

OCD-HOBBS

Form 3160-5
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No 1004-0137
Expires: March 31, 2007

5. Lease Serial No.

NMNM 99058

6 If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

8. Well Name and No.

Natalie Federal #1

9 API Well No.

30-025-37736

10. Field and Pool, or Exploratory Area

Foster San Andres

11. County or Parish, State

Lea County, New Mexico

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1 Type of Well



Oil Well



Gas Well



Other

2 Name of Operator

Trilogy Operating, Inc.

3a Address

P.O. Box 7606, Midland, TX 79708

3b Phone No. (include area code)

432-686-2027

4. Location of Well (Footage, Sec, T, R., M, or Survey Description)

2828' FSL & 2230' FWL Sec 7, T-19S, R-39E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION



Notice of Intent



Subsequent Report



Final Abandonment Notice



Acidize



Alter Casing



Casing Repair



Change Plans



Convert to Injection



Deepen



Fracture Treat



New Construction



Plug and Abandon



Plug Back



Production (Start/Resume)



Reclamation



Recomplete



Temporarily Abandon



Water Disposal



Water Shut-Off



Well Integrity



Other

- 13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This well was permitted and drilled to 4800'. Trilogy requests to deepen well to 6900'.

BOP, casing, mud, and cement programs are stated in the drilling program.

Drilling will commence on or before July 15, 2007.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

- 14 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Angela Lightner

Title Consultant

Signature

Angela Lightner

Date

05/21/2007

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Chris Williams

Title

Date

JUN 8 2007

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

WESLEY W. INGRAM

PETROLEUM ENGINEER

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instructions on page 2)

**TRILOGY OPERATING, INC.
WELL PROGNOSIS
NATALIE FEDERAL # 1**

API # 30-025-37736

Surface Location: 2428' FSL & 2230' FWL
Sec. 7, T-19S, R-39E
Lea County, New Mexico

Proposed Bottom Hole Location: Same as Surface

Planned AFE Total Depth: 6900' TVD/ 6900' MD

Prepared By: R. K. Ford & Associates Staff

Proposed Drilling and Completion Summary

The Natalie Federal #1 well is planned as a 6900' TVD/ 6900' MD. The Blinebry is the primary objective.

Prior to deepening the well, the plan is to first squeeze all open perforations of the previous completion attempts. After a successful casing integrity test then the hole will be deepened to 6900'. Current casing includes 5 1/2" production casing to the current TD of 4796'. A 4 3/4" hole will be drilled to the new TD of 6900' and then a 4" liner will be run. The mud program for deepening will be 10 ppg brine with minimal gel. Cement program for deepening will be 300 sxs class H cmt w/ 2% Cacl with fluid loss additives. BOP requirements for deepening will be a 3000 PSI double ram preventer stack as shown in EXHIBIT 2. All BOP's and accessory equipment will be tested to 3000 psi. The annular will test to 1500 psi. This well is planned to be drilled as a vertical well to TD. Formation evaluation will be performed using open-hole logging tools. A well completion procedure will be prepared by engineering after the well is evaluated. Production tubing will be put in place to handle anticipated production rates.

Current Perforations

<u>Interval</u>	<u>Density</u>	<u>Total Holes</u>
4548' - 4550'	4 SPF	9
4568' - 4573'	2 SPF	11
4470' - 4474'		
4513' - 4516'		
4522' - 4524'	2 SPF	21
4422' - 4424'	4 SPF	8
3440' - 3446'		
3464' - 3466'		
3478' - 3486'	2 SPF	32
2930' - 2942'		
2958' - 2970'	2 SPF	48

Estimated Formation Tops

Salt	400'
Anhydrite	1500'
Seven Rivers	3050'
San Andres	4200'

For deepening project the objective is to drill thru the Glorietta formation and into the Blinbry formation.

Casing Program

Casing Program in place:

<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>
8 5/8"	24#	J-55	LT&C	0-1820'
5 1/2"	15.5#	J-55	LT&C	0- 4796'

Casing Program used to drill to 6900"

<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>
4"	10.7#	L-80	Ultra-FJ	4500'-6900'

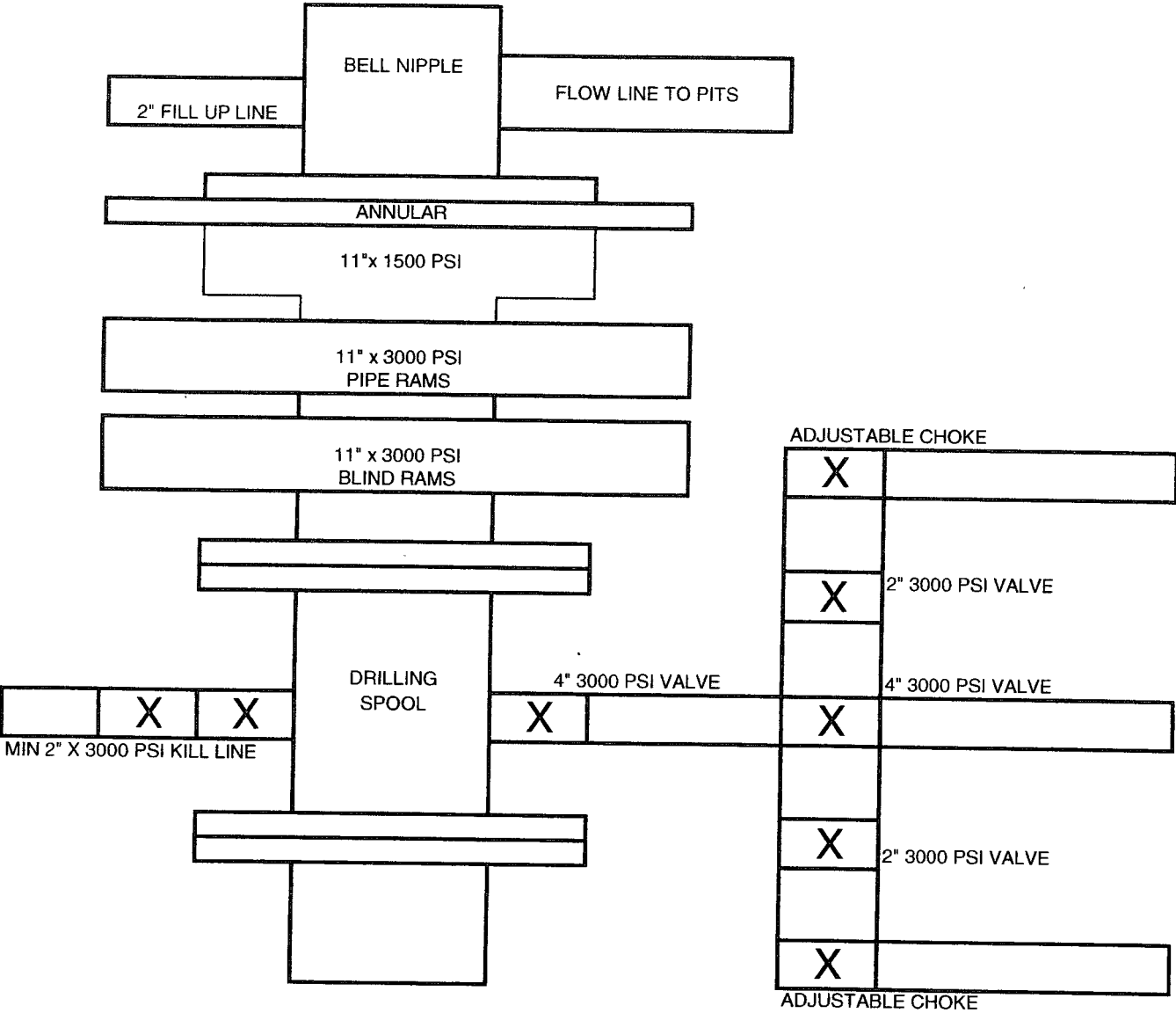
Mud Program

Mud program for deepening will be 10 ppg brine with minimal gel

Cement Program

Cement program for deepening will be 300 sxs Class H cmt. with 2% CaCl with fluid loss additives.

BOP SCHEMATIC FOR
9-1/2" HOLE



Trilogy Operating
Natalie Federal #1
Lea County, New Mexico

Exhibit 2

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Trilogy Operating, Inc.
Well Name & No. 1-Natalie Federal
Location: 2428' FSL, 2230' FWL, Sec. 7, T-19-S, R-39-E, Lea County, NM
Lease: NMNM 99058

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I. DRILLING OPERATIONS REQUIREMENTS:

- A.** The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Setting and/or Cementing of all casing strings
 2. BOPE tests
- Lea County call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612
- B.** Although Hydrogen Sulfide has not been detected in this section, it is always a potential hazard.
- C.** Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
- D.** If floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

II. CASING:

- A.** The 8-5/8" surface casing is existing, set at 1820', and cement circulated to surface.
- B.** The 5-1/2" intermediate casing is existing, set at 4796', and cement circulated to surface.
- C.** The minimum required fill of cement behind the 4-1/2 inch production liner is cement to circulate to the top of the liner.
- D.** If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool I joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- A.** All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2.
- B.** Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 5-1/2" intermediate casing shoe shall be **3000 (3M) PSI**.
- C.** The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - 1. The tests shall be done by an independent service company.
 - 2. The results of the test shall be reported to the appropriate BLM office.
 - 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53 Sec. 17. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

Engineer on call phone (after hours): 505-706-2779

WWI 060807