

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Strata Production Company

3a. Address
PO Box 1030, Roswell, NM 88202-1030

3b. Phone No. (include area code)
575-622-1127

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
330' FSL & 330' FWL, S24-T23S-R30E

5. Lease Serial No.
NM114356

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No.
35251

8. Well Name and No.
Sandy Federal 003

9. API Well No.
30-015-40055

10. Field and Pool or Exploratory Area
Forty Niner Ridge; Delaware

11. County or Parish, State
Eddy County, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Method of water disposal
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Produced water from the Sandy Federal #3 is injected into the Forty Niner Ridge Unit #1 and Forty Niner Ridge Unit #6 SWD well's.

1. Water is produced from the Delaware formation.
2. The Sandy Federal #1 produces an average of 830 BWPD.
3. Water is moved to disposal facility by pipeline.
4. N/A
5. Disposal Facility:
Strata Production Company
Forty Niner Ridge Unit #1 located 1980' FSL & 1980' FEL in Sec 16, T23S, R30E
Forty Niner Ridge Unit #6 located 990' FSL & 2050' FEL in Sec 22, T23S, R30E
6. Forty Niner Ridge Unit #1 SWD - 1437
Forty Niner Ridge Unit #6 SWD - 1323

APD 3/10/15
Accepted for record
NMOCD

NM OIL CONSERVATION SEE ATTACHED FOR
ARTESIA DISTRICT CONDITIONS OF APPROVAL

MAR 9 2015

RECEIVED

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Jennifer R. Zapata

Title Production Analyst

Signature

Date 01/14/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

APPROVED

FEB 12 2015

Date
JAMES A. AMOS
SUPERVISOR-EPS

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

PRECISION GAS MEASUREMENT, INC.
P.O. BOX 8323 ROSWELL, NM 88202 (575) 622-9874

ORIFICE METER TEST REPORT

Co. STRATA Production Date 8-8-14
Gas Fr. STRATA Fed. Lse # _____
Gas To ACPM Sta. # _____
Lease SANDY 3 System _____

METER	Type	Serial #	Diff. Range	Static Range	Temp. Range
Barton <input checked="" type="checkbox"/>					
American <input type="checkbox"/>	202E	388873	100	250	N/A
Foxboro <input type="checkbox"/>	CHART	ROTATION	PEN ARC	TIME LAG	Atmos. Press ON METER
EPM <input type="checkbox"/>	Sq. Rt. <input type="checkbox"/>	24 HR <input type="checkbox"/> 8 day <input checked="" type="checkbox"/> 31 day <input type="checkbox"/>	OK <input checked="" type="checkbox"/>	OK <input checked="" type="checkbox"/>	<input type="checkbox"/> Yes
Other <input type="checkbox"/>	Linear <input checked="" type="checkbox"/>	7 day <input type="checkbox"/> 16 day <input type="checkbox"/> Other <input type="checkbox"/>	Reset <input type="checkbox"/>	Reset <input type="checkbox"/>	15.2 <input type="checkbox"/> No

Diff Ave.		Static Ave.		Temp Ave.		Tube & Plate Size
Found	Left	Found	Left	Found	Left	
30	30	87	87	NA		3.064 x 0.625

DIFFERENTIAL TEST			ZERO TEST + - OK			TYPE CONNECTION	
Found	CAL	0	10	100	50	30	Flange <input checked="" type="checkbox"/> Pipe <input type="checkbox"/>
	MTR	0.0	10.0	100.0	58.0	30.0	ORIFICE FITTING Flanges <input type="checkbox"/> Simplex <input checked="" type="checkbox"/> Jr. Fitting <input type="checkbox"/> Sr. Fitting <input type="checkbox"/>
Left	CAL						ORIFICE CONSTANT ↓ Basic F
	MTR						

STATIC TEST		CONNECTION Up <input type="checkbox"/> Down <input checked="" type="checkbox"/>		TEMPERATURE TEST		Orifice Flow	B	78.625
		FOUND		THERMOMETER				
DW	METER	DW	METER	Thermometer		Press B.S.	F	
74.4	87.4			Mtr. Found	N/A	74.73	F B	
0	13.2	Sonne		Meter Left		Specific Gravity	F G	1.0800
				GAS GRAVITY		Sq. Rt. Chart Factor	C S	
				8572		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

ORIFICE PLATE INSPECTION		ORIFICE PLT. CHANGE	1 Hr. Coeff.	
Inspected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	IN	24 Hr. Coeff. SCF/D	84.915
0167 Clean	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	X		2037.9
Sharp	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No	OUT	24 Hr. Coeff. MCF/D	2.038
Damaged	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	X		
Seal Condition	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Bad	Chart Changed	Left Corr. Calibrated	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Seal Replaced	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Yes <input type="checkbox"/> No <input type="checkbox"/>		

Remarks:

[Signature]
Tester

Witness



Co. Strata Date 11-24-14
Gas Fr. Strata Fed. Lse # _____
Gas To DCP Sta. # _____
Lease Sandy unit #3 System _____

Diff Ave.		Static Ave.		Temp Ave.		Tube & Plate Size
Found	Left	Found	Left	Found	Left	
P.O	O.O	155.0	154.0	N/A		3.064 x .625

STATIC TEST		CONNECTION		TEMPERATURE TEST		Orifice Flow	F	
		Up <input type="checkbox"/>	Down <input checked="" type="checkbox"/>	Thermometer	Press B.S.	F		
FOUND		LEFT		Mtr. Found	N/A	@	F	
DW	METER	DW	METER	Meter Left			P	
119	132						B	
0	13.2	5				Specific Gravity	F	
		me					G	
				GAS GRAVITY	SAMPLE	Sq. Rt. Chart Factor	C	
					<input type="checkbox"/> Yes		S	
					<input checked="" type="checkbox"/> No			

Remarks:

Rezero D.P.

Witness

Precision Gas Measurement, Inc.

Natural Gas Report

Sample Information

Sample Information	
Company Name	STRATA PRODUCTION
Lease Name	SANDY 3
Location ID	
Sample Date	8/8/2014
WATER	
Method Name	BTUH2S.met
Injection Date	2014-08-08 11:24:52
NGA Phys. Property Data Source	GPA Standard 2145-09 (FPS)

Component Results

Component Name	Norm%	Gross HV (Dry) (BTU / Ideal cu.ft.)	Gross HV (Sat.) (BTU / Ideal cu.ft.)	Relative Gas Density (Dry)	GPM (Dry) (Gal. / 1000 cu.ft.)
H2S	0.0000	0.0	0.0	0.00000	0.000
NITROGEN	6.7534	0.0	0.0	0.06532	0.746
CARBON DIOXIDE	0.4094	0.0	0.0	0.00622	0.070
METHANE	63.8870	646.8	635.5	0.35387	10.879
ETHANE	13.5214	239.8	235.7	0.14038	3.632
PROPANE	8.7495	220.7	216.8	0.13321	2.421
I-BUTANE	1.2485	40.7	40.0	0.02505	0.410
N-BUTANE	2.8743	94.0	92.4	0.05768	0.910
I-PENTANE	0.7466	29.9	29.4	0.01860	0.274
N-PENTANE	0.6832	27.5	27.0	0.01702	0.249
C6+	1.1267	57.9	56.9	0.03625	0.491
Water	0.0000	0.0	0.0	0.00000	0.000
Total:	100.0000	1357.2	1333.6	0.85361	20.083

Results Summary

Result	Dry	Sat.
Total Normalized Mole%	100.0000	100.0000
Pressure Base (psia)	14.730	
Flowing Temperature (Deg. F)	60.0	
Flowing Pressure (psia)	88.0	
Water Mole%		1.7407
Gross Heating Value (BTU / Ideal cu.ft.)	1357.2	1333.6
Gross Heating Value (BTU / Real cu.ft.)	1363.6	1340.4
Relative Density (G), Real	0.8572	0.8536
Compressibility (Z) Factor	0.9954	0.9949
Total GPM	20.083	19.842
Wobbe Index	1472.8	1450.9

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

NM OIL CONSERVATION
ARTESIA DISTRICT

MAR 9 2015

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**Disposal of Produced Water From Federal Wells
Conditions of Approval**

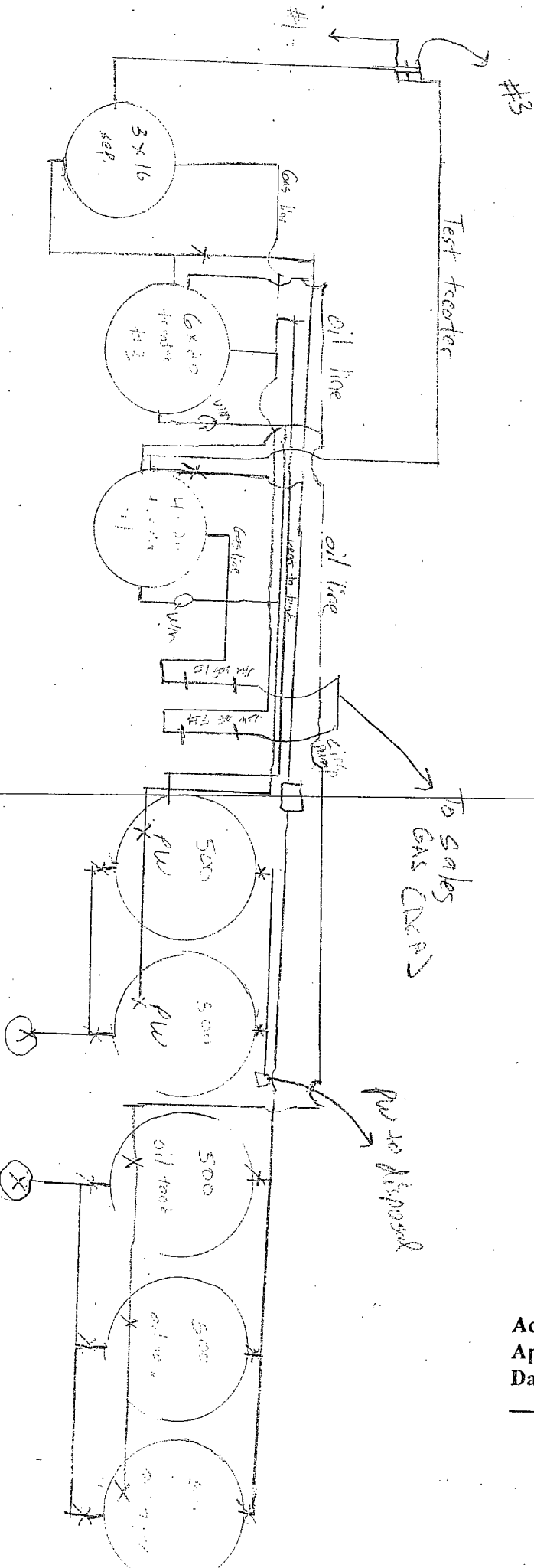
Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
8. Disposal at any other site will require prior approval.
9. Subject to like approval by NMOCD.

7/10/14

SANDY FEDERAL LEASE Facility Diagram

Sandy Federal #1 & #3 Battery
located on Sandy Fed #1 location
1979 FNL & 660 Fuel
Sec 24-T235-R30E



Accepted for Record Purposes.
Approval Subject to Onsite Inspection.
Date: 2/12/15

Edw. J. Dumas

(COG OEG)

Strata Prod

8.1.2015

114356

\$1000

(Phillips)
Sandy Unit
Short-Disc

SANDY BATTERY

StrataProd. 24

New Location

Flowline from #3 to battery

Sandy #3

U.S.

BHL

BHL

BHL

Accepted for Record Purposes.
Approval Subject to Onsite Inspection.
Date: 2/12/15

[Signature]



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220-6292



IN REPLY REFER TO:
15JH061WL

CERTIFIED RETURN RECEIPT REQUESTED
70142120000148695464

December 16, 2014

Strata Production Company
P.O. Box 1030
Roswell, NM 88202-1030

RE: Sandy Federal Lease NMNM114356

The BLM Carlsbad Field Office is currently conducting a Production Inspection for Lease number NMNM114356, the Sandy Federal.

To assist us in completion of the review, please send a copy of the following documents to our office (attention: Jim Hughes):

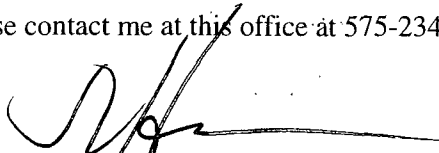
1. An up to date facility diagram for all facilities on the lease
2. On a sundry notice, the method of water disposal for the wells
3. The latest gas characteristics report
4. The last two gas meter calibration reports for all sales meters on the lease.

We have found that there are discrepancies in the volumes reported to the Office of Natural Resources Revenue (ONRR) for oil volumes. We found that for the well Sandy Federal 1 (API:3001521126) no volumes for oil or gas were reported for the period 2012/8. For the well Sandy Federal 3 (API 3001540056) we found no volumes of oil or gas reported for 2012/8 or 2012/9. Verification of volumes reported to the New Mexico Oil Conservation Division (NMOCD) indicates volumes were produced and sold during those periods. You must take action to submit corrected reports for 2012/8 and 2012/9 to ONRR to include the missing information identified above. Notify the BLM when the reports are submitted.

The above actions are due no later than January 15, 2015.

Review and Appeal Rights: A person contesting a decision shall request a State Director review of the Notice of Incident of Noncompliance. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director, New Mexico State Office, P.O. Box 27115, Santa Fe, NM 87502-0115 (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

If you have any questions, please contact me at this office at 575-234-5950.


Jim Hughes
Petroleum Engineering Technician