NM OIL CONS. COMMISSION
DRAWER DD
ARTESIA, NM 88210

Form 3160-3
(July 1989)
(formerly 9-331C)

CONTACT RECEIVING OFFICE FOR NUMBER OF COPIES REQUIRED
(Other instructions on reverse side)

30-015-27603

BLM Roswell District
Modified Form No.
NM060-3160-2

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-0556857

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

7. UNIT AGREEMENT NAME: Nash Unit

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME: Nash Unit

2. NAME OF OPERATOR: Strata Production Company

3a. Area Code & Phone No.: 505-622-1127

9. WELL NO.: #18

3. ADDRESS OF OPERATOR: P. O. Box 1030, Roswell, New Mexico 88202-1030

10. FIELD AND POOL, OR WILDCAT: Nash Draw Delaware

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 2310' FSL & 330' FWL
At proposed prod. zone:

RECEIVED
JUL 27 1993
O. C. D.

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Section 18-23S-30E L

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 9 miles east of Loving, New Mexico

12. COUNTY OR PARISH: Eddy — 13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 330'

16. NO. OF ACRES IN LEASE: 320 Lse/5123 Unit

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40.00

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 660'

19. PROPOSED DEPTH: 7300'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3022' GR

22. APPROX. DATE WORK WILL START*: September 27, 1993

23. PROPOSED CASING AND CEMENTING PROGRAM

HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	H-40	8 RD STC	300'	Circ to surface
12 1/4"	8 5/8"	24#	J-55	8 RD STC	3000'	Circ to surface
7 7/8"	5 1/2"	17#	J-55	8 RD LTC	7300'	Tie back to 600' above base of 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:

Exp Int 1-30-96 30-015-27603

NMOCD Form C-102 Well Location and Acreage Dedication Plat
Hole Prognosis
Surface Use and Operating Plan
Exhibit "A" Equipment Description
Exhibit "B" Planned Access Roads
Exhibit "C" One Mile Radius Map
Exhibit "D" Drilling Rig Layout Plan

BUREAU OF LAND MANAGEMENT RECEIVED JUN 25 1993 DIST. 2 N.M.

IR-1 2-30-93 NOT APP

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.

SIGNED: Carol J. Garcia — TITLE: Production Supervisor — DATE: 6/23/93

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY: /s/ Kathy Porter — TITLE: Acty State Director — DATE: 7-16-93

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102
Revised 1-1-89

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
STRATA PRODUCTION	NASH UNIT	18

Unit Letter	Section	Township	Range	County
L	18	23 SOUTH	30 EAST NMPM	EDDY COUNTY, NM

Actual Footage Location of Well:
330 feet from the WEST line and 2310 feet from the SOUTH line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
3022.	DELAWARE	NASH DRAW DELAWARE	40.00 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

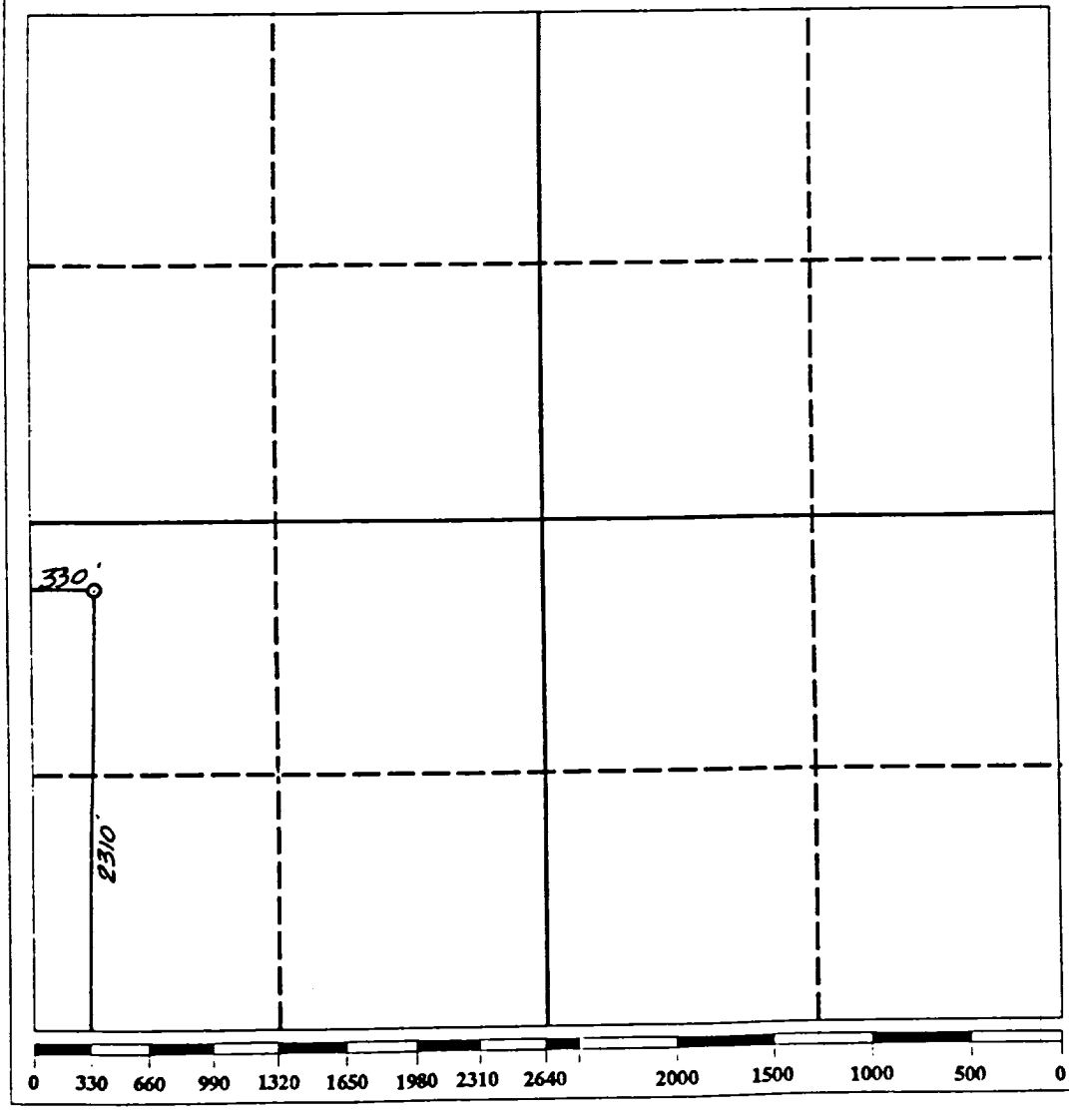
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 Unitization

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

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 in 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

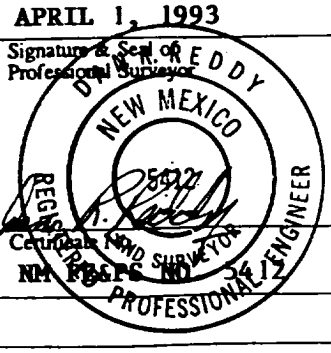
Date: June 23, 1993

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 supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: APRIL 1, 1993

Signature & Seal of Professional Surveyor



Certificate No. NM PE&LS NO. 5412

HOLE PROGNOSIS
FORM 3160-3 APPLICATION FOR PERMIT TO DRILL
STRATA PRODUCTION COMPANY
NASH UNIT #18 WELL
2310' FSL & 330' FWL
SECTION 18-23S-30E
EDDY COUNTY, NEW MEXICO

In conjunction with Form 3160-3, Application for Permit to Drill, 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:

Rustler	Surface	Ramsey Sand	3190'
Top of Salt	290'	Cherry Canyon	4190'
Castille	1775'	Brushy Canyon	5246'
Salado	2820'	Bone Spring	6897'
Lamar Lime	3142'	T.D.	7300'

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

Surface	150'	Fresh Water
Delaware	3142' - 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 300' and circulating cement back to surface. 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:

Hole Size	Interval	OD csg	Weight, Grade, Jt. Cond, Type
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"	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 350 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 circulate the cement into the 8 5/8" intermediate casing in two (2) stages. The first stage will be cemented with approximately 550 sacks 50/50 Poz Mix with 5# salt and 1/4# Flocele per sack. The second stage will be cemented with approximately 400 sacks of 50/50 Poz Mix with 5# salt and 1/4# Flocele per sack.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown on 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 BOPs will be nippled up on the 13 3/8" surface casing and used continuously until TD is reached. All BOPs 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 mud will be 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. Anticipated mud properties are as follows MW 9.3, WL 30, PH 10, Vis 28, CL 70,000.

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. Anticipated mud properties are as follows MW 9.4, WL <15, PH 10, Vis 31, CL 70,000. The anticipated bottomhole pressure is 2600# PSI.

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:

A two (2) man Mudlogging unit on location from the top of the Delaware formation to TD will run DLL-MSFL, CNL-Density, Gamma Ray, Caliper.

Mudlogging unit will be employed from approximately 3142' (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 may elect to run rotary sidewall cores from selected intervals from approximately 3142' 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 five (5) 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 BLM. The anticipated spud date is September 27, 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.

SURFACE USE PLAN
FORM 3160-3 APPLICATION FOR PERMIT TO DRILL
STRATA PRODUCTION COMPANY
NASH UNIT #18 WELL
2310' FSL & 330' FWL
SECTION 18-23S-30E
EDDY COUNTY, NEW MEXICO

Submitted with Form 3160-3, Application For Permit to Drill covering the above captioned well. The purpose of the plan is to describe the location, the proposed construction activities and operations plan, the surface disturbance involved, and the rehabilitation of the surface after completion of said well so that an appraisal can be made of the environment affected by this well.

1. Existing Roads:

   A. The Well Location and Acreage Dedication Plat for the proposed well is attached. It was staked by Dan R. Reddy, Engineer, Carlsbad, New Mexico.

   B. All roads to the location are shown in Exhibit "B". The existing roads are illustrated in red and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the on-site inspection.

   C. Directions to location: From Loving, New Mexico, the well is located approximately 9 miles to the east off State Highway 128.

   D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as operations continue on the lease.

2. Proposed Access Road:

   The approximately 500' of new access road to be constructed is shown on Exhibit "B" and is illustrated in yellow. The road will be constructed from the existing East West road as follows:

   A. The average grade will be less than 5%.

   B. No turnouts will be necessary.

   C. No culverts, cattleguards, gates, low-water crossings or fence cuts are necessary.

D. Surfacing material will consist of native caliche. If required, road across pad will be surfaced with a minimum of 6" of caliche. Caliche will be obtained from the nearest BLM approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.

3. Location of Existing Wells:

All existing wells within a one mile radius of proposed well are shown on Exhibit "C". A list of these wells is shown on the Attachment to Exhibit "C".

4. Location of Existing and/or Proposed Facilities:

In the event the proposed well proves to be productive, Strata Production Company will furnish maps or plats showing On Well pad facilities and Off Well pad facilities (if needed) by Sundry Notice before construction of these facilities starts.

5. Location and Type of Water Supply:

The well will be drilled with a combination of brine and fresh water mud systems as outlined in the Hole Prognosis. The water will be purchased from commercial water stations in the area and trucked to the location by transport over the existing and proposed access roads shown on Exhibit "B". If a commercial fresh water source is nearby, fasline may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and the proposed new access road (approximately 2500 cubic yards) will be obtained from a BLM approved caliche pit. All roads and pads will be constructed of 6" rolled and compacted caliche.

7. Methods of Handling Water Disposal:

A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.

B. Drilling fluids will be contained in steel mud tanks. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing and completion operations. The reserve pit will be an earthen pit approximately 150' x 150' x 6' deep and fenced on three sides prior to drilling. It will be fenced on the fourth side immediately following rig removal. The reserve pit will be plastic lined (5-7 mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water. Drilling fluids will be allowed to evaporate in the reserve pits until pits are dry.

C. Water produced from the well during completion may be disposed into the reserve pit or a steel tank (depending on the rates). After the well is permanently placed on production, produced water will be collected in tanks (fiberglass or steel) until hauled to an approved disposal system or a separate disposal application will be submitted to BLM for approval. Produced oil will be collected in steel tanks until sold.

D. A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations. Current laws and regulations pertaining to the disposal of human waste will be complied with.

E. Garbage and trash produced during drilling or completion operations will be disposed in a separate trash trailer on location. All waste material will be contained to prevent scattering by the wind. All water and fluids will be disposed into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by the operation.

F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and kept closed until it has dried. When the reserve pit is dry enough to breakout and fill and, weather permits, the unused portion of the well site will be leveled and reseeded as per BLM specifications. Only that part of the pad required for production facilities will be kept in use. In the event of a dry hole, only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite or other facility will be built as a result of the operations of the proposed well.

9. Well Site Layout:

A. The drill pad layout, with elevations as staked by Dan R. Reddy, Engineer, is shown on Exhibit "D". Dimensions of the pad, pits and location of major rig components are shown. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. Since the pad is almost level, no major cuts will be required.

B. The planned orientation of the rig and associated drilling equipment, reserve pit, trash pit, pipe racks, turn-around and parking areas, and access road are shown on Exhibit "D". No permanent living facilities are planned, however, a temporary foreman/toolpusher's trailer will be on location during drilling operations.

C. The reserve pit will be lined with a high quality plastic sheeting (5-7 mil thickness).

10. Plan for Restoration of the Surface:

A. Upon completion of the proposed operations, should the well be abandoned, the pit area, after allowing to dry, will be broken out and leveled. The original top soil will be returned to the entire location which will be leveled and contoured to as nearly the original topography as possible.

All trash, garbage and pit lining will be removed in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 120 days after abandonment.

B. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.

C. Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time the rig is removed, the reserve pit will be fenced on the rig (fourth) side to prevent livestock or wildlife from being entrapped. The fencing will remain in place until the pit area is cleaned up and leveled. No oil will be left on the surface of the fluid in the pit.

D. Upon completion of the proposed operations, should the well be completed, the reserve pit area will be treated as outlined above within the same prescribed time. The caliche from an area of the original drillsite not needed for production operations or facilities will be removed and used for construction of thicker pads or firewalls for the tank battery installation. Any additional caliche required for facilities will be obtained from a BLM approved caliche pit. Topsoil removed from the drill site will be used to recontour the pit area and unused portions of the drill pad to the original natural level and reseeded as per BLM specifications.

11. Surface Ownership:

The wellsite and lease is located entirely on Federal surface.

12. Other Information:

A. The topography around the well site is rolling terrain with vegetation of sagebrush and native grass. The vegetation cover consists of prairie grasses and flowers. Wildlife in the area includes those typical of semi-arid desert land.

B. The soils are clayey sand over caliche base.

C. There are no permanent or live water in the immediate area.

D. There are no residences and other structures in the area.

E. The land in the area is used primarily for grazing purposes.

F. An archaeological study has been conducted for the location and new access road. The report has been submitted separately.

13. Lessee's and Operator's Representative:

RONNIE WILLIS
P. O. BOX 1030
ROSWELL, NEW MEXICO 88202-1030
PHONE NUMBER: (505) 622-1127-OFFICE
626-7387-CELLULAR
396-6601-HOME

14. Certification:

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site which currently exists; that the statements made in the plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Strata Production Company and its contractors and sub-contractors in conformity with the plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 USC 1001 for the filing of a false statement.

STRATA PRODUCTION COMPANY

Carol J. Garcia

DATE: June 23, 1993

CAROL J. GARCIA
PRODUCTION SUPERVISOR

EXHIBIT "A"

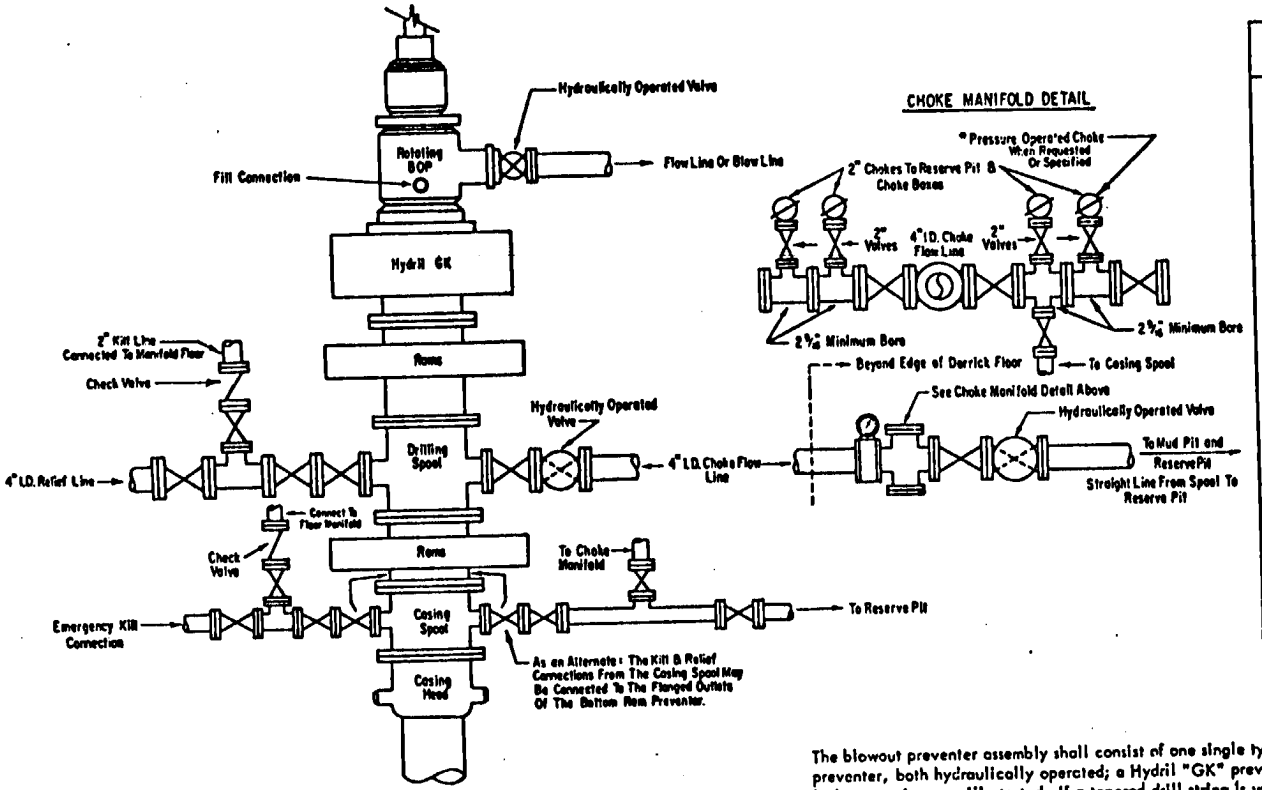
EQUIPMENT DESCRIPTION

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 tho 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

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 "GK" 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.

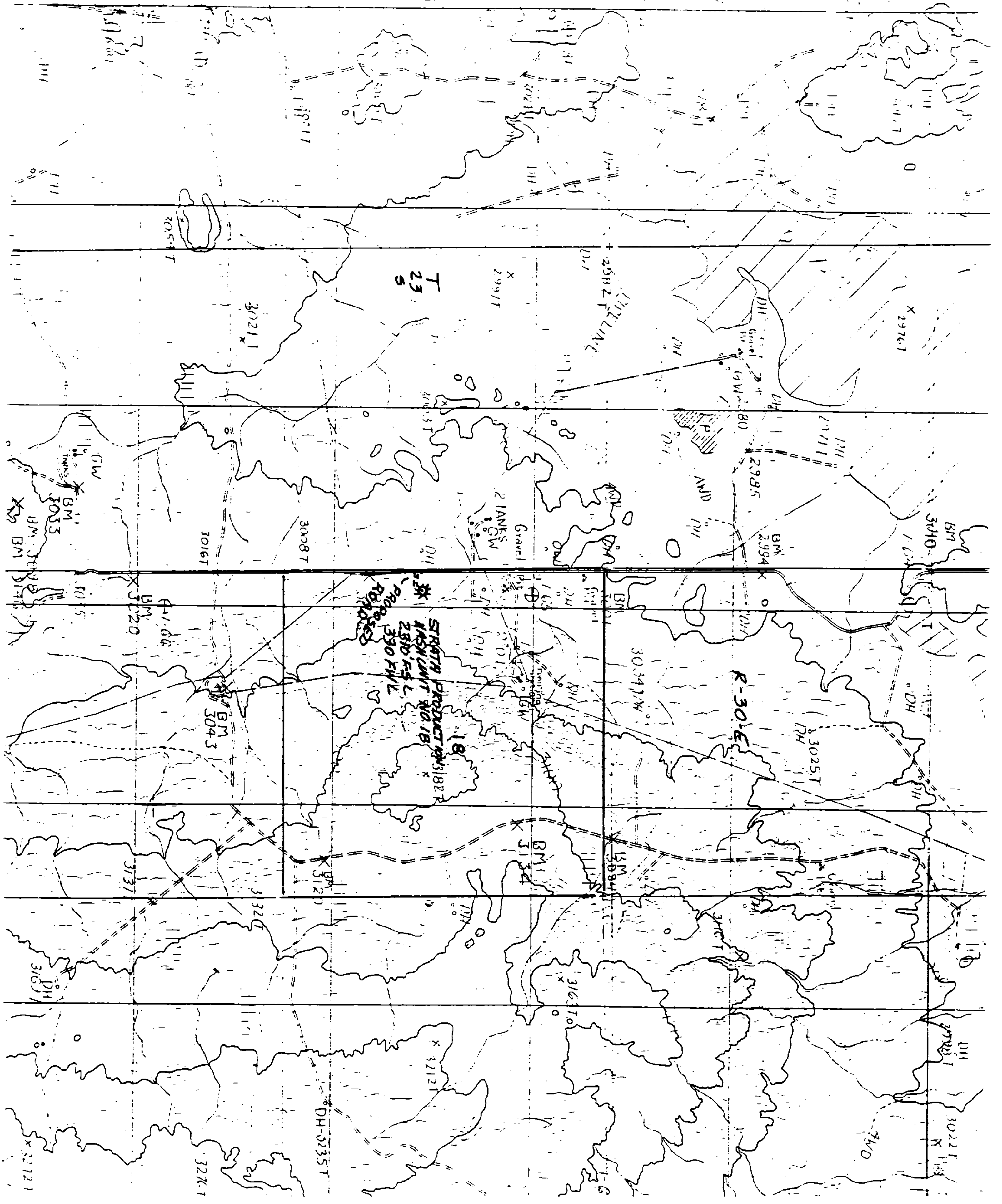
Minimum operating equipment for the preventers and hydraulically operated valves shall be as follows: (1)Multiple pumps, driven by a continuous source of power, capable of fluid charging the total accumulator volume from the nitrogen precharge pressure to its rated pressure within_____ minutes. Also, the pumps are to be connected to the 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 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 "B"


T 23 S
R-30-E
STRATA PRODUCTION NASH UNIT NO. 18
2310 FSL 330 FWL
PROPOSED
18

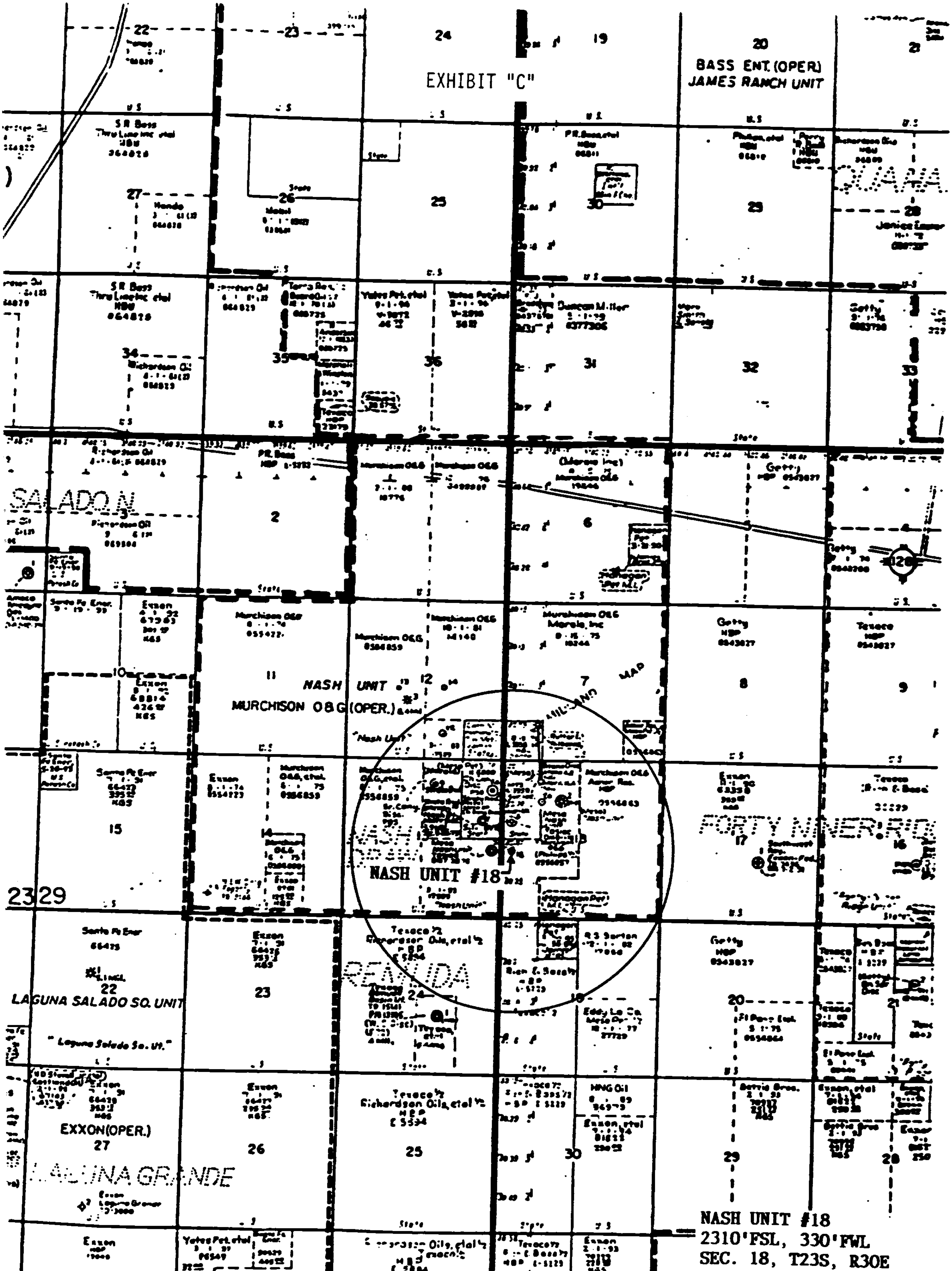


EXHIBIT "C"
BASS ENT. (OPER.)
JAMES RANCH UNIT
NASH UNIT
MURCHISON O&G (OPER.)
NASH UNIT #18
LAGUNA SALADO SO. UNIT
"Laguna Salado So. Ut."
EXXON (OPER.)
SALADO N.
FORTY NINER RIDGE
LAGUNA GRANDE
23 29
NASH UNIT #18
2310'FSL, 330'FWL
SEC. 18, T23S, R30E
EDDY COUNTY, NEW MEXICO

Attachment to Exhibit "C"

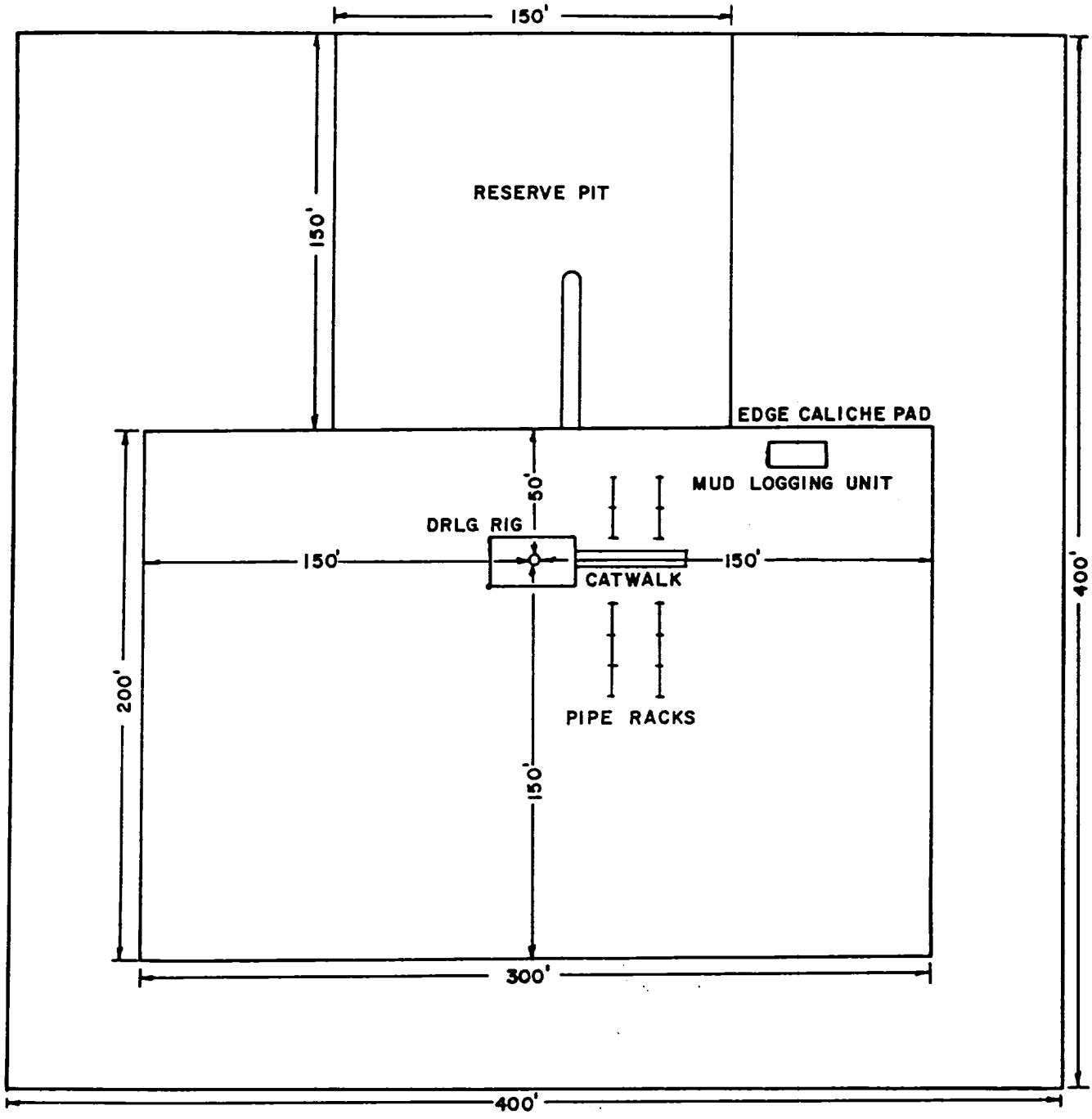
STATUS OF WELLS WITHIN ONE MILE RADIUS

Nash Unit #18
Section 18-23S-30E
Eddy County, New Mexico
June 1993

Section 12-23S-29E	Well #	Footage	Status/Formation
Murchison Oil & Gas	Nash Unit #3	1980'FSL&1980'FWL	Atoka
Strata Production Co.	Nash Unit #11	498'FSL&2000'FWL	Drilling
Strata Production Co.	Nash Unit #12	850'FSL&1964'FEL	To be drilled
Strata Production Co.	Nash Unit #13	2315'FSL&1746'FWL	Delaware
Strata Production Co.	Nash Unit #16	330'FSL& 990'FEL	To be drilled
Strata Production Co.	Nash Unit #19	2202'FSL&2201'FEL	To be drilled

Section 13-23S-29E	Well #	Footage	Status/Formation
Strata Production Co.	Nash Unit #1	1980'FNL& 660'FEL	Delaware
Strata Production Co.	Nash Unit #4	990'FNL& 330'FEL	Convert to SWD
Murchison Oil & Gas	Nash Unit #5	2310'FSL& 330'FEL	Location-P&A
Murchison Oil & Gas	Nash Unit #8	990'FSL& 990'FEL	Abandon loc
Strata Production Co.	Nash Unit #9	860'FNL&2210'FEL	Delaware
Strata Production Co.	Nash Unit #10	1750'FNL&1800'FEL	Delaware
Strata Production Co.	Nash Unit #14	660'FNL& 500'FEL	To be drilled

Section 18-23S-30E	Well #	Footage	Status/Formation
Murchison Oil & Gas	Nash Unit #2	1350'FNL&1980'FWL	Morrow
Murchison Oil & Gas	Nash Unit #6	1980'FNL& 330'FWL	P&A
Murchison Oil & Gas	Nash Unit #7	685'FNL&1295'FWL	Morrow
Strata Production Co.	Nash Unit #17	990'FNL& 330'FWL	To be drilled
Strata Production Co.	Nash Unit #18	2310'FSL& 330'FWL	Location



STRATA PRODUCTION COMPANY

DRILLING RIG LAYOUT PLAN
NASH UNIT #18
2310' FSL & 330' FWL
Section 18-23S-30E
Eddy County, New Mexico

EXHIBIT "D"

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030

STRATA PRODUCTION COMPANY

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

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

June 23, 1993

Mr. Ben F. Zimmerly, Advanced Mining Engineer
Western Ag-Minerals Company
P. O. Box 511
Carlsbad, New Mexico 88221-0511

Re: Application to Drill in Potash Area
Nash Unit #18
Section 18-23S-30E
Eddy County, New Mexico

Dear Mr. Zimmerly:

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 3160-3 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 2310' FSL & 330' FWL of Section 18, Township 23 South, Range 30 East.

If you agree that drilling at the proposed 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: Bureau of Land Management, Carlsbad, NM

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030

STRATA PRODUCTION COMPANY

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

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

June 23, 1993

Mr. Dan Morehouse, Supt. Mine
Engineering & Construction
IMC Fertilizer, Inc.
P. O. Box 71
Carlsbad, New Mexico 88221-0071

Re: Application to Drill in Potash Area
Nash Unit #18
Section 18-23S-30E
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 3160-3 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 2310' FSL & 330' FWL of Section 18, Township 23 South, Range 30 East.

If you agree that drilling at the proposed 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: Bureau of Land Management, Carlsbad, NM