Form 3160-5 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED

OMB	No.	1004-0137

If Indian, Allottee or Tribe Name

Expires March 31, 2007

Lease Serial No

NM-85940

SUNDRY NOTICES AND REPORTS ON WELLS.

Do not use this form for proposals to drill or to re-enter an abandoned wells.

Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE If Unit or CA, Agreement Designation 1. Type of Well Oıl Gas Well Name and No. Well Well Other Urraca Federal #4 Name of Operator STRATA PRODUCTION COMPANY API Well No. Address and Telephone No. P. O. Box 1030 30-025-37978 Roswell, NM 88202-1030 505-622-1127 10. Field and Pool, or Exploratory Area 4 Location of Well (Footage, Sec , T , R , M , or Survey Description) Diamondtail Delaware 1855' FNL & 660' FWL 11 County or Parish, State Lea County, New Mexico Section 11-T23S-R32F

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12	CHECK APPROPI	IATE BOX(s) TO INDICATE NATURE	OF NOTICE, REPORT, OR OTHER D	ATA		
7	YPE OF SUBMISSION		TYPE OF ACTION	OF ACTION		
X	Notice of Intent	Acıdıze Deepen	Production (Start/Resun	ne) Water Shut-Off		
		Alter Casing Fracture	reat Reclamation	Well Integrity		
	Subsequent Report	Casing Repair New Con:	struction Recomplete	X Other Extension		
		Change of Plans Plug & At	andon Temporily Abandon			
	Final Abandonment Notice	Convert to Injection Plug Bac	ck 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.

Strata Prodution Company respectfully request a one year extension on the Urraca Federal #4 Application for Permit to Drill which will expire on 6/22/07.

APPROVED FOR 24 MONTH PERIOD ENDING 6-22-09

14. I hereby certify that the foregoing is true and correct			
Name (Printed/Typed)			
Kelly M. Britt	Title	Production Records	
Signature 1114 M Bitt	Date	05/22/07	
THIS SPACE FOR FEDE	RAL OR STATE	OFFICE USE	
Approved by /s/ James Stovall FIELD N	ANAGER	JUN 1 5 2007	
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	CARLSBA	D FIELD OFFICE	

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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

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: STRATA PRODUCTION COMPANY

Well Name & No. 4 – URRACA FEDERAL

Location: 1855' FNL & 660' FWL – SEC 11 – T23S – R32E - LEA

Lease: NM-85940

I. DRILLING OPERATIONS REQUIREMENTS:

A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:

- 1. Spudding well
- 2. Setting and/or Cementing of all casing strings
- 3. BOPE tests
 - Lea County call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612
- **B.** A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the **Delaware & Bone Spring** Formations at approximately **4900 and 8800** feet, respectively.
- C. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
- **D.** If floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

II. CASING:

- A. The <u>13-3/8</u> inch surface casing shall be set at <u>1210</u> feet and cemented to the surface.
 - 1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
 - 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 - 4. If cement falls back, remedial action will be done prior to drilling out that string.
- **B.** The minimum required fill of cement behind the <u>8-5/8</u> inch intermediate casing is <u>circulate</u> <u>cement to the surface</u>. If cement does not circulate see A.1 thru 4.

- C. The minimum required fill of cement behind the <u>5-1/2</u> inch production casing is <u>tie back 200 feet</u> into 8-5/8 inch casing.
- D. If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool I joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- **A.** All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and Chap. 17 API RP 53.
- **B.** Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be <u>2000 (2M)</u> PSI.
- C. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 8-5/8 Intermediate casing shoe shall be 3000 (3M) PSI.
- **D.** The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - 1. The tests shall be done by an independent service company.
 - 2. The results of the test shall be reported to the appropriate BLM office.
 - 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
 - 5. A variance to test the surface casing and BOP/BOPE to the reduced pressure of <u>1000</u> psi with the rig pumps is approved.

LBabyak 6/14/07

