

Form 3160-3  
(June 2015)FORM APPROVED  
OMB No. 1004-0137  
Expires: January 31, 2018

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

1a. Type of work: <input type="checkbox"/> DRILL <input type="checkbox"/> REENTER 1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other 1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		5. Lease Serial No.  6. If Indian, Allottee or Tribe Name  7. If Unit or CA Agreement, Name and No.  8. Lease Name and Well No.
2. Name of Operator		9. API Well No. <span style="border: 2px solid red; padding: 2px;">30-015-54369</span>
3a. Address	3b. Phone No. (include area code)	10. Field and Pool, or Exploratory
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface At proposed prod. zone		11. Sec., T. R. M. or Blk. and Survey or Area
14. Distance in miles and direction from nearest town or post office*		12. County or Parish
13. State		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No of acres in lease	17. Spacing Unit dedicated to this well
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. in file
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
24. Attachments		
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)		
1. Well plat certified by a registered surveyor. 2. A Drilling Plan. 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).		4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 5. Operator certification. 6. Such other site specific information and/or plans as may be requested by the BLM.
25. Signature	Name (Printed/Typed)	Date
Title		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) CODY LAYTON / Ph: (575) 234-5959	Date 10/17/2023
Title Assistant Field Manager Lands & Minerals	Office Carlsbad Field Office	
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Conditions of approval, if any, are attached.		
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.		

APPROVED WITH CONDITIONS

(Continued on page 2)

\*(Instructions on page 2)

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-54369</b>		<sup>2</sup> Pool Code <b>24750</b>		<sup>3</sup> Pool Name <b>FORTY NINER RIDGE DELAWARE</b>					
<sup>4</sup> Property Code <b>334855</b>		<sup>5</sup> Property Name <b>OSCAR 23/11 FCL FED COM</b>						<sup>6</sup> Well Number <b>2H</b>	
<sup>7</sup> OGRID NO. <b>21712</b>		<sup>8</sup> Operator Name <b>STRATA PRODUCTION COMPANY</b>						<sup>9</sup> Elevation <b>3225'</b>	
<sup>10</sup> Surface Location									
UL or lot no. <b>F</b>	Section <b>23</b>	Township <b>23S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>2310</b>	North/South line <b>NORTH</b>	Feet From the <b>1905</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. <b>C</b>	Section <b>11</b>	Township <b>23S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>100</b>	North/South line <b>NORTH</b>	Feet from the <b>1650</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
<sup>12</sup> Dedicated Acres <b>400</b>		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

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.

<sup>16</sup> <b>GEODETIC DATA</b> NAD 83 GRID - NM EAST  <b>SURFACE LOCATION (SL)/</b> <b>KICK OFF POINT (KOP) PROPOSED</b> <b>PENETRATION POINT 1 (PPP1)</b> N: 470072.0 - E: 689405.8 LAT: 32.2913924° N LONG: 103.8541559° W  <b>PROPOSED</b> <b>PENETRATION POINT 2 (PPP2)</b> 0' FSL - 1859' FWL SEC.14 N: 472381.3 - E: 689338.1 LAT: 32.2977409° N LONG: 103.8543418° W  <b>CORNER DATA</b> NAD 83 GRID - NM EAST A: FOUND BRASS CAP "1942" N: 467084.8 - E: 687530.3 B: FOUND BRASS CAP "1942" N: 469732.1 - E: 687504.4 C: FOUND BRASS CAP "1942" N: 472376.5 - E: 687479.5 D: FOUND BRASS CAP "1942" N: 475023.4 - E: 687478.1 E: FOUND BRASS CAP "1942" N: 477668.6 - E: 687475.8 F: FOUND BRASS CAP "1942" N: 480316.7 - E: 687466.4 G: FOUND BRASS CAP "1942" N: 482961.4 - E: 687452.8 H: FOUND BRASS CAP "1942" N: 482959.5 - E: 690132.2 I: FOUND BRASS CAP "1942" N: 482957.2 - E: 692811.0 J: FOUND BRASS CAP "1942" N: 480315.3 - E: 692820.2 K: FOUND BRASS CAP "1942" N: 477674.0 - E: 692829.2 L: FOUND BRASS CAP "1942" N: 475033.1 - E: 692835.7 M: FOUND BRASS CAP "1942" N: 472390.8 - E: 692844.2 N: FOUND BRASS CAP "1942" N: 469750.0 - E: 692862.1 O: CALCULATED CORNER N: 467108.3 - E: 692881.7 P: FOUND BRASS CAP "1942" N: 467097.4 - E: 690206.2 Q: FOUND BRASS CAP "1942" N: 472383.4 - E: 690160.9 R: FOUND BRASS CAP "1942" N: 477671.2 - E: 690152.2		<b>PROPOSED</b> <b>PENETRATION POINT 3 (PPP3)</b> 0' FSL - 1753' FWL SEC.11 N: 477670.3 - E: 689228.4 LAT: 32.3122806° N LONG: 103.8546203° W  <b>PROPOSED</b> <b>PENETRATION POINT 4 (PPP4)</b> 1325' FSL - 1727' FWL SEC.11 N: 478995.0 - E: 689197.7 LAT: 32.3159222° N LONG: 103.8547005° W  <b>BOTTOM HOLE (BH)</b> N: 482860.3 - E: 689103.0 LAT: 32.3265481° N LONG: 103.8549514° W				<sup>17</sup> <b>OPERATOR CERTIFICATION</b> 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 interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Jerry Elgin</i> Date: <b>05/12/2023</b> Printed Name: <b>Jerry Elgin, VP of Operations</b> E-mail Address: <b>jelgin@stratanm.com</b>	
				<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. <b>03/29/2023</b> Date of Survey Signature and Seal of Professional Surveyor:  <b>14400</b> Certificate Number REV: WELL CALLS & LEASE AREAS 5/9/23 Job No.: <b>LS23020158D</b>			

State of New Mexico  
Energy, Minerals and Natural Resources Department

Submit Electronically  
Via E-permitting

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

## NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

### **Section 1 – Plan Description** **Effective May 25, 2021**

**I. Operator:** Strata Production Company **OGRID:** 21712 **Date:** 10/ 10 / 23

**II. Type:** ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: \_\_\_\_\_

**III. Well(s):** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Oscar 23 11 FCL Fed		Sec 23-T23S-R30E	2310' FNL &	800	1,200	2,200
Com 2H			1905' FWL			

**IV. Central Delivery Point Name:** Common Tank Battery #2 [See 19.15.27.9(D)(1) NMAC]

**V. Anticipated Schedule:** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
Oscar 23 11 FCL Fed		4/23/2024	5/23/2024	6/2/2024	6/7/2024	7/2/2024
Com 2H						

**VI. Separation Equipment:** ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

**VII. Operational Practices:** ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

**VIII. Best Management Practices:** ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

**Section 2 – Enhanced Plan****EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☐ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

**IX. Anticipated Natural Gas Production:**

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF
Oscar 23 11 FCL Fed Com 2H		1,200	400,000

**X. Natural Gas Gathering System (NGGS):**

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in
Strata Production Co.	Forty Niner Ridge	Sec 30-T23S-R30E	7/2/2024	15,000,000

**XI. Map.** ☒ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system ☒ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator ☒ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:** ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

### **Section 3 - Certifications**

**Effective May 25, 2021**

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

***If Operator checks this box, Operator will select one of the following:***

**Well Shut-In.** ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

**Venting and Flaring Plan.** ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

### **Section 4 - Notices**

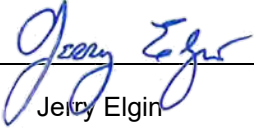
1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	
Printed Name:	Jerry Elgin
Title:	Vice President Operations
E-mail Address:	jelgin@stratanm.com
Date:	10/10/2023
Phone:	575-622-1127, ext 18
<b>OIL CONSERVATION DIVISION</b> (Only applicable when submitted as a standalone form)	
Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

**Strata Production Company  
Natural Gas Management Plan**

**Oscar 23 11 FCL Fed Com #2H  
Section 23-T23S-R30E  
Eddy County, New Mexico**

**Attachment to NMOCD Form NGMP**

**VI. Separation Equipment**

Separation equipment consists of a 6' X 20' X 250 psi 3 phase separator at the well site in Section 27-T23S-R30E that separates the gas, water, and oil. The gas is routed to a gas gathering line that follows Strata's corridor through the field to Common Tank Battery 2 in the SWNW of Section 23-T23S-R30E where the gas goes through a 2 phase separator to remove any residual liquids, then through a compressor and into an interconnect with Enterprise GD LLC located in the NENE of Section 22-T23S-R30E (all in Eddy County, NM).

The oil and water are routed to Common Tank Battery 2 in the SWNW of Section 23-T23S-R30E where the oil goes through a separator to remove any residual gas then through a heater treater to remove any residual water. The oil is then stored in 500 bbl steel tanks at the battery. The facility separator, heater treater, and tanks are tied into a vapor recover unit so any liberated gas is routed into the gas gathering line.

**VII. Strata Production Company will take the following actions to comply with regulations outlined in 19.15.27.8.**

**A. Venting and Flaring of Natural Gas**

Strata will maximize recovery of natural gas by minimizing the waste, as defined in 19.15.2 NMAC, of natural gas through venting and flaring. Strata will be connected to natural gas gathering systems with sufficient capacity to transport its produced natural gas. If there is inadequate capacity to transport the gas, the well(s) will be shut in until there is adequate capacity or other arrangements can be made to avoid waste.

**B. Venting and Flaring During Drilling Operations**

Drilling rigs shall be equipped with a rig flare located at least 100 ft from the well. The flare will be utilized to combust any natural gas produced through drilling operations. Should gas be flared, an estimated volume will be reported as required by statutes. Gas will not be flared during normal drilling operations.

**C. Venting and Flaring During Completion Operations**

Natural gas produced during completion operations will be flared. All gas produced will be directed to permanent separation equipment and into sales as soon as practical. If natural gas does not meet pipeline specifications, Strata may flare the gas for up to 60 days or until the gas meets pipeline specifications, whichever is sooner. Strata will properly size the flare which will be equipped with automatic ignition source. The gas will be sampled no less than twice per week and the gas will be routed through Strata's gathering system as soon as it meets pipeline specifications.

**D. Venting and Flaring During Production Operations**

Natural gas will not be flared during normal production operations except as is allowed under 19.15.27.8 D (1)-(4). If capacity is inadequate, well(s) will be shut in until there is adequate capacity or other arrangements can be made to avoid waste except during emergency or malfunction situations. Flared volumes will be reported as required by statutes.

**E. Performance Standards**

Strata will comply with the performance standards per 19.15.27.8 E (1)-(8). All equipment will be designed to accommodate anticipated volumes and pressures. Storage tanks will be equipped with automatic gauging equipment connected to Strata's SCADA system. Flares will be located at least 100 ft from wells and storage tanks and will be equipped with automatic ignition sources. Strata will conduct AVO inspections to comply with 19.15.27.8 E (5) (a) and 19.15.27.8 E (5) (b)-(c). Any emergency situations resulting in flaring will be resolved to minimize waste.

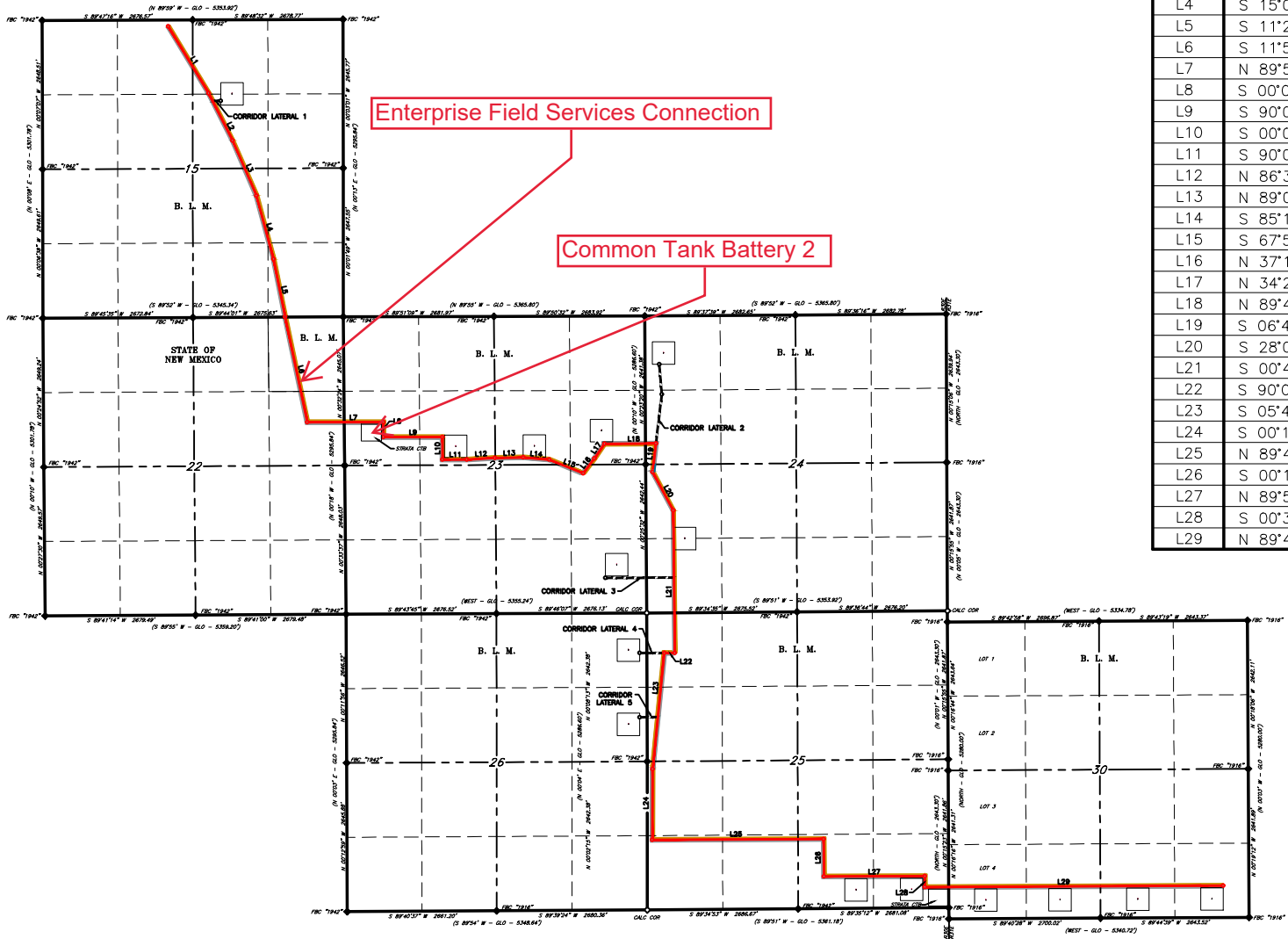
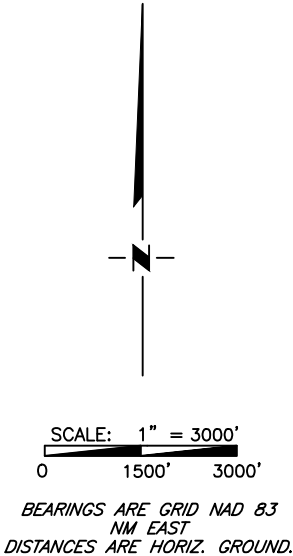
**F. Measurement of Vented and Flared Natural Gas**

Gas flared as the result of emergency or malfunction will be metered. Gas used beneficially during production operations will be metered or estimated. Should metering be impractical due to equipment malfunction or low flow, Strata will estimate the volume of gas vented or flared. All metering equipment will conform to industry standards and will not be equipped with a bypass around metering equipment except for the sole purpose of inspecting or servicing the metering equipment.

**VIII. Maintenance Activities**

For maintenance activities involving production equipment and compression, venting will be limited to depressurization of the equipment to provide safe working conditions. In the event maintenance is required on pressurized equipment, associated producing wells will be shut in to minimize waste. Gas normally routed through a vapor recovery unit may be routed to flares to avoid venting for the maintenance of VRU's and associated equipment.

STRATA PRODUCTION COMPANY  
PROPOSED MAIN CORRIDOR FOR THE STRATA WELL LOCATIONS  
SECTIONS 15, 22, 23, 24, 26 & 25, T23S, R30E, &  
SECTION 30, T23S, R31E  
N. M. P. M., EDDY CO., NEW MEXICO



LINE TABLE		
LINE	BEARING	LENGTH
L1	S 31°10'54" E	1,393.05'
L2	S 26°50'18" E	940.07'
L3	S 23°25'43" E	1,068.15'
L4	S 15°04'07" E	1,172.60'
L5	S 11°23'46" E	1,045.11'
L6	S 11°50'29" E	1,917.56'
L7	N 89°59'28" E	1,355.67'
L8	S 00°03'54" W	266.11'
L9	S 90°00'00" E	1,052.12'
L10	S 00°00'00" E	400.00'
L11	S 90°00'00" E	435.01'
L12	N 86°35'57" E	501.54'
L13	N 89°05'05" E	505.83'
L14	S 85°11'20" E	461.01'
L15	S 67°54'39" E	648.93'
L16	N 37°19'53" E	334.18'
L17	N 34°24'00" E	314.74'
L18	N 89°48'35" E	916.97'
L19	S 06°40'55" W	505.50'
L20	S 28°02'19" E	779.64'
L21	S 00°40'33" E	2,533.37'
L22	S 90°00'00" W	188.59'
L23	S 05°46'06" W	2,078.49'
L24	S 00°18'48" W	1,259.84'
L25	N 89°42'50" E	3,053.28'
L26	S 00°16'48" E	664.28'
L27	N 89°57'10" E	1,796.25'
L28	S 00°39'28" E	195.02'
L29	N 89°42'06" E	5,307.92'

- LEGEND
- ( ) RECORD DATA - GLO
  - ◇ CALCULATED CORNER
  - ◆ FOUND MONUMENT AS NOTED
  - PROPOSED MAIN CORRIDOR
  - ACCESS ROAD
  - ELECTRIC LINE

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SCALE: 1" = 3000'
DATE: 5/22/2019
SURVEYED BY: BK/AS
DRAWN BY: GA
APPROVED BY: RMH
SHEET: 1 OF 12

NO.	REVISION	DATE

JOB NO.: LS19050633  
DWG. NO.: 19050633-1

701 S. CECIL ST., HOBBS, NM 88240 (575) 964-8200





U.S. Department of the Interior  
BUREAU OF LAND MANAGEMENT

# Drilling Plan Data Report

10/17/2023

**APD ID:** 10400092243**Submission Date:** 06/02/2023**Operator Name:** STRATA PRODUCTION COMPANY**Well Name:** OSCAR 23 11 FCL FED COM**Well Number:** 2H**Well Type:** OIL WELL**Well Work Type:** Drill

## Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical	Measured Depth	Lithologies	Mineral Resources	Producing Formatio
12317264	RUSTLER	3225	111	111	SALT	NONE	N
12317265	SALADO	2749	476	476	SALT	NONE	N
12317266	BASE OF SALT	-337	3562	3562	SALT	NONE	N
12317267	LAMAR	-555	3780	3780	LIMESTONE	NATURAL GAS, OIL	Y
12317268	BELL CANYON	-570	3795	3795	LIMESTONE, SANDSTONE, SILTSTONE	NATURAL GAS, OIL	Y
12317269	CHERRY CANYON	-1487	4712	4712	LIMESTONE, SANDSTONE, SILTSTONE	NATURAL GAS, OIL	Y
12317270	BRUSHY CANYON	-2790	6015	6015	LIMESTONE, SANDSTONE, SILTSTONE	NATURAL GAS, OIL	Y
12317271	Bone Spring	-4431	7656	7656	LIMESTONE, SANDSTONE, SILTSTONE	NONE	N

## Section 2 - Blowout Prevention

**Pressure Rating (PSI):** 3M**Rating Depth:** 7700**Equipment:** Annular, Blind Rams, Double Rams, Mud Gas Separator, Remote kill line and other equipment as listed on 3M attachment.**Requesting Variance?** NO**Variance request:****Testing Procedure:** BOPE will be tested by an independent service company to 250# psi low pressure and 3000# psi high pressure per Onshore Oil and Gas Order 2 requirements.**Choke Diagram Attachment:**

Oscar\_23\_11\_FCL\_Fed\_Com\_\_2H\_Choke\_Diagram\_20230511094204.pdf

**BOP Diagram Attachment:**

Oscar\_23\_11\_FCL\_Fed\_Com\_\_2H\_BOPE\_Description\_20230511094213.pdf

Oscar\_23\_11\_FCL\_Fed\_Com\_\_2H\_BOPE\_20230511094215.pdf

Operator Name: STRATA PRODUCTION COMPANY

Well Name: OSCAR 23 11 FCL FED COMWell Number: 2H

Section 3 - Casing

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	SURFACE	17.5	13.375	NEW	API	N	0	450	0	450	3225	2775	450	H-40	48	ST&C	3.95	7.39	DRY	14.9	DRY	25
2	INTERMEDIATE	12.25	9.625	NEW	API	N	0	4000	0	4000	3225	-775	4000	J-55	40	LT&C	1.48	1.9	DRY	2.83	DRY	4.81
3	PRODUCTION	8.75	7.0	NEW	API	N	0	7000	0	7000	3225	-3775	7000	P-110	29	BUTT	2.81	3.08	DRY	4.7	DRY	4.58
4	PRODUCTION	8.75	5.5	NEW	API	N	7000	19850	7000	7579	-3775	-4354	12850	P-110	20	BUTT	3.38	1.85	DRY	2.49	DRY	2.6

Casing Attachments

Casing ID: 1StringSURFACE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Oscar\_23\_11\_FCL\_Fed\_Com\_\_2H\_Casing\_Worksheet\_20230511150345.pdf

**Operator Name:** STRATA PRODUCTION COMPANY**Well Name:** OSCAR 23 11 FCL FED COM**Well Number:** 2H**Casing Attachments****Casing ID:** 2      **String**      INTERMEDIATE**Inspection Document:****Spec Document:****Tapered String Spec:****Casing Design Assumptions and Worksheet(s):**

Oscar\_23\_11\_FCL\_Fed\_Com\_\_2H\_Casing\_Worksheet\_20230601162021.pdf

**Casing ID:** 3      **String**      PRODUCTION**Inspection Document:****Spec Document:****Tapered String Spec:****Casing Design Assumptions and Worksheet(s):****Casing ID:** 4      **String**      PRODUCTION**Inspection Document:****Spec Document:****Tapered String Spec:****Casing Design Assumptions and Worksheet(s):**

Oscar\_23\_11\_FCL\_Fed\_Com\_\_2H\_Casing\_Worksheet\_20230601162211.pdf

**Section 4 - Cement**

**Operator Name:** STRATA PRODUCTION COMPANY**Well Name:** OSCAR 23 11 FCL FED COM**Well Number:** 2H

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
PRODUCTION	Lead		0	0	200	2.51	11	505	100	Class H	None
PRODUCTION	Tail		5200	1985 0	3078	1.43	13.2	4413	25	Class H	Salt, gel, extender, LCM
SURFACE	Lead		0	450	469	1.33	14.8	623	100	Class C	CaCl, LCM

INTERMEDIATE	Lead		0	3500	862	1.91	12.9	1645	50	Class C	Salt, gel, extender, LCM
INTERMEDIATE	Tail		3500	4000	194	1.33	14.8	258	65	Class C	Salt, LCM
PRODUCTION	Lead	5200	0	3500	228	2.54	11	578	10	Class C	Salt, gel, extender, LCM
PRODUCTION	Tail		3500	5200	287	1.34	14.8	382	50	Class C	None

### Section 5 - Circulating Medium

**Mud System Type:** Closed**Will an air or gas system be Used?** NO**Description of the equipment for the circulating system in accordance with Onshore Order #2:****Diagram of the equipment for the circulating system in accordance with Onshore Order #2:****Describe what will be on location to control well or mitigate other conditions:** Kelly cock in the drill string, a full opening drill pipe stabbing valve on rig floor, remote kill line, mud gas separator.**Describe the mud monitoring system utilized:** Pason pit level monitors, hourly weight check and viscosity, gel strength and pH, solids control.

### Circulating Medium Table

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
0	450	WATER-BASED MUD	8.5	8.9			10				Spud with fresh water and build mud while drilling.

**Operator Name:** STRATA PRODUCTION COMPANY**Well Name:** OSCAR 23 11 FCL FED COM**Well Number:** 2H

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
450	4000	SALT SATURATED	10	10.5			10				Drill with brine water with LCM and gel sweeps.
4000	1985 0	WATER-BASED MUD	9.5	10.2			10				Drill with water based mud using sliders and gel sweeps in the lateral.

### Section 6 - Test, Logging, Coring

List of production tests including testing procedures, equipment and safety measures:

None

List of open and cased hole logs run in the well:

CALIPER, CEMENT BOND LOG, COMPENSATED DENSITOG, DUAL LATERAL LOG/MICRO-SPHERICALLY FOCUSED, GAMMA RAY LOG, MUD LOG/GEOLOGICAL LITHOLOGY LOG,

**Coring operation description for the well:**

None

### Section 7 - Pressure

**Anticipated Bottom Hole Pressure:** 3360

**Anticipated Surface Pressure:** 1692

**Anticipated Bottom Hole Temperature(F):** 125

**Anticipated abnormal pressures, temperatures, or potential geologic hazards?** NO

**Describe:**

**Contingency Plans geohazards description:**

**Contingency Plans geohazards**

**Hydrogen Sulfide drilling operations plan required?** YES

**Hydrogen sulfide drilling operations**

Oscar\_23\_11\_FCL\_Fed\_Com\_\_2H\_H2S\_Plan\_20230511094523.pdf

**Operator Name:** STRATA PRODUCTION COMPANY

**Well Name:** OSCAR 23 11 FCL FED COM

**Well Number:** 2H

## Section 8 - Other Information

**Proposed horizontal/directional/multi-lateral plan submission:**

Oscar\_23\_11\_FCL\_Fed\_Com\_\_2H\_Well\_Plan\_Brief\_20230511094547.pdf

Oscar\_23\_11\_FCL\_Fed\_Com\_\_2H\_WBD\_20230511094548.pdf

**Other proposed operations facets description:**

**Other proposed operations facets attachment:**

Oscar\_23\_11\_FCL\_Fed\_Com\_\_2H\_NGMP\_20230511094558.pdf

**Other Variance attachment:**

Last Updated: 5/3/2023 2:50:20 PM

Field Name		Lease Name		Well No.	API No.		Version	Version Tag		
Forty Niner Ridge		Oscar 23 11 FCL Fed Com		2H	30-015-12345-0002		1			
Section	Township/Block		Range/Survey		County		State		GL (ft)	KB (ft)
23	23S		30E		Eddy		New Mexico		3,226.0	3,244.0
Target Azim. (deg)		Latitude		Longitude		Operator		Well Type		Well Status
		32.2913920		-103.8539132		Strata Production Co		Oil		Pending
Additional Information										

Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	Coordinate N (-S) (ft)	Coordinate E (-W) (ft)	DLS (deg/100 ft)
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
7,102.0	0.0	0.0	7,102.0	0.0	0.0	0.0	0.00
7,132.0	3.6	2.0	7,132.0	0.9	0.9	0.0	12.01
7,161.9	7.2	2.0	7,161.8	3.8	3.8	0.1	12.01
7,191.9	10.8	2.0	7,191.4	8.4	8.4	0.3	12.01
7,221.9	14.4	2.0	7,220.6	15.0	15.0	0.5	12.01
7,251.9	18.0	2.0	7,249.4	23.3	23.3	0.8	12.01
7,281.8	21.6	2.0	7,277.6	33.5	33.5	1.2	12.01
7,311.8	25.2	2.0	7,305.1	45.4	45.4	1.6	12.01
7,341.8	28.8	2.0	7,331.8	59.0	59.0	2.1	12.01
7,371.7	32.4	2.0	7,357.6	74.2	74.2	2.6	12.01
7,401.7	36.0	2.0	7,382.4	91.0	91.0	3.2	12.01
7,431.7	39.6	2.0	7,406.1	109.4	109.4	3.8	12.01
7,461.6	43.2	2.0	7,428.5	129.2	129.2	4.5	12.01
7,491.6	46.8	2.0	7,449.7	150.4	150.4	5.3	12.01
7,521.6	50.4	2.0	7,469.5	172.8	172.8	6.0	12.01
7,551.6	54.0	2.0	7,487.9	196.5	196.5	6.9	12.01
7,581.5	57.6	2.0	7,504.7	221.3	221.3	7.7	12.01
7,611.5	61.2	2.0	7,520.0	247.1	247.1	8.6	12.01
7,641.5	64.8	2.0	7,533.6	273.7	273.7	9.6	12.01
7,671.4	68.4	2.0	7,545.5	301.2	301.2	10.5	12.01
7,701.4	72.0	2.0	7,555.7	329.4	329.4	11.5	12.01
7,731.4	75.6	2.0	7,564.0	358.2	358.2	12.5	12.01
7,761.4	79.2	2.0	7,570.6	387.4	387.4	13.5	12.01
7,791.3	82.8	2.0	7,575.2	417.0	417.0	14.6	12.01
7,821.3	86.4	2.0	7,578.1	446.8	446.8	15.6	12.01
7,851.3	90.0	2.0	7,579.0	476.7	476.7	16.6	12.01
19,850.0	90.0	2.0	7,579.0	12,468.1	12,468.1	435.4	0.00

## PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

<b>OPERATOR'S NAME:</b>	Strata Production Company
<b>WELL NAME &amp; NO.:</b>	Oscar 23 11 FCL Fed Com 2H
<b>LOCATION:</b>	Sec 23-23S-30E-NMP
<b>COUNTY:</b>	Eddy County, New Mexico

COA

<b>H<sub>2</sub>S</b>	<input checked="" type="radio"/> No	<input type="radio"/> Yes		
<b>Potash / WIPP</b>	<input type="radio"/> None	<input type="radio"/> Secretary	<input checked="" type="radio"/> R-111-P	<input type="radio"/> WIPP
<b>Cave / Karst</b>	<input checked="" type="radio"/> Low	<input type="radio"/> Medium	<input type="radio"/> High	<input type="radio"/> Critical
<b>Wellhead</b>	<input checked="" type="radio"/> Conventional	<input type="radio"/> Multibowl	<input type="radio"/> Both	<input type="radio"/> Diverter
<b>Cementing</b>	<input type="checkbox"/> Primary Squeeze	<input type="checkbox"/> Cont. Squeeze	<input type="checkbox"/> EchoMeter	<input type="checkbox"/> DV Tool
<b>Special Req</b>	<input type="checkbox"/> Break Testing	<input type="checkbox"/> Water Disposal	<input checked="" type="checkbox"/> COM	<input type="checkbox"/> Unit
<b>Variance</b>	<input type="checkbox"/> Flex Hose	<input type="checkbox"/> Casing Clearance	<input type="checkbox"/> Pilot Hole	<input type="checkbox"/> Capitan Reef
<b>Variance</b>	<input type="checkbox"/> Four-String	<input type="checkbox"/> Offline Cementing	<input type="checkbox"/> Fluid-Filled	<input type="checkbox"/> Open Annulus
<input type="checkbox"/> <b>Batch APD / Sundry</b>				

### A. HYDROGEN SULFIDE

Hydrogen Sulfide (H<sub>2</sub>S) monitors shall be installed prior to drilling out the surface shoe. If H<sub>2</sub>S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.

### B. CASING

1. The **13-3/8** inch surface casing shall be set at approximately 441 feet (a minimum of 70 feet (Eddy County) into the Rustler Anhydrite, above the salt, and below usable fresh water) and cemented to the surface. *Set depth altered per BLM geologist.*
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
  - b. Wait on cement (WOC) time for a primary cement job will be a minimum of **24 hours in the Potash Area** or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
  - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours

after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

- d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the Choose an item. inch intermediate casing is:
    - Cement to surface. If cement does not circulate see B.1.a, c-d above.  
**Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst, Capitan Reef, or potash.**

❖ In R111 Potash Areas if cement does not circulate to surface on the first two salt protection casing strings, the cement on the 3rd casing salt string must come to surface.

3. The minimum required fill of cement behind the 7 inch production casing is:

Operator has proposed a DV tool, the depth may be adjusted as long as the cement is changed proportionally. The DV tool may be cancelled if cement circulates to surface on the first stage.

- a. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.
- b. Second stage above DV tool:
  - Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst, Capitan Reef, or potash.**

#### C. PRESSURE EQUIPMENT

1. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M) psi.**

#### D. SPECIAL REQUIREMENT (S)

##### Communitization Agreement

- The operator will submit a Communitization Agreement to the Santa Fe Office, 301 Dinosaur Trail Santa Fe, New Mexico 87508, at least 90 days before the anticipated date of first production from a well subject to a spacing order issued by the New Mexico Oil Conservation Division. The Communitization Agreement will include the

signatures of all working interest owners in all Federal and Indian leases subject to the Communitization Agreement (i.e., operating rights owners and lessees of record), or certification that the operator has obtained the written signatures of all such owners and will make those signatures available to the BLM immediately upon request.

- The operator will submit an as-drilled survey well plat of the well completion, but are not limited to, those specified in 43 CFR 3171 and 3172.
- If the operator does not comply with this condition of approval, the BLM may take enforcement actions that include, but are not limited to, those specified in 43 CFR 3163.1.
- In addition, the well sign shall include the surface and bottom hole lease numbers. When the Communitization Agreement number is known, it shall also be on the sign.

## GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

☒ Eddy County

Email **or** call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, **BLM\_NM\_CFO\_DrillingNotifications@BLM.GOV**  
(575) 361-2822

☒ Lea County

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,  
(575) 689-5981

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
  - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
  - b. When the operator proposes to set surface casing with Spudder Rig
    - Notify the BLM when moving in and removing the Spudder Rig.
    - Notify the BLM when moving in the 2<sup>nd</sup> Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.

- BOP/BOPE test to be conducted per **43 CFR part 3170 Subpart 3172** as soon as 2nd Rig is rigged up on well.
2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
  3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.
2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.

5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
7. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

**B. PRESSURE CONTROL**

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in **43 CFR part 3170 Subpart 3172** and **API STD 53 Sec. 5.3**.
2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: The flex line must meet the requirements of API 16C. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.
3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.
4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
  - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
  - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.

- c. Manufacturer representative shall install the test plug for the initial BOP test.
  - d. Whenever any seal subject to test pressure is broken, all the tests in **43 CFR part 3170 Subpart 3172** must be followed.
  - e. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
- a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead cement), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
  - b. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the cement plug. The BOPE test can be initiated after bumping the cement plug with the casing valve open. (only applies to single stage cement jobs, prior to the cement setting up.)
  - c. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer and can be initiated immediately with the casing valve open. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to **43 CFR part 3170 Subpart 3172** with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
  - d. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
  - e. The results of the test shall be reported to the appropriate BLM office.

- f. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
- g. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.
- h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per **43 CFR part 3170 Subpart 3172**.

#### C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

#### D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

**Strata Production Company**

**Oscar 23 11 FCL Fed Com #2H**

Section 23 T23S, R30E

SHL: 2310' FNL & 1905' FWL of Sec 23

BHL: 100' FNL & 1650' FWL of Sec 11

Eddy County, NM

**HYDROGEN SULFIDE DRILLING OPERATIONS PLAN**

**I. HYDROGEN SULFIDE TRAINING**

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- A. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
- B. The proper use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- D. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- A. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- C. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

## **II. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS**

Note: All H<sub>2</sub>S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H<sub>2</sub>S.

- A. Well Control Equipment:
  - All BOP and BOP equipment is shown in the attachments.
  - Flare line.
  - Choke manifold with a remotely operated choke as shown in Attachment #5.
  - Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
  - Auxiliary equipment to include annular preventer, mud-gas separator, rotating head.
- B. Protective equipment for essential personnel:
  - Mark II Surviveair 30-minute units located in the dog house and at briefing areas.
- C. H<sub>2</sub>S detection and monitoring equipment:
  - 2 - portable H<sub>2</sub>S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H<sub>2</sub>S levels of 20 ppm are reached.
- D. Visual warning systems:
  - Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate.
  - Wind Direction indicators as seen in the H<sub>2</sub>S Well Site Diagram.

- E. Mud Program: The mud program has been designed to minimize the volume of H<sub>2</sub>S circulated to the surface.
- F. Metallurgy:  
All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H<sub>2</sub>S service.
- G. Communication:  
Company vehicles equipped with cellular telephone.

# **W A R N I N G**

**YOU ARE ENTERING AN H<sub>2</sub>S AREA  
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED*
- 2. HARD HATS REQUIRED*
- 3. SMOKING IN DESIGNATED AREAS ONLY*
- 4. BE WIND CONSCIOUS AT ALL TIMES*
- 5. CK WITH STRATA FOREMAN AT MAIN OFFICE*

**STRATA PRODUCTION COMPANY**

**575-622-1127 EXT 18  
575-626-7909**

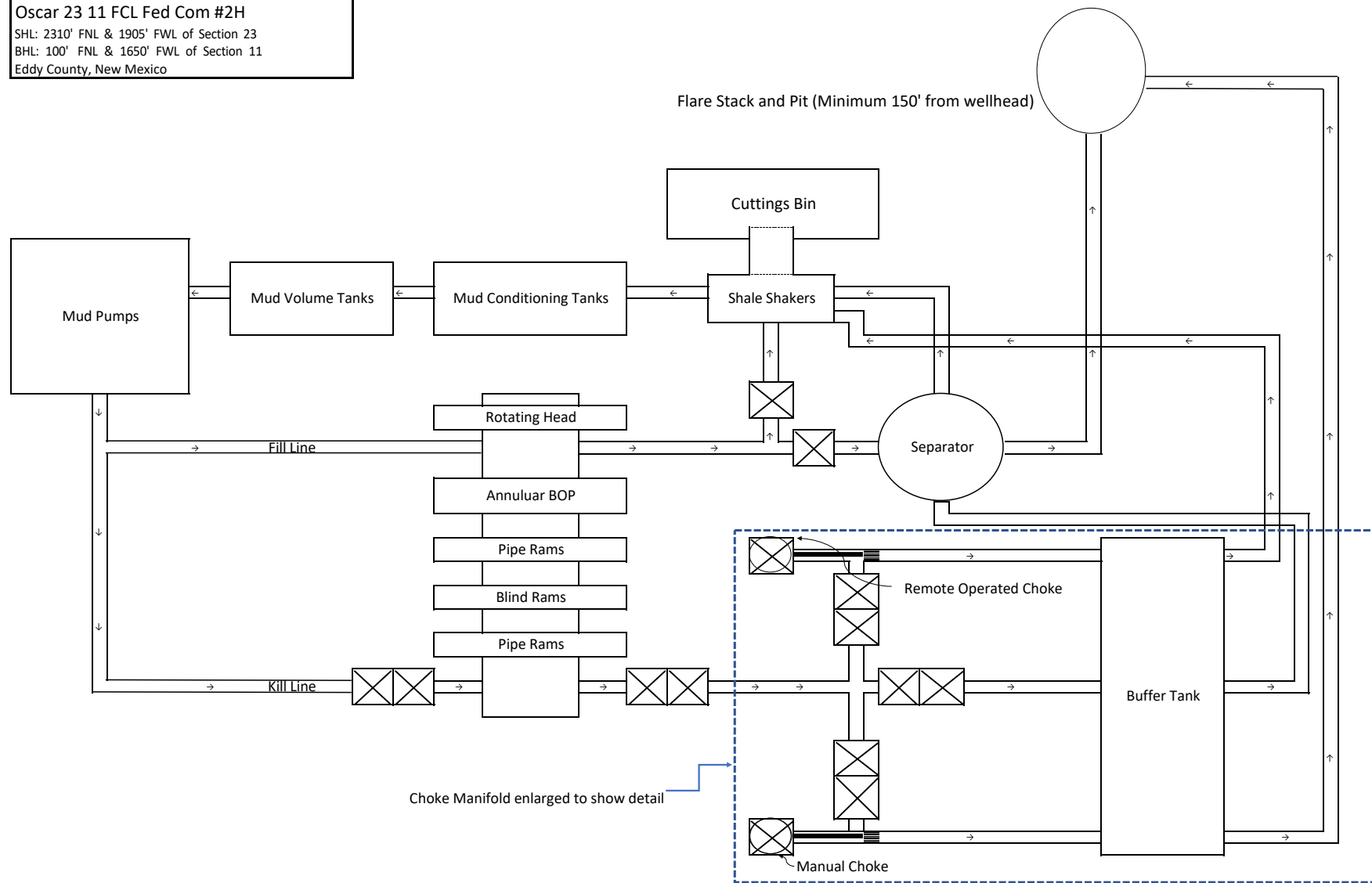
**EMERGENCY NUMBERS****911    Must have Correct County & State & Directions to your location**

<b>Eddy County Sheriff's Office</b>	<b>575-887-7551</b>
<b>Lea County Sherrif's Office    (Lovington)</b>	<b>575-396-3611</b>
<b>New Mexico State Police        (Roswell)</b>	<b>575-622-7200</b>
<b>Eastern NM Medical Center    (Roswell)</b>	<b>575-622-8170</b>
<b>Lea Regional Hospital            (Hobbs)</b>	<b>575-492-5000</b>
<b>Carlsbad Hospital</b>	<b>575-887-4100</b>
<b>Carlsbad Fire Department</b>	<b>575-885-3125</b>
<b>Ambulance Service</b>	<b>575-885-2111</b>

<b>BLM Carlsbad</b>	<b>575-234-5972</b>
<b>BLM Hobbs</b>	<b>575-393-3612</b>
<b>NMOCD Hobbs</b>	<b>575-393-6161</b>
<b>Mosaic Potash Carlsbad</b>	<b>575-887-2871</b>

<b>Strata Office</b>	<b>575-622-1127</b>
<b>Jerry Elgin</b>	<b>575-622-1127 x18</b>
<b>Cheyenne Scharf</b>	<b>307-360-3062</b>
<b>Rygel Russell</b>	<b>575-626-1479</b>
<b>Pilar Mendoza</b>	<b>575-626-8161</b>
<b>Mitch Krakauskas</b>	<b>575-622-1127 x23</b>

Strata Production Company  
Oscar 23 11 FCL Fed Com #2H  
SHL: 2310' FNL & 1905' FWL of Section 23  
BHL: 100' FNL & 1650' FWL of Section 11  
Eddy County, New Mexico



**STRATA PRODUCTION COMPANY**

Oscar 23 11 FCL Fed Com #2H

SHL: 2310' FNL &amp; 1905' FWL of Sec 23

BHL: 100' FNL &amp; 1650' FWL of Sec 11

Sec 23-T23S-R30E

Eddy County, NM

**BLOWOUT PREVENTER EQUIPMENT DESCRIPTION**

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

1. Bell Nipple.
2. Hydril bag type preventer.
3. Ram type pressure operated blowout preventer with blind rams.
4. Flanged spool with one 3" and one 2" (minimum) outlet.
5. 2" (minimum) flanged plug or gate valve.
6. 2"x 2"x 2" (minimum) flanged.
7. 3" gate valve.
8. Ram type pressure operated blowout preventer with pipe rams.
9. Flanged type casing head with one side outlet.
10. 2" threaded (or flanged) plug or gate valve. Flanged on 5000# WP, threaded on 3000# WP or less.
11. 3" flanged spacer spool.
12. 3"x 2" x 2"x 2" flanged cross.
13. 2" flanged plug or gate valve.
14. 2" flanged adjustable choke.
15. 2" threaded flange.
16. 2" XXH Nipple.
17. 2" forged steel 90 Ell.
18. Cameron (or equal) threaded pressure gauge.
19. Threaded flange.
20. 2" flanged tee.
21. 2" flanged plug or gate valve.
22. 2 ½" pipe, 300' to pit, anchored.
23. 2 ½" SE valve.
24. 2 ½" line to steel pit or separator.

**NOTES:**

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

**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 Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**

1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS

Action 284375

**CONDITIONS**

Operator: STRATA PRODUCTION CO P.O. Box 1030 Roswell, NM 882021030	OGRID:
	21712
	Action Number: 284375
	Action Type: [C-101] BLM - Federal/Indian Land Lease (Form 3160-3)

**CONDITIONS**

Created By	Condition	Condition Date
ward.rikala	Notify OCD 24 hours prior to casing & cement	11/17/2023
ward.rikala	Will require a File As Drilled C-102 and a Directional Survey with the C-104	11/17/2023
ward.rikala	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string	11/17/2023
ward.rikala	Cement is required to circulate on both surface and intermediate1 strings of casing	11/17/2023
ward.rikala	If cement does not circulate on any string, a CBL is required for that string of casing	11/17/2023
ward.rikala	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system	11/17/2023
ward.rikala	This well can not be produced until the well name is changed per NM OCD naming convention.	11/17/2023