## 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. 14,105

## 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.
  - (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 Yates/Seven Rivers formation underlying the NE/NW/4 of Section 25, 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.

The unit will be dedicated to the Topaz Well No. 1 (API No. 30-025-35906), to be re-entered at a location 400 feet from the north line and 2050 feet from the west line of Section 25. 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:

Anderson Carter, II, individually and as Trustee P.O. Box 7190 Ruidoso, New Mexico 88355 30.5555%

Oil Conserva	ition	Division
Case No	1	
Exhibit No.		

Stuart Carter 5299 Arzberger Wilcox, Arizona 85643 5.5555%

- 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.
- 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.
- 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 3rd day of April. 2008 by Kenneth C. Dickeson.

on Expires: 7/2/08

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December 14, 2007

Mr. Anderson Carter II P.O. Box 998 Las Cruces, NM 88004 Mr. Anderson Carter II P.O. Box 7190 Ruidoso, NM 88355

RE: Well Proposal -

Trilogy Operating Inc. - Topaz #1 NE/4NW/4 Section 25, T-19-S, R-38-E, N.M.P.M. Lea County, New Mexico

Dear Mr. Carter:

The county records of Lea County, New Mexico indicate that you are the owner of a 30.555% mineral interest (12.2222 net acres) in the captioned property. Trilogy Operating, Inc. is presently leasing in this tract and desires to lease your interest for the following terms:

- 1. \$250.00 per net acre bonus consideration.
- 2. Three (3) year paid-up primary term.
- 3. 1/4th royalty rate.

The Topaz #1 well located on this tract will be re-entered and your interest will be included in the spacing unit for this well.

If this offer is acceptable to you, please advise and we will forward an Oil and Gas Lease for your execution.

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 interest in the well will cost an estimated \$45,000.00. Attached is an AFE detailing the proposed operations and potential pay zones. Should you desire to participate, we will send you a Joint Operating Agreement for your execution.

Thank you for your attention to this proposal. Your prompt response to this proposal will be appreciated. Inasmuch as we have been unable to contact you by telephone, we would appreciate a telephone call from you, should you have any questions.

Yours yery truly

Kenneth C. Dickeson Consulting Landman

OLAC



•	ENDER: COMPLETE THIS	SECTION :::	OMPLET: THIS SECT	TION ON DELIVERY
	■ Complete items 1, 2, and 3.		A. Signatura	✓ □ Agent
	item 4 if Restricted Delivery  Print your name and addres		×	☐ Addressee
	so that we can return the ca  Attach this card to the back		B. Pleceived by (Printed	d Name) C. Date of Delivery
	or on the front if space perm		to dolly A ordrope dif	ferent from item 1?  Yes
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September 12, 2007

Mr. Stuart Carter 5299 Arzberger Road Willcox, AZ 85643

RE: Request for Oil, Gas & Mineral Lease

NE/4NW/4 of Section 25, T-19-S, R-38-E, N.M.P.M.,

LEA COUNTY, NEW MEXICO

Dear Mr. Carter:

The records of Lea County, New Mexico indicate that you are a mineral owner of a 1/18 mineral interest (2.2222 net acres) in the above captioned property. Please be advised that Trilogy Operating, Inc. has a shutin well on this 40 acre tract that they intend on re-entering in an attempt to re-establish production. 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:

- \$250.00 per net acre bonus consideration
- 3 year term
- 1/4th 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 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 us at the below

number.	,
Sincerely,  Willy Fab  Kimberly Barker	Yes, please send lease.
,	Stuart Carter
	Phone Number:

March 14, 2008

Mr. Stuart Carter 5299 Arzberger Wilcox, AZ 85643

RE: Well Proposal -

Trilogy Operating Inc. - Topaz #1 NE/4NW/4 Section 25, T-19-S, R-38-E, N.M.P.M.

Lea County, New Mexico

Dear Mr. Carter:

The county records of Lea County, New Mexico indicate that you are the owner of a 5.0% mineral interest (2.2222 net acres) in the captioned property. Trilogy Operating, Inc. is presently leasing in this tract and desires to lease your interest for the following terms:

- 1. \$250.00 per net acre bonus consideration.
- 2. Three (3) year paid-up primary term.
- 3. 1/4th royalty rate.

The Topaz #1 well located on this tract will be re-entered and your interest will be included in the spacing unit for this well.

If this offer is acceptable to you, please advise and we will forward an Oil and Gas Lease for your execution.

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. Should you desire to participate, we will send you a Joint Operating Agreement for your execution.

Thank you for your attention to this proposal. Your prompt response to this proposal will be appreciated. Inasmuch as we have been unable to contact you by telephone, we would appreciate a telephone call from you, should you have any questions.

Yours very truly,

Janessa Hale Consulting Landman

OLSC

Date: -	12/11/07	AFE No.:		Source	
Category:	Recompletion	Туре:	gas		
Well:	Topaz # 1			Depth:	400
Operator:	Trilogy Operating , Inc			Fm.:	All
Location:	Nadine Field			County:	Lea
Prospect:	Emerald			State:	New Mexico
	Description			DH	Producer

Prospect: Emerald	State:	New Mexico	
Description	Du I	Droduces	Total
Description Permit, Surveying	DH	Producer	Total
Surf. Damage, ROW			
Roads, Location, Pits			
Drilling: Footage			
Daywork	<del> </del>		
Turnkey			(
Rig Mobilization			(
Fuel, Boiler			
Completion Rig 10 days @ \$ 4000/day		40,000	40,000
Mud & Chemicals		10,000	-10,000
Water, Water Hauling		2,500	2,500
Transportation, Hauling			2,000
Bits, Reamers, Stab.			(
Coring			
Drill Stem Testing			<del></del>
Equipment Rental		3,000	3,000
Special Services		3,000	0,000
Directional Drlg.			
Contract Labor	<del></del>	2,500	2,500
Mud Logging, Geological			2,550
Cementing		·····	
Logging			- 0
Perforating	-	5,000	5,000
Stimulation		70,000	70,000
Wellsite Supervision		- 10,000	70,000
Abandonment Expense			
Legal Exp., Insurance			
COPAS Overhead		1,500	1,500
001710 07011000			1,000
Contingency 10%	0	12,450	12,450
Total Intangible	0	136,950	136,950
TUBULARS		130,930	130,930
Conductor ft.			0
Surface ft.	<del></del>		0
Intermediate ft.			0
Liner ft.			
Production ft.			
		6,000	
Tubing	<u></u>	0,000	6,000
PRODUCTION FACILITIES	306	<del></del>	
Tanks	<del></del>		0
Separator Heater/Treater			
			0
Dehydrator Buildings	<del></del>		0
Flowline/Pipeline	<del></del>		
Valves/Fittings			0
ARTIFICIAL LIFT EQUIP			U
Pumping Unit Low Profile			0
Findn./Base			0
Prime Mover	<del></del>		0
Sucker Rods		2,500	2,500
Bottom Hole Pump		2,500	2,300
<u> </u>			
Wellhead Equip.	<del></del>		0
Packer/Anchor			0
Other Equip.			0
Non-Controllable Equip.			0
Contingency 10%	0	850	850
Total Tangibles	0	9,350	9,350
TOTAL WELL COST	0	146,300	146,300

