

NSL Initial Application

Received: 05/15/19

This application is placed in file for record. It MAY or MAY NOT have been reviewed to be determined Administratively Complete

RECEIVED: 05/15/19	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL1913557505
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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: Chaco 23 08 03 #3H	API: 30-045-38171
Pool: Basin Mancos	Pool Code: 97232

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 PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	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.

Jay Paul McWilliams

 Print or Type Name

 Signature

May 15, 2019

 Date

505-324-4141

 Phone Number

jmcwilliams@logosresourcesllc.com

 e-mail Address



May 15, 2019

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

New Mexico Oil Conservation Division
Attn: Ms. Adrienne Sandoval, Director
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Re: Application for Non-Standard Location for drilling of the Chaco 23 08 03 #3H (API 30-045-38171), to be drilled as a horizontal wellbore in the Basin Mancos Gas Pool (Pool ID 97232) with a spacing unit comprised of the Lots 1 through 4 and the S2N2 of Section 3, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico.

Dear Ms. Sandoval,

LOGOS Operating, LLC (“LOGOS”), as operator for LOGOS Resources II, LLC, hereby requests administrative approval of a non-standard location for the Chaco 23 08 03 #3H (the “**Subject Well**”) pursuant to New Mexico Oil Conservation Division (“**NMOCD**”) rules governing the drilling of horizontal wells in the Basin Mancos Gas Pool (Pool ID 97232). LOGOS intends to drill the Subject Well as a horizontal well with a dedicated spacing unit comprised of Lots 1 through 4 and the S2N2 of Section 3, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico (the “**Spacing Unit**”).

Prior to first production from the Subject Well, LOGOS will obtain NMOCD approval of a Form C-102 consistent with the Spacing Unit.

Non-Standard Location

Under the recently adopted provisions of Section 19.15.16 NMAC, the proposed location of the completed interval of the Subject Well is unorthodox for a gas well because it encroaches upon adjacent tracts to a distance such that the first take point in the wellbore is at least 100’ east of the west line of said Section 3 and the last take point is at least 100’ west of the east line of said Section 3. The depicted location for the Subject Well would be orthodox for an oil well under Section 19.15.16 NMAC, and LOGOS believes that the Subject Well will produce a gas to oil ratio that would fit within industry standards for an oil well. However, because the Subject Well is located near a frozen oil pool and within the Basin Mancos Gas Pool, the Subject Well is properly classified as a gas well under NMOCD rules.

The location of the Subject Well is depicted in Exhibit “A” attached hereto. Further, Exhibit “B” attached hereto depicts the operatorship of the Gallup formation or, absent an NMOCD approved operator of the Gallup formation, all working interest owners in the Gallup formation in any spacing unit which is subject to encroachment under the provisions of Section 19.15.16 NMAC governing setbacks for a horizontal gas well.

LOGOS Operating, LLC

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

Reasoning for Application

Approval of the non-standard location detailed in this Application will allow efficient development of the Gallup formation consistent with generally accepted industry standards governing proper wellbore orientation, while minimizing the substantial waste that would result from imposition of the setbacks and well spacing imposed for gas wells under the recently adopted provisions of Section 19.15.16 NMAC. It is noted that Gallup wells in the vicinity of the Subject Well, including recent horizontal wells drilled wholly or partly in the Basin Mancos Gas Pool, have been permitted using 100' setbacks from the first and last take points in the wellbore, and it is expected that the Subject Well will produce well below the gas-to-oil ratio cutoff specified in the definition of a "gas well" in 19.15.2.7 NMAC. Both the Spacing Unit and the location of the Subject Well would be standard under the provisions of Section 19.15.16 NMAC governing the spacing and setbacks for horizontal oil wells. Accordingly, approval of this Application will allow maximum development of the Spacing Unit without preventing the future development of the surrounding area.

The NMOCD's Administrative Application Checklist is enclosed at the beginning of this package. A list of Affected Parties is set forth in the attached Exhibit "C". A certified mailing of the form letter attached hereto as Exhibit "D" was sent to each such Affected Party on May 3, 2019, which letter advises the Affected Party that an objection to this Application must be filed with the NMOCD within 20 days of the NMOCD's receipt of this Application.

If any additional information is necessary for review of this Application, 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



Jay Paul McWilliams
President

Exhibit "B"

Depiction of Encroached Upon Spacing Units

NOTE: Except where otherwise labeled, all lands depicted below lie within Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico.

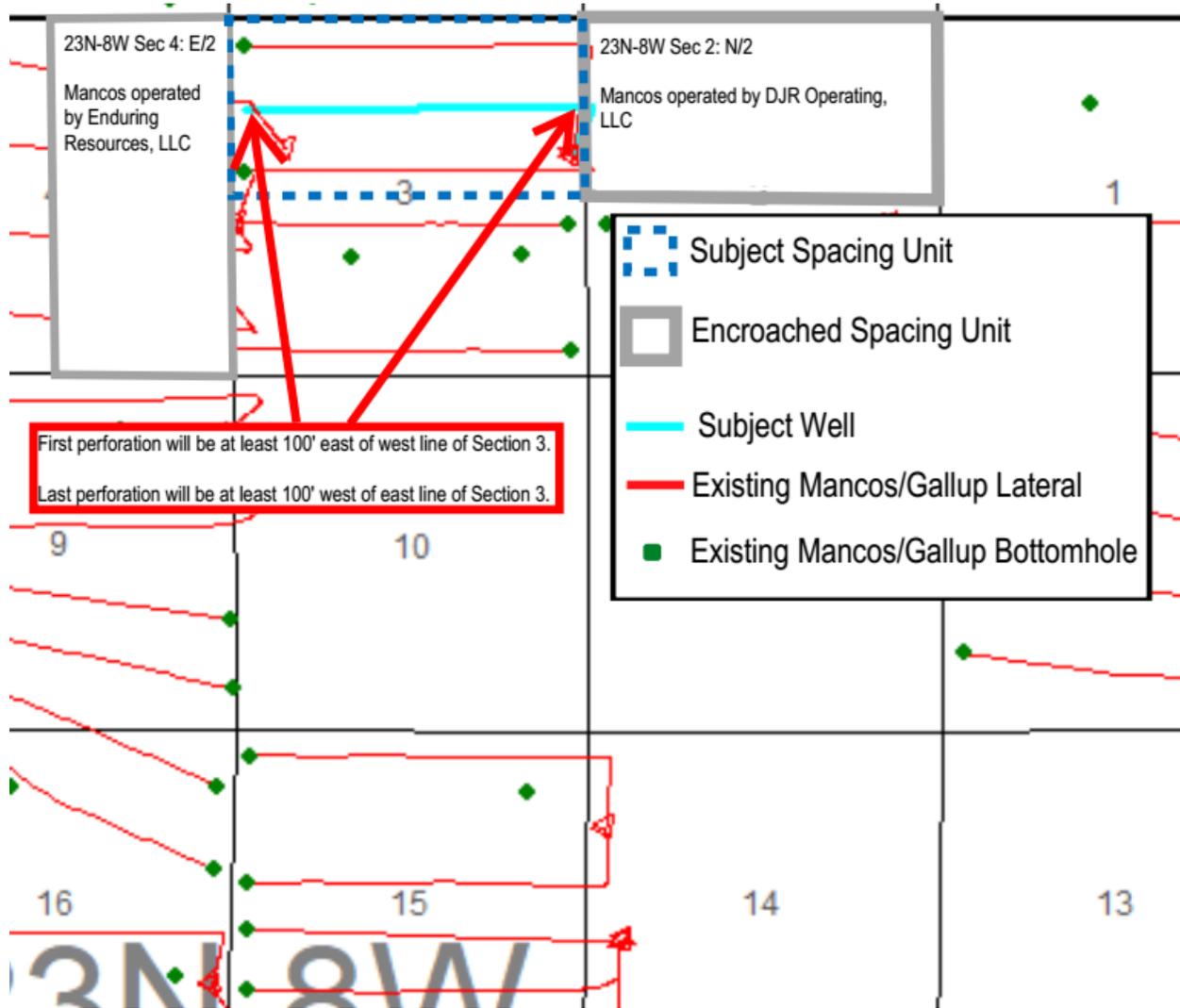


Exhibit "C"

Affected Persons

Enduring Resources, LLC
Attn: Land Department
1050 17th Street, Suite 2500
Denver, CO 80265

Certified Mailing 7009 2250 0001 5075 9602

DJR Operating, LLC
Attn: Land Department
1600 Broadway, Suite 1960
Denver, CO 80202

Certified Mailing 7009 2250 0001 5075 9619

COPY PROVIDED TO:

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

Certified Mailing 7009 2250 0001 5075 9626



May 15, 2019

VIA CERTIFIED MAIL (_____)

[Recipient 1]
 [Recipient 2]
 [Address 1]
 [Address 2]

Re: Notice of Application for Non-Standard Location for drilling of the Chaco 23 08 03 #3H (API 30-045-38171), to be drilled as a horizontal wellbore in the Basin Mancos Gas Pool (Pool ID 97232) with a spacing unit comprised of the Lots 1 through 4 and the S2N2 of Section 3, 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 Chaco 23 08 03 #3H (API 30-045-38171) (the “**Subject Well**”) as a horizontal well with a dedicated spacing unit comprised of the comprised of Lots 1 through 4 and the S2N2 of Section 3, Township 23 North, Range 8 West, N.M.P.M., San Juan County, New Mexico (the “**Spacing Unit**”). The Spacing Unit includes lands within the Basin Mancos Gas Pool (Pool ID 97232), and is a standard spacing unit.

In order to efficiently develop the Spacing Unit under generally utilized spacing in the area, consistent with the rules governing oil well spacing under 19.15.16 NMAC, and to prevent the substantial waste that would occur as a result of utilization of the well spacing rules for gas wells under 19.15.16 NMAC, LOGOS proposes the drilling of the Subject Well at the location depicted on the plat attached to this letter as Exhibit “A” and within the Spacing Unit. It is reasonably anticipated that the Subject Well will produce volumes of gas and oil that are well below 100,000 cubic feet of gas to one barrel of oil, which is the cutoff specified in 19.15.2.7.G.6 NMAC for defining a “gas well” in absence of production from a gas pool. Despite the general development of the Gallup in the area under oil well spacing and the expected gas-to-oil ratio well below the traditional definition of a gas well, the Subject Well is deemed a gas well under 19.15.2 NMAC because the Spacing Unit lies within the Basin Mancos Gas Pool. Accordingly, although the location of the Subject Well would be standard for an oil well under 19.15.16 NMAC, this Application for Non-Standard Location is required to drill the well using a pattern generally accepted in the area for drilling and completion of oil wells.

Under the recently adopted provisions of Section 19.15.16 NMAC, the proposed location of the completed interval of the Subject Well is unorthodox for a gas well because it encroaches upon the adjacent tracts to a distance of at least 100’ along a line drawn directly east/west from the common boundary of the encroached-upon spacing units depicted in Exhibit “B” and the Spacing Unit. No point along the completed interval of the Subject Well will be nearer than 660’ along a line drawn perpendicular to the permitted wellbore to an adjacent spacing unit. The depicted location for the Subject Well would be orthodox for an oil well under Section 19.15.16 NMAC.

LOGOS’s examination reflects that you are the operator of the Mancos/Gallup in one of the encroached upon spacing units depicted in Exhibit “B”. This letter is intended to provide notice of

LOGOS Operating, LLC

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

Form of Letter to Offset Operators

LOGOS's intention to permit the Subject Well in a non-standard location, in the approximate location depicted in Exhibit "B". **Please be aware that the first perforation in the Subject Well will be a minimum of 100' east of the west line of Section 3, and the last perforation in the Subject Well will be a minimum of 100' west of the east line of Section 3.** Under 19.15.15.11 NMAC and 19.15.15.13 NMAC, you are required to notify the New Mexico Oil Conservation Division ("NMOCD") in writing of a written protest of LOGOS's application for non-standard location within 20 days of the NMOCD's receipt of this application.

If any further information is necessary or to further discuss the necessity of this Application, 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

Exhibit "A"

Depiction of Location of the Subject Well

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

WELL LOCATION AND ACREAGE DEDICATION PLAT									
*API Number 30-045-38171		*Pool Code 97232		*Pool Name BASIN MANCOS					
*Property Code		*Property Name CHACO 23-08-3					*Well Number 3H		
*GRID No. 289408		*Operator Name LOGOS OPERATING, LLC					*Elevation 6908'		
10 Surface Location									
UL or lot no. H	Section 3	Township 23N	Range 8W	Lot Idn	Feet from the 2036	North/South line NORTH	Feet from the 187	East/West line EAST	County SAN JUAN
11 Bottom Hole Location If Different From Surface									
UL or lot no. D	Section 3	Township 23N	Range 8W	Lot Idn 4	Feet from the 1325	North/South line NORTH	Feet from the 20	East/West line WEST	County SAN JUAN
12 Dedicated Acres 323.20 Acres N/2 - Section 3		13 Joint or Infill		14 Consolidation Code		15 Order No.			

END-OF-LATERAL (A)
1325' FNL, 20' FWL
SECTION 3, T23N, R8W
LAT: 36.259922°N
LONG: 107.677470°W
DATUM: NAD1927

S04°41.6'W 500.0'

FIRST PERFORATION (B)
1324' FNL, 100' FWL
SECTION 3, T23N, R8W
LAT: 36.259922°N
LONG: 107.677199°W
DATUM: NAD1927

S04°41.6'W 5045.0'

LAST PERFORATION (C)
1309' FNL, 100' FWL
SECTION 3, T23N, R8W
LAT: 36.259949°N
LONG: 107.659945°W
DATUM: NAD1927

S04°41.6'W 1500.0'

POINT-OF-ENTRY (D)
1308' FNL, 50' FWL
SECTION 2, T23N, R8W
LAT: 36.259950°N
LONG: 107.659406°W
DATUM: NAD1927

N17°12.5'E 762.6'

SURFACE LOCATION (E)
2036' FNL, 187' FWL
SECTION 3, T23N, R8W
LAT: 36.257950°N
LONG: 107.660176°W
DATUM: NAD1927

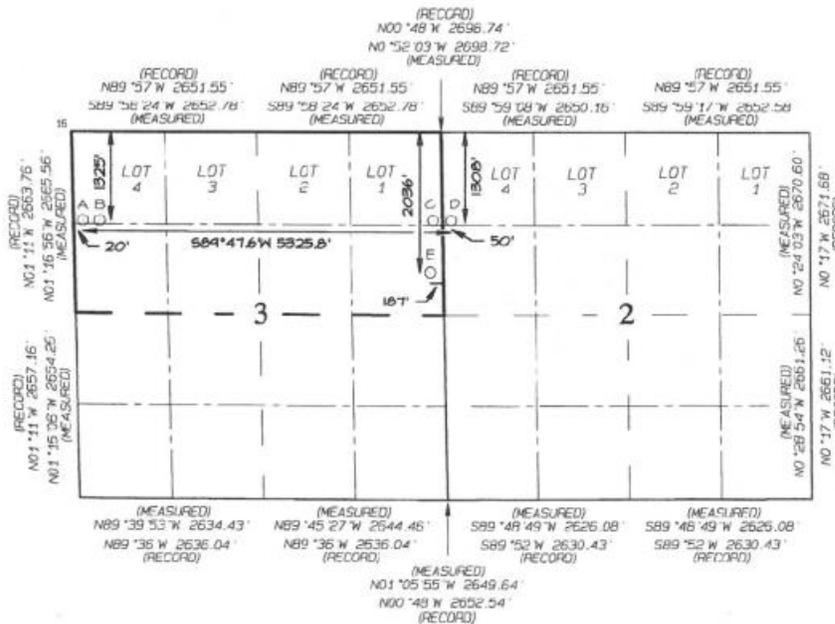
LAT: 36.259935°N
LONG: 107.678081°W
DATUM: NAD1983

LAT: 36.259935°N
LONG: 107.677810°W
DATUM: NAD1983

LAT: 36.259962°N
LONG: 107.660525°W
DATUM: NAD1983

LAT: 36.259963°N
LONG: 107.660017°W
DATUM: NAD1983

LAT: 36.257963°N
LONG: 107.660786°W
DATUM: NAD1983



NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest, or unless mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Marie E. Florez 05/08/2019
Signature Date
Printed Name
mflorez@logosresourcesllc.com
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Date Revised: MAY 7, 2019
Date of Survey: MAY 4, 2019
Signature and Seal of Professional Surveyor

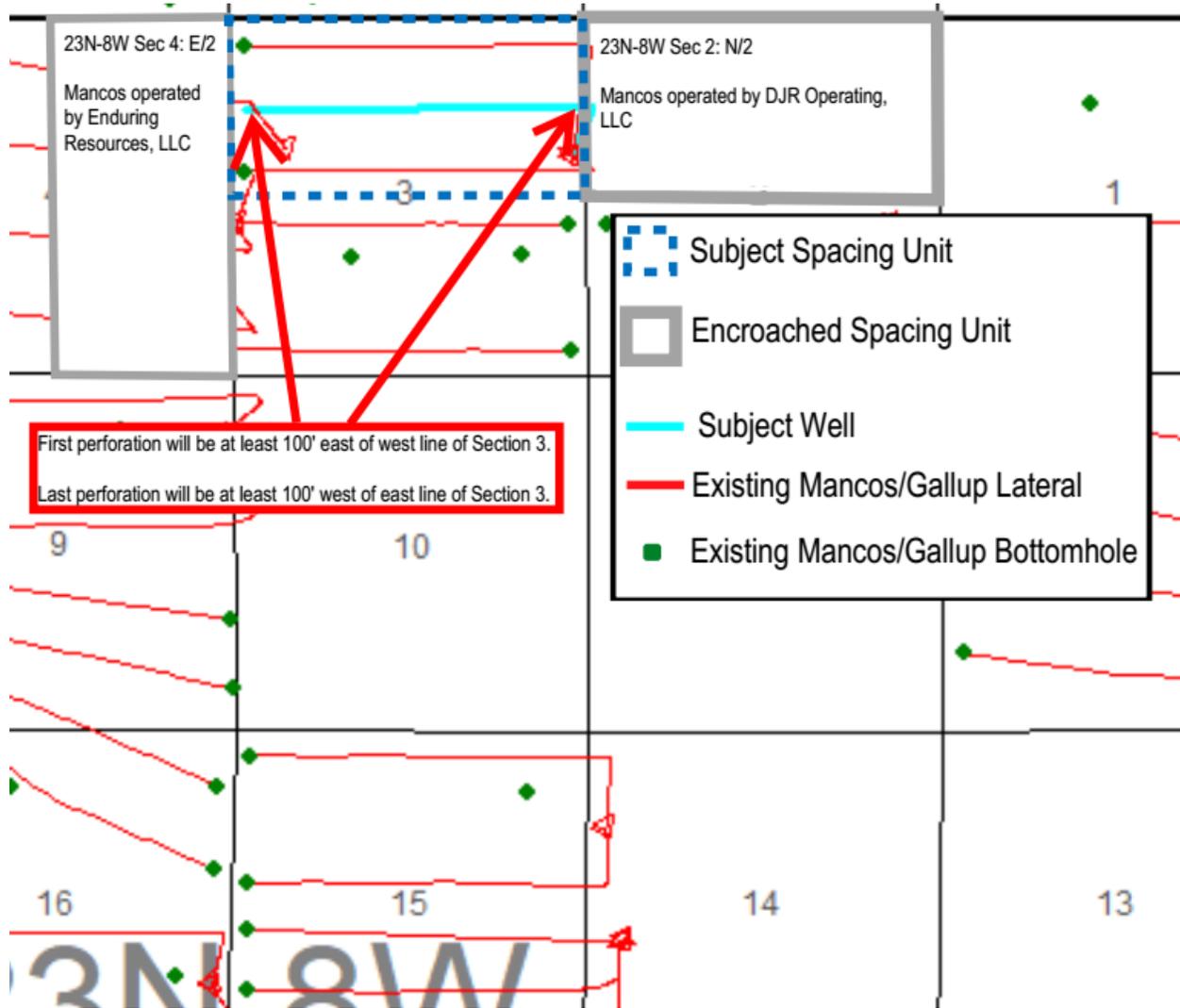


JASON C. EDWARDS
Certificate Number 15269

Exhibit "B"

Depiction of Encroached Upon Spacing Units

NOTE: Except where otherwise labeled, all lands depicted below lie within Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico.



Lowe, Leonard, EMNRD

From: Christopher Jeffus <cjeffus@logosresourcesllc.com>
Sent: Wednesday, May 15, 2019 2:42 PM
To: Lowe, Leonard, EMNRD
Subject: [EXT] Application for Administrative Approval of Non-Standard Location - Chaco 23 08 03 #3H (API 30-045-38171)
Attachments: NSL Application - Chaco 2308 03 3H.pdf

Mr. Lowe,

Attached, please find an Application for Administrative Approval of Non-Standard Location covering the Chaco 23 08 03 #3H (API 30-045-38171). As noted in the Application, certified mailings of the notice attached as Exhibit D have been sent to all Affected Parties and to the BLM – the Affected Persons are listed in Exhibit C. The spacing unit for the well is a standard spacing unit, and the well is an infill well to LOGOS's existing Chaco 23 08 03 #1H and Chaco 23 08 03 #2H, both drilled in Lots 1 – 4 and the S2N2 (N/2) of Section 3, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico.

If any further information is necessary to process the aforesaid application, please contact me at your convenience. Thank you.

Christopher J. Jeffus

Vice President – Land/Legal
LOGOS Resources II, LLC
2010 Afton Place
Farmington, NM 87401
Direct 505.324.4141
cjeffus@logosresourcesllc.com



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