

Water Compatibility: The water to be injected will initially come from the Urraca Federal #1. That well is completed from the Cherry and Brushy Canyon Formations of the Delaware Mountain Group from 6600' to 7720'. It produces 40 BOPD + 200 BWP. A test of the water is enclosed. It has a similar water chemistry to other Delaware reserves that we have tested and presumably is similar to overlying Delaware sandstones to be injected. Strata Production has 2,480 acres under lease in this vicinity and ultimately plans to inject water from multiple Delaware wells.

IX. Stimulation Program: None

X. See attached log showing perfs.

XI. Nearest water wells (data from State Engineer's office):
Section 3-T23S-R32E, SE/4 NW/4 NW/4 NW/4 SW/4, produces from Triassic at 630'. July, 1987 analysis indicated 47 mg/liter chlorides + 1239.0 specific conductance.

Section 21-T23S-R32E, SE/4 SE/4 SE/4 SW/4 NE/4 NE/4 produces from Triassic at 550'. July, 1987 analysis indicates 16 mg/liter chlorides + 703. specific conductance.

XII. Strata Production Company has examined all available geologic and engineering data in this area and finds no evidence of open faults or other hydrologic connections between the disposal zone and any potable aquifers.