

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

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SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
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NATURAL RESOURCES-OIL AND GAS LAW

TELEPHONE (505) 982-4285
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JASON KELLAHIN (RETIRED 1991)

November 28, 2000

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: **Howser Well No. 2**
Application of Trilogy Operating, Inc.
for Compulsory Pooling
Lea County, New Mexico

12559

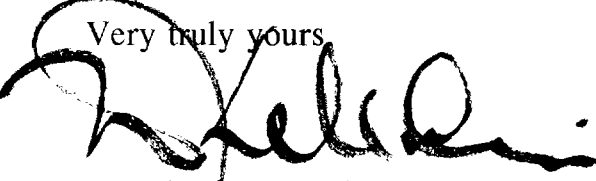
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OIL CONSERVATION DIV.

Dear Ms. Wrotenbery:

On behalf of Trilogy Operating, Inc., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for December 21, 2000. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Trilogy Operating, Inc.
Attn: Jerry Weant

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November 28, 2000

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

TO: NOTICE OF THE HEARING OF THE FOLLOWING
NEW MEXICO OIL CONSERVATION DIVISION CASE:

Case 12559

**Re: *Application of Trilogy Operating, Inc.
for Compulsory Pooling, Lea County, New Mexico***

On behalf of Trilogy Operating, Inc., please find enclosed our application for an compulsory pooling for its Howser Well No. 2 which has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for December 21, 2000. The hearing will be held at the Division hearing room located in the Pinon Building, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87502 (phone 505-827-7132)

As an interest owner who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. You are not required to attend this hearing, but failure to appear at the hearing and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 1208.B, you are further notified that if you desire to appear in this case, then you are required to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, December 15, 2000, with a copy delivered to the undersigned. This statement must include: the names of the parties and attorneys; a concise statement of your position in this case; the names of all witnesses you will call to testify at the hearing; the approximate time you will need to present your case and identification of any procedural matters that area to be resolve prior to the hearing.

Very truly yours,

W. Thomas Kellahin

CASE 12579: Application of Trilogy Operating, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in accordance with Division Rule 1207.A(1)(b), seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SW/4SE/4 of Section 1, T20S, R38E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40-acre spacing, including but not limited to the Undesignated House-San Andres Pool, House-Blinebry Pool, East Warren Tubb Oil and Gas Pool and Undesignated D-K-Abo Pool. This unit is to be dedicated to its Howser Well No. 2 being drilled at a standard well location in Unit O of this section. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 2 miles south from Nadine, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT**

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION
OF TRILOGY OPERATING, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 12559

A P P L I C A T I O N

TRILOGY OPERATING, INC. ("Trilogy") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) and Division Rule 1207.A(1)(b) seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SW/4SE/4 of Section 1, T20S, R38E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40-acre spacing, including but not limited to the Undesignated House-San Andres Pool, House-Blinbry Pool, East Warren Tubb Oil and Gas Pool and Undesignated D-K-Abo Pool. This unit is to be dedicated to its Howser Well No. 1 is being drilled at a standard well location in Unit O of this section. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application, Trilogy Operating, Inc. states:

1. Trilogy has a working interest ownership in the oil and gas minerals from the surface to the base of the Abo formation underlying the SW/4SE/4 of Section 1, T20S, R38E, NMPM, Lea County, New Mexico.
2. The subject tract is located within one mile of the Undesignated House-San Andres Pool, House-Blinbry Pool, East Warren Tubb Oil and Gas Pool and Undesignated D-K-Abo Pool.
3. This well is being drilled at a standard oil well location in the SW/4SE/4 (Unit O) of Section 1 to test any and all formations in the pooled interval from the surface to the base of the Abo formation.

4. Trilogy has the voluntary agreement of certain of the working interest ownership of the oil & gas minerals from the surface to the base of the Abo formation underlying the SW/4SE/4 of this section.

5. Trilogy, Inc., despite its good faith effort, has been unable to obtain the voluntary agreement the remaining 15.70 percent of the mineral and working interest owner(s) in the spacing unit as identified on Exhibit "A."

6. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Trilogy needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

7. Trilogy requests that this application be processed in accordance with Division Rule 1207.A(1)(b) and at the time of hearing will submit the data required by this rule.

8. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for December 21, 2000

WHEREFORE, Trilogy, as applicant, requests that this application be set for hearing on December 21, 2000 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) Trilogy Operating, Inc. be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;

- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a stylized flourish at the end.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

EXHIBIT "A"

SW/4 SE/4 SECTION 1, T-20-S, R-38-E, NMPM, LEA COUNTY, NEW MEXICO

<u>UNLEASED MINERAL OWNERS:</u>	<u>MINERAL INTEREST</u>
Evans Oil and Gas, LLC. (No response) 1513 East Old Shakopee Road Bloomington, MN 55425-2440	0.0002705
John F. Corvino and Rita M. Corvino (No response) 2550 S. Kinsington Westchester, Il 60153	0.0000930
Edward F. Nicolin Address Unknown	0.0000145
Margaret Graham and Bankers Trust Company Address Unknown	0.0000290
Max R. Chudy (No response) 50 S. Meadow Orchard Park, NY 14127-2723	0.0002908
John L. Brady Address Unknown	0.0000290
Reba Lane Hatfield Address Unknown	0.0156250
Bessie Irene Lane Address Unknown	0.0156250
Joseph Kraus Address Unknown	0.0625000
Home Stake Oil & Gas Company 15 East 5 th Street, Suite 2800 Tulsa, OK 74103-4311	0.0625000

Compulsory Pooling: Howser #2