

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF TRILOGY OPERATING, INC.  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.**

**Case No. 14,104**

**VERIFIED STATEMENT OF KENNETH C. DICKESON**

Kenneth C. Dickeson, being duly sworn upon his oath, deposes and states:

1. I am a contract landman for Trilogy Operating, Inc., and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 1210.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, and have simply failed to respond. *94060*

(b) A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4SE/4 of Section 24, Township 19 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated South Nadine Yates-Seven Rivers Pool, Undesignated Northeast Nadine-San Andres Pool, East Nadine-Blinbry Pool, and Nadine Drinkard-Abo Pool. *97353 97246 47510*

The unit will be dedicated to the Allar Well No. 1, to be drilled at an orthodox oil well location in the SE/4SE/4 of Section 24. The well is expected to be an oil well.

(c) The parties being pooled, their working interests in the well unit, and their last known addresses, are as follows:

Dorothy Groves Brady *pub*  
P.O. Box 4467  
Fayetteville, Arkansas 72702

0.520833%

Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No. 1

Dorothy Groves Brady, as attorney-in-fact for Wyatt Tate Brady P.O. Box 4467 Fayetteville, Arkansas 72702	<i>pub</i>	0.520833%
Muirfield Resources Company P.O. Box 52586 Tulsa, Oklahoma 74152	<i>actual TR4</i> <i>actual TR4</i>	4.687500%
Jaqueline Faye Daugherty P.O. Box 583 Jenks, Oklahoma 74037		0.520833%

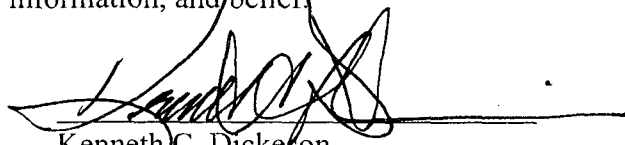
To locate these interest owners, we examined the Lea County records, telephone directories, records in the counties of the last known residences of the out-of-state owners, and internet directories.

- (d) Copies of the proposal letters sent to the uncommitted working interest owners are attached hereto as Exhibit B. Applicant has made a good faith effort to obtain the voluntary joinder of the interest owners in the well unit.
- (e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against the non-consenting interest owner.
- (f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Lea County.
- (g) Overhead charges of \$4500/month for a drilling well, and \$500/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.
- (h) Applicant requests that it be designated operator of the well.

VERIFICATION

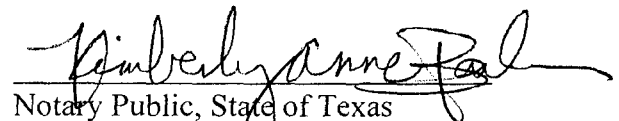
STATE OF TEXAS            )  
                                      ) ss.  
COUNTY OF MIDLAND    )

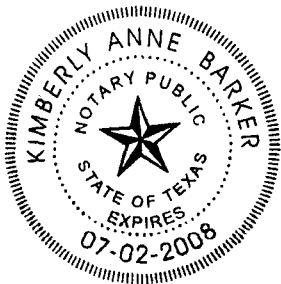
Kenneth C. Dickeson, being duly sworn upon his oath, deposes and states that: He is a contract landman for Trilogy Operating, Inc.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

  
Kenneth C. Dickeson

*SUBSCRIBED AND SWORN TO* before me this 3<sup>rd</sup> day of April, 2008 by Kenneth C. Dickeson.

My Commission Expires: 7/2/08

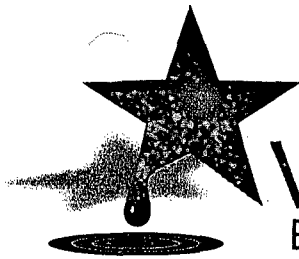
  
Notary Public, State of Texas











# VERITAS 321

ENERGY PARTNERS, LP

January 22, 2008

Dorothy Groves Brady, s/s/p,  
And as Attorney-in-Fact for  
Wyatt Tate Brady  
P.O. Box 4467  
Fayetteville, AR 72702

RE: Well Proposal -  
Trilogy Operating Inc. - Allar #1  
SE/4SE/4 Section 24, T-19-S, R-38-E, N.M.P.M.  
Lea County, New Mexico

Dear Ms. Brady:

The county records of Lea County, New Mexico indicate that you are the owner of a 1/192ths mineral interest (0.20833333 net acres) in the captioned property. They also show you to be the Attorney-in-Fact for the interest owned by Wyatt Tate Brady, being a 1/192ths mineral interest (0.20833333) in the captioned property. Trilogy Operating, Inc. is presently leasing in this section and desires to lease your interest for the following terms:

1. \$300.00 per net acre bonus consideration.
2. Three (3) year paid-up primary term.
3. 1/4th royalty rate.

Trilogy Operating, Inc., intends on commencing a well on this tract within the next few weeks. Failure to respond to this offer within fifteen days of receipt will cause your interest to be force pooled.

If this offer is acceptable to you, please execute the enclosed Oil and Gas Lease in the presence of a Notary Public and return to the undersigned. The copy should be retained for your file. Upon receipt of the executed lease, we will immediately remit to you a check in the amount of \$62.50 for your interest and \$62.50 for the interest owned by Wyatt Tate Brady.

In the alternative, you may participate in the drilling of this well. You will be expected to pay your proportionate share of the total well cost. Your 1/192ths interest in the well will cost an estimated \$5,931.08. The same will also apply to the interest owned by Wyatt Tate Brady. Attached is an AFE detailing the proposed operations and potential pay zones.

Thank you for your attention to this proposal. Inasmuch as you have been unresponsive to our telephone calls, we would appreciate a telephone call from you, should you have any questions.

Yours very truly,

Janessa Hale  
Consulting Landman  
Oldgb

EXHIBIT **B**



# VERITAS 321

ENERGY PARTNERS, LP

January 9, 2008

Muirifield Resources Company  
P.O. Box 52586  
Tulsa, OK 74152

RE: Well Proposal -  
Trilogy Operating Inc. - Allar #1  
SE/4SE/4 Section 24, T-19-S, R-38-E, N.M.P.M.  
Lea County, New Mexico

To whom it may concern:

The county records of Lea County, New Mexico indicate that you are the owner of a 3/64ths mineral interest (1.8750 net acres) in the captioned property. Trilogy Operating, Inc. is presently leasing in this section and desires to lease your interest for the following terms:

1. \$300.00 per net acre bonus consideration.
2. Three (3) year paid-up primary term.
3. 1/4th royalty rate.

Trilogy Operating, Inc., intends on commencing a well on this tract within the next few weeks. Failure to respond to this offer within fifteen days of receipt will cause your interest to be force pooled.

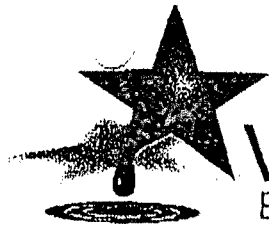
If this offer is acceptable to you, please execute the enclosed Oil and Gas Lease in the presence of a Notary Public and return to the undersigned. The copy should be retained for your file. Upon receipt of the executed lease, we will immediately remit to you a check in the amount of \$562.50.

In the alternative, you may participate in the drilling of this well. You will be expected to pay your proportionate share of the total well cost. Your 3/64ths interest in the well will cost an estimated \$53,830.00 Attached is an AFE detailing the proposed operations and potential pay zones.

Thank you for your attention to this proposal. Inasmuch as you have been unresponsive to our telephone calls, we would appreciate a telephone call from you, should you have any questions.

Yours very truly,

Janessa Hale  
Consulting Landman  
OIMuirifield



# VERITAS 321

ENERGY PARTNERS, LP

March 14, 2008

Jaqueline Faye Daugherty  
P.O. Box 583  
Jenks, OK 74037

RE: Well Proposal -  
Trilogy Operating Inc. - Allar #1  
SE/4SE/4 Section 24, T-19-S, R-38-E, N.M.P.M.  
Lea County, New Mexico

To whom it may concern:

The county records of Lea County, New Mexico indicate that you are the owner of a 1/92nds mineral interest (0.0108695 net acres) in the captioned property. Trilogy Operating, Inc. is presently leasing in this section and desires to lease your interest for the following terms:

1. \$300.00 per net acre bonus consideration.
2. Three (3) year paid-up primary term.
3. 1/4th royalty rate.

Trilogy Operating, Inc., intends on commencing a well on this tract within the next few weeks. Failure to respond to this offer within fifteen days of receipt will cause your interest to be force pooled.

If this offer is acceptable to you, please execute the enclosed Oil and Gas Lease in the presence of a Notary Public and return to the undersigned. The copy should be retained for your file. Upon receipt of the executed lease, we will immediately remit to you a check in the amount of \$6.09.

In the alternative, you may participate in the drilling of this well. You will be expected to pay your proportionate share of the total well cost. Attached is an AFE detailing the proposed operations and potential pay zones.

Thank you for your attention to this proposal. Inasmuch as you have been unresponsive to our telephone calls, we would appreciate a telephone call from you, should you have any questions.

Yours very truly,

  
Janessa Hale  
Consulting Landman  
OLJFD

January 6, 2007

Trilogy Operating, Inc.  
PO Box 7606  
Midland, TX 79708

Attention: Division Order Dept.

Dear Sir or Madam:

My father, M. H. Brady, and stepmother, Norma Ruth Brady, were granted a life estate interest in all of the oil, gas and other minerals and mineral estate as described in the enclosed document. The conveyance was signed in 1984 by my sisters, Barbara Sue Schmidt, Mary Louise Galbreath (now known as Mary Louise Brady) and our stepsister, Jacqueline Faye Daugherty. Our father died in 1985 and our stepmother died January 2, 2004. Our stepsister was to notify the appropriate companies of her mother's death. To date this has not been done and I find that some lessors are unaware of our father's death. The only way I have been able to trace this information is through the help of my cousins, L. B. Myers (#0028282) and Mary Debora Brady who have an interest in the same properties as my sisters and I have.

Please advise me of the steps that are necessary in order for us to receive any income that is due from your company. Also please send me the records of any payments made to my stepmother since January 2, 2004. Please suspend all payments to Norma Brady until this matter is settled.

For your records my sisters' addresses are:

Barbara Sue Brady Schmidt  
401 Bay Hill Drive  
Newport Beach, CA 92660  
949-640-6133

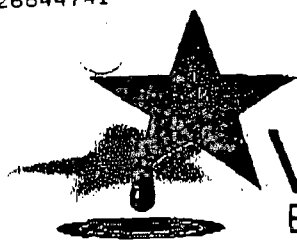
Mary Louise Brady  
37 Scarborough Road  
Manchester, CT 06040  
860-432-3176

Sincerely,

Rachel Joan Brady Garrett  
616 Woolf Court  
Rochelle, IL 61068  
815-562-1713  
[rj.garrett@comcast.net](mailto:rj.garrett@comcast.net)

encl: 3





**VERITAS 321**  
ENERGY PARTNERS, LP

July 8, 2007

Life Estate  
Ms. Norma Brady  
P.O. Box 583  
Jenks, OK 74037

RE: ***Request for Oil, Gas & Mineral Lease***  
SE/4SE/4 of Section 24, T-19-S, R-38-E, N.M.P.M.,  
LEA COUNTY, NEW MEXICO

Dear Ms. Brady:

The records of Lea County, New Mexico indicate that you are a mineral owner of a 1/48 mineral interest (0.8333 net acres) in the above captioned property. *Please be advised that Trilogy Operating, Inc. is the operator of three wells located in the balance of the SE/4 of Section 24.* VERITAS 321 ENERGY PARTNERS, LP is presently leasing on behalf of Trilogy in the area and would like to lease your interest under the following terms:

- **\$150.00 per net acre bonus consideration**
- **3 year term**
- **3/16<sup>th</sup> royalty rate**

If these terms are acceptable to you, please sign in the space provided below and return one copy of this letter to the undersigned. Additionally, please provide us with your [REDACTED] for payment purposes. Upon your acceptance we will forward an Oil & Gas Lease to you for your review as well as payment for the bonus consideration.

Thank you for your cooperation in this matter. Should you have any questions, please contact the undersigned at the below number.

Sincerely,

*Yes, please send lease.*

Kimberly Barker

\_\_\_\_\_  
**Norma Brady**

\_\_\_\_\_  
Phone Number: \_\_\_\_\_

Date: 09/01/07 AFE No.:

Category: Drill Type: Oil/gas

Well: Allar # 1  
Operator: Trilogy Operating, Inc  
Location: T20S,R39E  
Prospect: StatelineDepth: 8000  
Fm.: Abo  
County: Lea  
State: New Mexico

Description	DH	Producer	Total
Permit, Surveying	1,200		1,200
Surf. Damage, ROW	12,000		12,000
Roads, Location, Pits	18,000		18,000
Drilling: Footage			0
Daywork \$ 13,000 / day	247,000		247,000
Turnkey			0
Rig Mobilization	35,000		35,000
Fuel, Boiler	20,000		20,000
Completion Rig \$ 3000 / day		45,000	45,000
Mud & Chemicals	18,000		18,000
Water, Water Hauling	20,000		20,000
Transportation, Hauling	10,000		10,000
Bits, Reamers, Stab.	18,000		18,000
Coring			0
Drill Stem Testing			0
Equipment Rental	9,000		9,000
Special Services			0
Directional Drig.			0
Contract Labor	30,000		30,000
Mud Logging, Geological	16,000		16,000
Cementing	17,800	20,000	37,800
Logging	30,000	3,800	33,800
Perforating		4,000	4,000
Stimulation 1 completion		110,000	110,000
Wellsite Supervision	15,000	10,000	25,000
Abandonment Expense	8,000	(8,000)	0
Legal Exp., Insurance	3,000		3,000
COPAS Overhead	3,500	0	3,500
			0
Contingency 10%	53,150	18,480	71,630
<b>Total Intangible</b>	<b>584,650</b>	<b>203,280</b>	<b>787,930</b>
<b>TUBULARS</b>			
Conductor ft.	4,200		4,200
Surface 1600 ft. 8 5/8"	24,144		24,144
Intermediate ft.			0
Liner ft.			0
Production 8000 ft. 5 1/2"		104,000	104,000
Tubing 8000 ft. 2 7/8"		48,000	48,000
<b>PRODUCTION FACILITIES</b>			
Tanks		30,000	30,000
Separator			0
Heater/Treater		10,000	10,000
Dehydrator			0
Buildings			0
Flowline/Pipeline		5,000	5,000
Valves/Fittings		2,500	2,500
<b>ARTIFICIAL LIFT EQUIP</b>			
Pumping Unit Low Profile		62,000	62,000
Fndn./Base			0
Prime Mover			0
Sucker Rods		18,000	18,000
Bottom Hole Pump		3,300	3,300
Wellhead Equip.	2,500	1,500	4,000
Packer/Anchor		800	800
Other Equip.			0
Non-Controllable Equip.	2,000	1,000	3,000
Contingency 10%	3,284	28,610	31,894
<b>Total Tangibles</b>	<b>36,128</b>	<b>314,710</b>	<b>350,838</b>
<b>TOTAL WELL COST</b>	<b>620,778</b>	<b>517,990</b>	<b>1,138,768</b>


  
 EXHIBIT