

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

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

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

API NO. (assigned by OCD on New Wells)

30-015-27510

5. Indicate Type of Lease

STATE ☒

FEE ☐

6. State Oil & Gas Lease No.

K-6600

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:

DRILL ☒

RE-ENTER ☐

DEEPEN ☐

PLUG BACK ☐

b. Type of Well:

OIL WELL ☒

GAS WELL ☐

OTHER ☐

SINGLE ZONE ☒

MULTIPLE ZONE ☐

7. Lease Name or Unit Agreement Name

Nash Unit

2. Name of Operator

Strata Production Company

8. Well No.

#14

3. Address of Operator

P. O. Box 1030, Roswell, New Mexico 88202-1030

9. Pool name or Wildcat

Nash Draw Delaware

4. Well Location

Unit Letter

A

660

Feet From The North

Line and

500

Feet From The East

Line

Section

13

Township 23 South

Range

29 East

NMPM

Eddy

County

10. Proposed Depth

7300'

11. Formation

Delaware

12. Rotary or C.T.

Rotary

13. Elevations (Show whether DF, RT, GR, etc.)

3004' GR

14. Kind & Status Plug. Bond

Statewide

15. Drilling Contractor

Grace Drilling Co.

16. Approx. Date Work will start

July 15, 1993

17. PROPOSED CASING AND CEMENT PROGRAM

POTASH AREA / R-111

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13 3/8"	48#	300'	Circulated	Surface
12 1/4"	8 5/8"	24#	3000'	Circulated	Surface
7 7/8"	5 1/2"	17#	7300'	Tie back to intermediate casing	

Strata Production Company proposes to drill to a depth sufficient to test the Delaware formation. If productive, 5 1/2" casing will be set. If non-productive, the well will be plugged and abandoned in a manner consistent with State of New Mexico Regulations. Specific programs are outlined as follows:

Form C-102 Well Location and Acreage Dedication Plat
Hole Prognosis
Exhibit "A" Equipment Description
Exhibit "B" Drilling Rig Layout Plan

10-1
7-9-93
N.C. & API

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE Carol J. Garcia TITLE Production Supervisor DATE 6/4/93

TYPE OR PRINT NAME Carol J. Garcia TELEPHONE NO. 505-622-1127

(This space for State Use)

APPROVED BY Mark Kelly TITLE GEOLOGIST DATE 7-2-93

CONDITIONS OF APPROVAL, IF ANY:

NOTICE N.M.O.C.D. IN SUFFICIENT
TIME TO WITNESS CEMENTING THE
13 3/8, 8 5/8 CASING

APPROVAL VALID FOR 180 DAYS
PERMIT EXPIRES 1-2-94
UNLESS DRILLING UNDERWAY

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

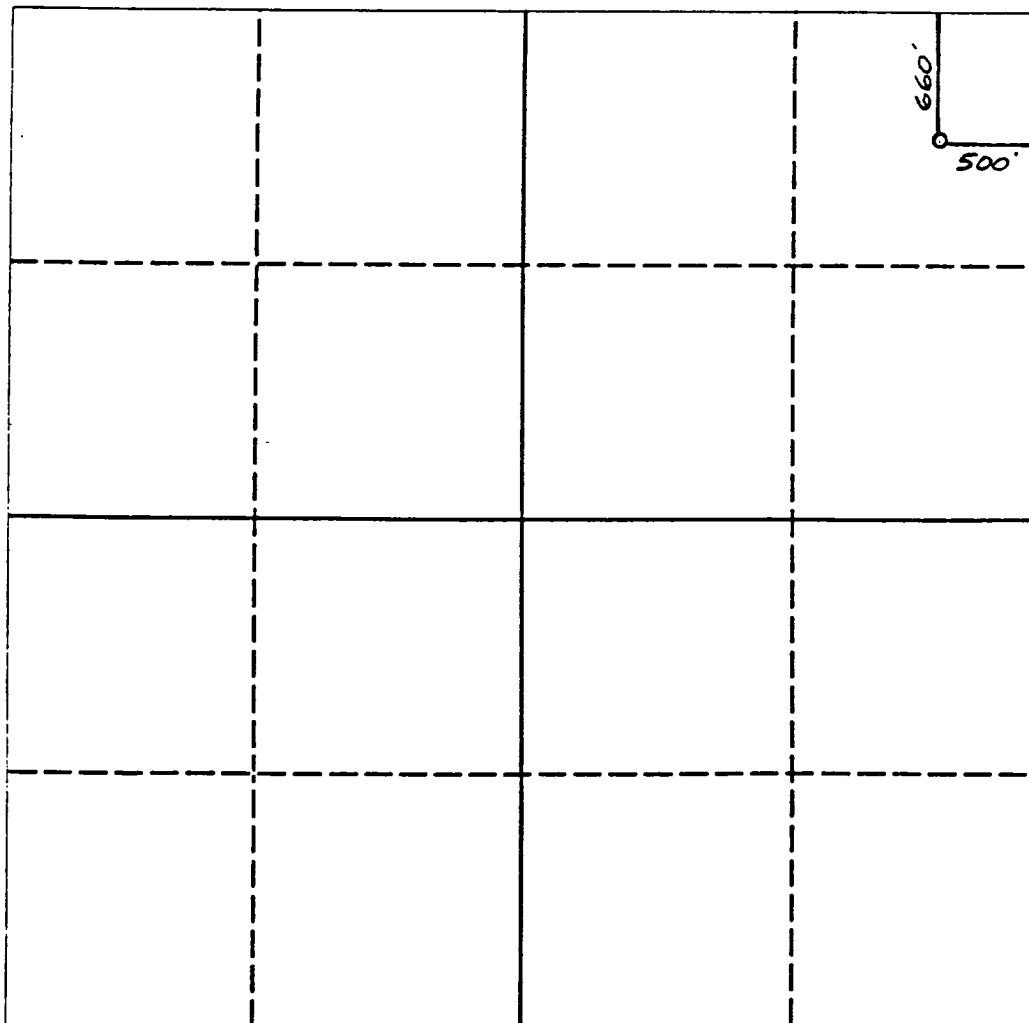
All Distances must be from the outer boundaries of the section

Operator STRATA PRODUCTION			Lease NASH UNIT		Well No. 14
Unit Letter A	Section 13	Township 23 SOUTH	Range 29 EAST	County EDDY COUNTY, NM	
Actual Footage Location of Well: 660 feet from the NORTH line and 500 feet from the EAST line					
Ground level Elev. 3004.	Producing Formation DELAWARE		Pool NASH DRAW	Dedicated Acreage: 40.00 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature
Carol J. Garcia
Printed Name
Carol J. Garcia
Position
Production Supervisor
Company
Strata Production Company
Date
June 4, 1993

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
APRIL 1, 1993
Signature of Professional Surveyor
[Signature]
Professional Surveyor
NEW MEXICO
5412
REGISTERED PROFESSIONAL ENGINEER
NM PE&BS NO. 5412

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

RECEIVED

JUN 16 11 13 AM '93

GAL-
ART

OIL CONSERVATION DIVISION
ARTESIA DISTRICT II
P.O. DRAWER DD
ARTESIA NM 88211

DATE 6-7-93

Bureau of Land Management

ATTN: ~~TOM Harrell~~ CARL CARLSTON
P.O. Box 1778
Carlsbad NM 88220

State Land Office

ATTN: Ernie Szabo
P.O. Box 1148
Santa Fe NM 87405

Re: APPLICATION FOR PERMIT TO DRILL

OPERATOR STRATA PRODUCTION CO
LEASE NAME NASH UNIT #14
LOCATION A-13-23-29, 660 FNL + 500 FEL
DEPTH 7300'

Gentlemen:

The application for permit to drill indentified above has been filed with this office of the NM Oil Conservation Division. Pursuant to the provisions of Oil Conservation Commission Order R-111-P, please advise this office whether the location is within an established Life-of Mine-Reserve area filed with and approved by your office. It Not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance.

Sincerely, *Mark Bailey*

IN LMR	YES	NO	<input checked="" type="checkbox"/>
IN BUFFER ZONE	YES	NO	<input checked="" type="checkbox"/>
OUTSIDE BUFFER ZONE	YES	NO	<input checked="" type="checkbox"/>

COMMENTS: Location is within 1/2 mile buffer zone,
request approval of Potash Co.

SIGNATURE
DATE

Joe Mraz
6-16-93 JOE MRAZ

RECEIVED

JUN 10 12 35 PM '93

OK
ARC

OIL CONSERVATION DIVISION
ARTESIA DISTRICT II
P.O. DRAWER DD
ARTESIA NM 88211

DATE 6-7-93

Bureau of Land Management

ATTN: ~~TOM Harrell~~ RAIG CRAWSTON
P.O. Box 1778
Carlsbad NM 88220

State Land Office

ATTN: Ernie Szabo
P.O. Box 1148
Santa Fe NM 87405

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Thank you for your assistance.

Sincerely, *Mark Reilly*

IN LMR	YES	NO	<u>X</u>
IN BUFFER ZONE	YES	NO	<u>X</u>
OUTSIDE BUFFER ZONE	YES	NO	<u>X</u>

COMMENTS: well is in the 1/4 mile Buffer But Outside
the 1/4 mile Buffer of MCR

SIGNATURE
DATE

RAIG C. CRAWSTON
7-1-93

GUIDELINES FOR PROCESSING APD FOR WELL IN POTASH AREA R-111-P

BLM approves federal wells in potash area so we do not have to worry about this.

STATE & FEE LEASES

Post to map and if within the potash area outlined on map or within 1 mile of that area do the following:

- 1) Make certain operator has filed a plat of the area showing the potash lessees for the area where the well is located as well as the 1-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us since 20-day waiting period starts from delivery date.
- 3) Send letter to BLM and SLO advising them of this APD and request they advise if this location is within LMR or buffer zone.

BUFFER ZONE -- shallow well is 1/4 mile of LMR
 -- deep well is 1/2 mile of LMR
- 4) If application is within LMR or buffer zone you must DENY it under R-111-P unless, there is a mutual agreement of lessor and lessees of oil & gas and potash interests. Copy of this agreement must be submitted with APD.
- 5) If application is outside LMR or buffer zone and no objection is received within 20 days from date of receipt by potash lessees of certified notice, the APD may be approved.

CHECK LIST FOR PROCESSING APD IN POTASH AREA

OPERATOR: STRATA PRODUCTION CO

LEASE & WELL NASH UNIT #14

LOCATION A-13-23-29, 660 FUL & 500 FEL PROPOSED DEPTH 7300

DATE APD RECEIVED 6-7-93 WAS PLAT OF AREA ATTACHED NO

WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? YES

20-DAY WAITING PERIOD BEGINS 6-16-93 ENDS 7-6-93

WERE WAIVERS RECEIVED? _____

DATE SLO NOTIFIED 6-7-93 DATE REPLY RECEIVED _____

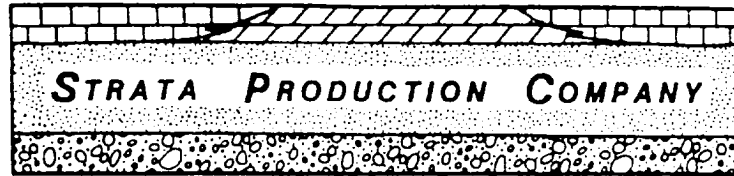
DATE BLM NOTIFIED 6-7-93 DATE REPLY RECEIVED _____

IS LOCATION INSIDE LMR OR BUFFER ZONE? YES _____ NO _____

IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED _____

DATE APD APPROVED 7-2-93 DATE APD DENIED _____

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

RECEIVED

June 18, 1993

JUN 21 1993

C. L. D.

Oil Conservation Division
ATTN: Mae Morgan
P. O. Drawer DD
Artesia, New Mexico 88211

Re: Nash Unit #14
Section 13-23S-29E
Eddy County, New Mexico

Dear Mae:

Pursuant to our telephone conversation this date, please find enclosed one copy of each of the letters from Western Ag-Minerals Company and IMC Fertilizer, Inc. regarding the above referenced.

Should you require additional information regarding this matter, please contact this office.

Sincerely,

STRATA PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Carol J. Garcia".

Carol J. Garcia
Production Supervisor

CJG:ms

Enclosure



WESTERN
AG-MINERALS
COMPANY

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JUN 21 1993

C. L. D.
1993

P. O. Box 511, Carlsbad, New Mexico 88220 • (505) 885-3175

June 16, 1993

Carol J. Garcia
Strata Production Company
Post Office Drawer 1030
Roswell, NM 88202-1030

Re: Nash Unit #14
660' FNL 500' FEL Section 13, T23S R29E
Eddy County, New Mexico

Dear Ms. Carol J. Garcia:

Western Ag-Minerals Company does not protest the location of Nash Unit #14. The location is outside known potash reserves and allows for the appropriate buffer to protect future mine workings.

Sincerely,

Ben F. Zimmerly
Advanced Mining Engineer

BFZ/bfz

cc: S. M. Hodgson
R. H. Heinen
M. T. Worley

RECEIVED
JUN 18 1993



FERTILIZER

AN EQUAL OPPORTUNITY EMPLOYER

June 16, 1993

RECEIVED
JUN 21 1993
C. L. D.

Carol J. Garcia
Strata Production Company
P. O. Drawer 1030
Roswell, NM 88202-1030

RE: Nash Unit #14
660'FNL & 500'FEL
Sec. 13, T-23-S, R-29-E, NMPM
Eddy County, New Mexico

Dear Ms. Garcia:

IMC Fertilizer, Inc. has received your notification that Strata Production Company intends to drill Nash Unit #14, 660'FNL and 500'FEL Section 13, T23S-R29E. IMC Fertilizer has no objection to Strata drilling Nash Unit #14 due to the fact that it is outside IMCF's LMR and buffer zone.

The current LMR and the buffer zone are determined from the best available information. As more information becomes available, the LMR can change and may be modified and adjusted. This is reflected in the yearly update of the LMR. The relationship of any well location relative to the LMR can change. Therefore, please consider the "objection offered" or "no objection offered" to a well location to be valid for one year only. If you are still considering a well location that a potash operator has or has not objected to more than one year prior, notify us again at that time so we can make the decision on information current at that time. Do not consider a "no objection offered" or an "objection offered" decision to be permanent.

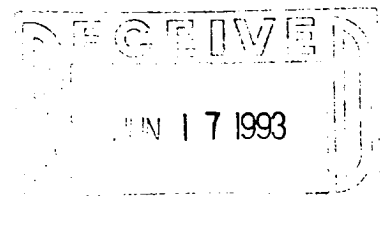
IMC Fertilizer, Inc. submits this letter in lieu of the forms requested.

Sincerely,

Dan Morehouse
Supt. Mine Engineering & Construction

DM:tmh

cc: Dick Manus Walt Thayer
 Leslie Cone Charlie High
 Larry Woodard Tony Herrell



HOLE PROGNOSIS
FORM C-101 APPLICATION FOR PERMIT TO DRILL
STRATA PRODUCTION COMPANY
NASH UNIT #14 WELL
660' FNL & 500' FEL
SECTION 13-23S-29E
EDDY COUNTY, NEW MEXICO

In conjunction with Form C-101, Application for Permit to Drill, Deepen, or Plug Back, Strata Production Company submits the following items in accordance with applicable state regulations.

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Geologic Markers:

Rustler	Surface	Lamar	3180'
Top of Salt	350'	Bone Spring	6690'
Base of Salt	2820'	T.D.	7300'

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

Surface	150'	Fresh Water
Delaware	3180' - 6990'	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 600' and circulating cement back to surface. Any shallower zones above TD which contain commercial quantities of oil and/or gas will have cement circulated across the zone by inserting a cementing stage tool into the 5 1/2" production casing which will be run at TD.

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD csq</u>	<u>Weight, Grade, Jt. Cond, Type</u>
17 1/2"	0-300'	13 3/8"	48#, H-40, ST&C, New
12 1/4"	0-3000'	8 5/8"	24#, J-55, ST&C, New
7 7/8"	0-TD	5 1/2"	15# & 17#, J-55, LT&C, New

Cementing Program:

Surface Casing: 13 3/8" casing will be set at approximately 300' and cemented with approximately 500 sacks of Halliburton Premium Plus cement with 2% CaCL, 5# Gilsonite and 1/4# Flocele per sack. The amount could be adjusted depending upon the fluid caliper results, however, cement in sufficient quantities to circulate will be utilized.

Intermediate Casing: 8 5/8" casing will be set at approximately 3000' and cemented with approximately 1200 sacks of HalcoLite (Halliburton Lite cement) with 10# salt and 1/4# Kwikseal per sack, and 200 sacks Premium Plus with 5# salt. The amount could be adjusted dependent upon fluid caliper results, however, cement in sufficient quantities to circulate will be utilized.

Production Casing: If appropriate, 5 1/2" casing will be set at Total Depth. Strata utilizes cement in sufficient quantities to bring the cement into the 8 5/8" intermediate casing. This is normally completed in two (2) stages. The first stage is normally 600 sacks 50/50 Poz with 5# salt and 1/4# Flocele per sack. The second stage normally consists of 500 sacks of 50/50 Poz with 5# salt and 1/4# Flocele per sack.

5. Minimum Specifications for Pressure Control:

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. Types and Characteristics of the Proposed Mud System:

0' to 300'	Native mud consisting of fresh water and native muds are used for drilling purposes.
300' to 3000'	Brine water purchased from commercial sources will be utilized.
3000' to 4600'	Brine and fresh water purchased from commercial sources will be utilized. Salt gel will be used to build viscosity.
4600' to TD	Brine and fresh water with salt gel and starch will be used to maintain a viscosity of approximately 31 and a water loss of 15 to 25.

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:

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 3180' (Top of Delaware) to 7300' (Total Depth). The Dual Laterolog will be run from TD back to the intermediate casing and the Compensated Neutron/Density Log will be run from TD back to surface. In some cases, Strata elects to run rotary sidewall cores from selected intervals from approximately 4200' to 7300' 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 four (4) 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:

Road and location work will not begin until approval has been received from the OCD. The anticipated spud date is July 15, 1993. Once commenced, the drilling operation should be finished in approximately 20 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.

EXHIBIT "A"

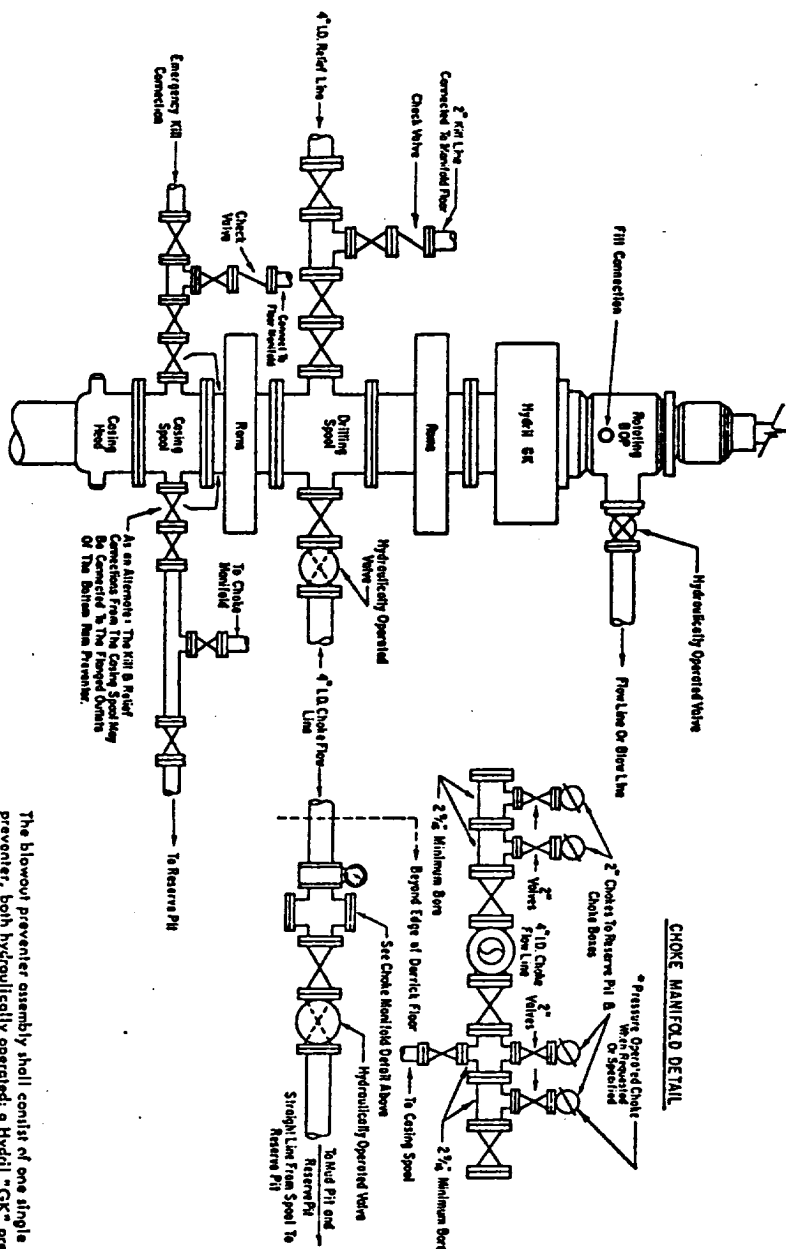
EQUIPMENT DESCRIPTION

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.



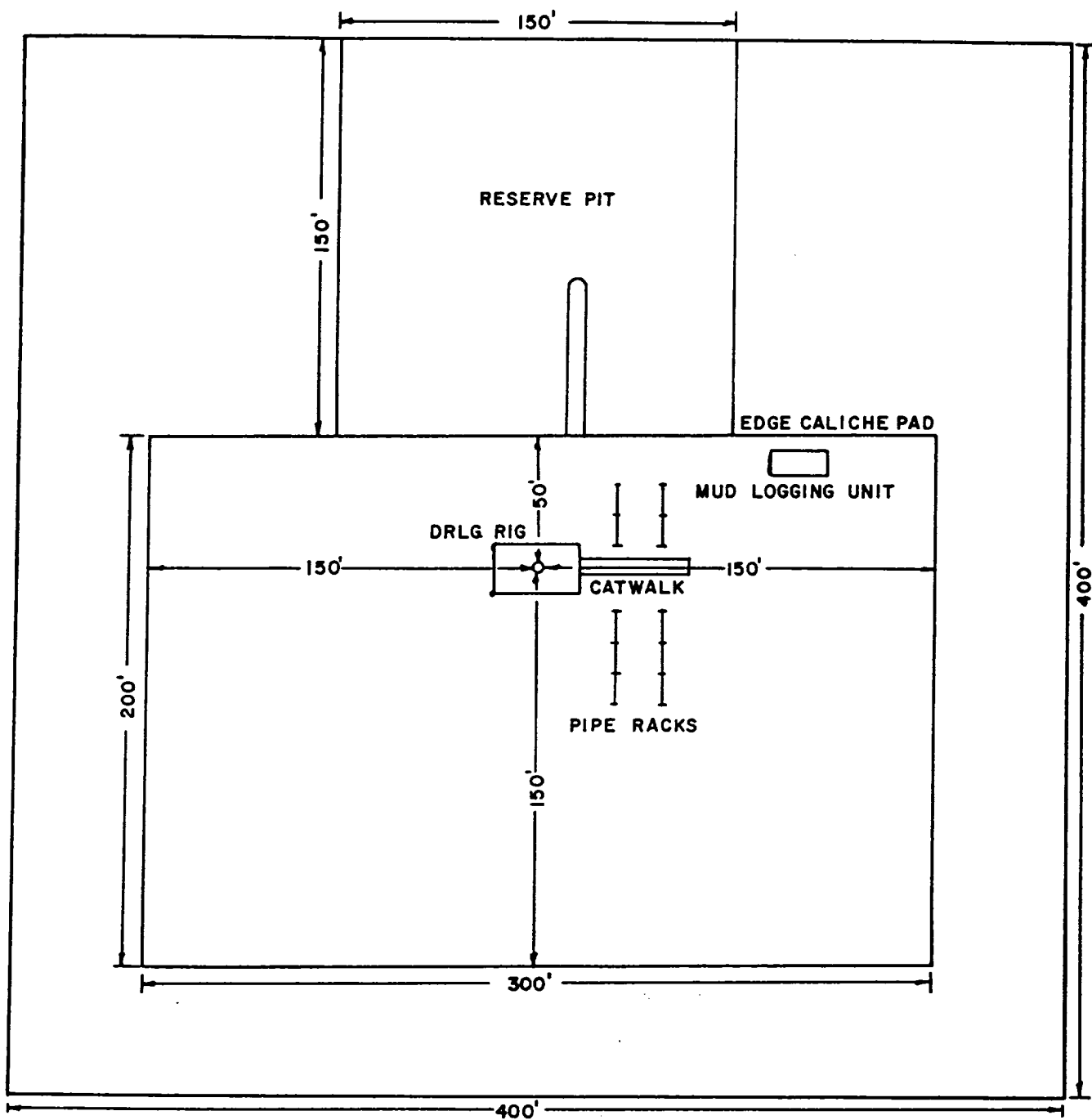
3000 # PSI WORKING PRESSURE BLOWOUT PREVENTER HOOK-UP

hydraulic operating system which is to be a closed system. (2) 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 accumulator 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, or 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 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.



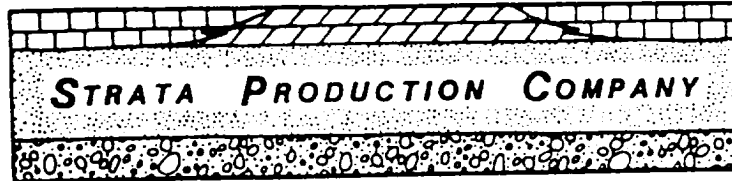
STRATA PRODUCTION COMPANY

DRILLING RIG LAYOUT PLAN

Nash Unit #14
 660' FNL & 500' FEL
 Section 13-23S-29E
 Eddy County, New Mexico

EXHIBIT "B"

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201
June 4, 1993

Mr. Morris Worley, Mine Manager
Western Ag Minerals Corporation
P. O. Box 511
Carlsbad, New Mexico 88220-0511

Re: Application to Drill in Potash Area
Nash Unit #14
Section 13-23S-29E
Eddy County, New Mexico

Dear Mr. Worley:

In accordance with the State of New Mexico Oil Conservation Division Rule R-111-PC (2)(3), enclosed herewith please find the following for your review and further action:

1. Form C-101 Application For Permit To Drill.
2. Form C-102 Well Location and Acreage Dedication Plat.

State of New Mexico Public Land records reflect Western Ag Minerals Corporation as the potash lessee covering lands in this area. Strata Production Company, a New Mexico corporation, hereby advises you of its intention to drill a well to 7300' at a location 660' FNL & 500' FEL of Section 13, Township 23 South, Range 29 East.

If you agree that drilling at this location will not interfere with your potash operations, please sign and return one copy of this letter in the enclosed envelope within 10 days of receipt of this letter.

Should you have any questions or require additional information from this office, please advise.

Sincerely,

STRATA PRODUCTION COMPANY

Carol J. Garcia
Carol J. Garcia
Production Supervisor

AGREED TO AND ACCEPTED THIS ____ DAY OF _____, 1993.

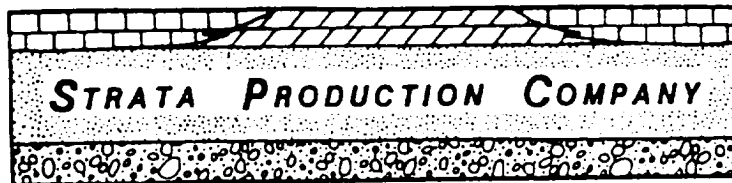
BY: _____

TITLE: _____

Enclosures

cc: Oil Conservation Division, Hobbs, NM

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

June 4, 1993

Mr. Dan Morehouse, Mine Manager
IMC Fertilizer, Inc.
P. O. Box 71
Carlsbad, New Mexico 88220-0071

Re: Application to Drill in Potash Area
Nash Unit #14
Section 13-23S-29E
Eddy County, New Mexico

Dear Mr. Morehouse:

In accordance with the State of New Mexico Oil Conservation Division Rule R-111-PC (2)(3), enclosed herewith please find the following for your review and further action:

1. Form C-101 Application For Permit To Drill.
2. Form C-102 Well Location and Acreage Dedication Plat.

State of New Mexico Public Land records reflect IMC Fertilizer, Inc. as a potash lessee in the area of the captioned lands. Strata Production Company, a New Mexico corporation, hereby advises you of its intention to drill a well to 7300' at a location 660' FNL & 500' FEL of Section 13, Township 23 South, Range 29 East.

If you agree that drilling at this location will not interfere with your potash operations, please sign and return one copy of this letter in the enclosed envelope within 10 days of receipt of this letter.

Should you have any questions or require additional information from this office, please advise.

Sincerely,

STRATA PRODUCTION COMPANY

Carol J. Garcia
Carol J. Garcia
Production Supervisor

AGREED TO AND ACCEPTED THIS ____ DAY OF _____, 1993.

BY: _____

TITLE: _____

Enclosures

cc: Oil Conservation Division, Hobbs, NM