

5/01/2014 DATE IN	SUSPENSE	ENGINEER	5/01/2014 LOGGED IN	NSP WSL TYPE	P MAM 1412 160388 P MAM 1412 159990 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

2 day hold

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



7084

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Quallified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

-NSL
-NSP
-LO905
289148

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 X NSL X NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

Well
-LO905 HEROS 3H
30-045-Pending
Pool
-Basin mancos
97232

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] X Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

J. Scott Hall
 Montgomery & Andrews, P.A.

J. Scott Hall

Attorneys for Applicant

5/01/14

Print or Type Name

Signature

Title

Date

shall@montand.com

e-mail Address



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL

Office: (505) 986-2646

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

May 1, 2014

Ms. Jami Bailey, Director
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87501

Hand-Delivered

**Re: Logos Resources LLC
Request for Administrative Approval
Non-Standard Oil Spacing Unit and Unorthodox Well
Location Basin-Mancos Gas Pool (97565)**

**Heros Well No. 3-H (Horizontal)
API No. 30-045- (pending)
N/2 S/2 Section 4, T23N, RSW (Project Area)
2216' FSL and 74' FWL (L), Section 3 (Surface)
2216' FSL and 330' FWL (L), Section 4 (Bottom Hole)
Completed Interval:
330' FEL¹ and 2216' FSL to 330' FWL and 2216' FSL, Section 4
T23N, RSW, NMPM
San Juan County, New Mexico**

Dear Ms. Bailey:

On behalf of Logos Resources LLC ("Logos") and pursuant to Division Rules 19.15.15.11.B(2) (a) and (b), 19.15.15.13 and the applicable rules governing the acreage and well location requirements for the Basin-Mancos Gas Pool (97232; Order No. R-12984), we request administrative approval for a 160 acre ± non-standard oil spacing and proration unit and horizontal drilling project area comprised of the N/2 S/2 of Section 4, Township 23 North, Range 8 West, NMPM for the Heros No. 3-H well to be drilled at the surface and bottom hole locations indicted above.

Logos seeks an exception from the applicable acreage dedication and well location rules for the following reasons: Order No. R-12984 established special pool rules for the Basin-Mancos Pool as a gas pool with 320 acre spacing units and well

325 Paseo de Peralta
Santa Fe, New Mexico 87501

T: 505.982.3873
F: 505.982.4289

P.O. Box 2307
Santa Fe, New Mexico 87504-2307

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May 1, 2014
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location setbacks of 660'. The special pool rules also provide that oil wells located within two miles of certain Gallup oil pools or associated pools identified in Order No. R-12984 are to be drilled and spaced in accordance with the rules applicable to those pools. The spacing unit proposed in this case is located in close proximity to the Nageezi - Gallup Oil Pool (47540) and the well is expected to produce oil from a correlative stratum. The current rules for that pool reflect statewide rules and provide that wells shall be located no closer than 330' to the boundary of a unit, with 40-acre units dedicated to the wells. However, this pool is not among the pools specified in Order No. R-12984 and therefore, the Division has previously advised that the rules for the pool may not be extended to the proposed spacing unit and well location. Operator experience has established that oil wells located in accordance with the setbacks for gas wells won't efficiently recover all the reserves in the unit and for all these reasons, this application for exception is made necessary.

In this case the well's Completed Interval will be no closer than 330' to the outer boundaries of the N/2 S/2 unit and will be located entirely within the Producing Area for the Project Area. The well otherwise complies with statewide locational rules applicable to oil wells. The non-standard spacing unit and well location are also consistent with the established development pattern for horizontal Mancos oil wells in the area. In this regard, please note that the Division has previously approved non-standard location and a non-standard proration unit for a Basin-Mancos vertical oil well drilled by Logos in Unit P of Section 4. (See Orders NSL-6753 and NSP-1961) and three additional vertical wells soon to be drilled in Unit M (NSL-7047 and NSP 1978), Unit N (NSL 7044 and NSP 1977), and Unit O (NSL 7043 and NSP 1976), all in Section 4. The C-102 plat and area satellite map showing the N/2 S/2 Project Area, Producing Area and the proposed location for the Heros Well No. 3-H are attached as Exhibits A and B.

In accordance with Division Rules 19.15.4.12 A(2) and (3) notification is being provided to those offset interest owners or operators in adjoining Sections 3 and 5 T23N R8W reflected on Exhibit C. Logos Resources LLC is the operator of the adjoining units in Section 4 T23N R8W. Logos owns and operates all of Section 4 under a single federal lease (NMNM-109398). Royalty and overriding royalty interests in Section 4 are uniform. The Bureau of Land Management is being notified of this application, but no further notification is indicated under the Division's rules.

The Division's Administrative Application Checklist is enclosed.

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Thank you for your consideration of this request. Should more information be required, please do not hesitate to contact me.

Very truly yours,



J. Scott Hall

JSH:lb

Enclosures

cc: John Austin Akers

557504

ⁱ Please note that the landing point for the Completed Interval shown on the C-102 is 826' FEL, but may be closer to the east line if drilling conditions permit. The eastern terminus of the Completed Interval will be no closer than 330' to the east line in any event.

DISTRICT I
 1626 N. French Dr., Hobbs, N.M. 88240
 Phone: (575) 393-6181 Fax: (575) 393-0720

DISTRICT II
 611 S. First St., Artesia, N.M. 88210
 Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
 1000 Rio Brancos Rd., Artec, N.M. 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
 1220 S. St. Francis Dr., Santa Fe, N.M. 87505
 Phone: (505) 476-3480 Fax: (505) 476-3482

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
 Santa Fe, N.M. 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
 District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name HEROS		⁶ Well Number 003H	
⁷ OGRID No. 289408		⁸ Operator Name LOGOS OPERATING, LLC		⁹ Elevation 6881	

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	3	23 N	8 W		2216	SOUTH	74	WEST	SAN JUAN

¹¹ 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
L	4	23 N	8 W		2216	SOUTH	330	WEST	SAN JUAN

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

¹⁶ BOTTOM HOLE	LANDING POINT	SURFACE
LAT: 36.2551197° N LONG: 107.6948393° W NAD 83 LAT: 36°15.30642' N LONG: 107°41.65366' W NAD 27	LAT: 36.2550597° N LONG: 107.6808238° W NAD 83 LAT: 36°15.30282' N LONG: 107°40.81276' W NAD 27	LAT: 36.2550465° N LONG: 107.6777705° W NAD 83 LAT: 36°15.30203' N LONG: 107°40.62957' W NAD 27


¹⁷ OPERATOR CERTIFICATION

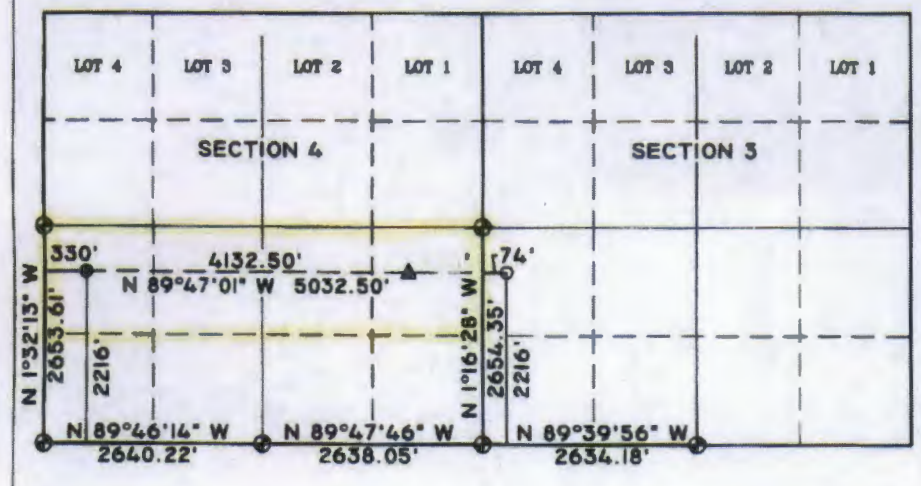
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

[Signature] 4/14/14
 Signature Date
Austin Akers
 Printed Name
 aakers@logosresourcesllc.com
 E-mail Address

¹⁸ SURVEYOR CERTIFICATION

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.

02/12/14
 Date of Survey
 Signature and Seal of Professional Surveyor

 17078
 Certificate Number
 United Field Services, Inc.



LEGEND:
 ○ = SURFACE LOCATION
 ● = BOTTOM HOLE LOCATION
 ⊙ = FOUND 1947 U.S.G.L.O. BRASS CAP
 ▲ = LANDING POINT

BEARINGS & DISTANCES SHOWN ARE REFERENCED TO THE NEW MEXICO COORDINATE SYSTEM, WEST ZONE, NAD 83, UNLESS OTHERWISE NOTED.

Exhibit
 A



Non-Standard Unit Boundary

004

Heros 3H Landing Point

Heros 3H Bottom Hole

Heros 2H & 3H Surface Location

330' from N, S, E, & W of non-standard unit boundary

Exhibit
B

550

Survey

© 2014 Google

Google earth

Tour Guide

1997

36°15'25.61" N 107°41'28.72" W elev 6950 ft eye alt 13068 ft

Notice List Heros Well 2-H and 3-H

**Burlington Resources Oil and Gas Company LP
P. O. Box 51810
Midland, TX 79101-1810**

**Elm Ridge Exploration Company LLC
12225 Greenville Ave., Ste. 950
Dallas, TX 75243-0597**

**Energen Resources Corporation
2010 Afton Pl.
Farmington, NM 87401**

**WPX Energy Production LLC
4400 One Williams Center
Tulsa, OK 74172-0144**

**Bureau of Land Management
6251 College Blvd.
Farmington, NM 87402**

Exhibit

C