

DATE IN 06/24/13	SUSPENSE	ENGINEER PG	LOGGED IN 06/25/13	TYPE SWD	APPRO. PAXX
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1317652946

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

*30-015-20899
 Strata Production
 Forty Minor Ridge #1*

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 Will be furnished when Affidavits are received.
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Paul Ragsdale

Paul Ragsdale

Operations Manager

06/25/13

Print or Type Name

Signature

Title

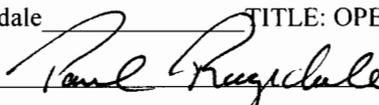
Date

pragsdale@stratanm.com
 e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance _____ Disposal _____ Storage
Application qualifies for administrative approval? _____ Yes _____ No
- II. OPERATOR: STRATA PRODUCTION COMPANY
ADDRESS: P.O. BOX 1030, ROSWELL NM 88202
CONTACT PARTY: Paul Ragsdale PHONE: 575-622-1127 EXT 18
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes _____ No
If yes, give the Division order number authorizing the project: **SWD-845**
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Paul Ragsdale TITLE: OPERATIONS MANAGER

SIGNATURE:  DATE: June 18, 2013

E-MAIL ADDRESS: pragsdale@stratanm.com

- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted.
Please show the date and circumstances of the earlier submittal: June 28, 2002

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

06-19-2013 NEW MEXICO - FORM C-108
FORTY NINER RIDGE UNIT #1

III. WELL DATA:

Forty Niner Ridge Unit #1, Unit Letter J, 1980 FSL & 1980 FEL,
Sec 16 - T23S – R30E
Eddy County, NM

API # 30-015-20899

All pertinent data for the proposed salt water disposal well is included on the schematic sheets in this application.

IV. Is this an expansion of an existing project? *Yes, the well is currently a SWD well in the Cherry Canyon. The plan is to abandon the Cherry Canyon, deepen the well to the Devonian, run a 5 ½" casing string from the surface to the top of the Devonian and cement the casing string back to surface, sealing off the Cherry Canyon.*

V. A lease map is attached as Exhibit A.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the **proposed injection zone**. *There are no other wells that penetrate the Devonian formation in any wells within the area of review.*

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected. *Current rates of the Forty Niner Ridge Unit and surrounding wells are 2000-3000 bpd. ✓ Additional drilling will occur in 2014 and rates may approach 5000-10000 bpd.*
2. Whether the system is open or closed. *The system is a closed system.*
3. Proposed average and maximum injection pressure. *The well should take water for a long time with a minimum of surface pressure, less than 500 psig. As the system is utilized more, the maximum injection pressure is 3200 psig. A step rate test will be performed on the well after it is put into operation.*
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water. *The water to be injected is produced water, primarily from the Forty Niner Ridge Unit. Chlorides are 188,000 ppm.*
5. If injection is for disposal purposes into a zone not productive of oil and gas at or within one mile of the proposed well, attach a chemical analysis of the disposal formation water. *No analysis is available from the zone since it has not been penetrated.*

VIII. Geologic Data:

The Devonian formation is expected to be penetrated at 15,650' and then drilled to 16,000. It is a fractured carbonate consisting of limestone and dolomite. Total thickness is 1500' but this well will only penetrate 500' or less.

The fresh water formation is the Rustler formation and is located 200' to 500' deep in this area.

IX. Proposed Stimulation:

Small cleanup acid jobs may be used to remove mud and drill cuttings from the Devonian, usually 1000-5000 gals of 15% HCL.

X. Well Test Data

No well test information is available. Logs will be provided once the well is drilled.

XI. Chemical Analysis

An analysis of the fresh water is attached as Exhibit B.

XII. Geologic Statement

Strata Production Company has examined geologic and engineering data and has found no evidence of faults, fractures or other geologic connections between the fresh water aquifer and the proposed injection zone. /

XIII. PROOF OF NOTICE

Public Notice will be run in the Carlsbad Current Argus and the Hobbs Sun News. Affidavits will be provided.

Surface Owner of Section 16 is the State of New Mexico.

Each Offset Operator has been notified. – Mewbourne Oil Company, Midland Texas

Chevron North America, Houston Texas

XIV. CERTIFICATION --- SEE APPLICATION.

INJECTION WELL DATA SHEET

OPERATOR: ___STRATA PRODUCTION COMPANY

WELL NAME & NUMBER: ___FORTY NINER RIDGE UNIT #1

WELL LOCATION: ___1980 FSL & 1980 FEL___ J ___16___ 23S ___30E___
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: ___26"___ Casing Size: 20" @ 795'
Cemented with: ___2940SX___ sx. *or* _____ ft³
Top of Cement: ___CIRC.____ Method Determined: _____

Intermediate Casing

Hole Size: ___17 1/2"___ Casing Size: 13 3/8" @ 3574'
Cemented with: ___3225___ sx. *or* _____ ft³
Top of Cement: ___CIRC.____ Method Determined: _____

Production Casing

Hole Size: ___12 1/4"___ Casing Size: 9 5/8" @ 11,340'
Cemented with: ___3075___ sx. *or* _____ ft³
Top of Cement: ___CIRC.____ Method Determined: _____
Total Depth: ___14,507___

PROPOSED PRODUCTION CASING

Hole Size: 6 1/4"

Casing Size: 5 1/2" @ 15,650'

Cemented with 2100 sx

Top of Cement Circulated / TO Surface

Total Depth: 16,000'

Injection Interval

OPEN HOLE: 15,650' feet To 16,000' feet

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8" Lining Material: plastic coating or TK-70

Type of Packer: Nickel Plated 5 1/2" Arrow Type "H" packer

Packer Setting Depth: 15,650' -

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? _____ Yes **X** ___ No

If no, for what purpose was the well originally drilled? GAS WELL _____

2. Name of the Injection Formation: DEVONIAN _____

3. Name of Field or Pool (if applicable): FORTY NINER RIDGE _____

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. 13,914-14,187; 10690' - 10,735'; 9343'-9419'; 7564-7574; 7578-7589'; Plugged CIBP @ 13,735 W/35' CMT; CIBP@9300' W/35' CMT; CIBP@7525' W/35' CMT; CIBP @ 6510'.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: No known oil & gas zones underlying.

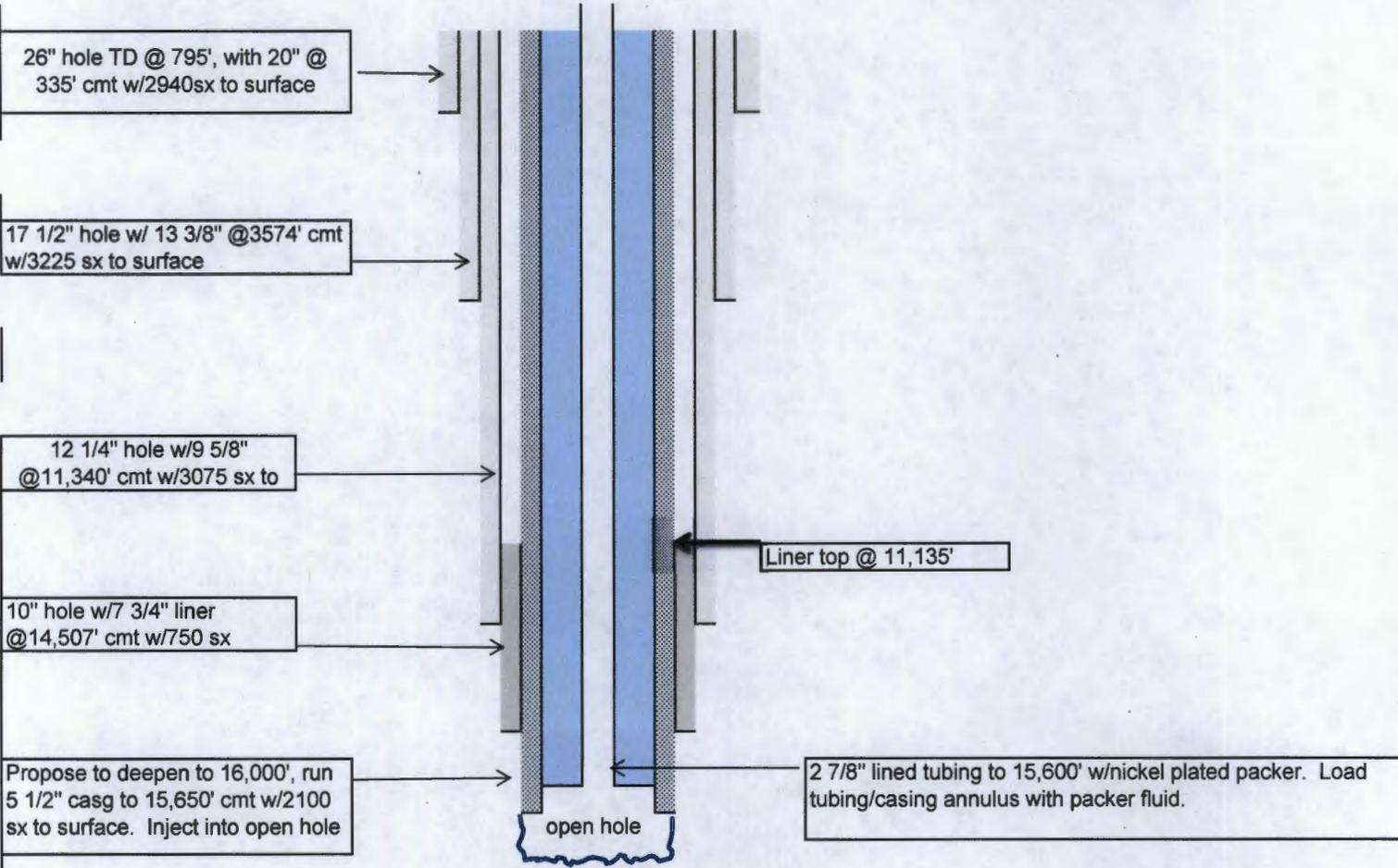
Overlying: Morrow 13,914-14,932; Wolfcamp 10,690-10,736'; Bone Spring 7564-7589 & 9343-9419'; Delaware 5422-5935' _____

STRATA PRODUCTION COMPANY

WELLBORE DIAGRAM

FORTY NINER RIDGE UNIT #1
 FORTY NINER RIDGE FIELD
 1980 FSL & 1980 FEL
 Sec 16-T23S-R30E
 EDDY County, NM

Well Info				
Hole Size	Csg Size	Depth	Grade	
26"	20"	795'	94#	
17 1/2"	13 3/8"	3574'	54#	
12 1/4"	9 5/8"	11340'	53.5#	
10"	7 3/4"	14,507'	45.7#	
6 1/4"	5 1/2"	15650'	20#	
6 1/4"	open hole	16,000'	none	
2 7/8"		15,600'	6.5#	



Strata Production Company
 Phone: 575-622-1127 ext. 18
 PO BOX 1030
 ROSWELL, NM 88202-1030

Directions: Go east of Loving NM to Highway 128, Turn right towards Jal. Go to Mile Marker #7, Turn south on County Road 795 for about 1/2 mile, turn right and go 1 mile south past the ranch house on the right, turn left to location on top of the ridge.

From 8WD-845 C-108

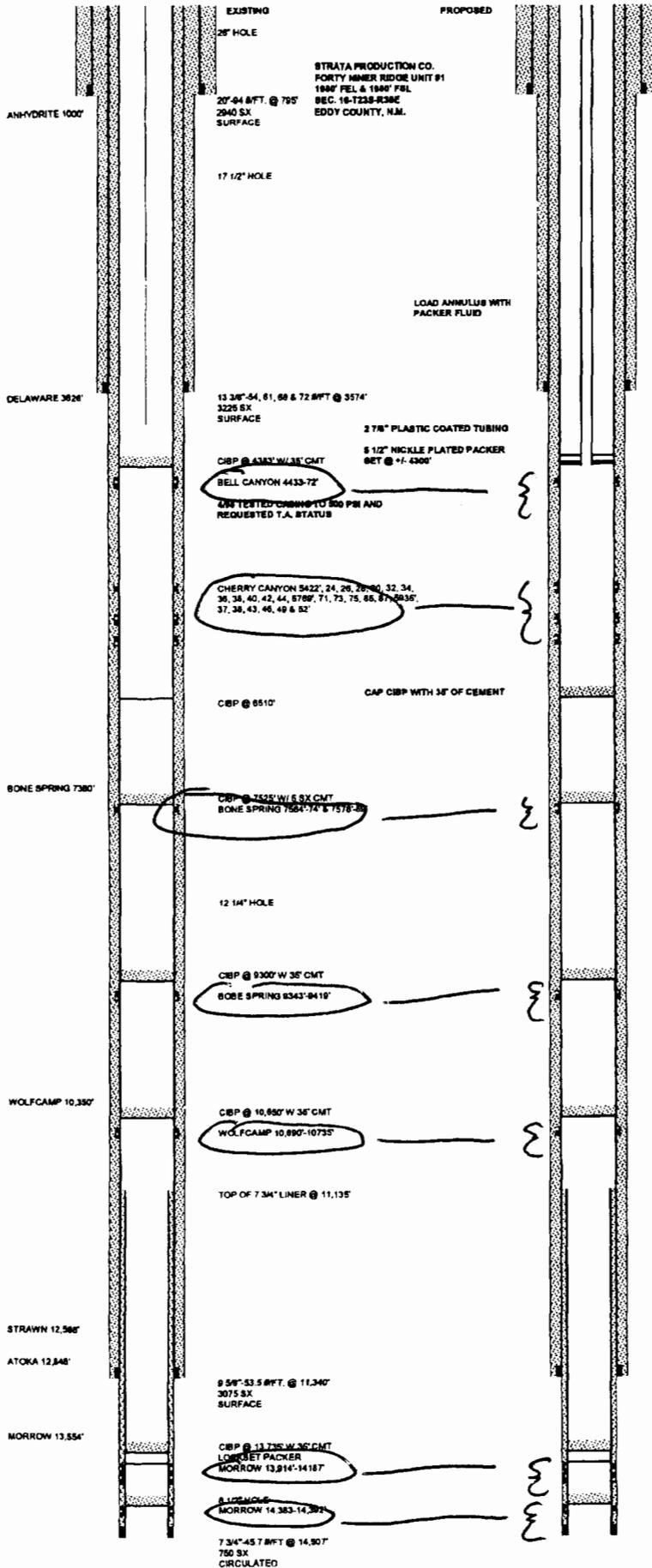
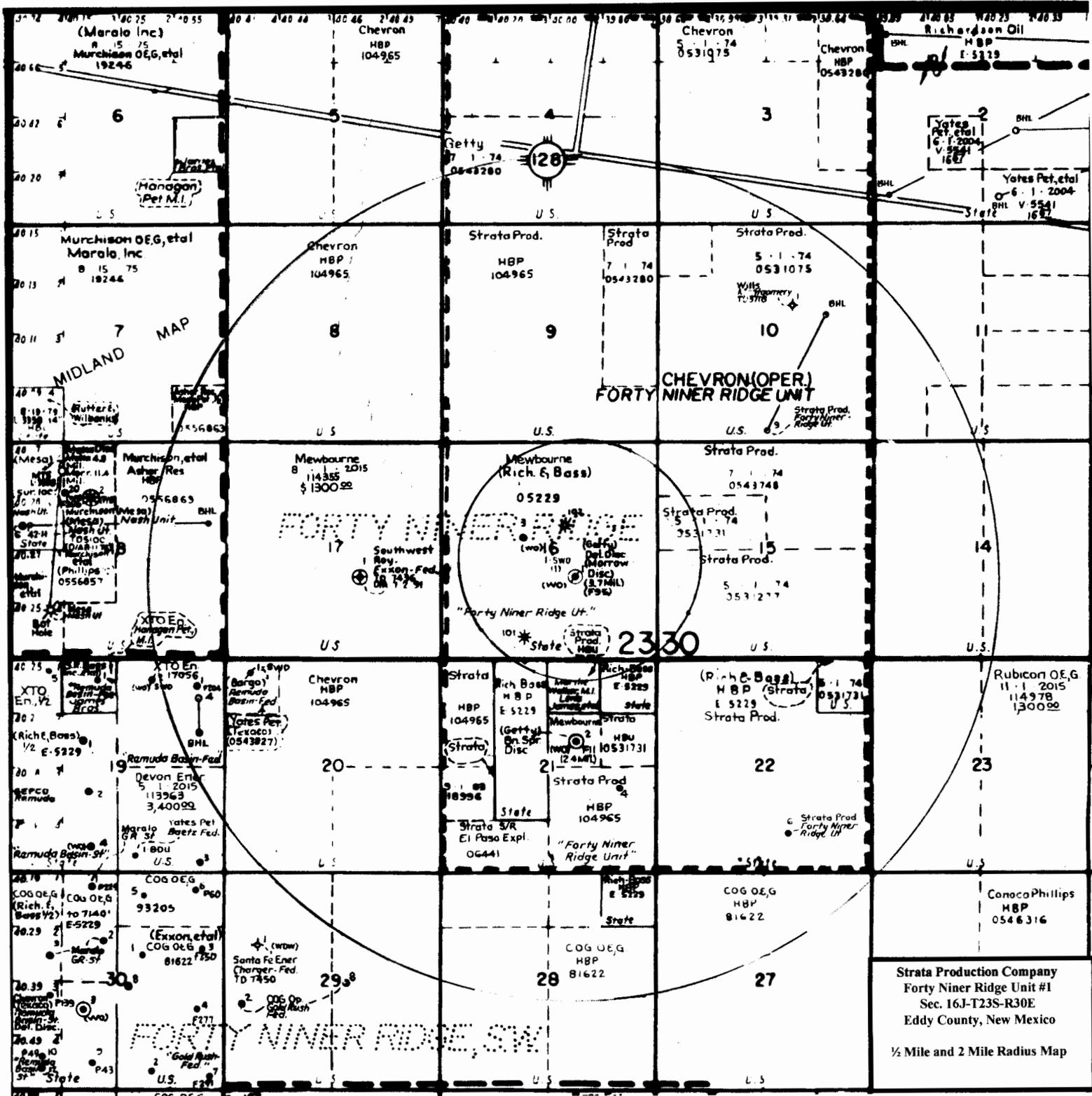


EXHIBIT A



Strata Production Company
 Forty Niner Ridge Unit #1
 Sec. 16J-T23S-R30E
 Eddy County, New Mexico
 1/2 Mile and 2 Mile Radius Map

EXHIBIT B

HALLIBURTON DIVISION LABORATORY

HALLIBURTON SERVICES

ARTESIA DISTRICT

LABORATORY REPORT

No. W121, W122, & W123-93

Strata Production

Date March 25, 1993

648 Petroleum Building

Roswell, NM 88201

This report is the property of Halliburton Services and neither it nor any part thereof, nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management. It may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Services

Submitted by _____ Date Rec. _____

Well No. _____ Depth _____ Formation _____

Field _____ County _____ Source _____

	3-25-93 Nash Draw #10	3-24-93 Nash Draw #10	3-24-93 Fresh Water
Resistivity	0.050 @ 70°	0.051 @ 70°	4.18 @ 70°
Specific Gravity ..	1.204 @ 70°	1.1200 @ 70°	1.0016 @ 70°
.....	7.0	7.2	7.0
Sulfur	33,040	29,901	2,478
Barium	3,607	4,008	902
Chlorides	188,000	184,000	600
Sulfates	600	800	200
Carbonates	275	244	153
Soluble Iron	250	250	0
.....	Trace	1/2%	

Remarks:

MAR 29 1993

E. D. Jacobson
Respectfully submitted

Analyst: Eric Jacobson - Operations Engineer

HALLIBURTON SERVICES

VII

NOTICE:

This report is for information only and the content is limited to the sample described. Halliburton does not express or imply, as to the accuracy of the contents or results. Any user of this report agrees Halliburton is not responsible for any use of this report.

EXHIBIT C

**Legal Notice
June 22, 2013**

APPLICATION FOR WATER DISPOSAL

Strata Production Company, PO Box 1030, Roswell, NM 88202-1030, has filed Application with the Oil Conservation Division, Energy, Minerals and Natural Resources Department, State of New Mexico for Administrative Approval and authority to inject salt water into the Forty Niner Ridge Unit #1 located 1980 FSL & 1980 FEL of Section 16-T23S-R30E, NMPM, Eddy County, NM.

The purpose of the water injection well is to dispose of salt water produced from the Forty Niner Ridge Unit Delaware wells and other wells in the area as designated by the Oil Conservation Division and as may be extended by additional drilling.

Water to be disposed will be injected into the Devonian formation at a depth of 15,650' to 16,000'.

The minimum injection rate is expected to be 3000 barrels of water per day. The maximum injection rate is expected to be 10,000 barrels per day.

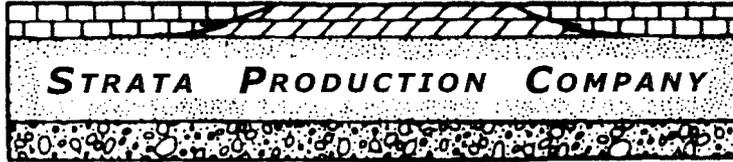
Minimum injection pressure is 100 psig and maximum injection pressure is 3200 psig.

Any interested party may file an objection to the Application or may request a public hearing. Any objection or request for hearing must be filed with the Oil Conservation Division, PO Box 2088, Santa Fe, NM 87504-2088 within 15 days from the date of publication.

Strata Production Company

By: Paul Ragsdale, Operations Manager, 575-622-1127
ext. 18.
#28243

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (575) 622-1127
FACSIMILE (575) 623-3533

1301 NORTH SYCAMORE AVENUE
ROSWELL, NEW MEXICO 88201
www.stratanm.com

June 20, 2013

Commissioner Ray Powell
P.O. Box 1148
Santa Fe, NM

Re: Application for Salt Water Disposal
Forty Niner Ridge Unit #1
Devonian Formation
Unit Letter J, Sec 16-T23S-R30E
Eddy County, NM

Dear Mr. Powell,

Please find the Application to convert the Forty Niner Ridge Unit #1 from a disposal well in the Cherry Canyon formation to a Devonian disposal. This is necessary due to increasing pressure on the well currently and the potential for more water from additional drilling and recompletions.

Strata Production Company is requesting Administrative Approval for the attached C-108 application on its Forty Niner Ridge Unit #1 well for the purpose of disposing of produced fluids in the non-commercial Devonian formation at 15,650'. The well is currently a disposal well in the Cherry Canyon which is "filling up". The Devonian is a good alternative as it is deeper than the producing formations and much deeper than any fresh water.

As you know, any interested party may file an objection to the Application or may request a public hearing. Any objection or request for hearing must be filed with the Oil Conservation Division, PO Box 2088, Santa Fe, NM 87504-2088 within 15 days from the date of publication.

Please let me know if you have any questions or need additional information. My phone is 575-622-1127 ext. 18 and my email is pragsdale@stratanm.com.

Sincerely yours,

A handwritten signature in black ink that reads "Paul Ragsdale".

Paul Ragsdale
Operations Manager
Strata Production Company

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (575) 622-1127
FACSIMILE (575) 623-3533

1301 NORTH SYCAMORE AVENUE
ROSWELL, NEW MEXICO 88201
www.stratanm.com

June 20, 2013

Larry Cunningham
Mewbourne Oil Company
500 W Texas
Midland, Texas 79701

Re: Application for Salt Water Disposal
Forty Niner Ridge Unit #1
Devonian Formation
Unit Letter J, Sec 16-T23S-R30E
Eddy County, NM

Dear Larry,

Please find the Application to convert the Forty Niner Ridge Unit #1 from a disposal well in the Cherry Canyon formation to a Devonian disposal. This is necessary due to increasing pressure on the well currently and the potential for more water from additional drilling and recompletions.

Strata Production Company is requesting Administrative Approval for the attached C-108 application on its Forty Niner Ridge Unit #1 well for the purpose of disposing of produced fluids in the non-commercial Devonian formation at 15,650'. The well is currently a disposal well in the Cherry Canyon which is "filling up". The Devonian is a good alternative as it is deeper than the producing formations and much deeper than any fresh water.

As you know, any interested party may file an objection to the Application or may request a public hearing. Any objection or request for hearing must be filed with the Oil Conservation Division, PO Box 2088, Santa Fe, NM 87504-2088 within 15 days from the date of publication.

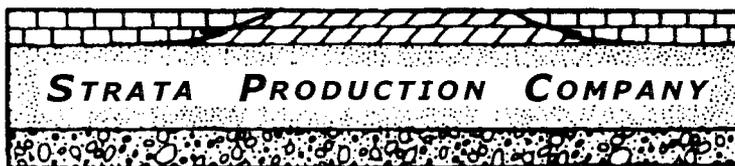
Please let me know if you have any questions or need additional information. My phone is 575-622-1127 ext. 18 and my email is pragsdale@stratanm.com.

Sincerely yours,

A handwritten signature in cursive script that reads "Paul Ragsdale".

Paul Ragsdale
Operations Manager
Strata Production Company

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ROSWELL, NM 88202-1030



TELEPHONE (575) 622-1127
FACSIMILE (575) 623-3533

1301 NORTH SYCAMORE AVENUE
ROSWELL, NEW MEXICO 88201
www.stratanm.com

June 20, 2013

J.J. Laning
Chevron North America
P.O. BOX 2100
Houston, Texas 77252-2100

Re: Application for Salt Water Disposal
Forty Niner Ridge Unit #1
Devonian Formation
Unit Letter J, Sec 16-T23S-R30E
Eddy County, NM

Dear J.J.,

Please find the Application to convert the Forty Niner Ridge Unit #1 from a disposal well in the Cherry Canyon formation to a Devonian disposal. This is necessary due to increasing pressure on the well currently and the potential for more water from additional drilling and recompletions.

Strata Production Company is requesting Administrative Approval for the attached C-108 application on its Forty Niner Ridge Unit #1 well for the purpose of disposing of produced fluids in the non-commercial Devonian formation at 15,650'. The well is currently a disposal well in the Cherry Canyon which is "filling up". The Devonian is a good alternative as it is deeper than the producing formations and much deeper than any fresh water.

As you know, any interested party may file an objection to the Application or may request a public hearing. Any objection or request for hearing must be filed with the Oil Conservation Division, PO Box 2088, Santa Fe, NM 87504-2088 within 15 days from the date of publication.

Please let me know if you have any questions or need additional information. My phone is 575-622-1127 ext. 18 and my email is pragsdale@stratanm.com.

Sincerely yours,

A handwritten signature in black ink that reads "Paul Ragsdale". The signature is written in a cursive, flowing style.

Paul Ragsdale
Operations Manager
Strata Production Company

EXHIBIT D

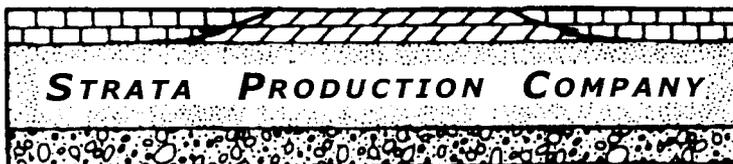
Well_Name: FORTY NINER RIDGE UNIT # 101 API: 3001534331
Location: N-16-23.0S-30E 660 FSL 1980 FWL
Lat: 32.29961974 Long: -103.889
Operator Name: MEWBOURNE OIL CO County: Eddy
Land Type: State Well Type: Gas
Spud Date: 12/27/2005 Plug Date:
Elevation GL: 3159 Depth TVD: 14550

Well_Name: FORTY NINER RIDGE UNIT # 102 API: 3001535033
Location: G-16-23.0S-30E 1980 FNL 2310 FEL
Lat: 32.30689616 Long: -103.885
Operator Name: MEWBOURNE OIL CO County: Eddy
Land Type: State Well Type: Gas
Spud Date: 8/21/2006 Plug Date:
Elevation GL: 3140 Depth TVD: 14238

Well_Name: FORTY NINER RIDGE UNIT # 003 API: 3001525454
Location: FORTY NINER RIDGE UNIT # 003
Lat: F-16-23.0S-30E 1980 FNL 1980 FwL
Operator Name: STRATA PRODUCTION CO
Land Type: State
Spud Date:
Elevation GL:

Well_Name: FORTY NINER RIDGE UNIT # 001 API: 3001520899
Location: J-16-23.0S-30E 1980 FSL 1980 FEL
Lat: 32.30322185 Long: -103.884
Operator Name: STRATA PRODUCTION CO County: Eddy
Land Type: State Well Type: SWD
Spud Date: Plug Date:
Elevation GL: Depth TVD:

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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FACSIMILE (575) 623-3533

1301 NORTH SYCAMORE AVENUE
ROSWELL, NEW MEXICO 88201
www.stratanm.com

June 19, 2013

New Mexico Oil Conservation Division
1220 St. Francis Drive
Santa Fe, NM 87505

Attn: Phillip Goetze

Re: Application for Salt Water Disposal
Forty Niner Ridge Unit #1
Devonian Formation
Unit Letter J, Sec 16-T23S-R30E
Eddy County, NM

Gentlemen,

Strata Production Company respectfully requests Administrative Approval for the attached C-108 application on its Forty Niner Ridge Unit #1 well for the purpose of disposing of produced fluids in the non-commercial Devonian formation at 15,650'. The well is currently a disposal well in the Cherry Canyon which is "filling up". The Devonian is a good alternative as it is deeper than the producing formations and much deeper than any fresh water.

Strata respectfully requests that the Application be approved administratively. Strata has sent Public Notice ads to the Carlsbad and Hobbs newspapers and will be providing NMOCD with Proof of Notice Affidavits when we receive them. We have also notified Mewbourne Oil and Chevron North American of our intent to deepen and convert the well.

Please let me know if you have any questions or need additional information. My phone is 575-622-1127 ext. 18 and my email is pragsdale@stratanm.com.

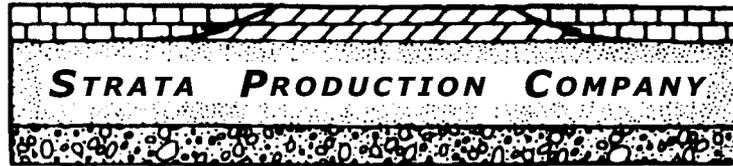
Sincerely yours,

A handwritten signature in cursive script that reads "Paul Ragsdale".

Paul Ragsdale
Operations Manager
Strata Production Company

RECEIVED OGD
2013 JUN 24 P 2:51

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (575) 622-1127
FACSIMILE (575) 623-3533

1301 NORTH SYCAMORE AVENUE
ROSWELL, NEW MEXICO 88201
www.stratanm.com

RECEIVED OCD
2013 JUL -5 P 2: 22

July 2, 2013

New Mexico Oil Conservation Division
1220 St. Francis Drive
Santa Fe, NM 87505

Attn: Phillip Goetze

Re: Application for Salt Water Disposal
Forty Niner Ridge Unit #1
Devonian Formation
Unit Letter J, Sec 16-T23S-R30E
Eddy County, NM

Dear Mr. Goetze,

Please find the Public Notice Affidavits for the Notices that were published in the Carlsbad Current Argus and the Hobbs News-Sun.

I have also enclosed copies of the USPS confirmation of delivery to the offset operators, Chevron and Mewbourne. There is also USPS confirmations of delivery to the NMOCD office in Artesia and the NM State Land Office in Santa Fe.

Please let me know if you have any questions or need additional information. My phone is 575-622-1127 ext. 18 and my email is pragsdale@stratanm.com.

Sincerely yours,

A handwritten signature in cursive script that reads "Paul Ragsdale".

Paul Ragsdale
Operations Manager
Strata Production Company

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Kathy McCarroll, being first duly sworn,
on oath says:

That she is the Classified Supervisor 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 on the date as follows, to wit:

June 25 _____ 2013

That the cost of publication is **\$76.06** and that payment thereof has been made and will be assessed as court costs.

Kathy McCarroll

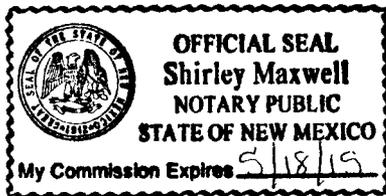
Subscribed and sworn to before me this

25th day of June, 2013

Shirley Maxwell

My commission Expires on May 18, 2015

Notary Public



June 25, 2013

LEGAL NOTICE

APPLICATION FOR
WATER DISPOSAL

Strata Production Company, PO Box 1030, Roswell, NM 88202-1030, has filed Application with the Oil Conservation Division, Energy, Minerals and Natural Resources Department, State of New Mexico for Administrative Approval and authority to inject salt water into the Forty Niner Ridge Unit #1 located 1980 FSL & 1980 FEL of Section 16-T235-R30E, NMMP, Eddy County, NM.

The purpose of the water injection well is to dispose of salt water produced from the Forty Niner Ridge Unit Delaware wells and other wells in the area as designated by the Oil Conservation Division and as may be extended by additional drilling.

Water to be disposed will be injected into the Devonian formation at a depth of 15,650' to 16,000'.

The minimum injection rate is expected to be 3000 barrels of water per day. The maximum injection rate is expected to be 10,000 barrels per day. Minimum injection pressure is 100 psig and maximum injection pressure is 3200 psig.

Any interested party may file an objection to the Application or may request a public hearing. Any objection or request for hearing must be filed with the Oil Conservation Division, PO Box 2088, Santa Fe, NM 87504-2088 within 15 days from the date of publication.

Strata Production Company

By: Paul Ragsdale, Operations Manager, 575-622-1127 ext. 18.

Affidavit of Publication

State of New Mexico,
County of Lea.

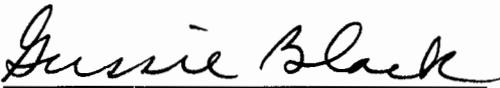
I, DANIEL RUSSELL
PUBLISHER
of the Hobbs News-Sun, a
newspaper published at Hobbs, New
Mexico, do solemnly swear that the
clipping attached hereto was
published in the regular and entire
issue of said newspaper, and not a
supplement thereof for a period

of 1 issue(s).
Beginning with the issue dated
June 22, 2013
and ending with the issue dated
June 22, 2013



PUBLISHER

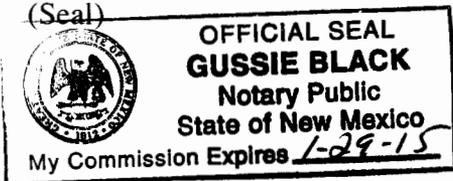
Sworn and subscribed to before me
this 24th day of
June, 2013



Notary Public

My commission expires
January 29, 2015

(Seal)



This newspaper is duly qualified to
publish legal notices or
advertisements within the meaning of
Section 3, Chapter 167, Laws of
1937 and payment of fees for said
publication has been made.

Legal Notice
June 22, 2013

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Strata Production Company

By: Paul Ragsdale, Operations Manager, 575-622-1127
ext. 18.
#28243

02103504

00116996

ATTN: CHERI ROGERS
STRATA PRODUCTION COMPANY
P.O. BOX 1030
ROSWELL, NM 88202-1030

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Chevron North America
 Attn: J. J. Laning
 P. O. Box 2100
 Houston, TX 77252-2100

A. Signature Agent
 Addressee

B. Received by (Printed Name) Anthony Alleyne C. Date of Delivery 6-24-13

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) 91 7199 9991 7030 4466 5371 Paul

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mewbourne Oil Company
 Attn: Larry Cunningham
 500 W. Texas
 Midland, TX 79701

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) T. Mitchell C. Date of Delivery 6-28

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) 91 7199 9991 7030 4466 5364 Paul

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

N. M. Oil Conservation Division
 District 2- Artesia
 811 S. First St.
 Artesia, NM 88210

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
[Signature]

B. Received by (Printed Name) Agent
J. Warren Addressee

C. Date of Delivery
6/2/13

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
(Transfer from service label)

91 7199 9991 7030 4466 5395 *Paul*

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Commissioner Ray Powell
 P. O. Box 1148
 Santa Fe, NM 87504-1148

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
[Signature]

B. Received by (Printed Name) Agent
 Addressee

C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
(Transfer from service label)

91 7199 9991 7030 4466 5388 *Paul*

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



C-108 Review Checklist: Received 06/25/13 Add. Request: Copy of notice: 07/5/13 Reply Date: 07/5/13 Suspended: SWD-845

Issued Permit: WFX / PMX / SWD Number: 1437 Permit Date: 8/23/13 Legacy Permits/Orders: IPI-431

Well No. 1 Well Name(s): Forty Niner Ridge Unit [Cancel]

API: 30-0 15-20899 Spud Date: 08/08/73 New/Old: Old (UIC Class II Primacy 03/07/1982)

Footages: 1980 FSL/1980 FEL Lot - Unit J Sec 16 Tsp 23S Rge 30E County Eddy

General Location: SW of WIPP band; ~13 mi E of Loving Pool: Prior Prod: 49er Ridge Prior SWD: Cherry C. & Bell C. NO. NA

Operator: Sirata Production Company OGRID: 21712 Contact: Paul Ragsdale

COMPLIANCE RULE 5.9: Inactive Wells: 1 Total Wells: 55 Fincl Assur: Yes Compl. Order? No IS 5.9 OK? Yes

Well File Reviewed: Current Status: SWD injecting into perms [4433 to 5952]; prior/gas well

Planned Rehab Work to Well: Drill out well to new TD / run new 5/8 in casing and cement to

Well Diagrams: Proposed Before Conversion After Conversion Are Elogs in Imaging?: Yes all but GR-NE/CBL from

Well Construction Details:	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Stage Tool	Cement SX or Cf	Cement Top and Determination Method
Planned ___ or Existing <input checked="" type="checkbox"/> Cond	<u>26 / 20</u>	<u>0 to 795</u>	<u>-</u>	<u>35400</u>	<u>Cir. to surf</u>
Planned ___ or Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2 / 13 3/8</u>	<u>0 to 3574</u>	<u>-</u>	<u>3400</u>	<u>Cir. to surf</u>
Planned ___ or Existing <input checked="" type="checkbox"/> Intern	<u>12 1/4 / 9 5/8</u>	<u>0 to 11340</u>	<u>-</u>	<u>3075</u>	<u>-</u>
Planned ___ or Existing <input checked="" type="checkbox"/> LongSt	<u>12 1/4 / 7 3/4</u>	<u>11,335 to 14507</u>	<u>Morrow Conv. Old TD</u>	<u>750 / top of Ann</u>	<u>CBL (11100 to 14475) - Note on file</u>
Planned ___ or Existing <input checked="" type="checkbox"/> Liner	<u>6 1/4 / 5 1/2</u>	<u>0 to 15,650</u>	<u>-</u>	<u>2100</u>	<u>Cir. to surf.</u>
Planned ___ or Existing <input checked="" type="checkbox"/> OH/PERF	<u>New drill / 6 1/4</u>	<u>15,650 to 16000</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Deepening of existing - no notification required - no notification required

Injection Strat Column:	Depths (ft)	Injection or Confining Formations	Top of Zone	Completion/Ops Details:
Confining Unit: Litho. Struc. Por.	<u>1200</u>	<u>Mississippian</u>	<u>17,450</u>	<u>New Drilled TD 16000</u> PBTB <u>6475</u> / <u>35' cont on CISP</u>
Confining Unit: Litho. Struc. Por.	<u>?</u>	<u>Woodford</u>	<u>?</u>	<u>Open Hole</u> <input checked="" type="checkbox"/> or Perfs <u>-</u>
Proposed Interval TOP:	<u>15650</u>	<u>Devonian</u>	<u>15650</u>	<u>Tubing Size 2 7/8</u> Inter Coated? <u>Yes</u>
Proposed Interval BOTTOM:	<u>< 16000</u>	<u>(lower)</u>	<u>(projected)</u>	<u>Proposed Packer Depth 15650</u>
Confining Unit: Litho. Struc. Por.	<u>?</u>	<u>Fussselman</u>	<u>-</u>	<u>Min Packer Depth 15550 (100-ft limit)</u>
Confining Unit: Litho. Struc. Por.	<u>-</u>	<u>-</u>	<u>-</u>	<u>Proposed Max. Surface Press 3200</u>
				<u>Calc. Inj. Press 3130 (0.2 psi per ft)</u>
				<u>Calc. FPP - (0.65 psi per ft)</u>

AOR: Hydrologic and Geologic Information

POTASH: R-111-P Noticed? BLM Sec Ord WIPP Noticed? SALADO: T: 1000 B: 3340 CLIFF HOUSE NA

Fresh Water: Max Depth: 300' FW Formation Rusler Wells? Analysis? Hydrologic Affirm Statement Yes

Disposal Fluid: Formation Source(s) Forty Niner Ridge Unit On Lease Only from Operator or Commercial -

Disposal Interval: Injection Rate (AVE/MAX): 3000/1000 Protectable Waters: TBD CAPITAN REEF: thru No adjacent No

H/C Potential: Producing Interval? Unknown Formerly Producing? No Method: E Log / Mudlog / DST / Depleted / Other Required

AOR Wells: 1/2-M Radius Map? Yes Well List? No Total No. Wells Penetrating Interval: 0

Penetrating Wells: No. Active Wells 0 Num Repairs? - on which well(s)? - Diagrams? -

Penetrating Wells: No. P&A Wells 0 Num Repairs? - on which well(s)? - Diagrams? -

NOTICE: Newspaper Date 06/22/13 Mineral Owner SLO Surface Owner SLO/NU N. Date 06/20/2013

RULE 26.7(A): Identified Tracts? Affected Persons: Mowbourn & Chevron N. Date 06/20/2013

Permit Conditions: 1 Perfs in Bell/Cherry - squeeze 2 Perfs in Morrow - squeeze

Issues: 3 Mudlog for injection interval / salinity calc. 4 CBL when done w/cmt - if not circulated to surface



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-845

APPLICATION OF STRATA PRODUCTION COMPANY FOR SALT WATER DISPOSAL, EDDY COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Strata Production Company made application to the New Mexico Oil Conservation Division on July 17, 2002, for permission to recomplete for produced water disposal its Forty Niner Ridge Unit Well No. 1 (API: 30-015-20899) located 1980 feet from the South line and 1980 feet from the East line (Unit J) of Section 16, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

Strata Production Company is hereby authorized to re-complete for produced water disposal its Forty Niner Ridge Unit Well No. 1 (API: 30-015-20899) located 1980 feet from the South line and 1980 feet from the East line (Unit J) of Section 16, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Bell Canyon and Cherry Canyon formations from a depth of 4433 feet to 5952 feet through 2 7/8 inch plastic-lined tubing set in a packer located approximately at 4350 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

As preparation for injection, the casing shall be pressure tested from the surface to the CIBP at 4383 feet. This CIBP shall then be drilled out and the CIBP at 6510 feet capped with cement and pressure tested.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 886 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the injection formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia District Office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia District Office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

Administrative Order SWD-845

Strata Production Company

September 10, 2002

Page 3 of 3

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 10th day of September 2002.

Lori Wrotenbery (LWVJ)

LORI WROTENBERY
Director

LW/wvjj

cc: Oil Conservation Division – Artesia
State Land Office – Santa Fe

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-431
March 24, 2013

Mr. Ben Stone, Agent
Strata Production Company
1301 North Sycamore Avenue
Roswell, NM 88201

RE: Injection Pressure Increase

Disposal Permit: SWD-845 Pool: SWD; Bell Canyon-Cherry Canyon
Forty Niner Ridge Unit Well No. 1 API 30-015-20899
Unit J, Sec 16, T23S, R30E, NMPM, Eddy County, New Mexico

Dear Mr. Stone:

Reference is made to your request on behalf of Strata Production Company (OGRID 21712) received by the Division on March 11, 2013, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal in the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group by Division administrative order SWD-845 approved September 10, 2002. That permit allowed disposal through perforations from 4433 feet to 5952 feet at a maximum surface disposal pressure of 886 psi.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

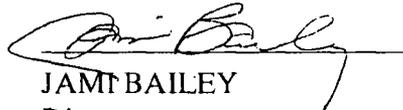
Based on a step rate test for this well run February 5, 2013, you are hereby authorized to inject at the following maximum surface tubing pressure:

Forty Niner Ridge Unit Well No. 1 API 30-015-20899 1500 psi

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,


JAMT BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Artesia
File: SWD-845