,438.13	640,274.00
11,100.00	90.99	319.30	7,361.82	4,202.82	3,549.44	-3,053.00	4,681.80	0.00	481,513.94	640,208.80
11,200.00	90.99	319.30	7,360.10	4,201.10	3,625.24	-3,118.20	4,781.79	0.00	481,589.74	640,143.60
11,300.00	90.99	319.30	7,358.37	4,199.37	3,701.04	-3,183.40	4,881.77	0.00	481,665.54	640,078.40
11,400.00	90.99	319.30	7,356.64	4,197.64	3,776.84	-3,248.60	4,981.76	0.00	481,741.34	640,013.20
11,500.00	90.99	319.30	7,354.91	4,195.91	3,852.64	-3,313.80	5,081.74	0.00	481,817.14	639,948.00

Pathfinder

Pathfinder X & Y Planning Report



Company: Sirata Production Company
Project: Eddy County
Site: FNRU
Well: #14 - SHL 330'FSL 2480'FWL S10-T23S-R30E
Wellbore: OH - BHL 360'FNL 1470'FEL S9-T23S-R30E
Design: Plan #14

Local Co-ordinate Reference:
TVD Reference: WELL (copy) @ 3159.00ft (17' KB Correction)
MD Reference: WELL (copy) @ 3159.00ft (17' KB Correction)
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: Midland Database

Well #14 - SHL 330'FSL 2480'FWL S10-T23S-R30E
WELL (copy) @ 3159.00ft (17' KB Correction)
WELL (copy) @ 3159.00ft (17' KB Correction)
Grid
Minimum Curvature
Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V-Sec (ft)	D-Leg (°/100ft)	Northing (ft)	Easting (ft)
11,600.00	90.99	319.30	7,353.19	4,194.19	3,928.45	-3,379.00	5,181.73	0.00	481,892.95	639,882.80
11,700.00	90.99	319.30	7,351.46	4,192.46	4,004.25	-3,444.20	5,281.71	0.00	481,968.75	639,817.60
11,800.00	90.99	319.30	7,349.73	4,190.73	4,080.05	-3,509.40	5,381.70	0.00	482,044.55	639,752.40
11,900.00	90.99	319.30	7,348.00	4,189.00	4,155.85	-3,574.60	5,481.68	0.00	482,120.35	639,687.20
12,000.00	90.99	319.30	7,346.27	4,187.27	4,231.65	-3,639.80	5,581.67	0.00	482,196.15	639,622.00
12,100.00	90.99	319.30	7,344.55	4,185.55	4,307.46	-3,705.00	5,681.65	0.00	482,271.96	639,556.80
12,200.00	90.99	319.30	7,342.82	4,183.82	4,383.26	-3,770.20	5,781.64	0.00	482,347.76	639,491.60
12,300.00	90.99	319.30	7,341.09	4,182.09	4,459.06	-3,835.40	5,881.62	0.00	482,423.56	639,426.40
12,400.00	90.99	319.30	7,339.36	4,180.36	4,534.86	-3,900.60	5,981.61	0.00	482,499.36	639,361.20
12,467.97	90.99	319.30	7,338.19	4,179.19	4,586.38	-3,944.91	6,049.57	0.00	482,550.88	639,316.89
PBHL(FNRU#14)										
12,467.98	90.99	319.30	7,338.19	4,179.19	4,586.40	-3,944.92	6,049.58	0.01	482,550.90	639,316.88

Targets

Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/S (ft)	+E/W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
PBHL(FNRU#14)	0.00	0.00	7,339.00	4,586.50	-3,944.80	482,551.000	639,317.000	32° 19' 33.034 N	103° 52' 56.337 W
- plan hits target center									
- Point									

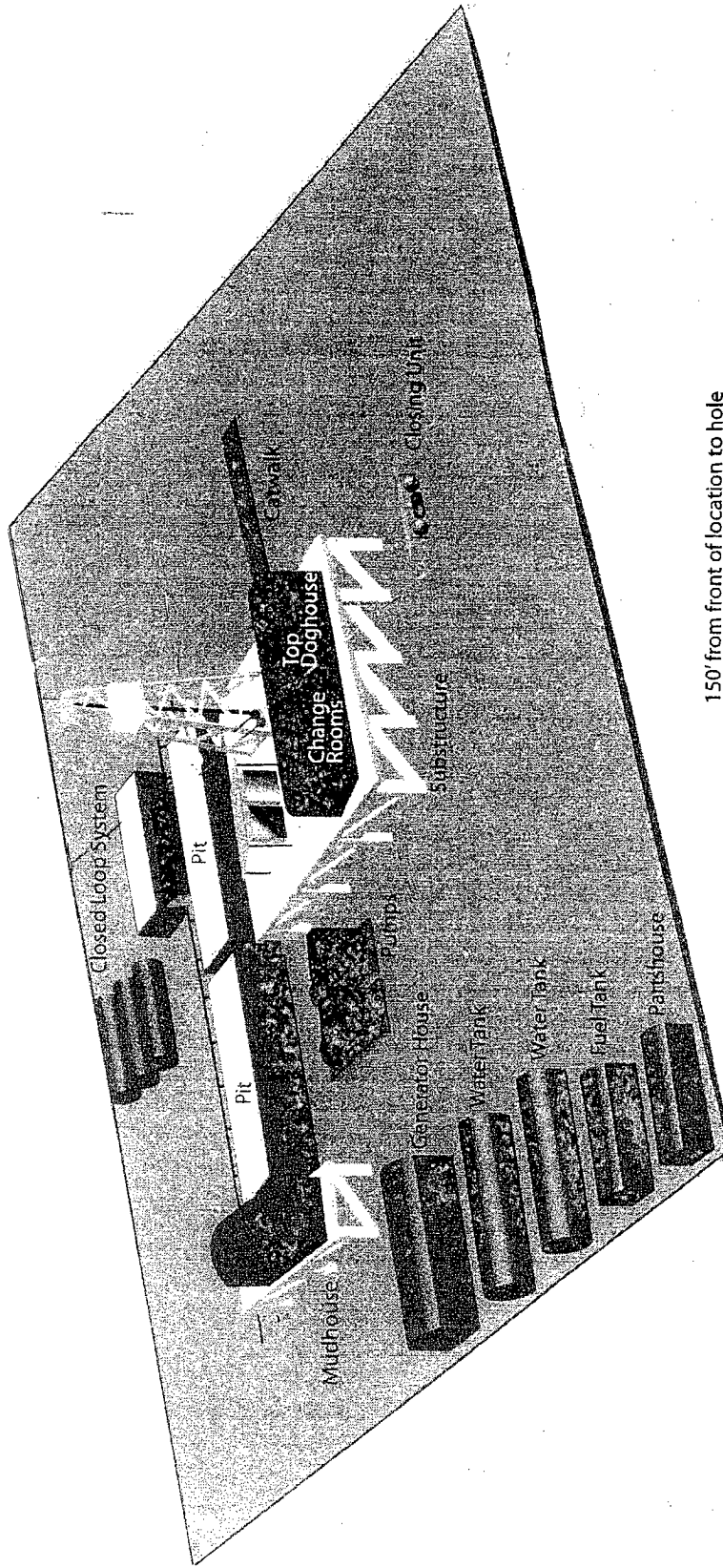
Checked By: _____

Approved By: _____

Date: _____

EXHIBIT "D"

TYPICAL WELL SITE LAYOUT PLAN SILVEROAK DRILLING



150' from front of location to hole

175' from left of location to hole

150' from hole to back of location

Location size with Closed Loop System
300' Deep X 325' Wide

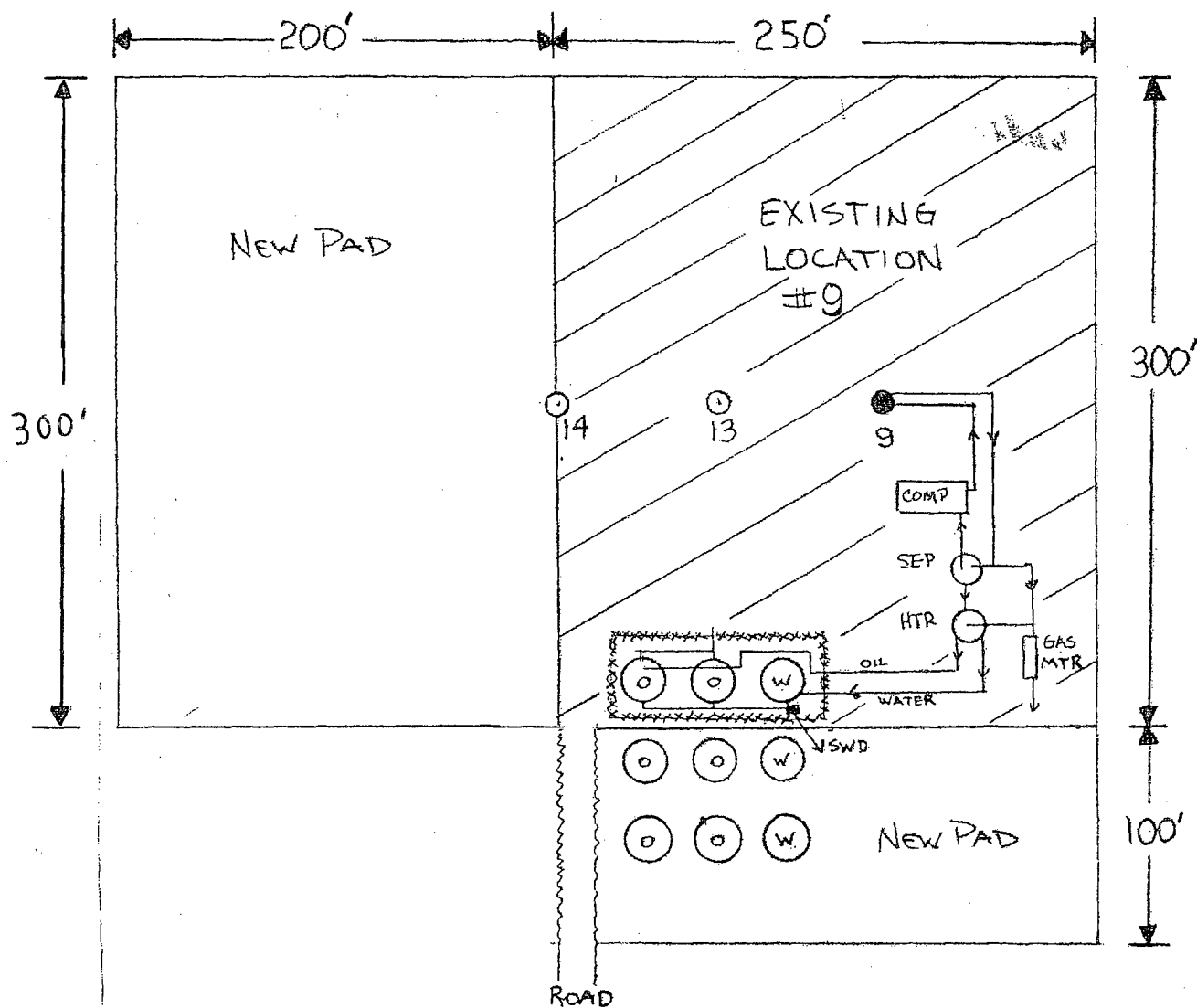


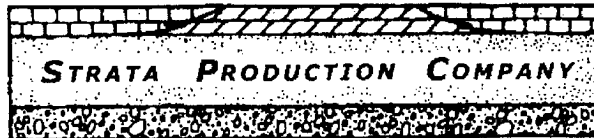
EXHIBIT "E"

Forty Niner Ridge Unit #9, #13, & #14

Pad Dimensions are Approximate Scale

Additional wells are planned to be drilled from this drilling island so pad reclamation will not take place until all drilling is completed.

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

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

September 27, 2010

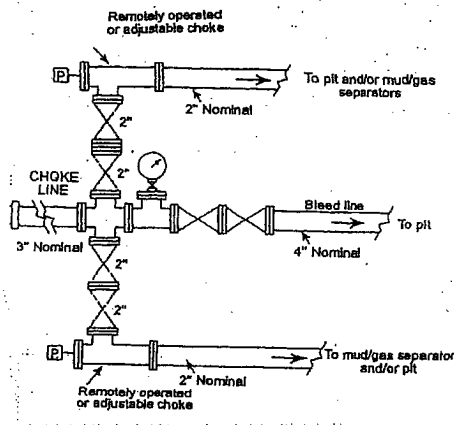
Bureau of Land Management
620 E Greene St
Carlsbad, NM 88220-6292

Re: 3162.4 (P0220), NM104965, ATS-10-622
Forty Niner Ridge Unit #14 APD

Gentlemen:

Included below and attached are responses to your concerns in order to complete our APD:

1. BTC will be run through the curve from 7300' – 7790'. LTC will be run from surface to 7300'.
2. Choke Manifold Schematic:



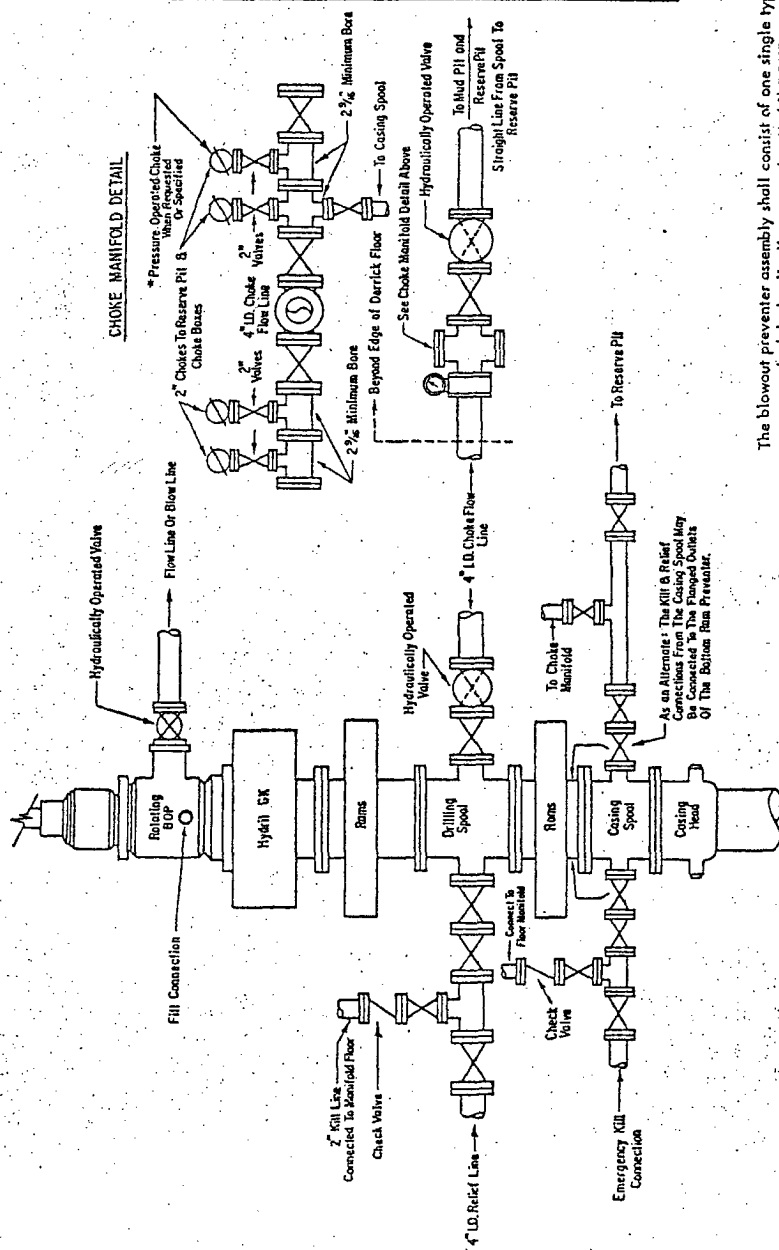
3. Bottom hole pressure should not exceed 3225 psi and bottom hole temperature should not exceed 135 F.
4. Emergency contact list is attached.
5. Per phone discussion with Debbie McKinney this morning we understand the Onsite has been completed and is satisfactory.

If you have any other questions please do not hesitate to call.

Regards,

Frank Morgan
Drilling Superintendent

ATTACHMENT TO F.X.A



3000# PSI WORKING PRESSURE BLOWOUT PREVENTER HOOK-UP

The blowout preventer assembly shall consist of one single type blind ram preventer and one single type pipe ram preventer, both hydraulically operated; a Hydril "CK" preventer; a rotating blowout preventer; valves; chokes and connections, as illustrated. If a tapered drill string is used, a ram preventer must be provided for each size of drill pipe. Casing and tubing rams to fit the preventers are to be available as needed. If correct in size, the flanged outlets of the ram preventer may be used for connecting to the 4-inch I.D. choke flow line and 4-inch I.D. relief line, except when air or gas drilling. All preventer connections are to be open-face flanged.

Minimum operating equipment for the preventer and hydraulically operated valves shall be as follows: (1) Multiple pumps, driven by a continuous source of power, capable of fluid charging the total accumulator volume from the nitrogen precharge pressure to its rated pressure within _____ minutes. Also, the pumps are to be connected to the accumulators with a precharge of nitrogen of not less than 750 PSI and connected so as to receive the aforementioned fluid charge. With the charging pumps shut down, the pressurized fluid volume stored in the accumulators must be sufficient to close all the pressure-operated devices simultaneously within _____ seconds; after closure, the remaining accumulator pressure shall be not less than 1000 PSI with the remaining accumulator fluid volume at least _____ percent of the original. (3) When requested, an additional source of power, remote and equivalent, is to be available to operate the above pumps; or there shall be additional pumps operated by separate power and equal in performance capabilities.

The closing manifold and remote closing manifold shall have a separate control for each pressure-operated device. Controls are to be labeled, with control handles indicating open and closed positions. A pressure reducer and regulator must be provided for operating the Hydril preventer. When requested, a second pressure reducer shall be available to limit operating fluid pressures to ram preventers. Gulf Legion No. 38 hydraulic oil, an equivalent or better, is to be used as the fluid to operate the hydraulic equipment.

The choke manifold, choke flow line, relief line, and choke lines are to be supported by metal stands and adequately anchored. The choke flow line, relief line, and choke lines shall be constructed as straight as possible and without sharp bends. Easy and safe access is to be maintained to the choke manifold. If deemed necessary, walkways and stairways shall be erected in and around the choke manifold. All valves are to be selected for operation in the presence of oil, gas, and drilling fluids. The choke flow line valves and relief line valves connected to the drilling spool and all ram type preventers must be equipped with stem extensions, universal joints if needed, and hand wheels which are to extend beyond the edge of the derrick substructure. All other valves are to be equipped with handles.

* To include derrick floor mounted controls.

EXHIBIT "A"

BLOWOUT PREVENTER EQUIPMENT DESCRIPTION

All equipment should be at least 3,000 psi WP or higher unless otherwise specified.

1. Bell nipple
2. Hydril bag type preventer
3. Ram type pressure operated blowout preventer with blind rams.
4. Flanged spool with one 3" and one 2" (minimum) outlet.
5. 2" (minimum) flanged plug or gate valve.
6. 2"x 2"x 2" (minimum) flanged.
7. 3" gate valve.
8. Ram type pressure operated blowout preventer with pipe rams.
9. Flanged type casing head with one side outlet.
10. 2" threaded (or flanged) plug or gate valve. Flanged on 5000# WP, threaded on 3000# WP or less.
11. 3" flanged spacer spool.
12. 3"x 2"x 2"x 2" flanged cross.
13. 2" flanged plug or gate valve.
14. 2" flanged adjustable choke.
15. 2" threaded flange.
16. 2" XXH nipple.
17. 2" forged steel 90° Ell.
18. Cameron (or equal) threaded pressure gauge.
19. Threaded flange.
20. 2" flanged tee.
21. 2" flanged plug or gate valve.
22. 2 1/2" pipe, 300' to pit, anchored.
23. 2 1/2" SE valve.
24. 2 1/2" line to steel pit or separator.

NOTES:

- 1). Items 3, 4 and 8 may be replaced with double ram type preventer with side outlets between the rams.
- 2). The two valves next to the stack on the fill and kill line to be closed unless drill string is being pulled.
- 3). Kill line is for emergency use only. This connection shall not be used for filling.
- 4). Replacement pipe rams and blind rams shall be on location at all times.
- 5). Only type U, LSW and QRC ram type preventers with secondary seals are acceptable for 5000 psi WP and higher BOP stacks.
- 6). Type E ram-type BOP's with factory modified side outlets may be used on 3000 psi or lower WP BOP stacks.