

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION
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APPLICATION OF TRILOGY OPERATING, INC.
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

2008 MAR 24 PM 4 42

Case No. 14105

APPLICATION

Trilogy Operating, Inc. applies for an order pooling all mineral interests from the surface to the base of the Yates/Seven Rivers formation underlying the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25, Township 19 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25, and has the right to drill or re-enter a well thereon.

2. Applicant proposes to re-enter the Topaz Well No. 1, at an orthodox oil well location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25, and seeks to dedicate the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25 to the well to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated South Nadine Yates-Seven Rivers Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25, pursuant to NMSA 1978 §70-2-17.

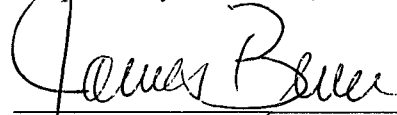
5. The pooling of all mineral interests underlying the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25, from the surface to the base of the Yates/Seven Rivers formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in re-entering and completing the well in the event a working interest owner elects not to participate in the well.

APPLICANT REQUESTS THAT, IN THE ABSENCE OF OBJECTION, THIS MATTER BE TAKEN UNDER ADVISEMENT.

Respectfully submitted,



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Attorney for Trilogy Operating, Inc.

PROPOSED ADVERTISEMENT

Case No. 14105: **Application of Trilogy Operating, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Yates/Seven Rivers formation underlying the NE/NW/4 of Section 25, 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. The unit will be dedicated to the Topaz Well No. 1, to be re-entered at an orthodox oil well location in the NE/4NW/4 of Section 25. Also to be considered will be the cost of re-entering and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in re-entering and completing the well. The unit is located approximately 1-1/2 miles northeast of Nadine, New Mexico. **APPLICANT REQUESTS THAT, IN THE ABSENCE OF OBJECTION, THIS MATTER BE TAKEN UNDER ADVISEMENT.**

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