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March 6, 2018

HAND-DELIVERY

Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Case 16069

Re: Application of LOGOS Resources II, LLC for Extension of Authorization to Operate The Rosa Unit Recycling and Containment Facility and for Exception from the Closure Requirements of NMAC 19.15.34.14, Rio Arriba County, New Mexico

Dear Ms. Davidson:

Enclosed please find for filing the original and one copy of an Application regarding the above matter. Also enclosed is the proposed advertisement which will be emailed to you in Word format. Please set this matter for hearing on the April 5, 2018 examiner docket.

Thank you.

Very truly yours,

J. Scott Hall

Enclosures

cc: Christopher Jeffus, LOGOS Resources II, LLC (via email, w/encs.)

REPLY TO:

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**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF LOGOS
RESOURCES II, LLC FOR EXTENSION OF
AUTHORIZATION TO OPERATE THE ROSA UNIT
RECYCLING AND CONTAINMENT FACILITY AND
FOR EXCEPTION FROM THE CLOSURE
REQUIREMENTS OF NMAC 19.15.34.14,
RIO ARriba COUNTY, NEW MEXICO**

Case No. 16069

APPLICATION

LOGOS Resources II LLC, ("LOGOS"), through its undersigned attorneys, Montgomery & Andrews, P.A. (J. Scott Hall) applies pursuant to *inter alia* Rules 19.15.34.13 and 19.15.34.14 NMAC of the Division's Rules and regulations for an order providing as follows:

A. Extending the period for the effective date of a determination of cessation of operations of its Rosa Unit Recycling and Containment Facility (3RF-3) and providing for the administrative approval of such additional extensions as the Division determines reasonable and appropriate.

B. Suspension of the Closure and Site Reclamation Requirements for Recycling Containments under Rule 19.15.34.14(A) for such period or periods commensurate with extensions for determinations of cessation of operations.

In support, Applicant states:

1. On June 4, 2015, the Division first issued administrative order 3RF-3 approving of WPX Energy Production, LLC's Rosa Unit Recycling and Containment Facility located in Section 30, Township 31 North, Range 5 West, NMPM in Rio Arriba County, New Mexico. The total fluid capacity of the Facility is greater than 600,000 barrels.

2. NMAC 19.15.34.13.(C) of the Division's Rules provides that if a volume of less than 20 percent of the total fluid capacity of a facility is withdrawn for use every six months following the first withdrawal, then the recycling containment is "deemed to have ceased operations". Following cessation by operation of the rule, the requirements of NMAC 19.15.34.14 then apply and the operator is obliged to remove all fluids within 60 days and close the containment within six months.

3. On January 1, 2018, pursuant to a C-147 dated December 20, 2017, the Division approved the transfer of registration for 3RF-3 and Change of Operator for the Facility from WPX to LOGOS.

4. Previously, in the course of operations, WPX discovered the need to make certain repairs and improvements to the Facility. In March of 2016, the Facility was removed from active use for disposal and withdrawal of produced water. The Facility would have been deemed to have ceased operations on September 31, 2016, by operation of Rule 19.15.34.13.(C), but on September 27, 2016 the Division's District III office approved an extension of operations to March 31, 2017.

5. To facilitate the inspection and repair work on the Facility beyond March of 2017, WPX sought an additional administrative extension from the District III office. District III determined that it was without the authority to approve more than one administrative extension and advised the Operator to apply instead to a Division Examiner. On March 16, 2017, the Division convened a hearing on WPX Energy's Application in Case No. 15644 and on March 27, 2016 issued Order No. R-14314.

6. Order No. R-14314 approved a second extension of operations commencing on April 1, 2017 and terminating on September 30, 2017. The order also provides that the Division's

Director could approve a third six-month extension without hearing by submission of a C-103. A third extension with conditions was approved by the Director on August 25, 2017 and is effective through March 31, 2018. Additional requests for extensions are authorized under Order No. R-14314, but an application for hearing is required.

7. Subsequent to the approval of the third extension, on December 21, 2017, certain WPX assets, including the Facility, were conveyed to LOGOS. LOGOS requires additional time to identify appropriate action for bringing the Facility into regulatory compliance, execute such actions, restore the Facility to service, and finalize a development plan to utilize the Facility in a manner consistent with its approved usage and the seasonal restrictions upon development activities in the vicinity enacted by the Bureau of Land Management and Carson National Forest. LOGOS therefore requests an additional one year and three month extension of operational authorizations pursuant to Rule 19.15.34.13.(C) and a temporary exception from the requirements of Rule 19.15.34.14.(A). LOGOS also requests that any order to be issued by the Division approving the extension and exception further provide that the District III office may approve additional extensions and exceptions as it may determine are reasonable and appropriate.

8. Approval of this Application will be in the interests of conservation, protection of the environment and the prevention of waste. Approval will also promote administrative efficiency and economy.

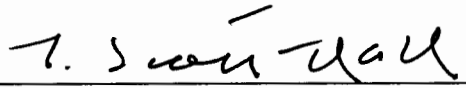
9. It may become necessary for Applicant to obtain interim relief from any automatic application of Rules 19.15.34.13 and 19.15.34.14 to the Facility pending notice and opportunity for examiner hearing.

WHEREFORE, Applicant requests that this Application be set for hearing before a duly appointed hearing examiner of the Oil Conservation Division on April 5, 2018 and that after notice

and hearing as required by law, the Division enter its Order granting this Application and providing such further relief as the Division deems appropriate.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: 

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Attorneys for LOGOS Resources II LLC

Case No. 16069: *Application of LOGOS Resources II, LLC for extension of authorization to operate the Rosa Unit Recycling and Containment Facility and for exception from the closure requirements of NMAC 19.15.34.14, Rio Arriba County, New Mexico.* Applicant seeks an order providing as follows: (1) Extending the period for the effective date of a determination of cessation of operations of its Rosa Unit Recycling and Containment Facility (3RF-3) and providing for the administrative approval of such additional extensions as the Division determines reasonable and appropriate; and (2) Suspension of the Closure and Site Reclamation Requirements for Recycling Containments under Rule 19.15.34.14(A) for such period or periods commensurate with extensions for determinations of cessation of operations. The Facility is located in Section 30, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The subject lands are located approximately 33 miles east of Aztec, New Mexico.