

**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-Blinebry 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 *brady*
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%

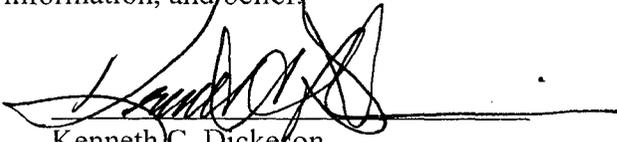
To locate these interest owners, we examined the Lea County records, telephone directories, records in the counties of the last known residences of the out-of-state owners, and internet directories.

- (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

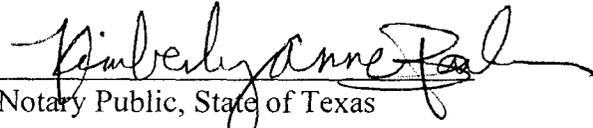
STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

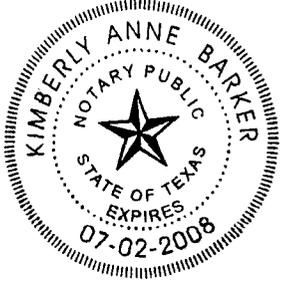
Kenneth C. Dickeson, being duly sworn upon his oath, deposes and states that: He is a contract landman for Trilogy Operating, Inc.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best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


Kenneth C. Dickeson

SUBSCRIBED AND SWORN TO before me this 3rd day of April, 2008 by Kenneth C. Dickeson.

My Commission Expires: 7/2/08


Notary Public, State of Texas



<p>W.F. McNeill, et al (S) 5/2</p> <p>Falment Terry (T 441)</p> <p>Q.B. 17, M.I. Mural McNeill, et al (S) 5/23</p> <p>Texaco B-2330 HBP State</p>	<p>Yates Pet. et al 12-1-2002 VA-1706 72 25</p> <p>Chevron H.B.P. 8-24-03</p> <p>Yates Pet. et al 12-1-2002 VA-1706 72 25</p> <p>Chevron H.B.P. 8-24-03</p>	<p>Yates Pet. et al 12-1-2002 VA-1706 72 25</p> <p>Yates Pet. et al 12-1-2002 VA-1706 72 25</p> <p>Yates Pet. et al 12-1-2002 VA-1706 72 25</p>	<p>OXY 100% 1019</p> <p>OXY 100% 1019</p> <p>OXY 100% 1019</p>	<p>Xeric 4-12-2004 O/R 9-1-2003</p> <p>Xeric 7-19-2002 4-12-2004</p> <p>Xeric 006 073 2004</p> <p>Peacock, et al, MI</p> <p>Norton, J.A. Seiman</p> <p>Xeric 6-19-2002</p> <p>Ruth Snowden</p> <p>Xeric 6-19-2002</p> <p>Ruth Snowden</p>	<p>Xeric OEG 8-9-2006 1-31-2005 9-16-2004</p> <p>Yates Pet. et al 9-27-08 73 03</p> <p>U.S., MI</p> <p>J.A. Seiman (S)</p> <p>J.H. Peacock Frank Seiman, et al</p>	<p>Trilogy 1-24-2001 3-15-2001</p> <p>Trilogy 1-29-2006, 7-24</p> <p>J.A. Seiman Contametal, MI</p> <p>Josephine Sherr</p> <p>Strato Ld. Serv. 11-9-2004</p> <p>Trilogy 1-24-2001 3-15-2001</p> <p>Hairs of Sami Lower Frank Seiman</p>
<p>Yates Pet. et al 9-1-2005 V-6529 1013 State</p> <p>U.S., MI</p> <p>U.S., MI</p> <p>J.O. Blackburn, et al (S)</p>	<p>Pennzoil 2-1-02 14012</p> <p>J.A. Yates Terry</p> <p>Sunrise Ener. et al 6-3-2005 9-1-03</p> <p>Sunrise Ener. et al 6-3-2005 9-1-03</p>	<p>XTO 99 3-25-99 10-25-99</p> <p>(Geranium Holding) J.H. Hendrix (Xeric, 1/2)</p> <p>Terry, et al Four Corners Pipe Line Co. (S)</p> <p>Yates Merchant Res. 1-10-2001</p> <p>Yates Merchant Res. 1-10-2001</p>	<p>Xeric 10-1-2004</p> <p>Xeric 10-1-2004</p> <p>Xeric 10-1-2004</p>	<p>Xeric 10-1-2004</p> <p>Xeric 10-1-2004</p> <p>Xeric 10-1-2004</p>	<p>Xeric 10-1-2004</p> <p>Xeric 10-1-2004</p> <p>Xeric 10-1-2004</p>	<p>Trilogy 1-24-2001 3-15-2001</p> <p>Trilogy 1-24-2001 3-15-2001</p> <p>Trilogy 1-24-2001 3-15-2001</p>
<p>U.S., MI</p> <p>U.S., MI</p> <p>U.S., MI</p>	<p>U.S., MI</p> <p>U.S., MI</p> <p>U.S., MI</p>	<p>U.S., MI</p> <p>U.S., MI</p> <p>U.S., MI</p>	<p>U.S., MI</p> <p>U.S., MI</p> <p>U.S., MI</p>	<p>U.S., MI</p> <p>U.S., MI</p> <p>U.S., MI</p>	<p>U.S., MI</p> <p>U.S., MI</p> <p>U.S., MI</p>	<p>U.S., MI</p> <p>U.S., MI</p> <p>U.S., MI</p>

SO. HOBBS (GRBG-SA) UT OXY (OPER.)

MADINE

MADINE

MADINE

MIDLAND

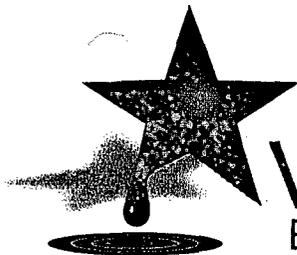
EXHIBIT A

AMERADA (OPER.)

2038

15

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
Olmuirifield



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 56.09.

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:

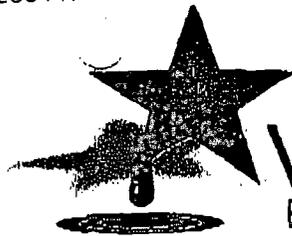
Barbara Sue Brady Schmidt
401 Bay Hill Drive
Newport Beach, CA 92660
949-640-6133

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

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**
- **3/16th 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[REDACTED]
Phone Number: _____

Date: 09/01/07 AFE No.: _____

Category: Drill Type: Oil/gas

Well: Allar # 1
 Operator: Trilogy Operating , Inc
 Location: T20S,R39E
 Prospect: Stateline

Depth: 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
Total Intangible	584,650	203,280	787,930
TUBULARS			
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
PRODUCTION FACILITIES			
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
ARTIFICIAL LIFT EQUIP			
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
Total Tangibles	36,128	314,710	350,838
TOTAL WELL COST	620,778	517,990	1,138,768

EXHIBIT