

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

**APPLICATION OF TRILOGY OPERATING, INC.
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.**

CASE NO. 12697

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by TRILOGY OPERATING, INC., as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

ATTORNEY

Trilogy, Inc.
P. O. Box 11005
Midland, Texas 79702
(915) 699-1410
attn: Jerry Weant

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF CASE

In accordance with Division Rule 1207.A(1)(b) and pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying SW/4NE/4 of Section 24, T19S, R38E, Trilogy Operating, Inc. needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

Trilogy Operating, Inc. requests an order pooling the mineral interest of described in this spacing unit for the drilling of its Sapphire Well No. 1 for potential production from the surface to the base of the Abo formation upon terms and conditions which include:

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- (1) Trilogy Operating, Inc., be named operator;
- (2) The order make 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 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) A provision for overhead rates and a method for adjusting those rates in accordance with COPAS accounting procedures;
- (5) For such other and further relief as may be proper.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

EST. TIME EXHIBITS

presented by affidavit:

15 min.

@ 4 exhibits

Jerry Weant (landman)
George Ulmo (geologist)
Michael Mooney (PE)

PROCEDURAL MATTERS

None anticipated

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin

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