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STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

ORIGINAL

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF TRILOGY OPERATING, INC. CASE NO. 14105
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Jr., Legal Examiner
WILLIAM V. JONES, Jr., Technical Examiner

April 3, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico
Oil Conservation Division, DAVID K. BROOKS, Jr., Legal
Examiner, and WILLIAM V. JONES, Jr., Technical Examiner, on
Thursday, April 3, 2008, at the New Mexico Energy, Minerals and
Natural Resources Department, 1220 South St. Francis Drive,
Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

1 April 3, 2008
2 Examiner Hearing
3 CASE NO. 14105

4 I N D E X

5
6 Appearing for Trilogy Operating, Inc.:

7 JIM BRUCE, ESQ.
8 P O Box 1056
9 Santa Fe, New Mexico 87545

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1 EXAMINER JONES: Let's go ahead and call the first
2 case today. It will be Case 14105, Application of Trilogy
3 Operating, Incorporated for Compulsory Pooling in Lea County,
4 New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr Examiner, Jim Bruce of Santa Fe,
7 representing the applicants. I'm submitting this case by
8 affidavit.

9 EXAMINER JONES: Any other appearances?

10 MR. BRUCE: Mr. Examiner, I'm submitting this pooling
11 case by affidavit. Submitted as Exhibit 1 is an affidavit of
12 the landman. Trilogy Operating Inc., seeks to re-enter an
13 existing well, the Topaz Well No. 1, located 400 feet from the
14 north line and 2,050 feet from the west line of Section 25 of
15 19 South 28 East. That well was originally drilled, I believe,
16 to the Abo about five years ago. It is currently TA'd, I
17 think, and they are seeking to re-enter it to test the
18 Yates-Seven Rivers formation.

19 There are two interest owners being pooled, one of
20 whom is a former partner of mine, by the way, Anderson Carter,
21 and his cousin, Stuart Carter. They've been negotiating with
22 them to get a lease, and they are still negotiating with them,
23 but at this point they haven't received the lease.

24 Submitted as Exhibit C is the AFE for the re-entry,
25 and the overhead rates being sought are 4500 a month for a

1 drilling well and 500 a month for a producing well.

2 Exhibit 2 is the Affidavit of Notice to both of the
3 parties. They are both locatable, and they both did receive
4 notice of the hearing. So I submit Exhibits 1 and 2.

5 EXAMINER JONES: There's no unlocated parties?

6 MR. BRUCE: No unlocated parties.

7 EXAMINER JONES: Okay. Exhibits 1 and 2 will be
8 admitted into evidence. This Yates-Seven Rivers, is that oil
9 for sure?

10 MR. BRUCE: It is oil.

11 EXAMINER JONES: It's not gas?

12 MR. BRUCE: Yeah, I -- yeah. The South ^{Nadine}~~Canadian~~
13 Yates-Seven Rivers pool, and it is an oil pool under the
14 Division's records.

15 EXAMINER JONES: Okay. Terry, do you have any
16 questions?

17 MR. WARNELL: No, I don't think so.

18 EXAMINER JONES: Do you have any questions?

19 MR. BROOKS: You've got your requested overhead in
20 here somewhere?

21 MR. BRUCE: Yeah. Page 2 of the affidavit,
22 Paragraph 2.

23 MR. BROOKS: Okay. I see it, 4500 and 500.

24 MR. BRUCE: 2(g).

25 MR. BROOKS: Okay. I guess that's okay. I can't

1 think of anything else.

2 EXAMINER JONES: Okay. With that, we'll take Case
3 14105 under advisement.

4 [Hearing concluded.]

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____.

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_____, Examiner
Oil Conservation Division

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REPORTER'S CERTIFICATE

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this proceeding.



JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/08

1 STATE OF NEW MEXICO)
 2 COUNTY OF BERNALILLO)

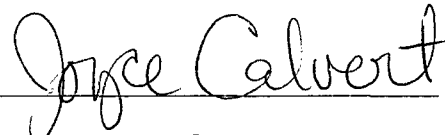
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4 I, JOYCE D. CALVERT, a New Mexico Provisional
 5 Reporter, working under the direction and direct supervision of
 6 Paul Baca, New Mexico CCR License Number 112, hereby certify
 7 that I reported the attached proceedings; that pages numbered
 8 1-5 inclusive, are a true and correct transcript of my
 9 stenographic notes. On the date I reported these proceedings,
 10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, this 3rd day of
 12 April, 2008.

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Joyce D. Calvert
 Provisional License #P-03
 License Expires: 7/31/08

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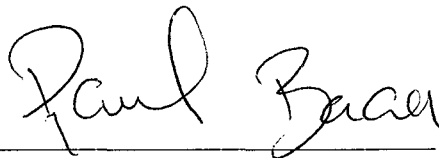
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