



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Strata Production

Post Office Drawer 1030

Roswell, New Mexico 88202-1030

Attention: **Kelly M. Britt**

kbritt@stratanm.com

July 13, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order NSL-5424

Dear Ms. Britt:

Reference is made to the following: (i) your application (*administrative application reference No. pTDS0-617135068*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 19, 2006; and (ii) the Division's records in Santa Fe and Artesia: all concerning Strata Production Company's ("Strata") request to drill its Forty-Niner Ridge Unit Well No. 9 at an unorthodox Delaware oil well location 330 feet from the South line and 2630 feet from the West line (Unit N) of Section 10, Township 23 South, Range 30 East, NMPM, Forty-Niner Ridge Unit Area (see Division Order No. R-4542, issued in Case No. 4972 on June 4, 1973), Eddy County, New Mexico. The SE/4 SW/4 of Section 10 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in either the Undesignated Forty Niner Ridge-Delaware Pool (**24750**) or the Undesignated Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool (**47545**).

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

It is the Division's understanding the proposed Forty-Niner Ridge Unit Well No. 9 is within the Oil/Potash "R-111-P" area, and is therefore subject to all applicable restrictions and rules therein.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Delaware oil well location is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Mark E. Fesmire, P. E.

Director

MEF/ms

cc: New Mexico Oil Conservation Division -- Artesia
U. S. Bureau of Land Management -- Carlsbad