

8/28/02	9/17/02	ENGINEER MS	LOGGED IN KN	TYPE NSL	APP NO. 224630050
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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 - Directional Drilling
☒ NSL ☒ NSP ☐ SD ☒ DD

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 Directional Drilling

AUG 28 2002

[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,
- [F] ☒ Waivers ~~are attached~~ will be forwarded upon receipt.

[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.

Kelly M. Britt
 Print or Type Name

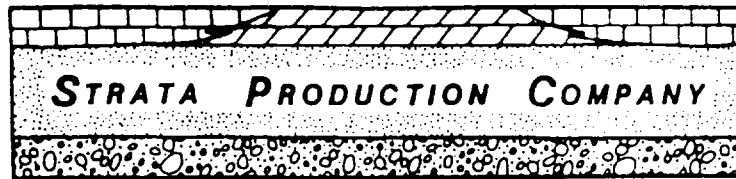
Kelly M. Britt
 Signature

Production Analyst
 Title

8/26/02
 Date

kellymarieb@yahoo.com
 e-mail Address

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88203

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

August 26, 2002

CERTIFIED MAIL - RETURN RECEIPT
#7002-0460-0002-5447-9978

Oil Conservation Division
Attn: Michael E. Stogner
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Nash Unit #33
Surface 10' FSL and 175' FWL
Section 12-23S-29E
Bottomhole 2650' FSL and 2250' FWL
Section 11-23S-29E
Nash Draw Brushy Canyon Pool
Eddy County, New Mexico

Dear Mr. Stogner,

Strata Production Company ("Applicant") hereby submits an Administrative Application pursuant to Rule 104.D (2) for a Non-Standard Proration Unit, Rule 104.F for an Unorthodox Location, and Rule 111 for Directional Drilling regarding the Nash Unit #33 well, and in support thereof states:

1. Applicant proposes to drill to a depth sufficient to test the Delaware formation at a surface location of 10' FSL and 175' FWL of Section 12, Township 23, South, Range 29, East, N.M.P.M., and at an unorthodox bottomhole location of 2650' FSL and 2250' FWL of Section 11, Township 23 South, Range 29 East, N.M.P.M.
- ✦ 2. As indicated on Exhibit "C", the surface location is located on Federal Lease NM-0556859. The bottomhole location is located on Federal Lease NM-0554221. Both leases are included in the Nash Unit Agreement, Delaware Formation Participation Area operated by the Applicant.
3. Applicant is the operator of Nash Unit Delaware Formation.
4. Due to the denial of all surface locations in Section 11 because of the Potash Area, and the playa lake and flood plane in the W/2W/2 of Section 12 as indicated on Exhibit "B", it will be necessary to directionally drill the Nash Unit #33 to develop the indicated reserves.

5. Approval of the Application will result in the production of hydrocarbons which otherwise will not be produced, will not adversely affect correlative rights and will be in the best interest of conservation.
6. Offset operators and/or lessees were simultaneously notified of the Application by certified mail. A distribution list is attached. Copies of the certified return receipts will be forwarded to the Oil Conservation Division upon receipt.

Submitted in triplicate in conjunction with the Application, are the following documents:

1. Distribution List
2. Exhibit "A" Engineering Analysis
3. Exhibit "B" Topographic Plat
4. Exhibit "C" Land Plat indicating offset leases and wells
5. Exhibit "D" Vertical Plan View
6. Exhibit "E" Horizontal Plan View
7. Exhibit "F" Compensated Neutron Log section from the Nash Unit #13 identifying the top and bottom of the Delaware Pool
8. Form 3160-3 Application for Permit to Drill
9. Form C-102 Well Location and Acreage Dedication Plat

Wherefore, Strata Production Company requests that the Application be reviewed and that, after proper notice and review as required by law and the rules of the Division, the Division approve the Non-Standard Proration Unit, Unorthodox Location and Directional Drilling as hereinabove described.

Sincerely,



Kelly M. Britt
Production Analyst

Attachments: as indicated

xc: OCD - Artesia
 BLM - Roswell
 Murchison Oil & Gas Inc.

DISTRIBUTION LIST
ADMINISTRATIVE APPLICATION
NASH UNIT #33
10 FSL & 175' FWL
SECTION 12-23S-29E
EDDY COUNTY, NEW MEXICO

Murchison Oil & Gas, Inc.
Attn: Michael S. Daugherty
1100 Mira Vista Blvd.
Plano, Texas 75093-4698

Oil Conservation Division
1301 W. Grand Ave.
Artesia, New Mexico 88210-2834

Bureau of Land Management
Attn: Tony L. Ferguson
2909 W. Second Street
Roswell, New Mexico 88201

PECOS PETROLEUM ENGINEERING, Inc.
200 W. FIRST ST., SUITE 536
P.O. BOX 2885
ROSWELL, NEW MEXICO 88202
505-624-2800

August 26, 2002

Ms. Kelly Britt
Strata Production Company
P.O. box 1030
Roswell, New Mexico 88202

Re: Nash Draw #33
175' FWL & 10' FSL
Section 12-T23S-29E
Eddy County, New Mexico

Dear Ms.Britt,

The Nash Draw Unit is located in an area with many constraints on surface locations for the drilling of vertical wells. The Potash Area is located to the west, in Section 11, and all surface locations in this area have been denied. Also, there is a playa lake and flood plane that the Bureau of Land Management has denied surface locations on, located in the W/2/W/2 of Section 12.

A 3-D seismic survey has indicated an amplitude anomaly located in the center of section 11. To develop this anomaly a directional well will be required to deviate from the closest surface location to intersect the anomaly under the playa lake. The well will then be drilled horizontally to reach the reservoir located in Section 11. Since this will be the only well to penetrate this portion of the reservoir it will be designed to drain approximately 100 acres.

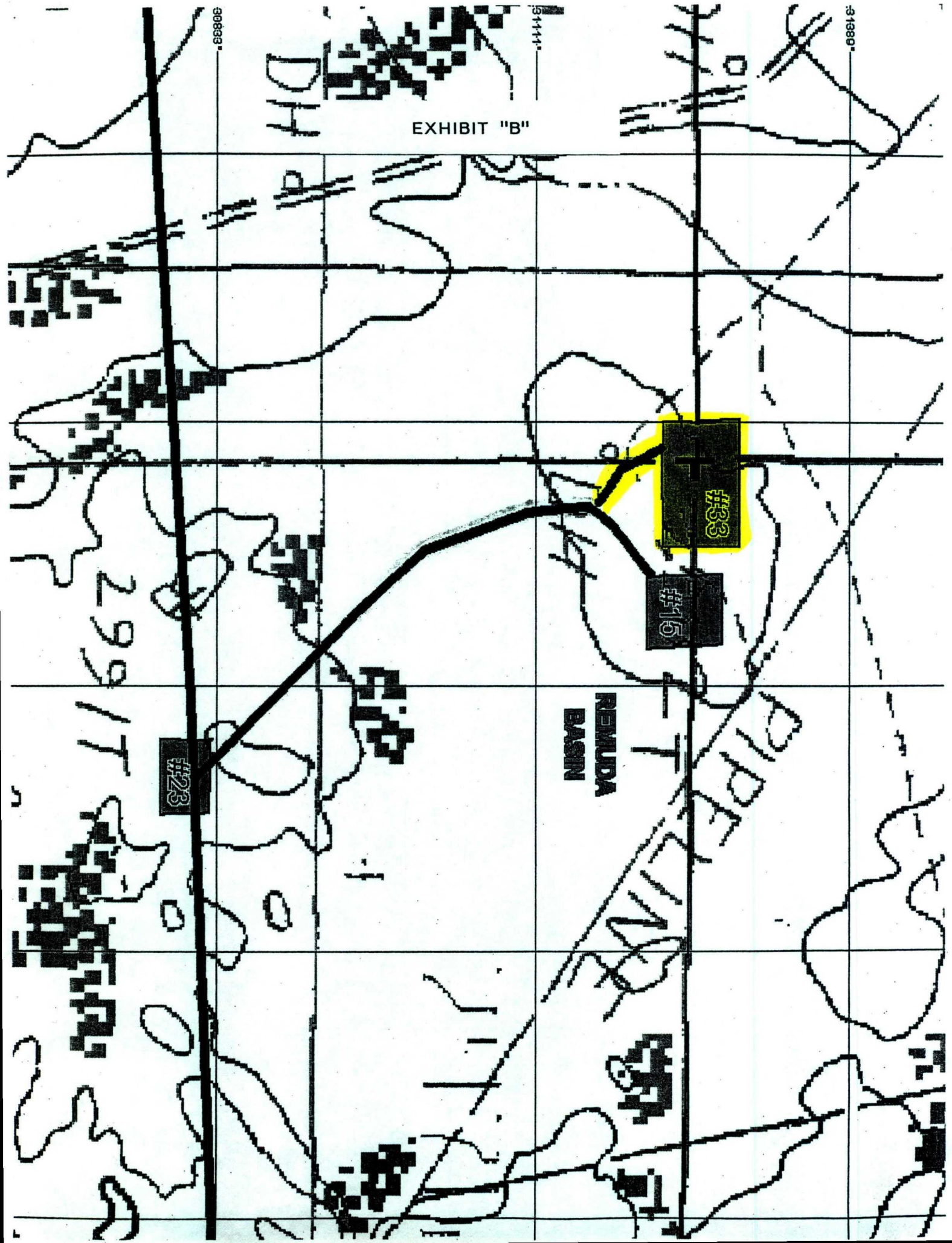
The Delaware "L" zone will be intersected at a location 1330' FEL & 1250' FSL of Section 11. The horizontal section will continue from this point 2202' to a location 2250' FWL and 2650' FSL of Section 11. This results in a deviation of 1950' from the surface location to intersect the middle of the formation and a 2202' horizontal section through the reservoir.

Sincerely,



Bruce A. Stubbs, P.E.

EXHIBIT "B"



CLAYTON
LOS

NASH DRAW #33
 S.L. 10' FNL & 75' FWL SECTION 13
 3.H.L. 2250' FWL & 2650' FSL SECTION 11
 T23S-R29E
 EDDY COUNTY, N.M.

EXHIBIT "D"

VERTICAL PLAN VIEW

8 5/8" CASING @ 3100' *Base of salt*

*1900' from the surface location
 horizontal portion would
 start until*

TOP OF F-2 @ 5778'

'L' 6800'

BHL

4152.3'

14.3 DEG / 100'
 R=400'

5.72 DEG. / 100'

R=1000'

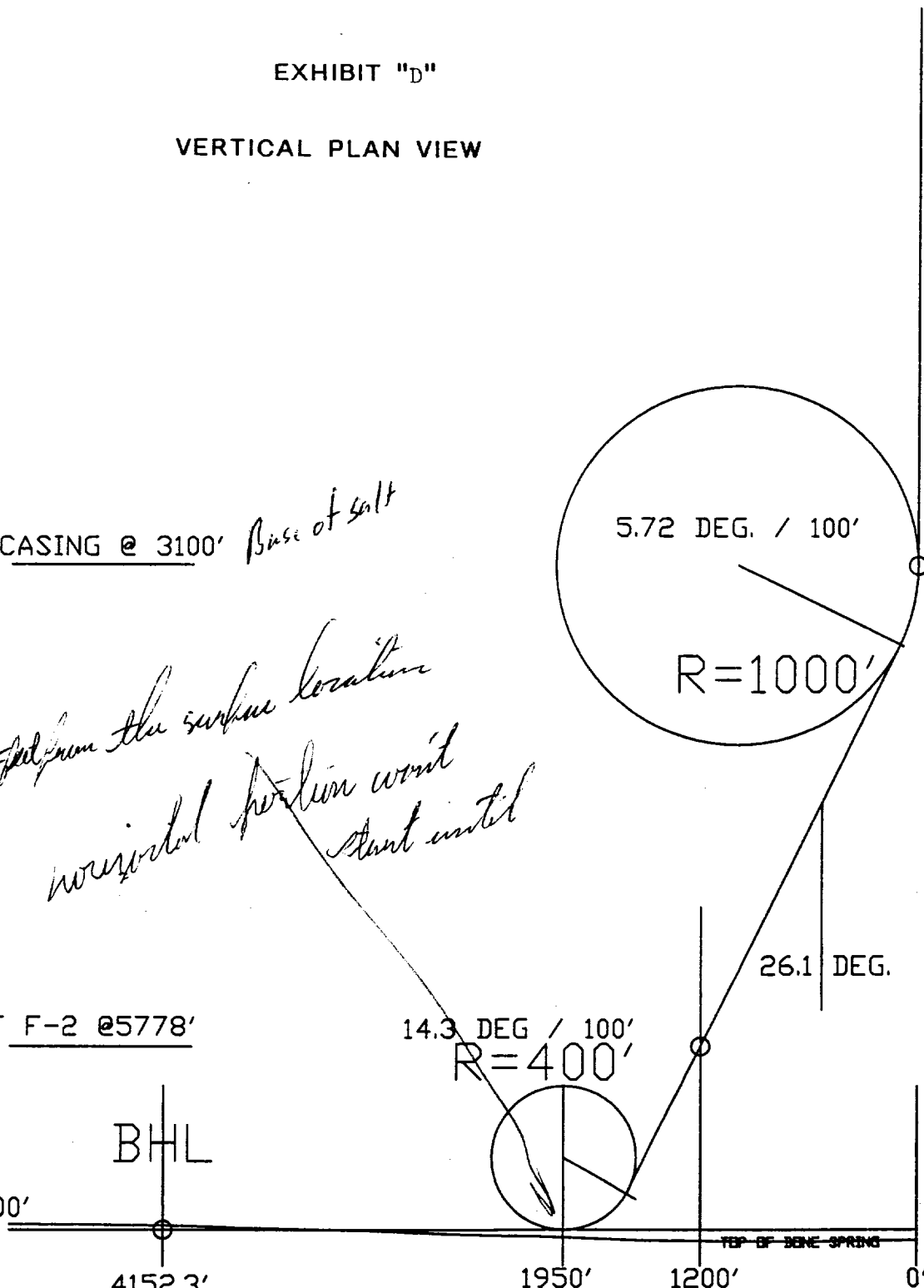
26.1 DEG.

TOP OF BONE SPRING

1950'

1200'

0'



HORIZONTAL PLAN VIEW

11

BHL

39.48°

4152.3' TOTAL DISPLACEMENT
2202.3' HORZ.
1330' FGL + 1250' FSL
1950' DEV.
2250' FWL - 2650' FSL

2250.0000

2650.0000

10.0000

175.0000

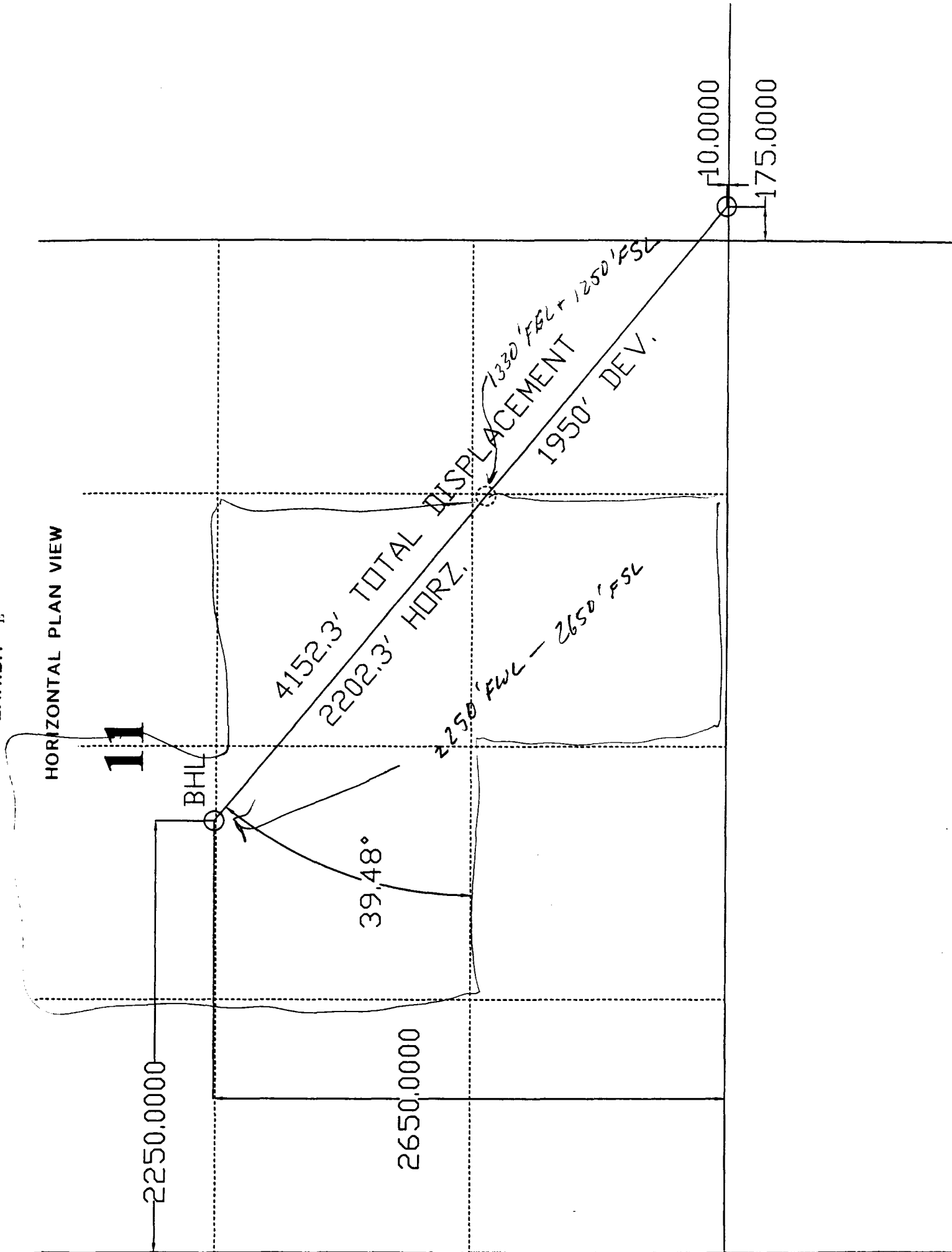


EXHIBIT "F"
 COMPENSATED NEUTRON LOG
 NASH UNIT #13
 START HORIZONTAL AT 6770'
 END HORIZONTAL AT 6890'

-3662

"K"

DOOO

6700

K-2

-3779

"L"

6800

DOOO

6900

Perf. 6667'-6686'

Acid. w/ 1100 gal 7 1/2% NeFe

ISIP	Vol per sec	Column
1310	1.5	2000
1310	1.5	2000

PERF: 6670'-6686'

ACID. w/ 1500 gal. 7 1/2% NeFe

Frac. w/ 54000# 16/30 LC & D
 24000 gal gelled 2% KC

IPF: 208 BOPD
 123 MOFD
 144 BWI"

5/15/93

22/14"
 304 k psi

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-0554221	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR STRATA PRODUCTION COMPANY		7. UNIT AGREEMENT NAME Nash Unit	
3a. Area Code & Phone No. 505-622-1127		8. FARM OR LEASE NAME Nash Unit	
3. ADDRESS OF OPERATOR P. O. Box 1030, Roswell, New Mexico 88202-1030		9. WELL NO. #33	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface S.L. 10' FSL & 175' FWL At proposed prod. zone B.H.L. 2650' FSL & 2250' FWL Section 11-23S-29E		10. FIELD AND POOL, OR WILDCAT Nash Draw Brushy Canyon	
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 12-23S-29E		12. COUNTY OR PARISH Eddy	
13. STATE NM		14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 9 miles east of Loving, New Mexico	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 2250'		16. NO. OF ACRES IN LEASE 880 Lse/5123 Unit	
17. NO. OF ACRES ASSIGNED TO THIS WELL 80.00		18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT. 300'	
19. PROPOSED DEPTH 6800' TVD		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 2983' GR		22. APPROX. DATE WORK WILL START* October 15, 2002	

23. PROPOSED CASING AND CEMENTING PROGRAM						
HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	H-40	STC NEW	310'	Circ to Surface
11"	8 5/8"	32#	J-55	LTC NEW	3110'	Circ to Surface
7 7/8"	5 1/2"	17#	N-80	LTC NEW	6800' TVD 9950' MD	Circ to Surface

Strata Production Company proposes to drill to a depth sufficient to test the Delaware formation. If productive, 5 1/2" casing will be set. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as set out in Onshore Oil & Gas Order #1 are outlined in the following attachments:

- NMOCD Form C-102 Well Location and Acreage Dedication Plat
- Hole Prognosis
- Surface Use and Operating Plan
- Exhibit "A" Equipment Description
- Exhibit "B" Planned Access Roads
- Exhibit "C" One Mile Radius Map
- Exhibit "D" Drilling Rig Layout Plan
- Exhibit "E" Vertical Plan View
- Exhibit "F" Horizontal Plan View
- Notifications to Area Potash Leaseholders

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Kelly M. Britt TITLE Production Records DATE 08/23/02
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY: _____

District I
1825 N. French Dr. Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name	
Property Code		Property Name		Well Number	
		NASH DRAW UNIT		33	
OGRID No.		Operation Name		Elevation	
021712		STRATA PRODUCTION		2983	

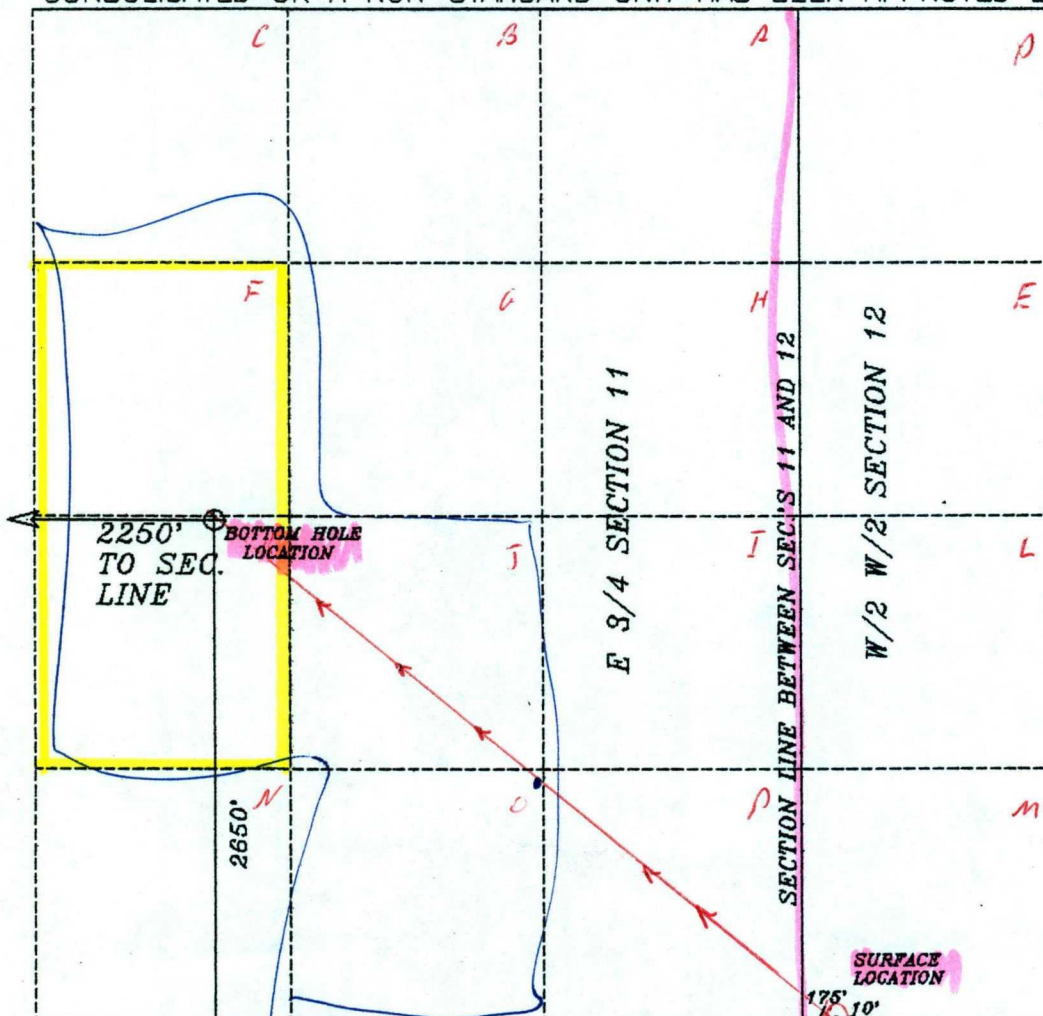
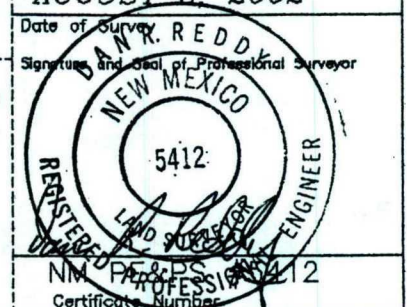
Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
M	12	23-S	29-E		10	SOUTH	175	WEST	EDDY

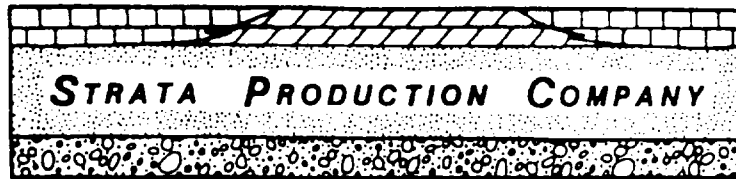
Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
K	11	23-S	29-E		2650	SOUTH	2250	WEST	EDDY
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
80									

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

	OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
	Signature <i>Kelly M. Britt</i>	
	Printed Name <i>Kelly M. Britt</i>	
	Title <i>Production Analyst</i>	
Date <i>8-22-02</i>		SURVEYOR CERTIFICATION I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAT WAS PLOTTED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.
Date of Survey <i>AUGUST 6, 2002</i>		
Signature and Seal of Professional Surveyor		
Certificate Number <i>5412</i>		

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030

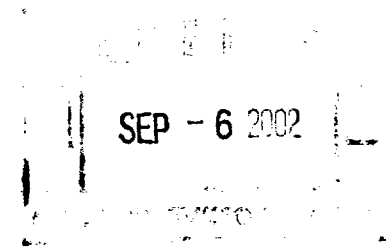


200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88203

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

September 4, 2002

VIA FAX #505-476-3471 & USPO



Oil Conservation Division
Attn: Mr. Michael E. Stogner
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Nash Unit #33
Section 12-23S-29E
Eddy County, New Mexico

Dear Mr. Stogner,

Pursuant to your telephone conversation with Bruce Stubbs, our engineer, please find enclosed the following:

1. Proposed Delaware Formation Participating Area, awaiting approval by the BLM in the near future.
2. Structure Map on top of the Bone Springs Carbonate.
3. "L" Zone Amplitude Map targeted for the Nash #33 well.
4. Plan of Development for 2001 - 2002 and 2002- 2004. (Mailed only, not faxed)
5. FYI on the Nash #36 Administrative Application addressed to you and fax from you dated March 12, 1998. (Mailed only, not faxed)

The Nash Unit has been ratified with 100% working interest owners and all of the royalty interest owners except for one group, Gates Brothers.

Should you have any other questions concerning the above referenced or require additional information from this office, please advise.

Sincerely,

Kelly M. Britt
Production Records

enclosures

The map displays a study area with various numbered locations (1-16) and specific sites. Key features include:

- Numbered Locations:** 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16.
- Specific Sites:** NM-10776, NM-0499988, NM-19246, NM-0556859-A, NM-17859, NM-19246, NM-0556857, NM-17589, NM-0556863, NM-0554223, NM-19245, NM-0556859.
- Symbols:** BHL (Biology Heritage Landmark), sun (solar panel), star (star symbol).
- Scale:** 1 mile.

EDDY COUNTY, NM

- Revised: 5-23-02
Scale: NTS

T180

T160

T140

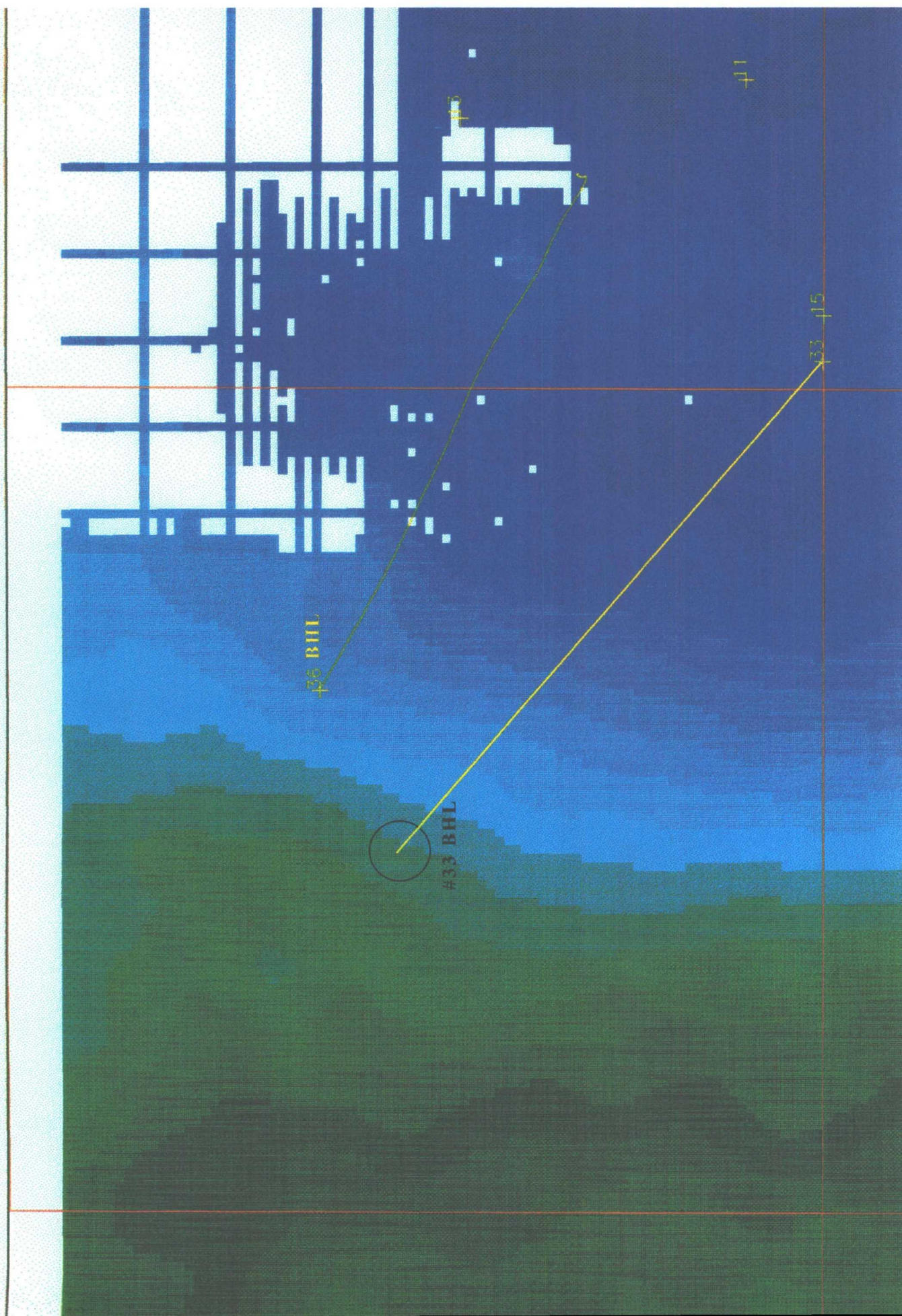
T120

T100

T80

T60

T40



"L" Zone Amplitude Map

T180

T160

T140

T120

T100

T80

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T40

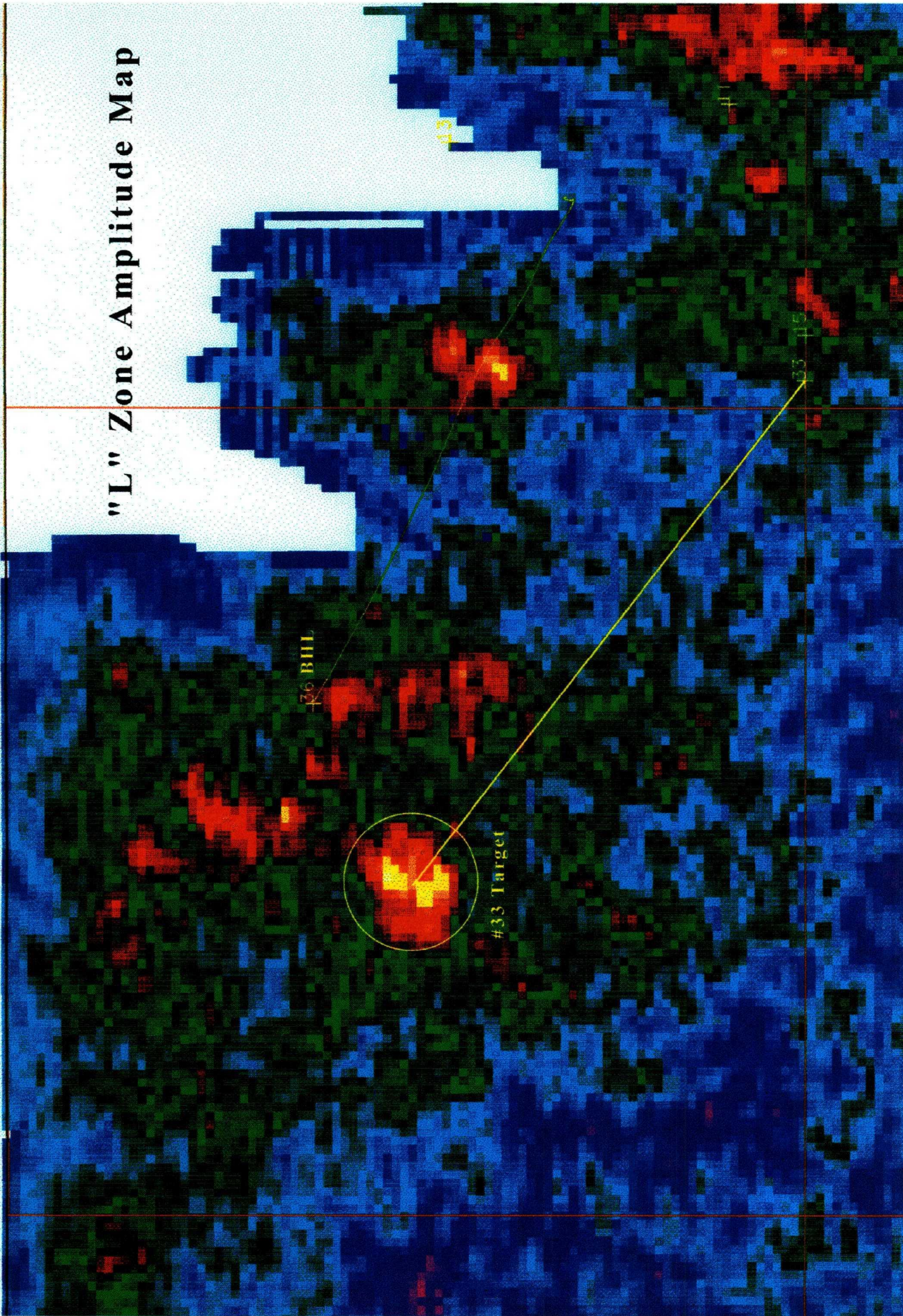
#6 BUL

#13

#33 Target

#15

#33



CG

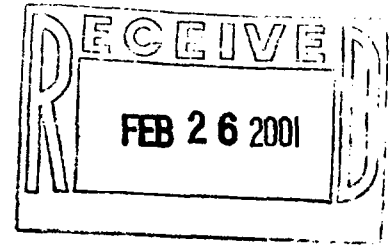


J.D. MURCHISON INTERESTS, INC.

MURCHISON OIL & GAS, INC.

MURCHISON PROPERTIES, INC.

February 23, 2001



Mr. Ed Roberson, District Manager
United States of America
Department of Land Management
Bureau of Land Management
1717 West Second
Roswell, New Mexico 88201

Mr. Jami Bailey
Director, Oil and Gas Division
Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

**RE: Nash Unit, June, 1, 1974
New Mexico State Land Office
of Certificate, July 24, 1974
U.S.G.S. Certification-Determination
July 24, 1974
Contract No. 14-08-0001-14168
Township 23 South, Range 29 and 30 East
Eddy County, New Mexico
PLAN OF FURTHER DEVELOPMENT IN OPERATIONS 2001-2002**

Dear Ladies and Gentlemen:

Murchison Oil and Gas, Inc. ("MOGI") is operator of the Nash Unit and all formations except the Delaware Formation. Strata Production Company ("Strata") was designated and approved as sub-operator of the Delaware Formation on July 17, 1992. Pursuant to Section 10 of the Unit Agreement, MOGI, as operator, respectfully submits for your consideration and approval, this Plan of Development of the subject unitized land,

The Unit activity has been significant since 1992 with seventeen Delaware wells having been drilled and completed. Strata's plan for further development of the Delaware Formation is described in the attached letter.

MOGI plans to drill a Morrow test well to 14,000 feet (true vertical depth) during the 2nd quarter of 2001. The well will be drilled directionally from a location in the NE/4 of the SW/4 of Section 12, T23S, R29E to an approximate bottom hole location of 660 feet FNL & 1980 feet FWL of Section 12. Both the BLM and NMOCD have approved our Application for Permit to Drill this well.

MOGI will continue operations of the Nash Unit using reasonable and prudent practices as it determines necessary for the proper conservation of natural resources and for the most economical and efficient recovery of unitized substances without waste in accordance with the Unit Agreement, Unit Operating Agreement and pursuant to state and federal laws and regulations.

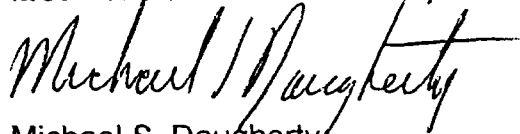
Please find attached the following:

- 1) Production statistics for each well which has produced oil or gas in the Unit, current well status, and the formation from which each well is producing or has produced.
- 2) Plat showing the location of each well, the Unit outline and each participating area.
- 3) Strata's Plan of Development for the Delaware Formation for 2001-2002.

We respectfully ask for your approval of MOGI and Strata's Plan of Development for 2001-2002.

Sincerely,

MURCHISON OIL AND GAS, INC.



Michael S. Daugherty
Vice President Operations

MSD/cb/NashUnit-POD-2000-01

Enclosures

cc: Nash Unit Working Interest Owners
Strata Production Company

NASH UNIT WORKING INTEREST OWNERS NAMES AND ADDRESSES

Strata Production Company
Roswell Petroleum Bldg, Ste. 700
200 West First Street
Roswell, NM. 88201

Murchison Oil & Gas, Inc.
1100 Mira Vista Blvd.
Plano, Texas 75093-4698

Mr. George B. Broome
c/o T. McElvain, Jr.
P.O. Box 2148
Santa Fe, NM. 87504-2148

McElvain Oil & Gas
1050 17th Street
Suite 710
Denver, CO. 80265

Mr. Richard Masterson
Southwest Royalties, Inc.
407 North Big Spring
Midland, TX. 79701

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, OK. 74121-1468

Maralo, Inc.
P.O. Box 832
Midland, TX. 79702-0832

Mr. Wayne Newkumet
P.O. Box 11330
Midland, TX. 79702

WTG Exploration
401 W. Wadley
Midland, TX. 79705-5339

Mr. A.W. Rutter
Rutter & Wilbanks Corporation
P.O. Box 3186
Midland, TX. 79702-3186

Mr. Richard Wilson
Petroleum Synergy Group, Inc.
1801 Broadway, Suite 800
Denver, CO. 80202

Date: 2/15/2001

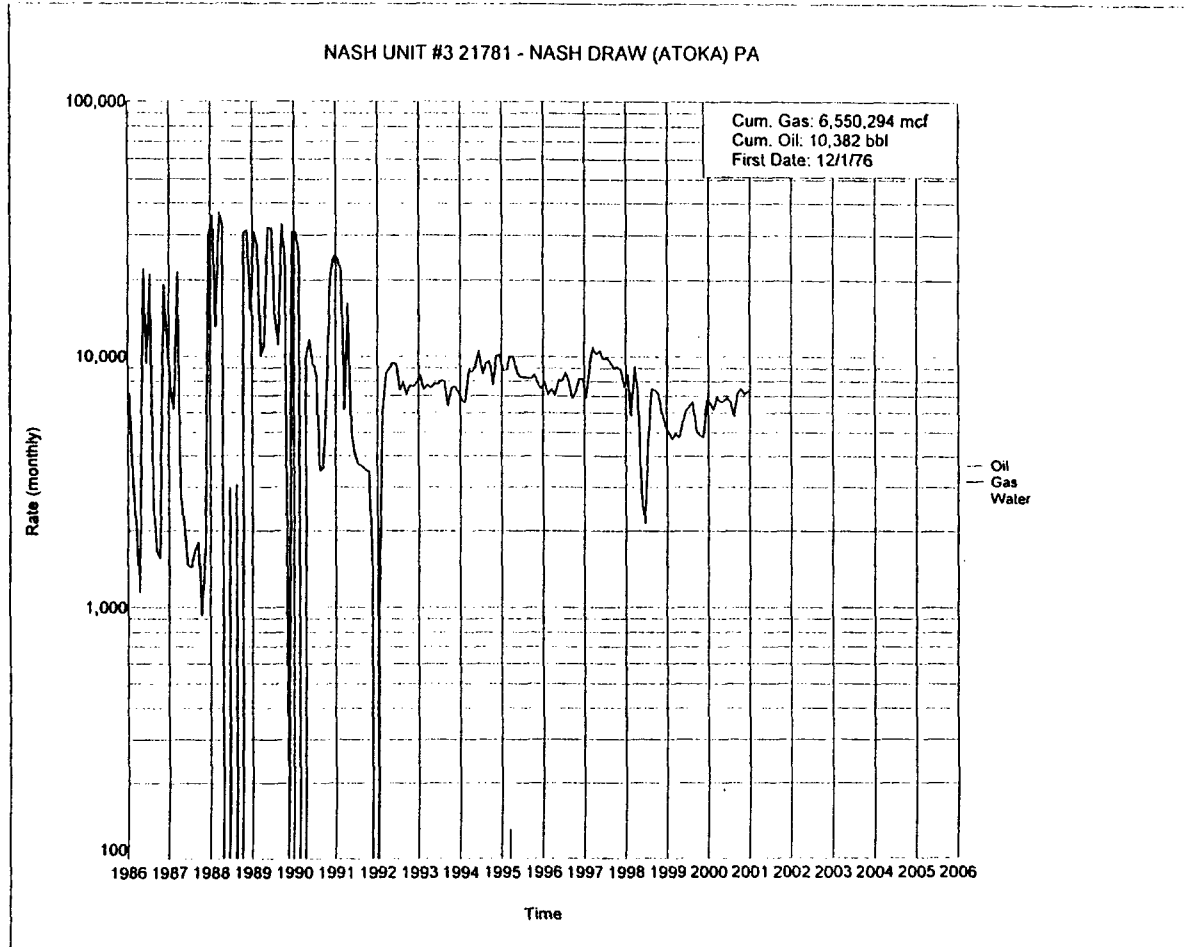
Time: 10:46 AM

Last twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: NASH UNIT #3 21781 ()
 County, ST: EDDY'
 Location: 12K 23S 29E'

Operator: MURCHISON OIL & GAS, INC.
 Field Name: NASH DRAW (ATOKA) PA , NM



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		10,322	6,468,536	3,354	0
01/2000	1	5	6,652	0	0
02/2000	1	4	6,193	4	0
03/2000	1	3	6,936	2	0
04/2000	1	3	6,670	4	0
05/2000	1	0	6,707	4	0
06/2000	1	0	6,888	7	0
07/2000	1	5	6,671	2	0
08/2000	1	0	5,813	8	0
09/2000	1	2	7,247	4	0
10/2000	1	5	7,504	4	0
11/2000	1	5	7,133	8	0
12/2000	1	28	7,344	0	0
Total:		10,382	6,550,294	3,401	0

Date: 2/15/2001

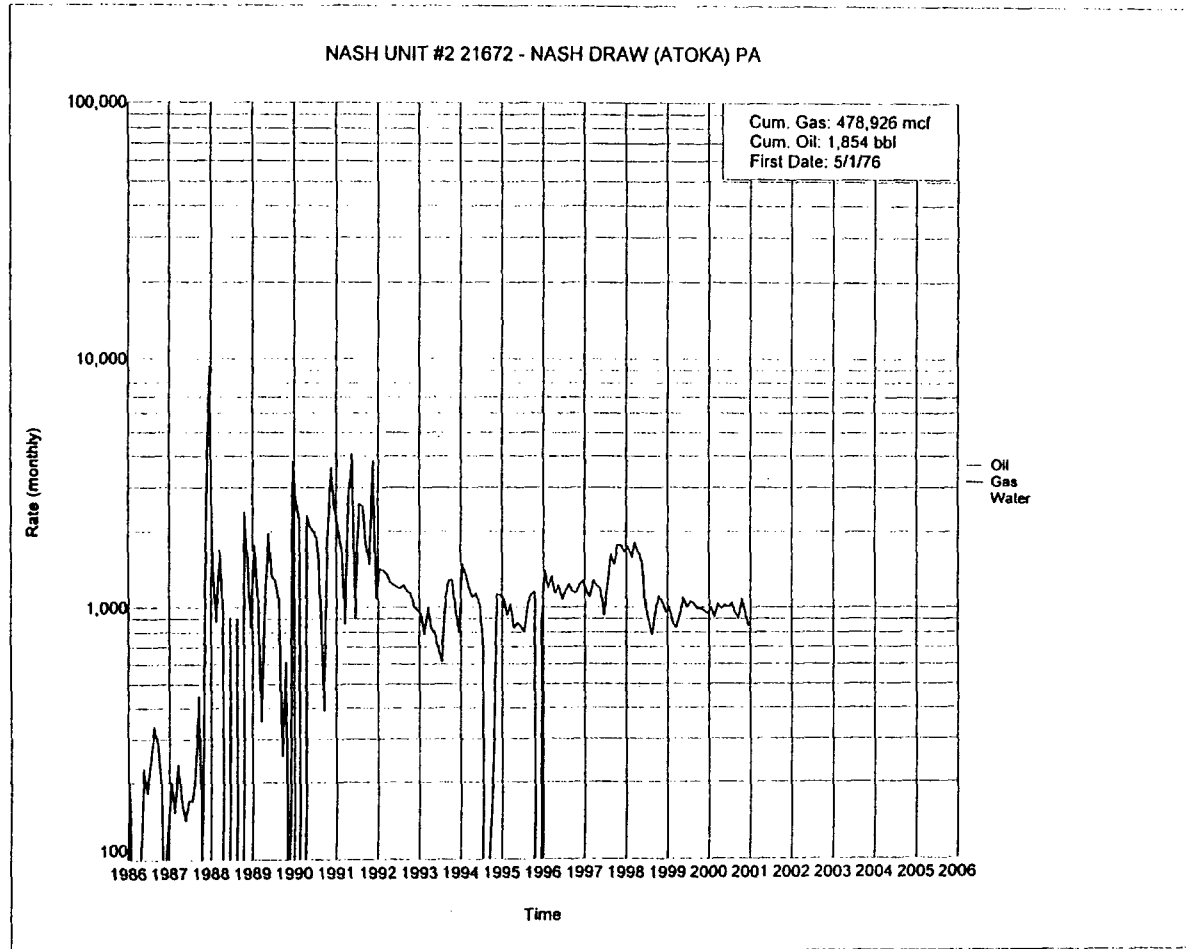
Time: 10:46 AM

Last twelve Months Historic Production Report

Project: C:\Program Files\VHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: NASH UNIT #2 21672 ()
 County, ST: EDDY
 Location: 18F 23S 30E'

Operator: MURCHISON OIL & GAS, INC.
 Field Name: NASH DRAW (ATOKA) PA , NM



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		1,845	467,196	3,945	0
01/2000	1	0	1,001	7	0
02/2000	1	0	915	7	0
03/2000	1	5	1,033	14	0
04/2000	1	0	984	10	0
05/2000	1	4	1,026	10	0
06/2000	1	0	999	9	0
07/2000	1	0	1,041	10	0
08/2000	1	0	952	9	0
09/2000	1	0	910	3	0
10/2000	1	0	1,079	9	0
11/2000	1	0	944	6	0
12/2000	1	0	846	2	0
Total:		1,854	478,926	4,041	0

Date: 2/15/2001

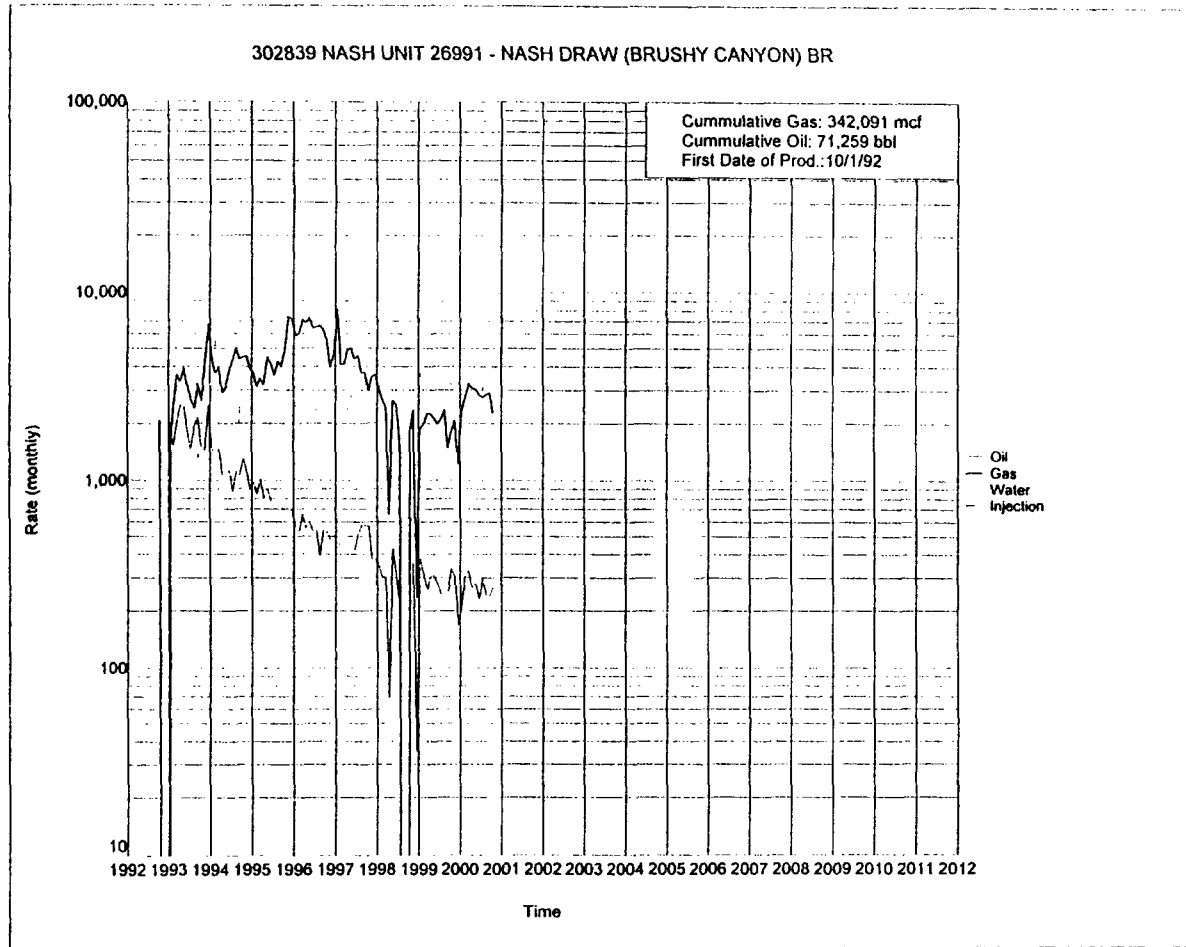
Time: 10:49 AM

Last Twelve Months Historic Production Report

Project: C:\Program Files\VHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302839 NASH UNIT 26991 (09)
 County, ST: EDDY, NM
 Location: 13B 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		68,116	310,706	226,389	0
11/1999	1	306	2,071	2,584	0
12/1999	1	167	1,221	1,997	0
01/2000	1	216	2,312	2,266	0
02/2000	1	304	2,768	3,884	0
03/2000	1	329	3,264	4,029	0
04/2000	1	265	3,077	2,628	0
05/2000	1	279	3,043	2,554	0
06/2000	1	229	2,839	2,220	0
07/2000	1	297	2,748	3,138	0
08/2000	1	243	2,853	2,827	0
09/2000	1	240	2,915	2,718	0
10/2000	1	268	2,274	2,632	0
Total:		71,259	342,091	259,866	0

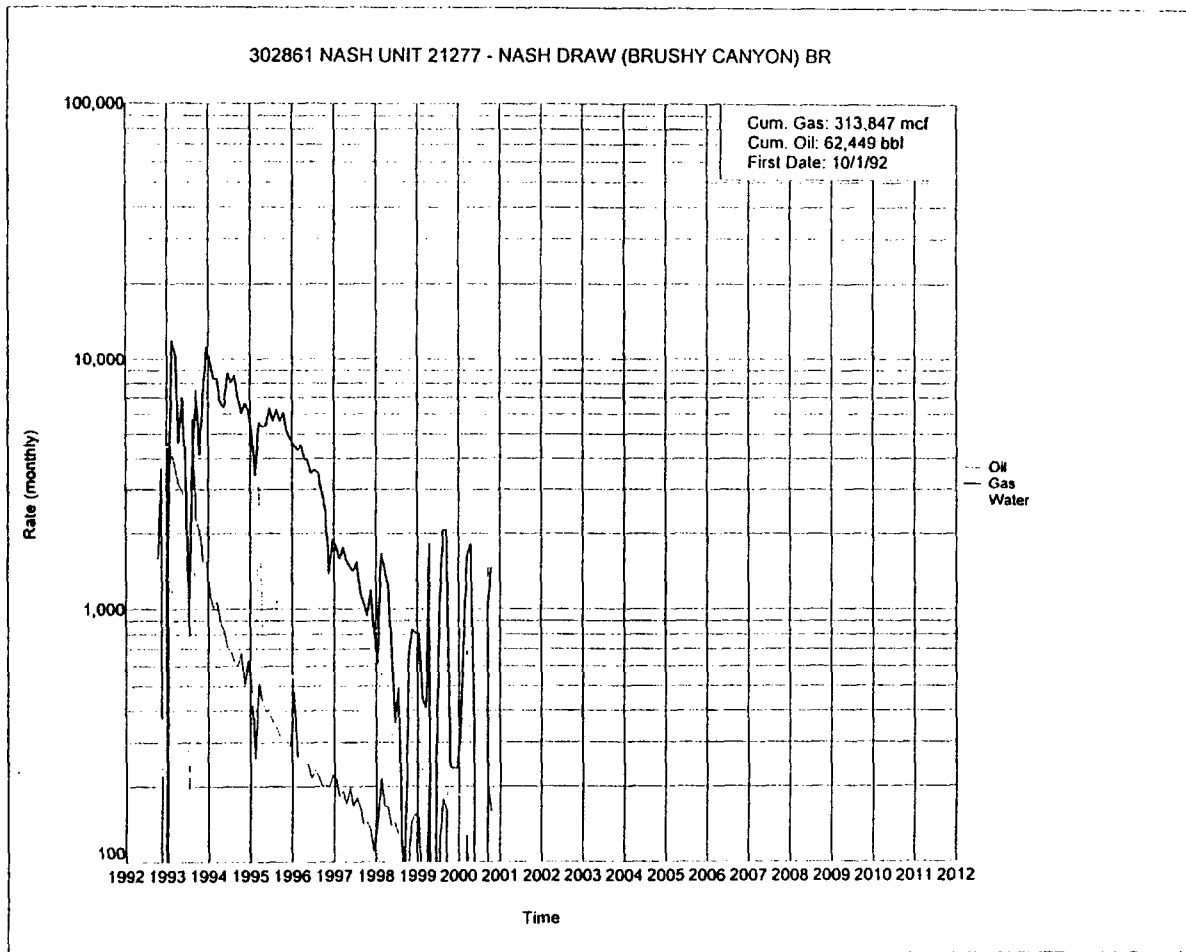
Date: 2/15/2001

Time: 10:49 AM

Last twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302861 NASH UNIT 21277 (01) Operator: STRATA PRODUCTION CO
 County, ST: EDDY, NM Field Name: NASH DRAW (BRUSHY CANYON) BR
 Location: 13H 23S 29E'



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		61,815	305,899	47,914	0
11/1999	1	9	235	172	0
12/1999	1	9	235	172	0
01/2000	1	19	314	197	0
02/2000	1	60	762	371	0
03/2000	1	128	1,677	706	0
04/2000	1	48	1,828	259	0
05/2000	1	0	378	31	0
06/2000	1	0	0	0	0
07/2000	1	0	0	0	0
08/2000	1	0	0	0	0
09/2000	1	203	1,052	1,506	0
10/2000	1	158	1,467	811	0
Total:		62,449	313,847	52,139	0

Date: 2/15/2001

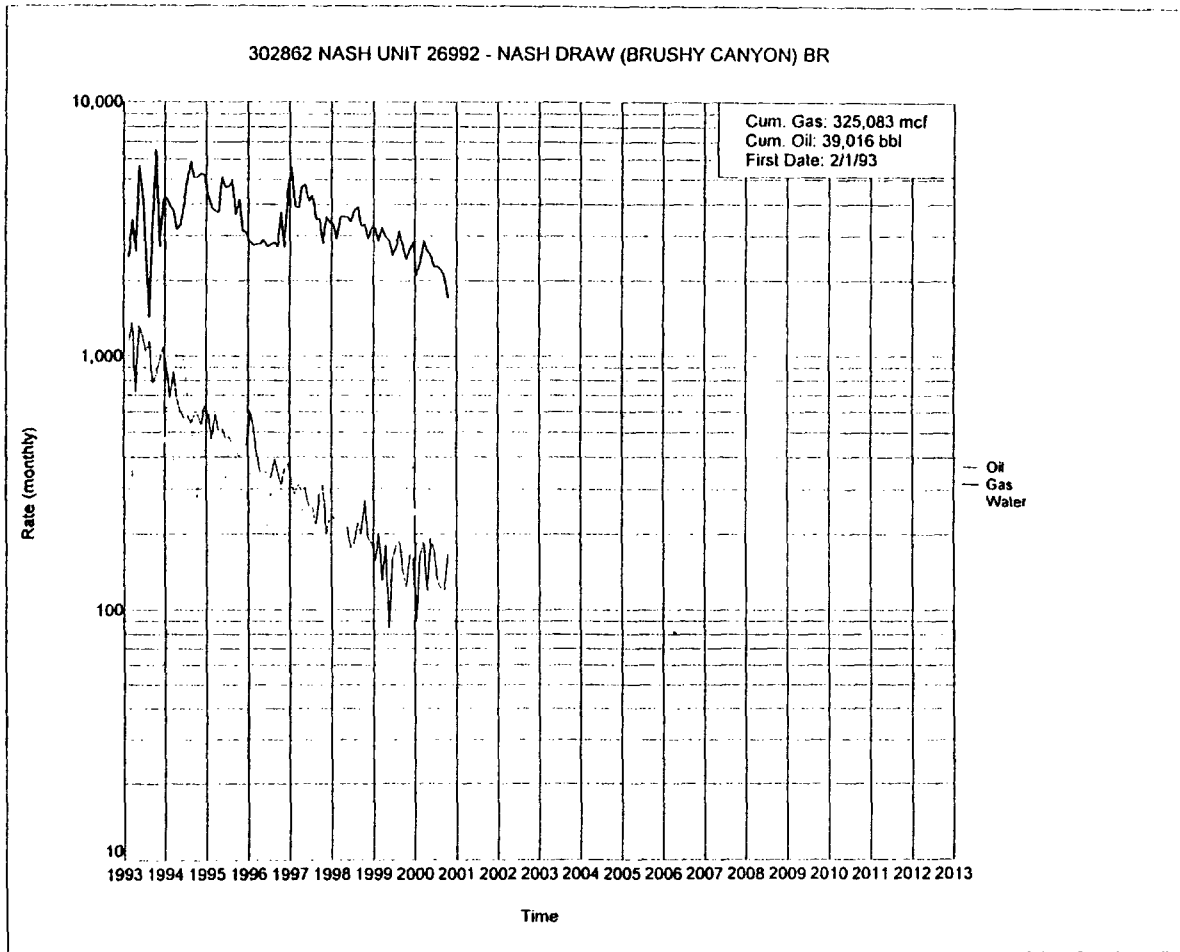
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Last twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302862 NASH UNIT 26992 (10)
 County, ST: EDDY, NM
 Location: 13G 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		37,224	296,558	37,660	0
11/1999	1	167	2,663	319	0
12/1999	1	161	2,839	368	0
01/2000	1	90	2,082	174	0
02/2000	1	165	2,354	367	0
03/2000	1	186	2,867	397	0
04/2000	1	118	2,616	407	0
05/2000	1	193	2,515	391	0
06/2000	1	171	2,270	360	0
07/2000	1	132	2,290	402	0
08/2000	1	122	2,219	489	0
09/2000	1	120	2,105	475	0
10/2000	1	167	1,705	329	0
Total:		39,016	325,083	42,138	0

Date: 2/15/2001

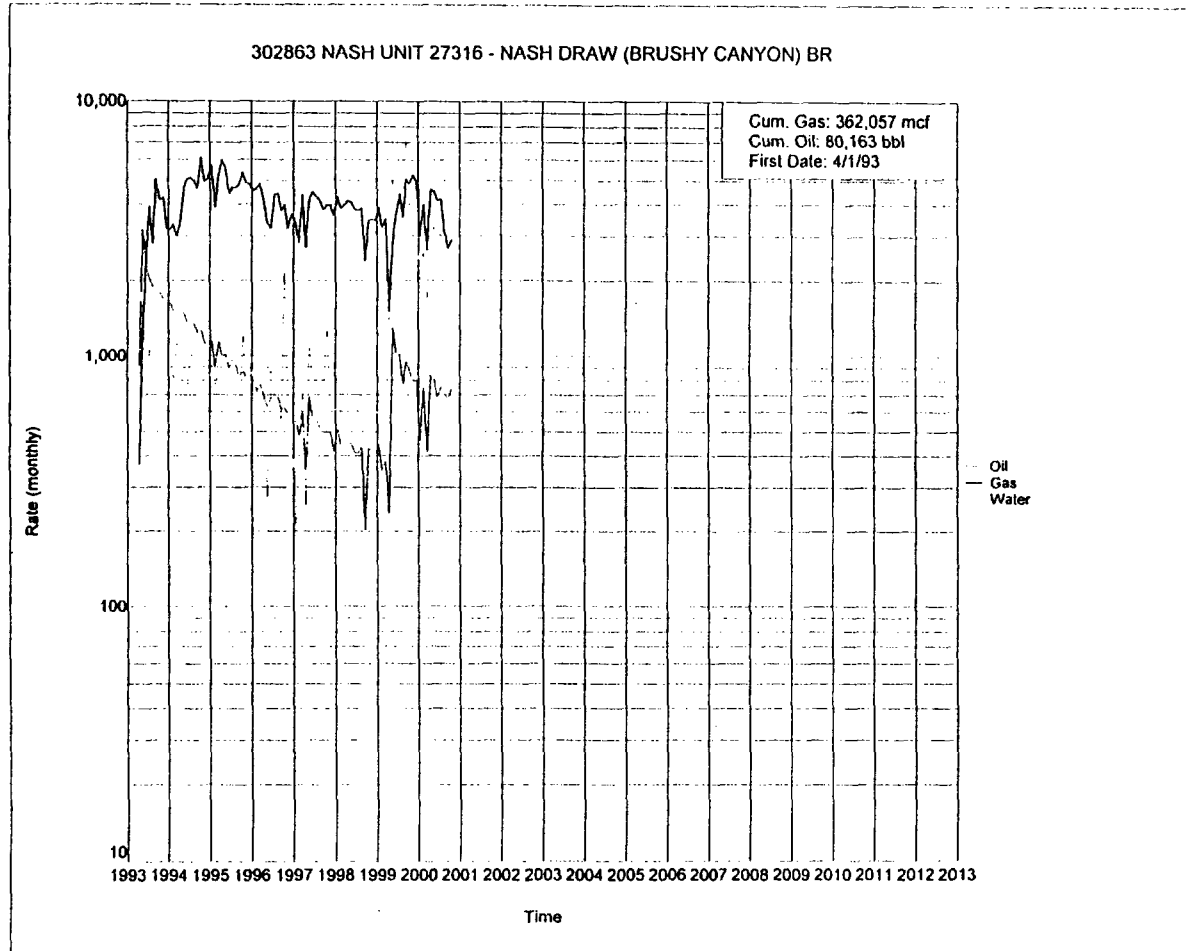
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Last twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302863 NASH UNIT 27316 (13)
 County, ST: EDDY, NM
 Location: 12K 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		71,757	315,957	92,628	0
11/1999	1	796	5,273	3,007	0
12/1999	1	794	4,958	3,161	0
01/2000	1	457	3,006	2,006	0
02/2000	1	747	4,005	2,572	0
03/2000	1	414	2,624	1,676	0
04/2000	1	837	4,597	2,828	0
05/2000	1	802	4,517	3,266	0
06/2000	1	680	4,145	2,618	0
07/2000	1	753	4,226	3,087	0
08/2000	1	717	3,190	2,474	0
09/2000	1	666	2,673	2,823	0
10/2000	1	743	2,886	2,862	0
Total:		80,163	362,057	125,008	0

Date: 2/15/2001

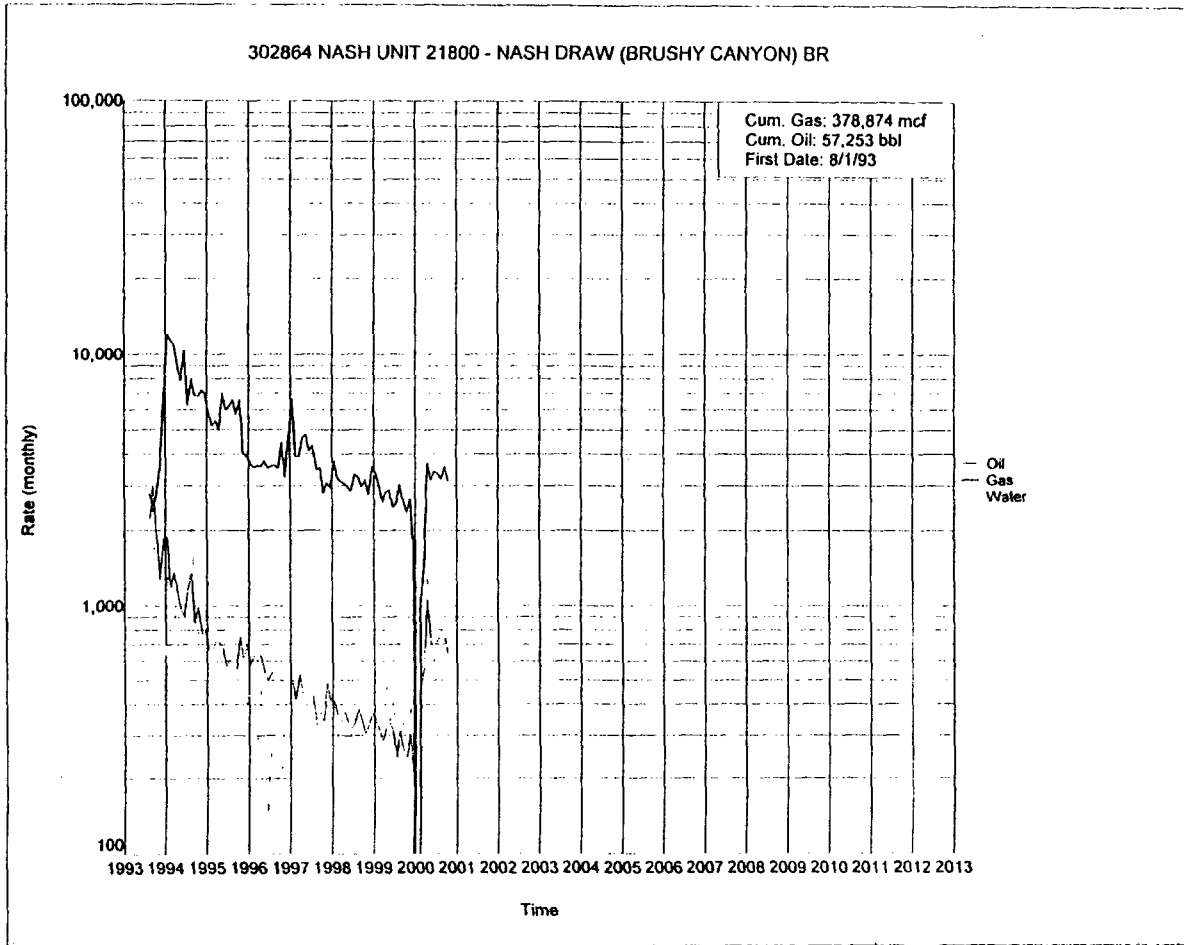
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Last twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302864 NASH UNIT 21800 (05)
 County, ST: EDDY, NM
 Location: 131 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		50,416	348,600	40,087	0
11/1999	1	306	2,663	389	0
12/1999	1	198	1,643	248	0
01/2000	1	0	0	0	0
02/2000	1	453	1,051	550	0
03/2000	1	572	1,436	563	0
04/2000	1	1,058	3,693	1,314	0
05/2000	1	701	3,165	710	0
06/2000	1	686	3,406	600	0
07/2000	1	726	3,358	730	0
08/2000	1	763	3,170	803	0
09/2000	1	738	3,562	781	0
10/2000	1	636	3,127	592	0
Total:		57,253	378,874	47,367	0

Date: 2/15/2001

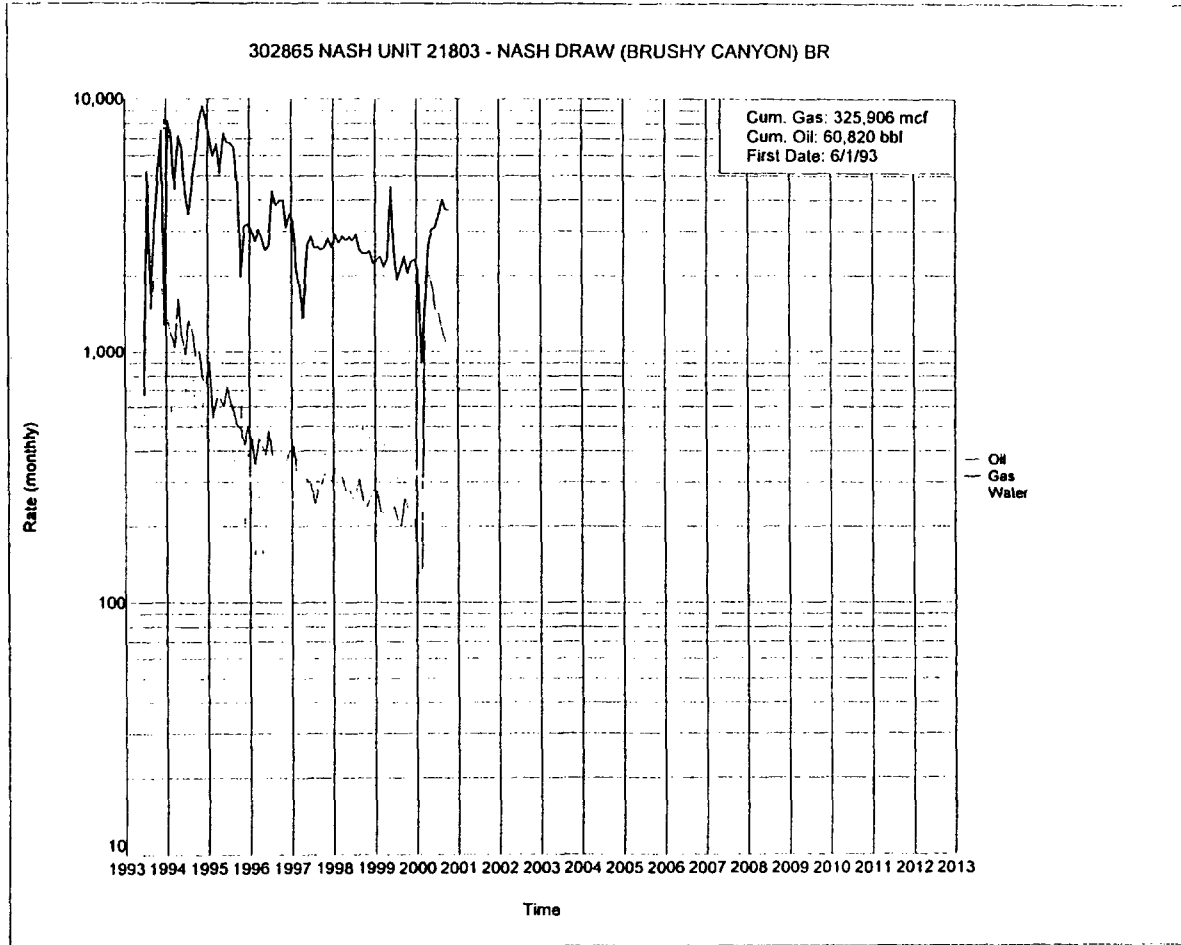
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Last Twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302865 NASH UNIT 21803 (06)
 County, ST: EDDY, NM
 Location: 18E 23S 30E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		48,220	293,002	51,519	0
11/1999	1	227	2,281	411	0
12/1999	1	214	2,321	445	0
01/2000	1	129	2,110	249	0
02/2000	1	136	900	177	0
03/2000	1	1,596	1,566	742	0
04/2000	1	2,105	2,698	1,409	0
05/2000	1	1,859	3,068	1,575	0
06/2000	1	1,478	3,106	1,119	0
07/2000	1	1,422	3,487	947	0
08/2000	1	1,241	4,038	940	0
09/2000	1	1,097	3,668	912	0
10/2000	1	1,096	3,661	828	0
Total:		60,820	325,906	61,273	0

Date: 2/15/2001

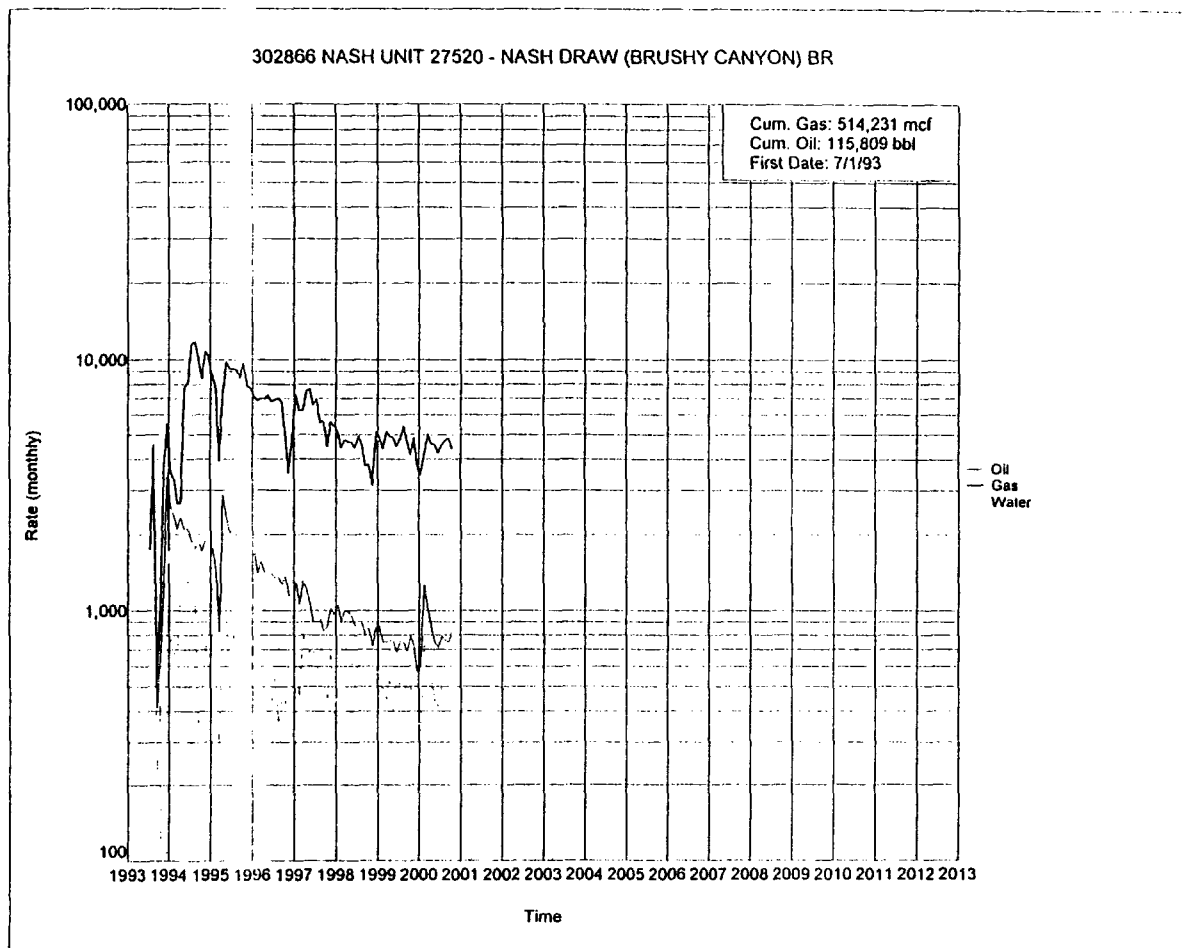
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Last Twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302866 NASH UNIT 27520 (11)
 County, ST: EDDY, NM
 Location: 12N 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



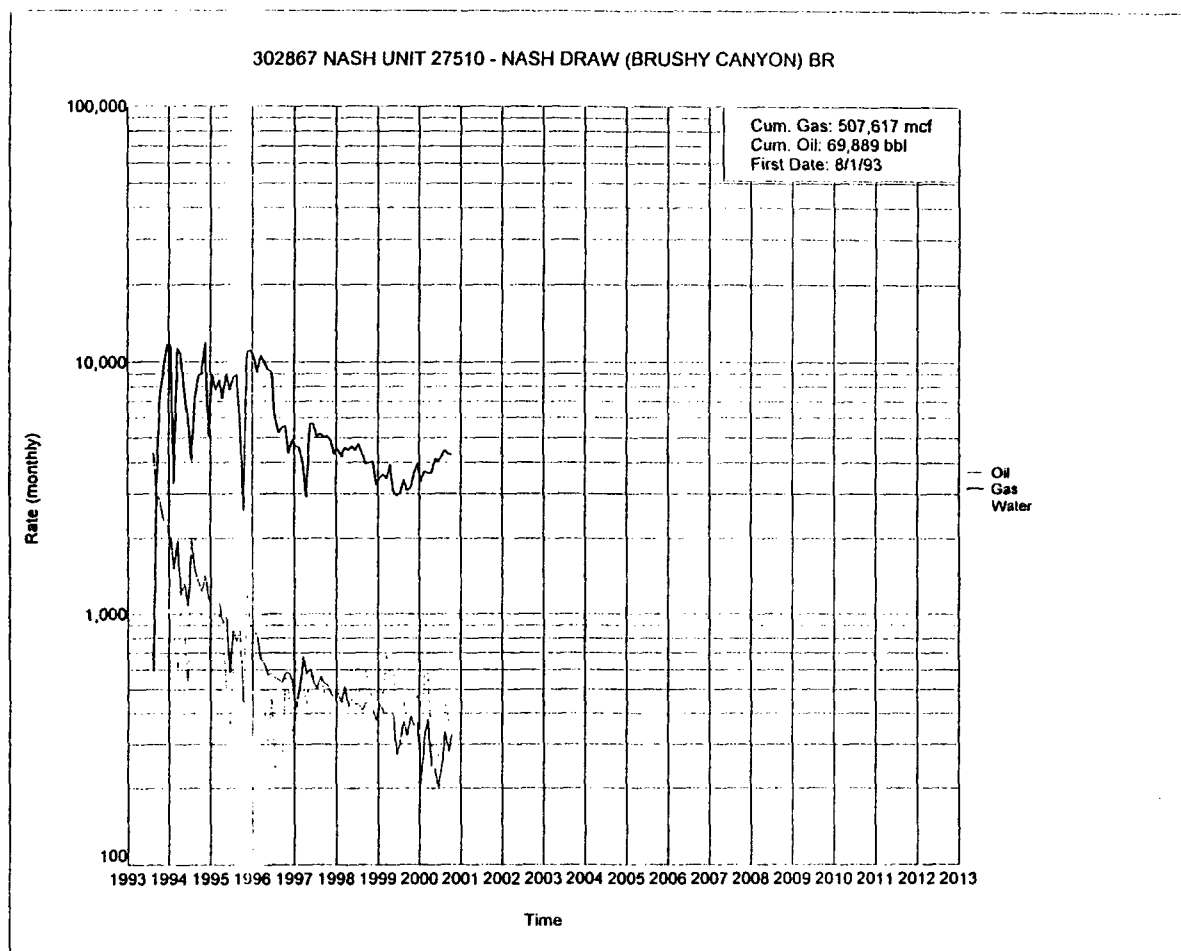
Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		106,143	460,829	55,182	0
11/1999	1	725	4,880	566	0
12/1999	1	572	3,805	392	0
01/2000	1	595	3,469	331	0
02/2000	1	1,268	4,153	734	0
03/2000	1	1,023	5,060	595	0
04/2000	1	882	4,616	563	0
05/2000	1	747	4,565	441	0
06/2000	1	714	4,257	420	0
07/2000	1	793	4,580	511	0
08/2000	1	763	4,755	454	0
09/2000	1	748	4,858	408	0
10/2000	1	836	4,404	461	0
Total:		115,809	514,231	61,058	0

Las twelve Months Historic Product Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302867 NASH UNIT 27510 (14)
 County, ST: EDDY, NM
 Location: 13A 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR

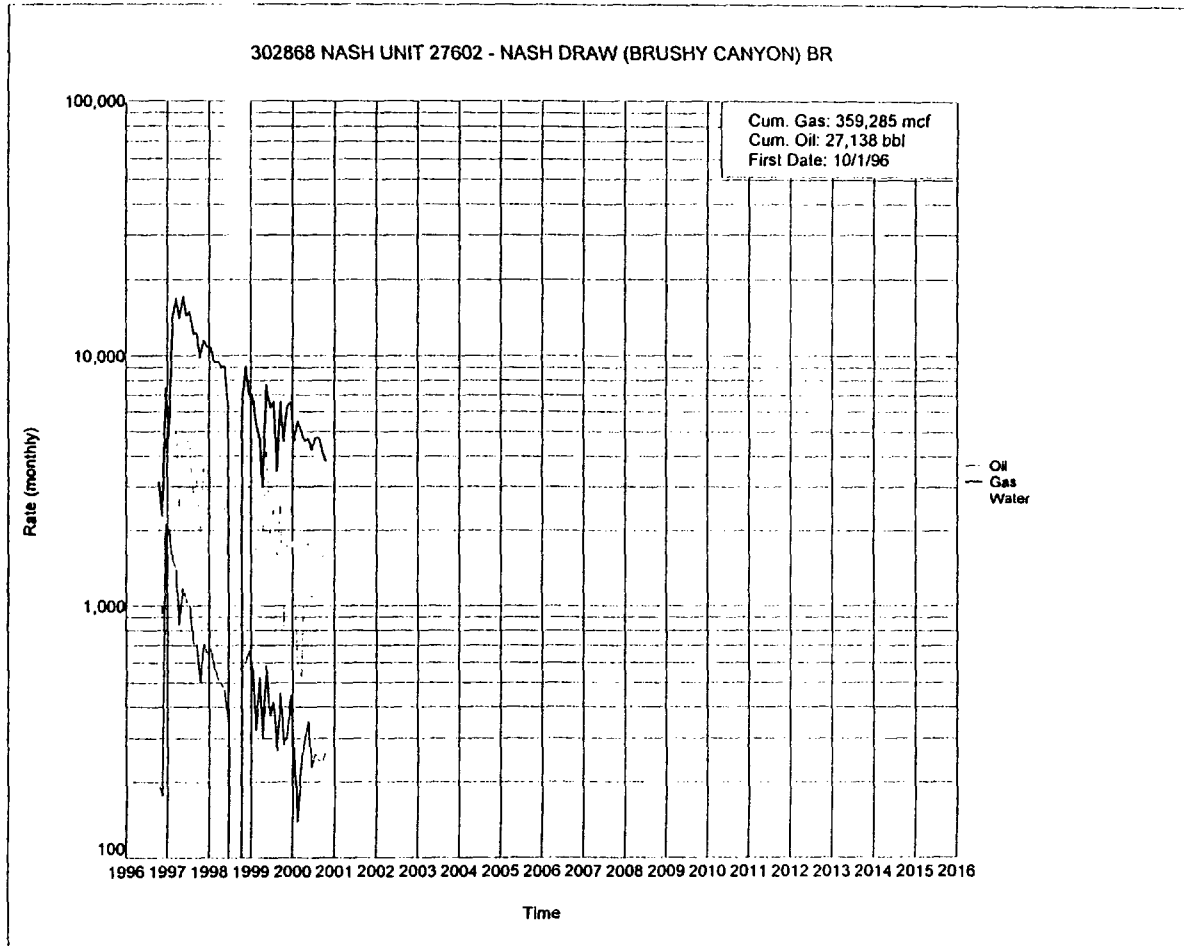


Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		66,371	460,000	55,401	0
11/1999	1	357	3,670	397	0
12/1999	1	371	3,970	475	0
01/2000	1	208	3,375	249	0
02/2000	1	315	3,721	571	0
03/2000	1	382	3,651	580	0
04/2000	1	245	3,652	293	0
05/2000	1	240	4,153	315	0
06/2000	1	202	4,056	270	0
07/2000	1	243	4,261	316	0
08/2000	1	341	4,487	437	0
09/2000	1	281	4,315	373	0
10/2000	1	333	4,306	432	0
Total:		69,889	507,617	60,109	0

Las twelve Months Historic Product Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302868 NASH UNIT 27602 (12) Operator: STRATA PRODUCTION CO
 County, ST: EDDY, NM Field Name: NASH DRAW (BRUSHY CANYON) BR
 Location: 12O 23S 29E'



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		23,848	299,948	103,322	0
11/1999	1	307	6,360	1,735	0
12/1999	1	452	6,624	2,579	0
01/2000	1	253	4,626	1,220	0
02/2000	1	138	5,536	581	0
03/2000	1	248	5,062	529	0
04/2000	1	294	4,616	1,690	0
05/2000	1	354	4,718	1,792	0
06/2000	1	229	4,259	1,080	0
07/2000	1	263	4,734	1,278	0
08/2000	1	244	4,754	1,641	0
09/2000	1	240	4,211	1,596	0
10/2000	1	268	3,837	1,481	0
Total:		27,138	359,285	120,524	0

Date: 2/15/2001

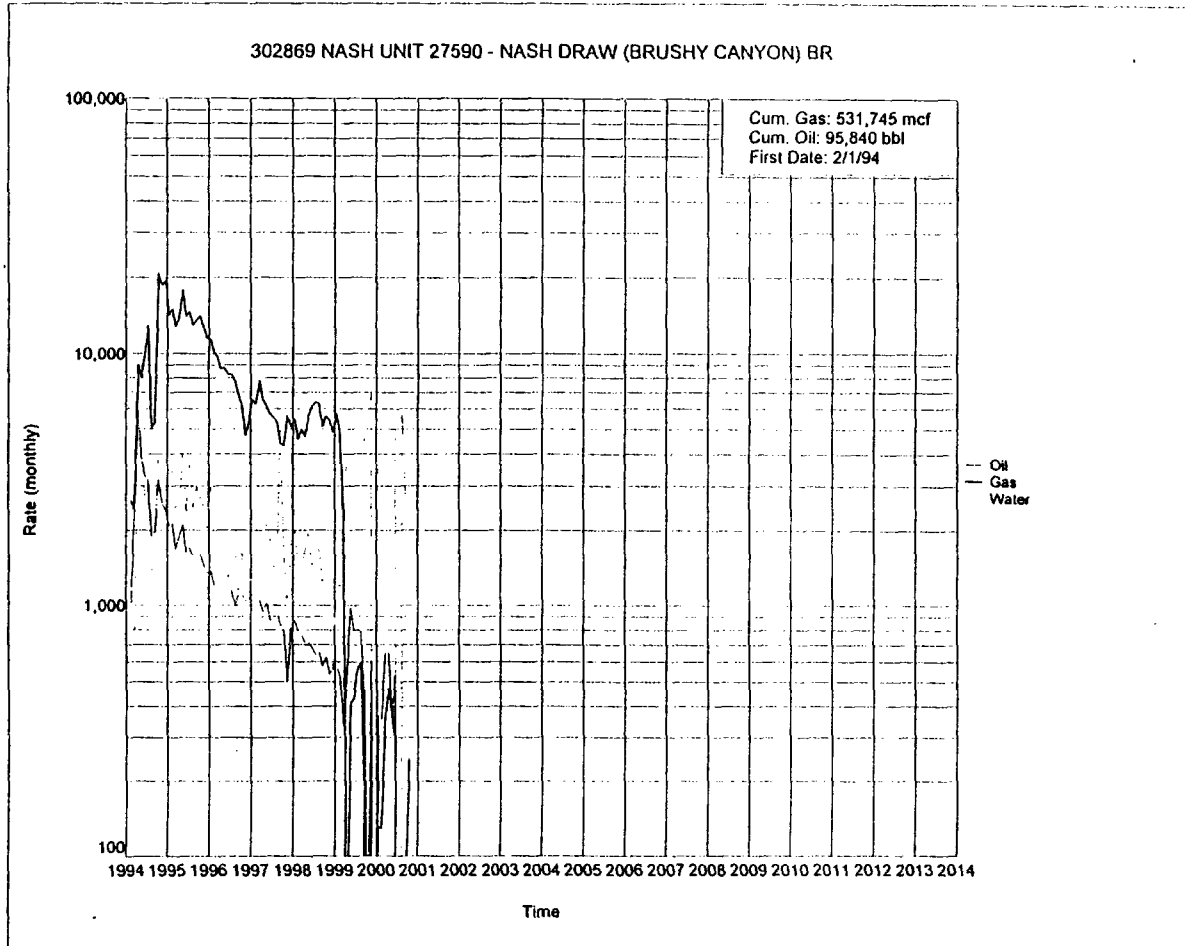
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Las twelve Months Historic Product. Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302869 NASH UNIT 27590 (19)
 County, ST: EDDY, NM
 Location: 12J 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		91,931	529,452	171,394	0
11/1999	1	606	157	7,046	0
12/1999	0	0	0	0	0
01/2000	1	368	132	3,423	0
02/2000	1	356	130	5,371	0
03/2000	1	651	354	5,972	0
04/2000	1	654	474	5,769	0
05/2000	1	366	371	4,970	0
06/2000	1	537	294	5,609	0
07/2000	1	0	0	0	0
08/2000	1	87	86	5,828	0
09/2000	1	61	49	2,795	0
10/2000	1	223	246	2,932	0
Total:		95,840	531,745	221,109	0

Date: 2/15/2001

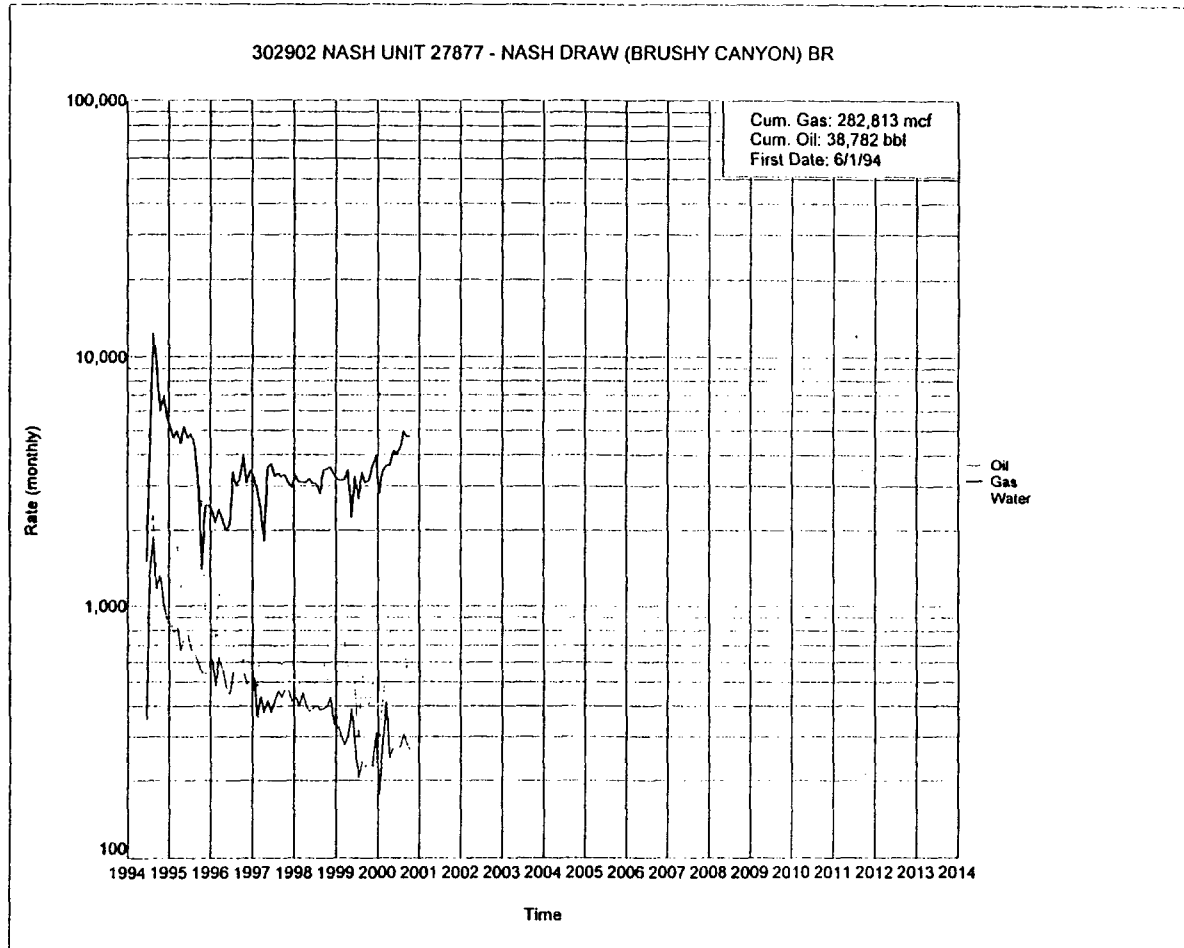
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Las Twelve Months Historic Product Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302902 NASH UNIT 27877 (20)
 County, ST: EDDY, NM
 Location: 18E 23S 30E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



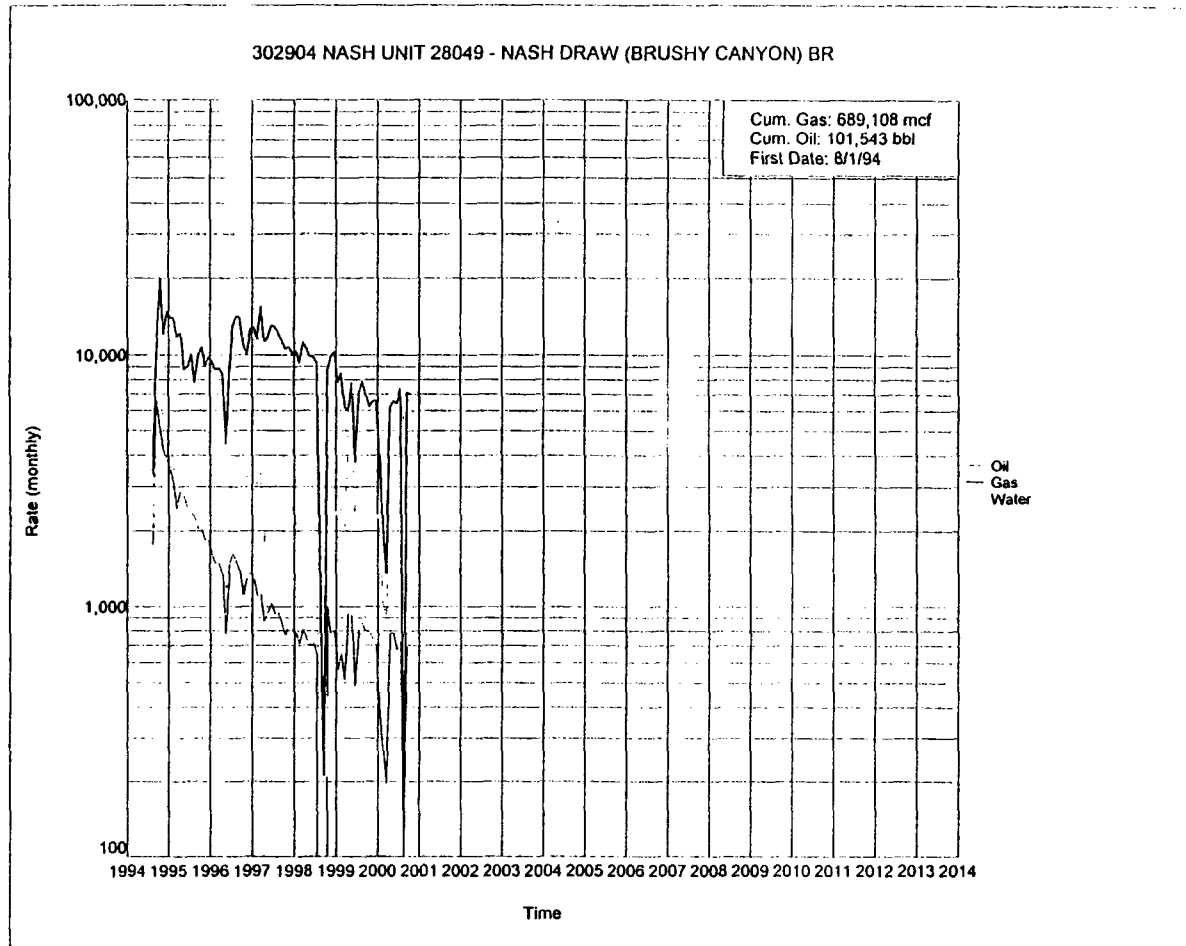
Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		35,451	234,640	58,290	0
11/1999	1	228	3,650	493	0
12/1999	1	314	3,970	571	0
01/2000	1	176	2,813	299	0
02/2000	1	288	3,461	423	0
03/2000	1	420	3,650	580	0
04/2000	1	246	3,654	798	0
05/2000	1	270	4,153	716	0
06/2000	1	260	4,057	811	0
07/2000	1	272	4,299	789	0
08/2000	1	310	4,980	773	0
09/2000	1	281	4,748	570	0
10/2000	1	266	4,738	696	0
Total:		38,782	282,813	65,809	0

Last Twelve Months Historic Production Report

Project: C:\Program Files\UHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302904 NASH UNIT 28049 (15)
 County, ST: EDDY, NM
 Location: 13D 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		94,757	627,084	182,952	0
11/1999	1	747	6,595	3,312	0
12/1999	1	699	6,667	2,954	0
01/2000	1	401	4,311	1,842	0
02/2000	1	275	2,060	1,016	0
03/2000	1	196	1,356	931	0
04/2000	1	779	6,238	3,775	0
05/2000	1	786	6,641	3,682	0
06/2000	1	673	6,435	3,190	0
07/2000	1	737	7,416	3,476	0
08/2000	1	87	86	5,828	0
09/2000	1	697	7,169	3,404	0
10/2000	1	709	7,050	3,427	0
Total:		101,543	689,108	219,789	0

Date: 2/15/2001

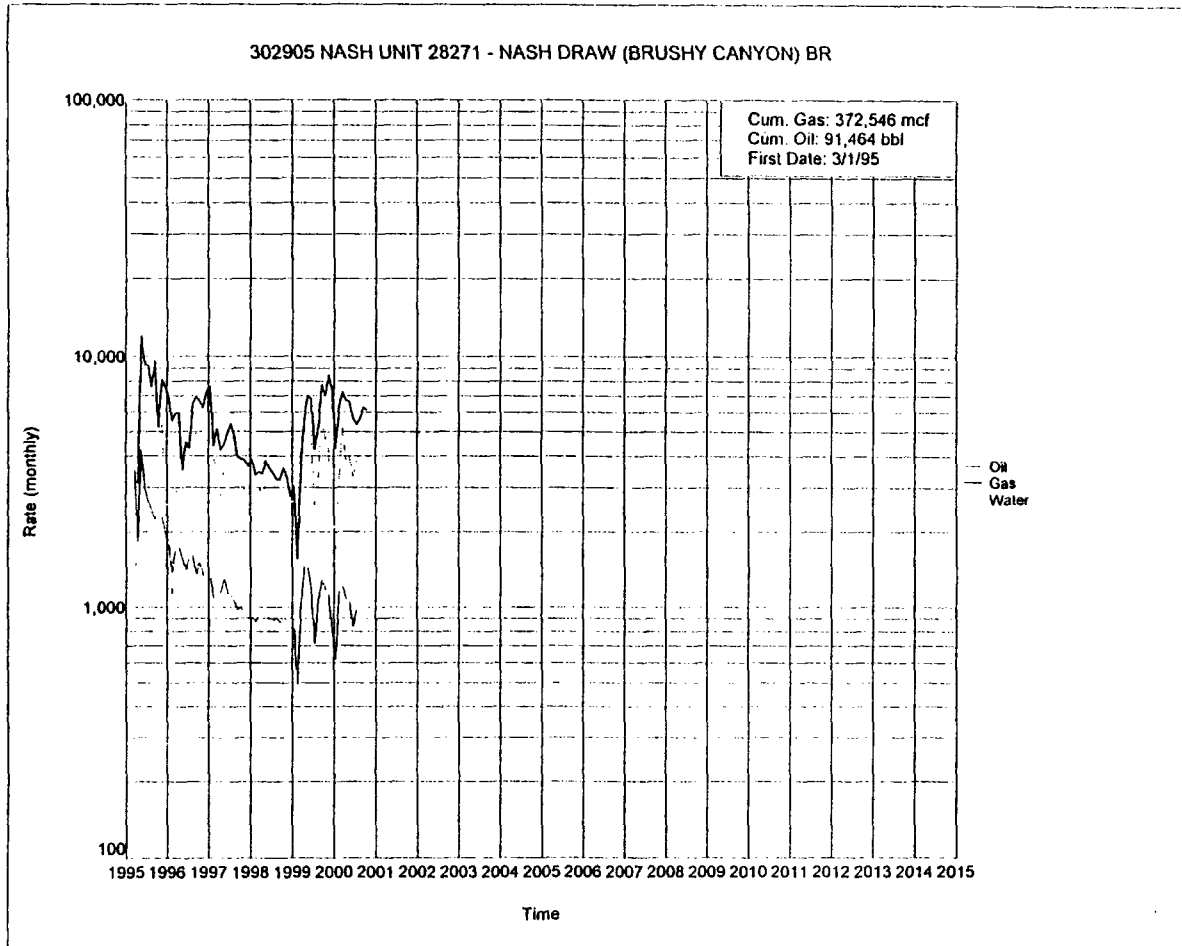
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Las. twelve Months Historic Product. Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302905 NASH UNIT 28271 (24)
 County, ST: EDDY, NM
 Location: 14H 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		79,794	296,043	209,442	0
11/1999	1	1,124	8,549	4,308	0
12/1999	1	793	7,350	2,607	0
01/2000	1	619	4,291	1,691	0
02/2000	1	1,154	6,369	3,309	0
03/2000	1	1,219	7,304	5,219	0
04/2000	1	1,083	6,731	3,871	0
05/2000	1	1,056	6,655	3,960	0
06/2000	1	834	5,654	3,335	0
07/2000	1	977	5,380	3,846	0
08/2000	1	950	5,717	3,519	0
09/2000	1	939	6,342	3,530	0
10/2000	1	922	6,161	3,386	0
Total:		91,464	372,546	252,023	0

Date: 2/15/2001

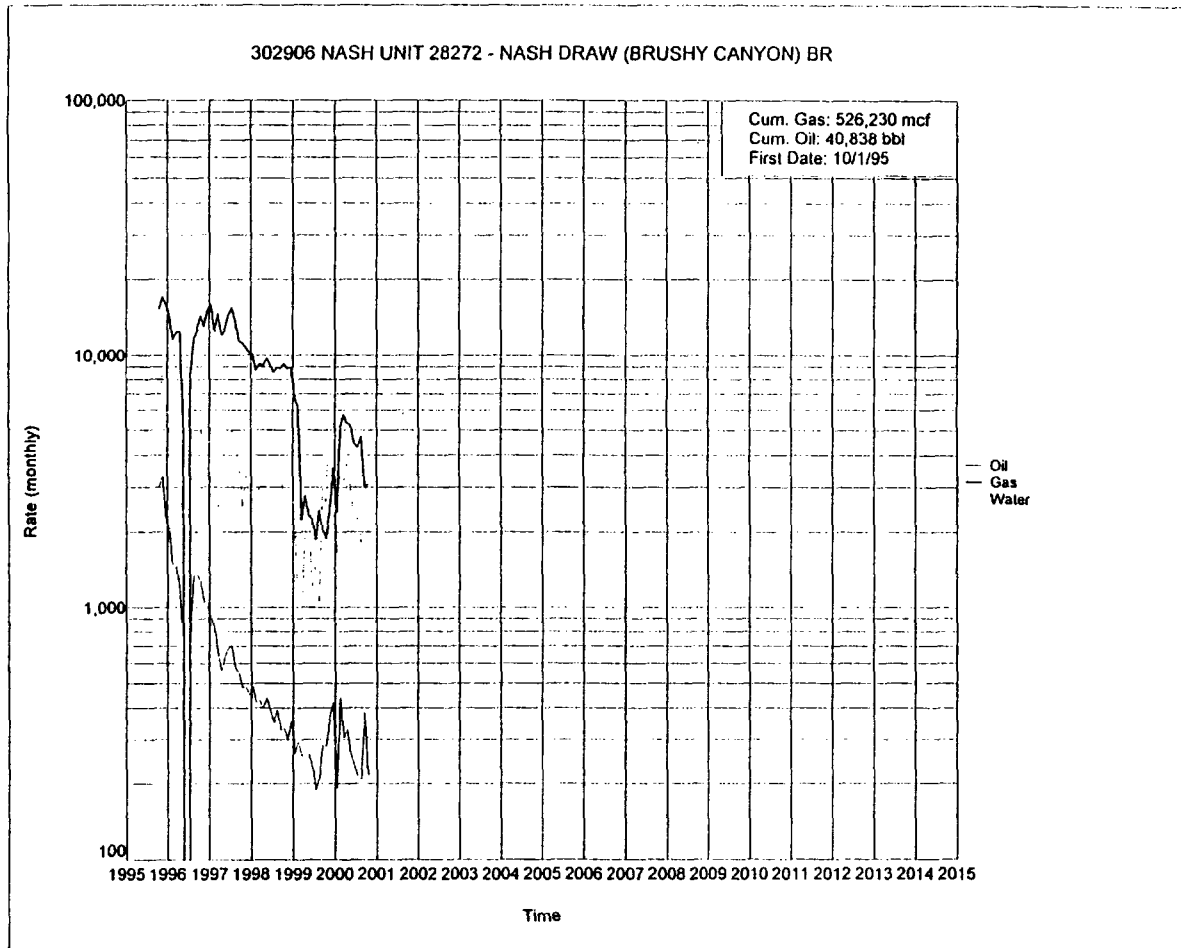
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Las twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302906 NASH UNIT 28272 (23)
 County, ST: LEA, NM
 Location: 13E 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		37,244	476,693	164,676	0
11/1999	1	365	2,400	4,693	0
12/1999	1	425	3,599	3,841	0
01/2000	1	192	2,393	1,606	0
02/2000	1	445	5,096	3,957	0
03/2000	1	305	5,785	3,219	0
04/2000	1	331	5,331	3,724	0
05/2000	1	264	5,271	2,919	0
06/2000	1	242	4,478	2,398	0
07/2000	1	214	4,305	2,320	0
08/2000	1	208	4,764	1,815	0
09/2000	1	388	3,034	3,930	0
10/2000	1	215	3,081	1,802	0
Total:		40,838	526,230	200,900	0

Date: 2/15/2001

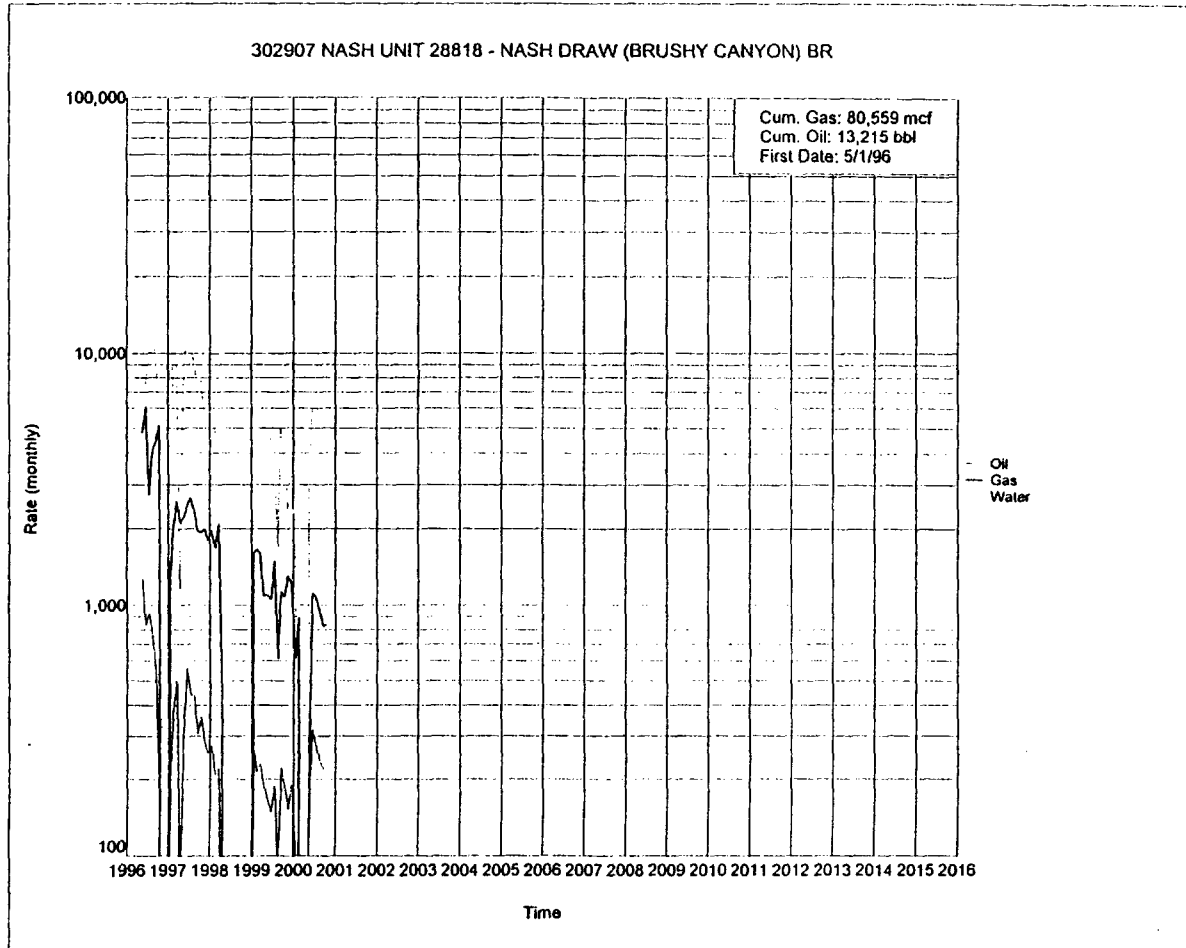
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Last twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302907 NASH UNIT 28818 (25)
 County, ST: EDDY, NM
 Location: 141 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR



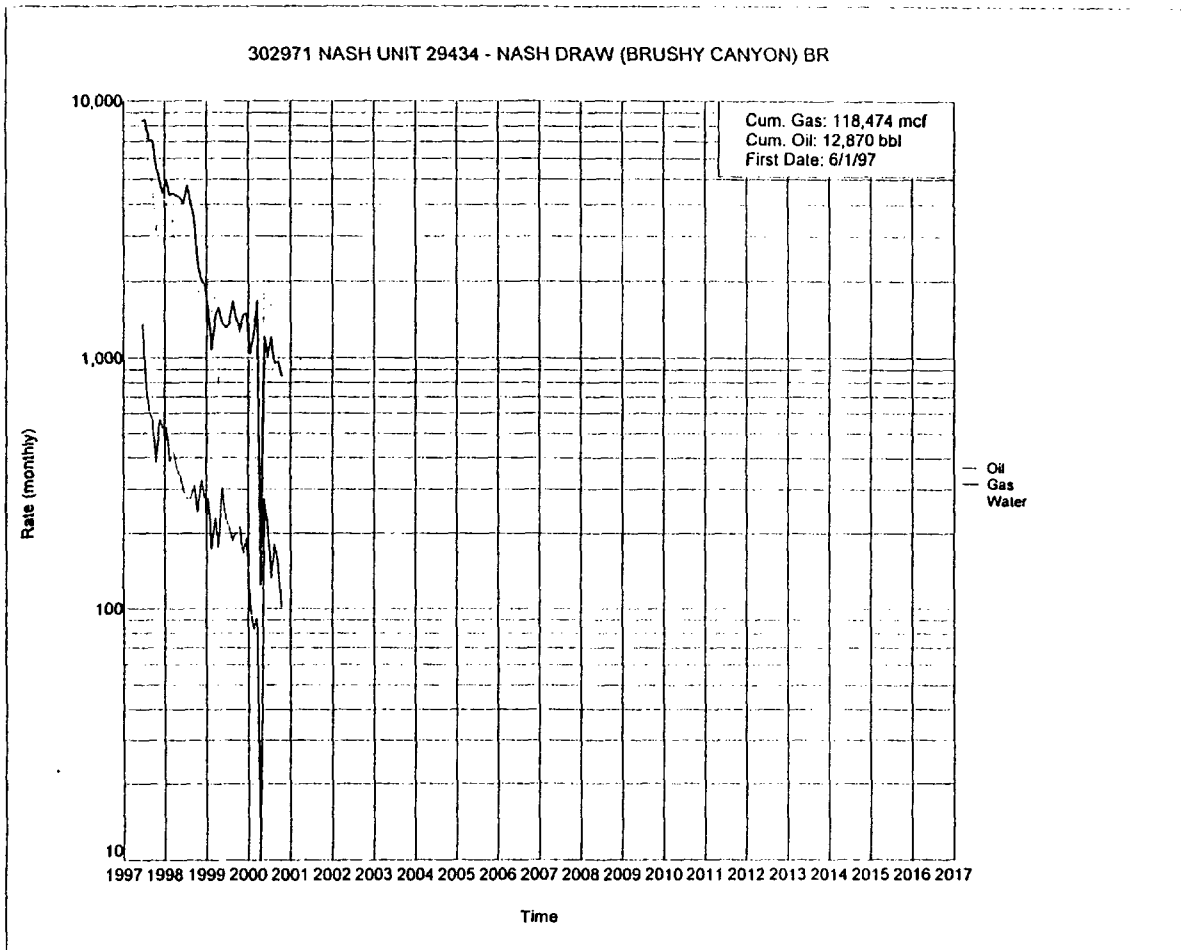
Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		11,326	71,460	206,534	0
11/1999	1	152	1,315	2,414	0
12/1999	1	192	1,212	3,304	0
01/2000	1	112	613	1,661	0
02/2000	1	0	887	154	0
03/2000	0	0	0	0	0
04/2000	0	0	0	0	0
05/2000	1	159	255	2,894	0
06/2000	1	323	1,120	6,367	0
07/2000	1	275	1,076	6,313	0
08/2000	1	237	953	5,531	0
09/2000	1	220	827	5,239	0
10/2000	1	219	841	4,690	0
Total:		13,215	80,559	245,101	0

Las twelve Months Historic Product Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302971 NASH UNIT 29434 (29)
 County, ST: EDDY, NM
 Location: 13J 23S 29E'

Operator: STRATA PRODUCTION CO
 Field Name: NASH DRAW (BRUSHY CANYON) BR

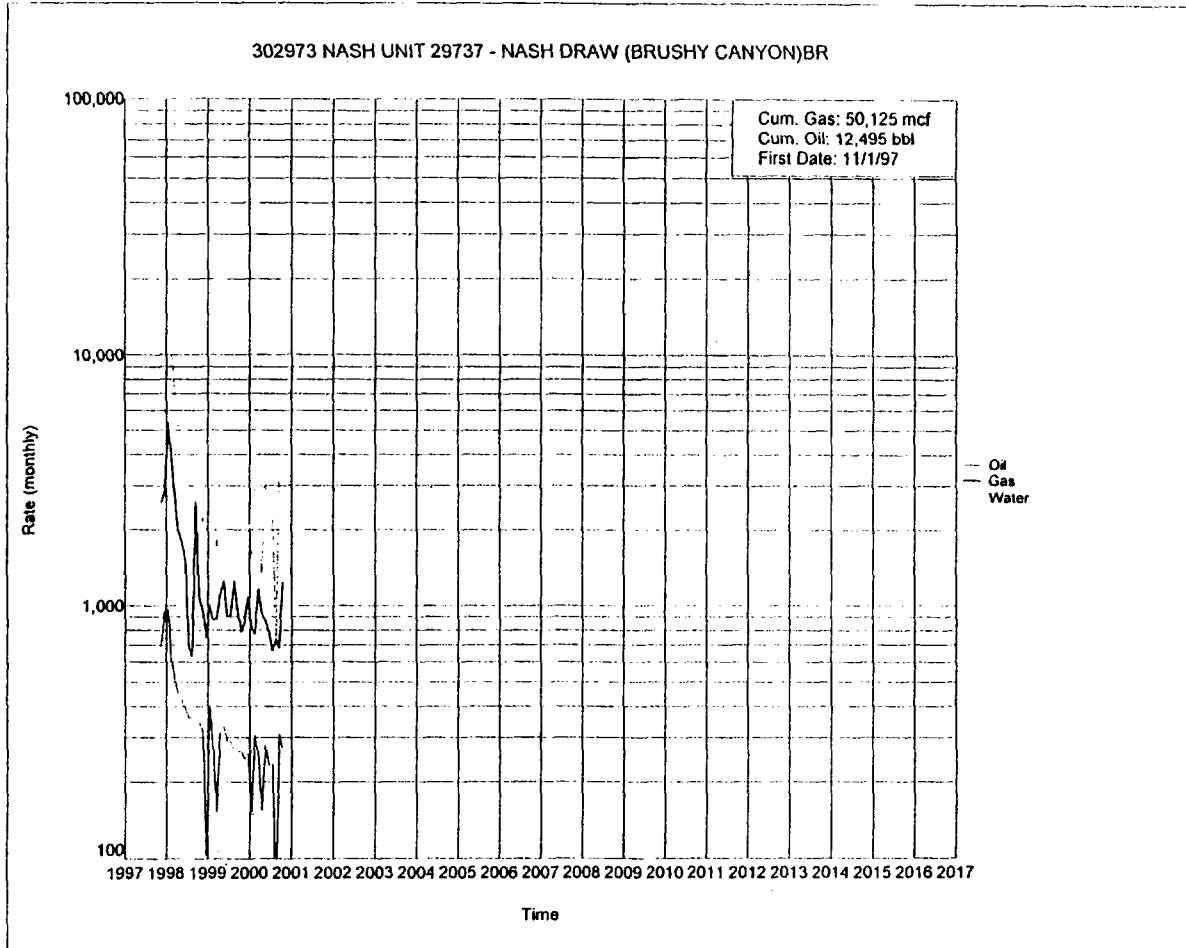


Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		11,166	105,151	83,846	0
11/1999	1	167	1,480	1,451	0
12/1999	1	194	1,514	1,474	0
01/2000	1	107	1,041	697	0
02/2000	1	83	1,246	1,223	0
03/2000	1	93	1,686	1,322	0
04/2000	1	9	124	125	0
05/2000	1	279	1,218	2,554	0
06/2000	1	206	1,017	2,287	0
07/2000	1	132	1,221	1,606	0
08/2000	1	183	951	1,606	0
09/2000	1	150	972	1,528	0
10/2000	1	101	853	1,513	0
Total:		12,870	118,474	101,232	0

Las twelve Months Historic Product. Report

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Lease Name: 302973 NASH UNIT 29737 (38) Operator: STRATA PRODUCTION CO
 County, ST: EDDY, NM Field Name: NASH DRAW (BRUSHY CANYON)BR
 Location: 13N 23S 29E'



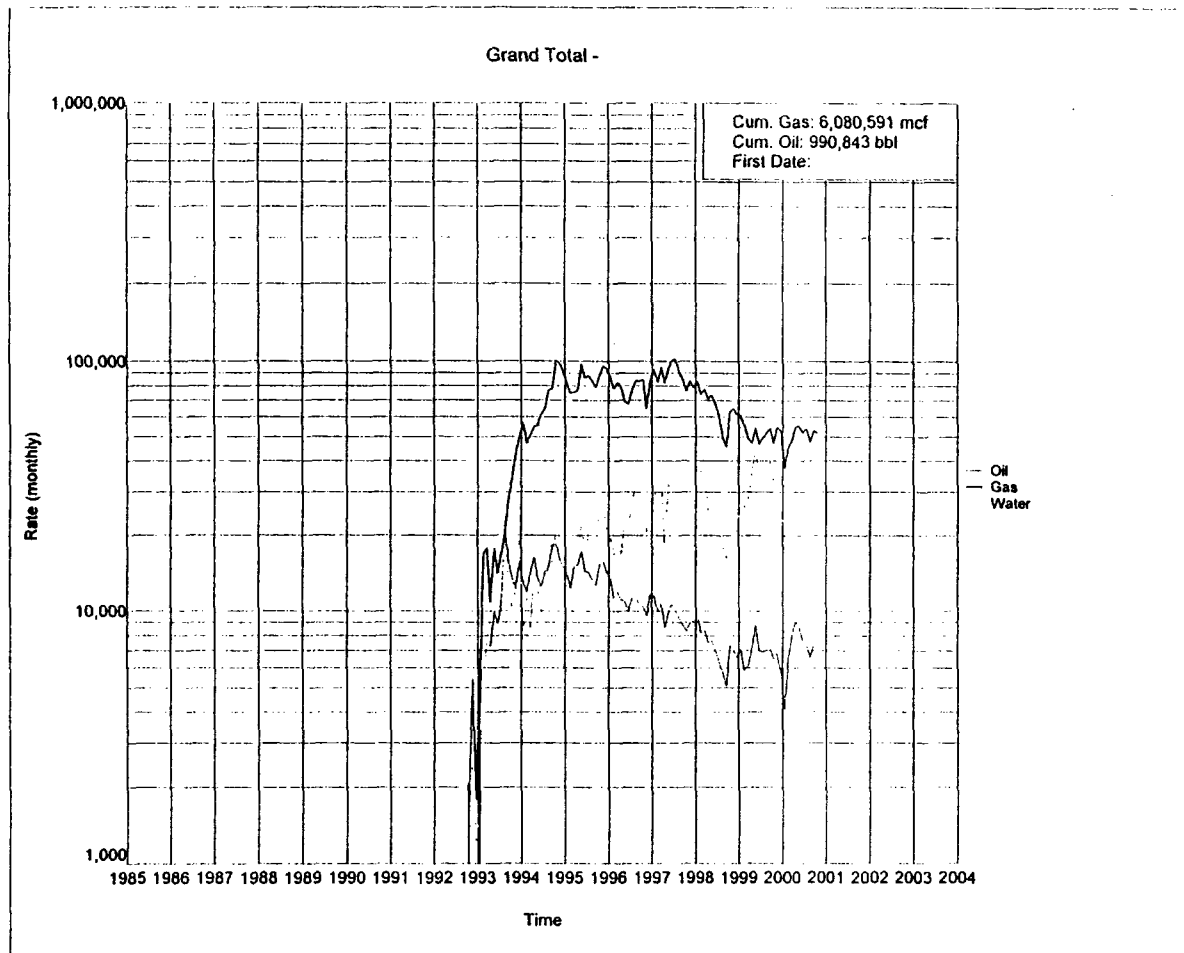
Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		9,710	39,492	101,173	0
11/1999	1	247	858	2,640	0
12/1999	1	261	1,091	2,713	0
01/2000	1	153	813	1,568	0
02/2000	1	309	774	2,937	0
03/2000	1	257	1,172	2,488	0
04/2000	1	154	939	1,329	0
05/2000	1	281	871	3,010	0
06/2000	1	232	783	2,275	0
07/2000	1	238	666	2,300	0
08/2000	1	67	741	717	0
09/2000	1	313	683	3,169	0
10/2000	1	273	1,242	2,545	0
Total:		12,495	50,125	128,864	0

Las, twelve Months Historic Product Report

Grand Totals

Project: C:\Program Files\IHS Energy\PowerTools v4.0\Projects\MOGI Monthly Production.MDB

Summary Lease Report

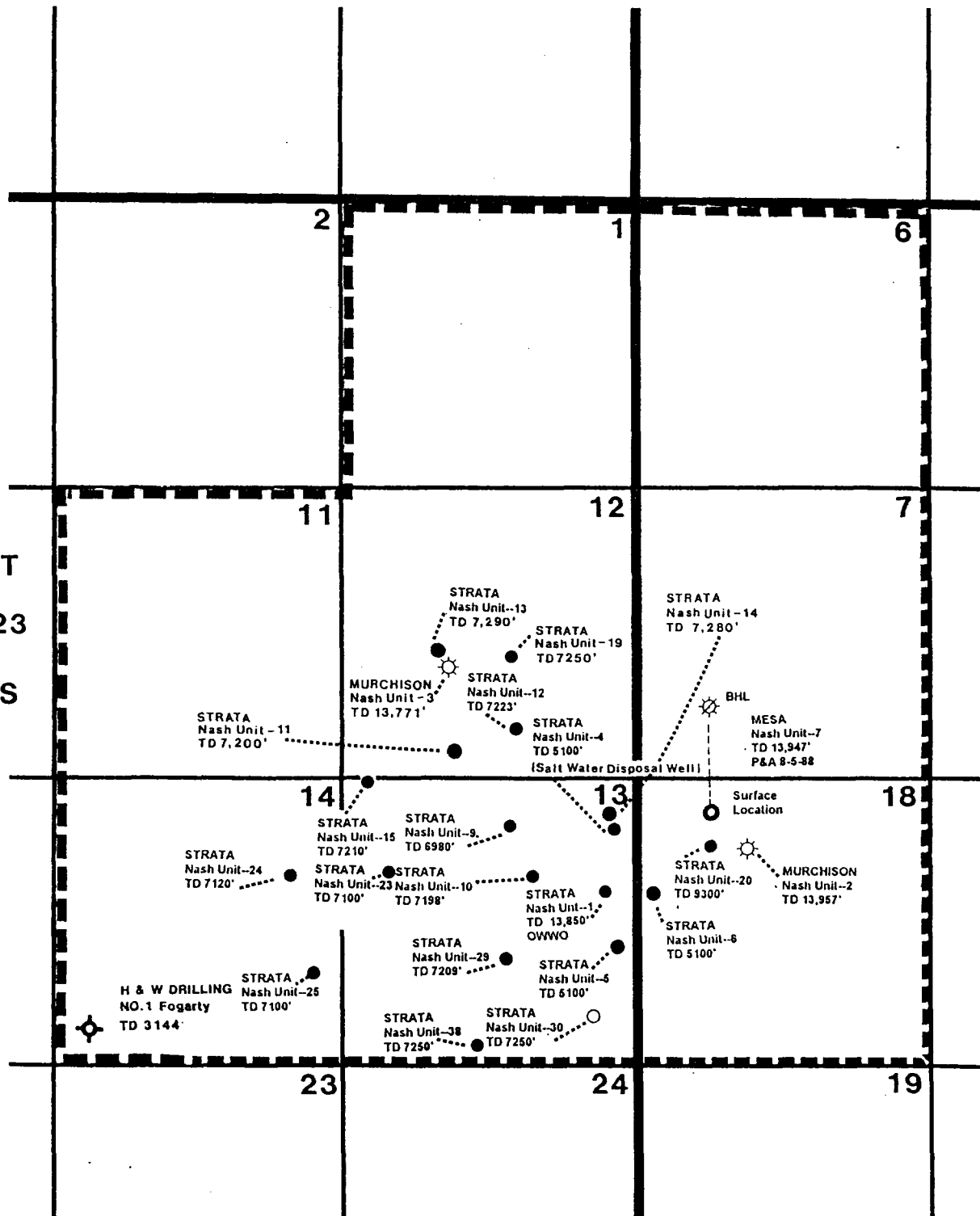


Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		905,289	5,471,514	1,888,409	0
11/1999	17	6,836	55,100	35,937	0
12/1999	16	5,816	53,019	27,301	0
01/2000	17	4,095	37,701	19,479	0
02/2000	17	6,496	45,273	28,197	0
03/2000	16	8,019	48,514	29,548	0
04/2000	16	9,108	54,884	30,782	0
05/2000	17	8,636	55,557	35,780	0
06/2000	17	7,696	52,176	34,959	0
07/2000	17	7,474	54,047	31,059	0
08/2000	17	6,563	47,744	35,682	0
09/2000	17	7,382	53,183	35,757	0
10/2000	17	7,433	51,879	31,419	0
Total:		990,843	6,080,591	2,264,309	0

R-29-E

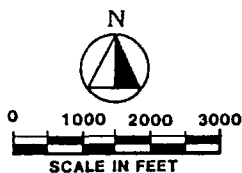
R-30-E

T
23
S



LEGEND

--- Nash Unit Outline

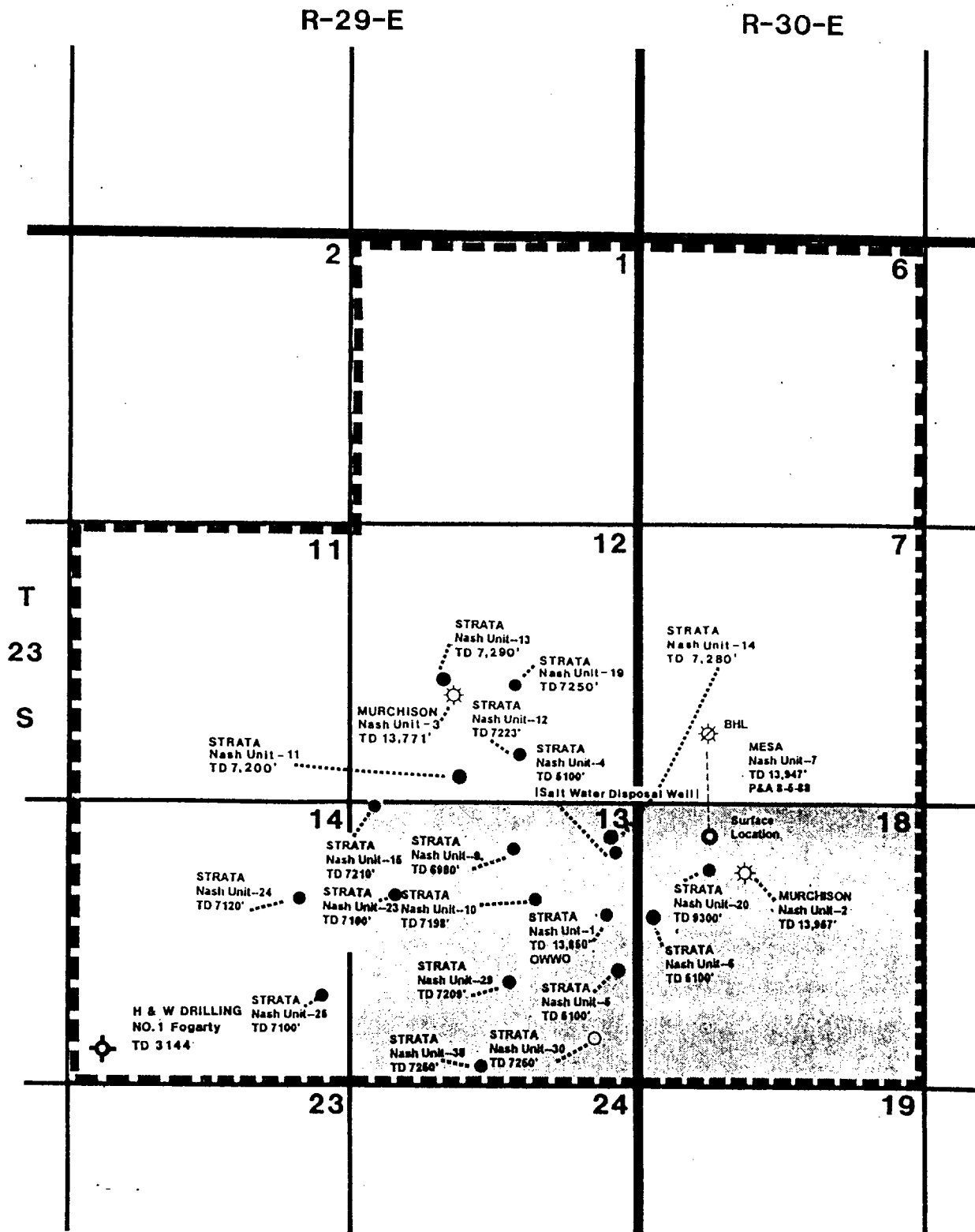


MURCHISON OIL & GAS, INC.

NASH UNIT
EDDY COUNTY, NEW MEXICO

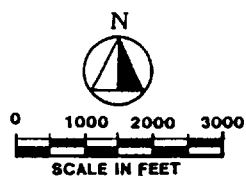
Date: 2/2001

Scale 1" = 4000'



LEGEND

- Nash Unit Outline
- Morrow Participating Area

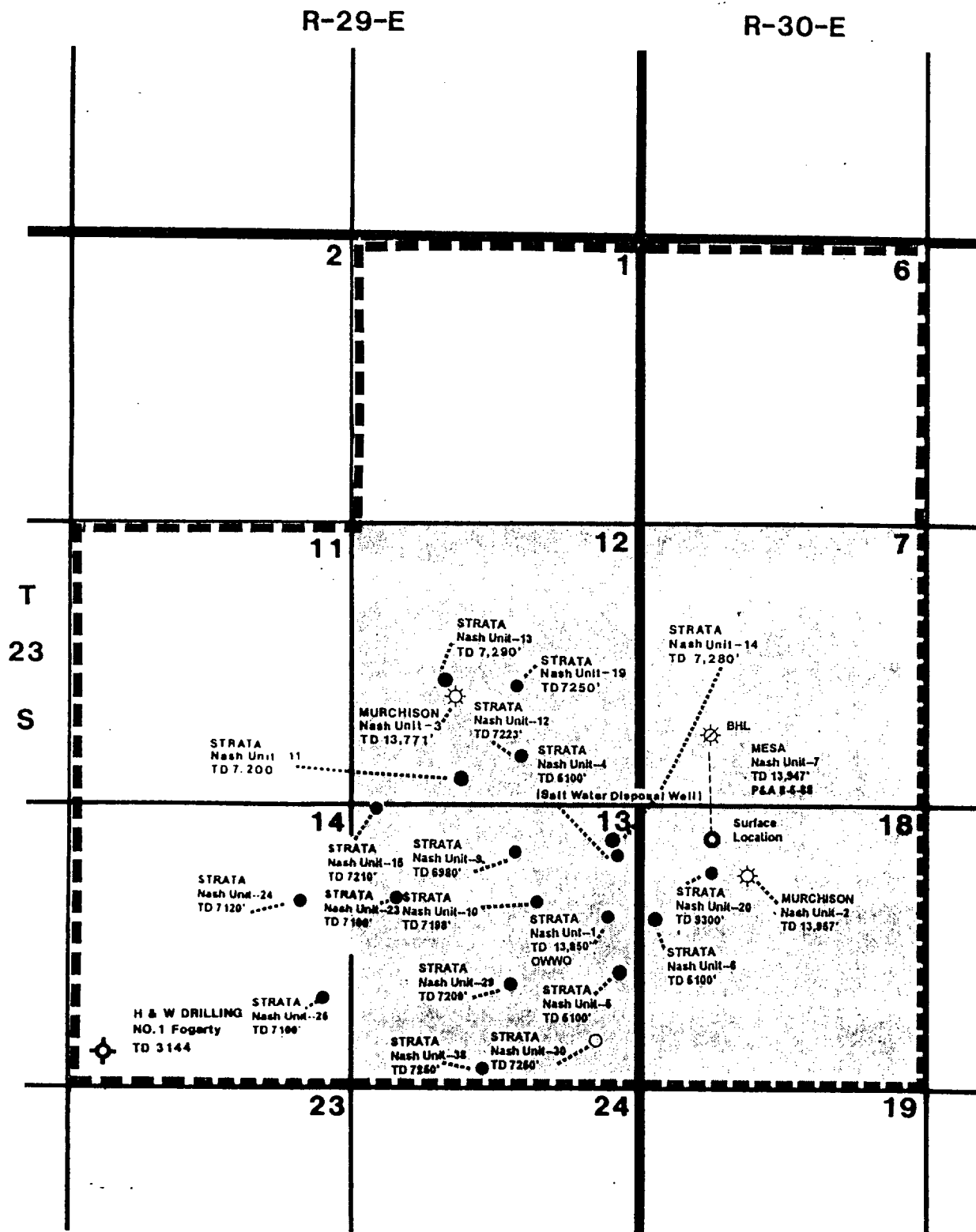


MURCHISON OIL & GAS, INC.

NASH UNIT
EDDY COUNTY, NEW MEXICO
Morrow
Participating Area

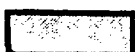
Date: 2/2001

Scale 1" = 4,000'



LEGEND

----- Nash Unit Outline



Atoka Participating Area



0 1000 2000 3000
SCALE IN FEET

MURCHISON OIL & GAS, INC.

NASH UNIT
EDDY COUNTY, NEW MEXICO

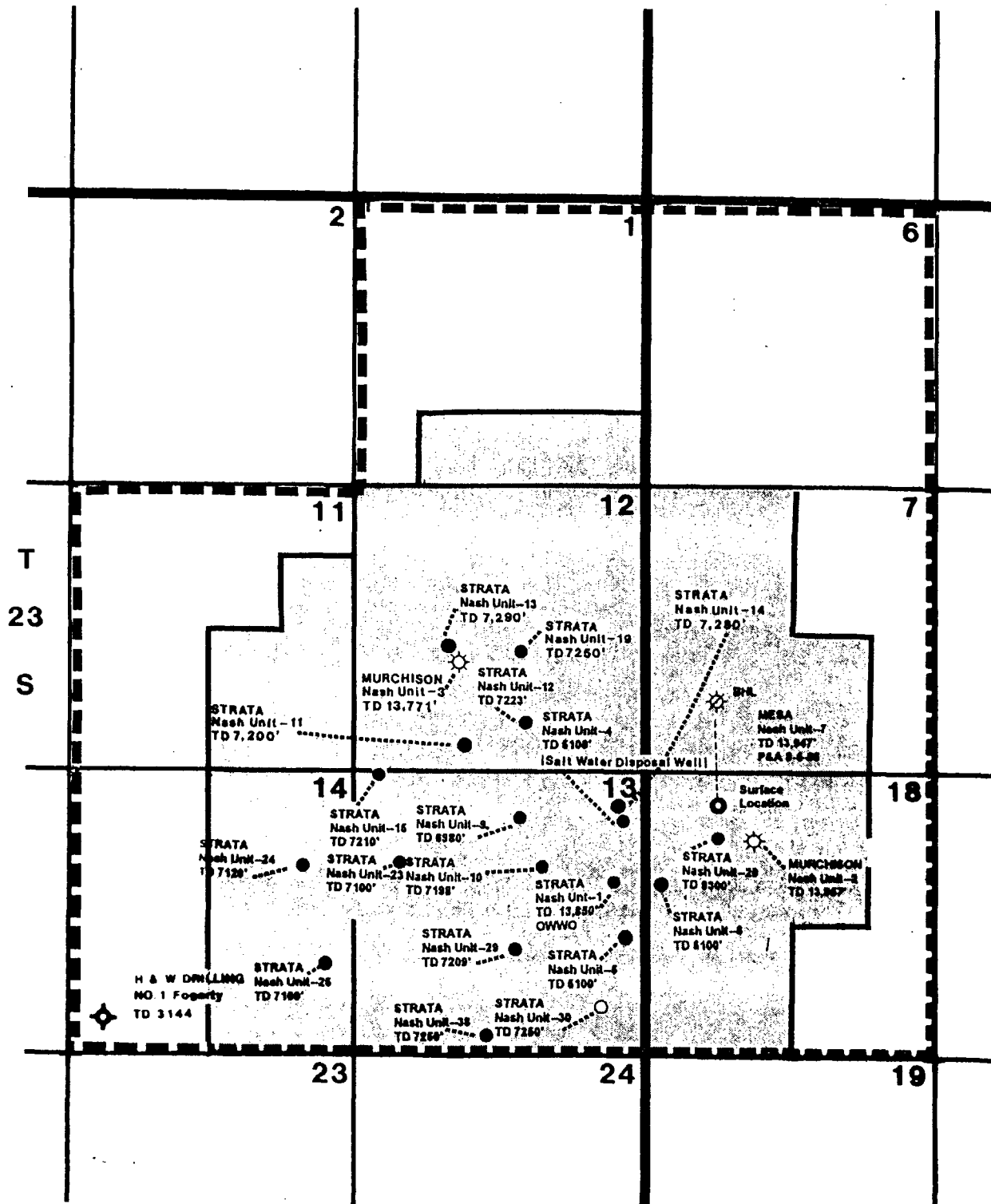
Atoka Participating Area

Date: 2/2001

Scale 1" = 4000'

R-29-E

R-30-E

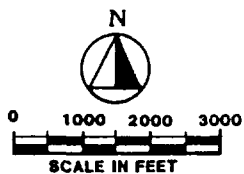


LEGEND

----- Nash Unit Outline

Delaware Participating Area

Operator:
STRATA PRODUCTION CO.



MURCHISON OIL & GAS, INC.

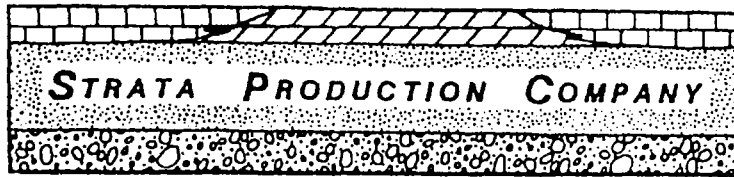
NASH UNIT
EDDY COUNTY, NEW MEXICO

**Delaware
Participating Area**

Date: 2/2001

Scale 1" = 4,000'

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

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

February 9, 2001

Mr. Michael Daughtery, Vice President
Murchison Oil and Gas, Inc..
1100 Mira Vista Blvd.
Plano, Texas 75093-4698

Re: Nash Unit (the "Unit") Eddy County, New Mexico
Activity Review and Plan of Development for 2001 - 2002

Dear Mr. Daughtery,

Please include the following review of Unit activity and proposed operations for the continued development of oil and gas reserves located in the Delaware Formation in Murchison's Plan of Development pursuant to the provisions of Section 10 of the Unit Agreement.

Strata Production Company ("Strata"), as sub-operator, respectfully submits this Plan of Development for the continued development of potential oil and gas reserves located in the Delaware Formation on the subject unitized land.

I. Review of 1992 - 1999 Unit Development

Strata has successfully drilled, completed or re-completed the following Unit wells in the Brushy Canyon Delaware Formation:

<u>Well Name/Number</u>	<u>Location</u>	<u>Status</u>
Nash Unit #1	H-13-23-29	Producing
Nash Unit #5	I-13-23-29	Producing
Nash Unit #6	E-18-23-30	Producing
Nash Unit #9	B-13-23-29	Producing
Nash Unit #10	G-13-23-29	Producing
Nash Unit #11	N-12-23-29	Producing

Nash Unit #12	O-12-23-29	Producing
Nash Unit #13	K-12-23-29	Producing
Nash Unit #14	A-13-23-29	Producing
Nash Unit #15	D-13-23-29	Producing
Nash Unit #19	J-12-23-29	Producing
Nash Unit #20	C-18-23-30	Producing
Nash Unit #23	E-13-23-29	Producing
Nash Unit #24	H-14-23-29	Producing
Nash Unit #25	I-14-23-29	Producing
Nash Unit #29	J-13-23-29	Producing
Nash Unit #38	N-13-23-29	Producing

In addition, Strata has recompleted the Nash Unit Well #4 (A-13-23-29) for purposes of saltwater disposal. To date, Unit development activity of the Delaware Formation has resulted in a total of seventeen (17) producing wells and one (1) salt water disposal well. Effective September 1, 1994 the first revision to the Initial Delaware Participating Area ("PA") was approved. This revision expanded the original 160 acre PA to a 2721.32 acre PA (see enclosed map).

II. Proposed Development Activities 2001 - 2002

Strata believes that additional development potential exists within the Unit. Specifically Strata believes that deviated/horizontal drilling may be warranted in portions of Sections 1, 11 and 12 of T-23-S, R-29-E and Section 7 of T-23-S, R-30-E.

Strata believes it prudent to commence operations subject to continued economic success and approval of acceptable drilling locations for the drilling and potential completion of the following wells:

<u>Well Name/Number</u>	<u>Location</u>	<u>Schedule</u>	<u>Operation</u>
Nash Unit #36	G-11-23-29	2nd Quarter, 2001	Drill Directional/Horizontal
Nash Unit #34	P-1-23-29	4 th Quarter, 2001	Drill Directional/Horizontal

Nash Unit #48	M-1-23-29	1st Quarter, 2002	Drill Directional/Horizontal
Nash Unit #46	D-7-23-30	3rd Quarter, 2002	Drill Directional/Horizontal
Nash Unit #49	N-01-23-29	3rd Quarter, 2002	Drill Directional/Horizontal
Nash Unit #33	L-7-23-30	3rd Quarter, 2002	Drill Directional/Horizontal

Dependant upon the outcome of discussions with the Bureau of Land Management, the State of New Mexico's Land Office and Oil Conservation Division, and other affected parties the precise location of wells for the development of potential oil and gas reserves in portions of Sections 1, 7, 11 and 12 have yet to be determined. Dependent upon the availability of drilling and completion equipment and personnel, Strata anticipates that an additional one (1) or two (2) wells may be drilled in 2001. If successful, we also anticipate an additional three (3) or four (4) wells may be drilled in 2002. Currently, the limits of the reservoir are unknown but the available technical information indicates that some of the northern and western portions of the Unit acreage may be productive. The precise timing of development has yet to be determined due to surface restrictions including playa lakes and possible archeological sites and subsurface restrictions including potash mining. If economically justified, additional development including the drilling of directional and horizontal wells for optimum recovery of reserves in portions of Sections 1, 7, 11 and 12 is anticipated in 2001 and beyond.

Strata received approval from the working interest owners to initiate workover operations for the purpose of developing potentially productive zones located in the middle and upper portions of the Brushy Canyon interval, the Cherry Canyon and the Bell Canyon intervals of the Delaware Formation. Based upon a review of prior technical analysis and an update of the 1994 Reservoir Study the Nash Unit No. 13, 15, 19 and 24 wells were selected as initial workover candidates. Work on these wells was completed in the Second Quarter, 1999. Based upon the success of these initial workovers, Strata proposed and successfully completed, an additional four (4) wells being the Nash Unit No. 5, 6, 9 and 11 wells. Work on these wells was completed in the First Quarter, 2000. The recompletion results of the C-2 and D-4 intervals in the Nash Unit No. 5 and 6 wells indicates that additional development potential in the western portion of Section 18 may be limited. The actual production history of these wells indicates that insufficient reserves are indicated to justify additional developmental drilling. To date the additional development at the Nash Unit has increased production approximately 60 BOEPD from approximately 195 BOPD and 1625 MCFGD in March 1999 to 240 BOPD and 1707 MCFGD in October, 2000 (see attached Delaware Formation Production Curve). Strata has recently proposed the recompletion of four (4) additional wells being the Nash Unit No. 1, 20, 29 and 38 wells.

Through October, 2000, Strata's development efforts have resulted in additional Unit production of over 1 million barrels of oil and 2.2 billion cubic feet of natural gas. Strata is utilizing all of the available technical information for its Unit wide reservoir evaluation for the purpose of determining the optimum method of reservoir management.

III. Review of Area Activity

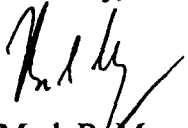
Strata periodically reviews the performance of the wells drilled and completed near the southern Unit boundary line. These wells include the following:

<u>Operator</u>	<u>Well Name/Number</u>	<u>Location (U-S-T-R)</u>
BK Exploration	Remuda Basin St. No. 2	A-24-23-29
Texaco	Remuda Basin Fed. No. 1	A-15-23-30
Texaco	Remuda Basin Fed. No. 2	B-15-23-30
Texaco	Remuda Basin Fee No. 1	C-15-23-30

It appears that with the possible exception of the Remuda Basin Fed. No. 1 well none of these wells will generate sufficient income to return the cost of drilling, completion and operation. It does not appear to be economically feasible to drill additional development wells in the extreme southern portion of Section 18. This is supported by Strata's high resolution 3-D seismic surveys which indicates poor Brushy Canyon interval reservoir quality in the southern portion of Section 18. However, the Bell and Cherry Canyon intervals may be productive, Strata is currently evaluating this and other potential. Strata intends to continue to monitor area activity.

If you wish additional discussion please contact me at 505-622-1127.

Sincerely,

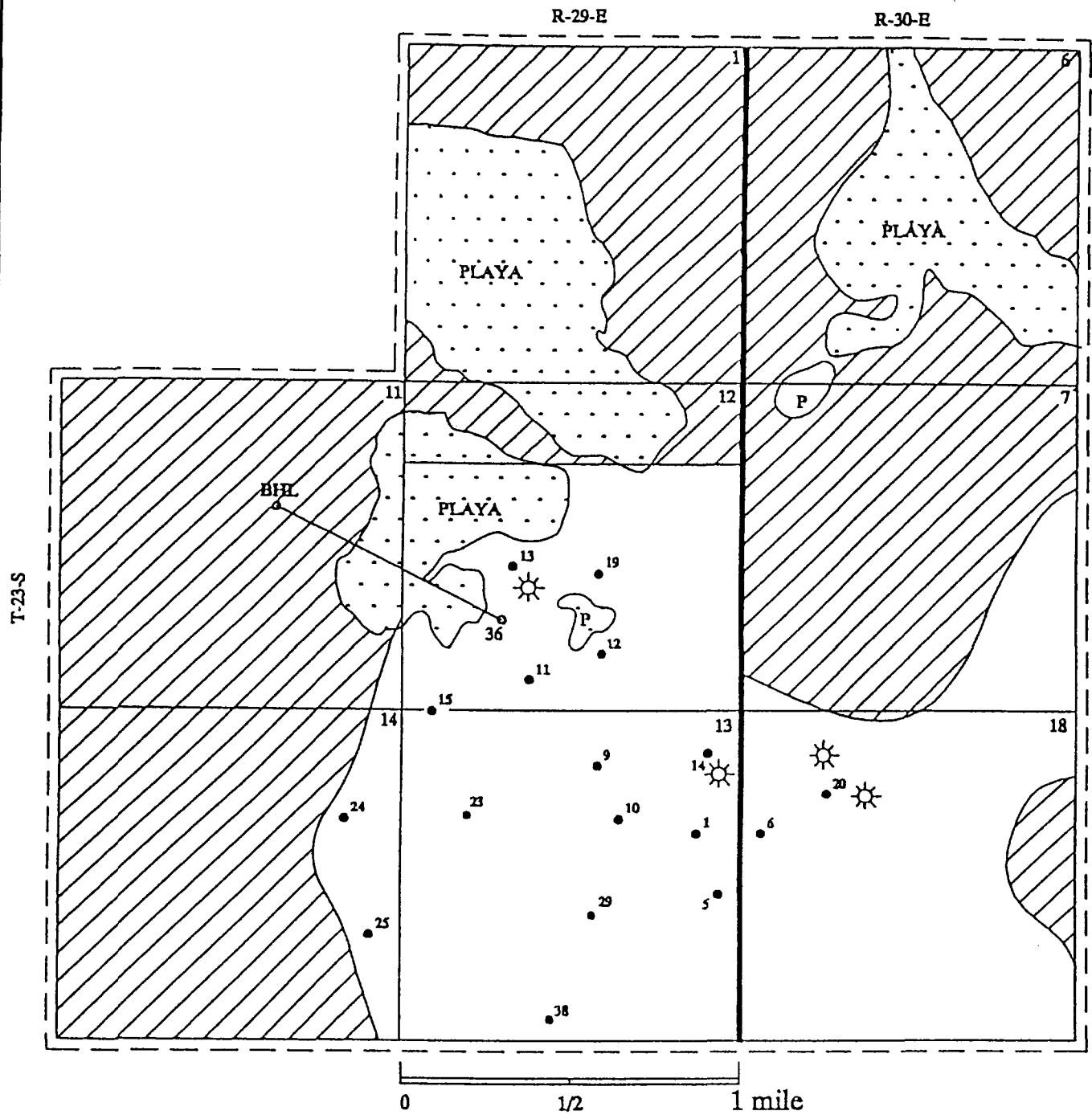


Mark B. Murphy
President

MBM/cdr

Enclosure: Nash Draw Unit map
Nash Draw Unit Delaware Formation Production Curve

pod 01-02



NASH DRAW UNIT

EDDY COUNTY, NM

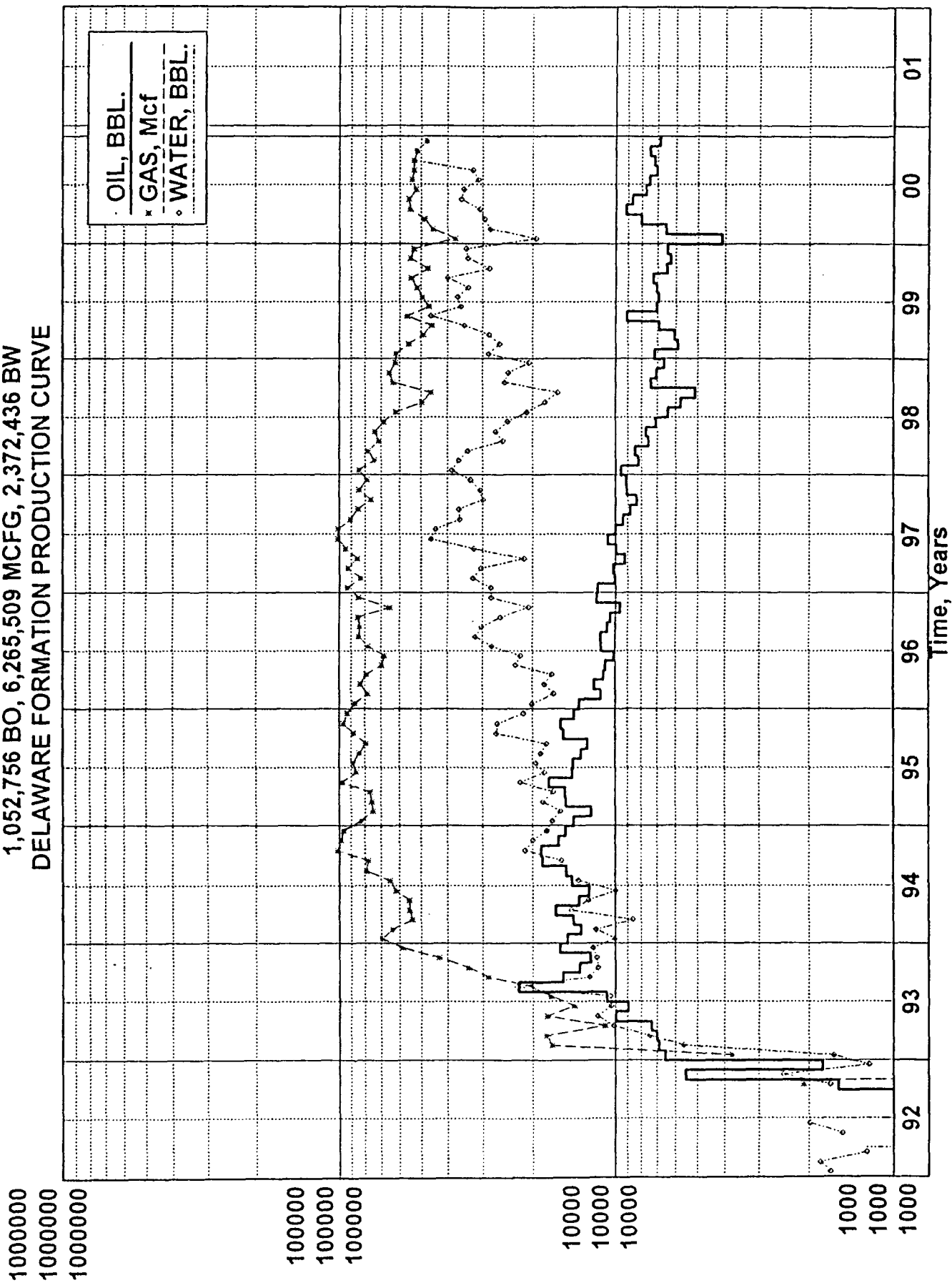


Playa Lakes

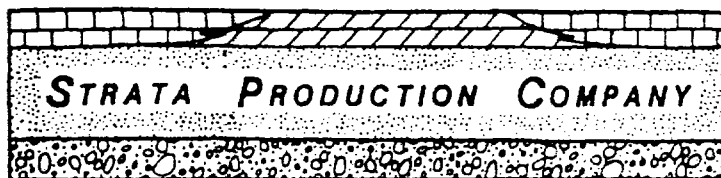


Potash
Reserves

NASH DRAW UNIT 12-1-00
 1,052,756 BO, 6,265,509 MCFG, 2,372,436 BW
 DELAWARE FORMATION PRODUCTION CURVE



POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

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

February 21, 2002

Mr. Michael Daughtery, Vice President
Murchison Oil and Gas, Inc..
1100 Mira Vista Blvd.
Plano, Texas 75093-4698

Re: Nash Unit (the "Unit") Eddy County, New Mexico
Activity Review and Plan of Development for 2002 - 2004

Dear Mr. Daughtery,

Please include the following review of Unit activity and proposed operations for the continued development of oil and gas reserves located in the Delaware Formation in Murchison's Plan of Development pursuant to the provisions of Section 10 of the Unit Agreement.

Strata Production Company ("Strata"), as sub-operator, respectfully submits this Plan of Development for the continued development of potential oil and gas reserves located in the Delaware Formation on the subject unitized land.

I. Review of 1992 - 2001 Unit Development

Strata has successfully drilled, completed or re-completed the following Unit wells in the Brushy Canyon Delaware Formation:

<u>Well Name/Number</u>	<u>Bottomhole Location</u>	<u>Status</u>
Nash Unit #1	H-13-23-29	Producing
Nash Unit #5	I-13-23-29	Producing
Nash Unit #6	E-18-23-30	Producing
Nash Unit #9	B-13-23-29	Producing
Nash Unit #10	G-13-23-29	Producing

Nash Unit #11	N-12-23-29	Producing
Nash Unit #12	O-12-23-29	Producing
Nash Unit #13	K-12-23-29	Producing
Nash Unit #14	A-13-23-29	Producing
Nash Unit #15	D-13-23-29	Producing
Nash Unit #19	J-12-23-29	Producing
Nash Unit #20	C-18-23-30	Producing
Nash Unit #23	E-13-23-29	Producing
Nash Unit #24	H-14-23-29	Producing
Nash Unit #25	I-14-23-29	Producing
Nash Unit #29	J-13-23-29	Producing
Nash Unit #36	G-11-23-29	Producing
Nash Unit #38	N-13-23-29	Producing

In addition, Strata has recompleted the Nash Unit Well #4 (A-13-23-29) for purposes of saltwater disposal. To date, Unit development activity of the Delaware Formation has resulted in a total of eighteen (18) producing wells and one (1) salt water disposal well. Effective September 1, 1994 the first revision to the Initial Delaware Participating Area ("PA") was approved. This revision expanded the original 160 acre PA to a 2721.32 acre PA.

In 1998 and 1999 Strata received approval from the working interest owners to initiate a series of workover operations for the purpose of developing potentially productive zones located in the middle and upper portions of the Brushy Canyon interval, the Cherry Canyon and the Bell Canyon intervals of the Delaware Formation. As of December 31, 2001 a total of ten (10) wells have been recompleted. These wells include the Nash Unit No. 5, 6, 9, 11, 13, 15, 19, 24, 29, and 38. The recompletion results of the C-2 and D-4 intervals in the Nash Unit No. 5 and 6 wells indicates that with current oil and natural gas prices additional development potential in the western portion of Section 18 may be limited. The actual production history of these wells indicates that insufficient reserves are indicated to justify additional developmental drilling. The two (2) most recent recompletions were performed on the Nash Unit #29 which was recompleted in February 2001 and the Nash Unit #38 which was recompleted in June 2001. The Nash Unit #1 and #20 are scheduled for the Second Quarter 2002.

In June 2001 Strata initiated drilling operations on the Nash Unit #36 well. The 3-D seismic amplitude anomalies largely defined the proposed well path. The surface location of this well is in the NE/4SW/4 of Section 12. The well was drilled 3690 feet in a northwesterly direction resulting in a bottomhole location (BHL) in the SW/4NE/4 of Section 11. The well was completed in the Fourth Quarter 2001 and was IP'd on 10/02/01 for 488 BOPD, 478 BWPD, and 1008 MCFGPD.

Based upon the encouraging results of the Nash #36 Strata is planning to conduct an additional 3-D seismic survey over the northern portion of the Unit in the Second Quarter of 2002. The presence of potash mining is complicating this survey due to the void spaces created during the mining process. However, with the assistance and cooperation of the Bureau of Land Management ("BLM") Strata believes that a data recovery pattern may be developed which can overcome this obstacle. Hopefully this data can be used to more fully evaluate drilling opportunities in the northern portions of Sections 7 and 12 and all of Sections of 1 and 6.

To date the additional development at the Nash Unit has increased daily production approximately 218 BOEPD from approximately 195 BOPD and 1625 MCFGD in March 1999 to 303 BOPD and 2288 MCFGD in December 2001.

Through December 2001, Strata's development efforts have resulted in additional Unit production of approximately 1.14 million barrels of oil and 6.9 billion cubic feet of natural gas (see attached Delaware Formation Production Curve). Strata is utilizing all of the available technical information for its Unit wide reservoir evaluation for the purpose of determining the optimum method of reservoir management.

II. Proposed Development Activities 2002 - 2004

Strata believes that additional development potential exists within the Unit. Specifically Strata believes that deviated/horizontal drilling may be warranted in portions of Sections 1 and 12 of T-23-S, R-29-E and possibly Sections 6 and 7 of T-23-S, R-30-E.

Strata believes it prudent to commence operations subject to continued economic success and approval of acceptable drilling locations for the drilling and potential completion of the following wells (see enclosed Unit Map):

<u>Well Name/Number</u>	<u>BHL</u>	<u>Schedule</u>	<u>Operation</u>
Nash Unit #48	L-1-23-29	3rd Quarter, 2002	Drill Directional/Horizontal
Nash Unit #34	I-1-23-29	1st Quarter, 2003	Drill Directional/Horizontal
Nash Unit #46	C-7-23-30	1st Quarter, 2003	Drill Directional/Horizontal

Dependant upon the outcome of discussions with the BLM, the State of New Mexico's Land Office and Oil Conservation Division, and other affected parties the precise location of wells for the development of potential oil and gas reserves in portions of Sections 1, 6, 7, 11 and

12 have yet to be determined. Dependent upon the availability of drilling and completion equipment, personnel, and oil and natural gas prices, Strata anticipates that an additional one (1) or two (2) wells may be drilled in 2002. If successful, we also anticipate an additional one (1) or two (2) wells may be drilled in 2003. Currently, the limits of the reservoir are unknown but the available technical information indicates that some of the northern and northeastern portions of the Unit acreage may also be productive. The precise timing of development has yet to be determined due to surface restrictions including playa lakes and possible archeological sites and subsurface restrictions including potash mining. If economically justified, additional development including the drilling of directional and horizontal wells for optimum recovery of reserves in portions of Sections 1, 6, 7, 11 and 12 is anticipated in 2002 and beyond.

III. Review of Area Activity

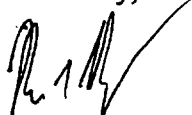
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It appears that with the possible exception of the Remuda Basin Fed. No. 1 well none of these wells will generate sufficient income to return the cost of drilling, completion and operation. It does not appear to be economically feasible to drill additional development wells in the extreme southern portion of Section 18. This is supported by Strata's high resolution 3-D seismic surveys which indicates poor Brushy Canyon interval reservoir quality in the southern portion of Section 18. However, the Bell and Cherry Canyon intervals may be productive, Strata is currently evaluating this and other potential. Strata intends to continue to monitor area activity.

If you wish additional discussion please contact me at 505-622-1127.

Sincerely,



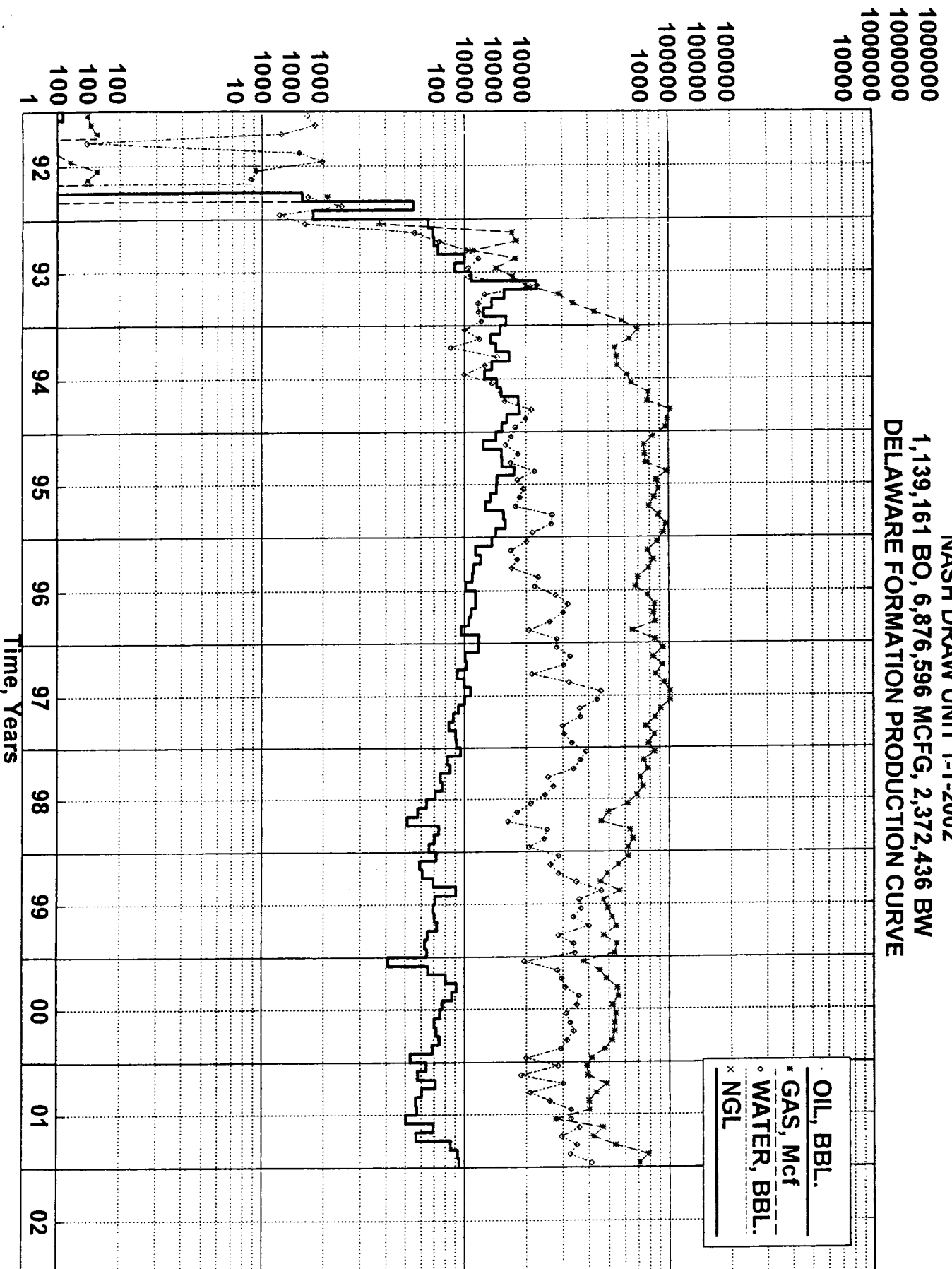
Mark B. Murphy
President

MBM/cdr

Enclosure: Nash Draw Unit Map
Nash Draw Unit Delaware Formation Production Curve

pod 02-04

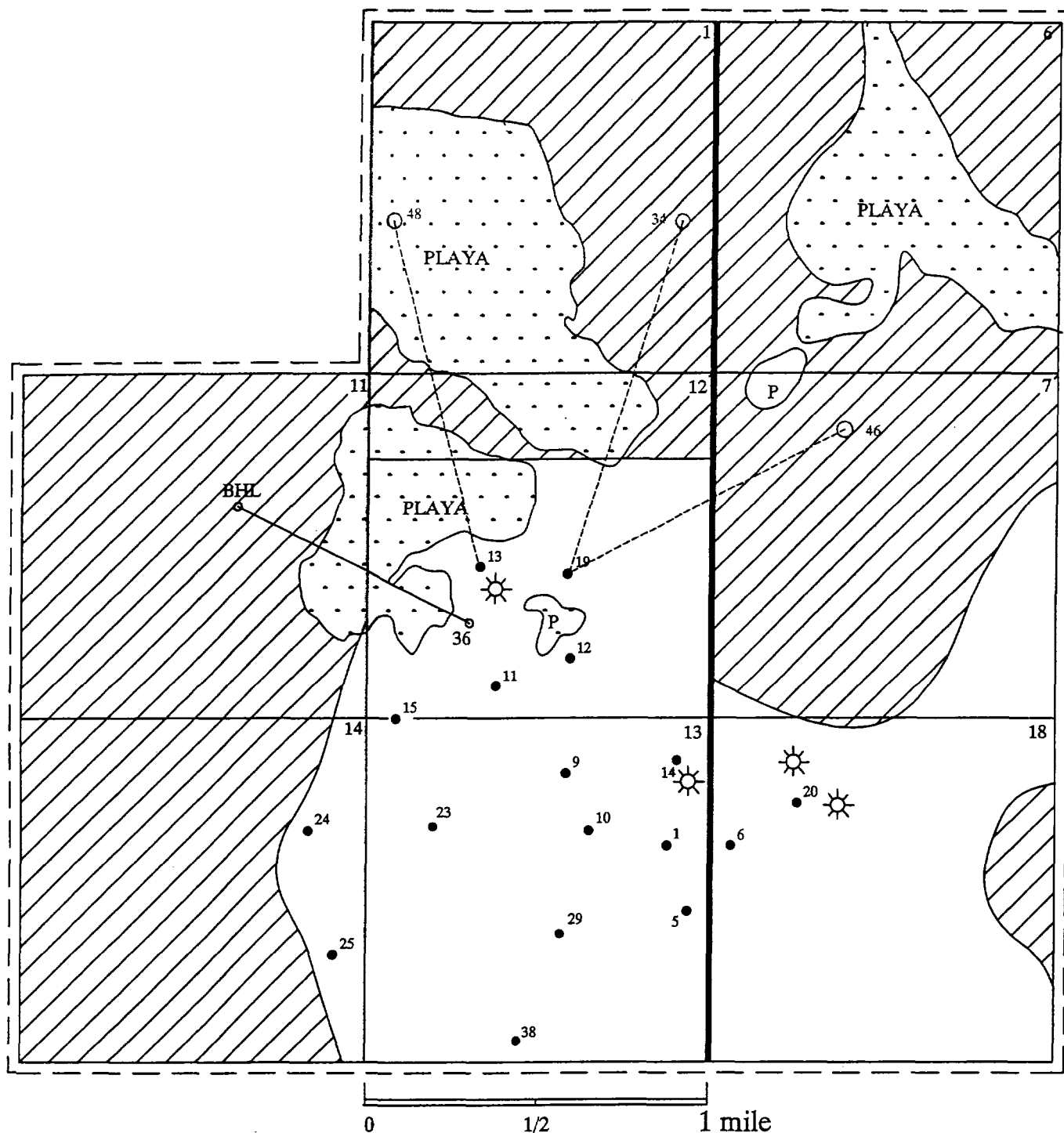
NASH DRAW UNIT 1-1-2002
1,139,161 BO, 6,876,596 MCFG, 2,372,436 BW
DELAWARE FORMATION PRODUCTION CURVE



T-23-S

R-29-E

R-30-E



NASH DRAW UNIT

EDDY COUNTY, NM

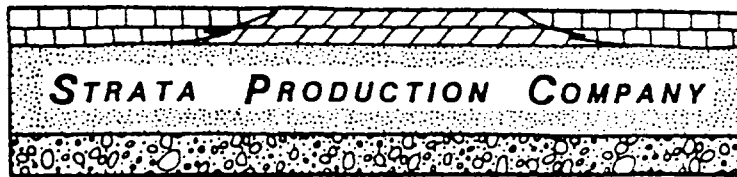


Playa Lakes



Potash
Reserves

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



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

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

February 2, 1998

Oil Conservation Division
ATTN: Michael E. Stogner
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Nash Unit #36
Surface 1460' FSL and 1585' FWL
Section 12-23S-29E
Bottomhole 2270' FSL & 251' FEL
Section 11-23S-29E
Nash Draw Brushy Canyon Pool
Eddy County, New Mexico

Dear Mr. Stogner:

Strata Production Company ("Applicant") hereby submits an Administrative Application pursuant to Rule 104.D.(2) for a Non-Standard Proration Unit, Rule 104.F for an Unorthodox Location, and Rule 111 for Directional Drilling regarding the Nash Unit #36 well, and in support thereof states:

1. Applicant proposes to drill to a depth sufficient to test the Delaware formation at a surface location of 1460' FSL and 1585' FWL of Section 12, Township 23 South, Range 29 East, N.M.P.M., and at an unorthodox bottomhole location of 2270' FSL and 251' FEL of Section 11, Township 23 South, Range 29 East, N.M.P.M.
2. As indicated on Exhibit "C", the surface location is located on Federal Lease NM-0556859. The bottomhole location is located on Federal Lease NM-0554221. Both leases are included in the Nash Unit Agreement, Delaware Formation Participation Area operated by the Applicant.
3. Applicant is the operator of Nash Unit Delaware Formation.
4. Due to the denial of all surface locations in Section 11 because of the Potash Area, and the playa lake and flood plane in the W/2W/2 of Section 12 as indicated on Exhibit "B", it will be necessary to directionally drill the Nash Unit #36 to develop the indicated reserves.

5. Approval of the Application will result in the production of hydrocarbons which otherwise will not be produced, will not adversely affect correlative rights and will be in the best interest of conservation.
6. Offset operators and/or lessees were simultaneously notified of the Application by Certified Mail. A distribution list is attached. Copies of the certified return receipts will be forwarded to the Oil Conservation Division upon receipt.

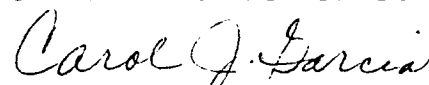
Submitted in Triplicate in conjunction with the Application, are the following documents:

1. Distribution List
2. Exhibit "A" Engineering Analysis
3. Exhibit "B" Topographic Plat
4. Exhibit "C" Land Plat indicating offset leases and wells
5. Exhibit "D" Vertical Plan View
6. Exhibit "E" Horizontal Plan View
7. Exhibit "F" Compensated Neutron Log section from the Nash Unit #13 identifying the top and bottom of the Delaware pool
8. Form 3160-3 Application for Permit to Drill
9. Form C-102 Well Location and Acreage Dedication Plat

Wherefore, Strata Production Company requests that the Application be reviewed and that, after proper notice and review as required by law and the rules of the Division, the Division approve the Non-Standard Proration Unit, Unorthodox Location, and Directional Drilling as hereinabove described.

Sincerely,

STRATA PRODUCTION COMPANY



Carol J. Garcia
Production Records Manager

CJG:ms
Attachments as indicated

TRANSMITTAL COVER SHEET

**OIL CONSERVATION DIVISION
ENGINEERING BUREAU
(505) 827-7131 (OFFICE)
(505) 827-1389 (FAX)**

PLEASE DELIVER THIS FAX TO:

TO: Carol J. Garcia
FROM: Michael E. Stegner
SUBJECT: Nash Unit #36
DATE: 3-12-98
PAGES: 4 (INCLUDING COVER SHEET)

**IF YOU HAVE ANY PROBLEMS RECEIVING THIS FAX, PLEASE CALL THE
OFFICE NUMBER ABOVE.**

**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 10, 1998

Strata Production Company
P. O. Drawer 1030
Roswell, New Mexico 88202-1030
Attention: Carol J. Garcia

Administrative Order NSL-3967(NSBHL)

Dear Ms. Garcia:

Reference is made to the following (i) your application dated February 2, 1998; (ii) your telephone conversation with Michael Stogner on February 13, 1998; and, (iii) the records of the Division in Santa Fe: all concerning Strata Production Company's ("Strata") request to horizontally drill its Nash Unit Well No. 36 within the Nash Draw-Brushy Canyon Pool underlying an 80-acre project area comprising the NE/4 SE/4 (Unit I) of Section 11 and the NW/4 SW/4 (Unit L) of Section 12, both in Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Rule 104.F of the general statewide rules and regulations of the New Mexico Oil Conservation Division ("Division");
- (2) The Nash Draw-Brushy Canyon Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 12:	S/2
Section 13:	N/2 and SE/4
Section 14:	E/2
Section 24:	NE/4

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM

Section 18:	NW/4
Section 19:	W/2
Section 30:	All
Section 31:	NE/4
Section 32:	NW/4;

- (3) Said pool is subject to the statewide rules and regulations, as promulgated by Rule

Administrative Order NSL-3967(NSBHL)
Strata Production Company
March 10, 1998
Page 2

104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;

- (4) A "project area" proposed by Strata would consist of an oversize spacing unit comprising 80 acres (two standard 40-acre tracts) underlying the NE/4 SE/4 (Unit I) of Section 11 and the NW/4 SW/4 (Unit L) of Section 12, both in Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico;
- (5) It is our understanding that Strata proposes to drill its Nash Unit Well No. 36 at a surface location 1460 feet from the South line and 1585 feet from the West line (Unit K) of Section 11, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, kick-off from vertical in a west-northwesterly direction at an approximate depth of 3,100 feet and build angle to approximately 10 degrees. At an approximate depth of 5,190 feet (TVD) the wellbore is expected to encounter the top of the Brushy Canyon formation at an unorthodox subsurface oil well location 1605 feet from the South line and 1293 feet from the West line (Unit L) of said Section 12. At an approximate depth of 6350 feet a second kick-off will be made from the wellbore, angle will be increased to 90 degrees and a horizontal drainhole will be drilled at a lateral distance of 1200 feet;
- (6) All of Section 11, the W/2 of Section 12, the W/2 of Section 13, and the NE/4 and E/2 SE/4 of Section 14, all in Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico is within the Strata operated Nash Unit; and,
- (7) It appearing the applicant has satisfied all of the appropriate requirements prescribed in Rules 111.C(2) and 104.F, the subject application should be approved and the subject horizontal drainhole and 80-acre project area should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

It Is Therefore Ordered That:

(1) Strata Production Company is hereby authorized to operate a horizontal/high angle directional drilling project area [as defined by Division General Rule 111.A(3) and 111.C(3)] within the 80 acres that comprises the NE/4 SE/4 of Section 11 and the SW/4 NW/4 of Section 12, Township 23 South, Range 29 East, NMPM, Nash Draw-Brushy Canyon Pool, Eddy County, New Mexico, in which the proposed Nash Unit Well No. 36 to be drilled at a surface location 1460 feet from the South line and 1585 feet from the West line (Unit K) of said Section 12, is to

Administrative Order NSL-3967(NSBHL)
Strata Production Company
March 10, 1998
Page 3

(2) The applicable drilling window or producing area within the Nash Draw-Brushy Canyon Pool for said wellbore shall include that area within the subject 80-acre project area comprising the NE/4 SE/4 of Section 11 and the SW/4 NW/4 of Section 12, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, that is:

(a) no closer than 330 feet to the northern, western, and southern boundaries of said 80-acre project area; and,

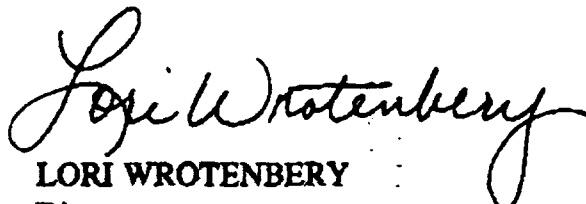
(b) no closer than 27 feet to the eastern boundary of said 80-acre project area.

(2) The operator shall comply with all applicable requirements and conditions set forth in Division General Rule 111.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

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

County EddyPool Nash Draw-Delaware47545

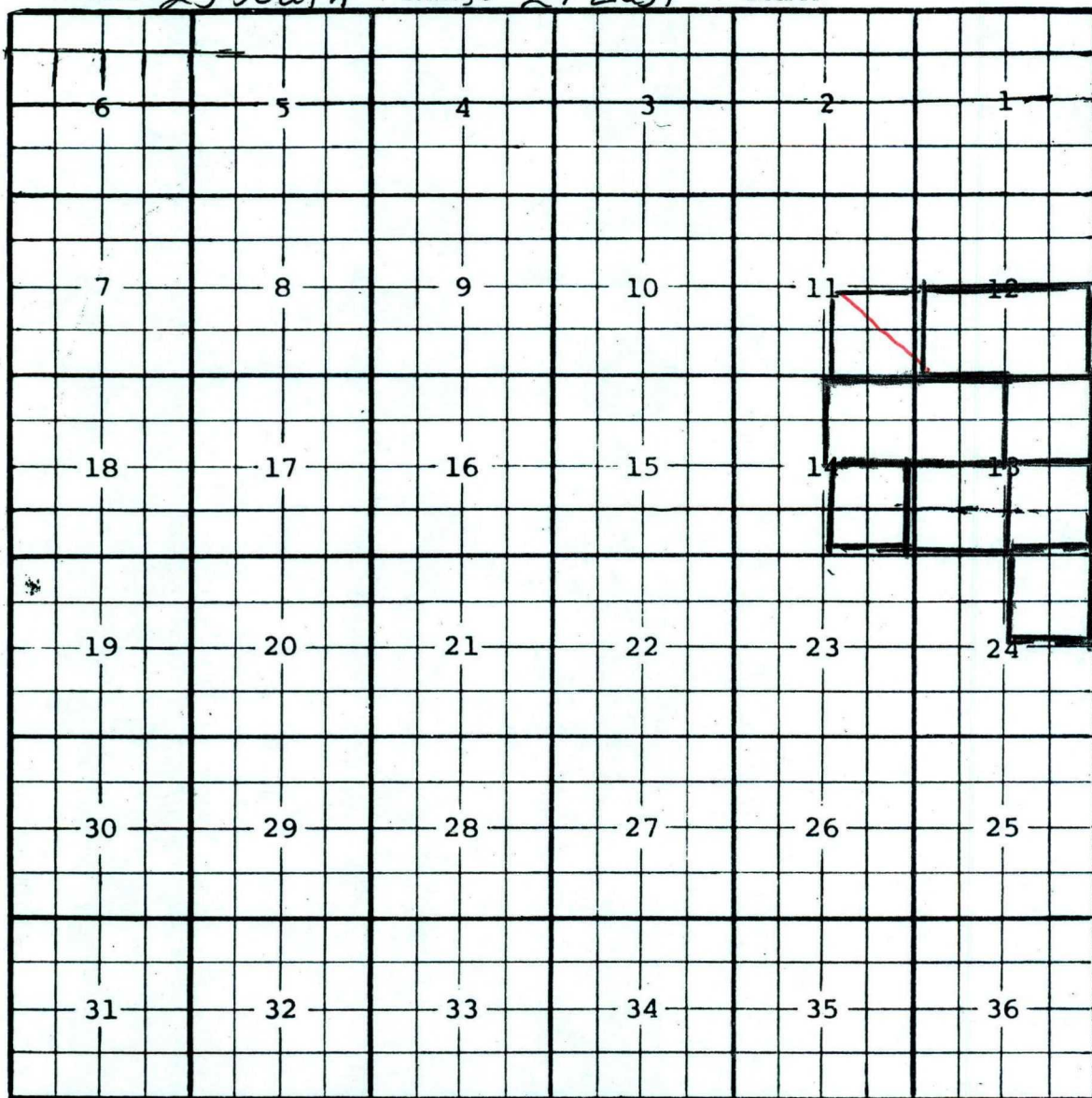
TOWNSHIP

23 South

Range

29 East

NMPM



Description: NE $\frac{1}{4}$ Sec. 13 (R-9771, 11-19-92)

Ext: S $\frac{1}{2}$ Sec. 12 (R-9938-A, 11-23-93) Ext: SE $\frac{1}{4}$ Sec. 13 (R-10042, 12-28-93)

Ext: NE $\frac{1}{4}$ Sec. 24 (R-10343, 4-24-95) Ext: NW $\frac{1}{4}$ Sec. 13, NE $\frac{1}{4}$ Sec. 14 (R-10420, 7-17-95)

Ext: SE $\frac{1}{4}$ Sec. 14 (R-10664, 9-16-96) Ext: SW $\frac{1}{4}$ Sec. 13 (R-11005, 7-24-98)

Extend vertical limits to include all of Delaware Mountain Group from top of Lamar formation to base of Brushy Canyon formation and redesignate as Nash Draw-Delaware Pool (R-11334, 2-8-01) Ext: SE $\frac{1}{4}$ Sec. 11 (R-11729, 2-22-02)

county Eddy

Pool Nash Draw-Delaware

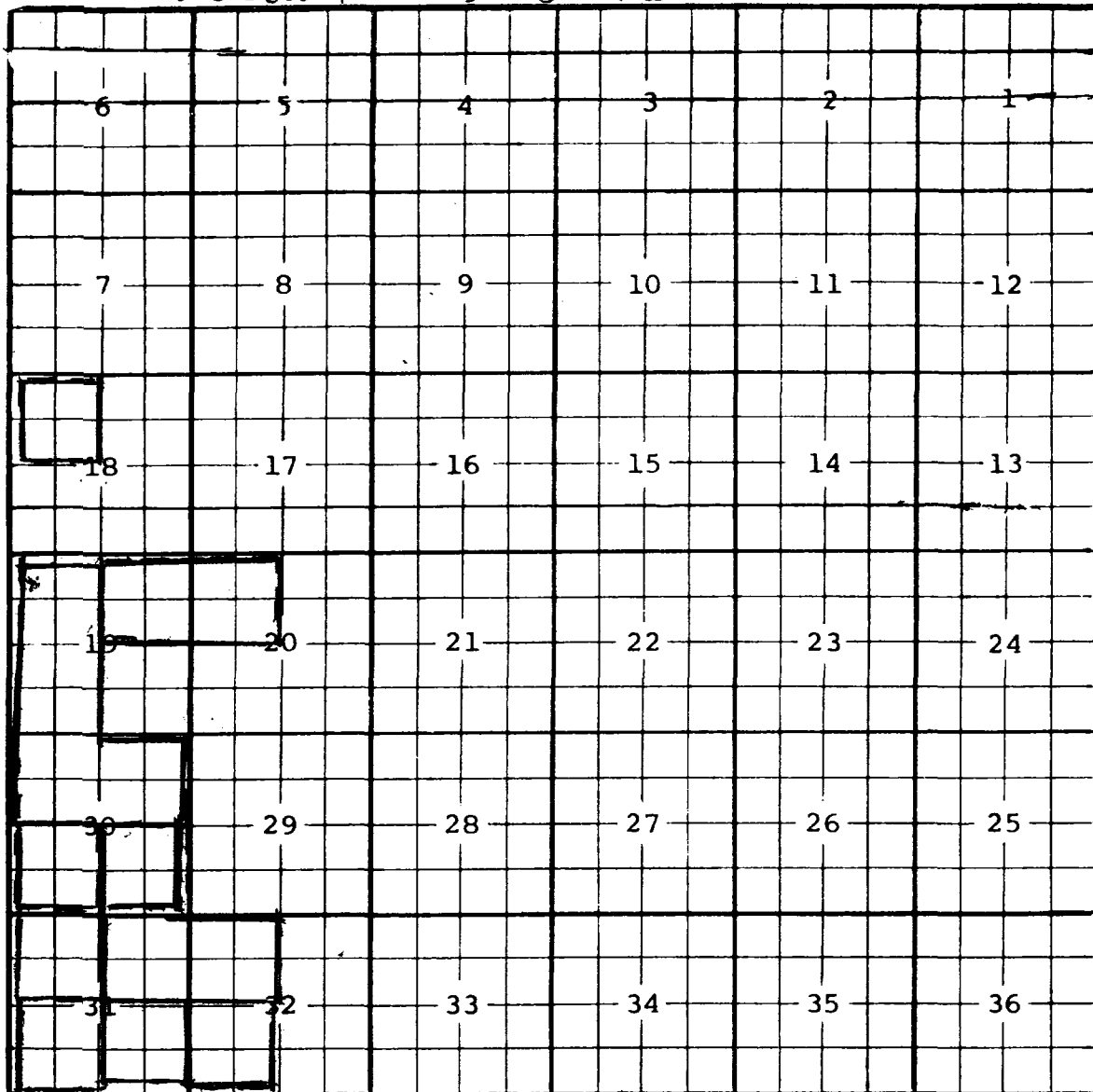
TOWNSHIP

23 South

Range

30 East

NMPM



Ext: $\text{NW}/4$ Sec. 18 (R-10042, 12-28-93) Ext: $\text{W}/2$ Sec. 19, $\text{N}/2$ Sec. 30 (R-10459, 9-11-95)

Ext: $\text{SW}/4$ Sec. 30 (R-10590, 5-8-96) Ext: $\text{SE}/4$ Sec. 30 (R-10642, 8-19-96)

Ext: $\text{NE}/4$ 31, $\text{NW}/4$ Sec. 32 (R-10938, 1-9-98)

Ext: $\text{NE}/4$ Sec. 19, $\text{NW}/4$ Sec. 20 (R-11005, 7-24-98) Ext: $\text{SE}/4$ Sec. 31 (R-11359, 4-12-00)

Extend vertical limits to include all of Delaware Mountain Group from top of Lamar formation to base of Brushy Canyon formation and redesignate as Nash Draw-Delaware Pool

(R-11534, 2-8-01) Ext: $\text{SW}/4$ Sec. 32 (R-11583, 5-7-01) Ext: $\text{NW}/4$ Sec. 31 (R-11678, 10-23-01)

Ext: $\text{SW}/4$ Sec. 31 (R-11729, 2-22-02)

County Eddy Pool Nash Draw- Delaware

TOWNSHIP 24 South

Range 30 East

NMPM

	6	5	4	3	2	1
7	8	9	10	11	12	
18	17	16	15	14	13	
19	20	21	22	23	24	
30	29	28	27	26	25	
31	32	33	34	35	36	

Ext: NW 1/4 Sec. 5, 1/2 Sec. 6 (R-11678, 10-23-01)



MURCHISON OIL & GAS, INC.
MURCHISON PROPERTIES, INC.
01 SEP 12 PM 2:01

CERTIFIED MAIL

September 11, 2002

Oil Conservation Division
Attn: Mr. Michael E. Stogner
1220 South St. Francis Drive
Santa FE, NM. 87505

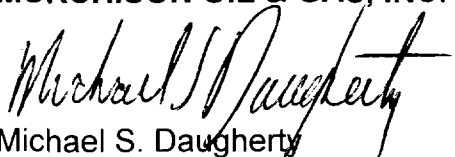
**RE: SPC NASH UNIT #33
10' FSL & 175' FWL
SECTION 12-23S-29E
EDDY COUNTY, NEW MEXICO**

Dear Mr. Stogner:

The undersigned hereby waives objection to the Administrative Application for the above referenced well as filed August 22, 1992 by Strata Production Company.

Sincerely,

MURCHISON OIL & GAS, INC.


Michael S. Daugherty
Vice President Operations

Dated: 9/11/02

MSD/ct/Strata-NashUnit#33-OCD

cc: Strata Production Co.-Kelly Britt

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/03/02 09:41:57
OGOMES -TPXD
PAGE NO: 1

Sec : 11 Twp : 23S Rng : 29E Section Type : NORMAL

D 40.00 Federal owned U R	C 40.00 Federal owned U R	B 40.00 Federal owned U R	A 40.00 Federal owned U R
E 40.00 Federal owned U R	F 40.00 Federal owned U R	G 40.00 Federal owned U R	H 40.00 Federal owned U R

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF06
 PF12

CMD : ONGARD
 OG5SECT INQUIRE LAND BY SECTION

Sec : 11 Twp : 23S Rng : 29E Section Type : NORMAL

09/03/02 09:42:02
 OGMES -TPXD
 PAGE NO: 2

L 40.00 Federal owned U R	K 40.00 Federal owned U R	J 40.00 Federal owned U R	I 40.00 Federal owned U R
M 40.00 Federal owned U R	N 40.00 Federal owned U R	O 40.00 Federal owned U R	P 40.00 Federal owned U R

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
 PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12



02 SEP -3 PM 2:05

IMC Potash Carlsbad Inc.
P. O. Box 71
1361 Potash Mines Road
Carlsbad, New Mexico 88221-0071
505.887.2871
505.887.0589 Fax

August 23, 2002
Mr. Kelly M. Britt
Strata Production Company
Post Office Drawer 1030
Roswell, NM 88202-1030

RE: Proposed Well Nash Unit #33
Section 12, T23S-R29E, N.M.P.M.
10' FSL & 175' FWL
Eddy County, New Mexico

Dear Mr. Britt:

IMC Potash Carlsbad Inc. (IMC) has received your notice that Strata Production Company intends to drill the above referenced well. IMC does not object to Strata drilling well Nash Unit #33 to depths no deeper than 100' below the base of the Delaware formation at the stated location. The location is outside IMC's "Life of Mine Reserves" LMR and will not interfere with the development of potash resources controlled by IMC.

The above consideration is based on the best available information at this time; as more information becomes available our estimates of the extent of the potash resources in the area may change. Therefore, please consider the "objections offered" and "no objection offered" to the well location to be valid for one year only. If you are still considering a well location that a potash operator has or has not objected to, more than one year prior, notify us again at that time so we can make the decision based on current information.

IMC Kalium submits this letter in lieu of the forms requested.

Sincerely,

John Purcell
Chief Mine Engineer

cc: Don Purvis Charlie High Lori Wroteneery, OCD
Dan Morehouse, Craig Cranston, BLM Betty Hill, BLM

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/26/02 10:48:05
OGOMES -TPEH
PAGE NO: 1

Sec : 11 Twp : 23S Rng : 29E Section Type : NORMAL

D	C	B	A
40.00	40.00	40.00	40.00
Federal owned U R	Federal owned U R	Federal owned U R	Federal owned U R
E	F	G	H
40.00	40.00	40.00	40.00
Federal owned U R	Federal owned U R	Federal owned U R	Federal owned U R

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/26/02 10:48:07
OGOMES -TPEH
PAGE NO: 2

Sec : 11 Twp : 23S Rng : 29E Section Type : NORMAL

L	K	J	I
40.00	40.00	40.00	40.00
Federal owned U R	Federal owned U R	Federal owned U R	Federal owned U R
M	N	O	P
40.00	40.00	40.00	40.00
Federal owned U R	Federal owned U R	Federal owned U R	Federal owned U R

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5231
Order No. R-4794

APPLICATION OF MESA PETROLEUM COMPANY
FOR APPROVAL OF THE NASH UNIT AGREE-
MENT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 8, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of May, 1974, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Mesa Petroleum Company, seeks
approval of the Nash Unit Agreement covering 5,123.57 acres,
more or less, of State, Federal, and Fee lands described as
follows:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Sections 1, 11, 12, 13, and 14: All

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Sections 6, 7, and 18: All

(3) That approval of the proposed unit agreement should
promote the prevention of waste and the protection of correla-
tive rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Nash Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for
the development and operation of the unit area is hereby approved
in principle as a proper conservation measure; provided, however,
that notwithstanding any of the provisions contained in said

unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

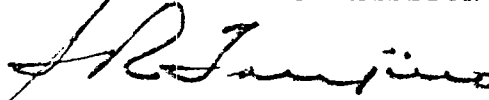
(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

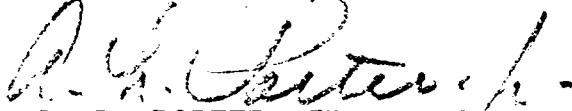
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member



A. L. PORTER, JR., Member & Secretary

S E A L

jr/

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10935
ORDER NO. R-10096

**APPLICATION OF STRATA PRODUCTION COMPANY FOR SPECIAL POOL
RULES, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 17, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

Now, on this 11th day of April, 1994, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Strata Production Company (Strata), seeks an order promulgating special rules and regulations for the Nash Draw-Brushy Canyon Pool, including a provision for a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Said pool is located in portions of Township 23 South, Ranges 29 and 30 East, NMPM, Eddy County, New Mexico.

(3) The Nash Draw-Brushy Canyon Pool was created by Division Order No. R-9771 on December 1, 1992 and currently includes the S/2 of Section 12 and the E/2 of Section 13, Township 23 South, Range 29 East, and the NW/4 of Section 18, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico. The pool is currently governed by General Statewide Rules and Regulations including an oil allowable of 142 barrels per day, a gas-oil ratio (GOR) of 2000, and a daily gas limit of 284 MCF.

(4) There are currently nine wells producing from the Nash Draw-Brushy Canyon Pool. All are in the 8 Section Nash Unit, which is operated by Strata.

(5) The applicant presented cross sections and structure and isopach maps to depict the Delaware producing formations in the pool. The evidence shows that the main producing interval in the Nash Draw-Brushy Canyon Pool is similar to that in the East Loving-Brushy Canyon Pool which is located 7 miles west of the Nash Draw-Brushy Canyon Pool. The East Loving-Brushy Canyon Pool is developed with 110 wells, has recovered over 4 million barrels of oil, and is currently producing with a GOR limit of 8,000.

(6) Geologic evidence and well test information also shows that producing GORs are not related to structure. Wells lower on the structure produce at slightly lower ratios than those wells located higher structurally. Applicant's witnesses concluded that this indicates there is no gas cap in the pool.

(7) Engineering evidence was presented to show that the initial producing GOR in the Nash Draw-Brushy Canyon Pool was approximately 1000. The current average GOR is 4,000 with some individual wells as high as 8,000. Bubble point pressure in the pool is 2463 psia, and current reservoir pressure is 2963 psia.

(8) Evidence was also submitted to show that water cut has decreased from a high of 58% to the present rate of 40%.

(9) The applicant presented the results of a study of all the Delaware wells completed in Southeast New Mexico between 1986 and 1990. From this study a typical decline curve for Delaware wells was developed. It indicates that typically, Delaware wells decline at 50% the first year, 25% the next two years, and 12% thereafter. The typical decline curve was applied to the East Loving-Brushy Canyon Pool and other Delaware pools in the area with a good match, and was used to predict future performance for the Nash Draw-Brushy Canyon Pool.

(10) The applicant's engineering witness testified that the increasing GOR, declining water cut, and well test information which shows that GORs are not related to structure, proves that the Nash Draw-Brushy Canyon Pool is a typical solution gas drive reservoir, with ultimate recovery not related to producing rates.

(11) The applicant submitted economic data for the Nash Draw-Brushy Canyon Pool comparing reserves, projected life, operating expense, and cash flow for 2000 to 1 and 10,000 to 1 GOR limits. For the same ultimate recovery, economics were greatly improved with the 10,000 to 1 limit.

(12) Based on the applicant's evidence, a GOR limit of 8000 (daily gas limit of 1136 MCF per well per day) should be established rather than the 10,000 to 1 limit requested. As requested by the applicant, the increased GOR limit should be temporary, subject to review in 18 months.

IT IS THEREFORE ORDERED THAT:

(1) Temporary Special Rules for said Nash Draw-Brushy Canyon Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
NASH DRAW-BRUSHY CANYON POOL**

- RULE 1.** Each well completed or recompleted in the Nash Draw-Brushy Canyon Pool or in the Brushy Canyon formation within one mile thereof, and not nearer to or within the limits of another designated Brushy Canyon Pool, shall be produced in accordance with the Special Rules herein set forth.
- RULE 2.** The limiting gas/oil ratio for said Nash Draw-Brushy Canyon Pool shall be 8,000 cubic feet of gas per barrel of oil produced; each proration unit in said pool shall produce only that volume of gas equivalent to 8,000 multiplied by the top oil allowable for the proration unit (top allowable remains at 142 barrels of oil per day for a 40-acre proration unit).

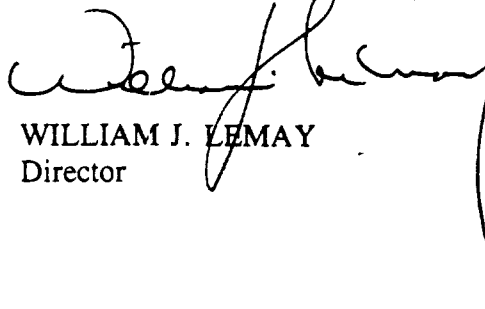
IT IS FURTHER ORDERED THAT:

- (2) The above temporary rules shall be reviewed at a hearing called by the Oil Conservation Division on its own motion on or about November 1, 1995.
- (3) Jurisdiction of this cause is retained for entry of such further orders as the Division may deem necessary.

Case No. 10935
Order No. R-10096
Page 4

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'W. J. Lemay', is written over the printed name and title. The signature is fluid and cursive, with a long vertical stroke extending downwards from the end of the name.

WILLIAM J. LEMAY
Director

S E A L

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 10935 (Reopened)
Order No. R-10096-A**

**IN THE MATTER OF CASE NO. 10935 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
DIVISION ORDER NO. R-10096, WHICH
ORDER PROMULGATED SPECIAL RULES AND
REGULATIONS FOR THE NASH DRAW-BRUSHY
CANYON POOL IN EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 16, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of December, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) By Order No. R-10096 entered in Case No. 10935 on April 11, 1994, the Division, upon application of Strata Production Company, established a limiting gas-oil ratio of 8,000 cubic feet of gas per barrel of oil for the Nash Draw-Brushy Canyon Pool, Eddy County, New Mexico.
- (3) The aforesaid limiting gas-oil ratio for the Nash Draw-Brushy Canyon Pool was established for a temporary period of eighteen months.

(4) Pursuant to the requirements of Order No. R-10096, this case was reopened to allow the operators in the subject pool to appear and present evidence and testimony as to whether the limiting gas-oil ratio for the Nash Draw-Brushy Canyon Pool should remain at 8,000:1 or revert back to the statewide gas-oil ratio limitation of 2,000:1.

(5) Strata Production Company, one of two current operators in the pool, appeared and presented evidence and testimony to support its request that the Temporary Special Rules and Regulations for the Nash Draw-Brushy Canyon Pool be made permanent.

(6) The Nash Draw-Brushy Canyon Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 12: S/2

Section 13: N/2, SE/4

Section 14: NE/4

Section 24: NE/4

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM

Section 18: NW/4

Section 19: W/2

Section 30: N/2

(7) There are fifteen wells currently producing from the Nash Draw-Brushy Canyon Pool.

(8) Thirteen of the fifteen producing wells in the pool are located within Strata Production Company's Nash Unit, a federal exploratory unit.

(9) The engineering evidence and testimony presented by Strata Production Company in this case indicates that:

- a) the main producing intervals within the Nash Draw-Brushy Canyon Pool are the "K" and "L" sand intervals located within the Basal Brushy Canyon member. The "K" and "L" sand intervals contain numerous separate producing "reservoirs";

- b) the Nash Draw-Brushy Canyon Pool is produced from the same Basal Brushy Canyon member and exhibits the same producing characteristics as the East Loving-Delaware Pool which is located approximately six miles to the west in Township 23 South, Range 28 East. The East Loving-Delaware Pool is currently governed by Special Rules and Regulations including a limiting gas-oil ratio of 8,000 cubic feet of gas per barrel of oil;
- c) the Nash Draw-Brushy Canyon Pool is a solution gas-drive reservoir which has no gas cap and no water drive;
- d) the subject reservoir does not appear to be rate sensitive; and,
- e) continued production at a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil should not decrease ultimate oil recovery from the pool.

(10) BK Petroleum, the only other operator in the pool, did not appear at the hearing either in support of or in opposition to the continuation of the current limiting gas-oil ratio.

(11) The evidence and testimony presented by Strata Production Company in this case indicates that continued production at a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil should not decrease ultimate oil recovery and should otherwise not be detrimental to the reservoir.

(12) The Temporary Special Rules and Regulations for the Nash Draw-Brushy Canyon Pool should be made permanent.

IT IS THEREFORE ORDERED THAT:

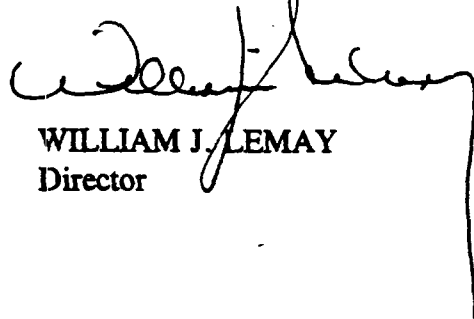
(1) The Temporary Special Rules and Regulations for the Nash Draw-Brushy Canyon Pool, including the provision for a limiting gas-oil ratio of 8,000 cubic feet of gas per barrel of oil, as promulgated by Division Order No. R-10096, are hereby continued in full force and effect until further order of the Division.

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 10935 (Reopened)
Order No. R-10096-A
Page -4-

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name and title. The signature is fluid and cursive, with a long vertical line extending downwards from the end of the signature.

WILLIAM J. LEMAY
Director

S E A L

NASH UNIT AREA

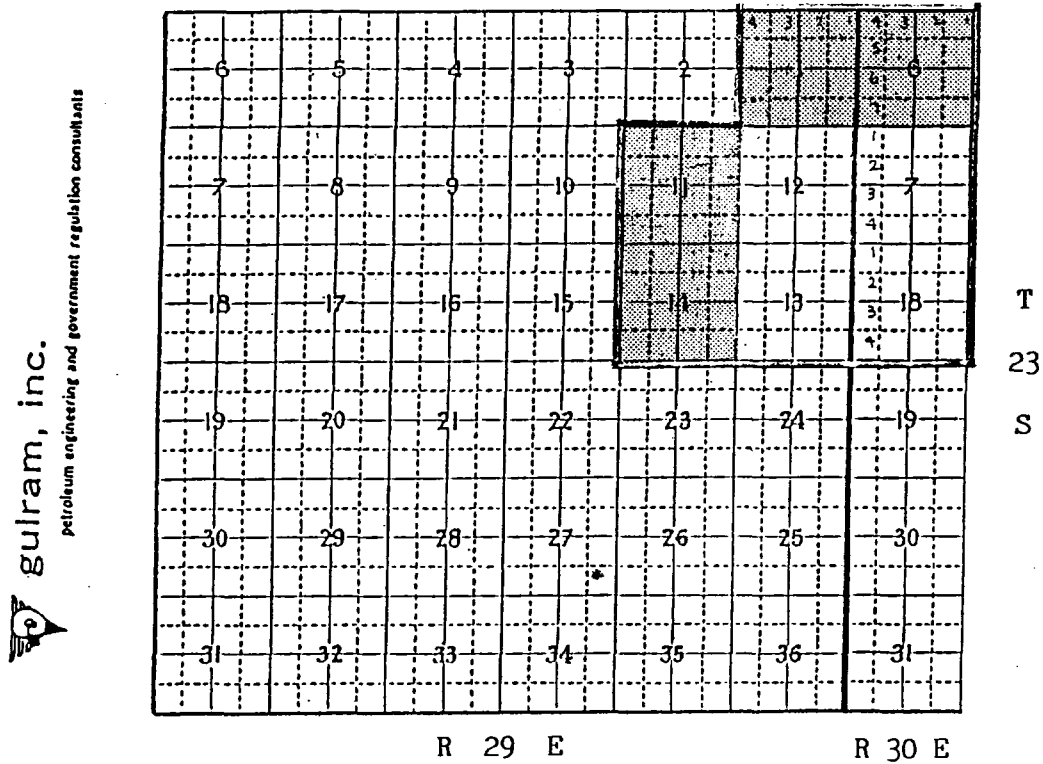
No. 14-08-0001-14168

APPROVED: July 25, 1974

EFFECTIVE: July 25, 1974

EXPLORATORY

Eddy County, New Mexico



Federal Lands	4,842.40 acres
State Lands	240.46 acres
Fee Lands	<u>40.00</u> acres
Total	5,122.86 acres

- Lands subject to Automatic Elimination January 25, 1985
(not officially approved)

Remaining Unit Land - Federal	2,320.86 acres
State	<u>240.46</u> acres
Total	2,561.32 acres

Unit Name: Nash

Contract Number: 14-08-0001-14168

Automatic Elimination Date: January 25, 1985 (not approved officially)

Operator: Mesa Petroleum Company

PARTICIPATING AREAS (PA)

Name: Initial Delaware (Cherry Canyon)

Well Name: Nash Unit No. 4

Location: NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 13, T. 23 S., R. 29 E.

Legal PA Description: NE $\frac{1}{4}$ Sec. 13, T. 23 S., R. 29 E.

Effective Date: June 22, 1976

PA Total Acres: 160.00



Unit Name: Nash

Contract Number: 14-08-0001-14168

Automatic Elimination Date: January 25, 1985 (not approved officially)

Operator: Mesa Petroleum Company

PARTICIPATING AREAS (PA)

Name: Initial Atoka

Well Name: Nash Unit No. 2

Location: SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 18, T. 23 S., R. 30 E.

Legal PA Description: Lots 1,2,3,4,E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Sec. 18, T. 23 S., R. 30 E.

Effective Date: April 21, 1976

PA Total Acres: 640.84

Name: 1st Revision Atoka

Well Name: Nash Unit No. 3

Location: NE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 12, T. 23 S., R. 29 E.

Legal PA Description: All Sec. 12, All Sec. 13, T. 23 S., R. 29 E., Lots 1,2,3,4,
E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Sec. 7, T. 23 S., R. 30 E. - 1920.48 acres

Effective Date: October 1, 1976

PA Total Acres: 2,561.32



Unit Name: Nash

Contract Number: 14-08-0001-14168

Automatic Elimination Date: January 25, 1985 (not approved officially)

Operator: Mesa Petroleum Company

PARTICIPATING AREAS (PA)

Name: Initial Morrow

Well Name: Nash Unit No. 1

Location: SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 13, T. 23 S., R. 29 E.

Legal PA Description: All Sec. 13, T. 23 S., R. 29 E., Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$,
E $\frac{1}{2}$ Sec. 18, T. 23 S., R. 30 E.

Effective Date: January 22, 1975

PA Total Acres: 1,280.84

Name: 1st Revision Morrow

Well Name: Nash Unit No. 7

Location: SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 7, T. 23 S., R. 30 E.

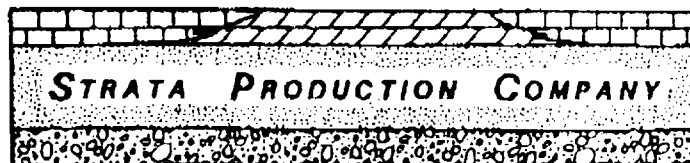
Legal PA Description: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Sec. 7, T. 23 S., R. 30 E. -
640.48 acres

Effective Date: July 1, 1980

PA Total Acres: 1,921.32



POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88203

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

September 4, 2002

VIA FAX #505-476-3471 & USPO

Oil Conservation Division
Attn: Mr. Michael E. Stogner
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Nash Unit #33
Section 12-23S-29E
Eddy County, New Mexico

Dear Mr. Stogner,

Pursuant to your telephone conversation with Bruce Stubbs, our engineer, please find enclosed the following:

1. Proposed Delaware Formation Participating Area, awaiting approval by the BLM in the near future.
2. Structure Map on top of the Bone Springs Carbonate.
3. "L" Zone Amplitude Map targeted for the Nash #33 well.
4. Plan of Development for 2001 - 2002 and 2002- 2004. (Mailed only, not faxed)
5. FYI on the Nash #36 Administrative Application addressed to you and fax from you dated March 12, 1998. (Mailed only, not faxed)

The Nash Unit has been ratified with 100% working interest owners and all of the royalty interest owners except for one group, Gates Brothers.

Should you have any other questions concerning the above referenced or require additional information from this office, please advise.

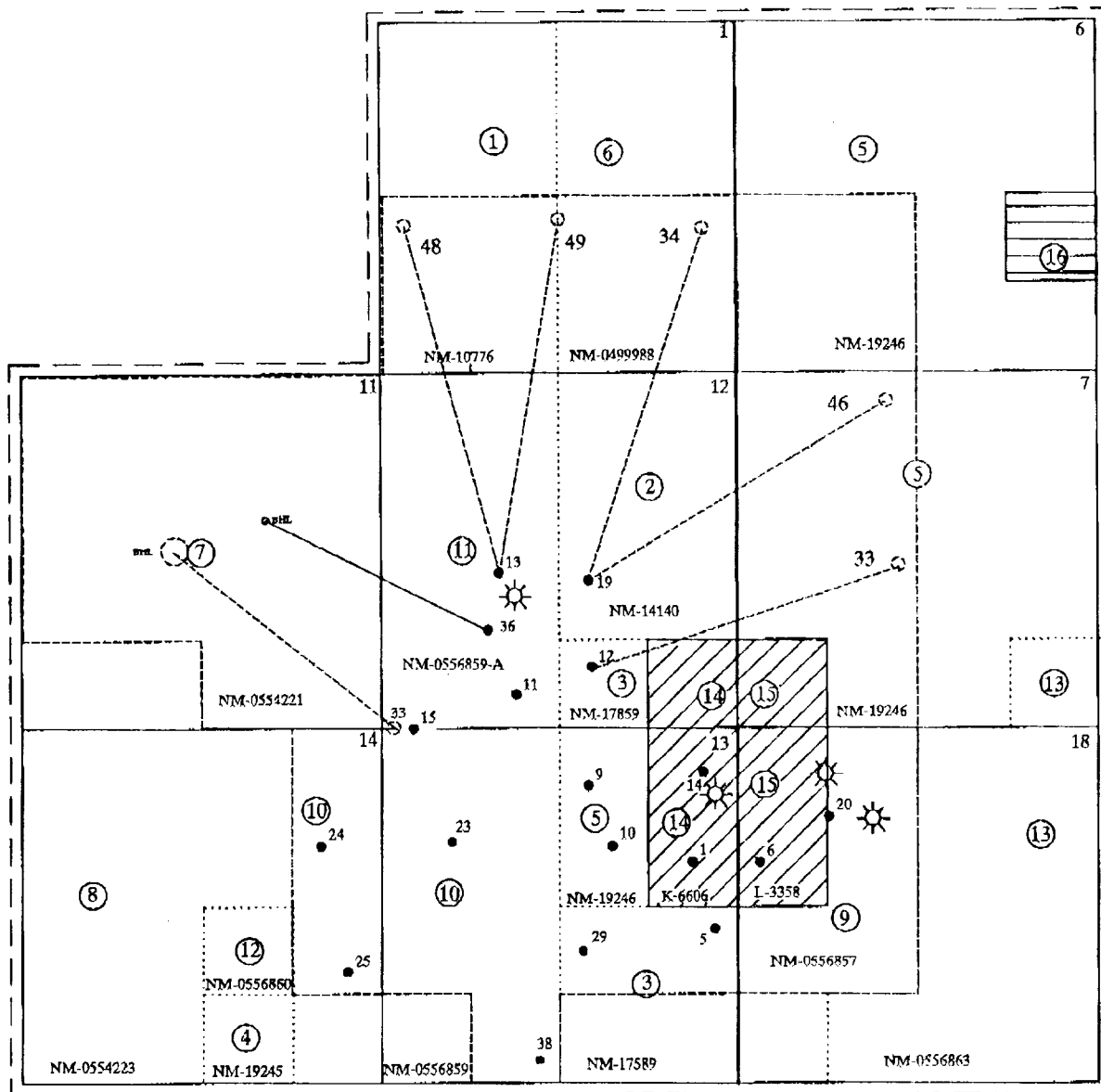
Sincerely,

A handwritten signature in cursive script that reads "Kelly M. Britt".

Kelly M. Britt
Production Records

enclosures

Exhibit "A"
Delaware Formation Participating Area
Nash Unit Area Map



NASH DRAW UNIT

EDDY COUNTY, NM

- UNIT OUTLINE
- - - DELAWARE FORMATION PARTICIPATING AREA
- DENOTES TRACT NUMBER ON EXHIBIT "B" OF THE UNIT AGREEMENT DATED JUNE 1, 1974
- PUBLIC LAND
- ▨ STATE LAND
- ▨ PATENTED LAND

Revised: 5-23-02
 Scale: NTS

Structure map
on top of the
Bone Springs Carbonate

T180

T160

T140

T120

T100

T80

T60

T40

