

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
312 S. First Street, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd, Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87504-2088

Form C-101  
Revised February 10, 1994  
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<br>Strata Production Company<br>P. O. Box 1030<br>Roswell, New Mexico 88202-1030 |                                | 2 OGRID Number<br>021712     |
|  |                                | 3 API Number<br>30-025-33246 |
| 4 Property Code<br>010742  | 5 Property Name<br>Shell State | 6 Well No.<br>#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                  | 36      | 22S      | 32E   |         | 1980          | North            | 2310          | West           | Lea    |

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<br>Red Tank Bone Spring | 10 Proposed Pool 2<br>Red Tank Delaware South |
|---|---|

|                        |                            |                             |                                     |                                    |
|------------------------|----------------------------|-----------------------------|-------------------------------------|------------------------------------|
| 11 Work Type Code<br>N | 12 Well Type Code<br>O     | 13 Cable/Rotary<br>R        | 14 Lease Type Code<br>S             | 15 Ground Level Elevation<br>3731' |
| 16 Multiple<br>N       | 17 Proposed Depth<br>9000' | 18 Formation<br>Bone Spring | 19 Contractor<br>McGee Drilling Co. | 20 Spud Date<br>February 8, 1996   |

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"     | 48#                | 840'          | 900             | Circulated    |
| 12 1/4"/11" | 8 5/8"      | 32# & 24#          | 4650'         | 2100            | Circulated    |
| 7 7/8"      | 5 1/2"      | 17# & 15.5#        | 9000'         | 900             | 4000'         |
|             |             |                    |               |                 |               |
|             |             |                    |               |                 |               |

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. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Strata Production Company proposes to drill to a depth sufficient to test the Bone Spring and Delaware formations. If productive, 5 1/2" casing will be set. If non-productive, the well will be plugged and abandoned in a manner consistent with State of New Mexico Regulations. Specific programs are outlined as follows:

Form C-102 Well Location and Acreage Dedication Plat

Exhibit "A" Equipment Description Permit Expires 6 Months From Approval

Exhibit "B" Drilling Rig Layout Plan Date Unless Drilling Underway.

|   |                            |   |  |
|---|----------------------------|---|--|
| 23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. |                            | OIL CONSERVATION DIVISION<br>ORIGINAL SIGNED BY JERRY SEXTON<br>DISTRICT I SUPERVISOR |  |
| Signature: Carol J. Garcia  | Approved By:               |   |  |
| Printed name: Carol J. Garcia   | Title:                     |   |  |
| Title: Production Records Manager   | Approval Date: JAN 10 1996 | Expiration Date:  |  |
| Date: 1/8/96  | Phone: 505-622-1127        | Conditions of Approval:<br>Attached   |  |