



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

February 22, 2006

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

**Trilogy Operating, Inc.**  
**P. O. Box 7606**  
**Midland, Texas 79708**

**Telefax No. (432) 686-2040**

**Attention: Jerry A. Weant**  
**President**

*Administrative Order NSL-5340*

Dear Mr. Weant:

Reference is made to the following: (i) your incomplete application filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on January 13, 2006 (*administrative application reference No. pMES0-601357606*); (ii) the Division's initial response by telefax from Mr. Michael E. Stogner, Engineer in Santa Fe, on Tuesday afternoon, February 21, 2006 requesting additional support information; (iii) Mr. Chris Smith's reply by e-mail with the necessary information to complete your application; and (iv) the Division's records in Hobbs and Santa Fe: all concerning Trilogy Operating, Inc.'s ("Trilogy") request to drill its Natalie Federal Well No. 1 at an unorthodox San Andres oil well location 2428 feet from the South line and 2230 feet from the West line (Unit K) of Section 7, Township 19 South, Range 39 East, NMPM, Lea County, New Mexico. The NE/4 SW/4 of Section 7 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Undesignated Foster-San Andres Pool (24890).

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

It is the Division's understanding that the area comprising the SW/4 of Section 7 comprises a single federal lease issued by the U. S. Bureau of Land Management (*United States Government lease No. NM-99058*) and the offsetting NW/4 of Section 7 comprises a separate federal lease issued by the U. S. Bureau of Land Management (*United States Government lease No. NM-99057*), mineral interest between the two federal leases is identical.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox San Andres oil well location for Trilogy's proposed Natalie Federal Well No. 1 is hereby approved.

Trilogy Operating, Inc.

February 22, 2006

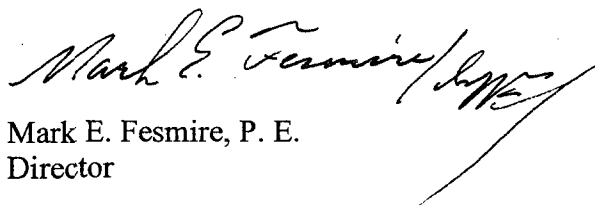
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Division Administrative Order NSL-5340

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark E. Fesmire", followed by a large, sweeping flourish.

Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs  
U. S. Bureau of Land Management – Carlsbad  
Chris Smith, Trilogy Operating, Inc. – Midland, TX ([csmith@trilogyoperating.com](mailto:csmith@trilogyoperating.com))