

Date: 05/01/01 AFE No.: _____

Category: Drill Type: Oil

Well: Sapphire No. 1
 Operator: Trilogy Operating, Inc
 Location: SW/4 NE/4 Sec. 24, T-19-S, R-38-E
 Prospect: Emerald Prospect

Depth: 7800
 Fm.: Abo
 County: Lea
 State: New Mexico

Description	DH	Producer	Total
Permit, Surveying	1,000		1,000
Surf. Damage, ROW	35,000		35,000
Roads, Location, Pits	25,000		25,000
Drilling: D Footage	0		0
Daywork \$ 10,000/day X 15 days	150,000		150,000
Turnkey			0
Rig Mobilization \$25,000	25,000		25,000
Fuel,Boiler \$8,500	8,500		8,500
Completion Rig \$ 2000 / day		20,000	20,000
Mud & Chemicals	9,000		9,000
Water, Water Hauling	11,000		11,000
Transportation, Hauling	2,500		2,500
Bits, Reamers, Stab.	17,000		17,000
Coring			0
Drill Stem Testing			0
Equipment Rental	2,000		2,000
Special Services			0
Directional Drig.			0
Contract Labor	3,000		3,000
Mud Logging, Geological	8,000		8,000
Cementing	22,000	36,000	58,000
Logging	25,000	4,000	29,000
Perforating		3,900	3,900
Stimulation 1 - zone @ 60,000		60,000	60,000
Wellsite Supervision	9,000	7,500	16,500
Abandonment Expense	5,000		5,000
Legal Exp., Insurance	5,000		5,000
COPAS Overhead	4,500	0	4,500
Pit Lining	2,500		2,500
Contingency 10%	37,000	13,140	50,140
Total Intangible	407,000	144,540	551,540
TUBULARS			
Conductor ft.	3,500		3,500
Surface 1700 ft. 8 5/8"	18,300		18,300
Intermediate ft.			0
Liner ft.			0
Production 7800 ft. 5 1/2"		57,000	57,000
Tubing 7800 ft. 2 7/8"		33,000	33,000
PRODUCTION FACILITIES			
Tanks		40,000	40,000
Separator		3,500	3,500
Heater/Treater		6,000	6,000
Dehydrator			0
Buildings			0
Flowline/Pipeline		3,000	3,000
Valves/Fittings		3,000	3,000
ARTIFICIAL LIFT EQUIP			
Pumping Unit		60,000	60,000
Fndn./Base		1,000	1,000
Prime Mover			0
Sucker Rods		9,750	9,750
Bottom Hole Pump		2,000	2,000
Wellhead Equip.	950	950	1,900
Packer/Anchor		1,250	1,250
Other Equip.			0
Non-Controllable Equip.	2,000	1,000	3,000
Contingency 10%	2,475	22,145	24,620
Total Tangibles	27,225	243,595	270,820
TOTAL WELL COST	434,225	388,135	822,360

APPROVED THIS ___ DAY OF _____, 2001 Print Name: _____

BY: _____

Company: _____

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Trilogy Operating, Inc. P.O. Box 7606 Midland, Texas 79708		OGRID Number 021602
		API Number 30-025-35568
Property Code 28066	Property Name Sapphire	Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
G	24	19S	38E		2310	North	1650	East	Lea

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
Proposed Pool 1 Nadire House Drinkard-Abo					Proposed Pool 2 House Blinebry				

Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3583
Multiple No	Proposed Depth 8000	Formation Abo	Contractor Patterson # 54	Spud Date 06-10-01

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	8 5/8	24	1700	750	Circulate
7 7/8	5 1/2	17	8000	1500	Circulate

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

- 1) Drill 12 1/4" surface hole using fresh water mud - TD hole @ approx. 1700' or hard formation
- 2) Set 8 5/8" - 24# - K55 casing @ 1700' - cement w/ approx. 750 sx class "c" cement and circulate to surface
- 3) WOC 12 hrs - Test BOP's to 3000 psi - Begin drilling 7 7/8" hole w/ brine water mud
- 4) TD 7 7/8" hole @ approx. 8000' - run open hole logs
- 5) Set 5 1/2" - 17# - N80 & J55 casing - cement w/ approx. 1500 sx of class "H" cement and circulate cement to surface
- 6) If Non-productive - P&A well as per NMOC

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Michael G. Mooney*
Printed name: Michael G. Mooney

Title: Engineer

Date: 05-23-01

Phone: 915-686-2027

OIL CONSERVATION DIVISION

Approved By:

Title:

Approval Date: MAY 29 2001

Expiration Date:

Conditions of Approval: 707

Attached:

Permit Expires 1 Year From Approval Date Unless Drilling Underway

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1984
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-35568	Pool Code 47510	Pool Name Nadine : Drinkard-Abo
Property Code 28066	Property Name SAPPHIRE	Well Number 1
OGRID No. 021602	Operator Name TRILOGY OPERATING INC.	Elevation 3583'

Surface Location

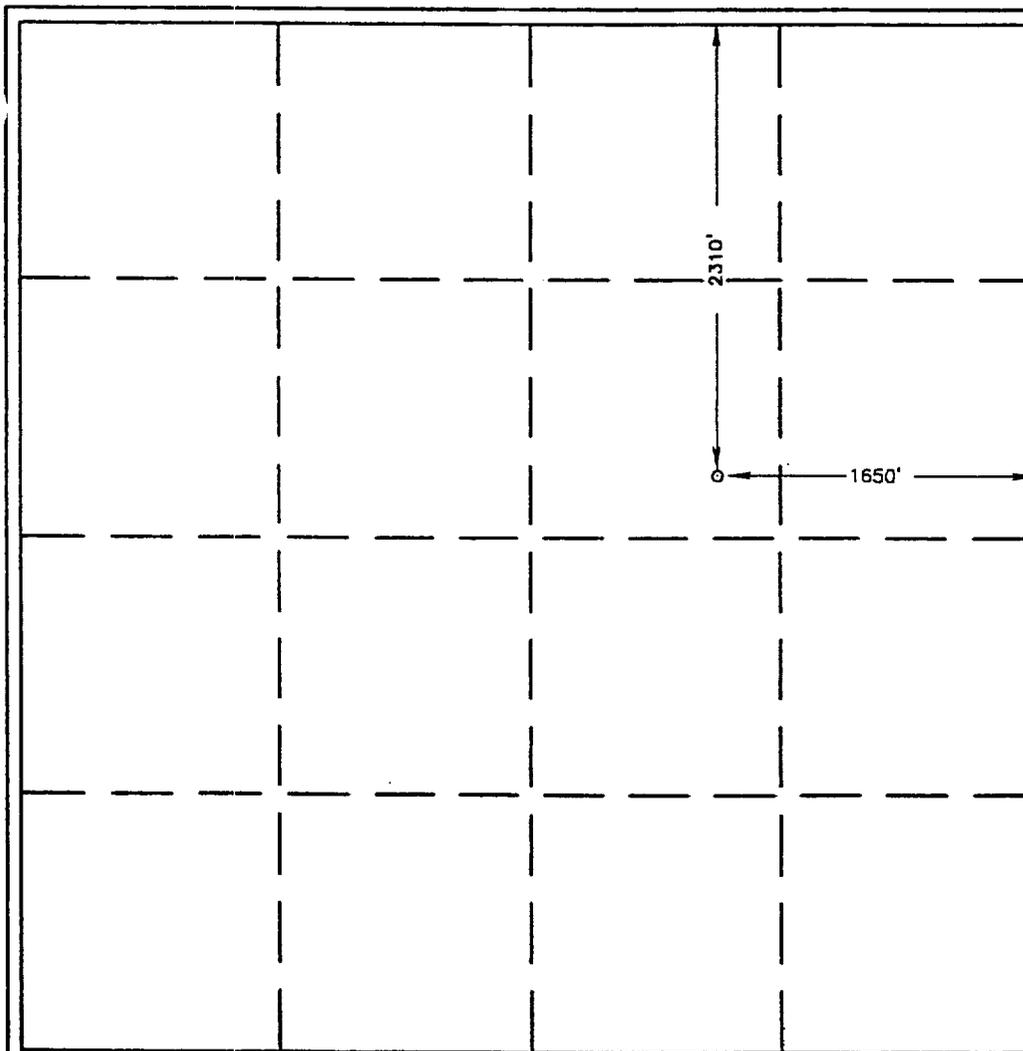
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	24	19-S	38-E		2310	NORTH	1650	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40	I		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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

Michael G. Mooney
Signature

Michael G. Mooney
Printed Name

Engineer
Title

5/25/01
Date

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 supervision and that the same is true and correct to the best of my belief.

MAY 10, 2001
Date Surveyed

AWB
Signature & Seal of Professional Surveyor

Ronald J. Edison
Professional Surveyor

61-11-0553
Certificate No.

RONALD J. EDISON 3239
GARY EDISON 12841