

ABOVE THIS LINE FOR DIVISION USE ONLY.

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



Logos Operating LLC
 Rita # 5
 Rita Com # 2, 4

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

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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.

David Gonzales David Gonzales VP of operations 9/26/12
 Print or Type Name Signature Title Date
 d.gonzales@logosresourcesllc.com
 e-mail Address

PLC-364

Sanchez, Kimberly V, EMNRD

From: David Gonzales <dgonzales@logosresourcesllc.com>
Sent: Wednesday, September 26, 2012 4:32 PM
To: Sanchez, Kimberly V, EMNRD
Subject: RE: Administrative Application for Surface Commingling C-107B
Attachments: NMOCD Commingle Checklist - Rita Com #2.pdf

Kimberly,

Thank you for sending the form to me. Attached is the checklist you requested. I also included the publication notice that we submitted to the Daily Times Newspaper for interest owners that are in suspense that we cannot find. Please let me know if you have any other questions.

Thanks,

David Gonzales
Vice President of Operations
505-215-8215 Cell
505-436-2626 x 101 Office
505-832-3095 Fax
dgonzales@logosresourcesllc.com



From: Sanchez, Kimberly V, EMNRD [<mailto:KimberlyV.Sanchez@state.nm.us>]
Sent: Wednesday, September 26, 2012 4:11 PM
To: David Gonzales
Subject: Administrative Application for Surface Commingling C-107B

Good afternoon David

We have received your Application for Surface Commingling C-107B. we are missing the attached checklist please fill out the check list and fax to OCD attn.: Kim Sanchez 505-476-3462. Let me know if you have any questions.

Kimberly R Sanchez
EMNRD – Oil Conservation Division
1220 S Saint Francis Drive
Santa Fe, NM 87505
Kimberlyv.sanchez@state.nm.us
Phone: 505-476-3498
Fax: 505-476-3462

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David Gonzales

From: John Austin Akers
Sent: Wednesday, September 19, 2012 4:31 PM
To: legals@daily-times.com
Cc: David Gonzales; Kristina Graham
Subject: Logos Resources, LLC legals publication request

Hi Carletta,

Per our phone conversation, here is the text we would like in the times. Please let me know if you have any questions:

"NOTICE: Logos Resources, LLC plans has filed an application with the New Mexico Oil Conservation Division to surface comingle production from the Rita Com 2 well, the Rita 5 Well, and the Rita Com 4 well, all located in Rio Arriba County, NM. Logos has contacted all interest owners other than those for which no contact information can be found after a diligent search. If you are an owner and have not been contacted, please call Logos Resources at 505-436-2626 for a copy of the application. You will have 20 days in which to file a written objection with the New Mexico Oil Conservation Division's Santa Fe Office."

Thank you!

John "Austin" Akers
Vice President of Land
Logos Resources, LLC
Phone: 303-550-1877
Fax: 303-974-1767
aakers@logosresourcesllc.com



District I
1625 N. French Drive, 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

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OGD
2012 SEP 24 P 12:5
Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Logos Operating, LLC
OPERATOR ADDRESS: 4001 N. Butler Ave., Building 7101 Farmington, NM 87401
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes
Counselors Gallup-Dakota 13379	45° / 1290 BTU	1297 BTU	\$5/MCF @ wellhead.	70 MCFD
Wilcat Mesa Verde (estimated)	42° / 1300 BTU		Est. daily value @ CDP \$350/day.	

(2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code.
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

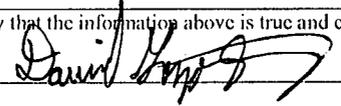
(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: 
TYPE OR PRINT NAME: David Gonzales

TITLE: Vice President of Operations

DATE: 9/18/12

TELEPHONE NO.: 505-436-2626

E-MAIL ADDRESS: dgonzales@logosresourcesllc.com



4001 N. Butler Ave
Farmington, NM 87401
Phone: (505) 215-8215
Fax: (303) 974-1767

Date: September 13, 2012

To: New Mexico Oil Conservation Division

Re: Surface Gas Commingle at a Central Delivery Point

Dear NMOCD,

Logos Operating, LLC (OGRID 289408) is proposing to surface commingle the gas from the Rita Com #2, Rita # 5 and Rita #4 so that the compression can be installed to service all three wells. Currently the Rita 4 & 5 are selling through a central delivery point (CDP) and Logos is proposing to add the Rita Com #2 to this CDP.

Logos has installed a test compressor that services the Rita 4 & 5 and early uplift test results are positive. Logos is setting a small test compressor at the Rita Com # 2 to determine the extent that compression will benefit this well. If the test results are positive with the Rita Com # 2, Logos would like to move forward with adding the Rita Com #2 to the CDP that the Rita 4 & 5 are measured at. The test compressor is capable of handling greater volumes than the Rita 4 & 5 are producing and the addition of the Rita Com #2 will help maximize the compressor while balancing out the gas volumes.

The gas volumes will be allocated as follows:

Rita 4 – Barton Meter will be used to determine gas production

Rita 5 – Barton Meter and EFM meter will be used to determine gas production

Rita Com 2 – Gas will be allocated based on the difference between the EFM at the Enterprise CDP minus gas produced from Rita 4 and Rita 5.

The Rita Com #2 has only produced an average daily rate of 2.2 MCFD over the past 6 months. This well has the opportunity to share compression costs in an attempt to increase the economic value of the well. This project will be canceled if the compression tests are uneconomic.

The Rita Com #2, Rita 4, and Rita 5 produce from the Counselors Gallup-Dakota Pool (#13379) with a BTU factor of 1290 BTU/SCF. The Rita Com #2 is estimated to have a BTU factor of ~1300 BTU/SCF after completion of the payadd to the MesaVerde. The gas BTU from the Rita Com #2 is expected to be very close to the BTU of the Rita 4 and Rita 5 and therefore is not expected to dilute the gas quality.

The estimated value of the gas that will be moving through the CDP after adding the Rita Com #2 is \$350/day. This value is based on \$5/MCF of gas (1290 BTU gas) and an average

volume of 20MCFD from the Rita 4 & Rita 5 with an estimated additional volume of 50 MCFD that will come from the Rita Com #2 after completing the MesaVerde payadd.

The key points of the request to commingle are:

- We expect no dilution to gas BTU
- We expect positive uplift due to commingling the Rita Com #2, Rita 4 and Rita 5 and using compression
- The abandonment pressure of the wells should be extended through the benefit of shared compression costs
- The compression benefit is only obtainable through a commingled CDP because Enterprise owns the line downstream of the CDP.

Please see the attached basic schematics for the proposed CDP. Please let me know if you have further questions or concerns.

Regards,

David Gonzales
Vice President of Operations

Rita 4 and Rita 5

Central Delivery Point BTU/Volume Summary

Daily History for RITA CPD (14322-01)

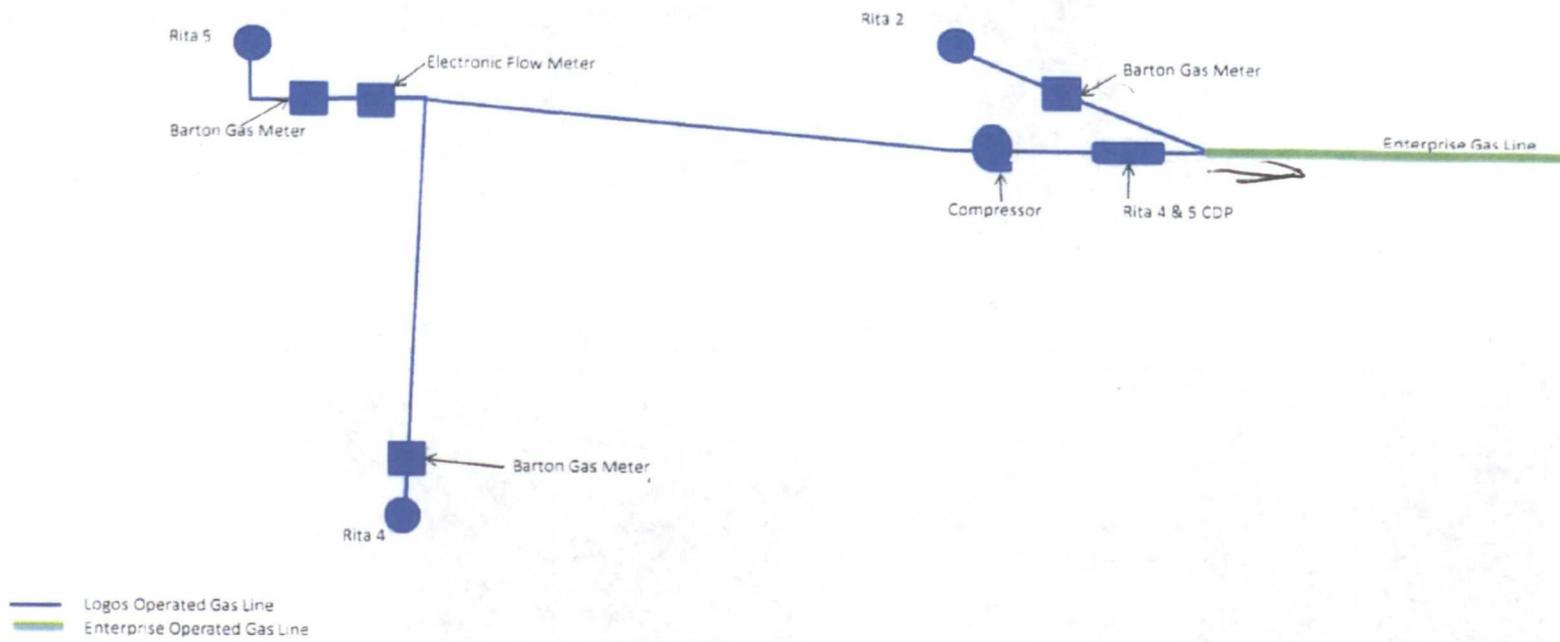
Flow Day	Volume	MMBTU	Flow Time	Static	Dp	Temperature
09 / 17 / 12	10.05	12.95	60	88.14	20.39	80.28
09 / 16 / 12	31.24	40.27	115	88.81	22.77	66.31
09 / 15 / 12	37.78	48.71	163	94.75	29.14	65.68
09 / 14 / 12	27.74	35.76	222	122.34	7.09	63.33
09 / 13 / 12	0.91	1.18	17	197.54	0.08	59.85
09 / 12 / 12	4.45	5.73	53	192.51	0.38	57.24
09 / 11 / 12	11.41	14.71	60	178.42	4.21	67.89
09 / 10 / 12	21.81	28.12	177	89.32	8.44	74.43
09 / 09 / 12	28.62	36.89	315	81.10	3.85	72.46
09 / 08 / 12	30.59	39.44	380	82.54	5.09	67.58
09 / 07 / 12	25.50	32.87	327	83.33	8.04	76.17
09 / 06 / 12	21.67	27.94	205	85.91	7.14	78.61
09 / 05 / 12	23.01	29.67	407	82.39	3.41	73.80
09 / 04 / 12	16.57	21.36	479	82.25	0.90	79.24
09 / 03 / 12	15.91	20.51	476	82.34	0.77	79.04
09 / 02 / 12	16.32	21.04	473	81.99	0.96	79.25
09 / 01 / 12	14.26	18.38	373	83.15	1.22	76.95
08 / 31 / 12	11.74	15.14	165	89.30	5.63	75.24
08 / 30 / 12	15.12	19.49	173	88.42	6.64	78.83
08 / 29 / 12	0.00	0.00	0	124.69	0.00	79.67
08 / 28 / 12	3.78	4.87	80	144.43	0.38	79.34
08 / 27 / 12	17.87	23.03	343	76.31	1.52	77.60
08 / 26 / 12	16.93	21.82	371	77.37	1.21	78.07
08 / 25 / 12	18.18	23.44	404	77.31	1.41	75.79
08 / 24 / 12	26.95	34.74	489	79.27	2.57	66.30
08 / 23 / 12	23.17	29.87	171	79.52	8.06	65.80
08 / 22 / 12	32.65	42.10	399	76.60	5.85	69.69
08 / 21 / 12	24.13	31.11	117	78.09	9.42	78.96
08 / 20 / 12	25.86	33.33	127	79.84	13.78	72.85
08 / 19 / 12	27.98	36.08	148	79.57	15.20	78.99

Rita Com #2

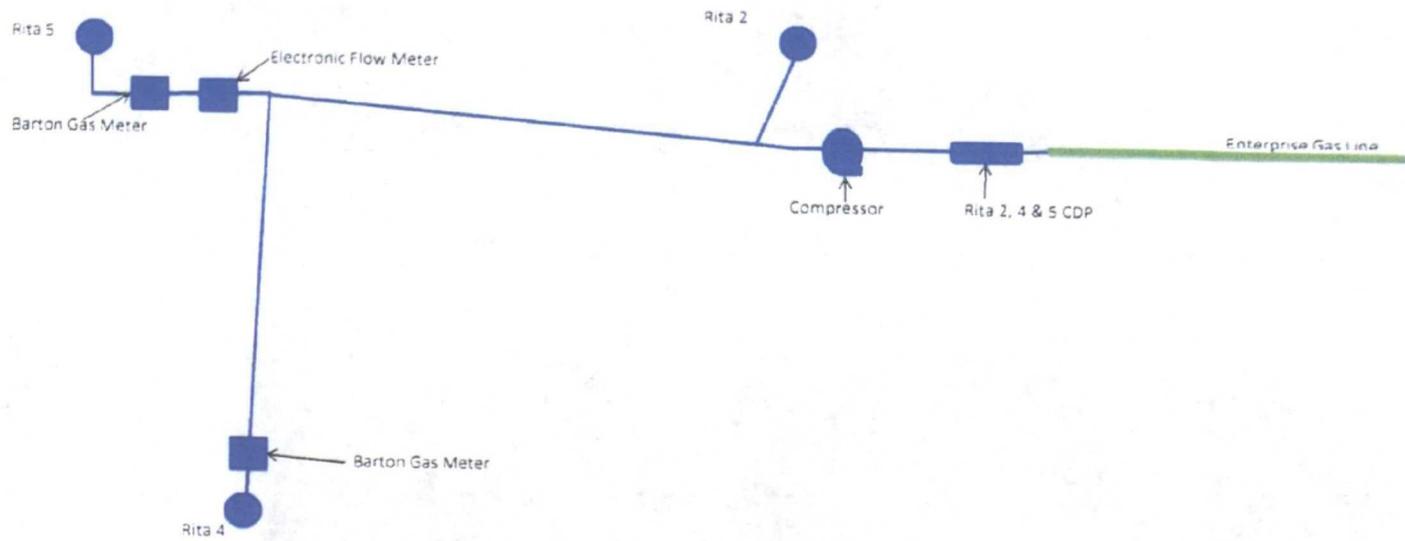
BTU/Volume Summary

Daily History for RITA COM #2 GL (94734-01)

Flow Day	Volume	MMBTU	Flow Time	Static	Dp	Temperature
09/18/12	0.45	0.59	124	79.30	2.31	73.27
09/17/12	2.14	2.77	578	89.20	2.10	55.27
09/16/12	2.58	3.33	766	87.70	2.03	56.78
09/15/12	2.18	2.81	642	92.93	1.98	55.62
09/14/12	6.76	8.74	1,138	122.20	4.51	51.70
09/13/12	0.00	0.00	0	198.04	0.04	51.96
09/12/12	0.00	0.00	2	192.97	0.11	49.75
09/11/12	0.00	0.00	8	178.95	0.41	60.71
09/10/12	1.44	1.86	446	89.26	1.79	66.33
09/09/12	1.68	2.16	557	80.89	1.71	62.45
09/08/12	1.79	2.31	616	81.98	1.68	58.20
09/07/12	1.71	2.21	507	83.23	2.75	68.85
09/06/12	1.59	2.05	469	85.54	1.72	69.83
09/05/12	1.60	2.06	489	82.34	2.71	64.69
09/04/12	1.52	1.96	484	82.20	2.13	71.10
09/03/12	1.44	1.86	524	82.06	2.07	70.53
09/02/12	1.50	1.93	550	82.04	1.45	72.26
09/01/12	1.53	1.98	514	83.30	1.85	69.58
08/31/12	1.65	2.13	601	89.01	1.31	67.55
08/30/12	1.15	1.49	432	87.93	1.39	70.84
08/29/12	2.96	3.82	702	124.87	2.67	72.88
08/28/12	0.23	0.29	72	144.87	0.42	70.01
08/27/12	1.75	2.26	599	76.09	2.04	69.71
08/26/12	1.64	2.12	568	77.33	2.01	70.76
08/25/12	1.69	2.18	591	76.81	1.84	65.47
08/24/12	1.89	2.44	665	78.95	1.72	56.52
08/23/12	1.54	1.98	506	79.07	1.68	57.79
08/22/12	1.79	2.31	556	78.00	2.41	61.32
08/21/12	1.74	2.24	573	77.66	1.94	72.69
08/20/12	1.62	2.10	565	79.16	1.72	64.87



Current Configuration



— Logos Operated Gas Line
— Enterprise Operated Gas Line

Rita Surface Comingle Application Area

Sections 5 & 8, T23N, R6W

Rita 5

USA NM 86033

(FEE) Merrion Minerals
et al

USA SF 078359

Rita 4

Rita 1

17



4001 N. Butler Ave
Farmington, NM 87401
Phone: (505) 215-8215
Fax: (303) 974-1767

Date: September 13, 2012

Re: Application for Surface Gas Commingle - Form C-107-B, Section E, 3 Attachment

<u>Lease Name</u>	<u>Well Number</u>	<u>Lease</u>	<u>API</u>
Rita	5	Fee	30-039-23351
Rita Com	2	Fee	30-039-22883
Rita Com	4	Federal SF-078359	30-039-23378

David Gonzales

From: George Sharpe <gsharp@merrion.bz>
Sent: Thursday, September 20, 2012 3:48 PM
To: David Gonzales
Cc: John Austin Akers
Subject: RE: Rita Com 1 Commingle

Sorry for the mix up David. We are good to go. Good luck.

Sincerely,

George Sharpe
Investment Manager
Merrion Oil & Gas
610 Reilly Ave
Farmington, New Mexico 87401
505-324-5314 office
505-402-5798 cell

From: David Gonzales [mailto:dgonzales@logosresourcesllc.com]
Sent: Thursday, September 20, 2012 3:47 PM
To: gsharp@merrion.bz
Cc: John Austin Akers
Subject: RE: Rita Com 1 Commingle

George,

I reviewed the plot you sent over and it is for the Rita Com #1. We are actually looking to commingle the Rita Com #2. I think that is where the confusion set in.

Here is the production plot for the Rita Com #2. As you can see the production plummeted in 2006 and never rebounded after RDT attempted to repair the casing leak. I am not sure if the casing leak allowed water to get into the Gallup and damage the formation, but the well has been a very poor performing well since the middle of 2006. This trend is what I am using for the Gallup oil and gas allocation. I have attached the actual production data from the NMOCD to this email so that you can calculate the averages quickly. Please let me know your thoughts.

Daily Production (Log) vs Time for: 30-039-22883(002)

County Name: RIO ARRIBA

Cum Gas Prod:

Operator Name: Resource Development Technology Llc

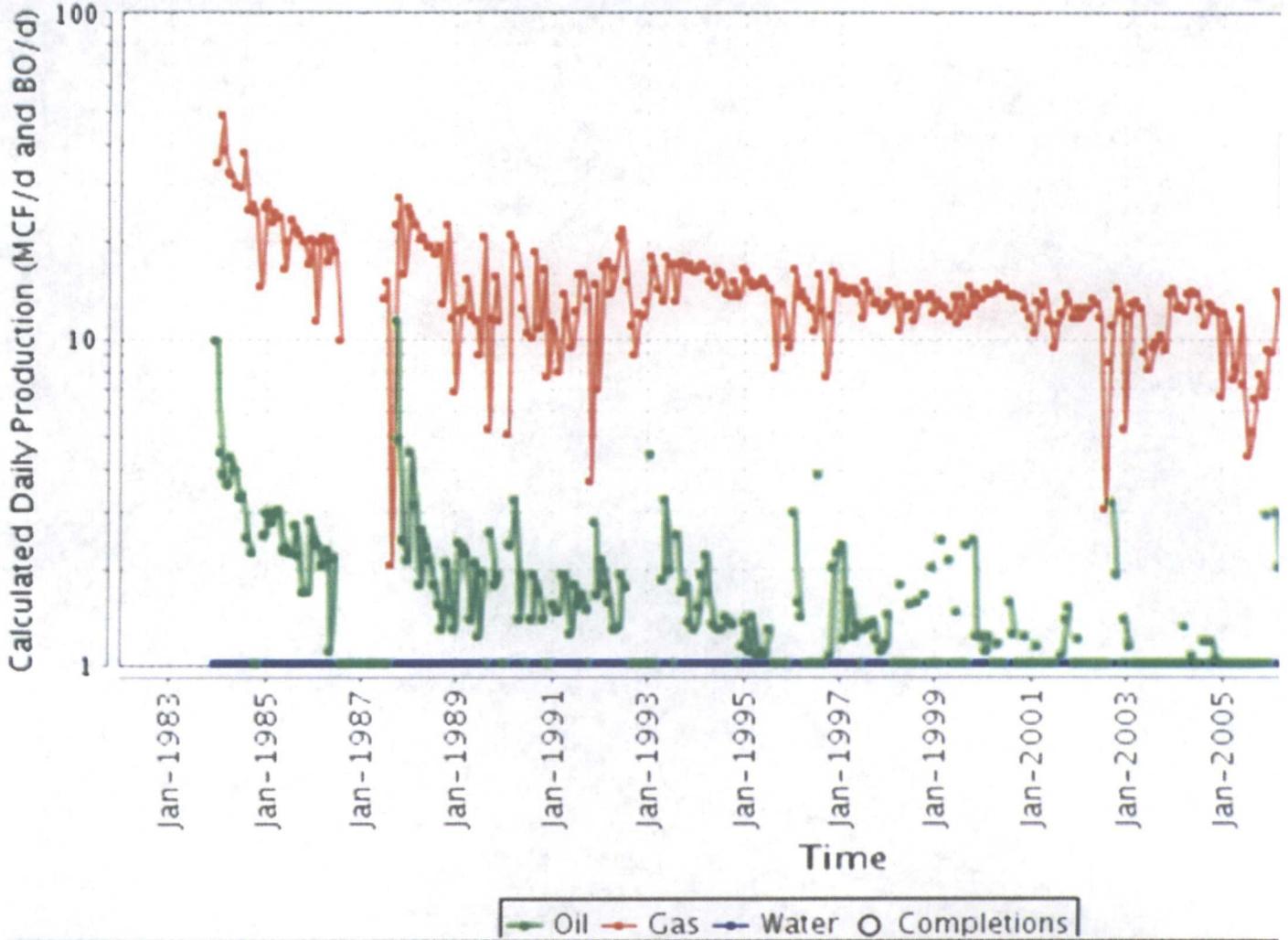
Cum Oil Prod: 1

Field Name: Counselors Gallup-dakota

Total Depth: 56

Lease Name: Rita Com

Well Number: 00



Thanks,

David Gonzales

Vice President of Operations

505-215-8215 Cell

505-436-2626 x 101 Office

505-832-3095 Fax

dgonzales@logosresourcesllc.com



From: John "Austin" Akers [mailto:austinakers@comcast.net]
Sent: Tuesday, September 18, 2012 5:48 PM
To: David Gonzales
Subject: FW: Rita Com 1 Commingle

Did you see these questions from George?

From: George Sharpe [mailto:gsharp@merrion.bz]
Sent: Tuesday, September 18, 2012 3:32 PM
To: Buffalo Royalties - David Gonzales; John Austin Akers
Cc: T Greg Merrion; Steve Dunn; Heidi Hill
Subject: Rita Com 1 Commingle

John and David,

I have finally had a chance to review your proposal to commingle the Rita Com 1. I have the following concerns:

- Why do you feel MV will be an oil zone and should be on 40 ac vs 320 ac spacing?
- Your allocation formula is going to give 0.44 BOD and 2.2 MCFD to the Gallup (supposedly last 6 mo production average) and the rest to the Mesaverde. However, the attached decline curve shows the well to currently be capable of 50 BOPM and 180 MCFPM, or 1.67 BOD and 6 MCFD. It appears you are short changing the Gallup interval, which if you stick with 40 ac MV spacing, is all Merrion owns.

Please call me to discuss. Thanks.

On a side note, we would love to meet you guys sometime and hear what you are up to. Drop by Merrion for a visit.

Sincerely,

George Sharpe
Investment Manager
Merrion Oil & Gas
610 Reilly Ave
Farmington, New Mexico 87401
505-324-5314 office
505-402-5798 cell

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Ezeanyim, Richard, EMNRD

From: David Gonzales <dgonzales@logosresourcesllc.com>
Sent: Monday, November 05, 2012 3:15 PM
To: Ezeanyim, Richard, EMNRD
Subject: Rita Com #2 Surface Commingle - Location Information

Mr. Ezeanyim,

Here is the information that you requested for the Rita Com #2 surface commingle:

API	Well	Location	OCD Unit Letter	Current Operator
30-039-23351	RITA #005	M-05-23N-06W	M	[289408] LOGOS OPERATING, LLC
30-039-22883	RITA COM #002	O-05-23N-06W	O	[289408] LOGOS OPERATING, LLC
30-039-23378	RITA COM #004	F-08-23N-06W	F	[289408] LOGOS OPERATING, LLC

The only reason for the commingling of the gas is so that we can install a single compressor that will compress gas for all three wells at once. This will save our company a substantial amount of money by allowing us to utilize only 1 compressor for all three wells. Please let me know if you need any further information.

Thanks,

David Gonzales
Vice President of Operations
505-215-8215 Cell
505-436-2626 x 101 Office
505-832-3095 Fax
dgonzales@logosresourcesllc.com



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4001 N. Butler Blvd. Bldg 7101
Farmington, NM 87401
Phone: (505) 436-2626
Fax: (505) 832-3095

September 20, 2012

RE: Rita Com No. 2, Rita Com No. 4, Rita No. 5 surface comingling application

To whom it may concern:

You are receiving this letter and attached application because you are an interest owner in the above referenced wells. Logos Resources, LLC plans to has, as of the date written above, filed an application with the New Mexico Oil Conservation Division to surface comingling production from the Rita Com 2 well, The Rita 5 Well, and the Rita Com 4 well, all located in Rio Arriba County, NM. I have attached the C-107B application and all attachments thereto for your review. I have also attached a notice on the scope of the project from David Gonzales, Logos VP of operations.

Should you have any land related questions, please do not hesitate to contact me at 303-550-1877. If you have any operations related questions please do not hesitate to contact David Gonzales at 505-436-2626. Should you have any objections to this application, you must file an objection in writing to the Santa Fe NMOCD office within 20 days of your receipt of this letter. We request that prior to filing any objection, you contact us so that we may explain the benefits of this project and answer any questions you may have.

Very truly yours,

A handwritten signature in black ink, appearing to read "John Austin Akers", is written over a light blue horizontal line.

John Austin Akers
Vice President of Land
Logos Resources, LLC

Ezeanyim, Richard, EMNRD

From: David Gonzales <dgonzales@logosresourcesllc.com>
Sent: Wednesday, October 17, 2012 9:34 AM
To: Ezeanyim, Richard, EMNRD
Subject: Rita Com #2 - Letter to Interest Owners
Attachments: To whom it may concern.pdf

Mr. Ezeanyim,

Here is the letter that we sent to our working interest owners for the Rita Com #2 application. Thank you for helping us move forward with this project.

Regards,

David Gonzales
Vice President of Operations
505-215-8215 Cell
505-436-2626 x 101 Office
505-832-3095 Fax
dgonzales@logosresourcesllc.com



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4001 N. Butler Ave
Farmington, NM 87401
Phone: (505) 215-8215
Fax: (303) 974-1767

Date: September 10, 2012

To: Rita Com # 2 (API 30-039-22883) Interest Owners

Re: Downhole Commingle of Mesa Verde and Gallup

Dear Rita Com #2 Interest Owners,

Logos Operating, LLC (OGRID 289408) is proposing to add pay in the MesaVerde and commingle the new MesaVerde and existing Gallup producing intervals. The well will remain on artificial lift with the pumping unit and will have the pump intake in the Gallup interval to minimize hydrostatic back pressure on the Gallup.

The production allocation will be based on historical Gallup production and new commingled production. The Gallup 6 month production average is 0.44 BOPD and 2.2 MCFD; therefore, all new volumes above that amount will be credited to the MesaVerde. Once MesaVerde production is established, an allocation percentage will be created and used for each formation.

Gallup Allocation Formula:

$(6 \text{ Month BOPD Gallup Avg}) / (\text{BOPD Gallup and MesaVerde}) = \text{Gallup Oil Allocation}$

$(6 \text{ Month MCFD Gallup Avg}) / (\text{MCFD Gallup and MesaVerde}) = \text{Gallup Gas Allocation}$

Please let me know if you have further questions or concerns.

Regards,

A handwritten signature in black ink, appearing to read 'David Gonzales', with a stylized flourish at the end.

David Gonzales
Vice President of Operations