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September 11, 2018

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

Hand-Delivered

Case 16448

Re: Application of LOGOS Operating, LLC for Compulsory Pooling
Federal 2407 28M South Com Well No. 1H
Federal 2308 28M South Com Well No. 2H
Rio Arriba County, New Mexico

Dear Ms. Davidson:

Enclosed are an original and one copy of the Application referenced above, along with a proposed advertisement.

Please set this matter for hearing on the October 18, 2018 Examiner hearing docket.

Thank you.

Very Truly Yours,

J. Scott Hall

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

**APPLICATION OF LOGOS OPERATING, LLC FOR COMPULSORY POOLING,
RIO ARriba COUNTY, NEW MEXICO**

Case No. 16448

APPLICATION

LOGOS Operating, LLC ("LOGOS") applies for an order pooling all interests in the Gallup formation, Escrito-Gallup Associated Pool (22619), underlying the W/2 of Section 33, Township 24 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. In support thereof, LOGOS states:

1. Applicant operates and controls working interests owned by LOGOS Resources II, LLC in the W/2 of Section 33 and has the right to drill thereon.

2. LOGOS proposes to drill two wells to depths sufficient to test and develop the Gallup formation in the following approximate order:

a. LOGOS plans to drill the horizontal Gallup formation oil well currently entitled **Federal 2407 28M South Com 1H** at an approximate surface hole location of 10' FSL & 910' FWL of Section 28-T24N-R7W with an approximate bottom hole location of 330' FWL & 20' FSL of Section 33-T24N-R7W.

b. LOGOS plans to drill the horizontal Gallup formation oil well currently entitled the **Federal 2308 28M South Com 2H** at an approximate surface hole location of 10' FSL & 970' FWL of Section 28-T24N-R7W with an approximate bottom hole location of 2,240' FWL & 100' FSL of Section 33-T24N-R7W.

3. Applicant seeks to dedicate the W/2 of Section 33 to form a standard 320-acre \pm horizontal spacing unit in the Gallup formation. The unit is located within the Basin-Mancos Gas

Pool (97232) and is within two miles of the Escrito-Gallup Associated Pool (22619; Order No. R-5353), the pool rules for which are made applicable by Order No. R-12984, Rule 1B. The horizontal spacing unit is comprised of two federal oil and gas leases which will be subject to a federal Communitization Agreement. Applicant expects to receive preliminary approval of such Communitization Agreement in advance of the hearing in this matter.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other working interest owners in the Gallup formation in the proposed project area for the purposes set forth herein.

5. Although Applicant attempted to obtain voluntary agreements from all working interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Gallup formation. Applicant seeks to dedicate the W/2 of Section 33 pursuant to NMSA 1978, §§ 70-2-17, 18.

6. LOGOS proposes that the order pooling un-joined mineral interests provide for separate participation elections for each well.

7. Approval of the horizontal spacing unit and the pooling of all mineral interests in the Gallup formation, underlying the W/2 of Section 33 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on October 18, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a standard horizontal spacing unit for the wells and pooling all working interests in the W/2 of Section 33, Township 24 North, Range 7 West, NMPM, Rio Arriba County, New Mexico;

Case No. 16448: *Application of Logos Operating, LLC for Compulsory Pooling, Rio Arriba County, New Mexico.* Applicant seeks an order pooling all interests in the Gallup formation underlying the W/2 of Section 33, Township 24 North, Range 7 West, NMPM in Rio Arriba County, New Mexico. Applicant seeks to establish a standard 320-acre horizontal spacing unit within the Basin-Mancos Pool (71599) in the W/2 of Section 33, to which the Special Rules for the Escrito-Gallup Associated Pool apply. The unit will be subject to a federal Communitization Agreement and will be dedicated to two wells to be drilled by Applicant in the Gallup formation as follow: (1) the **Federal 2407 28M South Com 1H** at an approximate surface hole location of 10' FSL & 910' FWL of Section 28-T24N-R7W with an approximate bottom hole location of 330' FWL & 20' FSL of Section 33-T24N-R7W. (2) the **Federal 2308 28M South Com 2H** at an approximate surface hole location of 10' FSL & 970' FWL of Section 28-T24N-R7W with an approximate bottom hole location of 2,240' FWL & 100' FSL of Section 33-T24N-R7W. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of LOGOS as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 8.5 miles east of Nageezi, New Mexico.