N. M. OIL CONS. COMMISSION
P. O. BOX 1980
HOBBS, NEW MEXICO 88240

30-025-31651

Form 3160-3
(July 1989)
(formerly 9-331C)

CONTACT RECEI
OFFICE FOR NUMBER
OF COPIES REQUIRED ____
(Other instructions on reverse side)

BLM Roswell District
Modified Form No.
NM060-3160-2

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-62224

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐ PLUG BACK ☐

b. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ OTHER — SINGLE ZONE ☐ MULTIPLE ZONE ☐

8. FARM OR LEASE NAME: ARAGANGA FEDERAL

2. NAME OF OPERATOR: Strata Production Company

3a. Area Code & Phone No.: 505-622-1127

9. WELL NO.: 2

3. ADDRESS OF OPERATOR: Post Office Box 1030, Roswell, NM 88202

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1650' FSL & 1650' FEL
At proposed prod. zone: Delaware

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec 9, T23S, R32E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 33 miles east of Carlsbad, New Mexico

12. COUNTY OR PARISH: Lea

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
1650'	640.00	40.00
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1000'	8800'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3684'

22. APPROX. DATE WORK WILL START*: July 15, 1992

23. PROPOSED CASING AND CEMENTING PROGRAM

HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	H-40	8 RD ST&C	350'	circ to surface
11"	8 5/8"	24# & 32#	J-55	8 RD ST&C *	4530'	~~600' above csg shoe~~
7 7/8"	5 1/2"	17#	J-55	8 RD LT&C	8800'	±100' into intermediate csg

*cement will be tied back at least to Rustler Anhydrite @ 1100'.

A. Will drill to a depth sufficient to test Delaware formation.
B. Mud Program: Native Mud to 350'
Brine 350' to 4530'
*Produced water (Brine) cut w/fresh 4530' to 6700' (see attached)
Cut Brine w/Starch 6700' to TD (WL=15 to 20).
C. BOP will be installed - See Exhibit "D".
D. Logs to be run: LDT-CNL, Gr-Neutron, DLL/MSFL.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Regina Finley TITLE Production Records Mgr. DATE 06/24/92

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY Ron Dunton TITLE _____ DATE 7-14-92

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised 1-1-89

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator			Lease		Well No.
STRATA PRODUCTION			ARAGANGA FEDERAL		2
Unit Letter	Section	Township	Range		County
J	9	23 SOUTH	32 EAST	NMPM	LEA COUNTY, NM

Actual Footage Location of Well:
1650 feet from the SOUTH line and 1650 feet from the EAST line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
3684.	Delaware	Wildcat	40.00 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

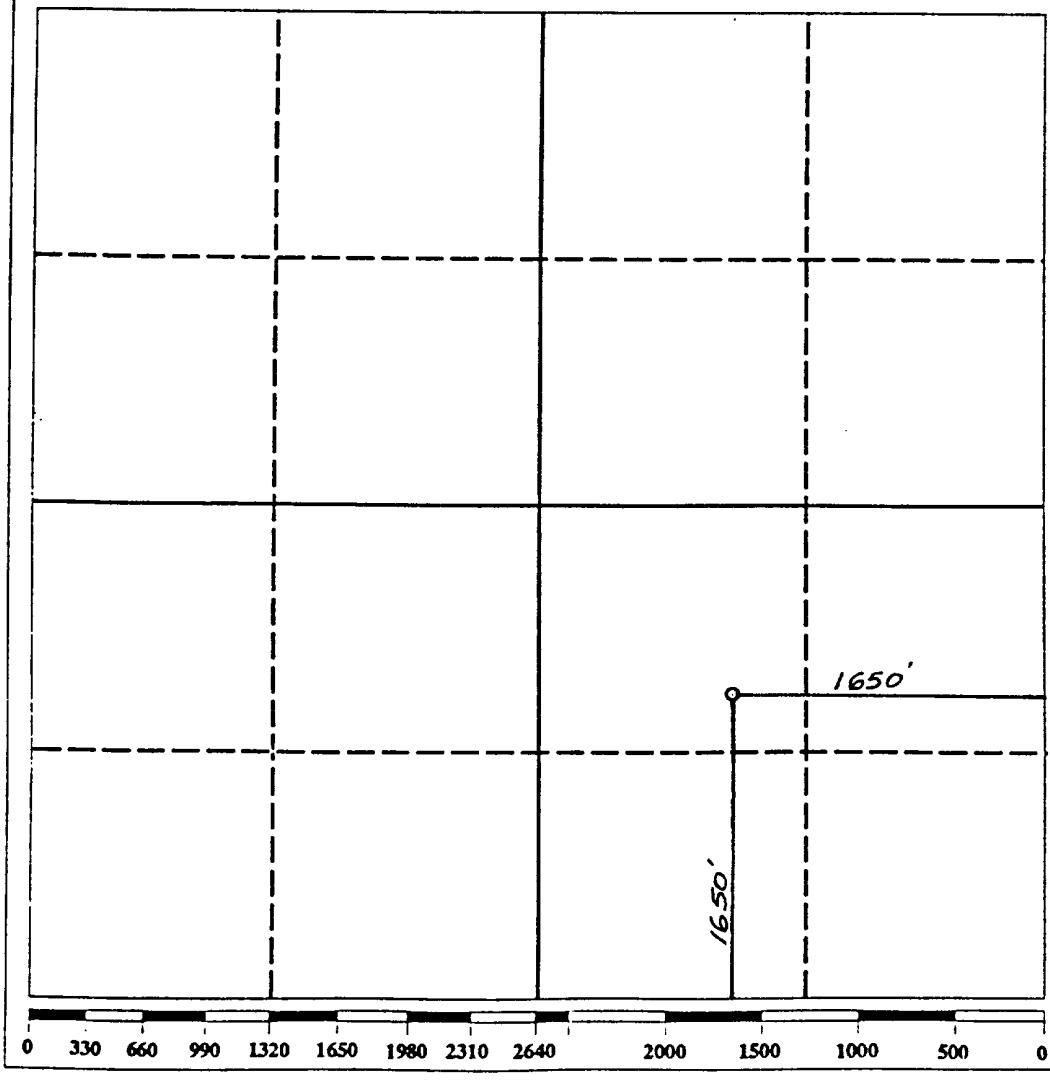
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if neccessary. _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.

Signature: Regina Finley

Printed Name: Regina Finley

Position: Production Records/Land Mgr.

Company: Strata Production Company

Date: May 25, 1992

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: MAY 20, 1992

Signature & Seal of Professional Surveyor: R. L. EDDY, NEW MEXICO, 5412, REGISTERED LAND SURVEYOR, PROFESSIONAL ENGINEER

Certificate No. NM PE&LS NO. 5412

HOLE PROGNOSIS
APPLICATION FOR PERMIT TO DRILL
STRATA PRODUCTION COMPANY
ARACANGA FEDERAL #2 WELL
1650' FSL & 1650' FEL
SECTION 9, T23S, R32E

In conjunction with form 3160-3, Application for Permit to Drill, Strata Production Company submits the following items in accordance with Onshore Oil and Gas Order Numbers 1 & 2, and with all other applicable federal and state regulations.

1. Estimated tops of geologic markers are as follows:

Triassic Red Beds	Surface	Bell Canyon	4780'
Rustler Anhydrite	1140'	Cherry Canyon	5720'
Salado Salt	1270'	Brushy Canyon	6760'
Castille Anhydrite	3480'	Bone Spring	8700'
Lamar Limestone	4740'	TD	8750'

2. The estimated depths at which water, oil or gas formations are expected to be encountered are:

*Water: 150'
**Oil or Gas: Delaware 4720' - 8750'

* NOTE: Groundwater to be protected by 13 3/8" surface casing with cement circulated to the surface.
**NOTE: Potentially productive horizons to be protected by 5 1/2" production casing with cement tied back to intermediate casing.

3. Casing Program: (See Form 3160-3)

4. Pressure Control Equipment: See Exhibit "D", BOP diagram.

5. Mud Program: See Application to Drill 3160-3.

6. Auxiliary Equipment: None required.

7. Testing, Logging, and Coring Program:

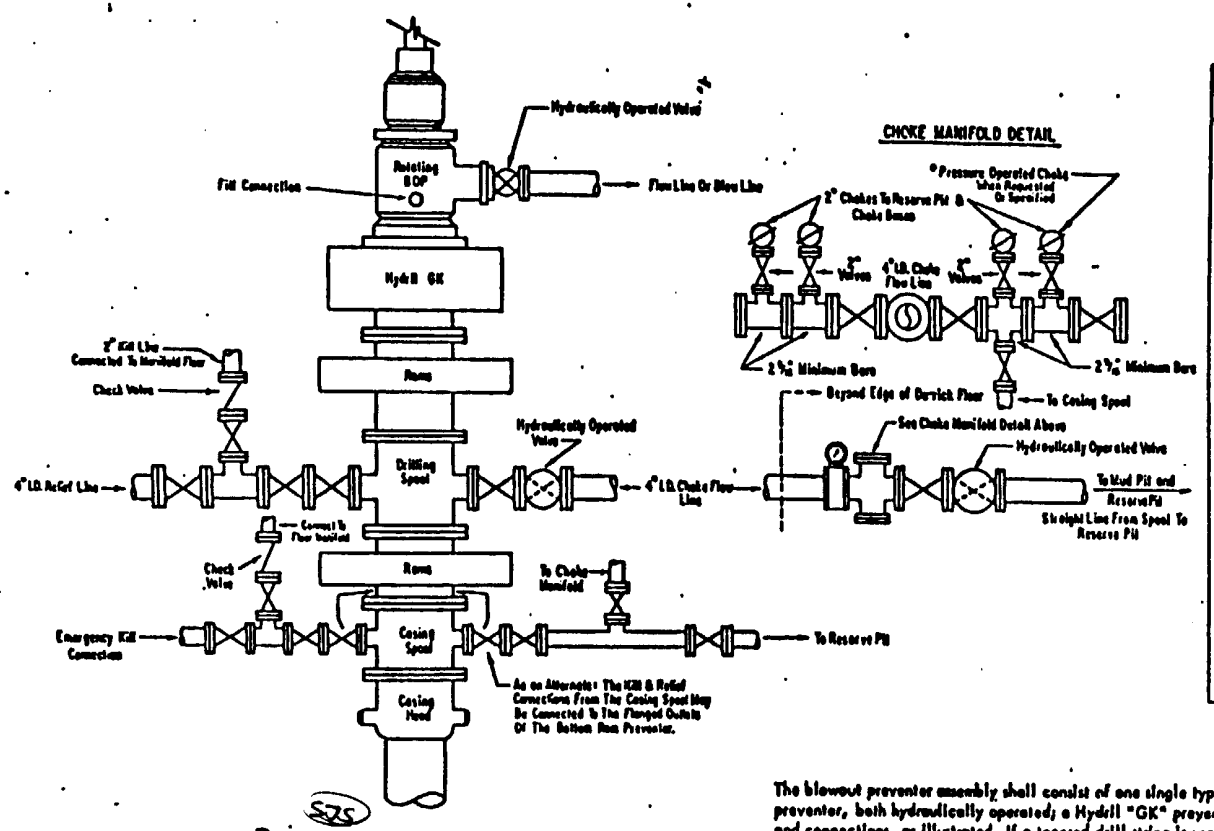
Two (2) man Mudlogging unit from top of Delaware to TD
DLL-MSFL, CNL-Density, Gamma Ray, Caliper.

8. Abnormal Pressures, Temperature, or other Hazards:

Loss of circulation is possible in the Delaware section of the hole, however, no loss was seen in the recent drilling of offsetting wells.

9. Anticipated starting date: July 15, 1992

Forecasted duration of operations:
Drilling: 25 days
Completion: 15 days



3000 # PSI WORKING PRESSURE
BLOWOUT PREVENTER HOOK-UP

ADDITIONS - DELETIONS - CHANGES SPECIFY

The blowout preventer assembly shall consist of one single type blind ram preventer and one single type pipe ram preventer, both hydraulically operated; a Hydril "GK" preventer; a rotating blowout preventer; valves; chokes and connections, as illustrated. If a tapered drill string is used, a ram preventer must be provided for each size of drill pipe. Casing and tubing rams to fit the preventers are to be available as needed. If correct in size, the flanged outlets of the ram preventer may be used for connecting to the 4-inch I.D. choke flow line and 4-inch I.D. relief line, except when air or gas drilling. All preventer connections are to be open-face flanged.

Minimum operating equipment for the preventers and hydraulically operated valves shall be as follows: (1) Multiple pumps, driven by a continuous source of power, capable of fluid charging the total accumulator volume from the nitrogen precharge pressure to its rated pressure within_____ minutes. Also, the pumps are to be connected to the hydraulic operating system which is to be a closed system. (2) Accumulators with a precharge of nitrogen of not less than 750 PSI and connected so as to receive the aforementioned fluid charge. With the charging pumps shut down, the pressurized fluid volume stored in the accumulators must be sufficient to close all the pressure-operated devices simultaneously within_____ seconds; after closure, the remaining accumulator pressure shall be not less than 1000 PSI with the remaining accumulator fluid volume at least_____ percent of the original. (3) When requested, an additional source of power, remote and equivalent, is to be available to operate the above pumps; or there shall be additional pumps operated by separate power and equal in performance capabilities.

The closing manifold and remote closing manifold shall have a separate control for each pressure-operated device. Controls are to be labeled, with control handles indicating open and closed positions. A pressure reducer and regulator must be provided for operating the Hydril preventer. When requested, a second pressure reducer shall be available to limit operating fluid pressures to ram preventers. .. .. hydraulic oil, an equivalent or better, is to be used as the fluid to operate the hydraulic equipment.

The choke manifold, choke flow line, relief line, and choke lines are to be supported by metal stands and adequately anchored. The choke flow line, relief line, and choke lines shall be constructed as straight as possible and without sharp bends. Easy and safe access is to be maintained to the choke manifold. If deemed necessary, walkways and stairways shall be erected in and around the choke manifold. All valves are to be selected for operation in the presence of oil, gas, and drilling fluids. The choke flow line valves and relief line valves connected to the drilling spool and all ram type preventers must be equipped with stem extensions, universal joints if needed, and hand wheels which are to extend beyond the edge of the derrick substructure. All other valves are to be equipped with handles.