

Date: 07/03/02 AFE No.:

Category: New Drill Type: Oil

Well: Sapphire #2 Depth: 7800
 Operator: Trilogy Operating, Inc Fm.: Abo
 Location: Nadine Field County: Lea
 Prospect: State: New Mexico

Description	DH	Producer	Total
Permit, Surveying	700		700
Surf. Damage, ROW	35,000		35,000
Roads, Location, Pits	10,000		10,000
Drilling: Footage \$ 16.00 / ft	124,800		124,800
Daywork	15,000		15,000
Turnkey			0
Rig Mobilization			0
Fuel,Boiler			0
Completion Rig 8 days @ \$ 2500/day		20,000	20,000
Mud & Chemicals	9,800		9,800
Water, Water Hauling	10,500		10,500
Transportation, Hauling	3,000		3,000
Bits, Reamers, Stab.			0
Coring			0
Drill Stem Testing			0
Equipment Rental	2,500	3,000	5,500
Special Services			0
Directional Drlg.			0
Contract Labor	12,000	10,000	22,000
Mud Logging, Geological	7,500		7,500
Cementing	14,000	21,000	35,000
Logging	30,000		30,000
Perforating		7,000	7,000
Stimulation		35,000	35,000
Wellsite Supervision			0
Abandonment Expense	6,000		6,000
Legal Exp., Insurance	2,000		2,000
COPAS Overhead	3,000	2,000	5,000
			0
Contingency 10%	28,580	9,800	38,380
Total Intangible	314,380	107,800	422,180
TUBULARS			
Conductor ft.	1,400		1,400
Surface 1700 ft. \$8.46/ft	14,416		14,416
Intermediate ft.			0
Liner ft.			0
Production 7800 ft. \$4.85/ft		37,830	37,830
Tubing 2 7/8" @ \$3.00		23,400	23,400
PRODUCTION FACILITIES			
Tanks			0
Separator			0
Heater/Treater			0
Dehydrator			0
Buildings			0
Flowline/Pipeline		1,600	1,600
Valves/Fittings		2,500	2,500
ARTIFICIAL LIFT EQUIP			
Pumping Unit Low Profile		48,000	48,000
Fndn./Base			0
Prime Mover			0
Sucker Rods		16,000	16,000
Bottom Hole Pump		2,000	2,000
Wellhead Equip.	650	550	1,200
Packer/Anchor		500	500
Other Equip.		1,000	1,000
Non-Controllable Equip.			0
Contingency 10%	1,647	13,338	14,985
Total Tangibles	18,113	146,718	164,831
TOTAL WELL COST	332,493	254,518	587,011

Accepted this ___ day of _____, 2002

By: _____ Company: _____

Print Name: _____

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

Form C-101
Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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 - 35949
Property Code 28066	Property Name Sapphire	Well No. 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
B	24	19S	38E		990	North	1900	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 Nadine ; Drinkard-Abo					Proposed Pool 2				

Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3591
Multiple No	Proposed Depth 8000	Formation Abo	Contractor Star Drilling # 3	Spud Date 07-28-02

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	650	circulate
7 7/8	5 1/2	17	8000	900	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" hole w/ fresh water mud to an approximate depth of 1700'
- 2) Set 8 5/8" - 24# J-55 casing and cement w/ approximately 650 sx class "c" w/ additives , or amount of cement needed to circulate to surface
- 3) WOC 24 hrs , Drill 7 7/8" hole w/ brine water mud to aproximately 8000' or depth to suffeciently test the Abo Formation
- 4) Run open hole logs and determine productivity potential of wellbore
- 5) Either plug & abandon well as per NMOCD instructions or Run 5 1/2" - 17# N80 csg to a setting depth to cover Abo Formation or productive horizon - cement w/ lead class "c" & tail class "h" cement so as to circulate cement to surface - volumes will be determined

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: 07-15-02

Phone: 915-686-2027

OIL CONSERVATION DIVISION

Approved By: ORIGINAL SIGNED BY

Title: PAUL F. KAUTZ
PETROLEUM ENGINEER

Approval Date: Expiration Date:

Conditions of Approval: *18 2002*
Attached:

Permit Expires 1 Year From Approval Date Unless Drilling Underway

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

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

DISTRICT III
Rio Brazos Rd., Aztec, NM 87410

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-35949	Pool Code 47510	Pool Name Nadine Drinkard - Abo
Property Code 28066	Property Name SAPPHIRE	Well Number 2
OGRD No. 021602	Operator Name TRILOGY OPERATING INC.	Elevation 3591'

Surface Location

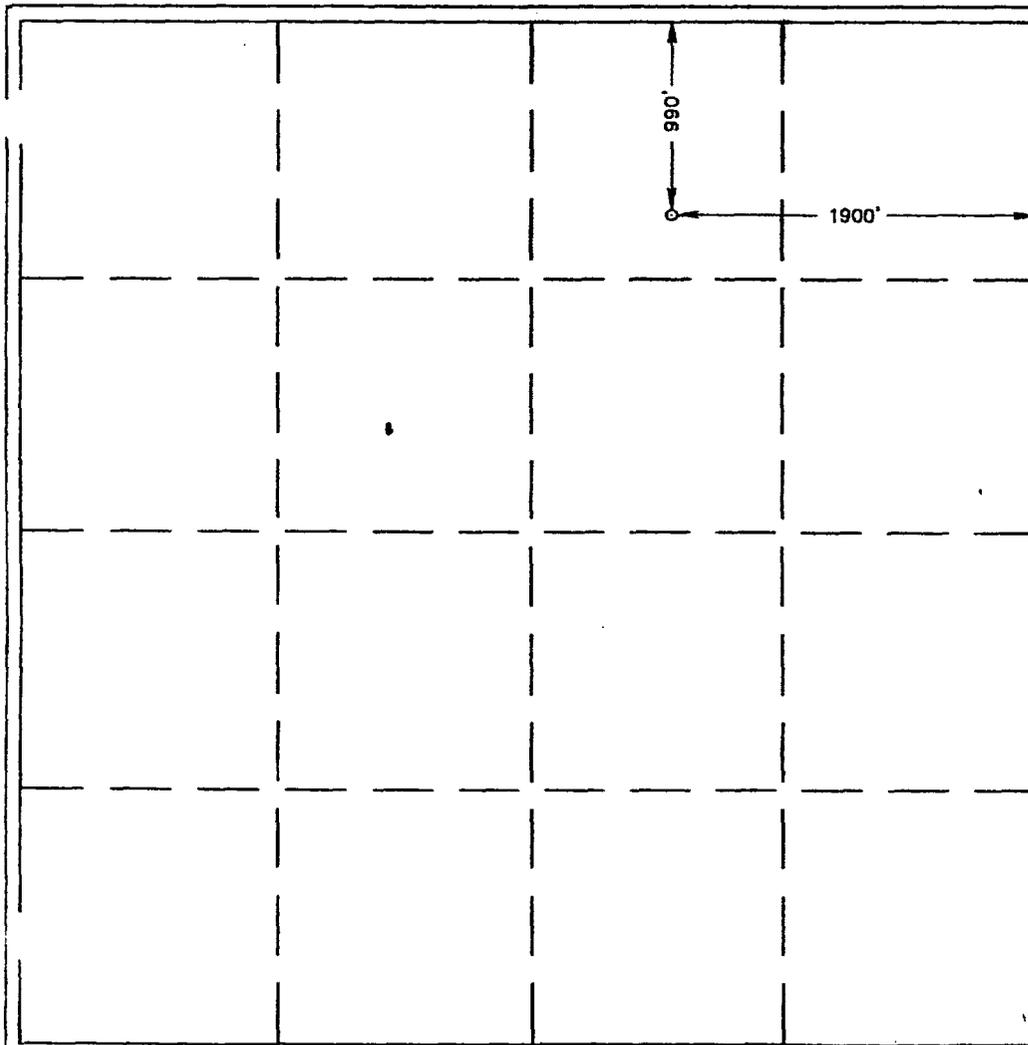
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	19-S	38-E		990	NORTH	1900	EAST	-LEA

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

7/15/02
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.

JULY 09, 2002

Date Surveyed _____ AWB

Signature & Seal
Professional Surveyor

Ronald G. Edson
3/10/02

02.11/0496

Certificate No. RONALD G. EDSON 3239
GARY EDSON 12641

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 5'
 HOBBS EAST, N.M.

SEC. 24 TWP. 19-S RGE. 38-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 990' FNL & 1900' FEL

ELEVATION 3591'

OPERATOR TRILOGY OPERATING INC.

LEASE SAPPHIRE

U.S.G.S. TOPOGRAPHIC MAP
 HOBBS EAST, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

