STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23563

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23564



Oscar 23 11 Fed Com Wells

June 1, 2023

Table of Contents

1 av

Landman Affirmation – Exhibit A	1
Geologist Affirmation – Exhibit B	2

Case No. 23563 – Oscar 23 11 EDL Fed Com #1H and Oscar 23 11 EDI Fed Com #11H......3

Checklist Application	
11	General Location Map
	Tract Map with Leasehold Owners
	Tract Map with Proration Unit Working Interest Percentages
	Ownership Breakdown
Exhibit A-5:	Chronology of Contacts
Exhibit A-6:	C-102s
Exhibit A-7:	Well Proposal Letter and AFE
Exhibit A-8:	Sample Notice Letter

Exhibit B-1:	Regional View
Exhibit B-2:	Delaware Basin Stratigraphic Column
Exhibit B-3:	Base of Brushy Canyon Formation Structure
Exhibit B-4:	Target Interval on Offset Log
Exhibit B-5:	Cross Section Line
Exhibit B-6:	Structural Cross Section

Case No. 23564 - Oscar 23 11 FCL Fed Com #2H and Oscar 23 11 FCI Fed Com #12H......4

Checklist	
Application	
Exhibit A-1:	General Location Map
Exhibit A-2:	Tract Map with Leasehold Owners
Exhibit A-3:	Tract Map with Proration Unit Working Interest Percentages
Exhibit A-4:	Ownership Breakdown
Exhibit A-5:	Chronology of Contacts
Exhibit A-6:	C-102s
Exhibit A-7:	Well Proposal Letter and AFE (See Ex. A-7, Case No. 23563)
Exhibit A-8:	Sample Notice Letter (See Ex. A-8, Case No. 23563)
Exhibit B-1:	Regional View
Exhibit B-2:	Delaware Basin Stratigraphic Column
Exhibit B-3:	Base of Brushy Canyon Formation Structure
Exhibit B-4:	Target Interval on Offset Log
Exhibit B-5:	Cross Section Line
Exhibit B-6:	Structural Cross Section
Affidavit of Notice –	Exhibit C5

•

Tab 1.

STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23563

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23564

AFFIRMATION OF LANDMAN MITCH KRAKAUSKAS

I, being duly sworn on oath, state the following:

1. I am over the age of 18, and have the capacity to execute this Affirmation, which is based on my personal knowledge.

2. I am employed as the Land Manager for Strata Production Company ("Strata" or "Applicant"), and I am familiar with the subject applications and the lands involved.

3. This affirmation is submitted in connection with the filing by Strata of the abovereferenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.

4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record. My education and work experience are as follows: I graduated from New Mexico State University with a bachelor's degree in Agricultural Business and Economics in December 2005. After graduation, I worked as an independent petroleum landman from January 2006 to March 2009, working throughout New Mexico, Texas, Colorado and Arizona. I have worked for Strata since April 2009. I have worked on New Mexico land matters for approximately fifteen years. I am a Certified Professional Landman through the American Association of Professional Landmen.

5. The purpose of this application is to force pool working interest owners into the horizontal spacing units ("HSU") described below and in the wells to be drilled in the HSUs.

6. The only party being pooled is Oxy USA Inc. ("OXY"), which has been contacted regarding the proposed wells, but has failed or refused to voluntarily commit their interest in the wells.

7. In **Case No. 23563**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the following 2.5-mile wells:

a. Oscar 23 11 EDL Fed Com #1H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 385' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 330' FWL of Section 11, T23S-R30E. The first take point will be located at approximately 2110' FNL and 385' FWL of Section 23, T23S-R30E. The last take point will be located at approximately 100' FNL and 330' FWL of Section 11, T23S-R30E.

b. Oscar 23 11 EDI Fed Com #11H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 460' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 990' FWL of Section 11, T23S-R30E. The first take point will be located at approximately 2110' FNL and 460' FWL of Section 23, T23S-R30E. The last take point will be located at approximately 100' FNL and 990' FWL of Section 11, T23S-R30E.

8. In **Case No. 23564**, Applicant seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to dedicate the HSU to the following 2.5-mile wells:

a. Oscar 23 11 FCL Fed Com #2H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1905' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 1650' FWL of Section 11, T23S-R30E. The first take point will be located at approximately 2310' FNL and 1905' FWL of Section 23, T23S-R30E. The last take point will be located at approximately 100' FNL and 1650' FWL of Section 11, T23S-R30E.

b. Oscar 23 11 FCI Fed Com #12H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1980' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 2310' FWL of Section 11, T23S-R30E. The first take point will be located at approximately 2310' FNL and 1980' FWL of Section 23, T23S-R30E. The last take point will be located at approximately 100' FNL and 2310' FWL of Section 11, T23S-R30E.

9. The first and last take points and completed intervals for all proposed wells will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

10. A general location map is are attached as **Exhibit A-1**.

11. Maps illustrating the tracts in the proposed HSUs and the ownership of each individual tract are attached as **Exhibit A-2**.

3

12. Maps illustrating the unit ownership are attached as **Exhibit A-3**.

13. The ownership breakdowns of interests and lists of pertinent leases are attached as

Exhibit A-4. There are no depth severances in the formation being pooled.

14. A chronology of contacts with OXY is attached as **Exhibit A-5**.

15. The locations of the proposed wells within the respective HSUs are depicted in the C-102 forms attached as **Exhibit A-6**. The C-102 forms also indicate the locations of each surface hole, bottom hole, and the first and last take points.

16. Strata conducted a diligent search of the public records in Eddy County, New Mexico, where the wells will be located, and conducted phone directory and computer searches to obtain contact information for parties entitled to notification. Strata mailed all parties well proposals, including an Authorization for Expenditure ("AFE") for each well.

17. **Exhibit A-7** is a copy of the well proposal letter and AFEs for the proposed wells. The estimated costs of the wells set forth in the AFEs are fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

18. **Exhibit A-8** is a copy of the notice letter that was sent with the applications to OXY and to the Bureau of Land Management.

19. Strata has made a good faith effort to obtain voluntary joinder of OXY in the proposed wells.

20. Strata requests the Division to approve operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures.

21. Strata requests the maximum cost, plus 200% risk charge, be assessed against nonconsenting working interest owners.

4

22. Strata requests that it be designated operator of the wells.

23. The Exhibits hereto were prepared by me, or compiled from Strata's business records.

24. The granting of the Applications is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

25. The foregoing is correct and complete to the best of my knowledge and belief.

.

I affirm under penalty of perjury under the laws of the State of New Mexico that this

statement is true and correct.

MITCH KRAKAUSKAS

<u>May 30, 2023</u>. DATE

•

Tab 2.

Page 11 of 81

STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23563

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23564

AFFIRMATION OF GEOLOGIST SCOTT KELLEY

I, being first duly sworn on oath, state the following:

1. I am over the age of 18, and have the capacity to execute this Affirmation, which is based on my personal knowledge.

2. I am employed as the geologist for Strata Production Company ("Strata" or "Applicant"), and I am familiar with the subject applications and the lands involved.

3. This Affirmation is submitted in connection with the filing by Strata of the abovereferenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.

4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record. My education and work experience are as follows: I have a bachelor's degree in geology from the University of Oklahoma and a master's degree in geology from the University of Texas at Arlington. I have been working continuously as a professional geologist since 2009. I worked for two years at Geosite Inc., two years at Panther Energy Company, six years at Pioneer Natural Resources and have been at Strata Production Company for four years.

5. **Exhibit B-1** shows the regional setting for the proposed wells.

6. **Exhibit B-2** are a general stratigraphic column showing the target zone.

7. **Exhibit B-3** includes a regional Brushy Canyon structure map with 50' contour intervals, which illustrate the locations of the HSUs in a yellow highlighted rectangle.

8. **Exhibit B-4** includes type logs of the production portion of the Brushy Canyon formation. The logs include a gamma ray log, a density porosity log, and a deep resistivity log. These are the key logs used to identify and evaluate reservoirs and landing targets for the proposed wells.

9. **Exhibit B-5** is a Brushy Canyon structural cross section map showing the location of the cross section on Exhibit B-6 in the region of the proposed wells.

10. **Exhibit B-6** is the structural cross section, indicating that the horizontal section of these wells will be placed in a zone that has an estimated gross interval thickness of 320'. This gross thickness is being calculated from the top of the lower Brushy Canyon formation to the Base of the lower Brushy Canyon formation (top of Bone Spring formation). The total thickness of the Brushy Canyon formation in this area is approximately 1600'. Perforations and completions are planned where reservoir quality sands are present through the vertical portion of the wellbore within the greater Brushy Canyon formation.

11. The measured depths and true vertical depths for each well are approximately as follows:

Case No.:		MD	TVD
23563	Oscar 23 11 EDL Fed Com #1H	19,870'	7,539'
	Oscar 23 11 EDI Fed Com #11H	19,010'	7,290'
23564	Oscar 23 11 FCL Fed Com #2H	20,167'	7,579'
	Oscar 23 11 FCI Fed Com #12H	19,009'	7,304'

Page 12 of 81

12. Based on my geologic study of the area, I conclude the following:

Released to Imaging: 5/31/2023 8:13:50 AM

- a. The horizontal spacing and proration units are justified from a geologic standpoint.
- b. There are no structural impediments or faults that will interfere with horizontal development.
- c. Each quarter-quarter section in the HSU will contribute more or less equally to production.
- d. The most efficient way to develop the acreage in Case Nos. 23563 (Oscar 23 11 EDL Fed Com #1H and Oscar 23 11 EDI Fed Com #11H) and 23564 (Oscar 23 11 FCL Fed Com #2H and Oscar 23 11 FCI Fed Com #12H is as proposed because of drilling island locations due to Potash limitations. There is no known and generally accepted preferential drilling orientation based on present-day stress regime or other geological factors that would counter the proposed south-north well orientation. Successfully developed Brushy Canyon formation horizontal wells oriented south-north have been drilled in the region, so an established trend is present. This orientation also fits our lease boundaries and aligns with the remainder of Strata's planned development in the adjoining tracts. Therefore, the preferred well orientation does not strand any acreage or reserves.

13. The exhibits attached hereto were prepared by me or compiled from Strata's business records.

14. The granting of the Applications is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

15. The foregoing is correct and complete to the best of my knowledge and belief.

I affirm under penalty of perjury under the laws of the State of New Mexico that this

statement is true and correct. lalla Miehael Scott Kelley

5/30/23 Date

Page 14 of 81

•

Tab 3.

8

9

13

14

А

В

COMPULSORY POOLING APPLICATION CHECKLIST ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS Case: 23563 **APPLICANT'S RESPONSE** June 1, 2023 Date 5 Applicant **Strata Production Company** Designated Operator & OGRID (affiliation if applicable) 21712 Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton) 7 Applicant's Counsel: Case Title: Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico Entries of Appearance/Intervenors: None at this time Well Family Oscar 23 11 Fed Com Wells 10 **Formation/Pool Delaware Formation** Formation Name(s) or Vertical Extent: 12 Primary Product (Oil or Gas): Oil Pooling this vertical extent: **Delaware Formation** Forty Niner Ridge; Delaware [24750] **Pool Name and Pool Code:** 15 Statewide rules Well Location Setback Rules: 16 17 **Spacing Unit** Type (Horizontal/Vertical) Horizontal 18 Size (Acres) 400 acres, more or less 19 Building Blocks: Quarter-quarter section (40 ac) 20 Orientatio South_North

21	Orientation:	South-North
	Description: TRS/County	W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, NM
22 23	Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
24	Other Situations	
25	Depth Severance: Y/N. If yes, description	No
26	Proximity Tracts: If yes, description	n/a
27	Proximity Defining Well: if yes, description	n/a
28	Applicant's Ownership in Each Tract	Tract 1: 78.50%; Tract 2: 78.50%; Tract 3: 39.25%; see Exhibits A-2 and A-4
29	Well(s)	
	Name & API (if assigned), surface and bottom hole location,	
	footages, completion target, orientation, completion status	
30	(standard or non-standard)	

	Α	В
31	Well #1	Oscar 23 11 EDL Fed Com #1H , API No. Pending SHL: 2110' FNL and 385' FWL of Section 23, T23S-R30E, NMPM BHL: 100' FNL and 330' FWL of Section 11, T23S-R30E, NMPM Completion Target: Brushy Canyon at approx. 7539' Well Orientation: South to North Completion location expected to be standard
32	Horizontal Well First and Last Take Points	FTP (~2110' FNL and 385' FWL of Section 23, T23S-R30E) LTP (~100' FNL and 330' FWL of Section 11, T23S-R30E)
22	Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7,539'), MD (~19,870')
34	Well #2	Oscar 23 11 EDI Fed Com #11H, API No. Pending SHL: 2110' FNL and 460' FWL of Section 23, T23S-R30E, NMPM BHL: 100' FNL and 990' FWL of Section 11, T23S-R30E, NMPM Completion Target: Brushy Canyon at approx. 7290' Well Orientation: South to North Completion location expected to be standard
	Horizontal Well First and Last Take Points	FTP (~2110' FNL and 460' FWL of Section 23, T23S-R30E)
35 36	Completion Target (Formation, TVD and MD)	LTP (~100' FNL and 990' FWL of Section 11, T23S-R30E) Brushy Canyon - TVD (~7,290'), MD (~19,010')
37	AFE Capex and Operating Costs	
38	Drilling Supervision/Month \$	\$8000; <i>see</i> Exhibit A, ¶ 20
39	Production Supervision/Month \$	\$800; <i>see</i> Exhibit A, ¶ 20
40	Justification for Supervision Costs	Please <i>see</i> AFE at Exhibit A-7
41	Requested Risk Charge	200%; <i>see</i> Exhibit A, ¶ 21
42	Notice of Hearing	
43	Proposed Notice of Hearing	Submitted with online filing of Application
44	Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C; Exhibit A-8
45	Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C
46	Ownership Determination	
47	Land Ownership Schematic of the Spacing Unit	See Exhibits A-2 and A-3
	Tract List (including lease numbers and owners)	See Exhibits A-2 and A-4
	If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to	N/A
50	Pooled Parties (including ownership type)	See Exhibit A-5
51	Unlocatable Parties to be Pooled	None
	Ownership Depth Severance (including percentage above &	
	below)	None
53	Joinder	
54	Sample Copy of Proposal Letter	Exhibit A-7
55	List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
56	Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
57	Overhead Rates In Proposal Letter	n/a
58	Cost Estimate to Drill and Complete	See AFE at Exhibit A-7
5 13 0	Gost Estimates to Equip Well	See AFE at Exhibit A-7

.

Α	В	
Cost Estimate for Production Facilities	See AFE at Exhibit A-7	
Geology		
Summary (including special considerations)	Exhibit B, ¶¶ 5-14; see Exhibits B-1 through B-6	
Spacing Unit Schematic	Exhibit B-3	
Vell Orientation (with rationale)	Exhibit B, ¶ 12(d)	
Target Formation	Exhibits B-2 and B-4	
HSU Cross Section	Exhibit B-6	
Depth Severance Discussion	n/a; <i>see</i> Exhibit A, ¶ 13	
Forms, Figures and Tables		
C-102	Exhibit A-6	
Tracts	Exhibits A-2 and A-4	
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3	
General Location Map (including basin)	Exhibits A-1 and B-1	
Vell Bore Location Map	Exhibit A-3; Exhibit A-6	
Structure Contour Map - Subsea Depth	Exhibit B-3	
Cross Section Location Map (including wells)	Exhibit B-5	
Cross Section (including Landing Zone)	Exhibits B-5 and B-6	
Additional Information		
Special Provisions/Stipulations	None	
³ CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.		
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen	
Signed Name (Attorney or Party Representative):	Sharon I Shakeen	
Date:	5/30/2023	
	ieology ummary (including special considerations) pacing Unit Schematic Vell Orientation (with rationale) Garget Formation ISU Cross Section Depth Severance Discussion orms, Figures and Tables 102 racts ummary of Interests, Unit Recapitulation (Tracts) General Location Map (including basin) Vell Bore Location Map (including wells) Erross Section Location Map (including wells) Erross Section (including Landing Zone) Additional Information pecial Provisions/Stipulations ERTIFICATION: I hereby certify that the information provid Printed Name (Attorney or Party Representative): Igned Name (Attorney or Party Representative):	

STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23563

APPLICATION

Strata Production Company, OGRID No. 21712 ("Strata"), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and Troy S. Lawton), hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, all in Township 23 South, Range 30 East in Eddy County, New Mexico. In support of its application, Strata states as follows:

1. Strata is a working interest owner in the proposed HSU and has the right to drill thereon.

- 2. Strata proposes to drill the following 2.5-mile wells in the proposed HSU:
 - Oscar 23 11 EDL Fed Com #1H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 385' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 330' FWL of Section 11, T23S-R30E.
 - Oscar 23 11 EDI Fed Com #11H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 460' FWL of Section 23, T23S-

R30E, to an approximate bottom hole location 100' FNL and 990' FWL of Section 11, T23S-R30E.

3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

4. Strata has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU. The only uncommitted interest in this HSU is owned by OXY USA Inc., and therefore OXY USA Inc. is the only interest owner to be pooled in this proceeding.

5. Approval of the HSU and the pooling of all mineral interest owners in the Delaware formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to permit Strata to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Strata should be designated the operator of the HSU.

WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on June 1, 2023, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 400-acre, more or less, HSU comprised of the W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico;

B. Pooling all mineral interests in the Delaware formation underlying the HSU;

C. Allowing the drilling of the Oscar 23 11 EDL Fed Com #1H well and the Oscar 23
11 EDI Fed Com #11H well;

2

D. Designating Strata as operator of the HSU and the well to be drilled thereon;

E. Authorizing Strata to recover its costs of drilling, equipping and completing the well;

F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Strata in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

<u>/s/ Sharon T. Shaheen</u> Sharon T. Shaheen Troy S. Lawton Post Office Box 2307 Santa Fe, NM 87504-2307 (505) 986-2678 <u>sshaheen@montand.com</u> <u>tlawton@montand.com</u>

Attorneys for Strata Production Company

Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) Oscar 23 11 EDL Fed Com #1H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 385' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 330' FWL of Section 11, T23S-R30E; and (2) Oscar 23 11 EDI Fed Com #11H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 460' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 990' FWL of Section 11, T23S-R30E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 14 miles East of Loving, New Mexico.







Leasehold Owner

Lincoln Associates

OXY USA, Inc.

Total

SJR Enterprises





Total





<u>CONTRACT AREA Oscar 23 11 EDL Fed Com 23 11 #1H & Oscar 23 11 EDI Fed Com #11H– Case No. 23563:</u>

 $W^{1\!/}_2W^{1\!/}_2$ of Sec. 11-23S-30E, $W^{1\!/}_2W^{1\!/}_2$ of Sec. 14-23S-30E and $W^{1\!/}_2NW^{1\!/}_4$ of Sec. 23-23S-30E, Eddy County, New Mexico, 400.00 acres, more or less

UNIT INTEREST OF THE PARTIES:

Interest Owners:	Net Acres	WI %
Lincoln Associates	36.00	9.00%
OXY USA, Inc.	40.00	10.00%
SJR Enterprises	11.70	2.925%
Strata Production Company	282.60	70.65%
Wade P. Carrigan and Beth Carrigan	18.00	4.50%
Winn Investments, Inc.	11.70	2.925%
Total	400.00	100.00%

TRACT INTEREST OF THE PARTIES:

Tract 1 (W¹/₂W¹/₂ of Sec. 11, T23S-R30E 160.00 acres, more or less)

Interest Owners:	Net Acres	WI %
Lincoln Associates	16.00	10.00%
SJR Enterprises	5.20	3.25%
Strata Production Company	125.60	78.50%
Wade P. Carrigan and Beth Carrigan	8.00	5.00%
Winn Investments, Inc.	5.20	3.25%
Total	160.00	100.00%
Record Title Owners:	%	
ConocoPhillips Company	100.00%	
Total	100.00%	

.

Total

Interest Owners:	Net Acres	WI %
Lincoln Associates	16.00	10.00%
SJR Enterprises	5.20	3.25%
Strata Production Company	125.60	78.50%
Wade P. Carrigan and Beth Carrigan	8.00	5.00%
Winn Investments, Inc.	5.20	3.25%
Total	160.00	100.00%
Record Title Owners:	%	
ConocoPhillips Company	100.00%	

100.00%

Tract 2 (W¹/₂W¹/₂ of Sec. 14, T23S-R30E 160.00 acres, more or less)

Tract 3 (W1/2NW1/4 of Sec. 23, T23S-R30E 80.00 acres, more or less)

Interest Owners:	Net Acres	WI %
Lincoln Associates	4.00	5.00%
OXY USA, Inc.	40.00	50.00%
SJR Enterprises	1.30	1.625%
Strata Production Company	31.40	39.25%
Wade P. Carrigan and Beth Carrigan	2.00	2.50%
Winn Investments, Inc.	1.30	1.625%
Total	160.00	100.00%
Record Title Owners:	0/0	
ConocoPhillips Company	50.00%	
OXY USA, Inc.	50.00%	
Total	100.00%	

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

<u>Tract 1:</u> Lessor: Lessee: Serial No.: Date: Description:	United State of America James P. Schwartz and T.N.F. Shaw NMNM 021638 May 1, 1964 W ¹ / ₂ W ¹ / ₂ of Sec. 11, T23S-R30E 160.00 acres, more or less
<u>Tract 2:</u> Lessor: Lessee: Serial No.: Date: Description:	United State of America Patricia Boyle NMNM 543162 July 1, 1964 W ¹ / ₂ W ¹ / ₂ of Sec. 14, T23S-R30E 160.00 acres, more or less
Tract 3: Lessor: Lessee: Serial No.: Date: Description:	United State of America Messrs G. Burke and H. McCall NMNM 543552 June 1, 1964 W ¹ / ₂ NW ¹ / ₄ of Sec. 23, T23S-R30E 80.00 acres, more or less

* Those Parties Highlighted are the only parties Strata Production Company is seeking to pool at this time.



Interest Owner:OXY USA Inc.Contact Type:Phone, Email, USPS

Notes: Contacted Matthew Cole regarding the proposals on March 3, 2023, with no response. In prior discussions, Mr. Cole has informed me that Oxy will not look at a proposal until they are compulsory pooled and to proceed with pooling for all future wells.

1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

1000 Rio Brazos Road, Aztec, NM 87410

Phone: (505) 334-6178 Fax: (505) 334-6170

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

District I

District III

District IV

AMENDED REPORT

.

		V	VELL LO	OCATIO	N AND ACI	REAGE DEDIC	CATION PLA	Т			
1	API Number			² Pool Code			³ Pool Na	me			
				24750		FORTY NINER RIDGE UNIT					
4Property Co				5 Property N					6 Well Number		
				OSCA	R 23/11 H	EDL FED COM	[1H	
7 OGRID	NO.				8 Operator 1				9	Elevation	
2171	2			STRATA	PRODUCT	ION COMPAN	Y			3219'	
					¹⁰ Surface	Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/We	est line	County	
Е	23	23S	30E		2110	NORTH	385	WE	ST	EDDY	
			11	Bottom H	Iole Locatior	n If Different Fr	om Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	est line	County	
D	11	23S	30E		100	NORTH	330	WE	ST	EDDY	
12 Dedicated Acres	s 13 Joint	or Infill 14	Consolidation	Code 15 (Order No.						
400											

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

0

		S N 89.5728	A		" W 2679.37"	
16		St √O ∽10	00' () ()	θ	$ $ \bigcirc	17 OPERATOR CERTIFICATION
GEOD	ETIC DATA	%{{\BH&	ULTP 🧃		12.5	<i>I hereby certify that the information contained herein is true and complete</i>
	RID – NM EAST	\$ -330'	1		264	I hereby certify that the information contained herein is true and complete
	PRODOCED	°	L		<u> </u> *	to the best of my knowledge and belief, and that this organization either
SURFACE LOCATION (SL)/	PROPOSED	7.L.	1		1,55	
KICK OFF POINT (KOP) PROPOSED	<u>PENETRATION POINT 3 (PPP3)</u> 0' FSL – 353' FWL SEC.11	.8 NMNM	21638		1.0	owns a working interest or unleased mineral interest in the land including
PENETRATION POINT 1 (PPP1)	N: $477669.0 - E: 687828.7$ (3 E	1 1		. J >	the proposed bottom hole location or has a right to drill this well at this
N: 470268.0 – E: 687884.3 LAT: 32.2919498° N	LAT: 32.3122940* N		/	7	`	
LONG: 103.8590770* W	LONG: 103.8591509° W	18.5	1 2			location pursuant to a contract with an owner of such a mineral or working
		56	1			interest, or to a voluntary pooling agreement or a compulsory pooling
PROPOSED	BOTTOM HOLE (BH)	š +;			 	order heretofore entered by the division.
<u>PENETRATION POINT 2 (PPP2)</u> 0' FSL – 376' FWL SEC.14	N: 482861.2 – E: 687783.2			NMNM 054	6625	
<u>0 FSL – 376 FWL SEC.14</u> N: 472377.5 – E: 687855.4	LAT: 32.3265669' N	.8	1 1			05/12/2023
LAT: 32.2977485° N	LONG: 103.8592237° W (≥ <i>s</i> 89'56'43'	W 2677.00'/	s 89'56'20"	 ₩ 2677.62' <	Signature Date
LONG: 103.8591402° W	C		1	(R)	1 (K) 'S	Jerry Elgin, P of Operations
		8 90 ≻-PF	P3 /	0	541	Printed Name
CORNER		264	¦		1 2	Printed Name
NAD 83 GRID	– NM EAST	₹2 +			↓ [*]	jelgin@stratanm.com
A: FOUND BRASS CAP "1942"	J: FOUND BRASS CAP "1942"	10. 1	1		8,53	E-mail Address
N: 467084.8 – E: 687530.3	N: 480315.3 – E: 692820.2		543162		- 0.00	E-man Address
		2	1 1	,	× () ×	
B: FOUND BRASS CAP "1942"	K: FOUND BRASS CAP "1942"		14	4 ·	+ 6	¹⁸ SURVEYOR CERTIFICATION
N: 469732.1 - E: 687504.4	N: 477674.0 - E: 692829.2	12.5	1 3		542.	<i>I hereby certify that the well location shown on this</i>
C: FOUND BRASS CAP "1942"	L: FOUND BRASS CAP "1942"	264	1 3		1 8	I hereby certify that the well tocation shown on this
N: 472376.5 – E: 687479.5	N: 475033.1 – E: 692835.7	₹<+	L 4		`	plat was plotted from field notes of actual surveys
N. 472378.3 - L. 887479.3	N. 475055.1 - L. 092855.7	1,40	1 3			made by me or under my supervision, and that the
D: FOUND BRASS CAP "1942"	M: FOUND BRASS CAP "1942"	0.0	1 2		1.00	made by me or under my supervision, and that the
N: 475023.4 - E: 687478.1	N: 472390.8 - E: 692844.2	< s 89'51'09"	w 2681.97'	0 00.50'70"	₩ 2683.92' [×]	same is true and correct to the best of my belief.
	() <mark>/</mark>	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Q	M b	
E: FOUND BRASS CAP "1942"	N: FOUND BRASS CAP "1942"	8 N		Q		03/29/2023 NE E. BE
N: 477668.6 – E: 687475.8	N: 469750.0 – E: 692862.1	Section PF	PP2 /		264	Date of Survey
F: FOUND BRASS CAP "1942"	0: CALCULATED CORNER	110	<u>'</u> /		*	Signature and Seal of Pofesional Supplyor
N: 480316.7 – E: 687466.4	N: 467108.3 – E: 692881.7	× + 12− ·	1		50	Signature and Seal of Profesional Surveyor
N. 480310.7 - E. 087400.4	N. 407100.3 E. 032001.7		SL/KOP/PF	PP1	- 52.0	
G: FOUND BRASS CAP "1942"	P: FOUND BRASS CAP "1942"	ë C	& FTP		(N) ≈	
N: $482961.4 - E: 687452.8$	N: 467097.4 – E: 690206.2	×€	2.	3	$\vdash - \stackrel{@}{=} \stackrel{\sim}{=}$	
		` ₈ £® ∖_ 3	85' /		1 5	70 05412/2022
H: FOUND BRASS CAP "1942"	Q: FOUND BRASS CAP "1942"	648.	! 3		1 19	\ \ \ 05/12/2023 /
N: 482959.5 - E: 690132.2	N: 472383.4 – E: 690160.9	2	. 2		3	14400
		k			⊤ − − - _№	
I: FOUND BRASS CAP "1942"	R: FOUND BRASS CAP "1942"	R NMNM	543552			Certificate Number
N: 482957.2 – E: 692811.0	N: 477671.2 – E: 690152.2	00	; 3	~	1	
		≥ <u>(,,,,,,,,</u>	MILLIN	<u>P</u>	<u> </u>	REV: WELL CALLS & LEASE AREAS 5/9/23
		A) ^s 89 ^{.43'45}	" W 2676.51'	5 89.46'07	" W 2676.12'	Job No.: LS23020161D

Released to Imaging: 5/31/2023 8:13:50 AM

 District I

 1625 N. French Dr., Hobbs, NM 88240

 Phone: (575) 393-6161 Fax: (575) 393-0720

 District II

 811 S. First St., Artesia, NM 88210

 Phone: (575) 748-1283 Fax: (575) 748-9720

 District III

 1000 Rio Brazos Road, Aztec, NM 87410

 Phone: (505) 334-6178 Fax: (505) 334-6170

 District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505 Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

		W	ELL L	OCATIO	N AND ACI	REAGE DEDIC	CATION PLA	Т			
1	API Number	r		² Pool Code		³ Pool Name					
24750 FORTY NINER RIDGE UNIT											
4Property Code					5 Property N					6 Well Number	
				OSCA	R 23/11 H	EDI FED COM				11H	
7 OGRID	NO.				8 Operator N				9	Elevation	
2171	2			STRATA	PRODUCT	ION COMPAN	Y		3219'		
					¹⁰ Surface	Location					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/W	est line	County	
Е	23	23S	30E		2110	NORTH	460	WE	ST	EDDY	
			11]	Bottom H	ole Location	n If Different Fr	om Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/W	est line	County	
D	11	23S	30E		100	NORTH	990	WE	ST	EDDY	
12 Dedicated Acres	s 13 Joint	or Infill 14 (Consolidation	Code 15 C	Order No.						
400											

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



Released to Imaging: 5/31/2023 8:13:50 AM

	ICE DRAWER 1030 NM 88202-1030	STRATA PRODUCTI 10.00000000000000000000000000000000000	0 On con of the original of th	TELEPHONE (575) 622-1127 FACSIMILE (575) 623-3533
March 3, 20	23			
То:	OXY USA 5 Greenwa Houston, 7	ay Plaza, Suite 110	-	Exhibit A-7 Strata Production Co. O Case Nos. 23563 & 23564
Subject:	Oscar 23 1	1 EDL Fed Com #1H	NNOOL	lung 1, 2000 & 2000+

June 1, 2023

Dear Sir/Madam:

Strata Production Company ("Strata") proposes the drilling and completion of the Oscar 23 11 EDL Fed Com #1H, Oscar 23 11 EDI Fed Com #11H, Oscar 23 11 FCL Fed Com #2H and the Oscar 23 11 FCI Fed Com #12H (collectively, the "Wells") located in Sections 11, 14 & 23, Township 23 South, Range 30 East, Eddy County, New Mexico.

In connection with the above, please note the following:

Oscar 23 11 EDI Fed Com #11H Oscar 23 11 FCL Fed Com #2H Oscar 23 11 FCI Fed Com #12H

The estimated cost of drilling, testing, completing, and equipping of each well is itemized on the four (4) enclosed Authority for Expenditures ("AFE") dated March 1, 2023.

Oscar 23 11 EDL Fed Com #1H: To be drilled from the legal location with a proposed surface hole location 2110' FNL & 385' FWL of Section 23 and a proposed bottom hole location of 100' FNL & 330' FWL of Section 11, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7539' TVD) and will be drilled horizontally to a measured depth of approximately 19870'.

Oscar 23 11 EDI Fed Com #11H: To be drilled from the legal location with a proposed surface hole location 2110' FNL & 460' FWL of Section 23 and a proposed bottom hole location of 100' FNL & 990' FWL of Section 11, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7290' TVD) and will be drilled horizontally to a measured depth of approximately 19010'.

Oscar 23 11 FCL Fed Com #2H: To be drilled from the legal location with a proposed surface hole location 2310' FNL & 1905' FWL of Section 23 and a proposed bottom hole location of 100' FNL & 1650' FWL of Section 11, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7579' TVD) and will be drilled horizontally to a measured depth of approximately 20167'.

Oscar 23 11 FCI Fed Com #12H: To be drilled from the legal location with a proposed surface hole location 2310' FNL & 1980' FWL of Section 23 and a proposed bottom hole location of 100' FNL & 2310' FWL of Section 11, Township 23 South, Range 30 East. The well will have a targeted interval within the Brushy Canyon (7304' TVD) and will be drilled horizontally to a measured depth of approximately 19009'.

Strata reserves the right to modify the locations and drilling plans described above in order to address regulatory requirements. Strata will advise you of any such modifications.

In the event you elect to participate in the proposed wells, please execute the enclosed AFEs and return them to the undersigned within thirty (30) days. Please be aware that the enclosed AFEs are only an estimate of costs to be incurred and by electing to participate in the Wells, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Strata is proposing to drill the Wells under the terms of the modified 1989 AAPL form Operating Agreement ("JOA"). The JOA dated January 1, 2023, by and between Strata Production Company, as Operator and Oxy USA Inc. as Non-Operator, with the following general provisions:

- 100%/300%/300% Non-consent penalty;
- \$8,000/\$800 Drilling and producing rate;
- Strata Production Company named as Operator from the surface to base of the Delaware Formation.

If you do not wish to participate, Strata is offering the following terms for divesting your interest:

- \$500 per net acre
- NRI delivered equal to the difference between 20% and existing lease burdens

If you are interested in divesting of your interest or wish to discuss other options, please contact me at (575) 622-1127 ext. 23 or by email mitch@stratanm.com. If an agreement cannot be reached within thirty (30) days of your receipt of this letter, Strata will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed wells to allow Strata to move forward with planning and drilling of the Wells.

Sincerely,

Tabe-

Mitch Krakauskas Vice President

Enclosures: as stated

Received by OCD: 5/30/2023 5:53:34 PM STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

WELL NA	ME AND NUMBER					AFE NUMBER		DATE	
	23 11 EDL Fed	l Com #1H					3-30-01-0323	March 1, 2023	
LOCATIO		2,110' FNL	& <u>385</u> ' FN	L of Section	n 23	FIELD	-	. , , ,	
		100' FNL &					Ridge Delawar	e	
API NUMB	ER		550 F WL	of Section	11	COUNTY OR PAR		STATE	
	Pendi	ng				Eddy		New Mexico	
PROJECT	DESCRIPTION AND	LOCATION				SECTION	TOWNSHIP	RANGE	
Drill~12	,577' lateral at \sim 7,	539' TVD to test	the Brushy (Canyon Formati	ion.	23	238	30E	
						PROPOSED FORM		PROPOSED DEPTH	
						Delaware		19,870	MD
ACCT			INTA	NGIBLES					
CODE							DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage			Ft. @ \$		/Ft.			
	Drilling - Day Wo	rk - BCP	19	Days @ \$	31600		\$600,400		\$600,400
	Drilling - Day Wo	rk - ACP	1	Days @ \$	31600	/Day		\$31,600	\$31,600
	Completion Rig, P	ower Swivel, and I	Reverse Unit e	c				\$61,600	\$61,600
	Mobilization & De	emobilization- Othe	er Contractors	Charges			\$105,000		\$105,000
	Location, Roads, F	Pits, Survey, Permit	ts, Cleanup, Da	mages & Title O	pinion		\$112,000	\$500	\$112,500
	Drill Bits, Coring	& DST					\$70,000	\$18,000	\$88,000
	Transportation and	l Hauling					\$53,500	\$21,000	\$74,500
	Drilling Mud, Che	micals & Completi	on Fluids				\$77,000	\$9,000	\$86,000
	Fuel, Power, Wate	r					\$146,500	\$195,350	\$341,850
	Cementing Service	es, Cementing Equi	pment, Hanger	s; Packers			\$94,600	\$161,500	\$256,100
	Mud Logging						\$39,900		\$39,900
	Open Hole Loggin	-	oring				\$55,000		\$55,000
	Cased Hole Loggin							\$405,000	\$405,000
	Equipment Rental	Including Solids C	ontrol, Closed	Loop & Directio	nal Services		\$424,150	\$37,000	\$461,150
L	Insurance						\$36,760		\$36,760
	Other Well Service	es, NU/BOP, Casir	g Inspection				\$44,500	\$35,500	\$80,000
	Overhead						\$10,000	\$5,000	\$15,000
	Supervision: Wells	site, Engineering, C	ieological, Co	nsultants			\$128,600	\$32,250	\$160,850
	Contract Services							\$77,000	\$77,000
	Fluids & Cuttings	Disposal					\$253,000	\$5,500	\$258,500
	Environmental Cha	arges							
	Stimulation Treatm	nent	6	3 Stages				\$3,474,000	\$3,474,000
	Plugging Costs								
	Miscellaneous Cos	sts, Tax and Contin	gencies				\$408,972	\$962,492	\$1,371,465
				TOTAL IN	TANGIBLES		\$2,659,882	\$5,532,292	\$8,192,174
ACCT			TAN	GIBLES			DBV HOLE	COMPLETION	TOTAL
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT	DRY HOLE	COMPLETION	TOTAL
CODE	Conductor	1001AGE	20"	94 #	H40	\$300.00	\$30,000		\$30,000
	Surface	500	13%"	48#	H40	\$64.33			\$32,165
	Surface	500	1578	40#	1140	\$04.55	\$52,105		\$52,105
	Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,780
	Intermediate	-1,200	2 5/0	-10//	000	\$30.90	\$215,700		\$215,700
	Liner								
	Production	12,370	5.5"	20#	HCP110	\$30.90		\$382,233	\$382,233
	Production	7,500	7"	29#	HCP110	\$52.29		\$392,175	\$392,175
	Tubing	7,000	2 7/8"	6.5#	L80	\$13.36		\$93,520	\$93,520
	Subsurface Well E								<i> </i>
	Rods, etc	quipinent (i denero	Bottom Hote	(ump)					
	Wellhead Equipme	ent (Casing Head/C	Christmas Tree				\$29,350	\$26,100	\$55,450
	Pumping Equipme						. ,	\$312,500	\$312,500
	Flowlines		··T)					\$60,000	\$60,000
	Tanks								, -
	Sales Line Equipm	ent							
	Separator-Prod. Ec							\$95,000	\$95,000
	Valves,Fittings etc							\$16,250	\$16,250
	Installation of Surf		ent (extend ele	ctric grid - to be	prorated to all Ee	yore wells)		\$68,000	\$68,000
<u> </u>	Other Lease & We			<u> </u>		- /		,	, • • •
					TOTAL TA	NGIBLES	\$305,295	\$1,445,778	\$1,751,073
						ELL COSTS	\$2,965,177	\$6,978,070	\$9,943,247
Gr	~	··· -		G(, , .
Strata P	roduction Compa	ny Working Int	terest		uction Co DF	CY HOLE	Strata Productio	on Co COMPLETED	
	70.65%				\$2,094,897			\$7,024,904	
PREPAR	ED BY: Jerry El	gin, VP Operatio	ons	DATE:	3/1/2023				
APPROV	/ED BY: Mitch F	Krakauskas, Vice	President	DATE:			SIGNED:	Jahr.	-
	NTEREST SHAL				vailability and	timing, the unde	rsigned agrees th	at this AFE is valid for 180 days from	m execution.
COMPA	NY NAME:		SIGNATURI	3:		DATE:		WORKING INTEREST:	
						1			
5		0	0 0	2	1		0 0	to the limits within and carrier of such	,
	-		• •		-	• •		you must sign below and provide a Ce	
	e with waiver of su O of the Joint Oper			und agree to ho	in Operator har	miess for any loss	s to your interest no	ot covered by your insurance or as othe	wise set forth in
L.mon L			-						
Agree to	decline coverage,	provide proof, ai	nd hold harm	less:					
D-									
Ву:				-	Date:		_		

Received by OCD: 5/30/2023 5:53:34 PM STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

WELL NAM	ME AND NUMBER					AFE NUMBER		DATE	
	3 11 EDL Fed	Com #1H					3-30-01-0323	March 1, 2023	
LOCATION							5-50-01-0525	March 1, 2025	
LOCATIO	SHL:	2,110' FNL				FIELD			
	BHL:	100' FNL &	330' FWL	of Section	11		Ridge Delawar	e	
API NUMB	er Pendi	na				COUNTY OR PARI	ISH	STATE	
		-				Eddy	-	New Mexico	
	DESCRIPTION AND					SECTION	TOWNSHIP	RANGE	
Drill ~12,	,577' lateral at ~7,	539' TVD to test	the Brushy C	Canyon Formati	on.	23	238	30E	
						PROPOSED FORM Delaware		PROPOSED DEPTH	MD
						Delaware		19,870	MD
ACCT			INTA	NGIBLES					
CODE							DRY HOLE	RUN CSG	TOTAL
	Drilling - Footage			Ft. @ \$		/Ft.			
	Drilling - Day Wo	rk - BCP	19	Days @ \$	31600	/Day	\$600,400		\$600,400
	Drilling - Day Wo		1	, .	31600	-		\$31,600	\$31,600
	Completion Rig, P			,				\$61,600	\$61,600
	Mobilization & De						\$105,000	\$01,000	\$105,000
				U	minian		\$103,000	\$500	\$103,000
	Location, Roads, F	-	is, Cleanup, Da	images & Thie O	pinion			\$18,000	\$112,500
	Drill Bits, Coring						\$70,000	-	
	Transportation and						\$53,500	\$21,000	\$74,500
	Drilling Mud, Che	micals & Complet	on Fluids				\$77,000	\$9,000	\$86,000
	Fuel, Power, Wate	r					\$146,500	\$195,350	\$341,850
	Cementing Service	s, Cementing Equ	pment, Hanger	s; Packers			\$94,600	\$161,500	\$256,100
	Mud Logging						\$39,900		\$39,900
	Open Hole Loggin	g and Side Wall C	oring				\$55,000		\$55,000
	Cased Hole Loggin	ng and Perforating						\$405,000	\$405,000
	Equipment Rental			Loop & Direction	nal Services		\$424,150	\$37,000	\$461,150
	Insurance	0		1			\$36,760		\$36,760
	Other Well Service	s. NU/BOP Casi	19 Inspection				\$44,500	\$35,500	\$80,000
	Overhead	,,	.opeeuon				\$10,000	\$5,000	\$15,000
		ita Enginerationa (Carlania Car	144			\$128,600	\$32,250	\$160,850
	Supervision: Wells	ate, Engineering, C	seological, Cor	isuitants			\$128,000		
	Contract Services						\$252 000	\$77,000	\$77,000
	Fluids & Cuttings	Disposal					\$253,000	\$5,500	\$258,500
	Environmental Cha	arges							
	Stimulation Treatn	nent	6.	3 Stages				\$3,474,000	\$3,474,000
	Plugging Costs								
	Miscellaneous Cos	ts, Tax and Contir	igencies				\$408,972	\$962,492	\$1,371,465
				TOTAL IN	TANGIBLES		\$2,659,882	\$5,532,292	\$8,192,174
ACCT		л	TAN	GIBLES	1	П	DRY HOLE	COMPLETION	TOTAL
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT			
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,000
	Surface	500	13%"	48#	H40	\$64.33	\$32,165		\$32,165
	Surface								
	Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,780
	Intermediate								
	Liner								
-	Production	12,370	5.5"	20#	HCP110	\$30.90		\$382,233	\$382,233
		7,500	<u> </u>	20#	HCP110	\$52.29		\$392,175	\$392,175
	Production		2 7/8"					2	
	Tubing	7,000		6.5#	L80	\$13.36		\$93,520	\$93,520
	Subsurface Well E	quipment (Packers	/Bottom Hole	Pump)					
	Rods, etc								+ ·
	Wellhead Equipme	ent (Casing Head/C	Christmas Tree)	1			\$29,350	\$26,100	\$55,450
	Pumping Equipme	nt (Pumping Unit	or Sub Pump)					\$312,500	\$312,500
	Flowlines							\$60,000	\$60,000
	Tanks								
	Sales Line Equipm	ent							
	Separator-Prod. Ec	uip.						\$95,000	\$95,000
	Valves,Fittings etc							\$16,250	\$16,250
	Installation of Surf		ent (extend ele	ctric grid - to be	prorated to all Fa	evore wells)		\$68,000	\$68,000
	Other Lease & We					,,		\$00,000	\$55,000
	Juner Lease & We	Jaik.			TOTAL TA	NGIBI ES	\$305,295	\$1,445,778	\$1,751,073
						ELL COSTS	\$303,293 \$2,965,177	\$1,445,778 \$6,978,070	\$9,943,247
					IUIAL W		<i>\$</i> 2,703,177	JU,7/0,U/U	@J,J+J,24/
Strata Pr	oduction Compa	ny Working In	terest	Strata Produ	iction Co DF	RY HOLE	Strata Productio	n Co COMPLETED	
	70.65%	-			\$2,094,897			\$7 024 904	
							1	\$7,024,904	
PREPAR	ED BY: Jerry El	gin, VP Operati	ons	DATE:	3/1/2023			Jahr.	
APPROV	ED BY: Mitch F	Krakauskas, Vice	President	DATE:			SIGNED:	nhe.	-
JOINT I	NTEREST SHA	RE		Due to rig av	ailability and	timing, the unde	rsigned agrees that	at this AFE is valid for 180 days from	m execution.
			SIGNATURI		-	DATE:	~	WORKING INTEREST:	
COMPA	NY NAME:	•				1			
COMPAN	NY NAME:								
COMPA	NY NAME:								
		he above signee	is agreeing to	be covered by	the Operator's	well control insu	rance and agreeing	to the limits within and carrier of suc	h insurance,
By execut neither of	tion of this AFE, t which is guarante	eed as sufficient	by Operator.	In order to decl	line coverage b	y Operator's well	control insurance,	you must sign below and provide a Co	ertificate of
By execut neither of Insurance	tion of this AFE, t which is guarant	eed as sufficient	by Operator. to spud date a	In order to decl	line coverage b	y Operator's well	control insurance,		ertificate of
By execut neither of Insurance	tion of this AFE, t which is guarante	eed as sufficient	by Operator. to spud date a	In order to decl	line coverage b	y Operator's well	control insurance,	you must sign below and provide a Co	ertificate of
By execut neither of Insurance Exhibit D	tion of this AFE, t `which is guarante with waiver of su of the Joint Oper	eed as sufficient brogation prior ating Agreemen	by Operator. to spud date a t.	In order to decl and agree to hol	line coverage b	y Operator's well	control insurance,	you must sign below and provide a Co	ertificate of
By execut neither of Insurance Exhibit D	tion of this AFE, t which is guarant	eed as sufficient brogation prior ating Agreemen	by Operator. to spud date a t.	In order to decl and agree to hol	line coverage b	y Operator's well	control insurance,	you must sign below and provide a Co	ertificate of
By execut neither of Insurance Exhibit D	tion of this AFE, t `which is guarante with waiver of su of the Joint Oper	eed as sufficient brogation prior ating Agreemen	by Operator. to spud date a t.	In order to decl and agree to hol	line coverage b	y Operator's well	control insurance,	you must sign below and provide a Co	ertificate of

Received by OCD: 5/30/2023 5:53:34 PM STRATA PRODUCTION COMPANY

AUTHORITY FOR EXPENDITURE ESTIMATED WELL COSTS

	ME AND NUMBER					AFE NUMBER		DATE			
	3 11 EDI Fed	Com #11H					3-30-11-0323	March 1, 2023			
LOCATION							5-30-11-0323	March 1, 2025			
LOCATION	SL: 2	,110' FNL &				FIELD					
	BHL:	100' FNL &	990' FWL	of Section	11		Ridge Delawar	e			
API NUMBI	er Pendi	na				COUNTY OR PARI	SH	STATE			
		-				Eddy		New Mexico			
	DESCRIPTION AND					SECTION	TOWNSHIP	RANGE			
Drill~11,	,625' lateral at ~7,	290' TVD to test	the Brushy C	Canyon Formati	on.	23	238	30E			
						PROPOSED FORM Delaware	ATION	PROPOSED DEPTH	MD		
						Delaware		19,020	MD		
ACCT			INTA	NGIBLES							
CODE							DRY HOLE	RUN CSG	TOTAL		
	Drilling - Footage			Ft. @ \$		/Ft.					
	Drilling - Day Wor	rk - BCP	18	Days @ \$	31600	/Dav	\$568,800		\$568,800		
	Drilling - Day Wor		1	, .	31600		+	\$31,600	\$31,600		
	Completion Rig, P			,				\$61,600	\$61,600		
	Mobilization & De						\$105,000	\$01,000	\$105,000		
	Location, Roads, P			U	ninion		\$112,000	\$500	\$112,500		
		-	is, Cleanup, Da	inages & Thie O	pinion		\$70,000	\$18,000	\$88,000		
	Drill Bits, Coring a							-	\$74,500		
	Transportation and	-					\$53,500	\$21,000			
	Drilling Mud, Che	-	ion Fluids				\$77,000	\$9,000	\$86,000		
	Fuel, Power, Wate						\$146,500	\$183,100	\$329,600		
	Cementing Service	s, Cementing Equi	ipment, Hanger	rs; Packers			\$94,600	\$161,500	\$256,100		
	Mud Logging						\$39,900		\$39,900		
	Open Hole Loggin	g and Side Wall C	oring				\$55,000		\$55,000		
	Cased Hole Loggir	ng and Perforating			-			\$405,000	\$405,000		
	Equipment Rental	Including Solids C	ontrol, Closed	Loop & Direction	nal Services		\$424,150	\$37,000	\$461,150		
	Insurance						\$35,187		\$35,187		
	Other Well Service	es, NU/BOP, Casir	ng Inspection				\$44,500	\$35,500	\$80,000		
	Overhead	,					\$10,000	\$5,000	\$15,000		
	Supervision: Wells	ite Engineering (Seological Cor	neultante			\$128,600	\$32,250	\$160,850		
	Contract Services	ine, Eligineering, C	Jeological, Col	isuitailts			\$120,000	\$77,000	\$77,000		
							\$252,000				
	Fluids & Cuttings	-					\$253,000	\$5,500	\$258,500		
	Environmental Cha	-						¢2,100,000	#2 100 000		
	Stimulation Treatn	nent	58	3 Stages				\$3,199,000	\$3,199,000		
	Plugging Costs										
	Miscellaneous Cos	ts, Tax and Contir	ngencies				\$403,682	\$912,330	\$1,316,012		
				TOTAL IN	TANGIBLES		\$2,621,419	\$5,194,880	\$7,816,299		
ACCT		Т		GIBLES	1	1	DRY HOLE	COMPLETION	TOTAL		
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT					
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,000		
	Surface	500	13%"	48 #	H40	\$64.33	\$32,165		\$32,165		
	G . C										
	Surface				J55						
	Intermediate	4,200	9 5/8"	40#	355	\$50.90	\$213,780		\$213,780		
		4,200	9 5/8"	40#	355	\$50.90	\$213,780		\$213,780		
	Intermediate	4,200	9 5/8"	40#	J 55	\$50.90	\$213,780		\$213,780		
	Intermediate Intermediate Liner						\$213,780	\$355.968			
	Intermediate Intermediate Liner Production	11,520	5.5"	20#	HCP110	\$30.90	\$213,780	\$355,968 \$392,175	\$355,968		
	Intermediate Intermediate Liner Production Production	11,520 7,500	5.5" 7"	20# 29#	HCP110 HCP110	\$30.90 \$52.29	\$213,780	\$392,175	\$355,968 \$392,175		
	Intermediate Intermediate Liner Production Production Tubing	11,520 7,500 7,000	5.5" 7" 2 7/8"	20# 29# 6.5#	HCP110	\$30.90	\$213,780		\$355,968		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E	11,520 7,500 7,000	5.5" 7" 2 7/8"	20# 29# 6.5#	HCP110 HCP110	\$30.90 \$52.29	\$213,780	\$392,175	\$355,968 \$392,175		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc	11,520 7,500 7,000 quipment (Packers	5.5" 7" 2 7/8"	20# 29# 6.5# Pump)	HCP110 HCP110	\$30.90 \$52.29		\$392,175 \$93,520	\$355,968 \$392,175 \$93,520		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipmed	11,520 7,500 7,000 quipment (Packers	5.5" 7" 2 7/8" /Bottom Hole I	20# 29# 6.5# Pump)	HCP110 HCP110	\$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100	\$355,968 \$392,175 \$93,520 \$55,450		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme	11,520 7,500 7,000 quipment (Packers	5.5" 7" 2 7/8" /Bottom Hole I	20# 29# 6.5# Pump)	HCP110 HCP110	\$30.90 \$52.29		\$392,175 \$93,520 \$26,100 \$312,500	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines	11,520 7,500 7,000 quipment (Packers	5.5" 7" 2 7/8" /Bottom Hole I	20# 29# 6.5# Pump)	HCP110 HCP110	\$30.90 \$52.29		\$392,175 \$93,520 \$26,100	\$355,968 \$392,175 \$93,520 \$55,450		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme	11,520 7,500 7,000 quipment (Packers	5.5" 7" 2 7/8" /Bottom Hole I	20# 29# 6.5# Pump)	HCP110 HCP110	\$30.90 \$52.29		\$392,175 \$93,520 \$26,100 \$312,500	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of	5.5" 7" 2 7/8" /Bottom Hole I	20# 29# 6.5# Pump)	HCP110 HCP110	\$30.90 \$52.29		\$392,175 \$93,520 \$26,100 \$312,500 \$60,000	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent	5.5" 7" 2 7/8" /Bottom Hole I	20# 29# 6.5# Pump)	HCP110 HCP110	\$30.90 \$52.29		\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip.	5.5" 7" 2 7/8" /Bottom Hole I	20# 29# 6.5# Pump)	HCP110 HCP110	\$30.90 \$52.29		\$392,175 \$93,520 \$26,100 \$312,500 \$60,000	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uup.	5.5" 7" 2 7/8" b/Bottom Hole I Christmas Tree) or Sub Pump)	20# 29# 6.5# Pump)	HCP110 HCP110 L80	\$30.90 \$52.29 \$13.36		\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000		
	Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip. ace Lease Equipm	5.5" 7" 2 7/8" b/Bottom Hole I Christmas Tree) or Sub Pump)	20# 29# 6.5# Pump)	HCP110 HCP110 L80	\$30.90 \$52.29 \$13.36		\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000 \$16,250	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250		
	Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc Installation of Surf	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip. ace Lease Equipm	5.5" 7" 2 7/8" b/Bottom Hole I Christmas Tree) or Sub Pump)	20# 29# 6.5# Pump)	HCP110 HCP110 L80	\$30.90 \$52.29 \$13.36	\$29,350	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000		
	Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc Installation of Surf	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip. ace Lease Equipm	5.5" 7" 2 7/8" b/Bottom Hole I Christmas Tree) or Sub Pump)	20# 29# 6.5# Pump)	HCP110 HCP110 L80	\$30.90 \$52.29 \$13.36 yore wells)	\$29,350	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808		
	Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc Installation of Surf	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip. ace Lease Equipm	5.5" 7" 2 7/8" b/Bottom Hole I Christmas Tree) or Sub Pump)	20# 29# 6.5# Pump)	HCP110 HCP110 L80	s30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$29,350	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000		
Strata Pr	Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc Installation of Surf	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of the the the the the the the the the the	5.5" 7" 2 7/8" ABottom Hole I Christmas Tree) or Sub Pump) ent (extend ele	20# 29# 6.5# Pump)	HCP110 HCP110 L80	s30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$29,350 \$29,350 \$305,295 \$2,926,714	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808		
Strata Pr	Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Eq Valves,Fittings etc Installation of Surf Other Lease & We	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of the the the the the the the the the the	5.5" 7" 2 7/8" ABottom Hole I Christmas Tree) or Sub Pump) ent (extend ele	20# 29# 6.5# Pump)	HCP110 HCP110 L80	s30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$29,350 \$29,350 \$305,295 \$2,926,714	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$66,614,393 n Co COMPLETED	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107		
	Intermediate Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Equipme Installation of Surf Other Lease & We Toduction Compa 70.65%	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent (Pumping Unit of ent uip. ace Lease Equipm II Equip.	5.5" 7" 2 7/8" //Bottom Hole 1 Christmas Tree) or Sub Pump) ent (extend ele	20# 29# 6.5# Pump)	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W action Co DR \$2,067,723	s30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$29,350 \$29,350 \$305,295 \$2,926,714	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$66,614,393 n Co COMPLETED	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107		
	Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Equipme Valves,Fittings etc Installation of Surf Other Lease & We	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent (Pumping Unit of ent uip. ace Lease Equipm II Equip.	5.5" 7" 2 7/8" //Bottom Hole 1 Christmas Tree) or Sub Pump) ent (extend ele	20# 29# 6.5# Pump)	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL W	s30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$29,350 \$29,350 \$305,295 \$2,926,714	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$66,614,393 n Co COMPLETED	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107		
PREPAR	Intermediate Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Equipme Installation of Surf Other Lease & We Toduction Compa 70.65%	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip. ace Lease Equipm Il Equip.	5.5" 7" 2 7/8" /Bottom Hole 1 Christmas Tree) or Sub Pump) ent (extend ele	20# 29# 6.5# Pump)	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W action Co DR \$2,067,723	s30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$29,350 \$29,350 \$305,295 \$2,926,714	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$1,419,513 \$6,614,393	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107		
PREPARI APPROV	Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Surf Other Lease & We Toduction Compa 70.65% ED BY: Jerry El	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent uip. ace Lease Equipm Il Equip. ny Working Int gin, VP Operatio Crakauskas, Vice	5.5" 7" 2 7/8" /Bottom Hole 1 Christmas Tree) or Sub Pump) ent (extend ele	20# 29# 6.5# Pump) ctric grid - to be p Strata Produ	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS RY HOLE	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED:	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$66,614,393 n Co COMPLETED	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107		
PREPARI APPROV JOINT II	Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipme Flowlines Tanks Sales Line Equipme Separator-Prod. Ecc Valves,Fittings etc Installation of Surf Other Lease & We Other Lease & We Coluction Compa 70.65% ED BY: Jerry El	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent uip. ace Lease Equipm Il Equip. ny Working Int gin, VP Operation Crakauskas, Vice RE	5.5" 7" 2 7/8" /Bottom Hole 1 Christmas Tree) or Sub Pump) ent (extend ele	20# 29# 6.5# Pump) ctric grid - to be p ctric grid - to be p DATE: DATE: DATE: DATE: Due to rig av	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS RY HOLE	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED:	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,000 \$10,250 \$66,000 \$10,250 \$66,000 \$10,250 \$60,000 \$10,250 \$10,	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107		
PREPARI APPROV JOINT II	Intermediate Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ecc Valves,Fittings etc Installation of Surf Other Lease & We Other L	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent uip. ace Lease Equipm Il Equip. ny Working Int gin, VP Operation Crakauskas, Vice RE	5.5" 7" 2 7/8" /Bottom Hole I //Bottom Hole I	20# 29# 6.5# Pump) ctric grid - to be p ctric grid - to be p DATE: DATE: DATE: DATE: Due to rig av	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS RY HOLE	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED:	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,000 \$16,250 \$16,	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107		
PREPARI APPROV JOINT II	Intermediate Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ecc Valves,Fittings etc Installation of Surf Other Lease & We Other L	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent uip. ace Lease Equipm Il Equip. ny Working Int gin, VP Operation Crakauskas, Vice RE	5.5" 7" 2 7/8" /Bottom Hole I //Bottom Hole I	20# 29# 6.5# Pump) ctric grid - to be p ctric grid - to be p DATE: DATE: DATE: DATE: Due to rig av	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS RY HOLE	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED:	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,000 \$16,250 \$16,	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107		
PREPARI APPROV JOINT II COMPAN By execut	Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ecc Valves,Fittings etc Installation of Surf Other Lease & We Toduction Compa 70.65% ED BY: Jerry El ED BY: Mitch F NTEREST SHAI NY NAME:	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent uip. ace Lease Equipm Il Equip. ny Working Int gin, VP Operation Crakauskas, Vice RE	5.5" 7" 2 7/8" /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend ele ent (extend ele terest signATURI is agreeing to	20# 29# 6.5# Pump) ctric grid - to be p ctric grid - to be p DATE: DATE: DATE: DATE: Due to rig av 3:	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023 ailability and the Operator's	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS ELL COSTS RY HOLE timing, the unde DATE: well control insu	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED: rsigned agrees the rance and agreeing	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$6,614,393 n Co COMPLETED \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,793 \$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107 m execution.		
PREPAR APPROV JOINT II COMPAN By execut neither of	Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ecc Valves,Fittings etc Installation of Surf Other Lease & We Other Lease &	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent uip. ace Lease Equipm Il Equip. ny Working Int gin, VP Operation Crakauskas, Vice RE	5.5" 7" 2 7/8" /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend ele ent (extend ele terest signATURI is agreeing to by Operator.	20# 29# 6.5# Pump) ctric grid - to be p ctric grid - to be p DATE: DATE: DATE: DATE: Due to rig av 3:	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023 ailability and the Operator's ine coverage by	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS RY HOLE timing, the unde DATE: well control insu y Operator's well	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$6,614,393 n Co COMPLETED \$6,740,792\$6,740,792 \$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792\$6,740,792\$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,793 \$6,740,790\$6,740,790\$6,740,790 \$6,740,790\$6,740,790\$6	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107 m execution.		
PREPARI APPROV JOINT II COMPAN By execut neither of Insurance	Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Surf Other Lease & We Coduction Compa 70.65% ED BY: Jerry El ED BY: Mitch k NTEREST SHAI NY NAME: Etion of this AFE, t With waiver of su	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent uip. ace Lease Equipm Il Equip. ny Working Int gin, VP Operation (rakauskas, Vice RE he above signee eed as sufficient ibrogation prior	5.5" 7" 2 7/8" /Bottom Hole 1 Christmas Tree) or Sub Pump) ent (extend ele ent (extend ele terest signature SIGNATURI is agreeing to by Operator. to spud date a	20# 29# 6.5# Pump) ctric grid - to be p ctric grid - to be p DATE: DATE: DATE: DATE: Due to rig av 3:	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023 ailability and the Operator's ine coverage by	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS RY HOLE timing, the unde DATE: well control insu y Operator's well	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$6,614,393 n Co COMPLETED \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,793 \$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107 m execution.		
PREPARI APPROV JOINT II COMPAN By execut neither of Insurance	Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ecc Valves,Fittings etc Installation of Surf Other Lease & We Other Lease &	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit c ent uip. ace Lease Equipm Il Equip. ny Working Int gin, VP Operation (rakauskas, Vice RE he above signee eed as sufficient ibrogation prior	5.5" 7" 2 7/8" /Bottom Hole 1 Christmas Tree) or Sub Pump) ent (extend ele ent (extend ele terest signature SIGNATURI is agreeing to by Operator. to spud date a	20# 29# 6.5# Pump) ctric grid - to be p ctric grid - to be p DATE: DATE: DATE: DATE: Due to rig av 3:	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023 ailability and the Operator's ine coverage by	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS RY HOLE timing, the unde DATE: well control insu y Operator's well	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$6,614,393 n Co COMPLETED \$6,740,792\$6,740,792 \$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792\$6,740,792\$6,740,793 \$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107 m execution.		
PREPARI APPROV JOINT II COMPAN By execut neither of Insurance Exhibit D	Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipme Separator-Prod. Equipme Tother Lease & We Define Start Other Lease & We Define Start Tother Lease Start Tother Lease Start Tother Lease Start Other Lease Start Tother	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip. ace Lease Equipm II Equip. any Working Int gin, VP Operatio Crakauskas, Vice RE he above signee eed as sufficient abrogation prior ating Agreement	5.5" 7" 2 7/8" //Bottom Hole I // //Bottom Hole I // /////////////////////////////////	20# 29# 6.5# Pump) ctric grid - to be p ctric grid - to be p DATE: DATE: DATE: DATE: DATE: DATE: DATE: Date to rig av 3:	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023 ailability and the Operator's ine coverage by	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS RY HOLE timing, the unde DATE: well control insu y Operator's well	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$6,614,393 n Co COMPLETED \$6,740,792\$6,740,792 \$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792\$6,740,792\$6,740,793 \$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107 m execution.		
PREPARI APPROV JOINT II COMPAN By execut neither of Insurance Exhibit D	Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Surf Other Lease & We Coduction Compa 70.65% ED BY: Jerry El ED BY: Mitch k NTEREST SHAI NY NAME: Etion of this AFE, t With waiver of su	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip. ace Lease Equipm II Equip. any Working Int gin, VP Operatio Crakauskas, Vice RE he above signee eed as sufficient abrogation prior ating Agreement	5.5" 7" 2 7/8" //Bottom Hole I // //Bottom Hole I // /////////////////////////////////	20# 29# 6.5# Pump) ctric grid - to be p ctric grid - to be p DATE: DATE: DATE: DATE: DATE: DATE: DATE: Date to rig av 3:	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023 ailability and the Operator's ine coverage by	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS RY HOLE timing, the unde DATE: well control insu y Operator's well	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$6,614,393 n Co COMPLETED \$6,740,792\$6,740,792 \$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792\$6,740,792\$6,740,793 \$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107 m execution.		
PREPARI APPROV JOINT II COMPAN By execut neither of Insurance Exhibit D	Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipme Separator-Prod. Equipme Tanks Sales Line Equipme Sales Line Equipme Toduction of Sales Tanks Toduction Compa 70.65% ED BY: Jerry El TeD BY: Mitch k NTEREST SHAI NY NAME:	11,520 7,500 7,000 quipment (Packers ent (Casing Head/C nt (Pumping Unit of ent uip. ace Lease Equipm II Equip. any Working Int gin, VP Operatio Crakauskas, Vice RE he above signee eed as sufficient abrogation prior ating Agreement	5.5" 7" 2 7/8" //Bottom Hole I // //Bottom Hole I // /////////////////////////////////	20# 29# 6.5# Pump) ctric grid - to be p ctric grid - to be p DATE: DATE: DATE: DATE: DATE: DATE: DATE: Date to rig av 3:	HCP110 HCP110 L80 prorated to all Ee TOTAL TA TOTAL TA TOTAL W section Co DF \$2,067,723 3/1/2023 ailability and the Operator's ine coverage by	\$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS RY HOLE timing, the unde DATE: well control insu y Operator's well	\$29,350 \$29,350 \$305,295 \$2,926,714 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,419,513 \$6,614,393 n Co COMPLETED \$6,740,792\$6,740,792 \$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792\$6,740,792 \$6,740,792\$6,740,792\$6,740,792\$6,740,792\$6,740,793 \$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6,740,790\$6	\$355,968 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,724,808 \$9,541,107 m execution.		
WELL NAM	IE AND NUMBER					AFE NUMBER DATE					
-------------------	----------------------	---------------------	------------------	--------------------	--------------------	---------------------------	---------------------	---	--------------------	--	--
	3 11 EDI Fed	Com #11H					3-30-11-0323	March 1, 2023			
LOCATION							5-50-11-0525	Waren 1, 2025			
LOCATIO	SL: 2	,110' FNL &				FIELD					
	BHL:	100' FNL &	990' FWL	of Section	11		Ridge Delawar	e			
API NUMB	er Pendi	na				COUNTY OR PARI	SH	STATE			
		-				Eddy		New Mexico			
	DESCRIPTION AND					SECTION	TOWNSHIP	RANGE			
Drill~11,	625' lateral at ~7,	290' TVD to test	the Brushy C	Canyon Formati	ion.	23	238	30E proposed depth			
						PROPOSED FORM Delaware		MD			
						Delaware		MD			
ACCT			INTA	NGIBLES							
CODE							DRY HOLE	RUN CSG	TOTAL		
	Drilling - Footage			Ft. @ \$		/Ft.					
	Drilling - Day Wo	rk - BCP	18	B Days @ \$	31600	/Dav	\$568,800		\$568,800		
	Drilling - Day Wo		1	,	31600		+	\$31,600	\$31,600		
	Completion Rig, P			, 0.		,		\$61,600	\$61,600		
	Mobilization & De						\$105,000	\$01,000	\$105,000		
	Location, Roads, F			U	minion		\$112,000	\$500	\$112,500		
		-	is, Cicaliup, Da	illiages & Title O	pinion		\$70,000	\$18,000	\$88,000		
	Drill Bits, Coring							-	\$74,500		
	Transportation and						\$53,500	\$21,000			
	Drilling Mud, Che		on Fluids				\$77,000	\$9,000	\$86,000		
	Fuel, Power, Wate					\$146,500	\$183,100	\$329,600			
	Cementing Service	s, Cementing Equ	pment, Hanger	s; Packers	\$94,600	\$161,500	\$256,100				
	Mud Logging				\$39,900		\$39,900				
	Open Hole Loggin	g and Side Wall C	oring				\$55,000		\$55,000		
	Cased Hole Loggin	ng and Perforating						\$405,000	\$405,000		
	Equipment Rental	Including Solids C	ontrol, Closed	Loop & Directio	nal Services		\$424,150	\$37,000	\$461,150		
	Insurance						\$35,187		\$35,187		
	Other Well Service	es, NU/BOP, Casir	1g Inspection				\$44,500	\$35,500	\$80,000		
	Overhead	,					\$10,000	\$5,000	\$15,000		
	Supervision: Wells	ite Engineering (Jeological Cot	ncultante			\$128,600	\$32,250	\$160,850		
	Contract Services	ine, Engineering, e	Jeological, Col	isuitains			\$120,000	\$77,000	\$77,000		
							\$252,000	-			
-	Fluids & Cuttings						\$253,000	\$5,500	\$258,500		
	Environmental Cha	-						¢2,100,000	#2 100 000		
	Stimulation Treatn	nent	58	8 Stages				\$3,199,000	\$3,199,000		
	Plugging Costs										
	Miscellaneous Cos	ts, Tax and Contir	igencies				\$403,682	\$912,330	\$1,316,012		
				TOTAL IN	TANGIBLES	5	\$2,621,419	\$5,194,880	\$7,816,299		
ACCT		1		GIBLES		1	DRY HOLE	COMPLETION	TOTAL		
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT					
	Conductor	100	20"	94#	H40	\$300.00			\$30,000		
	Surface	500	13%"	48 #	H40	\$64.33	\$32,165		\$32,165		
	Surface										
	Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,780		
	Intermediate			-	-						
	Liner										
	Production	11,520	5.5"	20#	HCP110	\$30.90		\$355,968	\$355,968		
	Production	7,500	7"	29#	HCP110	\$52.29		\$392,175	\$392,175		
	Tubing	7,000	2 7/8"	6.5#	L80	\$13.36		\$93,520	\$93,520		
	Ũ				Loo	\$15.50		\$75,520	\$75,520		
	Subsurface Well E	quipment (Packers	/Bottom Hole I	Pump)							
	Rods, etc						\$20.250	\$26,100	¢55 450		
	Wellhead Equipme			1			\$29,350	\$26,100	\$55,450		
	Pumping Equipme	nt (Pumping Unit	or Sub Pump)					\$312,500	\$312,500		
	Flowlines							\$60,000	\$60,000		
	Tanks										
	Sales Line Equipm	ent									
	Separator-Prod. Ec	uip.						\$95,000	\$95,000		
	Valves,Fittings etc							\$16,250	\$16,250		
	Installation of Surf	ace Lease Equipm	ent (extend ele	ctric grid - to be	prorated to all Ee	eyore wells)		\$68,000	\$68,000		
	Other Lease & We								<u> </u>		
					TOTAL TA	NGIBLES	\$305,295	\$1,419,513	\$1,724,808		
						ELL COSTS	\$2,926,714	\$6,614,393	\$9,541,107		
								\$3,011,070	,- 11,107		
Strata Pr	oduction Compa	ny Working In	terest	Strata Produ	uction Co DR	RY HOLE	Strata Productio	n Co COMPLETED			
	70.65%				\$2,067,723			\$6,740,792			
		the type of the					Π	_			
PKEPAR	ED BY: Jerry El	gin, VP Operati	ons	DATE:	3/1/2023			\$6,740,792			
APPROV	ED BY: Mitch k	Krakauskas, Vice	President	DATE:			SIGNED:	h l .	_		
JOINT I	NTEREST SHAL	RE		Due to rig av	vailability and	timing, the unde	rsigned agrees the	at this AFE is valid for 180 days from	m execution.		
COMPA	NY NAME:		SIGNATURE	3:		DATE:		WORKING INTEREST:			
						1					
								to the limits within and carrier of suc			
								you must sign below and provide a Co			
		U		and agree to hol	ld Operator har	mless for any loss	to your interest no	ot covered by your insurance or as othe	rwise set forth in		
Exhibit D	of the Joint Oper	ating Agreemen	i.								
A greata	lecline coverage	provide proof	nd hold harm	less							
Agree to a	lecline coverage,	provide proof, a	nd hold harm	less:							
Agree to o By:	decline coverage,	provide proof, a	nd hold harm	less:	Date:						

Oscar 2	ME AND NUMBER					AFE NUMBER DATE				
LOCATION	3 11 FCL Fed	l Com #2H				FNR-23-23	3-30-02-0323	March 1, 2023	3	
Locarior	N: SL: 2	2,310' FNL &	1,905' FW	L of Section	n 23	FIELD				
	BHL:	100' FNL &	1,650' FW	L of Section	n 11	Forty Niner I	Ridge Delawar	e		
API NUMB	er Pendi	nσ				COUNTY OR PARI	SH	STATE		
PROJECT	DESCRIPTION AND	-				Eddy section	TOWNSHIP	New Mexico RANGE		
	,577' lateral at ~7.		the Brushy C	anvon Formati	on.	23	23S	30E		
	,					PROPOSED FORM		PROPOSED DEPTH		
						Delaware		MD		
ACCT			INTA	NGIBLES						
CODE							DRY HOLE	RUN CSG	TOTAL	
	Drilling - Footage			Ft. @ \$		/Ft.				
	Drilling - Day Wo	rk - BCP	19	Days @ \$	31600	/Day	\$600,400		\$600,400	
	Drilling - Day Wo	rk - ACP	1	Days @ \$	31600	/Day		\$31,600	\$31,600	
	Completion Rig, P	ower Swivel, and	Reverse Unit et	c				\$61,600	\$61,600	
		emobilization- Oth					\$105,000	¢	\$105,000	
		Pits, Survey, Permi	ts, Cleanup, Da	mages & Title O	pinion		\$112,000	\$500	\$112,500	
	Drill Bits, Coring					\$70,000 \$53,500	\$18,000 \$21,000	\$88,000 \$74,500		
	Transportation and	micals & Complet	ion Fluids			\$77,000	\$9,000	\$86,000		
	Fuel, Power, Wate	-	ion Fluids			\$146,500	\$166,000	\$312,500		
	, ,	es, Cementing Equi	ipment. Hanger	s: Packers		\$94,600	\$161,500	\$256,100		
	Mud Logging	, 51	1 / 0	,		\$39,900		\$39,900		
		ng and Side Wall C	oring			\$55,000		\$55,000		
	Cased Hole Loggi	ng and Perforating						\$405,000	\$405,000	
	Equipment Rental	Including Solids C	Control, Closed	Loop & Direction	nal Services		\$424,150	\$37,000	\$461,150	
	Insurance						\$37,309		\$37,309	
	Other Well Service	es, NU/BOP, Casir	ng Inspection				\$44,500	\$35,500	\$80,000	
	Overhead						\$10,000	\$5,000	\$15,000	
	Supervision: Wells	site, Engineering, O	Geological, Cor	sultants			\$128,600	\$32,250	\$160,850	
	Contract Services						A-------------	\$77,000	\$77,000	
	Fluids & Cuttings	-					\$253,000	\$5,500	\$258,500	
	Environmental Ch	-						\$3,474,000	\$3,474,000	
	Stimulation Treatr	nent	63	Stages				\$5,474,000	\$3,474,000	
	Plugging Costs	sts, Tax and Contir	gencies				\$409,105	\$959,265	\$1,368,370	
	Wilseenaneous co.	sts, 1 ax and Contin	igeneies	TOTAL IN	TANGIBLES		\$2,660,564	\$5,499,715	\$8,160,279	
							<i> </i>	<i>~~,,.</i>	<i>•••,-••</i> ,_ <i>·</i> ,	
ACCT			TANC	GIBLES	1	1	DRY HOLE	COMPLETION	TOTAL	
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT	#20.000		**	
	Conductor	100	20"	94#	H40 H40	\$300.00 \$64.33	\$30,000		\$30,000	
		200								
	Surface	500	13 ³ /8"	48#	1140	504.55	\$32,165		\$32,165	
	Surface			_						
	Surface Intermediate	500 4,200	13 ³ / ₈ " 9 5/8"	48# 40#	J55	\$50.90	\$32,165		\$32,165	
	Surface Intermediate Intermediate			_						
	Surface Intermediate			_				\$391,410	\$213,780	
	Surface Intermediate Intermediate Liner	4,200	9 5/8"	40#	J55	\$50.90		\$391,410 \$392,175		
	Surface Intermediate Intermediate Liner Production	4,200	9 5/8" 5.5"	40# 20#	J55 HCP110	\$50.90			\$213,780	
	Surface Intermediate Intermediate Liner Production Production Tubing	4,200 12,667 7,500	9 5/8" 5.5" 7" 2 7/8"	40# 20# 29# 6.5#	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29		\$392,175	\$213,780 \$391,410 \$392,175	
	Surface Intermediate Intermediate Liner Production Production Tubing	4,200 12,667 7,500 7,000	9 5/8" 5.5" 7" 2 7/8"	40# 20# 29# 6.5#	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520	\$213,780 \$391,410 \$392,175 \$93,520	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc	4,200 12,667 7,500 7,000	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29		\$392,175 \$93,520 \$26,100	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme	4,200 12,667 7,500 7,000 Equipment (Packers	9 5/8" 5.5" 7" 2 7/8" 5/Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500	
	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C	9 5/8" 5.5" 7" 2 7/8" 5/Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450	
	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit o	9 5/8" 5.5" 7" 2 7/8" 5/Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500	
	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of nent	9 5/8" 5.5" 7" 2 7/8" 5/Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Edu	4,200 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit of the	9 5/8" 5.5" 7" 2 7/8" 5/Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ex Valves,Fittings etc	4,200 12,667 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit ent ent quip. 2.	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump)	40# 20# 29# 6.5# Pump)	J55 HCP110 HCP110 L80	\$50.90 \$30.90 \$52.29 \$13.36	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000 \$16,250	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$60,000 \$95,000 \$16,250	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the the the the the the the the the the	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump)	40# 20# 29# 6.5# Pump)	J55 HCP110 HCP110 L80	\$50.90 \$30.90 \$52.29 \$13.36	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ex Valves,Fittings etc	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the the the the the the the the the the	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump)	40# 20# 29# 6.5# Pump)	J55 HCP110 HCP110 L80	\$50.90 \$30.90 \$52.29 \$13.36	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000 \$16,250	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$60,000 \$95,000 \$16,250	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the the the the the the the the the the	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump)	40# 20# 29# 6.5# Pump)	HCP110 HCP110 HCP110 L80	\$50.90 \$30.90 \$52.29 \$13.36	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur Other Lease & We	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the second secon	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I //Bottom Hole	40# 20# 29# 6.5# Pump)	TOTAL TA TOTAL W	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$1,454,955 \$6,954,670	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250	
Strata Pr	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves, Fittings etc Installation of Sur Other Lease & We	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the second secon	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I //Bottom Hole	40# 20# 29# 6.5# Pump)	TOTAL TA TOTAL W	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. E Valves,Fittings etc Installation of Surf Other Lease & We 62.80%	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump) ent (extend election terest	40# 20# 29# 6.5# Pump) etric grid - to be p	TOTAL TA TOTAL WI Inction Co DR \$1,862,560	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves, Fittings etc Installation of Sur Other Lease & We	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump) ent (extend election terest	40# 20# 29# 6.5# Pump)	TOTAL TA TOTAL W	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
PREPAR	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. E Valves,Fittings etc Installation of Surf Other Lease & We 62.80%	4,200 12,667 7,500 7,000 Cquipment (Packers ent (Casing Head/C ent (Pumping Unit of the	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend electronic definition of the second secon	40# 20# 29# 6.5# Pump) Etric grid - to be p Strata Produ DATE: DATE:	J55 HCP110 HCP110 HCP110 L80 prorated to all Eee TOTAL TA TOTAL TA TOTAL TA TOTAL S \$1,862,560 3/1/2023	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED:	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
PREPAR APPROV JOINT I	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur Other Lease & We Collection Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA	4,200 12,667 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit e ent quip. 2. face Lease Equipm ell Equip. any Working In lgin, VP Operatio Krakauskas, Vice	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) etric grid - to be p etric grid - to be p Strata Produ DATE: DATE: DATE: Due to rig av	J55 HCP110 HCP110 HCP110 L80 prorated to all Eee TOTAL TA TOTAL TA TOTAL TA TOTAL TA S1,862,560 3/1/2023	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED:	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
PREPAR APPROV JOINT I	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur Other Lease & We Collection Compa 62.80% ED BY: Jerry E	4,200 12,667 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit e ent quip. 2. face Lease Equipm ell Equip. any Working In lgin, VP Operatio Krakauskas, Vice	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) etric grid - to be p etric grid - to be p Strata Produ DATE: DATE: DATE: Due to rig av	J55 HCP110 HCP110 HCP110 L80 prorated to all Eee TOTAL TA TOTAL TA TOTAL TA TOTAL TA S1,862,560 3/1/2023	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED:	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
PREPAR APPROV JOINT I	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur Other Lease & We Collection Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA	4,200 12,667 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit e ent quip. 2. face Lease Equipm ell Equip. any Working In lgin, VP Operatio Krakauskas, Vice	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) etric grid - to be p etric grid - to be p Strata Produ DATE: DATE: DATE: Due to rig av	J55 HCP110 HCP110 HCP110 L80 prorated to all Eee TOTAL TA TOTAL TA TOTAL TA TOTAL TA S1,862,560 3/1/2023	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED:	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
PREPAR APPROV JOINT II COMPAN	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Surf Other Lease & We Color Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA	4,200 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit of the	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend electronic of the second se	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - to be p DATE: DATE: DATE: Due to rig av	TOTAL TA TOTAL TA TOTAL TA TOTAL WI Inction Co DR \$1,862,560 3/1/2023	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE:	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,954,670 n Co COMPLETED \$6,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution.	
PREPAR APPROV JOINT II COMPAN By execut neither of	Surface Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves,Fittings etc Installation of Sur Other Lease & We Coduction Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA NY NAME:	4,200 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit o the above signee eed as sufficient	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - tob	TOTAL TA TOTAL TA TOTAL TA TOTAL WI states of the Operator's line coverage by	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE: well control insu: y Operator's well	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092 \$6,250\$60 \$6,250\$60 \$6,50	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution. h insurance, ertificate of	
PREPAR APPROV JOINT II COMPAN By execut neither of Insurance	Surface Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves,Fittings etc Installation of Sur Other Lease & We Coduction Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA NY NAME:	4,200 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit o ent (Pumping Unit o face Lease Equipm ent face Lease Equipm ent face Lease Equipm ent face Lease Equipm ent face Lease Support face Lease Suppor	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - tob	TOTAL TA TOTAL TA TOTAL TA TOTAL WI states of the Operator's line coverage by	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE: well control insu: y Operator's well	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution. h insurance, ertificate of	
PREPAR APPROV JOINT II COMPAN By execut neither of Insurance	Surface Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves,Fittings etc Installation of Sur Other Lease & We Coduction Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA NY NAME:	4,200 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit o ent (Pumping Unit o face Lease Equipm ent face Lease Equipm ent face Lease Equipm ent face Lease Equipm ent face Lease Support face Lease Suppor	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - tob	TOTAL TA TOTAL TA TOTAL TA TOTAL WI states of the Operator's line coverage by	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE: well control insu: y Operator's well	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092 \$6,250\$60 \$6,250\$60 \$6,50	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution. h insurance, ertificate of	
PREPAR APPROV JOINT II COMPAN By execut neither of Insurance Exhibit D	Surface Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves,Fittings etc Installation of Sur Other Lease & We Coduction Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA NY NAME:	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of face Lease Equipm Equip. Equip. any Working In Igin, VP Operation Krakauskas, Vice RE the above signee eed as sufficient ubrogation prior rating Agreemen	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend elee terest terest ons e President SIGNATURH is agreeing to by Operator. to spud date a t.	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - tob	TOTAL TA TOTAL TA TOTAL TA TOTAL WI states of the Operator's line coverage by	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE: well control insu: y Operator's well	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092 \$6,250\$60 \$6,250\$60 \$6,50	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution. h insurance, ertificate of	
PREPAR APPROV JOINT II COMPAN By execut neither of Insurance Exhibit D	Surface Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur Other Lease & We Coduction Compa 62.80% ED BY: Jerry E FED BY: Mitch I NTEREST SHA NY NAME: Tion of this AFE, f Swhich is guarant with waiver of si O of the Joint Open	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the above signee ent as sufficient the above signee any Morking In Igin, VP Operation Krakauskas, Vice RE the above signee ent any Agreemen	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend elee terest terest ons e President SIGNATURH is agreeing to by Operator. to spud date a t.	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - tob	TOTAL TA TOTAL TA TOTAL TA TOTAL WI states of the Operator's line coverage by	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE: well control insu: y Operator's well	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092 \$6,250\$60 \$6,250\$60 \$6,50	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution. h insurance, ertificate of	

Oscar 2	ME AND NUMBER					AFE NUMBER DATE				
LOCATION	3 11 FCL Fed	l Com #2H				FNR-23-23	3-30-02-0323	March 1, 2023	3	
Locarior	N: SL: 2	2,310' FNL &	1,905' FW	L of Section	n 23	FIELD				
	BHL:	100' FNL &	1,650' FW	L of Section	n 11	Forty Niner I	Ridge Delawar	e		
API NUMB	er Pendi	nσ				COUNTY OR PARI	SH	STATE		
PROJECT	DESCRIPTION AND	-				Eddy section	TOWNSHIP	New Mexico RANGE		
	,577' lateral at ~7.		the Brushy C	anvon Formati	on.	23	23S	30E		
	,					PROPOSED FORM		PROPOSED DEPTH		
						Delaware		MD		
ACCT			INTA	NGIBLES						
CODE							DRY HOLE	RUN CSG	TOTAL	
	Drilling - Footage			Ft. @ \$		/Ft.				
	Drilling - Day Wo	rk - BCP	19	Days @ \$	31600	/Day	\$600,400		\$600,400	
	Drilling - Day Wo	rk - ACP	1	Days @ \$	31600	/Day		\$31,600	\$31,600	
	Completion Rig, P	ower Swivel, and	Reverse Unit et	c				\$61,600	\$61,600	
		emobilization- Oth					\$105,000	¢	\$105,000	
		Pits, Survey, Permi	ts, Cleanup, Da	mages & Title O	pinion		\$112,000	\$500	\$112,500	
	Drill Bits, Coring					\$70,000 \$53,500	\$18,000 \$21,000	\$88,000 \$74,500		
	Transportation and	micals & Complet	ion Fluids			\$77,000	\$9,000	\$86,000		
	Fuel, Power, Wate	-	ion Fluids			\$146,500	\$166,000	\$312,500		
	, ,	es, Cementing Equi	ipment. Hanger	s: Packers		\$94,600	\$161,500	\$256,100		
	Mud Logging	, 51	1 / 0	,		\$39,900		\$39,900		
		ng and Side Wall C	oring			\$55,000		\$55,000		
	Cased Hole Loggi	ng and Perforating						\$405,000	\$405,000	
	Equipment Rental	Including Solids C	Control, Closed	Loop & Direction	nal Services		\$424,150	\$37,000	\$461,150	
	Insurance						\$37,309		\$37,309	
	Other Well Service	es, NU/BOP, Casir	ng Inspection				\$44,500	\$35,500	\$80,000	
	Overhead						\$10,000	\$5,000	\$15,000	
	Supervision: Wells	site, Engineering, O	Geological, Cor	sultants			\$128,600	\$32,250	\$160,850	
	Contract Services						A-------------	\$77,000	\$77,000	
	Fluids & Cuttings	-					\$253,000	\$5,500	\$258,500	
	Environmental Ch	-						\$3,474,000	\$3,474,000	
	Stimulation Treatr	nent	63	Stages				\$5,474,000	\$3,474,000	
	Plugging Costs	sts, Tax and Contir	gencies				\$409,105	\$959,265	\$1,368,370	
	Wilseenaneous co.	sts, 1 ax and Contin	igeneies	TOTAL IN	TANGIBLES		\$2,660,564	\$5,499,715	\$8,160,279	
							<i> </i>	<i>~~,,.</i>	<i>•••,-••</i> ,_ <i>·</i> ,	
ACCT			TANC	GIBLES	1	1	DRY HOLE	COMPLETION	TOTAL	
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT	#20.000		**	
	Conductor	100	20"	94#	H40 H40	\$300.00 \$64.33	\$30,000		\$30,000	
		200								
	Surface	500	13 ³ /8"	48#	1140	504.55	\$32,165		\$32,165	
	Surface			_						
	Surface Intermediate	500 4,200	13 ³ / ₈ " 9 5/8"	48# 40#	J55	\$50.90	\$32,165		\$32,165	
	Surface Intermediate Intermediate			_						
	Surface Intermediate			_				\$391,410	\$213,780	
	Surface Intermediate Intermediate Liner	4,200	9 5/8"	40#	J55	\$50.90		\$391,410 \$392,175		
	Surface Intermediate Intermediate Liner Production	4,200	9 5/8" 5.5"	40# 20#	J55 HCP110	\$50.90			\$213,780	
	Surface Intermediate Intermediate Liner Production Production Tubing	4,200 12,667 7,500	9 5/8" 5.5" 7" 2 7/8"	40# 20# 29# 6.5#	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29		\$392,175	\$213,780 \$391,410 \$392,175	
	Surface Intermediate Intermediate Liner Production Production Tubing	4,200 12,667 7,500 7,000	9 5/8" 5.5" 7" 2 7/8"	40# 20# 29# 6.5#	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520	\$213,780 \$391,410 \$392,175 \$93,520	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc	4,200 12,667 7,500 7,000	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29		\$392,175 \$93,520 \$26,100	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Pumping Equipme	4,200 12,667 7,500 7,000 Equipment (Packers	9 5/8" 5.5" 7" 2 7/8" 5/Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500	
	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C	9 5/8" 5.5" 7" 2 7/8" 5/Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450	
	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit o	9 5/8" 5.5" 7" 2 7/8" 5/Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500	
	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of nent	9 5/8" 5.5" 7" 2 7/8" 5/Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Edu	4,200 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit of the	9 5/8" 5.5" 7" 2 7/8" 5/Bottom Hole I	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110	\$50.90 \$30.90 \$52.29	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ex Valves,Fittings etc	4,200 12,667 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit ent ent quip. 2.	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump)	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110 L80	\$50.90 \$30.90 \$52.29 \$13.36	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000 \$16,250	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$60,000 \$95,000 \$16,250	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the the the the the the the the the the	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump)	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110 L80	\$50.90 \$30.90 \$52.29 \$13.36	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ex Valves,Fittings etc	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the the the the the the the the the the	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump)	40# 20# 29# 6.5# ² ump)	J55 HCP110 HCP110 L80	\$50.90 \$30.90 \$52.29 \$13.36	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000 \$16,250	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$60,000 \$95,000 \$16,250	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the the the the the the the the the the	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump)	40# 20# 29# 6.5# ² ump)	HCP110 HCP110 HCP110 L80	\$50.90 \$30.90 \$52.29 \$13.36	\$213,780	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur Other Lease & We	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the second secon	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I //Bottom Hole	40# 20# 29# 6.5# Pump)	TOTAL TA TOTAL W	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$1,454,955 \$6,954,670	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250	
Strata Pr	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves, Fittings etc Installation of Sur Other Lease & We	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the second secon	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I //Bottom Hole	40# 20# 29# 6.5# Pump)	TOTAL TA TOTAL W	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. E Valves,Fittings etc Installation of Surf Other Lease & We 62.80%	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump) ent (extend election terest	40# 20# 29# 6.5# Pump) etric grid - to be p	TOTAL TA TOTAL WI Inction Co DR \$1,862,560	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves, Fittings etc Installation of Sur Other Lease & We	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of the	9 5/8" 5.5" 7" 2 7/8" //Bottom Hole I Christmas Tree) or Sub Pump) ent (extend election terest	40# 20# 29# 6.5# Pump)	TOTAL TA TOTAL W	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,000	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
PREPAR	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. E Valves,Fittings etc Installation of Surf Other Lease & We 62.80%	4,200 12,667 7,500 7,000 Cquipment (Packers ent (Casing Head/C ent (Pumping Unit of the	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend electronic definition of the second secon	40# 20# 29# 6.5# Pump) Etric grid - to be p Strata Produ DATE: DATE:	J55 HCP110 HCP110 HCP110 L80 prorated to all Eee TOTAL TA TOTAL TA TOTAL TA TOTAL TA S1,862,560 3/1/2023	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED:	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
PREPAR APPROV JOINT I	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur Other Lease & We Collection Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA	4,200 12,667 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit e ent quip. 2. face Lease Equipm ell Equip. any Working In lgin, VP Operatio Krakauskas, Vice	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) etric grid - to be p etric grid - to be p Strata Produ DATE: DATE: DATE: Due to rig av	J55 HCP110 HCP110 HCP110 L80 prorated to all Eee TOTAL TA TOTAL TA TOTAL TA TOTAL TA S1,862,560 3/1/2023	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED:	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
PREPAR APPROV JOINT I	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur Other Lease & We Collection Compa 62.80% ED BY: Jerry E	4,200 12,667 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit e ent quip. 2. face Lease Equipm ell Equip. any Working In lgin, VP Operatio Krakauskas, Vice	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend electronic definition of the second secon	40# 20# 29# 6.5# Pump) etric grid - to be p etric grid - to be p Strata Produ DATE: DATE: DATE: Due to rig av	J55 HCP110 HCP110 HCP110 L80 prorated to all Eee TOTAL TA TOTAL TA TOTAL TA TOTAL TA S1,862,560 3/1/2023	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED:	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
PREPAR APPROV JOINT I	Surface Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur Other Lease & We Collection Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA	4,200 12,667 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit e ent quip. 2. face Lease Equipm ell Equip. any Working In lgin, VP Operatio Krakauskas, Vice	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) etric grid - to be p etric grid - to be p Strata Produ DATE: DATE: DATE: Due to rig av	J55 HCP110 HCP110 HCP110 L80 prorated to all Eee TOTAL TA TOTAL TA TOTAL TA TOTAL TA S1,862,560 3/1/2023	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED:	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529	
PREPAR APPROV JOINT II COMPAN	Surface Intermediate Intermediate Liner Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Surf Other Lease & We Color Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA	4,200 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit of the	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend electronic of the second se	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - to be p DATE: DATE: DATE: Due to rig av	TOTAL TA TOTAL TA TOTAL TA TOTAL WI Inction Co DR \$1,862,560 3/1/2023	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE:	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$68,000 \$16,250 \$66,954,670 n Co COMPLETED \$6,230,092	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution.	
PREPAR APPROV JOINT II COMPAN By execut neither of	Surface Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves,Fittings etc Installation of Sur Other Lease & We Coduction Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA NY NAME:	4,200 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit o the above signee eed as sufficient	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - tob	TOTAL TA TOTAL TA TOTAL TA TOTAL WI states of the Operator's line coverage by	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE: well control insu: y Operator's well	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092 \$6,250\$60 \$6,250\$60 \$6,500\$60\$60\$	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution. h insurance, ertificate of	
PREPAR APPROV JOINT II COMPAN By execut neither of Insurance	Surface Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves,Fittings etc Installation of Sur Other Lease & We Coduction Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA NY NAME:	4,200 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit o ent (Pumping Unit o face Lease Equipm ent face Lease Equipm ent face Lease Equipm ent face Lease Equipm ent face Lease Support face Lease Suppor	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - tob	TOTAL TA TOTAL TA TOTAL TA TOTAL WI states of the Operator's line coverage by	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE: well control insu: y Operator's well	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092 \$6,250 \$6,250 \$6,250 \$6,250 \$6,250 \$6,250 \$6,250 \$6,250 \$6,250 \$6,250 \$6,250 \$6,250 \$6,250 \$6,250 \$6,550 \$6,550\$\$\$6,550\$\$\$6,550\$\$\$6,550\$\$\$6,550\$\$\$6,550\$\$\$6,550\$\$\$6,550\$\$\$6,550\$\$\$6,550\$\$\$6,550\$\$\$\$6,550\$\$\$\$6,550\$\$\$\$\$6,550\$\$\$\$6,550\$\$\$\$\$\$\$\$\$\$	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution. h insurance, ertificate of	
PREPAR APPROV JOINT II COMPAN By execut neither of Insurance	Surface Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves,Fittings etc Installation of Sur Other Lease & We Coduction Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA NY NAME:	4,200 12,667 7,500 7,000 cquipment (Packers ent (Casing Head/C ent (Pumping Unit o ent (Pumping Unit o face Lease Equipm ent face Lease Equipm ent face Lease Equipm ent face Lease Equipm ent face Lease Support face Lease Suppor	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I /Bottom Hole I /Bot	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - tob	TOTAL TA TOTAL TA TOTAL TA TOTAL WI states of the Operator's line coverage by	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE: well control insu: y Operator's well	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092 \$6,250\$60 \$6,250\$60 \$6,500\$60\$60\$	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution. h insurance, ertificate of	
PREPAR APPROV JOINT II COMPAN By execut neither of Insurance Exhibit D	Surface Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ed Valves,Fittings etc Installation of Sur Other Lease & We Coduction Compa 62.80% ED BY: Jerry E ED BY: Mitch I NTEREST SHA NY NAME:	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of face Lease Equipm Equip. Equip. any Working In Igin, VP Operation Krakauskas, Vice RE the above signee eed as sufficient ubrogation prior rating Agreemen	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend elee terest terest ons e President SIGNATURH is agreeing to by Operator. to spud date a t.	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - tob	TOTAL TA TOTAL TA TOTAL TA TOTAL WI states of the Operator's line coverage by	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE: well control insu: y Operator's well	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092 \$6,250\$60 \$6,250\$60 \$6,500\$60\$60\$	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution. h insurance, ertificate of	
PREPAR APPROV JOINT II COMPAN By execut neither of Insurance Exhibit D	Surface Intermediate Intermediate Intermediate Liner Production Production Tubing Subsurface Well E Rods, etc Wellhead Equipm Pumping Equipme Flowlines Tanks Sales Line Equipm Separator-Prod. Ec Valves,Fittings etc Installation of Sur Other Lease & We Coduction Compa 62.80% ED BY: Jerry E FED BY: Mitch I NTEREST SHA NY NAME: Tion of this AFE, f Swhich is guarant with waiver of si O of the Joint Open	4,200 12,667 7,500 7,000 Equipment (Packers ent (Casing Head/C ent (Pumping Unit of face Lease Equipm Equip. Equip. any Working In Igin, VP Operation Krakauskas, Vice RE the above signee eed as sufficient ubrogation prior rating Agreemen	9 5/8" 5.5" 7" 2 7/8" /Bottom Hole I Christmas Tree) or Sub Pump) ent (extend elee terest terest ons e President SIGNATURH is agreeing to by Operator. to spud date a t.	40# 20# 29# 6.5# Pump) Etric grid - to be p Etric grid - tob	TOTAL TA TOTAL TA TOTAL TA TOTAL WI states of the Operator's line coverage by	\$50.90 \$30.90 \$52.29 \$13.36 yore wells) NGIBLES ELL COSTS Y HOLE timing, the unde DATE: well control insu: y Operator's well	\$213,780 \$29,350 \$29,350 \$305,295 \$2,965,859 Strata Productio SIGNED: rsigned agrees the rance and agreeing control insurance,	\$392,175 \$93,520 \$26,100 \$312,500 \$60,000 \$16,250 \$68,000 \$1,454,955 \$6,954,670 n Co COMPLETED \$6,230,092 \$6,250\$60 \$6,250\$60 \$6,500\$60\$60\$	\$213,780 \$391,410 \$392,175 \$93,520 \$55,450 \$312,500 \$60,000 \$95,000 \$16,250 \$68,000 \$1,760,250 \$9,920,529 m execution. h insurance, ertificate of	

Oscar 2	-	d Com #12H				afe number FNR-23-23	3-30-12-0323	DATE March 1, 2023	
OCATION	SL: BHI	2,310' FNL & .: 100' FNL &					Ridge Delawar		
PI NUMBE	Pence Pence	ling				county or pari Eddy	SH	state New Mexico	
ROJECT E	DESCRIPTION AN	-				SECTION	TOWNSHIP	RANGE	
Drill~11,	615' lateral at ~	7,304' TVD to test	t the Brushy C	anyon Formati	ion.	23 proposed form	23S	30E proposed depth	
						Delaware		19,011	MD
ACCT			INTA	NGIBLES					
CODE						/Ft.	DRY HOLE	RUN CSG	TOTAL
	Drilling - Footag Drilling - Day W		17	Ft. @ \$ Days @ \$	31600		\$537,200		\$537,20
	Drilling - Day W	ork - ACP	1	Days @ \$	31600	/Day		\$31,600	\$31,60
		Power Swivel, and					¢105.000	\$61,600	\$61,60
		Demobilization- Oth Pits, Survey, Permi			ninion		\$105,000 \$112,000	\$500	\$105,00 \$112,50
	Drill Bits, Corin		is, cleanup, Da	inages & Thie O	pinion		\$70,000	\$18,000	\$88,00
	Transportation a	nd Hauling					\$53,500	\$21,000	\$74,50
	Drilling Mud, Cl	nemicals & Complet	ion Fluids				\$77,000	\$9,000	\$86,00
	Fuel, Power, Wa						\$146,500	\$183,100 \$161,500	\$329,60
	Cementing Servi Mud Logging	ces, Cementing Equ	ipment, Hanger	s; Packers			\$94,600 \$39,900	\$161,500	\$256,10 \$39,90
		ing and Side Wall C	oring				\$55,000		\$55,00
	Cased Hole Logging and Perforating Equipment Rental Including Solids Control, Closed Loop & Directional Services Insurance Other Well Services, NU/BOP, Casing Inspection Overhead							\$405,000	\$405,00
								\$37,000	\$461,15
								005 500	\$35,17
								\$35,500 \$5,000	\$80,00 \$15,00
	Overhead Supervision: Wellsite, Engineering, Geological, Consultants Contract Services Fluids & Cuttings Disposal						\$10,000 \$128,600	\$32,250	\$160,85
								\$77,000	\$77,00
							\$253,000	\$5,500	\$258,50
	Environmental C	-						¢2 100 000	¢2 100 00
	Stimulation Trea Plugging Costs	tment	58	Stages				\$3,199,000	\$3,199,00
		osts, Tax and Contin	ngencies				\$398,585	\$912,286	\$1,310,87
		,	<u> </u>	TOTAL IN	TANGIBLES		\$2,584,705	\$5,194,836	\$7,779,54
ACCT			TANO	GIBLES			DRY HOLE	COMPLETION	TOTAL
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT	DKI HOLE	COMPLETION	IUIAL
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,00
	Surface	500	13¾"	48#	H40	\$64.33	\$32,165		\$32,16
	Surface	-	0.5/011	40.4	155	650.00	¢212 700		¢212.79
	Intermediate Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,78
	Liner	-							
	Production	11,511	5.5"	20#	HCP110	\$30.90		\$355,690	\$355,69
	Production	7,500	7"	29#	HCP110	\$52.29		\$392,175	\$392,17
	Tubing	7,000	2 7/8''	6.5#	L80	\$13.36		\$93,520	\$93,52
	Rods, etc	Equipment (Packers	Bottom Hole I	² ump)					
		nent (Casing Head/	Christmas Tree)				\$29,350	\$26,100	\$55,45
	Pumping Equipn	nent (Pumping Unit	or Sub Pump)					\$312,500	\$312,50
	Flowlines							\$60,000	\$60,00
	Tanks								
	Sales Line Equip Separator-Prod.							\$95,000	\$95,00
	Valves,Fittings e							\$16,250	\$95,00
		urface Lease Equipm	ent (extend ele-	etric grid - to be	prorated to all Ee	yore wells)		\$68,000	\$68,00
	Other Lease & V	Vell Equip.							
					TOTAL TA		\$305,295	\$1,419,235	\$1,724,53
				T	IUTAL W	ELL COSTS	\$2,890,000	\$6,614,070	\$9,504,07
Strata Pr	-	oany Working In	terest		iction Co DR	AY HOLE	Strata Productio	n Co COMPLETED	
	62.80%				\$1,814,920			\$5,968,556	
PREPARI	ED BY: Jerry	Elgin, VP Operati	ons	DATE:	3/1/2023			Take	
		Krakauskas, Vice	e President	DATE:			SIGNED:		
	NTEREST SH. IY NAME:		SIGNATURE	6	ailability and	timing, the under DATE:	rsigned agrees the	at this AFE is valid for 180 days from WORKING INTEREST:	n execution.
. om Ar	. 1 147 114112.		JUNIORE					SRIENO INTEREST.	
								to the limits within and carrier of suc you must sign below and provide a Co	
either of surance	with waiver of		to spud date a		υ.	· •		t covered by your insurance or as othe	erwise set forth

Oscar 2	-	d Com #12H				afe number FNR-23-23	3-30-12-0323	DATE March 1, 2023	
OCATION	SL: BHI	2,310' FNL & .: 100' FNL &					Ridge Delawar		
PI NUMBE	Pence Pence	ling				county or pari Eddy	SH	state New Mexico	
ROJECT E	DESCRIPTION AN	-				SECTION	TOWNSHIP	RANGE	
Drill~11,	615' lateral at ~	7,304' TVD to test	t the Brushy C	anyon Formati	ion.	23 proposed form	23S	30E proposed depth	
						Delaware		19,011	MD
ACCT			INTA	NGIBLES					
CODE						/Ft.	DRY HOLE	RUN CSG	TOTAL
	Drilling - Footag Drilling - Day W		17	Ft. @ \$ Days @ \$	31600		\$537,200		\$537,20
	Drilling - Day W	ork - ACP	1	Days @ \$	31600	/Day		\$31,600	\$31,60
		Power Swivel, and					¢105.000	\$61,600	\$61,60
		Demobilization- Oth Pits, Survey, Permi			ninion		\$105,000 \$112,000	\$500	\$105,00 \$112,50
	Drill Bits, Corin		is, cleanup, Da	inages & Thie O	pinion		\$70,000	\$18,000	\$88,00
	Transportation a	nd Hauling					\$53,500	\$21,000	\$74,50
	Drilling Mud, Cl	nemicals & Complet	ion Fluids				\$77,000	\$9,000	\$86,00
	Fuel, Power, Wa						\$146,500	\$183,100 \$161,500	\$329,60
	Cementing Servi Mud Logging	ces, Cementing Equ	ipment, Hanger	s; Packers			\$94,600 \$39,900	\$161,500	\$256,10 \$39,90
		ing and Side Wall C	oring				\$55,000		\$55,00
	Cased Hole Logging and Perforating Equipment Rental Including Solids Control, Closed Loop & Directional Services Insurance Other Well Services, NU/BOP, Casing Inspection Overhead							\$405,000	\$405,00
								\$37,000	\$461,15
								005 500	\$35,17
								\$35,500 \$5,000	\$80,00 \$15,00
	Overhead Supervision: Wellsite, Engineering, Geological, Consultants Contract Services Fluids & Cuttings Disposal						\$10,000 \$128,600	\$32,250	\$160,85
								\$77,000	\$77,00
							\$253,000	\$5,500	\$258,50
	Environmental C	-						¢2 100 000	¢2 100 00
	Stimulation Trea Plugging Costs	tment	58	Stages				\$3,199,000	\$3,199,00
		osts, Tax and Contin	ngencies				\$398,585	\$912,286	\$1,310,87
		,	<u> </u>	TOTAL IN	TANGIBLES		\$2,584,705	\$5,194,836	\$7,779,54
ACCT			TANO	GIBLES			DRY HOLE	COMPLETION	TOTAL
CODE	CASING	FOOTAGE	SIZE	WEIGHT	GRADE	COST/FT	DKI HOLE	COMPLETION	IUIAL
	Conductor	100	20"	94#	H40	\$300.00	\$30,000		\$30,00
	Surface	500	13¾"	48#	H40	\$64.33	\$32,165		\$32,16
	Surface	-	0.5/011	40.4	155	650.00	¢212 700		¢212.79
	Intermediate Intermediate	4,200	9 5/8"	40#	J55	\$50.90	\$213,780		\$213,78
	Liner	-							
	Production	11,511	5.5"	20#	HCP110	\$30.90		\$355,690	\$355,69
	Production	7,500	7"	29#	HCP110	\$52.29		\$392,175	\$392,17
	Tubing	7,000	2 7/8''	6.5#	L80	\$13.36		\$93,520	\$93,52
	Rods, etc	Equipment (Packers	Bottom Hole I	² ump)					
		nent (Casing Head/	Christmas Tree)				\$29,350	\$26,100	\$55,45
	Pumping Equipn	nent (Pumping Unit	or Sub Pump)					\$312,500	\$312,50
	Flowlines							\$60,000	\$60,00
	Tanks								
	Sales Line Equip Separator-Prod.							\$95,000	\$95,00
	Valves,Fittings e							\$16,250	\$95,00
		urface Lease Equipm	ent (extend ele-	etric grid - to be	prorated to all Ee	yore wells)		\$68,000	\$68,00
	Other Lease & V	Vell Equip.							
					TOTAL TA		\$305,295	\$1,419,235	\$1,724,53
				T	IUTAL W	ELL COSTS	\$2,890,000	\$6,614,070	\$9,504,07
Strata Pr	-	oany Working In	terest		iction Co DR	AY HOLE	Strata Productio	n Co COMPLETED	
	62.80%				\$1,814,920			\$5,968,556	
PREPARI	ED BY: Jerry	Elgin, VP Operati	ons	DATE:	3/1/2023			Take	
		Krakauskas, Vice	e President	DATE:			SIGNED:		
	NTEREST SH. IY NAME:		SIGNATURE	6	ailability and	timing, the under DATE:	rsigned agrees the	at this AFE is valid for 180 days from WORKING INTEREST:	n execution.
. om Ar	. 1 147 114112.		SIGINIURE					SRIENO INTEREST.	
								to the limits within and carrier of suc you must sign below and provide a Co	
either of surance	with waiver of		to spud date a		υ.	· •		t covered by your insurance or as othe	erwise set forth



SHARON T. SHAHEEN Direct: (505) 986-2678 Email: <u>sshaheen@montand.com</u> www.montand.com

May 12, 2023

Via U.S. Certified Mail, return receipt requested

TO: ALL INTEREST OWNERS ON ATTACHED LIST

Re: Case No. 23563 – Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico – Oscar 23 11 EDL Fed Com #1H and Oscar 23 11 EDI Fed Com #11H

Case No. 23564 – Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico – Oscar 23 11 FCL Fed Com #2H and Oscar 23 11 FCI Fed Com #12H

Dear Interest Owner:

This will advise that pursuant to NMSA 1978, § 70-2-17, Strata Production Company ("Strata") has filed applications with the New Mexico Oil Conservation Division for orders pooling all uncommitted interests in the proposed wells described below ("Applications"). You are receiving this notice because you may have an interest in one or more of these wells.

Case No. 23563. *Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) Oscar 23 11 EDL Fed Com #1H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 385' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 330' FWL of Section 11, T23S-R30E; and (2) Oscar 23 11 EDI Fed Com #11H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 460' FWL of Section 23, T23S-R30E,

REPLY TO:

325 Paseo de Peralta Santa Fe, New Mexico 87501 Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307 Santa Fe, New Mexico 87504-2307 Released to Imaging: 5/31/2023 8:13:50 AM Strata Production Co. NMOCD Case Nos. 23563 & 23564 June 1, 2023

Exhibit A-8

All Interest Owners May 12, 2023 Page 2

to an approximate bottom hole location 100' FNL and 990' FWL of Section 11, T23S-R30E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 14 miles East of Loving, New Mexico.

Case No. 23564. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) Oscar 23 11 FCL Fed Com #2H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1905' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 1650' FWL of Section 11, T23S-R30E; and (2) Oscar 23 11 FCI Fed Com #12H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1980' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 2310' FWL of Section 11, T23S-R30E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 14 miles East of Loving, New Mexico.

The attached applications will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division. Hearings are currently conducted remotely. The hearing will be conducted on **June 1, 2023**, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: http://www.emnrd.state.nm.us/OCD/hearings.html. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony.

Failure to appear at that time and become a party of record will preclude you from challenging these applications at a later time. If you intend to present testimony or evidence at the hearing, you must enter your appearance by **May 24, 2023**, and serve

All Interest Owners May 12, 2023 Page 3

the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **May 25, 2023**, in accordance with Division Rule 19.15.4.13 NMAC.

Please feel free to contact me if you have any questions about these applications.

Very truly yours,

<u>/s/ Sharon T. Shaheen</u> Sharon T. Shaheen

STS/tsl Enclosure cc: Strata Production Co., *via email*

<u>EXHIBIT A</u>

INTEREST OWNERS

Working Interest Party(ies):

Oxy USA, Inc. 5 Greenway Plaza, Suite 110 Houston, Texas 77046

Additional Party(ies):

Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157

STRATA

Regional View of the Delaware Basin



Oscar 23 11 EDL Fed Com #1H Oscar 23 11 EDI Fed Com #11H NM OCD Case No. 23563 Exhibit B-1

Delaware Basin Stratigraphic Column





Released to Imaging: 5/31/2023 8:#3:50 AM



30015495940 anget Interval on Offset Log





Cross Section Line

Oscar 23 11 EDL Fed Com #1H Oscar 23 11 EDI Fed Com #11H NM OCD Case No. 23563

	3	2	1	6	5	4	3	2	1	6	5	Exhib	it B-5		
_			Oso	L car 23 11 ED)L Fed Com	#1H									
	10	.11		ar 23 11 ED			10	.11	12		8	9	10	_11	12
_	45								40				45		
	15	.14	13	18	Α	.16	15	.14	13	18	17	.16	15	.14	13
	23S 29E	23	24	19	20	21	22	23	24	19	20	21	23S 31E 22	23	24
													•		
	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25
		-			 					×′					
	34	35	36	31	32	235	5 30E	35	36	31	32	33	34	35	36



Oscar 23 11 EDL Fed Com #1H

Structural Cross section



Released to Imaging: 5/31/2023 8:13:50 AM

•

Tab 4.

В **COMPULSORY POOLING APPLICATION CHECKLIST** ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS **Case: 23564 APPLICANT'S RESPONSE** Date June 1, 2023 4 5 Applicant **Strata Production Company** ⁶ Designated Operator & OGRID (affiliation if applicable) 21712 Montgomery & Andrews, P.A. (Sharon Shaheen & Troy Lawton) 7 Applicant's Counsel: Application of Strata Production Co. for Compulsory Pooling, Eddy Case Title: County, New Mexico Entries of Appearance/Intervenors: None at this time 9 Well Family Oscar 23 11 Fed Com Wells 10 **Formation/Pool** Formation Name(s) or Vertical Extent: **Delaware Formation** Primary Product (Oil or Gas): Oil Pooling this vertical extent: **Delaware Formation** 14 Pool Name and Pool Code Forty Niner Ridge Delaware [24750]

	Pool Name and Pool Code:	Forty Niner Ridge; Delaware [24750]
1		
	Well Location Setback Rules:	Statewide rules
1		
	Spacing Unit Size:	400 acres, more or less
1		
1	Spacing Unit	
-	Type (Horizontal/Vertical)	Horizontal
1		400 seres mars or less
	Size (Acres)	400 acres, more or less
2		
	Building Blocks:	Quarter-quarter section (40 ac)
2		
	Orientation:	South-North
2		
	Description: TRS/County	E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11,
2		Township 23 South, Range 30 East in Eddy County, NM
	Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is	Yes
2	approval of non-standard unit requested in this application?	
	Other Situations	
2	Depth Severance: Y/N. If yes, description	Νο
2		
	Proximity Tracts: If yes, description	n/a
2		
	Proximity Defining Well: if yes, description	n/a
2	3	

+

Applicant's Ownership in Each Tract	^в Tract 1: 78.50%; Tract 2: 0.0%; Tract 3: 78.50%; Tract 4: 39.25%; <i>see</i> Exhibits A-2 and A-4
 ³⁰ Well(s) Name & API (if assigned), surface and bottom hole location, ³¹ footages, completion target, orientation, completion status Well #1 ³² 	Oscar 23 11 FCL Fed Com #2H , API No. Pending SHL: 2310' FNL and 1905' FWL of Section 23, T23S-R30E, NMPM
Horizontal Well First and Last Take Points Completion Target (Formation, TVD and MD)	FTP (~2310' FNL and 1905' FWL of Section 23, T23S-R30E) LTP (~100' FNL and 1650' FWL of Section 11, T23S-R30E) Brushy Canyon - TVD (~7,579'), MD (~20,167')
Well #2 Horizontal Well First and Last Take Points	Oscar 23 11 FCI Fed Com #12H, API No. Pending SHL: 2310' FNL and 1980' FWL of Section 23, T23S-R30E, NMPM FTP (~2310' FNL and 1980' FWL of Section 23, T23S-R30E) LTP (~100' FNL and 2310' FWL of Section 11, T23S-R30E)
Completion Target (Formation, TVD and MD)	Brushy Canyon - TVD (~7,304'), MD (~19,009')
38 AFE Capex and Operating Costs	
³⁹ Drilling Supervision/Month \$	\$8000; <i>see</i> Exhibit A, ¶ 20
⁴⁰ Production Supervision/Month \$	\$800; <i>see</i> Exhibit A, ¶ 20
Justification for Supervision Costs	Please see AFE at Exhibit A-7
42 Requested Risk Charge	200%; <i>see</i> Exhibit A, ¶ 21
43 Notice of Hearing	
44 Proposed Notice of Hearing	Submitted with online filing of Application
⁴⁵ Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C; Exhibit A-8
⁴⁶ Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C
47 Ownership Determination	
48 Land Ownership Schematic of the Spacing Unit	See Exhibits A-2 and A-3
⁴⁹ Tract List (including lease numbers and owners)	See Exhibits A-2 and A-4
⁵⁰ If approval of Non-Standard Spacing Unit is requested, Tract Lis	st N/A
Pooled Parties (including ownership type)	See Exhibit A-5
 ⁵² Unlocatable Parties to be Pooled Ownership Depth Severance (including percentage above & ⁵³ below) 	None
54 Joinder	
55 Sample Copy of Proposal Letter	Exhibit A-7
56 List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4

+

A	В
	D
57 Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
58 Overhead Rates In Proposal Letter	n/a
59 Cost Estimate to Drill and Complete	See AFE at Exhibit A-7
60 Cost Estimate to Equip Well	See AFE at Exhibit A-7
61 Cost Estimate for Production Facilities	See AFE at Exhibit A-7
62 Geology	
63 Summary (including special considerations)	Exhibit B, ¶¶ 5-14; see Exhibits B-1 through B-6
64 Spacing Unit Schematic	Exhibit B-3
65 Well Orientation (with rationale)	Exhibit B, ¶ 12(d)
66 Target Formation	Exhibits B-2 and B-4
67 HSU Cross Section	Exhibit B-6
68 Depth Severance Discussion	n/a; see Exhibit A, ¶ 13
69 Forms, Figures and Tables	
70 C-102	Exhibit A-6
71 Tracts	Exhibits A-2 and A-4
72 Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
73 General Location Map (including basin)	Exhibits A-1 and B-1
74 Well Bore Location Map	Exhibit A-3; Exhibit A-6
75 Structure Contour Map - Subsea Depth	Exhibit B-3
76 Cross Section Location Map (including wells)	Exhibit B-5
77 Cross Section (including Landing Zone)	Exhibits B-5 and B-6
Additional Information 78	
79 Special Provisions/Stipulations	None
80 CERTIFICATION: I hereby certify that the information provi	ded in this checklist is complete and accurate.
81 Printed Name (Attorney or Party Representative):	Sharon T. Shaheen
⁸² Signed Name (Attorney or Party Representative):	Sharon I Shakeen
83 Date:	5/30/2023

STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23564

APPLICATION

Strata Production Company, OGRID No. 21712 ("Strata"), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and Troy S. Lawton), hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. In support of its application, Strata states as follows:

1. Strata is a working interest owner in the proposed HSU and has the right to drill thereon.

- 2. Strata proposes to drill the following 2.5-mile wells in the proposed HSU:
 - Oscar 23 11 FCL Fed Com #2H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1905' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 1650' FWL of Section 11, T23S-R30E.
 - Oscar 23 11 FCI Fed Com #12H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1980' FWL of Section 23, T23S-

R30E, to an approximate bottom hole location 100' FNL and 2310' FWL of Section 11, T23S-R30E.

3. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

4. Strata has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU. The only uncommitted interest in this HSU is owned by OXY USA Inc., and therefore OXY USA Inc. is the only interest owner to be pooled in this proceeding.

5. Approval of the HSU and the pooling of all mineral interest owners in the Delaware formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to permit Strata to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Strata should be designated the operator of the HSU.

WHEREFORE, Strata requests that this application be set for hearing before an examiner of the Oil Conservation Division on June 1, 2023, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 400-acre, more or less, HSU comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico;

B. Pooling all mineral interests in the Delaware formation underlying the HSU;

C. Allowing the drilling of the Oscar 23 11 FCL Fed Com #2H well and the Oscar 2311 FCI Fed Com #12H well;

2

D. Designating Strata as operator of the HSU and the well to be drilled thereon;

E. Authorizing Strata to recover its costs of drilling, equipping and completing the well;

F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Strata in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

<u>/s/ Sharon T. Shaheen</u> Sharon T. Shaheen Troy S. Lawton Post Office Box 2307 Santa Fe, NM 87504-2307 (505) 986-2678 <u>sshaheen@montand.com</u> <u>tlawton@montand.com</u>

Attorneys for Strata Production Company

Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware [24750]) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) Oscar 23 11 FCL Fed Com #2H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1905' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 1650' FWL of Section 11, T23S-R30E; and (2) Oscar 23 11 FCI Fed Com #12H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1980' FWL of Section 23, T23S-R30E, to an approximate bottom hole location 100' FNL and 2310' FWL of Section 11, T23S-R30E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 14 miles East of Loving, New Mexico.



FREL

OIL F

NELSC



Oscar 23 11 FCL Fed Com #2H Oscar 23 11 FCI Fed Com #12H NM OCD Case No. 23564 Exhibit A-1

Carlsbad

T215 R29E

T225 R29E

Sall Lake

T235 R29E

HA

000

T215 R30E

T225 830E

T23S

00100

0

T215 R31E

T22S R31E

T21S R32E

T228 R32E

T21S R33E

T22S R33E

Oscar 23 11 FCL Fed Com #2H Oscar 23 11 FCI Fed Com #12H

T215 R34E

T22S R34E

PO154805E

T22S R35E

SAN SIMON RIDGE T21S R36E

T22S R36E

T215 FORGE

T22S R3#E T22S R

T23 S R37E T23 S R38

T245 R25E	1245 R26E	T248 R27E	T24S R28E	T245 R29E	T248 R30E	T24S R31E	T245 R32E	T24S R33E	T24S R34E	T24S R35E	T24S R36E	T24S R37E T24S R38
Whites Cit	y	FT The	28.5		A A A							State 1
00			Re M F	AND	BI	g sinks						<u> 이 강 안 다 있는 것 같다.</u> 2월 전도 1 등 동생
25 S R25E	T258 R26E	T25S R27E	T25S R28E	T25.S R29E	T25S R30E	T25S R31E	PADUCA OIL FIELD T25S R32E	T25S R33E	WOODLEY FLAT T25S R34E	T25S R35E	T25S R36E	Ja125S R37E T25S R38
17ª									2		JAVALINA BASIN	
26S R25E	T265 R26E	T265 R27E	T26S R28E	T26S R29E	T26S R30E	T26S R31E	T265 R32E	T26 SAB828 E DRAW OIL FIELD	T26S R34E	T26 S R35E	T26S R36E	T265 R37E T265 R38
T26S R25E	T26S R26E	T265 R27E	T26S R28E	1265 R29E	T265 R30E	T26S R31E	T26S R32E	T26SAR&@@ DRAW OIL FIELD NEW MEXICO	T26S R34E	T265.R35E	T26S R36E	T26S R37E T26S R



Oscar 23 11 FCL Fed Com #2H Oscar 23 11 FCI Fed Com #12H NM OCD Case No. 23564 Exhibit A-2

OXY USA, Inc.

Total

SJR Enterprises





Oscar 23 11 FCL Fed Com #2H Oscar 23 11 FCI Fed Com #12H NM OCD Case No. 23564 Exhibit A-3

Total





Oscar 23 11 FCL Fed Com #2H Oscar 23 11 FCI Fed Com #12H NM OCD Case No. 23564 Exhibit A-4

CONTRACT AREA Oscar 23 11 FCL Fed Com 23 11 #2H & Oscar 23 11 FCI Fed Com #12H- Case No. 23564:

 $E^{1\!\!/_2}W^{1\!\!/_2}$ of Sec. 11-23S-30E, $E^{1\!\!/_2}W^{1\!\!/_2}$ of Sec. 14-23S-30E and $E^{1\!\!/_2}NW^{1\!\!/_4}$ of Sec. 23-23S-30E, Eddy County, New Mexico, 400.00 acres, more or less

UNIT INTEREST OF THE PARTIES:

Interest Owners:	Net Acres	WI %
Lincoln Associates	32.00	8.00%
OXY USA, Inc.	40.00	10.00%
SJR Enterprises	10.40	2.60%
Strata Production Company	251.20	62.80%
Wade P. Carrigan and Beth Carrigan	16.00	4.00%
Winn Investments, Inc.	10.40	2.60%
XTO Holdings, LLC	40.00	10.00%
Total	400.00	100.00%

TRACT INTEREST OF THE PARTIES:

Tract 1 (E¹/₂NW¹/₄ and NE¹/₄SW¹/₄ of Sec. 11, T23S-R30E 120.00 acres, more or less)

Interest Owners:	Net Acres	WI %		
Lincoln Associates	12.00	10.00%		
SJR Enterprises	3.90	3.25%		
Strata Production Company	94.20	78.50%		
Wade P. Carrigan and Beth Carrigan	6.00	5.00%		
Winn Investments, Inc.	3.90	3.25%		
Total	120.00	100.00%		
Record Title Owners:	%			
ConocoPhillips Company	100.00%			
Total	100.00%			

Interest Owners:	Net Acres	WI %
XTO Holdings, LLC	40.00	100.00%
Total	40.00	100.00%
Record Title Owners:	%	
XTO Holdings, LLC	100.00%	
Total	100.00%	
Fract 3 (E ¹ / ₂ W ¹ / ₂ of Sec. 14, T23S-R30E 160.00 acres, 1	more or less)	
Interest Owners:	Net Acres	WI %
Lincoln Associates	16.00	10.00%
SJR Enterprises	5.20	3.25%
Strata Production Company	125.60	78.50%
Wade P. Carrigan and Beth Carrigan	8.00	5.00%
Winn Investments, Inc.	5.20	3.25%
Total	160.00	100.00%
Record Title Owners:	0⁄0	
	100.000/	
ConocoPhillips Company	100.00%	
ConocoPhillips Company Total	100.00%	
Total	100.00%	
Total	100.00%	WI %
Total Fract 4 (E ¹ / ₂ NW ¹ / ₄ of Sec. 23, T23S-R30E 80.00 acres, Interest Owners: Lincoln Associates	100.00% more or less) Net Acres 4.00	5.00%
Total Fract 4 (E ¹ / ₂ NW ¹ / ₄ of Sec. 23, T23S-R30E 80.00 acres, Interest Owners: Lincoln Associates	100.00% more or less) Net Acres	5.00%
Total Fract 4 (E ¹ / ₂ NW ¹ / ₄ of Sec. 23, T23S-R30E 80.00 acres, Interest Owners: Lincoln Associates OXY USA, Inc. SJR Enterprises	100.00% more or less) Net Acres 4.00	5.00% 50.00%
Total Fract 4 (E ^{1/2} NW ^{1/4} of Sec. 23, T23S-R30E 80.00 acres, Interest Owners: Lincoln Associates OXY USA, Inc.	100.00% more or less) Net Acres 4.00 40.00	5.00% 50.00% 1.625%
Total Fract 4 (E ¹ / ₂ NW ¹ / ₄ of Sec. 23, T23S-R30E 80.00 acres, Interest Owners: Lincoln Associates OXY USA, Inc. SJR Enterprises	100.00% more or less) Net Acres 4.00 40.00 1.30	5.00% 50.00% 1.625% 39.25%
Total Tract 4 (E½NW¼ of Sec. 23, T23S-R30E 80.00 acres, Interest Owners: Lincoln Associates OXY USA, Inc. SJR Enterprises Strata Production Company	100.00% more or less) Net Acres 4.00 40.00 1.30 31.40	5.00% 50.00% 1.625% 39.25% 2.50%
Total Fract 4 (E ¹ / ₂ NW ¹ / ₄ of Sec. 23, T23S-R30E 80.00 acres, Interest Owners: Lincoln Associates OXY USA, Inc. SJR Enterprises Strata Production Company Wade P. Carrigan and Beth Carrigan	100.00% more or less) Net Acres 4.00 40.00 1.30 31.40 2.00	WI % 5.00% 50.00% 1.625% 39.25% 2.50% 1.625% 100.00%
Total Fract 4 (E ^{1/2} NW ^{1/4} of Sec. 23, T23S-R30E 80.00 acres, Interest Owners: Lincoln Associates OXY USA, Inc. SJR Enterprises Strata Production Company Wade P. Carrigan and Beth Carrigan Winn Investments, Inc.	100.00% more or less) Net Acres 4.00 40.00 1.30 31.40 2.00 1.30	5.00% 50.00% 1.625% 39.25% 2.50% 1.625%
Total Fract 4 (E ¹ / ₂ NW ¹ / ₄ of Sec. 23, T23S-R30E 80.00 acres, Interest Owners: Lincoln Associates OXY USA, Inc. SJR Enterprises Strata Production Company Wade P. Carrigan and Beth Carrigan Winn Investments, Inc. Total	100.00% more or less) Net Acres 4.00 40.00 1.30 31.40 2.00 1.30 160.00	5.00% 50.00% 1.625% 39.25% 2.50% 1.625%
Total Fract 4 (E ¹ / ₂ NW ¹ / ₄ of Sec. 23, T23S-R30E 80.00 acres, Interest Owners: Lincoln Associates OXY USA, Inc. SJR Enterprises Strata Production Company Wade P. Carrigan and Beth Carrigan Winn Investments, Inc. Total Record Title Owners:	100.00% more or less) Net Acres 4.00 40.00 1.30 31.40 2.00 1.30 1.30 160.00 %	5.00% 50.00% 1.625% 39.25% 2.50% 1.625%

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

•

<u>Tract 1:</u> Lessor: Lessee: Serial No.: Date: Description:	United State of America James P. Schwartz and T.N.F. Shaw NMNM 021638 May 1, 1964 E½NW¼ and NE¼SW¼ of Sec. 11, T23S-R30E 120.00 acres, more or less
<u>Tract 2:</u> Lessor: Lessee: Serial No.: Date: Description:	June 1, 1964
Tract 3: Lessor: Lessee: Serial No.: Date: Description:	United State of America Patricia Boyle NMNM 543162 July 1, 1964 E ¹ / ₂ W ¹ / ₂ of Sec. 14, T23S-R30E 160.00 acres, more or less
<u>Tract 4:</u> Lessor: Lessee: Serial No.: Date: Description:	United State of America Messrs G. Burke and H. McCall NMNM 543552 June 1, 1964 E ¹ / ₂ NW ¹ / ₄ of Sec. 23, T23S-R30E 80.00 acres, more or less

* Those Parties Highlighted are the only parties Strata Production Company is seeking to pool at this time.



Oscar 23 11 FCL Fed Com #2H Oscar 23 11 FCI Fed Com #12H NM OCD Case No. 23564 Exhibit A-5

Interest Owner: OXY USA Inc. Contact Type: Phone, Email, USPS

Notes: Contacted Matthew Cole regarding the proposals on March 3, 2023, with no response. In prior discussions, Mr. Cole has informed me that Oxy will not look at a proposal until they are compulsory pooled and to proceed with pooling for all future wells.

1625 N. French Dr., Hobbs, NM 88240

811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

Phone: (575) 393-6161 Fax: (575) 393-0720

1000 Rio Brazos Road, Aztec, NM 87410

Phone: (505) 334-6178 Fax: (505) 334-6170

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

District I

District II

District III

District IV

State of New Mexico Energy, Minerals & Natural Resource OIL CONSERVATION DI 1220 South St. Francis Santa Fe, NM 87505 OScar 23 11 FCL Fed Com #2H Oscar 23 11 FCl Fed Com #2H

AMENDED REPORT

		W	ELL L	OCATIO	N AND ACI	REAGE DEDIC	CATION PLA	Т				
1	API Number			² Pool Code		³ Pool Name						
				24750 FORTY NINER RIDGE U						UNIT		
4Property Co	de				6 Well Number							
			OSCA	R 23/11 F	FCL FED COM			2H				
⁷ OGRID NO.					⁹ Elevation							
2171			STRATA PRODUCTION COMPANY						3225'			
					¹⁰ Surface	Location						
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/We	est line	County		
F	23	23S	30E		2310	NORTH	1905	WE	ST	EDDY		
			11	Bottom H	lole Location	If Different Fr	om Surface					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	est line	County		
C	11	23S	30E		100	NORTH	1650	WE	ST	EDDY		
12 Dedicated Acre	s 13 Joint	or Infill 14 (Consolidation	Code 15 C	Order No.					-		
400												

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



Released to Imaging: 5/31/2023 8:13:50 AM

.

District I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

		W	ELL L	OCATIO	N AND AC	REAGE DEDIC	ATION PLA	T				
1	API Number	r		2 Pool Code ³ Pool Name								
				24750	FORTY NINER RIDGE UNIT							
4Property Co	de				6 Well Number							
			OSCA	12H								
⁷ OGRID NO.					⁹ Elevation							
21712			STRATA	3226'								
					¹⁰ Surface	Location						
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/We	East/West line Cou			
F	23	23S	23S 30E 2310 NORTH 1980 WE		WE	ST	EDDY					
			11]	Bottom H	ole Location	n If Different Fr	om Surface					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	est line	County		
C	11	23S	30E		100	NORTH	2310	WE	ST	EDDY		
12 Dedicated Acres	s 13 Joint	or Infill 14 C	onsolidation	Code 15 C	Order No.							
400												

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

I6 GEODETIC DATA PROPOSED NAD 83 GRID – NM EAST PENETRATION POINT 3 (PPP3) 0' FSL – 2176' FWL SEC.11 SURFACE LOCATION (SL)/ N: 477670.7 – E: 689651.3 LAT: 32.3122765' N PENETRATION POINT 1 (PPP1) N: 470072.2 – E: 689480.8 LAT: 32.2913920' N LAT: 32.2913920' N PENETRATION POINT 4 (PPP4) PROPOSED PENETRATION POINT 2 (PPP2) O' FSL – 2040' FWL SEC.14 N: 478995.4 E: 689680.6 PENETRATION POINT 2 (PPP2) N: 478995.4 E: 689680.6 PENETRATION POINT 2 (PPP2) N: 478995.4 E: 689680.6 O' FSL – 2040' FWL SEC.14 N: 472381.7 – E: 689519.0	© N 89'57'28" W 2680. 2310' вн -	<mark>07</mark> −100'	7	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working
SURFACE LOCATION (SL)/ N: 477670.7 E: 689651.3 KICK OFF POINT (KOP) PROPOSED LAT: 32.3122765* N PENETRATION POINT 1 (PPP1) LAT: 32.3122765* N N: 470072.2 - E: 689480.8 PROPOSED LAT: 32.2013920* N LONG: 103.8539132* W PROPOSED PENETRATION POINT 4 (PPP4) 1325' FSL - 2210' PENETRATION POINT 2 (PP2) 0' FSL - 2040' FWL 0' FSL - 2040' FWL SEC.14		-11		owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this
Proposed Proposed Proposed Penetration Point 2 (PPP2) 0' FSL - 2040' FWL SEC.14 N: 478095.4 E: 68968.6	9 W	-11		
PROPOSED 1325' FSL – 2210' FWL SEC.11 PROPOSED N: 478995.4 E: 689680.6 PENETRATION POINT 2 (PPP2) LAT: 32.3159176' N 0' FSL – 2040' FWL SEC.14 LONG: 103.8531374' W		<u> </u>	7	
<u>0'FSL – 2040'FWL SEC.14</u> LONG: 103.8531374°W		- NMNM 054	92 M	interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
LAT: 32.2977400° N <u>BOTTOM HOLE (BH)</u>	≤ ≤ \$ 89'56'43" ₩ 2677.0	e' s 89'56'20"	 W 2677.62	Signature Date
LONG: 103.8537561* W N: 482859.8 – E: 689762.8 LAT: 32.3265387' N LONG: 103.8528152* W	92.542 PPP3-	R	— — — — . Ø 2641.57'	Jerry Edgin, WP of Operations
<u>CORNER DATA</u> NAD 83 GRID – NM EAST			 8'27", I	jelgin@stratanm.com
A: FOUND BRASS CAP "1942" J: FOUND BRASS CAP "1942" N: 467084.8 – E: 687530.3 N: 480315.3 – E: 692820.2	° 8 ≥ 2 2 2 2 2 2 2 2 2 2 2 2 2 1 2 1 2 1 2			E-mail Address
B: FOUND BRASS CAP "1942" K: FOUND BRASS CAP "1942" N: 469732.1 – E: 687504.4 N: 477674.0 – E: 692829.2			— — — V 2642.87'	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this
C: FOUND BRASS CAP "1942" L: FOUND BRASS CAP "1942" N: 472376.5 – E: 687479.5 N: 475033.1 – E: 692835.7	→ → → → → → → → → → → → → → → → → → →			plat was plotted from field notes of actual surveys made by me or under my supervision, and that the
D: FOUND BRASS CAP "1942" M: FOUND BRASS CAP "1942" N: 475023.4 – E: 687478.1 N: 472390.8 – E: 692844.2	≥ \$ 89'51'09" ₩ 2681.9: \$ (C)	7' 1 s 89:50'32" (1) @	₩ 2683.92' [≈]	same is true and correct to the best of my belief. 03/29/2023 FER
E: FOUND BRASS CAP "1942" N: FOUND BRASS CAP "1942" N: 477668.6 – E: 687475.8 N: 469750.0 – E: 692862.1			 0", W 2641	Date of Survey
F: FOUND BRASS CAP "1942" O: CALCULATED CORNER N: 480316.7 – E: 687466.4 N: 467108.3 – E: 692881.7	1980'		= Z 	Signature and Seal of Pofesional Surveyor, $M \in \mathcal{F}$ (14400)
G: FOUND BRASS CAP "1942" P: FOUND BRASS CAP "1942" N: 482961.4 – E: 687452.8 N: 467097.4 – E: 690206.2	2648.02 	- 23 _] -SL/KOP/PI	− ⊤ - 1) 	PRO 05/12/2023
H: FOUND BRASS CAP "1942" Q: FOUND BRASS CAP "1942" N: 482959.5 – E: 690132.2 N: 472383.4 – E: 690160.9	7 NMNM 543552		 25'32" W 2	Certificate Number
I: FOUND BRASS CAP "1942" R: FOUND BRASS CAP "1942" N: 482957.2 – E: 692811.0 N: 477671.2 – E: 690152.2	A S 89'43'45" ₩ 2676.	D	 ≥ ≥ ≥ ≥	REV: WELL CALLS & LEASE AREAS 5/9/23

Released to Imaging: 5/31/2023 8:13:50 AM

STRATA

Regional View of the Delaware Basin



Delaware Basin Stratigraphic Column







20

24S 31E

22

23

24

19

STRATA PRODUCTION COMPANY Released to Imaging: 5/31/2023 8:#3:50 AM

24S 30E

20

24S 30

22

Page 71 of 81

30015495940 an offset Log





Cross Section Line

Oscar 23 11 FCL Fed Com #2H Oscar 23 11 FCI Fed Com #12H NM OCD Case No. 23564

	3	2	1	6	5	4.	3	2	1	6	5	Exhib	it B-5		
				L car 23 11 FC	L Fod Com	#211					_	_			
	10	11		car 23 11 FC car 23 11 FC			10	11	12	7	8	9	10	11	12
_											_	_	_		
	15	14	13	18	Α	16	.15	14	13	18	17	16	15	14	13
_	23S 29E												23S 31E		
	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24
								1							
	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25
					 					ـــــــــــــــــــــــــــــــــــــ					
	34	35	36	31	32	235	5 30E	35	36	31	32	33	34	35	36
				1	ĺ				ľ						



Oscar 23 11 FCL Fed Com #2H

Structural Cross section



Released to Imaging: 5/31/2023 8:13:50 AM

•

Tab 5.

STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23563

APPLICATION OF STRATA PRODUCTION CO. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23564

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, Sharon T. Shaheen, attorney for STRATA PRODUCTION COMPANY ("Strata"), the Applicant in the above-captioned matters, being first duly sworn, state the following:

I caused notice of the applications to be sent by certified mail through the United States Postal Service on May 11, 2023, to all interest owners sought to be pooled in these proceedings. Evidence of mailing to all such owners is attached hereto as Exhibit A. In an abundance of caution, notice was also directed to all such owners by publication in the Carlsbad Current Argus on May 17, 2023, which is reflected in the Affidavit of Publication attached hereto as Exhibit B. Exhibits A and B demonstrate to my satisfaction that all owners sought to be pooled were properly served.

Strata has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the Applications filed herein.

SHARON T. SHAHEEN

SUBSCRIBED AND SWORN to before me this 30^{fh} day of May, 2023.

m. Luna

Notary Public

My Commission Expires:

STATE OF NEW MEXICO NOTARY PUBLIC DIANA M LUNA COMMISSION #1093615 COMMISSION EXPIRES 06/28/2025

•

Strata Production Company Oscar 23 11 FCL Fed Com Wells June 1, 2023 Hearing

Entity	Date Letter Mailed	Certified Mail Number	Status of Delivery	Date Received
	WORKING	G INTEREST PARTY(IES)		
Oxy USA, Inc. 5 Greenway Plaza, Suite 110 Houston, Texas 77046	May 11, 2023	7721 0950 0001 6540 5762	Delivered	May 15, 2023
	ADDI	TIONAL PARTY(IES)		•
Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157	May 11, 2023	7021 0950 0001 6540 5786	Delivered	May 15, 2023

1



USPS Tracking[®]

Tracking Number: 70210950000165405786

Copy Add to Informed Delivery (https://informeddelivery.usps.com/)

Latest Update

Your item was delivered to the front desk, reception area, or mail room at 1:35 pm on May 15, 2023 in HOBBS, NM 88240.

To Oxy USA, Inc.

Get More Out of USPS Tracking:

USPS Tracking Plus[®]

Delivered

Delivered, Front Desk/Reception/Mail Room HOBBS, NM 88240 May 15, 2023, 1:35 pm

See All Tracking History

USPS Tracking Plus®

Product Information

See Less 🔨

Track Another Package

Enter tracking or barcode numbers

Need More Help?

Contact USPS Tracking support for further assistance.

Remove X

Feedback

 \checkmark

 \checkmark

****/

Carlsbad Current Argus.

Affidavit of Publication Ad # 0005702886 This is not an invoice

MONTGOMERY & ANDREWS P.A. PO BOX 2307

SANTA FE, NM 87504

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

05/17/2023

Legal Clerk

Subscribed and sworn before me this May 17, 2023:

allen

State of WI, County of Brown NOTARY PUBLIC

I-7 35 My commission expires

KATHLEEN ALLEN Notary Public State of Wisconsin

Ad # 0005702886 PO #: # of Affidavits1 This is not an invoice

NOTICE

To the following entities, individuals, their heirs, personal representatives, trustees, successors or assigns, and any other uncommitted mineral owners:

Oxy USA, Inc.; and Bureau of Land Management.

Strata Production Company has filed applications with the New Mexico Oil Conservation Division as follows:

Mexico Oil Conservation Division as follows: Case No. 23563. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the abovestyled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware (24750)) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 NW/4 of Section 23 and the W/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) Oscar 23 11 EDL Fed Com #1H well, to be horizontally drilled from an approximate surface hole location 2110' FNL and 385' FWL of Section 23, T235-R30E, to an approximate bottom hole location 100' FNL and 330' FWL of Section 11, T235-R30E; and (2) Oscar 23 11 EDL Fed Com #1H well, to be horizontally drilled from an approximate surface hole location 100' FNL and 380' FWL of Section 11, T235-R30E; and (2) Oscar 23, T235-R30E, to an approximate bottom hole location 130' FNL and 183' fWL of Section 11, T235-R30E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 14 miles East of Loving, New Mexico.

are located approximately 14 miles East of Loving, New Mexico. Case No. 23564. Application of Strata Production Co. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the abovestyled cause seeks an order from the Division pooling all uncommitted mineral interests in the Delaware formation (Forty Niner Ridge; Delaware (24750)) in a standard 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 NW/4 of Section 23 and the E/2 W/2 of Sections 14 and 11, Township 23 South, Range 30 East in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) Oscar 23 11 FCL Fed Com #2H well, to be horizontally drilled from an approximate surface hole location 2310' FNL and 1905' FWL of Section 23, T235-R30E, to an approximate bottom hole location 100' FNL and 1550' FWL of Section 11, T235-R30E; and (2) Oscar 23 11 FCL Fed Com #12H well, to be horizontally drilled from an approximate surface hole location 100' FNL and 1550' FWL of Section 23, T235-R30E; and (2) Oscar 23, T235-R30E, to an approximate bottom hole location 100' FNL and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 14 miles East of Loving, New Mexico.

These applications will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division on June 1, 2023, beginning at 8:15 a.m. Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: http://www.emr.rd.state.nm.us/OCD /hearings.html. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to present testimony or evidence at the hearing, you must enter your appearance by May 24, 2023, and serve the Division, counsel for the Applicant, and other parties with a prehearing statement by May 25, 2023, in accordance with Division Rule 19.15.4.13 NMAC. For further information, contact the applicant's attorney, Sharon T. Shaheen, Montgomery & Andrews, P.A., 325 Paseo de Peralta, Santa Fe, New Mexico 87501, (505) 986-2678.

#5702886, Current Argus, May 17, 2023

Exhibit B to Affidavit of Notice Strata Production Co. NMOCD Case Nos. 23563 & 23564 June 1, 2023