

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



May 21, 2014

LOGOS OPERATING, LLC
c/o Montgomery & Andrews Law Firm, Attorneys
Attn: Mr. Scott Hall

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7084
Administrative Application Reference No. pMAM1412159990

Administrative Order NSP-1982
Administrative Application Reference No. pMAM1412160388

Logos Operating, LLC
OGRID 289408
Heros Well No. 3H
API No. 30-045-pending

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2216 FSL & 74 FWL	L	3	23N	8W	San Juan
Penetration Point	2216 FSL & 330 FEL	I	4	23N	8W	San Juan
Terminus	2216 FSL & 330 FWL	L	4	23N	8W	San Juan

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 S/2 of Section 4	160	Basin Mancos	97232

Reference is made to your application received on May 1, 2014.

You have requested to drill this well at an unorthodox oil well location described above, in the referenced pool or formation. This location is governed by the Special Rules for the Basin Mancos Gas Pool, which provides for 320-acre units with wells to be located at least 660 feet

from outer unit boundaries, and Rule 19.15.16.14.B (2) NMAC concerning directional wells in designated project areas. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. You have requested a 160-acre, non-standard proration unit, and a location less than 660 feet from the outer boundaries of that unit. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

Non-Standard Location:

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location for engineering reasons. The operator's experience has established that oil wells located in accordance with the setbacks for gas wells will not efficiently recover all the reserves in the unit. It is also consistent with the established development pattern for horizontal Mancos oil wells in the area.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13.B NMAC, the above-described unorthodox location is hereby approved.

Non-Standard Proration Unit:

You have also requested approval of a 40-acre, more or less, non-standard proration unit comprising N/2 S/2 of Section 4.

It is our understanding that the non-standard proration unit is consistent with the established development pattern for horizontal Mancos oil wells in the area.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.11.B(2), the above-described non-standard proration unit is hereby approved.

These approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on May 21, 2014

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is written in a cursive style with a large initial "J" and "B".

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
Bureau of Land Management – Farmington