



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

July 5, 2001

Trilogy Operating, Inc.
c/o Fidelity Land Company
1406 Camp Craft Road - Suite 100
Austin, Texas 78746
Attention: Katherine Driskell

Telefax No. (512) 329-8889

Administrative Order NSP-1841

Dear Ms. Driskell:

Reference is made to the following: (i) your application dated May 21, 2001 on behalf of the operator, Trilogy Operating, Inc. ("Trilogy"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Trilogy's request for an exception to **Rule 2** of the "*Special Rules and Regulations for the Flying "M"-San Andres Pool,*" as promulgated by Division Order No. R-2746, as amended, in order to form a non-standard 40-acre oil spacing and proration unit within this pool underlying the following described acreage in Lea County, New Mexico:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM

Section 7: NE/4 SE/4.

This unit is to be dedicated to Trilogy's proposed Flying "M" State Well No. 1 to be drilled at a standard oil well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 7.

This application has been duly filed under the provisions of: (i) Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; and (ii) the "*Special Rules and Regulations for the Flying "M"-San Andres Pool,*" as promulgated by Division Order No. R-2746, as amended.

By the authority granted me under the provisions of Division Rule 104.D (2), as revised, and the applicable provisions of the special pool rules governing the Flying "M"-San Andres Pool, the above-described 40-acre non-standard gas spacing and proration unit is hereby approved.

Further, the aforementioned Flying "M" State Well No. 1 and proposed 40-acre spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe