CORE ANALYSIS REPORT

FOR

STRATA PRODUCTION COMPANY

URRACA FEDERAL NO. 3
DIAMONDTAIL DELAWARE FIELD
LEA COUNTY, NEW MEXICO

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RESERVOIR OPTIMIZATION

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December 12, 2006

STRATA PRODUCTION COMPANY
200 W. First Street
Suite 700
Roswell, New Mexico 88201

File No: 57181-19249
Subject: Drilled Sidewall Analysis
Urraca Federal No. 3
Diamondtail Delaware Field
Lea County, New Mexico

Gentlemen:

Sidewall Core Analysis was made on 19 drilled sidewall core samples received from Schlumberger.

Samples were photographed under both ultraviolet and natural light. Digital core photographs are contained on CD.

Gas expansion porosity and grain density were determined using Boyle's Law. Saturation data and cleaning was obtained using Dean Stark distillation.

Gas detection was measured using a "Hot Wire Gas Detector" on gas in the sealed containers.

Air permeability was measured horizontally on drilled sidewalls.

Descriptions and fluorescence were visually determined microscopically.

The samples will be returned to client.

We trust these data will be useful in the evaluation of your property and thank you for the opportunity of serving you.

Very truly yours,
CORE LABORATORIES

John Sebian
Laboratory Supervisor

CORE LABORATORIES

Company : STRATA PRODUCTION COMPANY
Well : URRACA FEDERAL NO. 3
Location : 1980' FSL & 660' FWL, SEC. 11, T-23-S,R-32-E
Co,State : LEA COUNTY, NEW MEXICO

Field : DIAMONDTAIL DELAWARE
Formation : BRUSHY CANYON DELAWARE
Coring Fluid : BRINE/STARCH GEL
Elevation : 3743' KB

File No.: 57181-19249
Date : 12/11/06
API No. : 30-025-37687
Analysts: SEBIAN

CORE ANALYSIS RESULTS

SAMPLE NUMBER	DEPTH ft	INCHES REC.	PERMEABILITY (HORIZONTAL) Kair md	POROSITY (HELIUM) %	SATURATION (PORE VOLUME) OIL %	SATURATION (PORE VOLUME) WATER %	SATURATION (BULK VOLUME) OIL %	SATURATION (BULK VOLUME) GAS %	GRAIN DENSITY gm/cc	GAS DETECTOR UNITS	DESCRIPTION
					DRILLED SIDEWALL ANALYSIS						
1	7471.0	0.8	60.2	18.1	21.5	71.5	3.9	1.3	2.66	5.	Sd gry, tr dol,vf-f gr, 80% yel flu
2	7496.0	1.5	63.3	16.4	4.3	92.7	0.7	0.5	2.65	0.	Sd gry, vf-f gr, 10% yel flu
3	7500.0	1.3	3.24	12.0	6.8	90.1	0.8	0.4	2.66	0.	Sd gry, vf gr, 10% yel flu
4	7605.0	1.4	4.85	14.2	27.0	63.9	3.8	1.3	2.66	2.	Sd gry, vf gr, 90% yel wh flu
5	7631.0	1.4	1.38	15.5	1.5	96.2	0.2	0.4	2.66	2.	Sd gry, vf gr, lam, 0% flu tr cut
6	7694.0	1.5	2.50	11.9	14.2	75.0	1.7	1.3	2.64	11.	Sd gry-blk, vf-f gr, sh lam, 45% yel flu
7	7696.0	1.5	0.08	6.4	1.2	93.0	0.1	0.4	2.67	1.	Sd gry, vf-f gr, tr calc, 0% flu sli tr cut
8	7778.0	1.4	0.13	11.5	0.0	96.9	0.0	0.4	2.66	2.	Sd gry, vf gr, 0% flu no cut
9	7782.0	1.3	0.89	18.6	0.0	98.2	0.0	0.3	2.65	7.	Sd gry, vf gr, 0% flu no cut
10	8131.0	1.4	7.76	13.1	2.1	95.4	0.3	0.3	2.67	4.	Sd gry, vf gr, tr% flu
11	8172.0	1.7	<.01	6.7	14.4	74.4	1.0	0.8	2.65	25.	Sd blk, vf gr, 10% yel flu shale oil in part
12	8184.0	1.5	0.02	4.2	8.7	86.3	0.4	0.2	2.67	0.	Sd dk-gry, vf gr, tr calc, 0% flu poor cut
13	8188.0	1.7	0.01	5.7	15.4	77.4	0.9	0.4	2.67	4.	Sd dk-gry, vf gr, lam, 5% yel flu shale oil in part
14	8604.0	1.7	0.78	12.5	0.0	99.1	0.0	0.1	2.66	0.	Sd gry, vf gr, 0% flu no cut
15	8625.0	1.0	0.20	10.7	15.8	59.1	1.7	2.7	2.72	5.	Sd gry, vf gr, pyrt, 80% yel flu
16	8641.0	1.0	0.19	10.6	0.0	98.5	0.0	0.2	2.66	0.	Sd gry, vf gr, 0% flu no cut
17	8662.0	1.5	1.86	13.3	1.9	98.0	0.3	0.0	2.66	0.	Sd gry, vf gr, 0% flu tr cut
18	8671.0	1.5	<.01	0.7	16.1	79.1	0.1	0.0	2.70	0.	Sd dk-gry, vf-f gr, tr calc, 0% flu shale oil poor cut
19	8678.0	1.5	0.08	3.6	19.5	80.1	0.7	0.0	2.66	0.	Sd vf gr, 0% flu shale oil fair cut

CORE LABORATORIES

CODE KEY - DESCRIPTIONS

a	= Plug from full diameter sample
anhy	= Anhydrite
AST	= Appears similar to
bk	= Break
bldr	= Boulder
c	= Coarse
calc	= Calcite (areous)
carb	= Carbonaceous
cbl	= Cobble
CEC	= Cation exchange capacity
cem	= Cemented
cgl	= Conglomerate
cht	= Chert
coal	= Coal/Coal Inclusion
dol	= Dolomite
f	= Fine
fest	= Ironstone
foss	= Fossil (iferous)
frac	= Fracture
fri	= Friable
glauc	= Glauconite (ic)
grnl	= Granule
gyp	= Gypsum
hfrac	= Horizontal fracture
hal	= Halite (Salt)
i	= Intergranular
incl	= Inclusions
lam	= Laminae (Laminated)
lmy	= Limy
ls	= Limestone
lv	= Large vug
m	= Medium
mi	= Mud invaded
mic	= Micaceous
mshy	= Moderately shaly (20-40%)
mv	= Medium vug
NA	= Not analysed by request
NP	= No permeability measurement
NR	= Not received
ool	= Oolitic
OB	= Overburden
P	= Preserved for future studies
pbl	= Pebble
PET	= Removed for petrographic analysis
POA	= Portion removed for oil analysis
ppv	= Pinpoint Vug
PSA	= Particle size analysis
pyr	= Pyrite (ic)
pyrbit	= Pyrobitumen
SA	= Sieve Analysis
SCAL	= Removed for special core analysis
sdy	= Sandy
SEM	= Scanning electron microscope analysis
sh	= Shale
shy	= Moderately shaly (20-40%)
sltst	= Siltstone
slty	= Silty
SP	= Small plug
ss	= Sandstone
sshy	= Slightly Shaly (<20%)
sty	= Stylolite (ic)
sulf	= Sulphur
sv	= Small vug
tr	= Trace
TS	= Thin section
uncons	= Unconsolidated
vfrac	= Vertical fracture
vf	= Very fine
VOB	= Vertical overburden sample
vshy	= Very shaly (>40%)
VSP	= Vertical small plug
vug	= Vuggy (ular)
ws	= Water sand
XRD	= X-ray diffraction