The Operating Agreement and COPAS that will be used for the Howser #2 is the same as was previously submitted and approved for the Compulsory Pooling Order No. R-11302 for Trilogy Operating, Inc.'s Dreessen #1 well drilled and completed in the SW/4 NE/4 of Section 1, T-20-S, R-38-E, Lea County, New Mexico and Compulsory Pooling Order No. R-11382 for Trilogy Operating, Inc.'s Howser #1 well drilled and completed in the NW/4 SE/4 of Section 1, T-20-S, R-38-E, Lea County, New Mexico. As testified to in Case No 12305, we propose to use a Drilling Overhead Rate of \$4,500.00 and a Producing Overhead Rate of \$450.00. The attached page reflects a summary overhead rates compiled and printed in the annual American Association of Professional Landman's Directory.

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	<u></u> .	Region: Colora	ado Plateau, Basir	n and Range — 3		
Oil Wells Fixed Overhead Rates		Monthly Producing Well Fixed Overhead Rates				
	NUMBER OF RESPONSES	AVERAGE	MEDIAN	NUMBER OF RESPONSES	AVERAGE	MEDIAN
Depth in Feet 0 - 5,000 5,001 - 10,000 10,001 - 15,000 15,001 - 20,000 20,001 + No Depth Limit	2	\$5,000 4,277	\$5,000 4,277	3 8 2	\$462 575 478	\$476 478 478
Gas Wells						
Depth in Feet 0 - 5,000 5,001 - 10,000 10,001 - 15,000 15,001 - 20,000 20,001 +	3	\$3,663 5,326 6,000	\$5,000 5,000 6,000	7 9 1	\$410 481 600	\$475 477 600
No Depth Limit	1	2,809	2,809	1	281	281

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		egion: Rocky Mou				
		Monthly Drilling Well			onthly Producing We	
Oil Wells	Fixed Overhead Rates			Fixed Overhead Rates		
	NUMBER OF RESPONSES	AVERAGE	MEDIAN	NUMBER OF RESPONSES	AVERAGE	MEDIAN
Depth in Feet						
0 - 5,000	6	\$4,063	\$3,649	13	\$559	\$546
5,001 - 10,000	11	4,969	4,886	26	610	544
10 001 - 15 000	8	5,741	5,932	8	693	677
)0	2	5,785	5,785	2	797	797
	1	6,188	6,188	1	563	563
νO	5	\$4.674	\$4,674	8	\$523	\$553
10	3	5,183	4,730	- 9	658	672
10	2	5,985	5,985	4	760	658
i0	1	1,905	1,905	. 1	381	381
v	1	6,320	6,320	1	1,264	1,264
	1	6,750	6,750	1	799	799

Oil Wells	F	Monthly Drilling We Fixed Overhead Rate			onthly Producing We ixed Overhead Rate	
	NUMBER OF RESPONSES	AVERAGE	MEDIAN	NUMBER OF RESPONSES	AVERAGE	MEDIAN
Depth in Feet						
0 - 5,000	48	\$3,367	\$3,000	98	\$402	\$450
5,001 - 10,000	44	4,176	4,500	87	458	450
10,001 - 15,000	17	5,019	5,000	25	607	600
15,001 - 20,000	3	5,128	5,128	3	475	450
20,001 +	1. '	8,000	8,000	1	950	950
No Depth Limit	6	5,107	5,373	6	511	576
Gas Wells	1					
Depth in Feet						
0 - 5,000	27	\$3,261	\$3,000	51	\$481	\$350
5,001 - 10,000	26	4,168	4,000	42	421	400
10,001 - 15,000	12	5,485	6,000	32	710	749
15,001 - 20,000	1	450	450	2	245	245
20,001 +	1	500	500	1	500	500
No Depth Limit	7	5,531	5,000	7	567	493
			246			

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P.O. Box 7606 Midland, Texas 79708

RILOGY OPERATING, INC.

October 17, 2000

Home-Stake Oil & Gas Company 15 East 5th Street, Suite 2800 Tulsa, OK 74103-4311

Attn: Barbara Courtney Long

Re: Oil & Gas Lease Howser #2 Well SW/4 SE/4 Section 1, T-20-S, R-38-E, Lea County, New Mexico Zinke's Casa Prospect

Dear Barbara:

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As per our conversation, please find enclosed for your review and execution an Oil and Gas Lease covering the captioned lands from the surface down to a depth of 8000 feet. The lease is for a one (1) year primary term and provides for a 1/4th royalty.

Additionally enclosed is our check made payable to Home-Stake for \$250.00, being \$100.00 per net mineral acre times your 1/16th mineral interest. We intend to spud this well around October 25, 2000. As an alternative, I have enclosed a copy of our AFE for this well should Home-Stake desire to participate. I have also enclosed a copy of our map reflecting the Tubb structure.

We are preparing to file for a Compulsory Pooling Order for this well, since we are unable to locate a couple of mineral interest owners. As a precautionary measure, we will include Home-States' interest as a non-committed interest. Hopefully, you will lease to us as you have previously elected to in the Howser #1 well. Should you have any questions, please contact me. Your prompt attention will be appreciated.

Yours very truly.

Jerry A. Weant, CPL President

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October 4, 2000

Evans Oil and Gas, LLC. 1513 East Old Shakopee Rd. Bloomington, MN 55425-2440

Re: Howser #2 Well 660' FSL & 2310' FEL Section 1, T-20-S, R-38-E, NMPM, <u>Lea County, New Mexico</u> Zinke's Casa Prospect

Gentlemen:

Trilogy Operating, Inc. has leased a majority of the mineral interest under the SE/4 of Section 1, T-20-S, R-38-E, NMPM, Lea County, New Mexico, and we are preparing to drill an Abo formation test. The well will be drilled to a depth of 7800 feet or a depth, in our opinion, sufficient to test the objective formation, whichever is the lesser.

Enclosed for your review is an AFE for said well. We have previously attempted to lease your 0.0002705 mineral interest, but we have not received any reply from you. We are currently preparing for a Compulsory Pooling hearing on this acreage. You should be receiving notice of said hearing promptly. The notice will outline your options. Should you elect to participate in this well for your mineral interest, please return one (1) executed copy of the AFE to our office. We will then send you a copy of our Operating Agreement covering these lands. Should you have any questions, please contact our office. Your prompt attention to this matter will be greatly appreciated.

Yours very truly,

	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
Jerry A. Weant, CPL President	 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Received by (Prease Print Clearly) B. Date of Delivery C. Signature 6C1 Delivery X 6C1 Agent D is delivery address different from term 12 Yes
	1. Article Addressed to: EVans Oil and Gas, LLC. 1513 East Old Shakope Rd.	D. Is delivery address different from item 1? Yes If YES, enter selivery address below: No
Compulsory Pooling: Howser #2-	Bloomington, MN 55425-2440	Service Type Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.
		4. Restricted Delivery? (Extra Fee)
	2. Article Number (Copy from service label)	
	PS Form 3811, July 1999 Domestic Ret	um Receipt 102595-99-M-1789

October 4, 2000

John F. Corvino and Rita M. Corvino 2550 S. Kinsington Westchester, IL 60153

Re: Howser #2 Well 660' FSL & 2310' FEL Section 1, T-20-S, R-38-E, NMPM, <u>Lea County, New Mexico</u> Zinke's Casa Prospect

Ladies & Gentlemen:

Trilogy Operating, Inc. has leased a majority of the mineral interest under the SE/4 of Section 1, T-20-S, R-38-E, NMPM, Lea County, New Mexico, and we are preparing to drill an Abo formation test. The well will be drilled to a depth of 7800 feet or a depth, in our opinion, sufficient to test the objective formation, whichever is the lesser.

Enclosed for your review is an AFE for said well. We have previously attempted to lease your 0.000093 mineral interest, but we have not received any reply from you. We are currently preparing for a Compulsory Pooling hearing on this acreage. You should be receiving notice of said hearing promptly. The notice will outline your options. Should you elect to participate in this well for your mineral interest, please return one (1) executed copy of the AFE to our office. We will then send you a copy of our Operating Agreement covering these lands. Should you have any questions, please contact our office. Your prompt attention to this matter will be greatly appreciated.

Yours very truly,

Jerry A. Weant, CPL President

Compulsory Pooling: Howser #2-Corvino

	U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)						
-0	Article Sent To:						
543	John F.	Corvino					
Ш	Postage	\$,33					
5 C	Certified Fee	1,40					
20	Return Receipt Fee (Endorsement Required)	1.25	Postmark Here				
	Restricted Delivery Fee (Endorsement Required)	h					
	Total Postage & Fees	\$ 2,98	1				
nu m	Name (Please Print Clearly) (To be completed by mailer)						
6	Street, Apt. No.; or PO Box No. 2550 S. Kinsinsten						
705	2550 S. Kinsington City, state, 21P+4 Westchester, IL 60153						
	PS Form 3800, July 1	999	See Reverse for Instructions				

October 4, 2000

Max R. Chudy, Jr., Executor 50 S. Meadow Orchard Park, NY 14127

Re: Howser #2 Well 660' FSL & 2310' FEL Section 1, T-20-S, R-38-E, NMPM, Lea County, New Mexico Zinke's Casa Prospect

Dear Mr. Chudy:

Trilogy Operating, Inc. has leased a majority of the mineral interest under the SE/4 of Section 1, T-20-S, R-38-E, NMPM, Lea County, New Mexico, and we are preparing to drill an Abo formation test. The well will be drilled to a depth of 7800 feet or a depth, in our opinion, sufficient to test the objective formation, whichever is the lesser.

Enclosed for your review is an AFE for said well. We have previously attempted to lease your 0.0002908 mineral interest, but we have not received any reply from you. We are currently preparing for a Compulsory Pooling hearing on this acreage. You should be receiving notice of said hearing promptly. The notice will outline your options. Should you elect to participate in this well for your mineral interest, please return one (1) executed copy of the AFE to our office. We will then send you a copy of our Operating Agreement covering these lands. Should you have any questions, please contact our office. Your prompt attention to this matter will be greatly appreciated.

x.

Yours very truly,

	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY		
Jerry A. Weant, CPL President	 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: 	A. Received by (Please Print Clearly) B. Date of Del X R.M. CORVINO B. Date of Del C. Signature Agent X R.M.Corvino Address D. Is delivery address different from item 1? Yes If YES Her delivery address below: No		
	Max R. Chudy, Jr. 50 S. Meadow			
Compulsory Pooling: Howser #2-	Orchard Park, NY 14127	Service Type Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.		
		4. Restricted Delivery? (Extra Fee) Yes		
	2. Article Number (Copy from service label) 70993220 0005 7563 5474			
	PS Parm 3814, July 1999 Domestic Ret	urn Receipt 102595-90-M-1790		