PECOS PETROLEUM ENGINEERING, Inc. P.O. BOX 1794 200 W. FIRST ST., SUITE 536 ROSWELL, NEW MEXICO 88202 505-624-2800

March 18, 2002

Mr. Sealy H. Cavin, Jr. Stratton & Cavin, P.A. P.O. Box 1216 Albuquerque, New Mexico 87103-1216

Re: Oil Conservation Commission Case No. 12811 Compliance of inactive wells with Rule 201 Hearing scheduled for March 21, 2001

Dear Mr. Cavin:

The New Mexico Oil Conservation Commission has scheduled for hearing Case No. 12811on March 21, 2002 to consider and order requiring operators of 388 inactive wells to bring said wells into compliance with O.C.D. Rule 201. Included in this group of wells are four (4) wells operated by Strata Production Company. These wells are:

Obrien #1	Sec. 25, T7S-R29E	Chaves County, New Mexico
Duncan Federal #1	Sec. 11, T16S-R30E	Eddy County, New Mexico
Norman Federal #1	Sec. 14, T16S-R30E	Eddy County, New Mexico
Remuda Basin "20" Federal #1	Sec. 20, T23S-R30E	Eddy County, New Mexico

Strata has ask me to review these wells and determine if they can be returned to production, have any beneficial use or if they should be plugged and abandoned. The Obrien #1 has some potential in the San Andres, but would require recementing across the interval, stimulation and production equipment to enable the zone to produce. This well is a low priority well and there are no immediate plans to rework it. A plugging procedure has been submitted to the O.C.D. for approval and Mayo Mars Casing Pulling, Inc. has been contacted and the well has been placed on their schedule to be plugged during the first part of April.

The Duncan Federal #1 and the Norman Federal #1 are capable of producing small volumes of low BTU gas, but the purchaser in the area won't set a meter for these low volume wells. There is no short term solution for this problem and Strata has no option except to plug and abandon these two (2) wells. Plugging procedures have been submitted to the BLM for approval and Mayo Mars Casing

Strata Production Company Exhibit No. 1 Case No. 12811 Pulling, Inc. has been contacted and the wells have been placed on their schedule to be plugged in mid April.

The Remuda Basin "20" Federal #1 is a depleted Brushy Canyon well and does not appear to have any other productive zones in the wellbore. Strata's future development in the Nash Draw Unit and the 49'r Ridge unit will necessitate additional water disposal capacity While this capacity is not needed now, Strata is preparing an application to convert this well to SWD and will convert this well after approval of the SWD permit. I anticipate the completion of the permit during the week of March 25th.

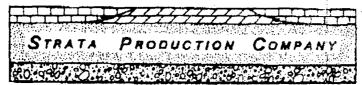
Attached are copies of the plugging applications and the bid from Mayo Mars Casing Pulling, Inc. Should you need any additional information concerning these wells, please call me at 505-624-2800.

Sincerely,

Bruce A. Stubbs, P.E.

xc: Mark B. Murphy Strata Production Company

POST OFFICE DRAWER 1030 ROSWELL, NM 88202-1030



TELEPHONE (505) 622-1127 FACSIMILE (505) 823-3533

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

March 14, 2002

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

Re: Form C-103 Sundry Notices O'Brien #1 Section 25-7S-29E Chaves County, New Mexico

Gentlemen:

For your review and approval, please find enclosed herewith one (1) original and three (3) copies of OCD Form C-103 for the Notice of Intent to Plug and Abandon the above referenced well.

Also attached are copies of BLM Form 3150-5 Sundry regarding the Abandonment of the Duncan Federal #1 and Norman Federal #1.

Should you require additional information regarding this matter, please contact this office.

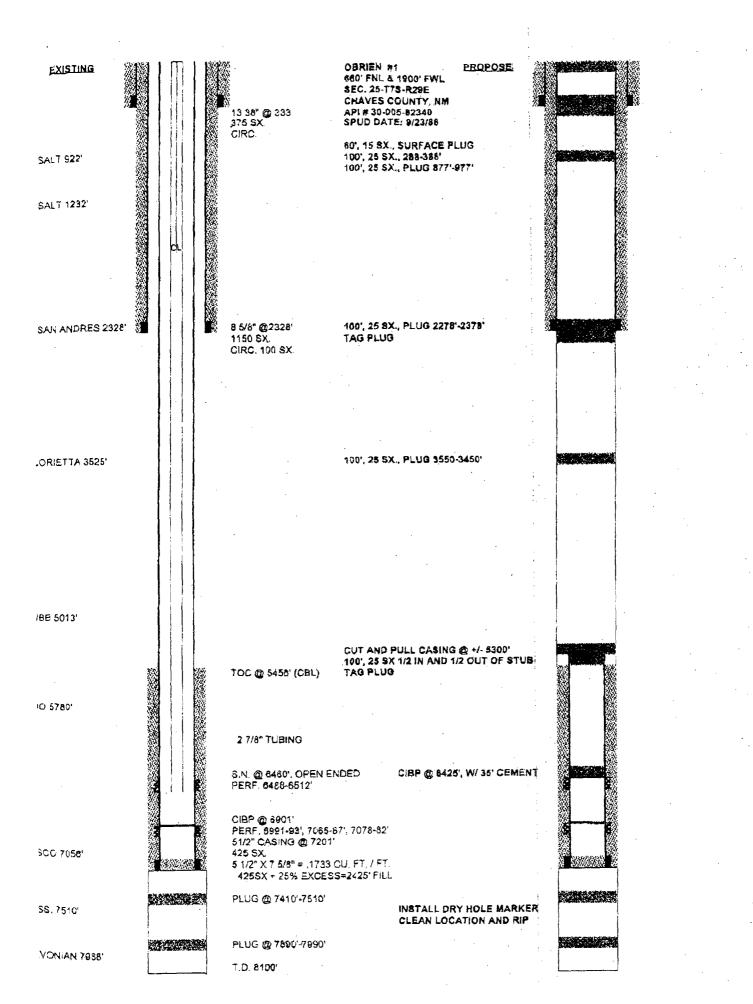
Sincerely,

fugn. Britt

Kelly M. Britt Production Records

Enclosures

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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 88203

March 14, 2002

Bureau of Land Management 2909 West Second Street Roswell, New Mexico 88201

Re: Form 3160-5 Sundry Notice: <u>Duncan Federal #1</u> Section 11-16S-30E Eddy County, New Mexico <u>Norman Federal #1</u> Section 14-16S-30E Eddy County, New Mexico

Gentlemen;

For your review and further handling, please find enclosed herewith one (1) original and five (5) copies of BLM Form 3160-5 Sundry Notices concerning the Notice of Intent of Abandonment on the above captioned wells.

Please return one approved copy of the same to this office for completion of our files. Should you require additional information, please advise.

Sincerely,

My MByritt

Kelly M. Britt Production Records

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Pinel Abandoumen Tribe Proposed or Completed Op- subsurface incentors and measur Set CIBP @ 250 Spot 200' plug, 2 rip and reseed. (Attachment: Plu (Attachment: Plu triby certify that the foregoin red	nt Notice ecanocs (Ceerly state all ra and the vertical solution 20 sx 350' - 550 ugging Procedu ag is true and correct Marca	Altering Casing Other pertiseent details, and give pertisent dotes, including estimated date of starting a tor all more and zoods pertisent to sur work	Dispose Otice Haper are Compared with any propised with a star plug, 20 sx, 134 / hole marker.	on to Injection Water In of entities sequences with the second sequences of the sequences of the property of the second

		T. SAN ANDRES 2970	T. QUEEN 2250' T. PENROSE 2520' T. GRAYBURG 2640'		T. YATES 1440'	``````````````````````````````````````	T. SALT 450'
· · · · · · · · · · · · · · · · · · ·	4 1/2" CASING @ 3010' 400 SX. HLC & 200 SX 50/50 POZMIX 4 1/2" X 7 5/8" = .2278 CU. FT. / FT. 600SX + 25% EXCESS=3100' FILL	PBTD 2685	2 3/8" TUBING @ 2475' PERF. 2524-34'			300 SX - TOC @ 45' REDY-MIX 45'-SURF.	ଦୁ
	T. T.	INSTALL DRY HOLE MARKER CLEAN LOCATION, RIP AND RESEED	CIBP @ 2500' W/ 35' CEMENT	LOAD HOLE WITH 9 #/GAL. MUD	200", 20 SX, PUG 1340-1540"	50', 5 SX SURFACE PLUG 200', 20 SX, PLUG 350-550'	860' FSL & 660' FWL SEC. 11-T16S-R30E EDDY COUNTY, NM API # 30-015-22937 SPUD DATE: 6/11/79
			eese Sector				

3160-5 I 2 1990) DEPART BUREAU	FORM APPROVED Budget Bureau No. 1004-0135 Expires: March 31, 1993 5. Lease Designation and Serial No.	
Do not use this form for proposals	ES AND REPORTS ON WELLS to drill or to deepen or reentry to a different reservoir. IN FOR PERMIT-* for such proposals	NM - 11327 6. If Indian, Allottee or Tribe Name
pe of Well	BMIT IN TRIPLICATE	7. If Unit or CA, Agreement Designation
Yell Well X Other	PRODUCTION COMPANY	8 Well Name and No. Norman Federal 9. API Well No.
dress and Telephone No. P. O. Box	······································	10: Field and Pool, or Exploratory Area
cation of Well (Pootage, Sec., T., R., M., or Sarve 1980' FSL and 198	•	Henshaw Q-G-SA
Section 14-18S-30		Eddy
	X(S) TO INDICATE NATURE OF NOTICE,	REPORT, OR OTHER DATA
TYPE OF SUBMISSION	TYPE OF ACTION	
Notice of Intent Subsequent Report Final Abandonmant Notice	X Abandonment Recompletion Plugging Back Casing Repair Alrening Casing	Change of Plans New Construction Non-Routine Fracturing Water Shut-Off Conversion to Injection
ucite Proposed or Completed Operations (Clearly siste a a succurace according and measured and true varues as	Detter Destinent details, and give pertinent date, including certimeted date of starting and pus the full interstet and zones perturent to any work,	Dispose Water Outer Buyert mention of petitipie examplesion on Well Champiesian on Hectomorelian Harar and Lag Yers.) by proposed work. If well is directionally dillied,

Set CIBP @ 2200' with 35' cement. Circulate hole with 9# mud. Cut and pull casing at +/- 1900'. Spot 100' plug, 25 sx, half in and half out of casing stub. Spot 100' plug, 25 sx, 1324' - 1424'. Spot 100' plug, 25 sx,

350' - 450'. 50', spot 15 sx surface plug. Install dry hole marker. Clean location, rip and reseed.

(Attachment: Plugging Procedure)

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ateby settify that the foregoing is true and correct		
and Allymbite	Title Production Records	Date March 14, 2002
us space for Pederal or State office use)		
proved by achuons of approval, if any:	Title	Date
e 18 U.S.C. Section 1001, makes it a trime for any person knowingly and spicementations as to any matter within its jurisdiction.	willfully to make to any department or agency of the United Sta	ates any false, fictilious or fraudulant streetweate
	See Instruction on Reverse Side	F3160-5.WK1

· • .									
							· · ·		
NORMAN FEDERAL #1 1980' FSL & 1980' FWL SEC. 14-T16S-R30E EDDY COUNTY, NM API # 30-015-22748 SPUD DATE: 12/20/78	50', 15 SX. SURFACE PLUG 100', 25 SX., 350'-450'	100', 25 SX., 1324'-1424'	CUT AND PULL CASING @ +/- 1900' 100', 25 SX. 1/2 IN & 1/2 OUT OF STUB	CIBP @ 2200' W/ 35' CEMENT		INSTALL DRY HOLE MARKER CLEAN LOCATION, RIP AND RESEED	3620' CIBP WI 35' CEMENT 46', 3671'-73', 3688-90'	; @ 3824' ≍ .2278 CU. FT. / FT. 6 EXCESS=1740' FILL	
8 5/8" CASING @ 443' 300 SX - CIRC. 10 SX.	20 JTS. 2 3/8"TUBING		·	TOC +/-2080' PERF_2222-50'	PERF. 2504-16		PBTD 3585' 3620' CIBP PERF. 3640'-46', 3671'-7	4 1/2" CASING @ 3824' 400 SX. "H" 4 1/2" X 7 5/8" = .2278 CU. FT. / FT. 600SX + 25% EXCESS=1740' FILI	
					2004				
			کی۔						
T. SALT 450		T. YATES 1424' 7-RVRS 1592'		T. QUEEN 2232	T. PENROSE 2501 METEX 2756	PREMIER 2926' T. SAN ANDRES 2952' LOVINGTON 3056'	SLAUGHTER 3664'		

MAYO MARRS CASING PULLING, INC. P.O. Box 863 Kermit, Tx. 79745 915-586-3076 03-14-02

STRATA PRODUCTION COMPANY PO. BOX 1030 ROSWELL, N.M. 88202 Attn: BRUCE STUBBS

PHONE 505-624-2800 FAX 505-623-1777

Dear Mr. Stubbs

Mayo Marts Casing Pulling Inc. would like to submit an offer to P&A as follows:

O'BRIEN # 1	\$ 11,830.	.00
NORMAN FED. # 1		.00
DUNCAN FED. # 1	\$ 5,380	.00

SALVAGE WOULD BE CREDITED BACK @ THE FOLLOWING RATES: 2 7/8" TUBING @ \$.85/FT 2 3/8" TUBING @ \$.45/FT 4 1/1" CASING @ \$ 1.25/FT 5 1/3" CASING @ \$ 2.15/FT

A RESPONSIBILITY SHEET IS ATTACHED.

ANY CHANGES DUE TO OCD, BLM OR STRATA WOULD BE BILLED FROM OUR CURRENT RATES.

We do appreciate the opportunity to furnish this bid and look forward tolany help we may be.

Sincerely, **Rickey Smith**

Obrien 3 w/s Norman + Duncan Swles

× 7

Mayo Marts Casing Pulling Inc. Materials for Turnkey bid

. . .

OPERATOR: STRATA WELL: DUNCAN FED. #1 DATE: 03-14-2002

DATE: 03-14-2002	Mayo Marts	Operator
Cement Per 45 Sacks	X_	
Salt gol 35 Sacks	···· _X_	
CaCl Sacks		
Fresh Water 50 Bbls	<u>X</u>	·
Brine Water 130 Bbls	X	
Pump Truck	x	· · · · · · · · · · · · · · · · · · ·
CIBP	x_	
Packers	· · · · · <u></u> · · <u></u>	·
Retainers	· · · · · · · · · · · · · · · · · · ·	· •••••••
Pulling unit & tubing tongs	···· <u> </u>	
Elevators, slips, bowls	x	
Casing longs thru 9 5/8	X	· · · · · · · · · · · · · · · · · · ·
Hydraulic jacks thru 9 5/8	<u>x</u>	
Welding as per proceedure	<u> </u>	
Casing cut nitro	_1	•••••••••
Casing cut jet cutter	1	·····
	ED	
Tubing Workstring AS REQUIE	ED	
B.O.P. thru 2 7/8	· · · · <u> </u>	•
Equipment rentals if needed	FISHING TO	OL,ETC. X
Dig working pit	<u>X</u>	· · · · · · · · · · · · · · · · · · ·
Cover working pit	<u>X</u>	:
Dry Hole Marker	<u> </u>	
Site preparation with anchors	· • • • <u></u>	X
Salvage removal (Mayo Marrs)	<u> </u>	and the second
Salvage removal (Company)	· · · · · <u></u>	_X_
Miscellancous:		

- 1. This bid is valid for ninety days from date of letter.
- 2. This bid is based on information provided by operator, any changes made by the operator, RRC, BLM or New Mexico OCD will be billed from our price sheets.
- 3. Not responsible for additional trucking due to lost circulation, water flows or
- disposal of pit fluids. Amount of Water furnished as to bid.
- 4. Land veclamation is the responsibility of operator.

MAYO MARRS CASING PULLING INC.

Operator

Mayo Marts Casing Pulling Inc. Muterials for Turnkey bid

Mayo Marrs

OPERATOR: STRATA WELL: NORMAN FED. # 1 DATE: 03-14-2002

Cement Per 90 Sacks	<u>_</u> X	
Salt gel 45 Sacks	X	
CaCl Sacks		
Fresh Water 50 Bbls	X_	
Brine Water 190 Bbls	_x	
Pump Truck	X	
CIBP	_ X	
Packers		
Retainers	• • • • •	
Pulling unit & tubing tongs	<u>x</u> _	
Elevators, slips, bowls	x	
Casing tongs thru 9 5/8	x	
Hydraulic jacks thru 9 5/8	x	
Welding as per proceedure	x	
Casing cut nitro	, _x	
Casing cut jet cutter	X	
Perforating AS REQUIRED	D	
Tubing Workswing AS REQUIRED	DX	
B.O.P. thru 2 7/8	X	
Equipment rentals if needed	FISHING TOOL, ETC.	X
Dig working pit	X	
Cover working pit	<u>_</u> X	-
Dry Holc Marker	X	
Site preparation with anchors		_X
Salvage removal (Mayo Marrs)	X	
Salvage removal (Company)	····	_x
Miscellancous:		

1. This bid is valid for ninety days from date of letter.

2. This hid is based on information provided by operator, any changes made by the operator, RRC, BLM or New Mexico OCD will be billed from our price sheets.

3. Not responsible for additional trucking due to lost circulation, water flows or

disposal of pit fluids. Amount of Water furnished as to bid.

4. Land reclamation is the responsibility of operator.

MAYO MARRS CASING PULLING INC.

Operator

Mayo Marrs Casing Pulling Inc. Materials for Turnkey bid

OPERATOR: STRATA WELL: O'BRIEN#1 DATE: 03-14-2002

Mayo Marrs

Coment l'er 145 Sacks	X	
Salt gel 85 Sacks	X	<u></u>
CaCl Sacks		 ,
Fresh Water 50 Bbls	X	<u> </u>
Brine Water 190 Bbls	X	
Pump Truck		
CIBP	····· <u> </u>	
Packers		
Retainers		
Pulling unit & tubing tongs	X	·
Elevators, slips, bowls	$-\frac{x}{x}$	
Casing tongs thru 9 5/8		
Hydraulie jacks thru 9 5/8	×	
Welding as per proceedure	X	
Casing cut nitro	1X	
	<u>1</u> X	
	RED	
Tubing Workstring AS REQUI		
B.Q.P. thru 2 7/8	x	
Equipment rentals if needed	FISHING TOOL, ETC.	X
Dig working pit	<u>_x_</u>	·*************************************
Cover working pit	<u>_</u> X	~~~~~
Dry Hole Marker	x	
Site preparation with anchors		X
Salvage removal (Mayo Marrs)	<u>x</u>	
Salvage removal (Company)		- <u>x</u>
Miscellaneous:		<u></u>

1. This bid is valid for ninety days from date of letter.

2. This bid is based on information provided by operator, any changes made by the operator, RRC, BLM or New Mexico OCD will be billed from our price sheets.

3. Not responsible for additional trucking due to lost circulation, water flows or disposal of nit fluids. Amount of Water furnished as to bid.

4. Land reclamation is the responsibility of operator,

MAYO MARRS CASING PULLING INC.