District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
FEB 22 2006
OCD-ARTESIA

Form C-101
Instructions On Back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies
AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1 Operator Name and Address	2 OGRID Number
Strata Production Company P. O. Box 1030 Roswell, New Mexico 88202-1030	021712 3 API Number 30-015-25454

4 Property Code	5 Property Name	6 Well No.
34579	FORTY NINER RIDGE	3

7 Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
F	16	23S	30E		2310'	NORTH	1980'	WEST	EDDY

8 Proposed 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

9 Proposed Pool 1	10 Proposed Pool 2
FORTY NINER RIDGE DELAWARE	

11 Work Type Code	12 Well Type Code	13 Cable/Rotary	14 Lease Type Code	15 Ground Level Elevation
D	O	Rotary	S	3124'
16 Multiple	**17 Proposed Depth**	**18 Formation**	**19 Contractor**	**20 Spud Date**
N	7450'	Bone Spring		02/27/06

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	54.5#	420'	650 SX	Circ (Existing)
12 1/4"	8 5/8"	32#	3500'	1500 SX	Circ (Existing)
7 7/8"	5 1/2"	15.5#	6400'	700 SX	Circ (Existing)
4 3/4"	4"	10.6#	6400 - 7450'	60 SX	Circ

22. Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone.

Strata Production Company proposes to deepen to a depth sufficient to set csg in the top of the Bone Spring and test "I", I'2", "K", "K-2" & "L" zones. If productive, a 5 1/2" csg will be set. If non-productive, the new hole will be plugged & abandoned in a manner consistent with State Regulations.

Form C-102 Well Location & Acreage Dedication Plat
Hole Prognosis
Surface Use Plan
H2S Drilling Operations Plan
Exhibit "A" Equipment Description w/attachment
Exhibit "B" Access Roads
Exhibit "C" One Mile Radius Map w/attachment of Status of Wells within One Mile Radius
Statement Accepting Responsibility for Operations
Pit or Below-Grade Tank Registration or Closure

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guildelines ☒, a general permit ☐, or an (attached) alternative OCD approved plan ☐.

Signature: Kelly M Britt
Printed name: Kelly M. Britt
Title: Production Records
Date: 02/20/06
Phone: 505-622-1127 x 15

OIL CONSERVATION DIVISION
Approved By: District II Supervisor
Title:
Approval Date: FEB 23 2005
Expiration Date: FEB 23 2006
Conditions of Approval:
Attached

'L CONSERVATION DIVISIO'

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
Strata Production Company	Forty Niner Ridge	3

Unit Letter	Section	Township	Range	County
F	16	23-S	30-E	Eddy

Actual Footage Location of Well:
2310 feet from the North line and 1980 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3124'	Forty Niner Ridge Delaware		40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

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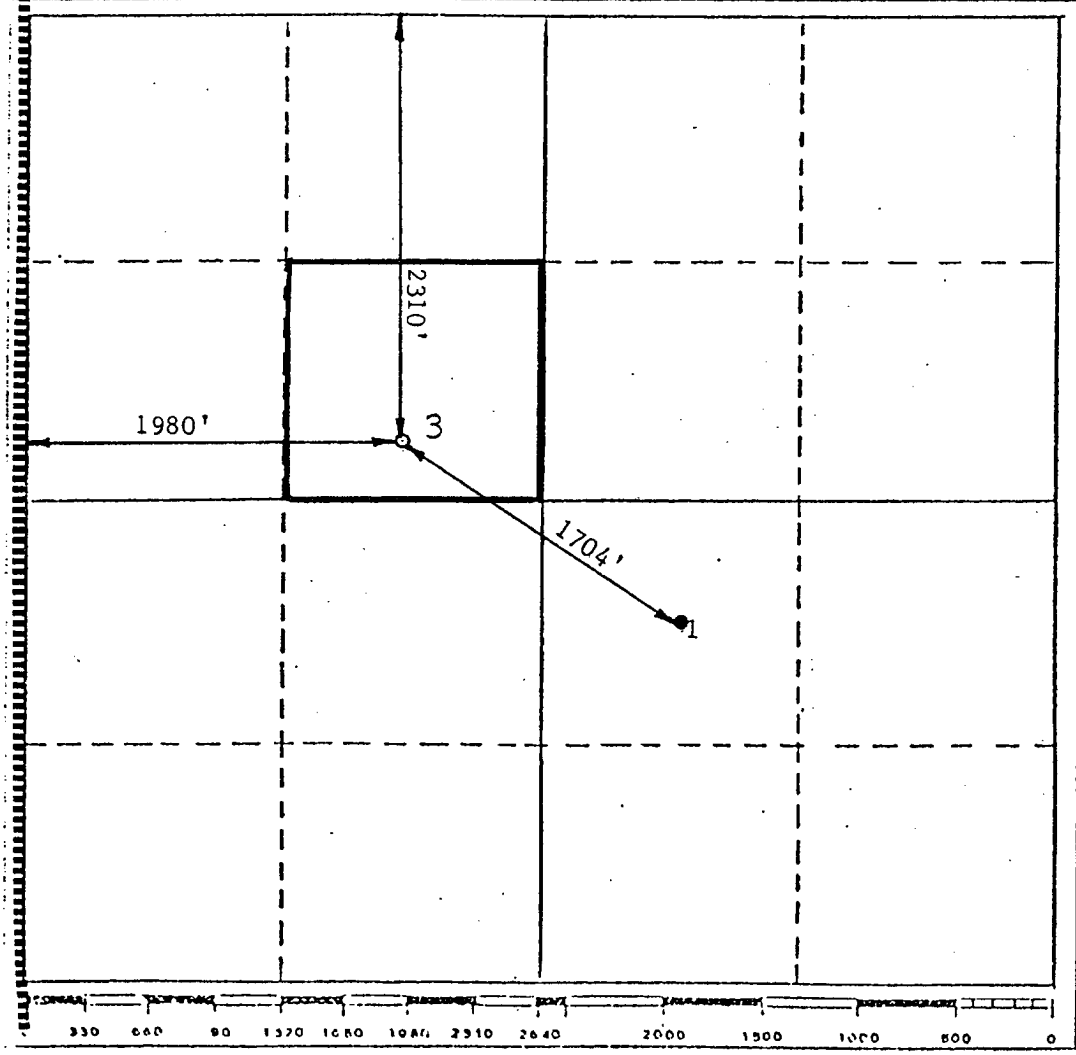
APR -2 1987
O. C. D.
ARTESIA, OFFICE

[X] Yes [ ] No If answer is "yes," type of consolidation Unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

B. L. Eiland

Name
B. L. Eiland

Position
Division Surveyor

Company
Texaco Producing Inc.

Date
March 24, 1987

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 Surveyed
March 23, 1987

Registered Professional Engineer and/or Land Surveyor

B. L. Eiland

Certificate No.
4386

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State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes [X] No [ ]
Type of action: Registration of a pit or below-grade tank [X] Closure of a pit or below-grade tank [ ]

Operator: Strata Production Company Telephone: 505-622-1127 e-mail address: kbritt@stratanm.com
Address: P. O. Box 1030, Roswell, NM 88202-1030
Facility or well name: Forty Niner Ridge #3 API #: 30-015-25454 U/L or Qtr/Qtr F Sec 16 T 23S R 30E
County: Eddy Latitude _____ Longitude _____ NAD: 1927 [ ] 1983 [ ]
Surface Owner: Federal [ ] State [X] Private [ ] Indian [ ]

Pit	**Below-grade tank**	
Type: Drilling [X] Production [ ] Disposal [ ] Workover [ ] Emergency [ ] Lined [X] Unlined [ ] Liner type: Synthetic [X] Thickness 12 mil Clay [ ] Pit Volume 10715 bbl	Volume: ____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes [ ] If not, explain why not.	RECEIVED FEB 22 2006 OCD-ARTESIA
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) 440'	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)
	Ranking Score (Total Points)	0

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if your are burying in place) onsite [ ] offsite [ ] If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No [ ] Yes [ ] If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines [X], a general permit [ ], or an (attached) alternative OCD-approved plan [ ].**

Date: 2/20/06
Printed Name/Title Production Records Signature Kuon Britt

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Printed Name/Title Gerry Guye ~~Compliance Officer~~ Signature Gerry Guye Date: FEB 23 2006

HOLE PROGNOSIS
FORM C-101 APPLICATION FOR PERMIT TO DRILL
STRATA PRODUCTION COMPANY
FORTY NINER RIDGE #3
2310' FNL & 1980' FWL
SECTION 16-23S-30E
EDDY COUNTY, NEW MEXICO

In conjunction with Form C-101, Application for Permit to Drill, Deepen, or Plug Back, Strata Production Company submits the following items in accordance with applicable state regulations.

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Geologic Markers:

Rustler	Surface	Delaware	3650'
Top of Salt	700'	Bone Spring	7400'
Base of Salt	3380'	Brushy Canyon	5784'
T.D.	7450'		

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Surface	150'	Fresh Water
Delaware	3650' - 7450'	Oil or Gas

No other formations are expected to produce oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by the existing 13 3/8" casing at 420' with cement back to surface. Any shallower zones above 6400' which contain commercial quantities of oil and/or gas have cement circulated across the zones by cementing the 5 1/2" production casing which will be run at 6400'. Zones in the Brushy Canyon will be isolated by cementing the 4" liner from 6400' to TD.

4. Casing Program:

Hole Size	Interval	OD csg	Weight, Grade, Jt. Cond, Type
17 1/2"	420'	13 3/8"	54.5#, K-55, ST&C, Existing
12 1/4"	3500'	8 5/8"	32#, J-55, LT&C, Existing
7 7/8"	6400'	5 1/2"	15.5#, K-55, LT&C, Existing
4 3/4"	6400 - 7450'	4"	10.6#, N-80 Ult-FJ New

Cementing Program:

Production Liner:	If appropriate, a 4" Liner will be set at Total Depth back to 6200'and cemented with approximately 60 sacks Chem Crete.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit "A" will consist of a double ram-type (3000 psi WP) preventer will be manually operated and the ram-type preventer will be equipped with blind rams on top and 2 7/8" drill pipe rams on bottom. The BOP will be nippled up on the 5/12" production casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 1000 psi before drilling out of the 5 1/2" casing.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line will be included in the wellhead located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP).

6. Types and Characteristics of the Proposed Mud System:

6400' to TD	Brine and fresh water with salt gel and starch will be used to maintain a viscosity of approximately 31 and a water loss of 15 to 25 cc's.

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

7. Auxiliary Well Control and Monitoring Equipment:

A. A kelly cock will be kept in the drill string at all times.

B. A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

8. Testing, Logging and Coring Program:

A one (1) man Mudlogging unit from 6400' to TD. Logs will include DLL-MSFL, CNL-Density, Gamma Ray, Caliper.

Mudlogging unit will be employed from approximately 6400' to 7450' (Total Depth). The Dual Laterolog and the Compensated Neutron/Density Log will be run from TD back to 6400'. In some cases, Strata elects to obtain sidewall cores from selected intervals from approximately 6400' to 7400' dependent upon logging results.

9. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are anticipated.

Loss of circulation is possible in the Delaware section of the hole, however, no major loss circulation zones have been reported in offsetting wells.

Strata has drilled and completed seventeen (17) wells in the immediate area. To date, Hydrogen Sulfide has not been encountered . However, if Hydrogen Sulfide is encountered, a Hydrogen Sulfide alarm on the drilling rig would be activated. All personnel have had Hydrogen Sulfide training and appropriate breathing apparatus is located on site. If necessary, the well can be shut in utilizing the blow out preventer and other equipment to prevent the migration of Hydrogen Sulfide to the surface.

10. Anticipated Starting Date and Duration of Operations:

Location work will not begin until approval has been received from the OCD. The anticipated spud date is February 27, 2006. Once commenced, the drilling operation should be finished in approximately 10 days. If the well is productive, an additional 15 days will be required for completion and testing before a decision is made to produce the well.

SURFACE USE PLAN
APPLICATION FOR PERMIT TO DRILL
STRATA PRODUCTION COMPANY
FORTY NINER RIDGE #3
2310' FNL & 1980' FWL
SECTION 16-23S-30E
EDDY COUNTY, NEW MEXICO

Submitted with Form C-101, Application For Permit to Drill, Deepen, or Plug Back covering the above captioned well. The purpose of the plan is to describe the location, the proposed construction activities and operations plan, the surface disturbance involved, and the rehabilitation of the surface after completion of said well so that an appraisal can be made of the environment affected by this well.

1. Existing Roads:

   A. The well site and elevation plat for the proposed well is attached. It was staked by B. L. Eiland, Texaco Producing Inc. Division Surveyor.

   B. All roads to the location are shown in Exhibit "B". The existing roads are illustrated in red and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the on-site inspection.

   C. Directions to location: 9 miles east from Loving, New Mexico, the well is located approximately 3 miles to the south of State Highway 128.

   D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

   The existing road is sufficient. No new roads will need to be constructed.

3. Location of Existing Wells:

Exhibit "C" shows all existing wells within a one mile radius of proposed well. A list of these wells is shown on the attachment to Exhibit "C".

4. Location of Existing and/or Proposed Facilities:

In the event the proposed well proves to be productive, Strata Production Company will furnish maps or plats showing On Well pad facilities and Off Well pad facilities (if needed) by Sundry Notice before construction of these facilities starts.

5. Location and Type of Water Supply:

The well will be drilled with a combination of brine and fresh water mud systems as outlined in the Hole Prognosis. The water will be purchased from commercial water stations in the area and trucked to the location by transport over the existing and proposed access roads shown in Exhibit "B". If a commercial fresh water source is nearby, fasline may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad will be obtained from an approved caliche pit. All pads will be constructed of 6" rolled and compacted caliche.

7. Methods of Handling Water Disposal:

A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.

B. Drilling fluids will be contained in steel mud tanks. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing and completion operations. The reserve pit will be an earthen pit approximately 50' x 50' x 4' deep and fenced on three sides prior to drilling. It will be fenced on the fourth side immediately following rig removal. The reserve pit will be plastic lined (12 mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water. Drilling fluids will be allowed to evaporate in the reserve pits until pits are dry.

C. Water produced from the well during completion may be disposed into the reserve pit or a steel tank (depending on the rates). After the well is permanently placed on production, produced water will be piped to the Forty Niner Ridge Unit #1 SWD well. Produced oil will be collected in steel tanks until sold.

D. A self contained chemical toilet will be provided on the location for human waste during the drilling and completion operations. Current laws and regulations pertaining to the disposal of human waste will be complied with.

E. Garbage and trash produced during drilling or completion operations will be disposed in a separate trash trailer on location. All waste material will be contained to prevent scattering by the wind. All water and fluids will be disposed of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by the operation.

F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and kept closed until it has dried. When the reserve pit is dry enough to breakout and fill and, weather permits, the unused portion of the well site will be leveled and reseeded as per BLM specifications. Only that part of the pad required for production facilities will be kept in use. In the event of a dry hole, only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite or other facility will be built as a result of the operations of the proposed well.

9. Well Site Layout:

A. Top soil, if available, will be stockpiled per OCD specifications as determined at the on-site inspection. Since the pad is almost level no major cuts will be required.

B. The reserve pit will be lined with a high quality plastic sheeting (12 mil thickness).

10. Plan for Restoration of the Surface:

A. Upon completion of the proposed operations, if the well is to be abandoned, the pit area, after allowing to dry, will be broken out and leveled. The original top soil will be returned to the entire location which will be leveled and contoured to as nearly the original topography as possible.

All trash, garbage and pit lining will be buried or hauled away in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 120 days after abandonment.

B. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the OCD.

C. Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time the rig is removed, the reserve pit will be fenced on the rig (fourth) side to prevent livestock or wildlife from being entrapped. The fencing will remain in place until the pit area is cleaned up and leveled. No oil will be left on the surface of the fluid in the pit.

D. Upon completion of the proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. The caliche from any area of the original drillsite not needed for production operations or facilities will be removed and used for construction of thicker pads or firewalls for the tank battery installation. Any additional caliche required for facilities will be obtained from a OCD approved caliche pit. Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level and reseeded as per OCD specifications.

11. Surface Ownership:

The wellsite and lease is located entirely on State of New Mexico surface.

12. Other Information:

A. The topography around the well site is rolling terrain with vegetation of sagebrush and native grass. The vegetation cover consists of prairie grasses and flowers. Wildlife in the area probably includes those typical of semi-arid desert land.

B. The soils are clayey sand over caliche base.

C. There are no permanent or live water in the immediate area.

D. There are no residences and other structures in the area.

E. The land in the area is used primarily for grazing purposes.

13. Lessee's and Operator's Representative:

MARK MURPHY
P. O. BOX 1030
ROSWELL, NEW MEXICO 88202-1030
PHONE NUMBER: (505) 622-1127 -OFFICE EXT 12

14. Certification:

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site which currently exists; that the statements made in the plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Strata Production Company and its contractors and sub-contractors in conformity with the plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 USC 1001 for the filing of a false statement.

STRATA PRODUCTION COMPANY

Kelly M Britt

DATE: February 20, 2006

KELLY M. BRITT
PRODUCTION ANALYSIS

STRATA PRODUCTION COMPANY

H_2S DRILLING OPERATIONS PLAN

I. HYDROGEN SULFIDE TRAINING

A. All contractors and subcontractors employed by Strata Production Company will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on the well.

1. The hazards and characteristics of hydrogen sulfide (H_2S).
2. Safety precautions.
3. Operations of safety equipment and life support systems.

B. In addition, contractor supervisory personnel will be trained or prepared in the following areas:

1. The effect of H_2S on metal components in the system. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-down procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.
3. The contents and requirements of the contingency plan when such plan is required.

C. All personnel will be required to carry documentation of the above training on their person.

II. H_2S EQUIPMENT AND SYSTEMS

A. SAFETY EQUIPMENT

The following safety equipment will be on location.

1. Wind direction indicators as seen in attached diagram.
2. Automatic H_2S detection alarm equipment both audio and visual.
3. Clearly visible warning signs as seen on the attached diagram. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.
4. Protective breathing equipment will be located in the dog house and at briefing areas as seen in the attached Diagram.

B. WELL CONTROL SYSTEMS

1. Blowout Prevention Equipment

   Equipment includes but is not limited to:

   a. Pipe rams to accommodate all pipe sizes.
   b. Blind rams.

2. Communication

   a. The rig contractor will be required to have two-way communication capability. Strata Production Company will have either land-line or mobile telephone capabilities.

3. Mud Program

   a. The mud program has been designed to minimize the volume of H_2S circulated to surface. Proper mud weight, safe drilling practices and the use of H_2S scavengers, when appropriate, will minimize hazards when penetrating H_2S bearing zones.

4. Drill Stem Test intervals are as follows:

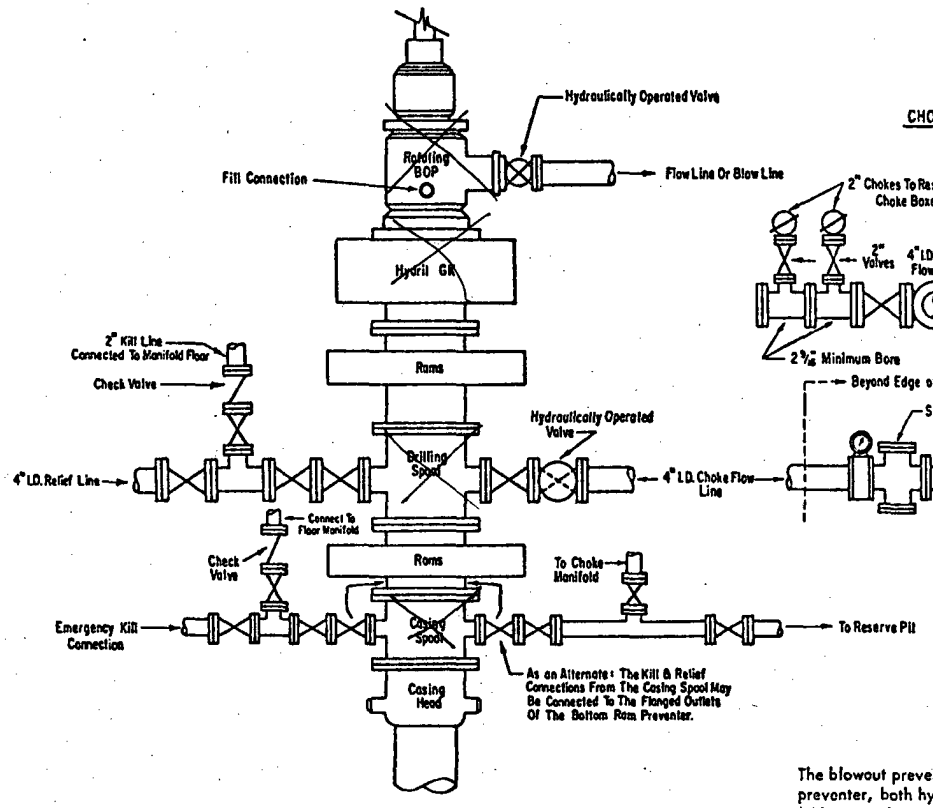
   a. None planned

EXHIBIT 'A'

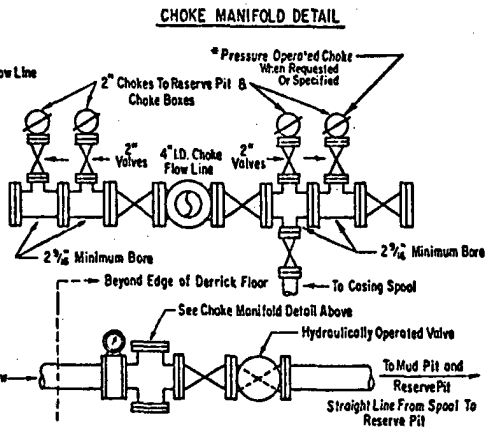
EQUIPMENT DESCRIPTION

All equipment should be at least 3,000 psi WP or higher unless otherwise specified.

1. Bell Nipple
2. Double Ram type blowout preventer with blind rams and pipe rams.
3. Ram type blowout preventer with pipe rams.
4. Flanged type casing head with one side outlet.
5. 2" threaded (or flanged) plug or gate valve. Flanged on 5000# WP, threaded on 3000# WP or less.
6. 2" flanged plug or gate valve.
7. 2" threaded flange.
8. 2" XXH nipple.
9. 2" forged steel 90 ELL.
10. Cameron (or equal) threaded pressure gauge.
11. Threaded flange.
12. 2" flanged tee.
13. 2" flanged plug or gate valve.
14. 2 1/2" pipe, 300' to pit, anchored.
15. 2 1/2" SE valve.
16. 2 1/2" line to steel pit or separator.



3000# PSI WORKING PRESSURE
BLOWOUT PREVENTER HOOK-UP



The blowout preventer assembly shall consist of one single type blind ram preventer and one single type pipe ram preventer, both hydraulically operated; a Hydril "GK" preventer; a rotating blowout preventer; valves; chokes and connections, as illustrated. If a tapered drill string is used, a ram preventer must be provided for each size of drill pipe. Casing and tubing rams to fit the preventers are to be available as needed. If correct in size, the flanged outlets of the ram preventer may be used for connecting to the 4-inch I.D. choke flow line and 4-inch I.D. relief line, except when air or gas drilling. All preventer connections are to be open-face flanged.

Minimum operating equipment for the preventers and hydraulically operated valves shall be as follows: (1)Multiple pumps, driven by a continuous source of power, capable of fluid charging the total accumulator volume from the nitrogen precharge pressure to its rated pressure within_____ minutes. Also, the pumps are to be connected to the hydraulic operating system which is to be a closed system. (2) Accumulators with a precharge of nitrogen of not less than 750 PSI and connected so as to receive the aforementioned fluid charge. With the charging pumps shut down, the pressurized fluid volume stored in the accumulators must be sufficient to close all the pressure-operated devices simultaneously within_____ seconds; after closure, the remaining accumulator pressure shall be not less than 1000 PSI with the remaining accumulator fluid volume at least_____ percent of the original. (3) When requested, an additional source of power, remote and equivalent, is to be available to operate the above pumps; or there shall be additional pumps operated by separate power and equal in performance capabilities.

The closing manifold and remote closing manifold shall have a separate control for each pressure-operated device. Controls are to be labeled, with control handles indicating open and closed positions. A pressure reducer and regulator must be provided for operating the Hydril preventer. When requested, a second pressure reducer shall be available to limit operating fluid pressures to ram preventers. Gulf Legion No. 38 hydraulic oil, an equivalent or better, is to be used as the fluid to operate the hydraulic equipment.

The choke manifold, choke flow line, relief line, and choke lines are to be supported by metal stands and adequately anchored. The choke flow line, relief line, and choke lines shall be constructed as straight as possible and without sharp bends. Easy and safe access is to be maintained to the choke manifold. If deemed necessary, walkways and stairways shall be erected in and around the choke manifold. All valves are to be selected for operation in the presence of oil, gas, and drilling fluids. The choke flow line valves and relief line valves connected to the drilling spool and all ram type preventers must be equipped with stem extensions, universal joints if needed, and hand wheels which are to extend beyond the edge of the derrick substructure. All other valves are to be equipped with handles.

* To include derrick floor mounted controls.

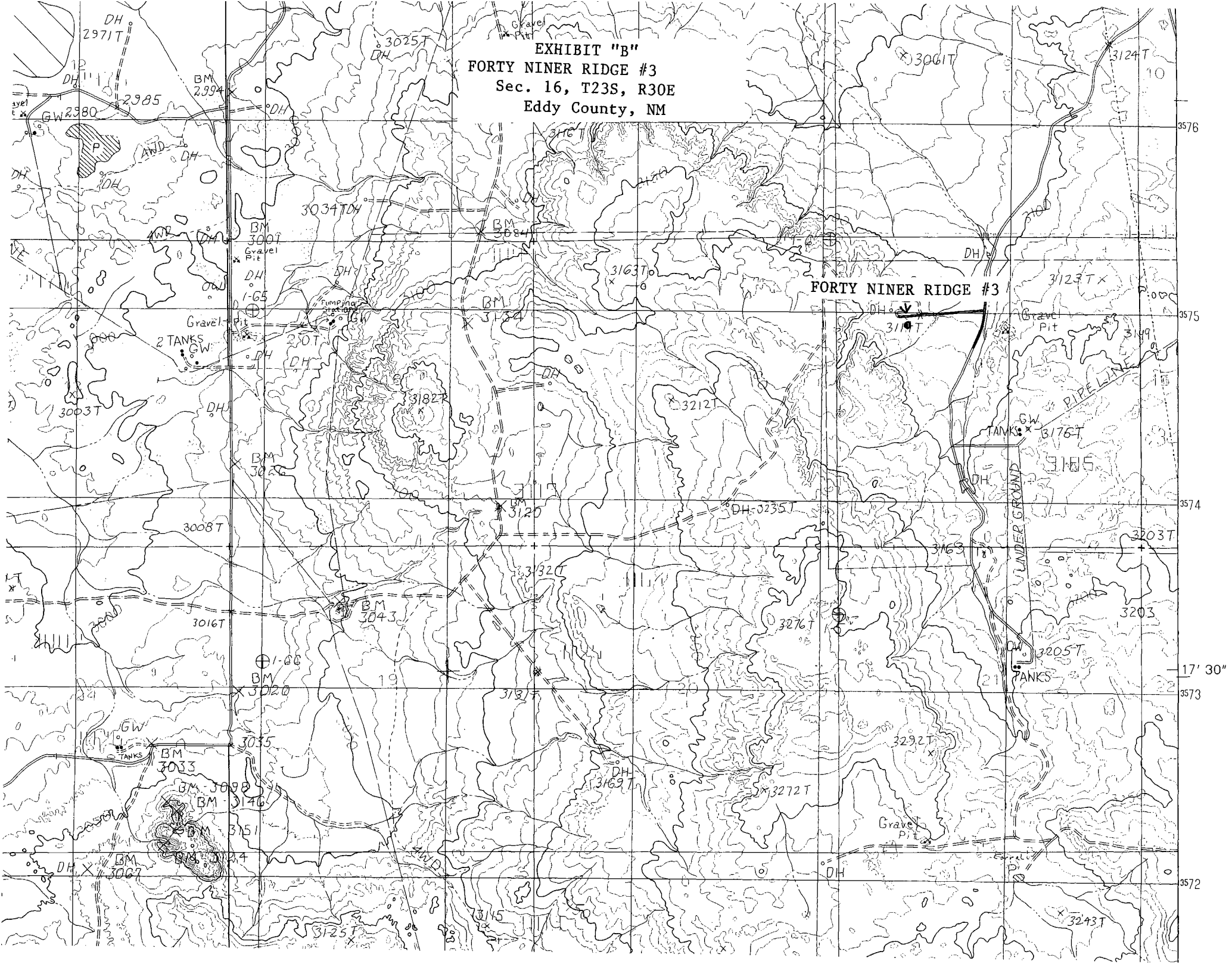


EXHIBIT "B"
FORTY NINER RIDGE #3
Sec. 16, T23S, R30E
Eddy County, NM
FORTY NINER RIDGE #3
PIPE LINE
UNDER GROUND
2 TANKS
TANKS
Gravel Pit
Pumping Station
1-65
1-66
17' 30"
3576
3575
3574
3573
3572

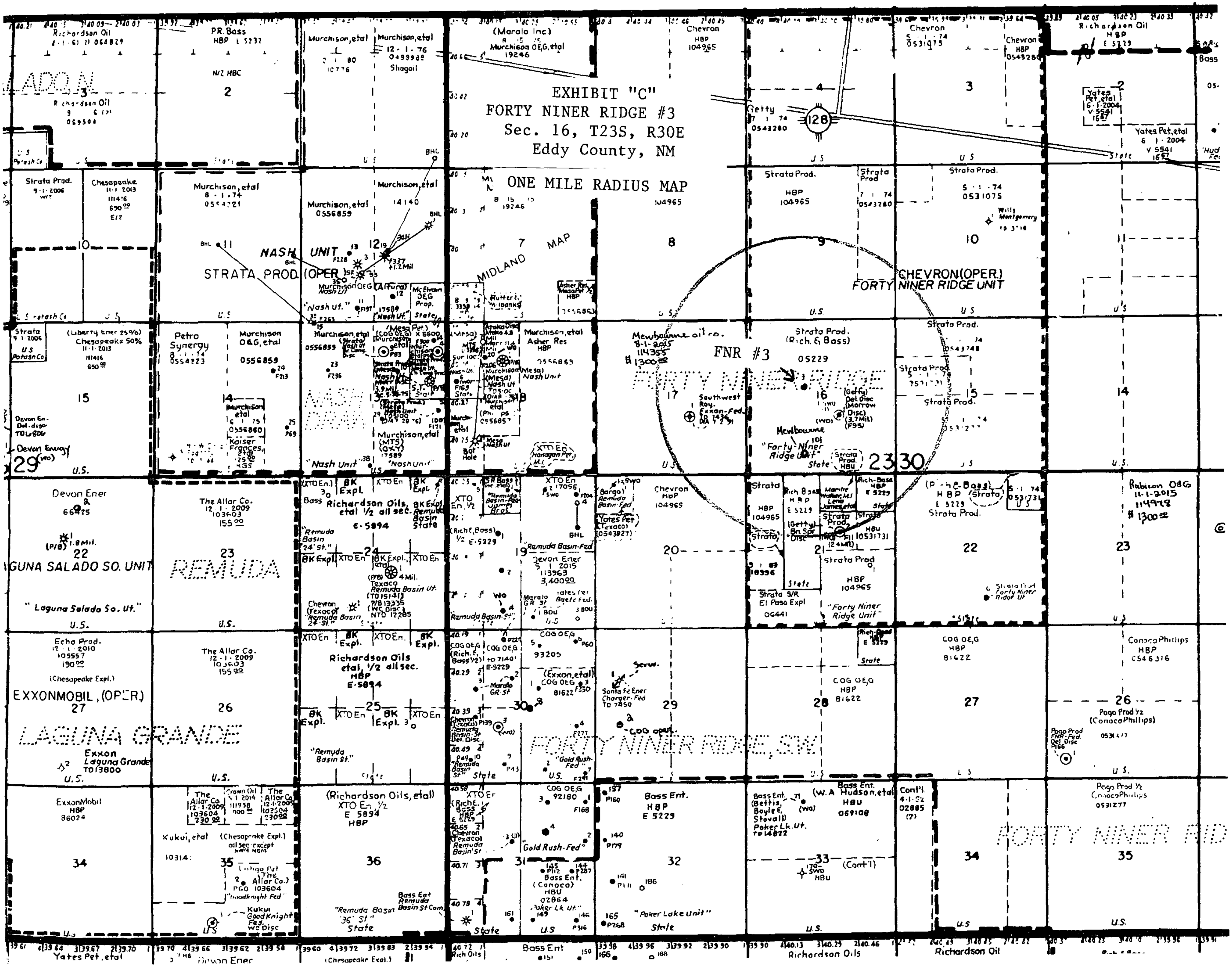


EXHIBIT "C"
FORTY NINER RIDGE #3
Sec. 16, T23S, R30E
Eddy County, NM
ONE MILE RADIUS MAP
FNR #3
CHEVRON (OPER.)
FORTY NINER RIDGE UNIT
NASH UNIT
STRATA PROD (OPER.)
MIDLAND MAP
REMUDA
LAGUNA SALADO SO. UNIT
"Laguna Salado So. Ut."
EXXONMOBIL, (OPER)
LAGUNA GRANDE
FORTY NINER RIDGE, SW
"Forty Niner Ridge Unit"
"Poker Lake Unit"
"Nash Unit"
"Gold Rush-Fed"
"Remuda Basin St."
Strata Prod.
Richardson Oils
Yates Pet, etal
Bass Ent
Devon Ener
Chevron
Murchison, etal
Newbourne oil co.
8-1-2015
114355
Rubicon O&G
11-1-2015
COG OE,G
The Allar Co.
Exxon
Laguna Grande
TD 13800
Pogo Prod 1/2
(ConocoPhillips)
ConocoPhillips
Richardson Oil
Echo Prod.
Petro Synergy
Chesapeake
Kukui, etal
XTO En
BK Expl.
Santa Fe Ener
Southwest Roy.
Exxon-Fed.

Attachment to Exhibit "C"

STATUS OF WELLS WITHIN ONE MILE RADIUS

FORTY NINER RIDGE #3
Section 16-23S-30E
Eddy County, New Mexico
February 2006

Section 16-T23S-R30E	Well & #	Footage	Status/Formation
Strata Production Co.	FNRU #1	1980' FSL & 1980 'FEL	P Delaware
Strata Production Co.	FNR #3	2310' FNL & 1980' FWL	P Delaware
Mewbourne Oil Co.	FNRU #101	660' FSL & 1980' FWL	Drilling

Section 17-T23S-R30E	Well & #	Footage	Status/Formation
Pre Ongard Well Operator	Pre Ongard Well #1	1980' FSL & 1980' FEL	

Section 21-T23S-R30E	Well & #	Footage	Status/Formation
Strata Production Co.	FNRU #2	1980' FNL & 1980' FEL	P Delaware

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

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

TO WHOM IT MAY CONCERN:

The undersigned, on behalf of Strata Production Company, accepts all applicable terms, conditions, stipulations and restrictions concerning the operations conducted on the leased land or portion thereof as described below:

Forty Niner Ridge #3
API Number 30-015-25454
Township 23 South, Range 30 East
Section 16: SE/4 NW/4
Eddy County, New Mexico
Formation: Delaware
Bond: Statewide
Bond Number: OGB-233

STRATA PRODUCTION COMPANY

February 20, 2006
Date

Kelly M. Britt
Production Records