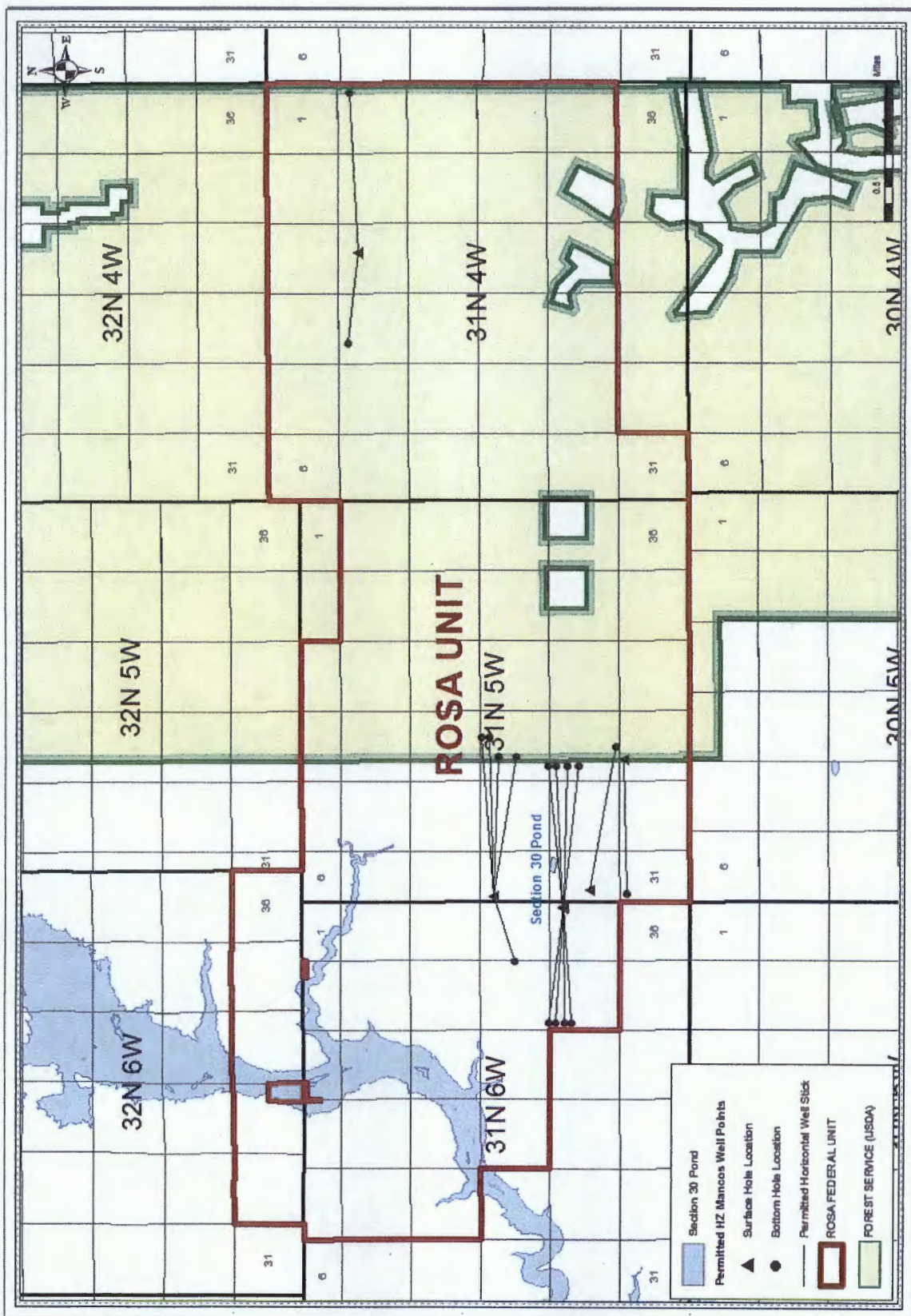


NMOCD CASE No. 16069

Logos Resources

Exhibit No. 1

April 5, 2018





District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-147  
Revised March 31, 2015

OIL CONS. DIV. DIST. 3

JUN 04 2015

## Recycling Facility and/or Recycling Containment

Type of Facility: ☒ Recycling Facility ☒ Recycling Containment\*  
Type of action: ☐ Permit ☒ Registration  
☐ Modification ☐ Extension  
☐ Closure ☐ Other (explain) \_\_\_\_\_

\* At the time C-147 is submitted to the division for a Recycling Containment, a copy shall be provided to the surface owner.

Be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: WPX Energy LLC (For multiple operators attach page with information) OGRID #: 120782  
Address: P.O. Box 640 Aztec, NM 87410  
Facility or well name (include API# if associated with a well): Section 30 Containment and Recycling Facility  
OCD Permit Number: \_\_\_\_\_ (For new facilities the permit number will be assigned by the district office)  
U/I, or Qtr/Qtr: Section 30 Township: 31N Range: 5W County: Rio Arriba  
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2. ☒ Recycling Facility:  
Location of recycling facility (if applicable): Latitude 36.877084 Longitude -107.3984050 NAD: ☐ 1927 ☒ 1983  
Proposed Use: ☒ Drilling\* ☒ Completion\* ☒ Production\* ☒ Plugging\*  
\*The re-use of produced water may NOT be used until fresh water zones are cased and cemented  
☐ Other, requires permit for other uses: Describe use, process, testing, volume of produced water and ensure there will be no adverse impact on groundwater or surface water.  
☒ Fluid Storage  
☒ Above ground tanks ☒ Recycling containment ☐ Activity permitted under 19.15.17 NMAC explain type \_\_\_\_\_  
☐ Activity permitted under 19.15.36 NMAC explain type: \_\_\_\_\_ ☐ Other explain \_\_\_\_\_  
☐ For multiple or additional recycling containments, attach design and location information of each containment  
☐ Closure Report (required within 60 days of closure completion): ☐ Recycling Facility Closure Completion Date: \_\_\_\_\_

3. ☒ Recycling Containment: Section 30 Containment  
☐ Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)  
Center of Recycling Containment (if applicable): Latitude 36.877125 Longitude -107.398656 NAD: ☐ 1927 ☒ 1983  
☐ For multiple or additional recycling containments, attach design and location information of each containment  
☒ Lined ☒ Liner type: Thickness 45 mil LLDPE and 30 mil (LLDPE secondary) ☒ LLDPE ☒ HDPE ☐ PVC ☐ Other \_\_\_\_\_  
☒ String-Reinforced  
Liner Seams: ☒ Welded ☒ Factory ☒ Other Field Welds Volume: 575,000 bbl Dimensions: L 900 x W 200 x D 18.7 (at sump)  
☐ Recycling Containment Closure Completion Date: \_\_\_\_\_

NMOCD CASE No. 16069  
Logos Resources  
Exhibit No. 2  
April 5, 2018

**Bonding:**

- ☒ Covered under bonding pursuant to 19.15.8 NMAC per 19.15.34.15(A)(2) NMAC (These containments are limited to only the wells owned or operated by the owners of the containment.)
- ☐ Bonding in accordance with 19.15.34.15(A)(1). Amount of bond \$ \_\_\_\_\_ (work on these facilities cannot commence until bonding amounts are approved)
- ☐ Attach closure cost estimate and documentation on how the closure cost was calculated.

**Fencing:**

- ☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet
- ☒ Alternate: Please specify \_\_\_\_\_ Game Fence (see registration)

**Signs:**

- ☒ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
- ☐ Signed in compliance with 19.15.16.8 NMAC

**Variances:**

Justifications and/or demonstrations that the proposed variance will afford reasonable protection against contamination of fresh water, human health, and the environment.

Check the below box only if a variance is requested:

- ☐ Variance(s): Requests must be submitted to the appropriate division district for consideration of approval. If a Variance is requested, include the variance information on a separate page and attach it to the C-147 as part of the application.
- If a Variance is requested, it must be approved prior to implementation.

**Siting Criteria for Recycling Containment**

Instructions: The applicant must provide attachments that demonstrate compliance for each siting criteria below as part of the application. Potential examples of the siting attachment source material are provided below under each criteria.

**General siting****Ground water is less than 50 feet below the bottom of the Recycling Containment.**

NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☐ Yes ☒ No  
☐ NA

Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.

Written confirmation or verification from the municipality; written approval obtained from the municipality

☐ Yes ☒ No  
☐ NA

Within the area overlying a subsurface mine.

Written confirmation or verification or map from the NM EMNRD-Mining and Minerals Division

☐ Yes ☒ No

Within an unstable area.

Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; topographic map

☐ Yes ☒ No

Within a 100-year floodplain, FEMA map

☐ Yes ☒ No

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

Topographic map; visual inspection (certification) of the proposed site

☐ Yes ☒ No

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

Visual inspection (certification) of the proposed site; aerial photo; satellite image

☐ Yes ☒ No

Within 500 horizontal feet of a spring or a fresh water well used for domestic or stock watering purposes, in existence at the time of initial application.

NM Office of the State Engineer - iWATERS database search; visual inspection (certification) of the proposed site

☐ Yes ☒ No

Within 500 feet of a wetland.

US Fish and Wildlife Wetland Identification map; topographic map; visual inspection (certification) of the proposed site

☐ Yes ☒ No

**Recycling Facility and/or Containment Checklist:**

**Instructions:** Each of the following items must be attached to the application. Indicate, by a check mark in the box, that the documents are attached.

- ☒ Design Plan - based upon the appropriate requirements.
- ☒ Operating and Maintenance Plan - based upon the appropriate requirements.
- ☒ Closure Plan - based upon the appropriate requirements.
- ☒ Site Specific Groundwater Data -
- ☒ Siting Criteria Compliance Demonstrations -
- ☒ Certify that notice of the C-147 (only) has been sent to the surface owner(s)

**10. Operator Application Certification:**

I hereby certify that the information and attachments submitted with this application are true, accurate and complete to the best of my knowledge and belief.

Name (Print):

Heather Riley

Title: Regulatory Manager

Signature:

*Heather Riley*

Date: June 1, 2015

e-mail address:

heather.riley@wpenergy.com

e-mail address: Heather.Riley@wpenergy.com

Telephone: 505-333-1822

**11. OCD Representative Signature:**

*Chris Smith*

Approval Date: 8/19/15

Title:

Environmental Spec

OCD Permit Number: 3RF-3

- ☐ OCD Conditions
- ☐ Additional OCD Conditions on Attachment

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

OIL CONS. DIV DIST. 3  
AUG 19 2015  
Form C-147  
Revised March 31, 2015

## Recycling Facility and/or Recycling Containment

Type of Facility: ☒ Recycling Facility ☒ Recycling Containment  
Type of action: ☐ Permit ☐ Registration  
☒ Modification ☐ Extension  
☐ Closure ☐ Other (explain) Secondary Liner Modification

OIL CONS. DIV DIST. 3

AUG 19 2015

\* At the time C-147 is submitted to the division for a Recycling Containment, a copy shall be provided to the surface owner.

Be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

Operator: WPX Energy Production Company, LLC (For multiple operators attach page with information) OGRID #: 120782

Address: P.O. Box 640, Aztec, New Mexico, 87410

Facility or well name (include API# if associated with a well): Section 30 Containment and Recycling Facility

OCD Permit Number: \_\_\_\_\_ (For new facilities the permit number will be assigned by the district office)

U/L or Qtr/Qtr: \_\_\_\_\_ Section 30 Township 31N Range 5W County: Rio Arriba

Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

### ☒ Recycling Facility:

Location of recycling facility (if applicable): Latitude 36.877084 Longitude -107.3984050 NAD: ☐ 1927 ☒ 1983

Proposed Use: ☒ Drilling\* ☒ Completion\* ☒ Production\* ☒ Plugging\*

\*The re-use of produced water may NOT be used until fresh water zones are cased and cemented

☐ Other, requires permit for other uses. Describe use, process, testing, volume of produced water and ensure there will be no adverse impact on groundwater or surface water.

### ☒ Fluid Storage

☒ Above ground tanks ☒ Recycling containment ☐ Activity permitted under 19.15.17 NMAC explain type: \_\_\_\_\_

☐ Activity permitted under 19.15.36 NMAC explain type: \_\_\_\_\_ ☐ Other explain: \_\_\_\_\_

☐ For multiple or additional recycling containments, attach design and location information of each containment

☐ Closure Report (required within 60 days of closure completion): ☐ Recycling Facility Closure Completion Date: \_\_\_\_\_

### ☒ Recycling Containment:

☐ Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)

Center of Recycling Containment (if applicable): Latitude 36.877125 Longitude -107.398656 NAD: ☐ 1927 ☒ 1983

☐ For multiple or additional recycling containments, attach design and location information of each containment

☒ Lined ☒ Liner type: Thickness 45-mil LLDPE (Primary) / 45-mil LLDPE (Secondary) / 30-mil LLDPE (non-reinforced foundation) ☒ LLDPE

☐ HDPE ☐ PVC ☐ Other: \_\_\_\_\_

### ☒ String-Reinforced

Liner Seams: ☒ Welded ☒ Factory ☒ Other Field Welds Volume: 337,900 bbl Dimensions: L 400 x W 400 x D 18.7 (at sump)

☐ Recycling Containment Closure Completion Date: \_\_\_\_\_

**Recycling Facility and/or Containment Checklist:**

**Instructions:** Each of the following items must be attached to the application. Indicate, by a check mark in the box, that the documents are attached.

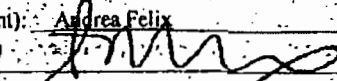
- ☐ Design Plan - based upon the appropriate requirements.
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements.
- ☐ Closure Plan - based upon the appropriate requirements.
- ☐ Site Specific Groundwater Data
- ☐ Siting Criteria Compliance Demonstrations
- ☐ Certify that notice of the C-147 (only) has been sent to the surface owner(s)

**10. Operator Application Certification:**

I hereby certify that the information and attachments submitted with this application are true, accurate and complete to the best of my knowledge and belief.

Name (Print): Andrea Felix

Title: Regulatory Specialist Senior

Signature: 

Date: 8/18/2015

e-mail address: andrea.felix@wpenergy.com

Telephone: (505) 333-1849

**11. OCD Representative Signature:**

Approval Date: 8/19/15

Title: Environmental Spec

OCD Permit Number: SRF-3

- ☒ OCD Conditions WPA Will Install 45mil LLDFE Strong Reinforced Liner Secondary Liner
- ☐ Additional OCD Conditions on Attachment

ON top of the 30 mil LLDFE (Non Reinforced) "Foundation" Liner

District I  
1625 N. French Dr., Hobbs, NM 88240  
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811 S. First St., Artesia, NM 88210  
District III  
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District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-147  
Revised April 3, 2017

OIL CONS. DIV DIST. 3  
DEC 27 2017

## Recycling Facility and/or Recycling Containment

Type of Facility: ☐ Recycling Facility ☐ Recycling Containment\*  
Type of action: ☐ Permit ☐ Registration  
☐ Modification ☐ Extension  
☐ Closure ☒ Other (explain) Change of Operator

\* At the time C-147 is submitted to the division for a Recycling Containment, a copy shall be provided to the surface owner.

Be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.  
Operator: LOGOS OPERATING, LLC (For multiple operators attach page with information) OGRID #: 289408  
Address: 2010 Afton Place, Farmington, NM 87401  
Facility or well name (include API# if associated with a well): Section 30 Containment and Recycling Facility  
OCD Permit Number: 3RF-3 (For new facilities the permit number will be assigned by the district office)  
U/L or Qtr/Qtr Section 30 Township 31N Range 5W County: Rio Arriba  
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.  
☒ **Recycling Facility:**  
Location of recycling facility (if applicable): Latitude 36.877084 Longitude -107.3984050 NAD83  
Proposed Use: ☒ Drilling\* ☒ Completion\* ☒ Production\* ☒ Plugging\*  
\*The re-use of produced water may NOT be used until fresh water zones are cased and cemented  
☐ Other, requires permit for other uses. Describe use, process, testing, volume of produced water and ensure there will be no adverse impact on groundwater or surface water.  
☒ Fluid Storage  
☒ Above ground tanks ☒ Recycling containment ☐ Activity permitted under 19.15.17 NMAC explain type \_\_\_\_\_  
☐ Activity permitted under 19.15.36 NMAC explain type: \_\_\_\_\_ ☐ Other explain \_\_\_\_\_  
☐ For multiple or additional recycling containments, attach design and location information of each containment  
☐ Closure Report (required within 60 days of closure completion): ☐ Recycling Facility Closure Completion Date: \_\_\_\_\_

3.  
☒ **Recycling Containment:**  
☐ Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)  
Center of Recycling Containment (if applicable): Latitude 36.877125 Longitude -107.398656 NAD83  
☐ For multiple or additional recycling containments, attach design and location information of each containment  
☒ Lined ☒ Liner type: Thickness \_\_\_\_\_ mil ☒ LLDPE ☒ HDPE ☐ PVC ☐ Other \_\_\_\_\_  
☒ String-Reinforced  
Liner Seams: ☒ Welded ☒ Factory ☒ Other \_\_\_\_\_ Volume: 575,000 bbl Dimensions: L 900 x W 300 x D \_\_\_\_\_  
☐ Recycling Containment Closure Completion Date: \_\_\_\_\_

NMOCD CASE No. 16069  
Logos Resources  
Exhibit No. 3  
April 5, 2018

4



4.

**Bonding:**

- ☒ Covered under bonding pursuant to 19.15.8 NMAC per 19.15.34.15(A)(2) NMAC (These containments are limited to only the wells owned or operated by the owners of the containment.)
- ☐ Bonding in accordance with 19.15.34.15(A)(1). Amount of bond \$ \_\_\_\_\_ (work on these facilities cannot commence until bonding amounts are approved)
- ☐ Attach closure cost estimate and documentation on how the closure cost was calculated.

5.

**Fencing:**

- ☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet
- ☒ Alternate. Please specify \_\_\_\_\_

6.

**Signs:**

- ☒ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
- ☐ Signed in compliance with 19.15.16.8 NMAC

7.

**Variances:**

Justifications and/or demonstrations that the proposed variance will afford reasonable protection against contamination of fresh water, human health, and the environment.

*Check the below box only if a variance is requested:*

- ☐ Variance(s): Requests must be submitted to the appropriate division district for consideration of approval. If a Variance is requested, include the variance information on a separate page and attach it to the C-147 as part of the application.

**If a Variance is requested, it must be approved prior to implementation.**

8.

**Siting Criteria for Recycling Containment**

*Instructions: The applicant must provide attachments that demonstrate compliance for each siting criteria below as part of the application. Potential examples of the siting attachment source material are provided below under each criteria.*

**General siting****Ground water is less than 50 feet below the bottom of the Recycling Containment.**

NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☐ Yes ☐ No  
☐ NA

Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.

☐ Yes ☐ No  
☐ NA

- Written confirmation or verification from the municipality; written approval obtained from the municipality

Within the area overlying a subsurface mine.

☐ Yes ☐ No

- Written confirmation or verification or map from the NM EMNRD-Mining and Minerals Division

Within an unstable area.

☐ Yes ☐ No

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; topographic map

Within a 100-year floodplain. FEMA map

☐ Yes ☐ No

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

☐ Yes ☐ No

- Topographic map; visual inspection (certification) of the proposed site

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

☐ Yes ☐ No

- Visual inspection (certification) of the proposed site; aerial photo; satellite image

Within 500 horizontal feet of a spring or a fresh water well used for domestic or stock watering purposes, in existence at the time of initial application.

☐ Yes ☐ No

- NM Office of the State Engineer - iWATERS database search; visual inspection (certification) of the proposed site

Within 500 feet of a wetland.

☐ Yes ☐ No

- US Fish and Wildlife Wetland Identification map; topographic map; visual inspection (certification) of the proposed site

9. **Recycling Facility and/or Containment Checklist:**

Instructions: Each of the following items must be attached to the application. Indicate, by a check mark in the box, that the documents are attached.

- ☐ Design Plan - based upon the appropriate requirements.
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements.
- ☐ Closure Plan - based upon the appropriate requirements.
- ☐ Site Specific Groundwater Data -
- ☐ Siting Criteria Compliance Demonstrations -
- ☐ Certify that notice of the C-147 (only) has been sent to the surface owner(s)

10.

**Operator Application Certification:**

I hereby certify that the information and attachments submitted with this application are true, accurate and complete to the best of my knowledge and belief.

Name (Print): **Jay Paul McWilliams**

Title: **President**

Signature: 

Date: **12/20/2017**

e-mail address: **jmcwilliams@logosresourcesllc.com**

Telephone: **505-278-8719**

11.

OCD Representative Signature: 

Approval Date: **1/16/18**

Title: **Environmental Spec**

OCD Permit Number: **3RF-3**

☐ OCD Conditions

☐ Additional OCD Conditions on Attachment

## TRANSFER OF REGISTRATION

Pursuant to 19.15.34.15.G NMAC, "The division shall release a financial assurance upon the operator's or surety's written request if the recycling containment has been closed and the location remediated in accordance with 19.15.34 NMAC or has been covered by another financial assurance approved by the division. The division shall not approve a request for change of operator of a recycling containment until the new operator has the required division approved financial assurance"

### FACILITY INFORMATION:

**Recycling Containment Registration:** 3RF-3

**Facility Name:** Section 30 Containment and Recycling Facility

**Legal Description:** Section 30, T31N, R5W

**Location:** Rio Arriba County, New Mexico

**From:** WPX Energy Production, LLC

P. O. Box 640

Aztec, NM 87410

**To:** LOGOS Operating, LLC

2010 Afton Place

Farmington, NM 87401

### CERTIFICATION:

LOGOS OPERATING, LLC ("LOGOS"), by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained within 19.15.34 NMAC and has provided the Division the necessary financial assurance as required by 19.15.34.15 NMAC. LOGOS further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.5.11 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

LOGOS OPERATING, LLC

Print Name: Jay Paul Williams

Registration #: 3RF-3

Signature: [Signature]

Date: 12/20/17

Title: President

**19.15.34.13 OPERATIONAL REQUIREMENTS FOR RECYCLING CONTAINMENTS:**

A. The operator shall inspect the recycling containment and associated leak detection systems weekly while it contains fluids. The operator shall maintain a current log of such inspections and make the log available for review by the division upon request.

B. The operator shall maintain and operate a recycling containment in accordance with the following requirements.

(1) The operator shall remove any visible layer of oil from the surface of the recycling containment.

(2) The operator shall maintain at least three feet of freeboard at each containment.

(3) The injection or withdrawal of fluids from the containment shall be accomplished through a header, diverter or other hardware that prevents damage to the liner by erosion, fluid jets or impact from installation and removal of hoses or pipes.

(4) If the containment's primary liner is compromised above the fluid's surface, the operator shall repair the damage or initiate replacement of the primary liner within 48 hours of discovery or seek an extension of time from the division district office.

(5) If the primary liner is compromised below the fluid's surface, the operator shall remove all fluid above the damage or leak within 48 hours of discovery, notify the division district office and repair the damage or replace the primary liner.

(6) The containment shall be operated to prevent the collection of surface water run-on.

(7) The operator shall install, or maintain on site, an oil absorbent boom or other device to contain an unanticipated release.

C. A recycling containment shall be deemed to have ceased operations if less than 20% of the total fluid capacity is used every six months following the first withdrawal of produced water for use. The operator must report cessation of operations to the appropriate division district office. The appropriate division district office may grant an extension to this determination of cessation of operations not to exceed six months.

[19.15.34.13 NMAC - N, 3/31/15]

**19.15.34.14 CLOSURE AND SITE RECLAMATION REQUIREMENTS FOR RECYCLING CONTAINMENTS:**

A. Once the operator has ceased operations, the operator shall remove all fluids within 60 days and close the containment within six months from the date the operator ceases operations from the containment for use. The division district office may grant an extension for the removal of all fluids not to exceed two months. The division district office may grant an extension to close the containment not to exceed six months. If the operator wants to use the containment for a purpose other than recycling then the operator must have that use approved or permitted by the division in accordance with the appropriate rules.

B. The operator shall close a recycling containment by first removing all fluids, contents and synthetic liners and transferring these materials to a division approved facility.

C. The operator shall test the soils beneath the containment for contamination with a five-point composite sample which includes stained or wet soils, if any, and that sample shall be analyzed for the constituents listed in Table I below.

(1) If any contaminant concentration is higher than the parameters listed in Table I, the division may require additional delineation upon review of the results and the operator must receive approval before proceeding with closure.

(2) If all contaminant concentrations are less than or equal to the parameters listed in Table I, then the operator can proceed to backfill with non-waste containing, uncontaminated, earthen material.

D. Within 60 days of closure completion, the operator shall submit a closure report on form C-147, including required attachments, to document all closure activities including sampling results and the details on any backfilling, capping or covering, where applicable. The closure report shall certify that all information in the report and attachments is correct and that the operator has complied with all applicable closure requirements and conditions specified in division rules or directives.

E. Once the operator has closed the recycling containment, the operator shall reclaim the containment's location to a safe and stable condition that blends with the surrounding undisturbed area. Topsoils and subsoils shall be replaced to their original relative positions and contoured so as to achieve erosion control, long-term stability and preservation of surface water flow patterns. The disturbed area shall then be reseeded in the first favorable growing season following closure of a recycling containment. The operator shall substantially restore the impacted surface area to the condition that existed prior to the construction of the recycling containment.



**F.** Reclamation of all disturbed areas no longer in use shall be considered complete when all ground surface disturbing activities at the site have been completed, and a uniform vegetative cover has been established that reflects a life-form ratio of plus or minus fifty percent (50%) of pre-disturbance levels and a total percent plant cover of at least seventy percent (70%) of pre-disturbance levels, excluding noxious weeds.

**G.** The re-vegetation and reclamation obligations imposed by federal, state trust land or tribal agencies on lands managed by those agencies shall supersede these provisions and govern the obligations of any operator subject to those provisions, provided that the other requirements provide equal or better protection of fresh water, human health and the environment.

**H.** The operator shall notify the division when reclamation and re-vegetation are complete.

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

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**APPLICATION OF WPX ENERGY PRODUCTION LLC FOR AN EXCEPTION  
TO 19.15.34.13(C) NMAC, RIO ARriba COUNTY, NEW MEXICO.**

**CASE NO. 15644  
ORDER NO. R-14314**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on March 16, 2017, at Santa Fe, New Mexico, before Examiners William V. Jones and Phillip R. Goetze.

NOW, on this 27<sup>th</sup> day of March, 2017, the Division Director, having considered the testimony, the record, and the recommendations of the Examiners,

**FINDS THAT:**

(1) Due public notice has been given, and the Division has jurisdiction of this case and the subject matter.

(2) WPX Energy Production LLC (the "Applicant" or "WPX") seeks an order granting an exception to Division Rule 19.15.34.13(C) NMAC for its produced-water recycling facility (the "facility") identified as the Section 30 Containment and Recycling Facility located in Section 30, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. Applicant further seeks an extension of the Division District Office's determination of cessation of operations for an additional six months for the facility.

(3) In August 2015, Applicant submitted a modified Division form C-147 for the facility as required by Division Rule 19.15.34 NMAC. The Division's District III Office approved the registration of the facility as administrative permit number 3RF-3 dated August 19, 2015, with WPX (OGRID 120782) as the designated operator.

(4) Applicant completed the construction of the facility in late 2015 and initiated inflow of fluid into the recycling containment for use in support of drilling operations for the Rosa Unit.

(5) During drilling operations in early 2016, Applicant detected leakage in the primary liner for the recycling containment that required the suspension of operations to inspect and possibly repair the primary liner.

(6) Because of the time required for repairs and the decreased volume of fluid being held in the recycling containment, the facility qualified as "to have ceased operations" under Division Rule 19.15.34.13(C) NMAC.

(7) Accordingly, Applicant filed for "an extension to this determination of cessation of operations not to exceed six months." The Division's District III Office approved, in a form C-103 sundry notice dated September 27, 2016, a six-month extension with a termination date of March 31, 2017.

(8) As final testing of the repairs was completed in March 2017, Applicant petitioned the Division's District III Office for an additional six-month extension for the determination of cessation to allow the facility to comply with Rule 19.15.34.13(C) NMAC and return to operation for the next drilling cycle in the Rosa Unit.

(9) Though not opposed to an extension, the Division's District III Office stated that Rule 19.15.34.13(C) NMAC provided for only a single extension that could be administratively approved and, therefore, the request by the Applicant to pursue approval of any additional extension should be through hearing before a Division examiner.

(10) Applicant appeared at the hearing through counsel and presented engineering evidence to the effect that:

- (a) the facility included a recycling containment constructed of two plastic liners (primary liner and secondary liner) with an interstitial leak detection system;
- (b) the supports used for the bird control netting failed of the containment following a weather event in late 2015 subsequent to the time the Applicant had initiated operation of the recycling containment for drilling of horizontal wells in the Rosa Unit;
- (c) from March 2016 until April 2016, Applicant completed drilling operations for a horizontal well utilizing the facility, and later was directed by the Division, which suspected the liner was compromised based on analytical results of samples from the leak detection system, to drain the recycling containment to inspect the primary liner;

- (d) from April 2016 to May 2016, Applicant drained the recycling containment and removed the netting system;
- (e) from May 2016 to August 2016, Applicant's consultant conducted inspections and repairs of damage to the primary liner while Applicant prepared for a new netting system to be installed;
- (f) following the repairs to the liner, Applicant conducted a leak test, approved by Division's District III Office, using a tracer composed of precipitation water and bio-degradable dye and demonstrated that there was no leakage associated with the repaired liner;
- (g) from October 2016 to February 2017, Applicant installed the new bird netting system and refilled the recycling containment;
- (h) in March 2017, the recycling containment underwent additional testing of the liner including expanded sampling of fluids found in the leak detection system which delayed the use of the facility for drilling operations;
- (i) consequently, Applicant requested the additional six-month extension to comply with Rule 19.15.34.13(C) NMAC while the facility is suspended prior to the restarting the drilling program;
- (j) Applicant stated that there was no evidence of a release based on the testing of the liner system along with sample results for fluids found in the leak detection system;
- (k) Applicant acknowledged that the ability of the leak detection system to identify future compromises of the liner through comparison of analytical results was no longer effective and an alternative procedure would be required;
- (l) Applicant identified the primary source of fluids currently contained in the recycling containment as produced waters from Fruitland coal production wells;
- (m) Applicant stated that the facility was needed for the current group of six horizontal wells to be drilled and completed in the Rosa Unit in the next several months and to support future drilling programs within the Unit;
- (n) Applicant provided evidence of support by the Bureau of Land Management, the surface land owner, for the granting of the additional extension; and



- (o) Applicant provided evidence of proper notice following the procedure detailed in Rule 19.15.34.16 NMAC.

(11) No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division concludes as follows:

(12) Though equipment and associated conditions with the recycling containment indicated a failure of the primary liner, this liner was repaired without evidence of a release or any quantifiable impacts to the environment.

(13) Approval of the proposed extension will enable Applicant to continue with the proposed horizontal well drilling program that will efficiently produce the reserves for the associated Rosa Unit, thereby preventing waste.

(14) At the request of the Examiners, Applicant provided analytical results for sampling conducted prior to hearing but were not available prior to the close of the hearing. Upon review of this data, the Division finds that the analytical results do not provide any variation or characteristic pattern that would distinguish containment fluids from fluids already present in the leak detection system. Therefore, the use of fluid chemistry as a qualitative indicator of leak detection is no longer appropriate for this facility under current conditions.

(15) The application for an exception to Rule 19.15.34.13(C) NMAC to provide an additional six-month extension should be granted with conditions.

**IT IS THEREFORE ORDERED THAT:**

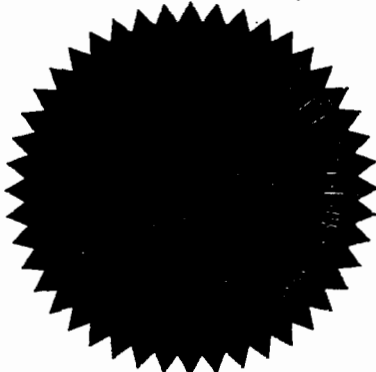
(1) The application of WPX Energy Production LLC (the "Operator") for an exception to utilize its produced-water recycling facility, identified as the Section 30 Containment and Recycling Facility, located in Section 30, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, for continued operation is hereby **granted**. The second extension shall be successive to the first extension, starting on April 1, 2017, and terminating on September 30, 2017.

(2) As a condition of approval for the extension, the Operator shall complete the two following requirements within 30 days following the approval date of this order:

- (a) The Operator shall prepare a written procedure for the monitoring of the leak detection system including specific, quantifiable parameters for identifying any future compromises of the primary liner. The Operator shall submit the procedure to the Division's District III Office for approval and for inclusion in administrative permit number 3RF-3 as part of the operational requirements under Rule 19.15.34.13 NMAC.

- (b) The Operator shall provide to the Division Director a written summary detailing the 2017 and 2018 drilling activities for the Rosa Unit that will utilize the produced-water recycling facility referenced in this order. This summary shall include the specific wells approved by the Bureau of Land Management and the anticipated dates for the wells to be spud.
- (3) Further, the Division Director may approve, pursuant to Rule 19.15.34.13(C) NMAC, a third six-month extension without hearing. The Operator may request such an extension by submitting Division form C-103 to both the Division's District III Office and the Environmental Bureau in Santa Fe for approval. Any requests for additional extensions shall only be considered by the Division by making application for a hearing.
- (4) All other provisions of administrative permit number 3RF-3 remain in full force and effect.
- (5) This order does not relieve the Operator of responsibility should its operations cause any actual damage or threat of damage to protectable fresh water, human health or the environment; nor does it relieve the Operator of responsibility for complying with applicable Division rules or other state, federal or local laws or regulations.
- (6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

DAVID R. CATANACH  
Director

Submit 1 Copy To Appropriate District  
Office  
District I - (575) 393-6161  
1625 N. French Dr., Hobbs, NM 88240  
District II - (575) 748-1283  
811 S. First St., Artesia, NM 88210  
District III - (505) 334-6178  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV - (505) 476-3460  
1220 S. St. Francis Dr., Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103  
Revised August 1, 2011

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. PERMIT / REGISTRATION #3RF-3
1. Type of Well: Oil Well      Gas Well <input type="checkbox"/> Other: Recycling Containment		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE
2. Name of Operator WPX Energy Production, LLC		6. State Oil & Gas Lease No.
3. Address of Operator P.O. Box 640, Aztec, NM 87410		7. Lease Name or Unit Agreement Name Rosa Unit
4. Well Location Unit Letter _____ : _____ feet from the _____ line and _____ feet from the _____ line Section 30 Township 31N Range 5W NMPM County Rio Arriba		8. Well Number WPX Section 30 Recycling Facility & Containment
		9. OGRID Number
		10. Pool name or Wildcat
		11. Elevation (Show whether DR, RKB, RT, GR, etc.)

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: ☒ 6-Month Extension Request for Cessation of Operations OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Pursuant to Order R-14314, WPX Energy Production, LLC (WPX) respectfully requests an additional six-month extension to the determination of cessation of operations for the Section 30 Recycling Facility and Containment (Permit/Registration #3RF-3). Order R-14314 provides a six-month extension to the determination of cessation of operations for the facility through 9/30/17, and further provides that the Division Director may approve an additional six-month extension without hearing. At this time, WPX has placed its Rosa dry gas assets on the market for sale. It is anticipated that the new owner will be identified by mid-September and closing will take place by year end. With the current APD inventory in Rosa, the new owner could potentially begin drilling shortly after closing or as soon as winter restrictions are lifted in 2018. Approval of this extension will enable the new owner to use the facility in its drilling program for the associated Rosa Unit, thereby preventing waste. The new effective date for the extension will be 3/31/2018.

NMOCD CASE No. 16069

Logos Resources  
Exhibit No. 6  
April 5, 2018

Spud Date:

Rig Release Date:

3/31/2016

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Heather Riley TITLE Regulatory Manager DATE 8/23/2017

Type or print name: Heather Riley E-mail address: heather.riley@wpxenergy.com PHONE: 505-333-1822  
For State Use Only

APPROVED BY: Daniel P. Adams TITLE Division Director DATE 8/25/17

Conditions of Approval (if any):

Attached  
→

### Conditions of Approval

C-103 for 6-Month Extension for Cessation of Operations dated 23Aug17  
Effective to date 31Mar18

### Reference

- 1) Section 30 Recycling Facility Permit #3F-3 WPX Rosa Unit
- 2) Order R-14314

### Conditions

- 1) Take necessary actions to keep fresh water accumulation within the containment to a minimum and prevent damage from freezing.
- 2) Inspect and take photographs of the Facility weekly.
- 3) In the event of leaks from or damage to the Facility, the operator must do the following.
  - a. Notify OCD District III within 72 hours of knowledge of leaks or damage.
  - b. Submit a Corrective Action Plan (CAP) to repair the leaks or damage with seven days of notification above.
  - c. Upon OCD's approval of the CAP, complete the repairs per the OCD-approved schedule.
- 4) By the 15<sup>th</sup> of the month, submit monthly reports to OCD District III of inspection results with photographs and progress on CAPs, if any.
- 5) Verify liner integrity before returning the containment to service.



David Catanach, Director  
Oil Conservation Division



**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  
ORDER NO. R-14614**

**ORDER OF THE DIVISION**

This matter came before the Division on the Motion for Interim Order filed on behalf of LOGOS Resources II LLC pursuant to 19.15.4.16 NMAC of the Division's Rules.

NOW, on this 28<sup>th</sup> day of March, 2018, the Division Deputy Director, on consideration of the Motion and otherwise being duly advised,

**FINDS THAT:**

(1) The Director has delegated jurisdiction on this matter to the Division Deputy Director.

(2) The Deputy Director has jurisdiction of the matter pursuant to *inter alia* Rule 19.15.4.16 and is authorized to rule on prehearing motions that are appropriate for disposition prior to a hearing on the merits of an Application.

(3) The Application in this matter was filed on March 6, 2018 by LOGOS Resources II, LLC ("LOGOS").

(4) The subject matter of the Application and hearing is the continuation of the authorization to operate Rosa Unit Recycling and Containment Facility ("Facility") located in Section 30, Township 31 North, Range 5 West, NMPM in Rio Arriba County, New Mexico (3RF-3) previously operated by WPX Energy Production, LLC. The Facility was acquired by LOGOS on December 21, 2017 and the Change of Operator was approved by the Division on January 16, 2018.

(5) By its Motion, LOGOS seeks interim relief as follows: (A) Temporary suspension of any automatic determination of cessation of operations of the Facility by operation of NMAC 19.15.34.13.C of the Division's Rules. (B) Temporary suspension of

NMOCD CASE No. 16069  
Logos Resources  
Exhibit No. 7  
April 5, 2018

the Closure and Site Reclamation Requirements for Recycling Containments that would otherwise automatically apply under NMAC 19.15.34.14.A following a determination of cessation of operations.

(6) In March of 2016, WPX discovered the need to make certain repairs and improvements to the Facility. The Facility was then removed from active use for disposal and withdrawal of produced water.

(7) Following removal from service, the Facility would have been deemed to have ceased operations on September 31, 2016, by operation of Rule 19.15.34.13.C. After cessation by operation of the rule, the requirements of Rule 19.15.34.14 would then have applied and the operator would be obliged to remove all fluids within 60 days and close the containment within six months.

(8) WPX maintained its authority to operate the Facility by obtaining a number of administrative extensions and by the Division's Director pursuant to the terms of Order No. R-14314. The extension currently applicable to the Facility expires on March 31, 2018. Order No. R-14314 provides for further extensions but only after notice and hearing.

(9) The Application in this matter is scheduled for examiner hearing on April 5, 2018 and additional time will be needed for the Division to evaluate the evidence and render an order.

(10) Without interim action by the Division, there is a reasonable possibility that the authorization to operate the Facility will be deemed to have ceased by operation of Rule 19.15.34.13.C. LOGOS has plans to resume the evaluation and implementation of any further repairs necessary to place the Facility into service, but its regulatory authority to do so may be placed into question because of the interruption.

(11) Granting the Motion for Interim Relief will preserve the status quo, and will avoid the gross negative consequences that would result from the interruption of operations, is in the interests of conservation and the avoidance of economic waste.

(12) The automatic determination of cessation of operations and applicability of the Closure and Site Reclamation Requirements should be suspended pending a hearing on the merits of the Application and issuance of an order post-hearing.

**IT IS THEREFORE ORDERED THAT:**

(1) Any automatic determination of cessation of operations of the Facility under Rule 19.15.34.13.C and the applicability of the Closure and Site Reclamation Requirements under Rule 19.15.34.14.A are suspended until the Division has conducted a hearing on the merits of the Application in this matter and has issued its order accordingly.

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

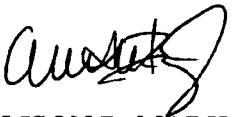
Case No. 16069  
Order No. R-14614  
Page 3

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
ALLISON R. MARKS  
Deputy Director



2010 Afton Place  
Farmington, NM 87401  
Phone: (505) 278-8720  
Fax: (505) 326-6112

March 19, 2018

NMOCD

MAR 19 2018

DISTRICT III

Charlie Perrin  
New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

RE: Condition of Approval for Extension  
Section 30 Recycling Containment and Facility #3RF-3  
February 10 – March 9

CS  
3/26/18

Dear Mr. Perrin,

Pursuant to Order R-14314, WPX submitted a C-103 for a 6-month extension request for cessation of operations on August 23, 2017, for the Section 30 Recycling Containment and Facility (#3RF-3) located in Section 30, Township 31N, Range 5W, Rio Arriba County, New Mexico. Approval of the 6-month extension was granted by Director David Catanach on August 25, 2017. Conditions of Approval (COA) of the C-103 are listed below. This report is being submitted to satisfy the monthly report requirement.

### 1.0 Conditions of Approval

Approval of the extension was granted with the following COA:

- 1) Take necessary actions to keep fresh water accumulation within the containment to a minimum and prevent damage from freezing.
- 2) Inspect and take photographs of the Facility weekly.
- 3) In the event of leaks of damage to the Facility, the operator must do the following.
  - a. Notify OCD District III within 72 hours of knowledge of leaks or damage.
  - b. Submit a Corrective Action Plan (CAP) to repair leaks or damage within seven days of notification above.
  - c. Upon OCD's approval of the CAP, complete repairs per the OCD-approved schedule.
- 4) By the 15<sup>th</sup> of the month, submit monthly reports to OCD District III of inspection results with photographs and progress on CAP's if any.
- 5) Verify liner integrity before returning the containment to service.

### 2.0 Weekly Inspections

LOGOS continues to monitor the condition of the Section 30 Recycling Containment. Attached is a summary of weekly inspections conducted at the containment from February 10 – March 9. Also attached is a photograph log documenting site conditions during February 10 – March 9.

### 3.0 Recent Event Summary

- Water in containment as of February 24, 2018, all due to snow melt. A small volume of water remains in containment due to snow melt. (See attached photograph log).
- Minimal amount of water was pumped from the leak detection over the past month.
- Wind moved the pad and suction line, pad put back to normal area, no damage to liner found.
- LOGOS personnel continue to search and inspect the liner for any potential areas of concern along the base of the containment.



**Section 30 Recycling Containment and Facility  
March 2018 Monthly Report**

The next report will be submitted to the Aztec office by April 16, 2018. For additional information or questions regarding current site conditions, please contact me at 505-324-4145.

Sincerely,

A handwritten signature in black ink, appearing to read "Tamra Sessions". The signature is fluid and cursive, with the first name "Tamra" being more prominent than the last name "Sessions".

Tamra Sessions  
Regulatory Specialist

Attachments  
Weekly Inspection Log Summary  
Photograph Log

## Section 30 Recycling Facility and Containment Inspection Summary

**WEEKLY INSPECTION:**

DATE:

1. ARE FREEBOARD LEVELS AT 3' OR GREATER?

2/16/2018

YES	NO
YES	

2/24/2018

YES	NO
yes	

3/2/2018

YES	NO
YES	

3/9/2018

YES	NO
YES	

2. IS THERE ANY OIL ACCUMULATION ON THE CONTAINMENT?

YES	NO
	no

YES	NO
	no

YES	NO
	no

YES	NO
	NO

3. ARE THERE VISIBLE TEARS IN LINER?

YES	NO
	no

YES	NO
	no

YES	NO
	no

YES	NO
	NO

4. DOES THE NET NEED MAINTENANCE?

YES	NO
	no

YES	NO
	no

YES	NO
	no

YES	NO
	NO

5. IS THE FENCING IN GOOD CONDITION?

YES	NO
yes	

YES	NO
yes	

YES	NO
yes	

YES	NO
YES	

6. HOUSEKEEPING ISSUES?

YES	NO
	no

YES	NO
	no

YES	NO
	no

YES	NO
	NO

7. POND MEASUREMENT (HEIGHT)

0
---

0
---

0
---

0
---

8. IS THERE WATER PRESENT IN THE LEAK DETECTION TUBE?

YES	NO
YES	

YES	NO
yes	

YES	NO
yes	

YES	NO
YES	

9. DEAD WILDLIFE/BIRDS INSIDE CONTAINMENT?

YES	NO
	no

YES	NO
	no

YES	NO
	no

YES	NO
	NO

COMMENTS: (include water quality, odor, color, etc.)

--

there is snow melt water in the containment
---

most of the water is pulled out
---------------------------------

water in containment is all but dry
-------------------------------------

ADDITIONAL OBSERVATIONS:

--

wind moved the pad and suction line; has been put back into its normal area
---

inspected liner the best i could didn't see any damage from the wind
--

--

**LOGOS Operating, LLC**  
**Section 30 Recycling Containment and Facility**  
**March 2018 Monthly Report**

---

February 14, 2018  
Picture #1



February 14, 2018  
Picture #2





**LOGOS Operating, LLC**  
**Section 30 Recycling Containment and Facility**  
**March 2018 Monthly Report**

---

February 16, 2018  
Picture #3



February 19, 2018  
Picture #4





**LOGOS Operating, LLC**  
**Section 30 Recycling Containment and Facility**  
**March 2018 Monthly Report**

---

February 23, 2018  
Picture #5



February 27, 2018  
Picture #6





**LOGOS Operating, LLC**  
**Section 30 Recycling Containment and Facility**  
**March 2018 Monthly Report**

March 1, 2018  
Picture #7



March 2, 2018  
Picture #8





**LOGOS Operating, LLC**  
**Section 30 Recycling Containment and Facility**  
**March 2018 Monthly Report**

March 7, 2018  
Picture #9



**Rosa APD Status:**

**APDs in process:**

Rosa Unit 720H – Pad 26  
Rosa Unit 730H  
Rosa Unit 790H  
Rosa Unit 810H  
Rosa Unit 820H  
Rosa Unit 840H  
Rosa Unit 950H – Pad 82

**Approved APDs:**

Rosa Unit 665H – Pad 30  
Rosa Unit 740H – Pad 31  
Rosa Unit 830H – Pad 42 – waiting on OCD approval  
Rosa Unit 880H – Pad 47  
Rosa Unit 884H – Pad 47  
Rosa Unit 541H - Pad 3 –w/ an APD extension to 1/16/2019  
Rosa Unit 552H – Pad 5 – w/ an APD extension to 4/17/2019

**Approved APDs with surface casing set:**

ROSA UNIT 650H API# 30-039-31330  
ROSA UNIT 651H API# 30-039-31326  
ROSA UNIT 652H API# 30-039-31324  
ROSA UNIT 653H API# 30-039-31325  
ROSA UNIT 654H API# 30-039-31327  
ROSA UNIT 655H API# 30-039-31331  
ROSA UNIT 656H API# 30-039-31328  
ROSA UNIT 657H API# 30-039-31329  
ROSA UNIT 644H API# 30-039-31318  
ROSA UNIT 645H API# 30-039-31322  
ROSA UNIT 646H API# 30-039-31323  
ROSA UNIT 647H API# 30-039-31319  
ROSA UNIT 648H API# 30-039-31320  
ROSA UNIT 649H API# 30-039-31321

**From:** Scott, Sarah [<mailto:sscott@blm.gov>]  
**Sent:** Tuesday, April 03, 2018 4:05 PM  
**To:** Tamra Sessions  
**Cc:** Jeff Tafoya ([jtafoya@blm.gov](mailto:jtafoya@blm.gov)); John Bruner  
**Subject:** Re: [EXTERNAL] LOGOS Rosa Section 30 Recycling Containment

Hi Tamra,

BLM has no objections to an extension of the closure requirement. Please let us know if you have any questions.

Sarah

**Sarah Scott**

Supervisory Natural Resource Specialist  
BLM Farmington Field Office  
6251 College Blvd., Suite A  
Farmington, NM 87402  
Office: (505)564-7689  
Cell: (505)592-3766

[National BLM Oil and Gas Program Website](#) (link to website)

[BLM Oil and Gas Forms](#) (link to website)

[AFMSS 2 Information](#) (link to website)

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On Tue, Apr 3, 2018 at 10:08 AM, Tamra Sessions <[tsessions@logosresourcesllc.com](mailto:tsessions@logosresourcesllc.com)> wrote:

Hello Sarah and Jeff,

LOGOS is currently preparing to go to hearing with the NMOCD to request an extension of the closure requirement of the Section 30 Recycling Containment (NMOCD permit #3RF-3) that is located on BLM land in Section 30, T32N, R5W in Rio Arriba County. Approval of this extension will allow LOGOS to continue utilizing this existing recycling containment for operations in the Rosa area, thus avoiding additional surface disturbance that would be necessary in order for LOGOS to utilize recycled water for the upcoming drilling and completion activities scheduled for 2018 if this extension is not approved.

LOGOS is requesting a response to this email from BLM, as the surface owner, in support of this extension.

The API #'s associated with the BLM approval of the Section 30 Recycling Containment are listed below.

NMOCD CASE No. 16069  
Logos Resources  
Exhibit No. 10  
April 5, 2018

ROSA UNIT 650H API# 30-039-31330

ROSA UNIT 651H API# 30-039-31326

ROSA UNIT 652H API# 30-039-31324

ROSA UNIT 653H API# 30-039-31325

ROSA UNIT 654H API# 30-039-31327

ROSA UNIT 655H API# 30-039-31331

ROSA UNIT 656H API# 30-039-31328

ROSA UNIT 657H API# 30-039-31329

ROSA UNIT 644H API# 30-039-31318

ROSA UNIT 645H API# 30-039-31322

ROSA UNIT 646H API# 30-039-31323

ROSA UNIT 647H API# 30-039-31319

ROSA UNIT 648H API# 30-039-31320

ROSA UNIT 649H API# 30-039-31321

**Tamra Sessions**

**Regulatory Specialist**

**Office 505-324-4145**

**[tsessions@logosresourcesllc.com](mailto:tsessions@logosresourcesllc.com)**



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

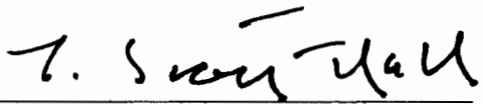
**IN THE MATTER OF THE APPLICATION OF LOGOS  
RESOURCES II, LLC FOR EXTENSION OF  
AUTHORIZATION TO OPERATE THE ROSA UNIT  
RECYCLING AND CONTAINMENT FACILITY AND  
FOR EXCEPTION FROM THE CLOSURE  
REQUIREMENTS OF NMAC 19.15.34.14,  
RIO ARriba COUNTY, NEW MEXICO.**

**CASE NO. 16069**

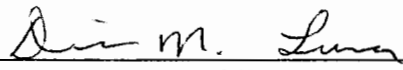
**AFFIDAVIT OF NOTICE**

STATE OF NEW MEXICO   )  
  ) ss.  
COUNTY OF SANTA FE   )

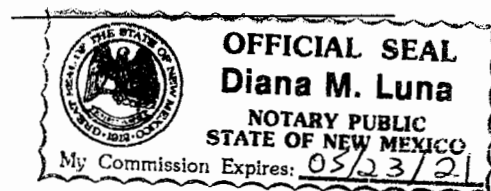
J. Scott Hall, attorney and authorized representative of LOGOS Resources II, LLC the Applicant in this matter, being first duly sworn, upon oath states that he sent copies of the Application in this matter to the parties as specified on the attached Exhibit A.

  
\_\_\_\_\_  
J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 4<sup>th</sup> day of April, 2018.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:



NMOCD CASE No. 16069  
Logos Resources  
Exhibit No. 11  
April 5, 2018

**EXHIBIT A**

Farmington Field Office  
Bureau of Land Management  
6251 College Blvd., Suite A  
Farmington, NM 87402





**MONTGOMERY  
& ANDREWS**  
LAW FIRM

**J. SCOTT HALL**  
Cell: (505) 670-7362  
Email: [shall@montand.com](mailto:shall@montand.com)  
[www.montand.com](http://www.montand.com)

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March 13, 2018

**VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

**TO: ALL INTEREST OWNERS ON ATTACHED LIST**

**Re: NMOCD 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.**

Dear Sir or Madam:

This will advise that LOGOS Resources II, LLC has filed an Application with the New Mexico Oil Conservation Division for an order: (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.

A copy of the Application for hearing is enclosed.

This Application will be set for hearing before a Division Examiner on April 5, 2018, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at

---

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

March 13, 2018

Page 2

least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

JSH:dml

Enclosure

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

**EXHIBIT A**

**INTEREST OPERATORS**

Farmington Field Office  
Bureau of Land Management  
6251 College Blvd., Suite A  
Farmington, NM 87402

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: J. Scott Hall  
J. Scott Hall, Esq.  
Seth C. McMillan, Esq.  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307  
(505) 982-3873  
(505) 982-4289 fax  
[shall@montand.com](mailto:shall@montand.com)

*Attorneys for LOGOS Resources II LLC*



***Case No. \_\_\_\_\_: 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.

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2. Article Number (Transfer from service label)

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