Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

5. Lease Serial No.
NM-14791

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

1. Type of Well
Oil [X] Well Gas [ ] Well [ ] Other

8. Well Name and No.
New Mexico A Federal #2

2. Name of Operator
STRATA PRODUCTION COMPANY

9. API Well No.
30-025-25751

3. Address and Telephone No.
P. O. Box 1030
Roswell, NM 88202-1030 505-622-1127

10. Field and Pool, or Exploratory Area
Hat Mesa Delaware

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FNL & 1980' FEL
Section 4, T21S-R32E

11. County or Parish, State
Lea County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION							
[X] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (Start/Resume)	[ ] Water Shut-Off
	[ ] Alter Casing	[ ] Fracture Treat	[ ] Reclamation	[ ] Well Integrity
[ ] Subsequent Report	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[ ] Other
	[ ] Change of Plans	[ ] Plug & Abandon	[ ] Temporily Abandon	
[ ] Final Abandonment Notice	[ ] Convert to Injection	[ ] Plug Back	[X] Water Disposal	

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 recomplete 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 recompletion 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.)

Per Notice of Incidents of Noncompliance No. KAH-063-06

The water production and disposal information on the above referenced lease is as follows: Producing water on the lease is from the Delaware formation. Water produced is 38 BWPD. Attached is a copy of the Water Analysis Report. The water is not stored on the lease, it is transferred by the heater treater pressure. Water is moved to the disposal facility through 3" poly line to the Cleary State #1 which is a water disposal well located in the SW/4 of Section 32, T20S-R33E, 990' FSL & 1980' FWL in Lea County, New Mexico. A copy of the Administrative Order No. SWD-397 is attached.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed) Kelly M. Britt — Title Production Records

Signature Kelly M Britt — Date 07/18/06

APPROVED

SEP 7 2006

FREDERICK WRIGHT
PETROLEUM ENGINEER

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by — Title — Date

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

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.

GWW

TRETOLITE
Chemicals and Services

16010 Barker's Point Lane • Houston, Texas 77079
713 558-5200 • Telex: 4620346 • FAX: 713 589-4737

Reply to: P.O. Box 5250
Hobbs, New Mexico 88241
(505) 392-6711 Phone
(505) 392-3759 Fax

WATER ANALYSIS REPORT

Company : STRATA PRODUCTION
Address : ARTESIA, N.M.
Lease : N.M. FEDERAL
Well : # 2
Sample Pt. : WELLHEAD

Date : 1-09-92
Date Sampled : 1-07-92
Analysis No. : # 22

	ANALYSIS		mg/L		* meq/L
1.	pH	5.7			
2.	H2S	2 PPM			
3.	Specific Gravity	1.190			
4.	Total Dissolved Solids		303477.3		
5.	Suspended Solids				
6.	Dissolved Oxygen				
7.	Dissolved CO2		200 PPM		
8.	Oil In Water				
9.	Phenolphthalein Alkalinity (CaCO3)				
10.	Methyl Orange Alkalinity (CaCO3)		50.0		
11.	Bicarbonate	HCO3	61.0	HCO3	1.0
12.	Chloride	Cl	188842.1	Cl	5327.0
13.	Sulfate	SO4	400.0	SO4	8.3
14.	Calcium	Ca	29943.8	Ca	1494.2
15.	Magnesium	Mg	4623.8	Mg	380.4
16.	Sodium (calculated)	Na	79585.2	Na	3461.7
17.	Iron	Fe	21.5		
18.	Barium	Ba	0.0		
19.	Strontium	Sr	0.0		
20.	Total Hardness (CaCO3)		93814.4		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter

1494	*Ca <----- *HCO3	1
	/------->	
380	*Mg -----> *SO4	8
	<---------/	
3462	*Na -----> *Cl	5327

Saturation Values Dist. Water 20 C
CaCO3 13 mg/L
CaSO4 * 2H2O 2090 mg/L
BaSO4 2.4 mg/L

Compound	Equiv wt	X meq/L	= mg/L
Ca(HCO3)2	81.0	1.0	81
CaSO4	68.1	8.3	567
CaCl2	55.5	1484.9	82395
Mg(HCO3)2	73.2		
MgSO4	60.2		
MgCl2	47.6	380.4	18109
NaHCO3	84.0		
Na2SO4	71.0		
NaCl	58.4	3461.7	202303

REMARKS:
-------- D. CANADA / MLAB / FILE

Petrolite Oilfield Chemicals Group

Respectfully submitted,
ROZANNE JOHNSON

PETROLITE

SCALE TENDENCY REPORT

Company	: STRATA PRODUCTION	Date	: 1-09-92
Address	: ARTESIA, N.M.	Date Sampled	: 1-07-92
Lease	: N.M. FEDERAL	Analysis No.	: # 22
Well	: # 2	Analyst	: ROZANNE JOHNSON
Sample Pt.	: WELLHEAD		

STABILITY INDEX CALCULATIONS
(Stiff-Davis Method)
CaCO3 Scaling Tendency

S.I. =	0.1	at	60 deg. F or	16	deg. C
S.I. =	0.0	at	80 deg. F or	27	deg. C
S.I. =	-0.0	at	100 deg. F or	38	deg. C
S.I. =	-0.0	at	120 deg. F or	49	deg. C
S.I. =	-0.0	at	140 deg. F or	60	deg. C

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CALCIUM SULFATE SCALING TENDENCY CALCULATIONS
(Skillman-McDonald-Stiff Method)
Calcium Sulfate

S =	384	at	60 deg. F or	16	deg C
S =	427	at	80 deg. F or	27	deg C
S =	454	at	100 deg. F or	38	deg C
S =	465	at	120 deg. F or	49	deg C
S =	473	at	140 deg. F or	60	deg C

Petrolite Oilfield Chemicals Group

Respectfully submitted,
ROZANNE JOHNSON