

RECEIVED: 2/15/18	REVIEWER: LRL	TYPE: NSL	APP NO: PLEL1805743591
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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

**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

Applicant: LOGOS Operating, LLC

OGRID Number: 289408

Well Name: Heros 2308 09L #3H

API: 30-045-35848

Pool: Nageezi Gallup Oil Pool

Pool Code: 47540

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL☒ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR2) **NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐ Notice Complete
☐ Application
 Content
 Complete

- 3) **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.

Christopher Jeffus

Print or Type Name

Signature

February 15, 2018

Date

505-324-4141

Phone Number

cjeffus@logosresourcesllc.com

e-mail Address



February 15, 2018

VIA E-MAIL TRANSMISSION (Leonard.Lowe@state.nm.us)

New Mexico Oil Conservation Division
Attn: Ms. Heather Riley
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Re: Application for Non-Standard Location and Non-Standard Project Area for drilling of the Heros 2308 09L COM #4H (API 30-045-35847), to be drilled as a horizontal wellbore in the Nageezi Gallup Oil Pool (Pool ID 47540) with a spacing unit comprised of the S2SW of Section 9, and the NENW, NWNE and S2NE of Section 16, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.

Dear Ms. Riley,

LOGOS Operating, LLC (“LOGOS”), as operator for LOGOS Resources II, LLC, hereby requests administrative approval of an unorthodox location and non-standard project area for the Heros 2308 09L COM #4H (the “**Subject Well**”) pursuant to New Mexico Oil Conservation Division (“**NMOCD**”) rules pertaining to the Nageezi Gallup Oil Pool. LOGOS intends to drill the Subject Well as a horizontal well with a dedicated project area comprised of the Gallup formation under the S2SW of Section 9, and the NENW, NWNE and S2NE of Section 16, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico (the “**Project Area**”). Prior to first production from the Subject Well, LOGOS will obtain NMOCD approval of a Form C-102 consistent with said Project Area and will obtain approved consolidation of the Project Area.

Unorthodox Location

Under the NMOCD rules governing the Nageezi Gallup Oil Pool, a setback of 330’ from the outer boundary of the Project Area is required for a standard location. All perforations in the Subject Well will be permitted a minimum of 100’ from the outer boundaries of the Project Area for those offsetting, potentially encroached upon spacing units depicted on Exhibit “A” attached hereto. As to all offsetting spacing units not depicted as potentially encroached upon on Exhibit “A”, all perforations in the Subject Well will be made at least 330’ from the common boundary of such offsetting spacing unit and the Project Area. LOGOS Resources II, LLC, is the owner of 100% of the Gallup operating rights in all potentially encroached upon spacing units depicted on Exhibit “A” and has evidenced its consent to encroachment on each of the notifications attached as Exhibits C-1 through C-3.

The sole active Mancos or Gallup completion in an offsetting, potentially encroached upon spacing unit is depicted on Exhibit “A” attached hereto.

Non-Standard Project Area

Under Section 19.15.16.7.H NMAC, the Project Area is a non-standard project area. With the exception of notification to LOGOS Resources II, LLC, notifications required under Section 19.15.16.15.E NMAC have been mailed to the operators of the Gallup formation or, where no operator has been designated, the operating rights owners in the Gallup formation identified by LOGOS’s research. Copies

LOGOS Operating, LLC

2010 Afton Place - Farmington, NM 87401 - Direct 505-324-4100 - Fax 505-832-3095

of the aforesaid notifications have been attached to this Application as Exhibits C-1 through C-3. By execution of the notifications attached as Exhibits C-1 through C-3, LOGOS Resources II, LLC, as owner of 100% operating rights in the Gallup formation in certain spacing units adjacent to the Project Area, explicitly consents to the designation of the Project Area as a non-standard project area under NMOCD rules.

Reasoning for Application

Formation of the Project Area will allow use of a common surface location with three additional horizontal Gallup wells and, therefore, will minimize impact to surface resources while allowing efficient development of the Project Area under generally accepted industry standards for Mancos or Gallup development in the area.

The NMOCD's Administrative Application Checklist is enclosed at the beginning of this package. By certified mailings 70120470000212081117, 70120470000212081100, and 70120470000212081094, each postmarked February 15, 2018, via Certified Mail, return receipt requested, Hilcorp San Juan LP, XTO Energy Inc., and WPX Energy Production, LLC, were notified of this Application and were instructed to submit any objections to LOGOS within the twenty (20) day period allowed by under Section 19.15.16.15.E NMAC. Copies of such notifications are attached hereto as Exhibits C-1 through C-3. In the event LOGOS receives notification of any such protests, such notice will be promptly submitted to the NMOCD within the seven (7) business day period specified in Section 19.15.16.15.E NMAC.

If any additional information is necessary, please do not hesitate to contact me by phone at 505-324-4141 or by email at cjeffus@logosresourcesllc.com. Thank you for your consideration.

Sincerely,

LOGOS Operating, LLC



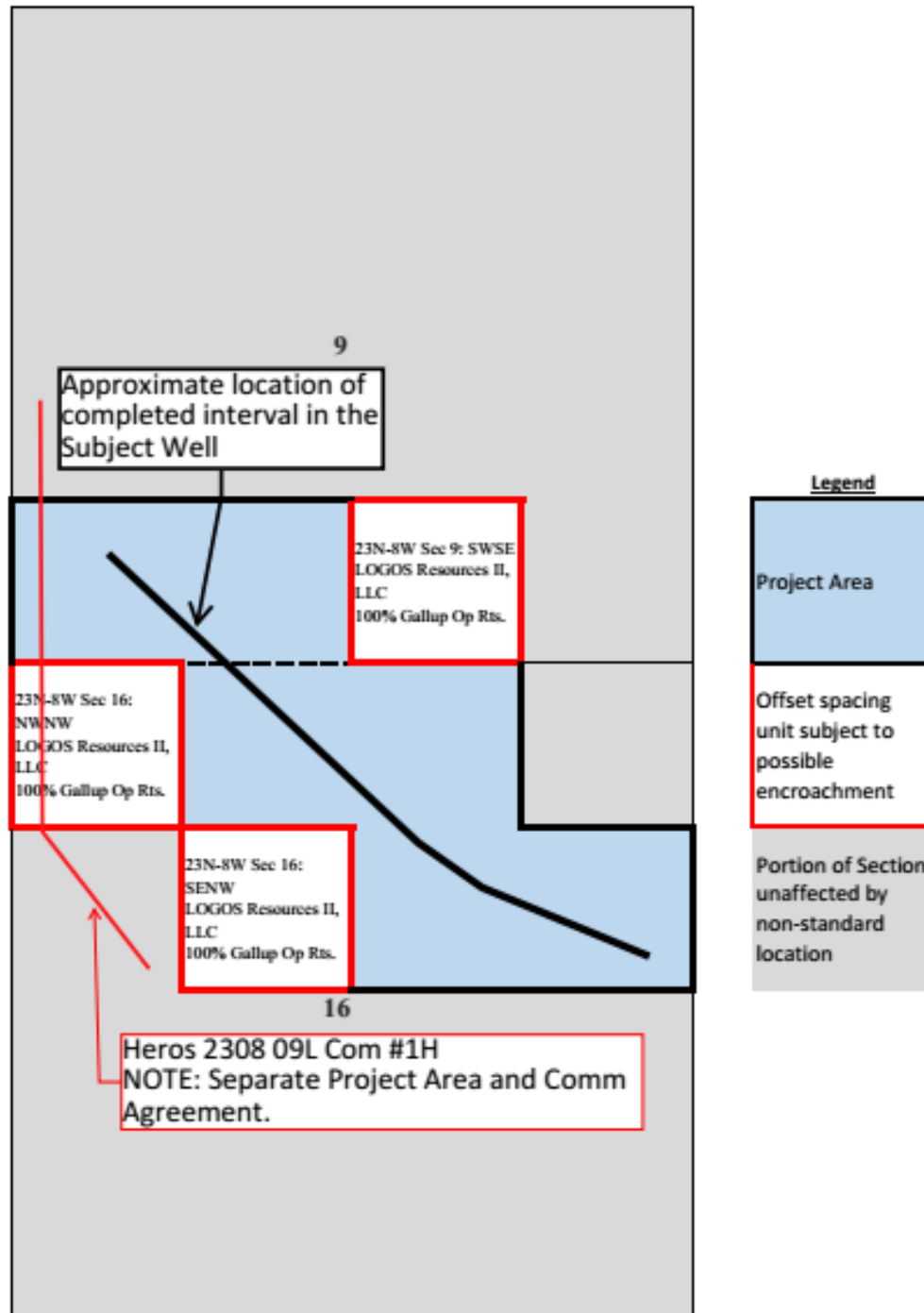
Christopher J. Jeffus

Vice President – Land/Legal

Exhibit "A"

Depiction of Project Area for Subject Well

NOTE: All lands depicted below lie within Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico.



Spacing Units Offsetting Project Area

The map displays the Basin Mancos Spacing Unit and its surrounding areas. The unit is divided into several sections, each with specific landowners and operators. The map includes a legend to identify different types of land areas: Project Area (blue), Offset spacing unit (white), and Non-offset land in adjacent Section (gray).

Legend:

- Project Area:** Blue shaded regions.
- Offset spacing unit:** White regions.
- Non-offset land in adjacent Section:** Gray shaded regions.

Map Details:

- Section 8:** WPX Energy Production LLC, Gallup operator.
- Section 9:** LOGOS Resources II, LLC, 100% Gallup Op Rts.
- Section 10:** LOGOS Resources II, LLC, 100% Gallup Op Rts.
- Section 16:** WPX Energy Production LLC, Gallup operator; WPX Energy Production LLC, Gallup operator.
- Section 17:** WPX Energy Production LLC, Gallup operator; Basin Mancos Spacing Unit.
- Offset spacing unit:** Hilcorp San Juan LP, 50% Gallup op rts; XTO Energy Inc., 50% Gallup op rts.
- Non-offset land in adjacent Section:** WPX Energy Production LLC, Gallup operator.



February 15, 2018

VIA CERTIFIED MAIL (70120470000212081117)

Hilcorp San Juan, LP
Attn: Land Department
1111 Travis Street
Houston, TX 77002

Re: Notice of Application for Non-Standard Location and Non-Standard Project Area for drilling of the Heros 2308 09L COM #4H (API 30-045-35847), to be drilled as a horizontal wellbore in the Nageezi Gallup Oil Pool (Pool ID 47540) with a spacing unit comprised of the S2SW of Section 9, and the NENW, NWNE and S2NE of Section 16, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.

To Whom It May Concern:

LOGOS Operating, LLC ("LOGOS"), as operator for LOGOS Resources II, LLC, intends to drill the Heros 2308 09L COM 4H (API 30-045-35847) (the "**Subject Well**") as a horizontal well with a dedicated spacing unit comprised of the Gallup formation under the S2SW of Section 9, and the NENW, NWNE and S2NE of Section 16, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico (the "**Project Area**"). Prior to first production from the Subject Well, LOGOS will obtain NMOCD approval of a Form C-102 consistent with said Project Area and will obtain approved consolidation of the Project Area.

In order to efficiently develop the Project Area and to minimize surface disturbance through use of an existing surface pad, LOGOS intends to drill the Subject Well with all completions within the Project Area, but with potential encroachment to points located a minimum of one hundred feet (100') from the common boundary with those offsetting spacing units depicted as potentially encroached upon on Exhibit "A" attached hereto. For all spacing units offsetting the Project Area which are not depicted as potentially encroached upon in Exhibit "A", the completed interval of the Subject Well will be at least 330' from the common boundary between the Project Area and the offsetting spacing unit, consistent with the special pool rules for the Nageezi Gallup Oil Pool. Accordingly, the proposed location is unorthodox under the New Mexico Oil Conservation Division ("NMOCD") rules governing the Nageezi Gallup Oil Pool.

LOGOS Resources II, LLC, is the owner of 100% of the Gallup operating rights in all potentially encroached upon spacing units depicted on Exhibit "A". By execution of this letter, LOGOS Resources II, LLC, consents to the potential encroachment upon only those three (3) spacing units designated on Exhibit "A" to points a minimum of 100' from the common boundary of the encroached upon spacing unit and the Project Area.

Under Section 19.15.16.7.H of the NMAC, the Project Area is a non-standard project area. LOGOS's research indicates that you are the operator of the Gallup formation or the owner of operating rights in the Gallup formation in one or more spacing units offsetting the Project Area. This letter is intended to provide notice of LOGOS's intention to form the Project Area as a non-standard project area. Under Section 19.15.16.15.E, you must notify LOGOS in writing of protest to the designation of the Project Area as a non-standard project area via US mail within twenty (20) days of this letter. If any such protests are timely made, LOGOS will communicate same to the NMOCD within seven (7) business days of receipt.

LOGOS Operating, LLC

2010 Afton Place - Farmington, NM 87401 - Direct 505-324-4100 - Fax 505-832-3095

By execution of this letter, LOGOS Resources II, LLC, as owner of 100% operating rights in the Gallup formation in certain spacing units adjacent to the Project Area, explicitly consents to the designation of the Project Area as a non-standard project area under NMOCD rules.

If any further information is necessary, please contact Christopher Jeffus at 505-324-4141 or at cjeffus@logosresourcesllc.com. Thank you for your consideration of this matter.

Sincerely,

LOGOS Operating, LLC



Jay Paul McWilliams
President

Executed by LOGOS Resources II, LLC, for purposes of evidencing consent to the formation of a non-standard project area consistent with the Project Area and drilling of the Subject Well in a non-standard location in the manner discussed above.

LOGOS Resources II, LLC

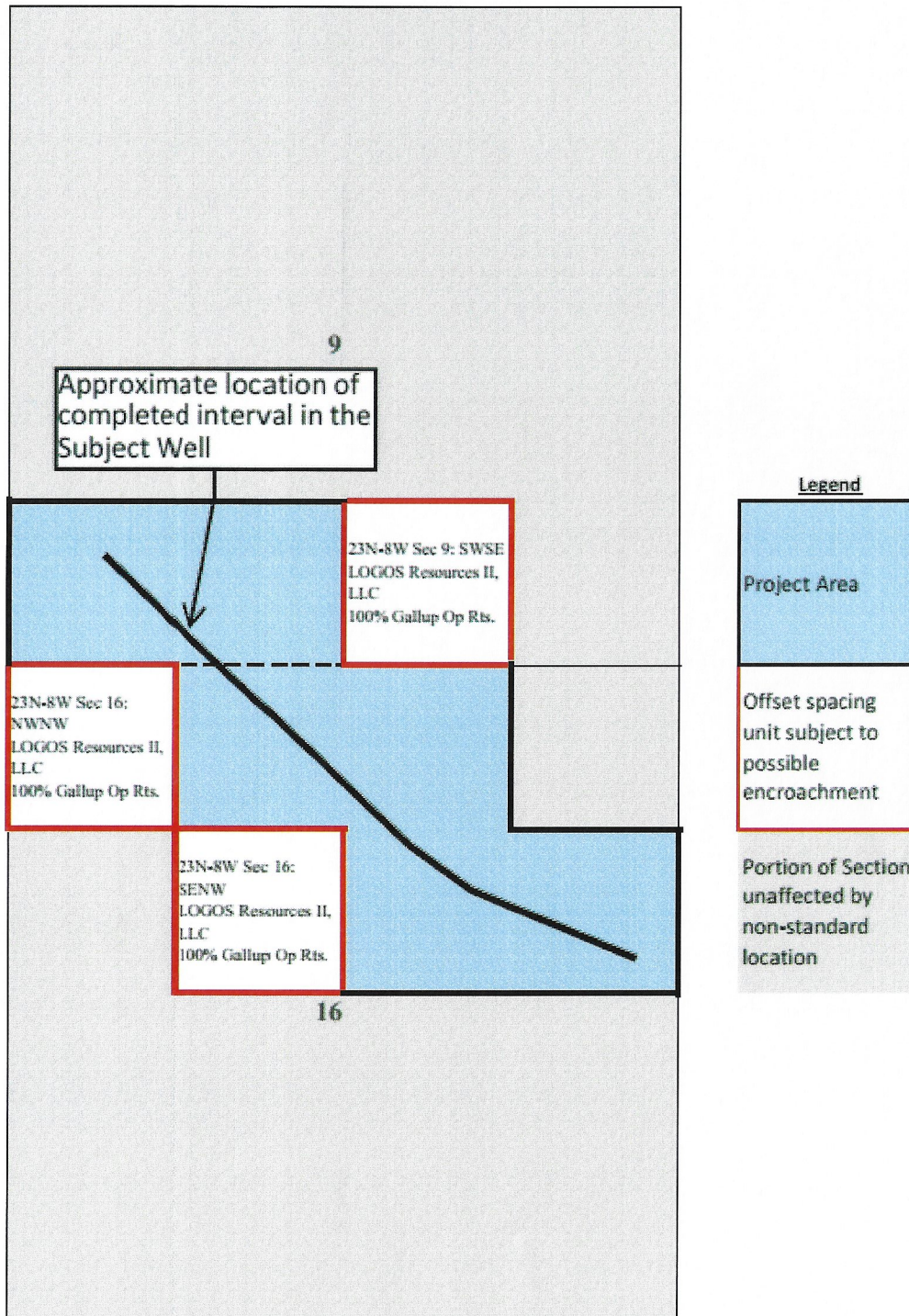


Jay Paul McWilliams
Chief Executive Officer

Exhibit "A"

Depiction of Project Area for Subject Well

NOTE: All lands depicted below lie within Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico.





February 15, 2018

VIA CERTIFIED MAIL (70120470000212081100)

XTO Energy Inc.
Attn: Land Department
810 Houston Street, Suite 2000
Fort Worth, TX 76102

Re: Notice of Application for Non-Standard Location and Non-Standard Project Area for drilling of the Heros 2308 09L COM #4H (API 30-045-35847), to be drilled as a horizontal wellbore in the Nageezi Gallup Oil Pool (Pool ID 47540) with a spacing unit comprised of the S2SW of Section 9, and the NENW, NWNE and S2NE of Section 16, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.

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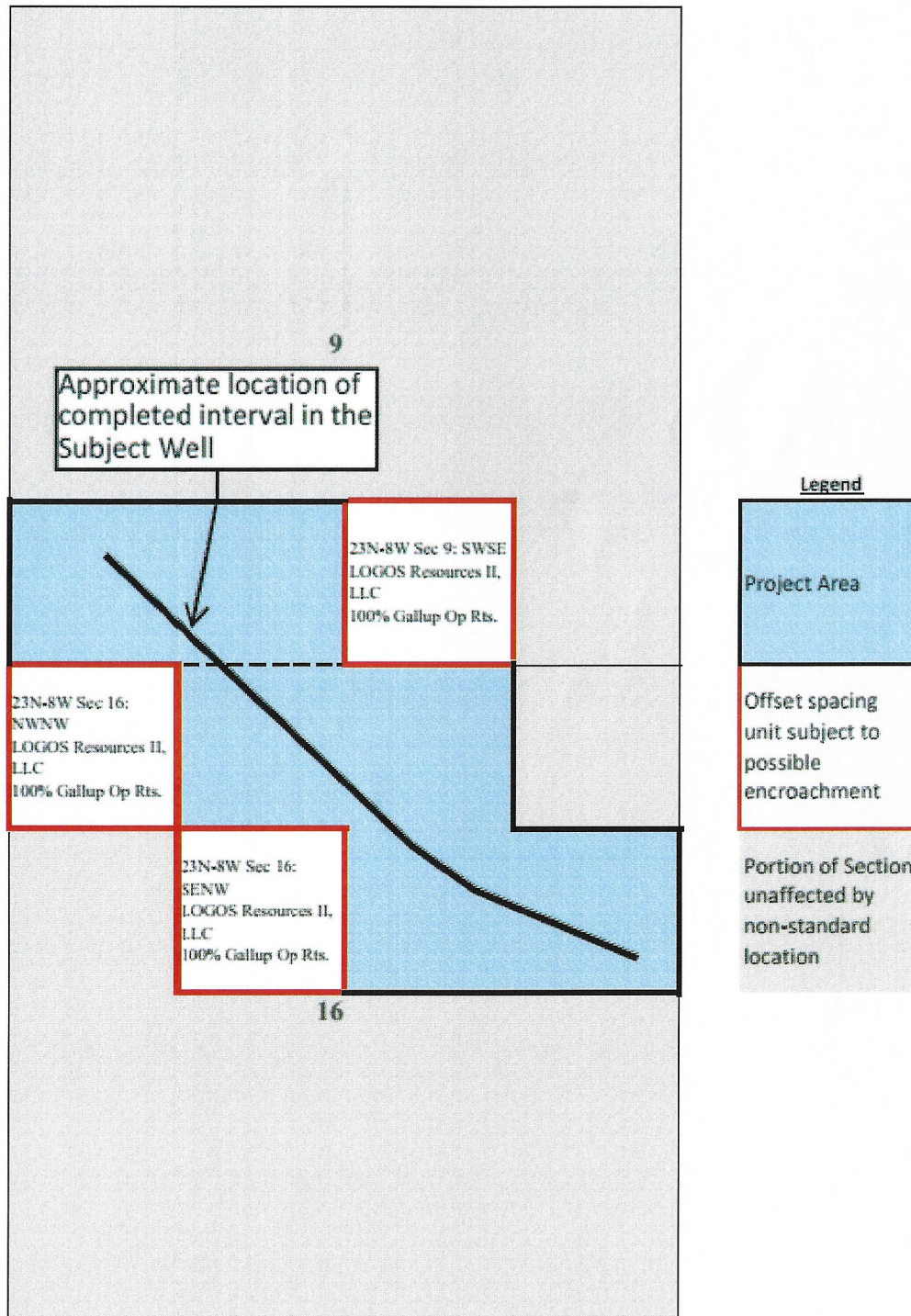


Jay Paul McWilliams
Chief Executive Officer

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February 15, 2018

VIA CERTIFIED MAIL (70120470000212081094)

WPX Energy Production, LLC
Attn: San Juan Land
3500 One Williams Center
Tulsa, Oklahoma 74172

Re: Notice of Application for Non-Standard Location and Non-Standard Project Area for drilling of the Heros 2308 09L COM #4H (API 30-045-35847), to be drilled as a horizontal wellbore in the Nageezi Gallup Oil Pool (Pool ID 47540) with a spacing unit comprised of the S2SW of Section 9, and the NENW, NWNE and S2NE of Section 16, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.

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LOGOS Resources II, LLC



Jay Paul McWilliams

Chief Executive Officer

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