

Date: 07/03/02 AFE No.:

Category: New Drill Type: Oil

Well: Sapphire #2	Depth: 7800
Operator: Trilogy Operating, Inc	Fm.: Abo
Location: Nadine Field	County: Lea
Prospect:	State: New Mexico

Description	DH	Producer	Total
Permit, Surveying	700		700
Surf. Damage, ROW	35,000		35,000
Roads, Location, Pits	10,000		10,000
Drilling: Footage \$ 16.00 / ft	124,800		124,800
Daywork	15,000		15,000
Turnkey			0
Rig Mobilization			0
Fuel,Boiler			0
Completion Rig 8 days @ \$ 2500/day		20,000	20,000
Mud & Chemicals	9,800		9,800
Water, Water Hauling	10,500		10,500
Transportation, Hauling	3,000		3,000
Bits, Reamers, Stab.			0
Coring			0
Drill Stem Testing			0
Equipment Rental	2,500	3,000	5,500
Special Services			0
Directional Drlg.			0
Contract Labor	12,000	10,000	22,000
Mud Logging, Geological	7,500		7,500
Cementing	14,000	21,000	35,000
Logging	30,000		30,000
Perforating		7,000	7,000
Stimulation		35,000	35,000
Wellsite Supervision			0
Abandonment Expense	6,000		6,000
Legal Exp., Insurance	2,000		2,000
COPAS Overhead	3,000	2,000	5,000
			0
Contingency 10%	28,580	9,800	38,380
<b>Total Intangible</b>	<b>314,380</b>	<b>107,800</b>	<b>422,180</b>
<b>TUBULARS</b>			
Conductor ft.	1,400		1,400
Surface 1700 ft. \$8.46/ft	14,416		14,416
Intermediate ft.			0
Liner ft.			0
Production 7800 ft. \$4.85/ft		37,830	37,830
Tubing 2 7/8" @ \$3.00		23,400	23,400
<b>PRODUCTION FACILITIES</b>			
Tanks			0
Separator			0
Heater/Treater			0
Dehydrator			0
Buildings			0
Flowline/Pipeline		1,600	1,600
Valves/Fittings		2,500	2,500
<b>ARTIFICIAL LIFT EQUIP</b>			
Pumping Unit Low Profile		48,000	48,000
Fndn./Base			0
Prime Mover			0
Sucker Rods		16,000	16,000
Bottom Hole Pump		2,000	2,000
Wellhead Equip.	650	550	1,200
Packer/Anchor		500	500
Other Equip.		1,000	1,000
Non-Controllable Equip.			0
Contingency 10%	1,647	13,338	14,985
<b>Total Tangibles</b>	<b>18,113</b>	<b>146,718</b>	<b>164,831</b>
<b>TOTAL WELL COST</b>	<b>332,493</b>	<b>254,518</b>	<b>587,011</b>

Accepted this \_\_\_\_ day of \_\_\_\_\_, 2002

By: \_\_\_\_\_ Company: \_\_\_\_\_

Print Name: \_\_\_\_\_

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
811 South First, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-101  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address Trilogy Operating, Inc P.O. Box 7606 Midland, Texas 79708		<sup>2</sup> OGRID Number 021602
		<sup>3</sup> API Number 30-025-35949
<sup>4</sup> Property Code 28066	<sup>5</sup> Property Name Sapphire	<sup>6</sup> Well No. 2

<sup>7</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
B	24	19S	38E		990	North	1900	East	Lea

<sup>8</sup>Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
<sup>9</sup> Proposed Pool 1 Nadine ; Drinkard-Abo					<sup>10</sup> Proposed Pool 2				

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code O	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code P	<sup>15</sup> Ground Level Elevation 3591
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 8000	<sup>18</sup> Formation Abo	<sup>19</sup> Contractor Star Drilling # 3	<sup>20</sup> Spud Date 07-28-02

<sup>21</sup>Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	8 5/8	24	1700	650	circulate
7 7/8	5 1/2	17	8000	900	circulate

<sup>22</sup>Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

- 1) Drill 12 1/4" hole w/ fresh water mud to an approximate depth of 1700'
- 2) Set 8 5/8" - 24# J-55 casing and cement w/ approximately 650 sx class "c" w/ additives, or amount of cement needed to circulate to surface
- 3) WOC 24 hrs, Drill 7 7/8" hole w/ brine water mud to approximately 8000' or depth to sufficiently test the Abo Formation
- 4) Run open hole logs and determine productivity potential of wellbore
- 5) Either plug & abandon well as per NMOCD instructions or Run 5 1/2" - 17# N80 csg to a setting depth to cover Abo Formation or productive horizon - cement w/ lead class "c" & tail class "h" cement so as to circulate cement to surface - volumes will be determined

<sup>23</sup>I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Michael G. Mooney*  
Printed name: Michael G. Mooney

Title: Engineer

Date: 07-15-02

Phone: 915-686-2027

OIL CONSERVATION DIVISION

Approved By: ORIGINAL SIGNED BY  
PAUL F. KAUTZ  
PETROLEUM ENGINEER

Approval Date: Expiration Date:

Conditions of Approval: *SEE 18 2002*  
Attached: ☐

Permit Expires 1 Year From Approval  
Date Unless Drilling Underway

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

DISTRICT III  
Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-35949</b>	Pool Code <b>47510</b>	Pool Name <b>Nadine Drinkard - Abo</b>
Property Code <b>28066</b>	Property Name <b>SAPPHIRE</b>	Well Number <b>2</b>
OGRD No. <b>021602</b>	Operator Name <b>TRILOGY OPERATING INC.</b>	Elevation <b>3591'</b>

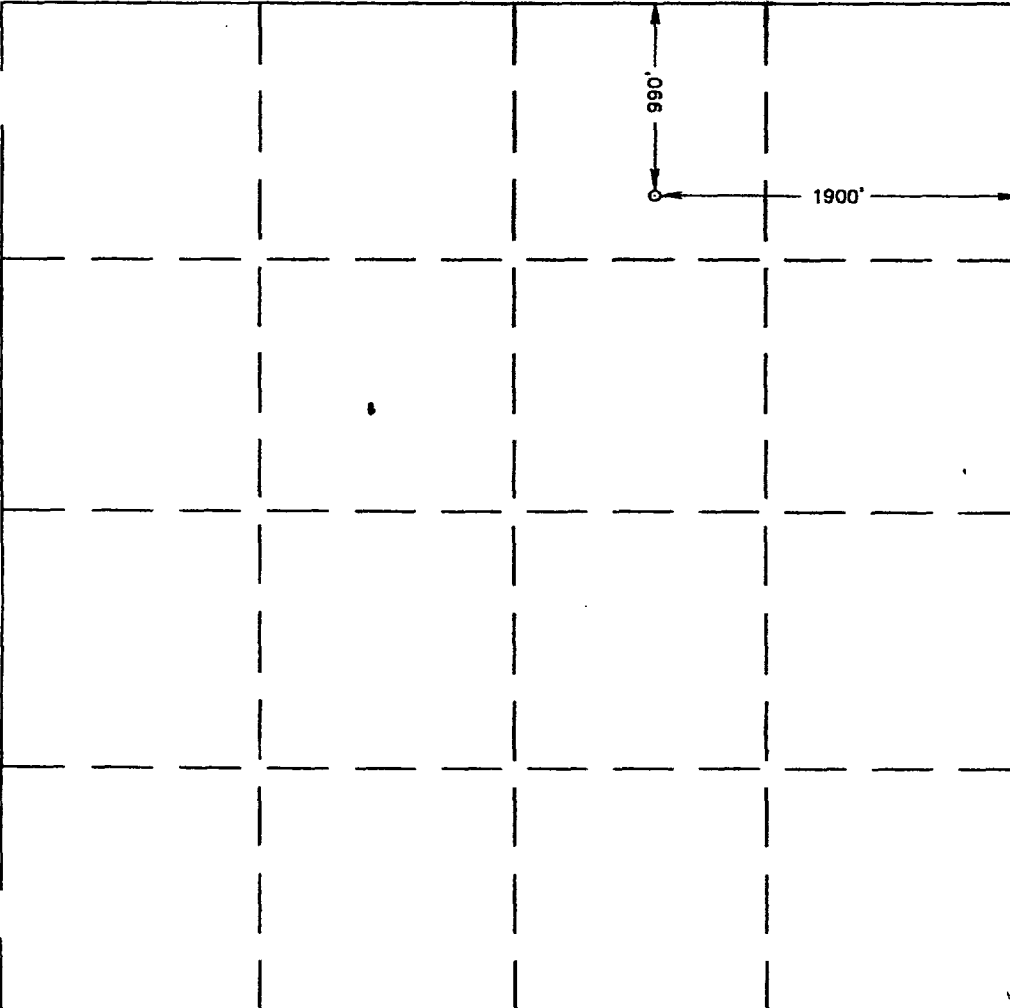
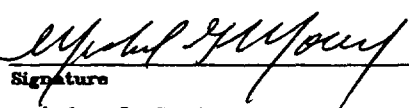
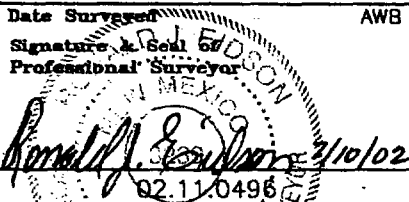
Surface Location

UL or lot No. <b>B</b>	Section <b>24</b>	Township <b>19-S</b>	Range <b>38-E</b>	Lot Idn	Feet from the <b>990</b>	North/South line <b>NORTH</b>	Feet from the <b>1900</b>	East/West line <b>EAST</b>	County <b>-LEA</b>
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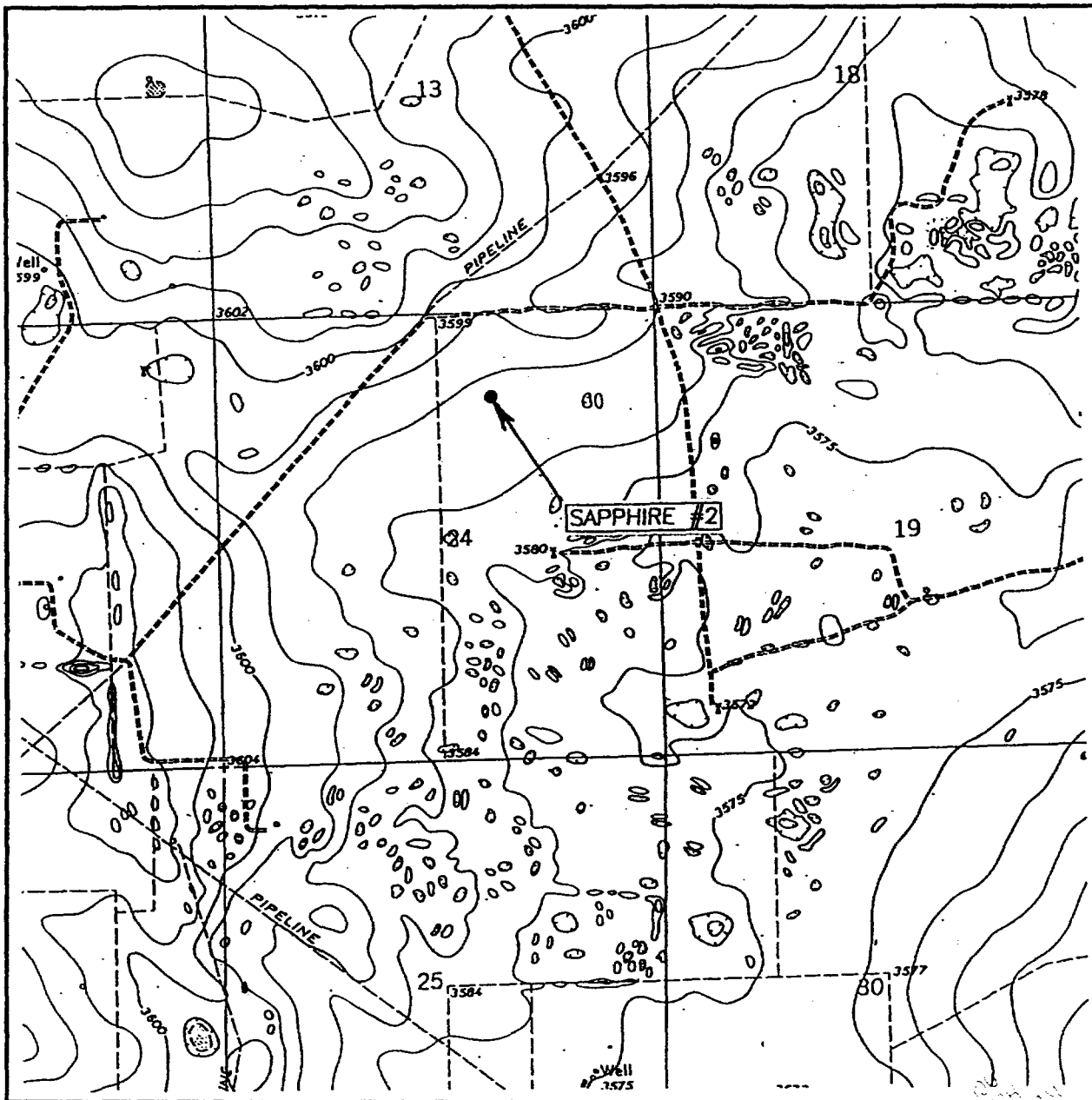
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>40</b>	Joint or Infill <b>I</b>	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature <b>Michael G. Mooney</b> Printed Name <b>Engineer</b> Title <b>7/15/02</b> Date
	<b>SURVEYOR CERTIFICATION</b>  I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  <b>JULY 09, 2002</b> Date Surveyed <b>AWB</b> Signature & Seal of Professional Surveyor  Certificate No. <b>RONALD G. EDSON 3239</b> <b>GARY HUBSON 12641</b>

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 5'  
HOBBS EAST, N.M.

SEC. 24 TWP. 19-S RGE. 38-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 990' FNL & 1900' FEL

ELEVATION 3591'

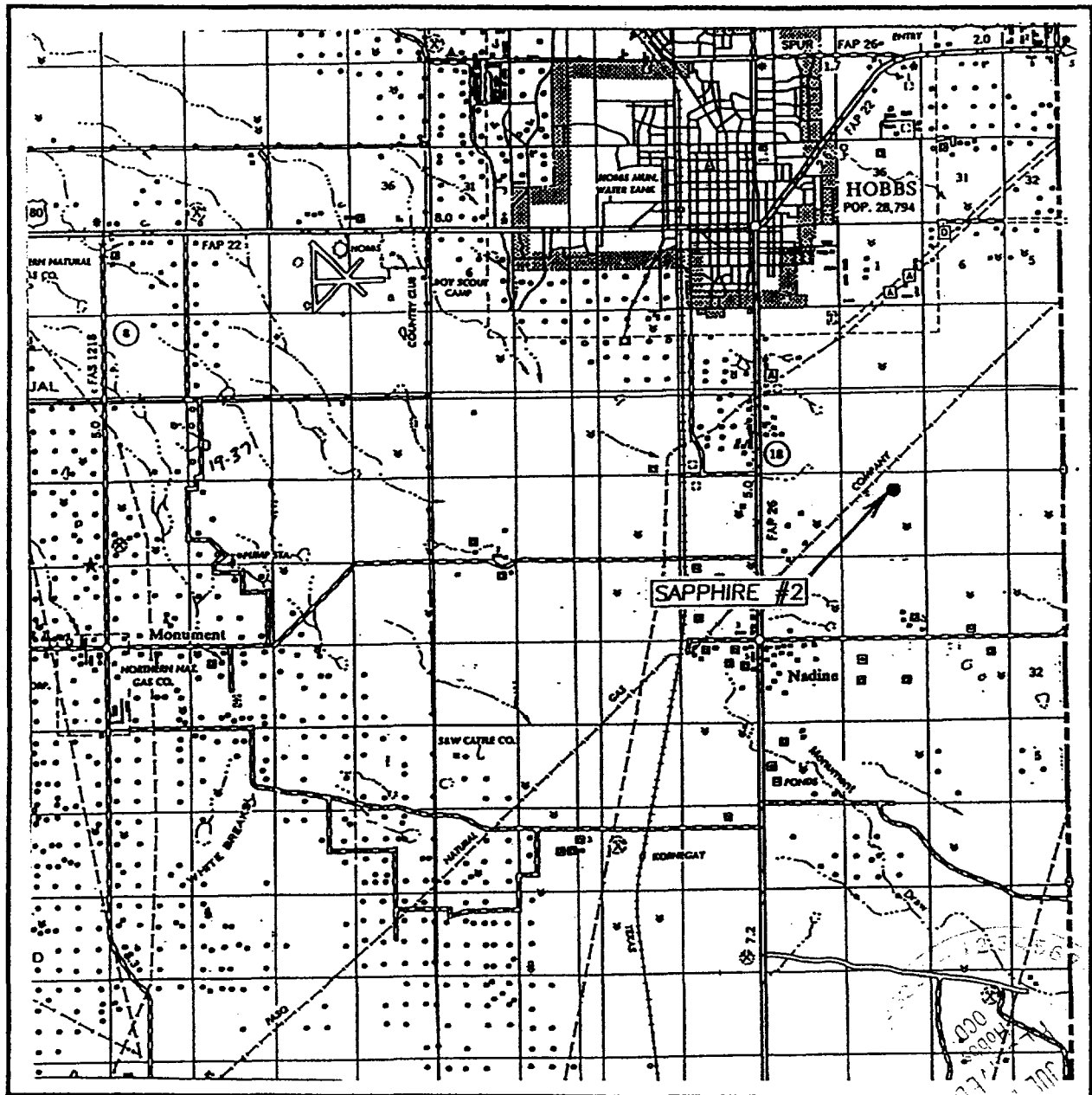
OPERATOR TRILOGY OPERATING INC.

LEASE SAPPHIRE

U.S.G.S. TOPOGRAPHIC MAP  
HOBBS EAST, N.M.

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 24 TWP. 19-S RGE. 38-E  
 SURVEY N.M.P.M.  
 COUNTY LEA  
 DESCRIPTION 990' FNL & 1900' FEL  
 ELEVATION 3591'  
 OPERATOR TRILOGY OPERATING INC.  
 LEASE SAPPHIRE

JOHN WEST SURVEYING  
 HOBBS, NEW MEXICO  
 (505) 393-3117