

P.O. Box 7606
Midland, Texas 79708

TRILOGY OPERATING, INC.

Jones

432/686-2027
FAX 432/686-2040

2004 JUN 28 PM 1 23

June 24, 2004

New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87504

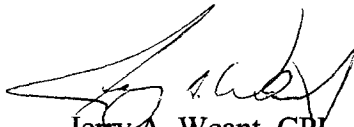
Re: Well Costs
Sapphire #3 Well
SE/4 NE/4 Section 24, T-19-S, R-38-E,
Case No. 13063, Order No. R-12073-A
Lea County, New Mexico
Emerald Prospect

Ladies & Gentlemen:

In compliance with Order No. R-12073-A, please find enclosed a schedule of the well costs incurred in drilling, completing and equipping of the captioned well. We have also delivered a copy of this schedule to those parties for whom we have addresses who had previously elected not to participate in this well.

Additionally, we have submitted a copy of the Order to each such party. Should you have any questions, please contact our office.

Yours very truly,


Jerry A. Weant, CPL
President

cc: Paul R. Owen
Montgomery & Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307

Compulsory Pooling: Sapphire #1: NMOCD Well Costs

WELL NAME : SAPPHIRE #3
LEASE NO. : 008074-3

BILL	TRANS	VENDOR NAME	INVOICE	INTANGIBLE	EQUIPMENT	BILLING	DESCRIPTION
DK	CODE	DATE	NUMBER	EXPENSE			
A	3-03	02/26/03	1012269	8,806.70	0.00	CEMENTING	CEMENT 8 5/8"
A	3-03	03/17/03	1013944	20,752.88	0.00	CEMENTING	CEMENT 5 1/2"
A	3-04	04/16/03	068-003064	11,913.81	0.00	COMPLETION UNIT	
A	3-05	02/21/03	14592	2,343.29	0.00	DRILLING	STARTING HOLE
A	3-05	03/17/03	7135	140,536.60	0.00	DRILLING	
A	3-05	03/17/03	7139	(1,322.70)	0.00	DRILLING	
A	3-05	03/31/03	7158	1,651.89	0.00	DRILLING	TAX ADJUSTMENT
A	3-10	03/18/03	3215	466.95	0.00	EQUIP RENTAL/TRUCKING	DIESEL ADJUSTMENT
A	3-10	03/18/03	116383	1,116.97	0.00	EQUIP RENTAL/TRUCKING	TRASH TRAILER RENTAL
A	3-10	03/14/03	64453	291.84	0.00	EQUIP RENTAL/TRUCKING	H2S PKG RENTAL
A	3-10	04/03/03	64600	291.85	0.00	EQUIP RENTAL/TRUCKING	MOVE DRILL PIPE
A	3-10	03/27/03	407028287	352.20	0.00	EQUIP RENTAL/TRUCKING	UNLOAD 2 7/8"
A	3-10	04/22/03	407028660	3,644.36	0.00	EQUIP RENTAL/TRUCKING	FRAC TANK RENTAL
A	3-13	04/19/03	2003016	4,428.65	0.00	LABOR - ENGINEER	
A	3-13	05/26/03	2003025	4,110.19	0.00	LABOR - ENGINEER	
A	3-15	03/31/03	033103	754.70	0.00	LABOR - GEOLOGIST	
A	3-16	03/01/03	2081	490.88	0.00	LABOR - ROUSTABOUT	
A	3-16	03/17/03	2091	231.00	0.00	LABOR - ROUSTABOUT	ROUGH CUT 5 1/2"
A	3-16	03/31/03	5743	(1,503.08)	0.00	LABOR - ROUSTABOUT	
A	3-16	03/31/03	5743	1,503.08	0.00	LABOR - ROUSTABOUT	
A	3-16	03/31/03	5743	559.68	0.00	LABOR - ROUSTABOUT	
A	3-16	05/07/03	5984	469.05	0.00	LABOR - ROUSTABOUT	
A	3-16	02/26/03	7148	260.49	0.00	LABOR - ROUSTABOUT	WELD CONDUCTOR PIPE
A	3-16	02/25/03	SH030202	1,280.00	0.00	LABOR - ROUSTABOUT	MOVE BARRICADES
A	3-16	03/10/03	65944	715.23	0.00	LABOR - ROUSTABOUT	
A	3-18	06/02/03	185	680.00	0.00	LOCATION - CLEANUP	
A	3-18	06/02/03	189	630.00	0.00	LOCATION - CLEANUP	
A	3-18	07/18/03	2003-398	649.92	0.00	LOCATION - CLEANUP	
A	3-19	02/28/03	3184	1,894.33	0.00	LOCATION - ROADS, PITS, PADS	CLEAN UP RESERVE PIT
A	3-19	02/24/03	102	1,395.00	0.00	LOCATION - ROADS, PITS, PADS	
A	3-19	02/24/03	103	5,555.00	0.00	LOCATION - ROADS, PITS, PADS	
A	3-19	02/24/03	104	1,090.00	0.00	LOCATION - ROADS, PITS, PADS	
A	3-19	05/05/03	163	3,595.00	0.00	LOCATION - ROADS, PITS, PADS	
A	3-19	02/25/03	SH030202	5,440.00	0.00	LOCATION - ROADS, PITS, PADS	2176 YDS CALICHE
A	3-20	02/25/03	SH030202	11,055.00	0.00	LOCATION - DAMAGES	LOCATION, ROAD
A	3-20	02/25/03	SH030202	17,145.00	0.00	LOCATION - DAMAGES	ROAD, LOCATION CROP LOSS
A	3-21	01/23/03	SH030202	(11,055.00)	0.00	LOCATION - DAMAGES	LOCATION, ROAD
A	3-23	03/15/03	5012	617.50	0.00	LOCATION - SURVEY	STAKE LOCATION
A	3-24	03/27/03	90734010	10,755.95	0.00	LOGGING - MUD	
A	3-24	03/27/03	90734010	9,917.47	0.00	LOGGING - OPEN HOLE	

WELL NAME : SAPPHIRE #3
LEASE NO. : 008074-3

DK	CODE	TRANS DATE	VENDOR NAME	INVOICE		INTANGIBLE		EQUIPMENT		BILLING DESCRIPTION
				NUMBER	EXPENSE	EXPENSE				
A	4-95	04/23/03	JAMES O. ROBERSON D/B/A	5894	0.00	0.00	2,687.10	INSTALLATION-SURFACE EQUIP	8 YDS SPECIAL	
A	4-95	04/11/03	WALLACH CONCRETE, INC.	59813	0.00	0.00	59.47	INSTALLATION-SURFACE EQUIP	8032' 5 1/2" N80	
A	5-03	03/17/03	POSEY PIPE COMPANY	99-241	0.00	0.00	48,520.55	CASING	7731' 2 7/8" N80	
A	5-14	04/02/03	MIDLAND DRILLING PRODUCTS	040203-2	0.00	0.00	22,324.42	TUBING		
SUBTOTAL						\$363,155.91	\$196,608.42			
TOTAL						\$559,764.33				