

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**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.

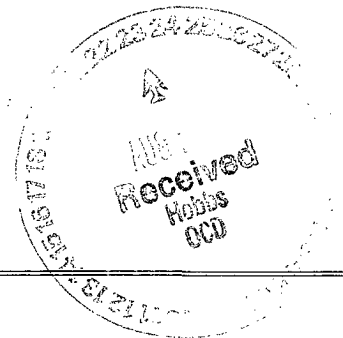
**SUBMIT IN TRIPLICATE**

1. Type of Well Oil <input type="checkbox"/> Gas <input type="checkbox"/> <input checked="" type="checkbox"/> Well <input type="checkbox"/> Well <input type="checkbox"/> Other	5. Lease Serial No. NM-85940
2. Name of Operator STRATA PRODUCTION COMPANY	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. P. O. Box 1030 Roswell, NM 88202-1030 505-622-1127	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980' FSL & 660' FWL Section 11-T23S-R32E	8. Well Name and No. Urraca Federal #3
	9. API Well No. 3002537687
	10. Field and Pool, or Exploratory Area Diamondtail Delaware
	11. County or Parish, State Lea County, New Mexico

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input checked="" type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Plug & Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input type="checkbox"/> Other

13. Describe Proposed or Completed Operations (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 shall be filed within 30days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Strata Production Company respectfully request permisson to set 13 3/8" surface casing at 595' through the Santa Rosa formation as per alternative conditions of approval. Attached is a revised mud program for the alternative conditions of approval.



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Kelly M. Britt		Title Production Records
Signature <i>Kelly M. Britt</i>		Date 08/11/2006
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by <i>Healey M. Seymour</i>	Title <i>Peter Engle</i>	Date <i>Aug 23, 2006</i>
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.	Office <i>CFO</i>	<i>K2</i>
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.		

## REVISED APPLICATION FOR DRILLING

**STRATA PRODUCTION COMPANY**  
**Urraca Federal #3**  
**1980' FSL & 660' FWL, Sec. 11, T23S-R32E**  
**Lea County, New Mexico**  
**Lease No. NM-85940**  
**(Development Well)**

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Strata Production Company submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.

2. The estimated tops of geologic markers are as follows:

Rustler	1200'	Brushy Canyon	7040'
Base of Salt	3525'	Bone Spring	8785'
Lamar Lime	4900'	First BS Sand	8960'
Cherry Canyon	5970'	TD	9200'

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water between surface - 300'.  
Oil: Possible in the Delaware 4900' - 8785'.  
Gas: None expected.

4. **Proposed Casing Program:**

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	H-40	ST&C	595'	Circ 700 sx Premium Plus
12 1/4"	8 5/8"	32#, 24#	J-55	LT&C; ST&C	4700'	Circ 2050 sx "C"
7 7/8"	5 1/2"	17#	N-80	LT&C	9200'	600 sx CemCrete

5. **Proposed Control Equipment:** A 12" 3000 psi wp Shaffer Type "E" BOP will be installed on the 13 3/8" casing and operated as a 2M system. Casing and BOP will be tested with the rig pump before drilling out with 12 1/4". Request waiver to test BOPE and the 8 5/8" casing to a maximum of 2000 psi wp.

**STRATA PRODUCTION COMPANY**

**Urraca Federal #3**

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6.	<u>Mud Program</u>	<u>MUD WEIGHT</u>	<u>VIS</u>	<u>W/L CONTROL</u>
	0' - 595' Native Mud	8.4	28	NC
	595' - 1210' Native Mud	8.4	28	NC
	1210' - 4700' Native Mud	10.2	30	NC
	4700' - 9200' Brine & Fresh water	9.2	30	50 - 10 CC

7. **Auxiliary Equipment:** Blowout Preventer, Kelly cock, flow sensors and stabbing valve.

8. **Testing, Logging and Coring Program:**

Drill Stem Tests: None unless conditions warrant.

Logging: TD to 4700': GR-CNL-LDT-DLL

TD to Surface: GR-Neutron

Coring: Rotary sidewall as dictated by logs.

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated BHP = 3828 psi and a surface pressure of 1914 psi with a temperature of 147°.

10. H2S: Non expected. None in previous wells.

11. Anticipated starting date: September 1, 2006

12. Anticipated completion of drilling operations: Approximately 35 days.