| Form 316.)-3<br>(JULY 1989)<br>(formerly 9-331C)                                   |                       | UNITED                                | ARTESIA.                    | CHARSER<br>OF COMES PEO<br>Other Institutions on<br>NNT 882 TO-283 |                  | BLM Roswell Distr<br>Modified Form No.<br>NM060-3160-2 | rict               | c141        |  |  |
|--|-----------------------|---------------------------------------|-----------------------------|--|------------------|--|--------------------|-------------|--|--|
|  |                       | DEPARTMENT OF                         | THE INTERIOR                | 5. LEASE DESIGNATIO  |                  | AL NO.   |                    |             |  |  |
|  |                       | BUREAU OF LANE                        |                             | 5-11-57  | ROM              | NM-055685  | 9                  |             |  |  |
| APPLICA  | TION FOR              | PERMIT TO DRILL                       | , DEEPEN, OR P              | LUG BACK   |                  | 6. IF INDIAN, ALLOTT                                   | EE OR TRIB         | e name      |  |  |
| 1a. TYPE OF WORK   | DRILL (               | X DEEPEN                              |                             | PLUG BACK  |                  | 7. UNIT AGREEMENT                                      | NAME               |             |  |  |
| b. TYPE OF WELL  |                       |                                       |                             |  |                  | Nash Unit  |                    |             |  |  |
| OIL<br>WELL  | GAS                   | OTHER                                 | SINGLE<br>ZONE X            | MULTIPLE<br>ZONE   |                  | 8. FARM OR LEASE N<br>Nash Unit                        |                    | 35          |  |  |
| 2. NAME OF OPERATO   | <br>OR                |                                       | 3a. 2                       | Area Code & Phone No   | •                | 9. WELL NO.  |                    | -           |  |  |
| 21-  | 7/2                   | STRATA PRODUCTI                       | ON COMPANY 5                | 505-622-11   | 27               | #38  |                    |             |  |  |
| 3. ADDRESS OF OPER   | ATOR                  | P. O. Box 1030                        |                             | 10. FIELD AND POOL, OR WILDCAT47545                                |                  |  |                    |             |  |  |
|  |                       | Roswell, New Mexi                     | co 88202-1030               |  |                  | Nash Draw Brushy Canyon Oil Pool                       |                    |             |  |  |
|  | L (Report location cl | early and in accordance with any Stat | te requirements.") SUB.IF   | CT TO  |                  | 11. SEC., T., R., M., OR<br>AND SURVEY OR              |                    |             |  |  |
| At surface   |                       | 330' FSL & 2450'                      |                             | PPROVAL  |                  | AND SURVEY OR  | nicen              |             |  |  |
| At proposed prod. zone   |                       | Unit N                                | BY ST/                      | Section 13-23S-29E   |                  |  |                    |             |  |  |
| 14. DISTANCE IN MILL   | ES AND DIRECTIO       | N FROM NEAREST TOWN OR                | POST OFFICE*                |  |                  | 12. COUNTY OR PARI                                     | SH                 | 13. STATE   |  |  |
|  |                       | New Mexico                            |                             |  |                  | Eddy   |                    | NM          |  |  |
| 15. DISTANCE FROM PROPOSED *<br>LOCATION TO NEAREST<br>PROPERTY OR LEASE LINE, FT. |                       |                                       | 17. NO. OF<br>TO THI        | DF ACRES ASSIGNED<br>HIS WELL                                      |                  |  |                    |             |  |  |
| PROPERTY OR LEASE LINE, F1.<br>(Also to nearest drlg, unit line, if any)           |                       | 330'                                  | 330' 880 Lse/5123 Unit      |  |                  |  | 40.00              |             |  |  |
| 18. DISTANCE FROM PROPOSED LOCA<br>TO NEAREST WELL, DRILLING, COM                  |                       | ON*<br>LETED                          | 19. PROPOSED DEPTH 20. ROTA |  |                  |  | ARY OR CABLE TOOLS |             |  |  |
| OR APPLIED FOR, C  |                       | 4 5 5 0 1                             | 7250'                       |  | _                | Rotary   |                    |             |  |  |
| 21. ELEVATIONS (Show   | w whether DF, RT, GI  | R, etc.)                              |                             |  |                  | 22. APPROX. DATE W                                     |                    |             |  |  |
| 2998' GR   |                       |                                       |                             |  |                  |  | st 15, 199         |             |  |  |
| SECRET   | 行行的要点要点               | PROPESIE                              | POTASHEMEN                  | ITINEARIS  | <u> 2 dad</u> C( | MIRCLED  | 13.51 <b>ER</b>    | BASIN       |  |  |
| HOLE SIZE  | CASING SIZE           | WEIGHT/FOOT                           | GRADE                       | THREAD TYPE  | 3                | SETTING DEPTH  | QUANTIT            | Y OF CEMENT |  |  |
| 17 1/2"  | 13 3/8"               | 48#                                   | H-40                        | 8 RD STC   |                  | 300'   | Ciroge             | NESSe       |  |  |
| 11"  | 8 5/8"                | 32#                                   | J-55                        | 8 RD LTC   |                  | 3000'  | Circ to            | PINESS_     |  |  |
| 7 7/8*   | 5 1/2 <b>"</b>        | 17#                                   | K-55                        | 8 RD LTC   | ;                | 7250'  |                    | ck to 300'  |  |  |
|  |                       |                                       |                             |  |                  |  | into 8 5/          | 8" 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 Federal Regulations. Specific programs as set out in Onshore Oil and Gas Order #1 are outlined in the following attachments: 

| Posted ID-1 |
|-------------|
| NLO MPI     |
| 7-25-97     |
|             |

NMOCD Form C-102 Well Location and Acreage Dedication Plat Hole Prognosis Surface Use and Operating Plan Exhibit "A" Equipment Description APPROVAL SUBJECT Exhibit "B" Planned Access Roads **GENERAL REQUIRE** Exhibit "C" One Mile Radius Map SPECIAL STIPULAT Exhibit "D" Drilling Rig Layout Plan ATTACHED Notifications to Area Potash Leaseholders

| 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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any. |                                 |       |                            |                     |  |  |  |  |
|---|---------------------------------|-------|----------------------------|---------------------|--|--|--|--|
| 24.<br>SIGNED   | Carol J. Sarcia                 | TITLE | PRODUCTION RECORDS MANAGER | date <u>6/10/97</u> |  |  |  |  |
| (This space f   | or Federal or State office use) |       |                            |                     |  |  |  |  |
| PERMIT NO.  |                                 |       | APPROVAL DATE              |                     |  |  |  |  |
| APPROVED BY   | Richard A Whitthey              | TITLE | Acting State Director      | DATE 7/10/97        |  |  |  |  |
| CONDITIONS OF   | FAFEROVAL IFANT                 |       |                            |                     |  |  |  |  |

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| District I<br>PO Box 1980, Ho<br>District II   | obbs, NM 8   | \$241-1980                            |              | State of New Mexico<br>Energy, Minerals & Natural Resources Department R        |                   |                                  |                              |   |   |               | Form C-102<br>evised February 10, 1994<br>Instructions on back                |  |  |
|--|--------------|---------------------------------------|--------------|---|-------------------|----------------------------------|------------------------------|---|---|---------------|---|--|--|
| PO Drawer DD, Artesia, NM 88211-0719<br>District III<br>1000 Rio Brazos Rd., Aztee, NM 87410 |              |                                       | 9            | OIL CONSERVATION DIVISION Submit to .<br>PO Box 2088<br>Santa Fe, NM 87504-2088 |                   |                                  |                              |   |   |               | Appropriate District Office<br>State Lease - 4 Copies<br>Fee Lease - 3 Copies |  |  |
| District IV<br>PO Box 2088, Sa   | nta Fe, NM   | ( \$7504-2083                         | \$           | AMENDED REPORT  |                   |                                  |                              |   |   |               |   |  |  |
|  |              | W                                     | ELL LO       | CATIO   | N AND             | AC                               | REAGE DEDI                   | CATION PI   | LAT   |               |   |  |  |
| 1  | API Numb     | er                                    |              | <sup>1</sup> Pool Coo   | de                |                                  |                              |   | <sup>3</sup> Pool Name  |               |   |  |  |
|  |              |                                       |              | 47545   |                   | Nash Draw Brushy Canyon Oil Pool |                              |   |   |               |   |  |  |
| • Рюренту<br>010735  | UNIT         |                                       | · n          | roperty   | / Лаше            |                                  |                              | • Weil Number<br>38   |   |               |   |  |  |
| <sup>7</sup> OGRD<br>021712  |              | Operator Name PRODUCTION COMPANY      |              |   |                   |                                  |                              | * Elevation<br>2998.  |   |               |   |  |  |
| L  |              | · · · · · · · · · · · · · · · · · · · |              | ·   | <sup>10</sup> Sur | face                             | Location                     |   |   |               |   |  |  |
| UL or lot no.  | Section      | Township                              | P Range      | Lot Idn   | Feet from         | the                              | North/South fine             | Feet from the   | East/West   | t line        | ine County  |  |  |
| N  | 13           | 23-S                                  | <u>29-E</u>  |   | 330               |                                  | SOUTH                        | 2450  | WES   | r             | EDDY  |  |  |
| UL or lot no.  | Section      | Township                              |              | tom Hol   |                   |                                  | f Different Fro              |   | E   |               |   |  |  |
| UL of 100 00.  | Section      | Townsaip                              | vanse        | Locide  | Feet (rom         | the                              | North/South line             | red from the  | Feet from the East/Wes  |               | County  |  |  |
| 12 Dedicated Acro  | es " Joint   | or Iafill   "                         | Cansolidatio | n Code 4 C  | )rder No.         |                                  | !                            | <u> </u>  | 1   | <del></del> . |   |  |  |
| 40.00  | N            |                                       | <u> </u>     |   |                   |                                  |                              |   |   |               |   |  |  |
| NO ALLOV   | VABLE \      |                                       |              |   |                   |                                  | ON UNTIL ALL<br>EEN APPROVED |   |   |               | NSOLIDATED  |  |  |
|  |              |                                       |              |   |                   |                                  |                              | I hereby certify<br>I'rue and comp<br>Signature<br>Carol<br>Printed Name<br>Product<br>Tute<br>June<br>Date<br>I hereby certify<br>was ploated from<br>me or under re-<br>and correct to<br>MARCH<br>Date of Servet | Carol J. Garcia<br>Printed Name<br>Production Records Manager<br>Title<br>June 10, 1997 |               |   |  |  |
| 24   | . <u>50'</u> |                                       | 330,         |   |                   |                                  |                              | R<br>R<br>Ceruficad, Nuc<br>NM DES  | 5412  |               | WIEER   |  |  |

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power, remote and equivalent, is to be available to operate the above pumps; or there shall be additional pumps operated by separate pawer and equal in parformance capabilities. hydraulic operating system which is to be a closed system. (2) Accumulators with a precharge of nitragen of not less than 750 PSI and connected so as to receive the diarementioned 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 simultancously 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) Whan requested, on additional source of 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

A pressive 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 preventen. Gulf Legion No. 38 hydraulic ail, an equivalent or better, is to be used as the fluid to operate the hydraulic equipment. 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.

as straight as possible and without sharp bonds. Easy and safe access is to be maintained to the choke manifold. If decred accessary, wolkways and stainways shall be erected in and around the choke manifold. All valves are to be selected for operation in the presence of ail, gas, and drilling fluids. The choke flow line valves and relief line valves connected to the drilling spool and all ram type proventers must be equipped with stem extensions, universal joints if needed, and hand wheels which are to extend bypond the edge of the derrick substructure. All other valves are to be equipped The choke monifold, 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

\* To include derrick floor mounted controls.