

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - 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

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 _____

NSL 7479
Logos Operating, LLC (289409)
Logos 2406 29 H Com # 13
Devilsfork Gallup Associated (17610)

[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

Applicant's Note:
 Unorthodox location necessitated due to topographic issues in spacing unit. Under Rule 2(c) of NMOCD Order No. R-5353, NMOCD may approve without notice or hearing.

[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.

Christopher J. Jeffus _____ Signature _____ Director - Land/Legal _____ Title _____ 9/1/2016 _____ Date

cjeffus@logosresourcesllc.com
 e-mail Address

Lowe, Leonard, EMNRD

From: Christopher Jeffus <cjeffus@logosresourcesllc.com>
Sent: Friday, October 7, 2016 9:30 AM
To: Lowe, Leonard, EMNRD
Subject: Additional Information for NSL Application - LOGOS 2406 29H Com 13
Attachments: NSL Notice Certified Mailings Detail.xlsx; NSL Notice - LOGOS 2406 29H 13 - to 0078532 Owners.pdf; NSL Notice - LOGOS 2406 29H 13 - to Huntington.pdf

Leonard,

Attached, please find a spreadsheet detailing certified mailings to:

- All owners listed in the BLM serial register for lease NMSF-0078532, which covers the W2SE of Section 29, 24N, 6W (and other land)
- Huntington Canyon Largo, LLC, the operator of the Gallup formation in the Canyon Largo Federal Exploratory Unit. The entire W2 of Section 28, 24N, 6W is included in the Canyon Largo Federal Exploratory Unit.

LOGOS Resources, LLC, is the sole owner of lease NMNM-129281, which covers the E2SE of Section 29, 24N, 6W.

The form of notice provided to each party has also been attached for reference. I believe this complies with your instructions yesterday, but please let me know if any additional information is necessary to continue processing LOGOS' NSL application for the LOGOS 2406 29H Com 13.

Chris Jeffus

Christopher J. Jeffus
Director – Land/Legal
LOGOS Resources II, LLC
2010 Afton Place
Farmington, NM 87401
Direct 505.324.4141
cjeffus@logosresourcesllc.com



Confidentiality Notice: The information contained in this e-mail and any attachments to it may be legally privileged and include confidential information intended only for the recipient(s) identified above. If you are not one of those intended recipients, you are hereby notified that any dissemination, distribution or copying of this e-mail or its attachments is strictly prohibited. If you have received this e-mail in error, please notify the sender of that fact by return e-mail and permanently delete the e-mail and any attachments to it immediately. Please do not retain, copy or use this e-mail or its attachments for any purpose, nor disclose all or any part of its contents to any other person.

Possible Owners in W/2 SE/4 of Section 29, 24N, 6W, NMPM			
<u>Owner</u>	<u>Address</u>	<u>Certified Letter No.</u>	<u>Date Mailed</u>
Bannon Energy Inc	37434 FM 1960 W # 240, Houston, TX 77068-3539	7009 2820 0000 5800 8652	10/06/2016
Belfer, Robert A	767 5th Ave 46th Fl, New York, NY 10153	7009 2820 0000 5800 8645	10/06/2016
BRS Exploration Co Inc	767 Fifth Ave # 46, New York, NY 10153	7014 2120 0002 8243 4769	10/06/2016
Chevron USA Inc	6301 Deauville, Midland, TX 79706-2964	7009 2820 0000 5800 8669	10/06/2016
Donosky, David	4412 Lakeside, Dallas, TX 75205-3820	7014 2120 0002 8243 4745	10/06/2016
Dwelle, Peggy O	PO Box 32, Athens, TX 75751	7014 2120 0002 8243 4752	10/06/2016
Elm Ridge Exploration Co LLC	12225 Greenville Ave Ste 950, Dallas, TX 75243-0597	7014 2120 0002 8243 4776	10/06/2016
Holcomb Oil & Gas	PO Box 2058, Farmington, NM 87499	7014 2120 0002 8243 4783	10/06/2016
Constantin, Jules Estate	400 Gold Ave SW (Simms Building), Albuquerque, NM 87102	7014 2120 0002 8243 4790	10/07/2016
Knox, Jane O	4221 University Blvd, Dallas, TX 75205	7014 2120 0002 8243 4806	10/06/2016
Payne, James R	525 Sierra Dr SE, Albuquerque, NM 87108	7014 2120 0002 8243 4813	10/06/2016
Payne, Jean	525 Sierra Dr SE, Albuquerque, NM 87108	7014 2120 0002 8243 4820	10/06/2016
PXP Gulf Coast Inc	500 Dallas # 700, Houston, TX 77002	7014 2120 0002 8243 4837	10/06/2016
Range Production Co	500 Throckmorton, Fort Worth, TX 76102	7014 2120 0002 8243 4844	10/06/2016
Schmidt, Joann	6819 Oaklawn Way, Fair Oaks, CA 95628	7014 2120 0002 8243 4851	10/06/2016
WPX Energy Production LLC	3500 One Williams Center Ste 4400, Tulsa, OK 74172-0135	7014 2120 0002 8243 4868	10/06/2016

Owner of E/2 SE/4 of Section 29, 24N, 6W, NMPM			
<u>Owner</u>	<u>Address</u>	<u>Certified Letter No.</u>	<u>Date Mailed</u>
LOGOS Resources, LLC	2010 Afton Place, Farmington, NM 87401	No letter required	

Operator of Gallup formation underlying W/2 of Section 28, 24N, 6W, NMPM			
<u>Owner</u>	<u>Address</u>	<u>Certified Letter No.</u>	<u>Date Mailed</u>
Huntington Canyon Largo, LLC	908 NW 71st St, Oklahoma City, OK 73116	7014 2120 0002 8243 4875	10/06/2016



October 6, 2016

VIA CERTIFIED MAIL (_____)

[Company]
[Address 1]
[Address 2]

Re: Notice of Application for Non-Standard Location for drilling of LOGOS 2406 29H Com #13 to be drilled as a vertical wellbore in the Devils Fork Gallup Associated Pool (Pool ID 167610) with a spacing unit comprised of the NE/4 of Section 29, 24N, 6W, NMPM, Rio Arriba County, New Mexico.

To Whom It May Concern:

LOGOS Operating, LLC, as agent for LOGOS Resources, LLC ("LOGOS"), intends to drill the LOGOS 2406 29H Com #13 ("Subject Well") as a vertical well in the Devils Fork Gallup Associated Pool, with a spacing unit comprised of the NE/4 of Section 29, 24N, 6W, NMPM. Due to topographical and archaeological considerations, LOGOS intends to drill the Subject Well at a location 2,410' FNL and 330' FEL of said Section 29. Accordingly, this proposed location is unorthodox under the New Mexico Oil Conservation Division ("NMOCD") rules governing the Devils Fork Gallup Associated Pool.

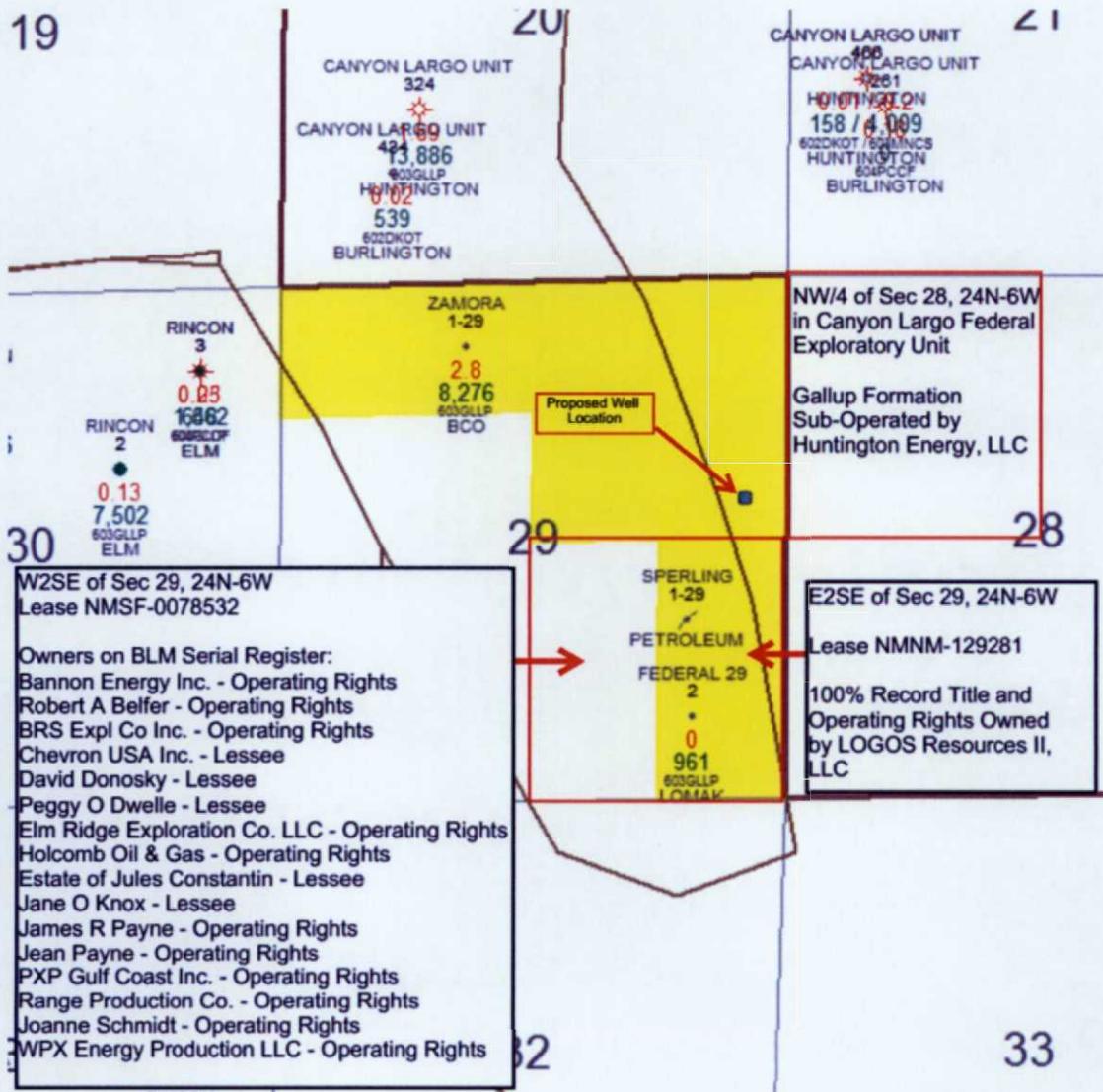
Based upon our research, LOGOS believes that you may own an interest in federal lease NMSF-0078532, insofar as it covers the W/2 of the SE/4 of Section 29, 24N, 6W, NMPM. Enclosed herewith, please find a copy of an offset ownership plat required by 19.15.15.13.C NMAC.

Under 19.15.15.13.D NMAC, you have twenty (20) days from receipt of this letter to file any objection to the proposed unorthodox location you may have with the NMOCD.

If any further information is necessary, 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

Bryan Lewis
Consulting Landman





October 6, 2016

VIA CERTIFIED MAIL (_____)

[Company]
[Address 1]
[Address 2]

Re: Notice of Application for Non-Standard Location for drilling of LOGOS 2406 29H Com #13 to be drilled as a vertical wellbore in the Devils Fork Gallup Associated Pool (Pool ID 167610) with a spacing unit comprised of the NE/4 of Section 29, 24N, 6W, NMPM, Rio Arriba County, New Mexico.

To Whom It May Concern:

LOGOS Operating, LLC, as agent for LOGOS Resources, LLC ("LOGOS"), intends to drill the LOGOS 2406 29H Com #13 ("Subject Well") as a vertical well in the Devils Fork Gallup Associated Pool, with a spacing unit comprised of the NE/4 of Section 29, 24N, 6W, NMPM. Due to topographical and archaeological considerations, LOGOS intends to drill the Subject Well at a location 2,410' FNL and 330' FEL of said Section 29. Accordingly, this proposed location is unorthodox under the New Mexico Oil Conservation Division ("NMOCD") rules governing the Devils Fork Gallup Associated Pool.

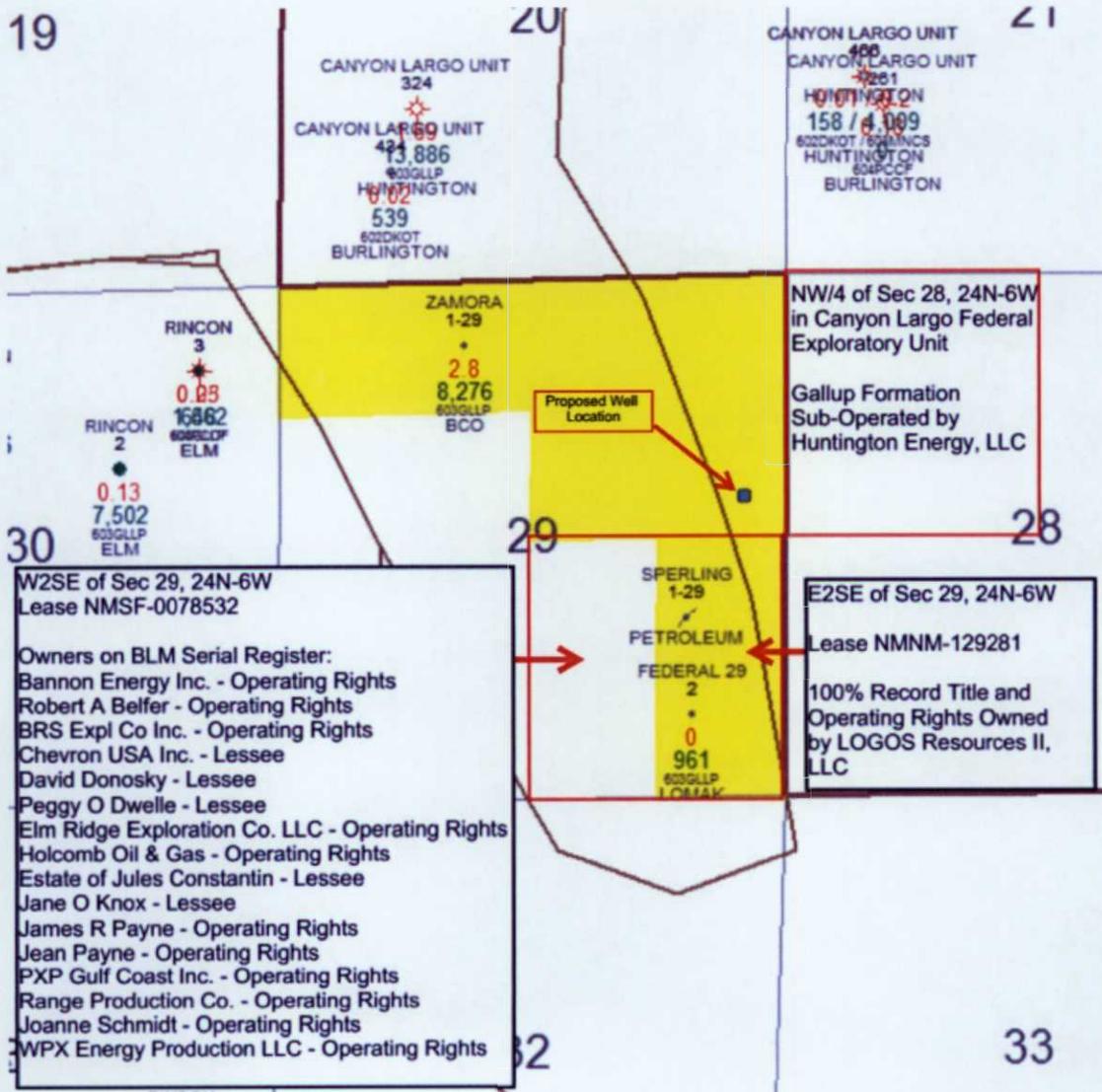
Based upon our research, LOGOS, believes that you are the designated operator of the Gallup formation underlying the W/2 of Section 28, 24N, 6W, NMPM. Enclosed herewith, please find a copy of an offset ownership plat required by 19.15.15.13.C NMAC.

Under 19.15.15.13.D NMAC, you have twenty (20) days from receipt of this letter to file any objection to the proposed unorthodox location you may have with the NMOCD.

If any further information is necessary, 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

Bryan Lewis
Consulting Landman



NSL-7465

LOGOS OPERATING LLC

LOGOS 2406 29H COM NO. 13.

Wells Operators Operator Data OCD Only Administration

OCD Permitting

Vert. 2410' FNL & 330' FEL "H"

Home Land Searches Land Details

Section : 29-24N-06W

Oil

Type: Normal

Total Acres: 640

County: Rio Arriba (39)

D (D) Federal ¹ Federal ² (39) 40	C (C) Federal ¹ Federal ² (39) 40	B (B) Federal ¹ Federal ² (39) 40	A (A) Federal ¹ Federal ² (39) 40
E (E) Federal ¹ Federal ² (39) 40	F (F) Federal ¹ Federal ² (39) 40	G (G) Federal ¹ Federal ² (39) 40	H (H) Federal ¹ Federal ² (39) 40
L (L) Federal ¹ Federal ² (39) 40	K (K) Federal ¹ Federal ² (39) 40	J (J) Federal ¹ Federal ² (39) 40	I (I) Federal ¹ Federal ² (39) 40
M (M) Federal ¹ Federal ² (39) 40	N (N) Federal ¹ Federal ² (39) 40	O (O) Federal ¹ Federal ² (39) 40	P (P) Federal ¹ Federal ² (39) 40



Note ¹ = Surface Owner Rights

Note ² = Sub-Surface Mineral Rights

Land Restrictions

No land restrictions found for this section.

[Return to Search](#)



September 1, 2016

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

New Mexico Oil Conservation Division
Attn: Mr. David Catanach, Director
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Re: Application for Non-Standard Location for drilling of LOGOS 2406 29H COM #13, to be drilled as a vertical wellbore in the Devils Fork Gallup Associate Pool (Pool ID 167610) with a spacing unit comprised of the NE/4 of Section 29, 24N, 6W, NMPM, Rio Arriba County, New Mexico.

Dear Mr. Catanach,

LOGOS Operating, LLC ("LOGOS"), hereby requests administrative approval of an unorthodox location for the LOGOS 2406 29H COM #13 ("Subject Well") pursuant to New Mexico Oil Conservation Division ("NMOCD") Rules pertaining to the Devils Fork Gallup Associated Pool. LOGOS intends to drill the Subject Well as a vertical oil well with a dedicated spacing unit comprised of the entire NE/4 of Section 29, 24N, 6W, N.M.P.M., Rio Arriba County, New Mexico. Approval of an unorthodox location, to be located 330' FEL and 2410' FNL of Section 29, 24N, 6W, NMPM, Rio Arriba County, NM ("Section 29"), for topographical reasons is requested under this application.

Under Rule 2(b) of NMOCD Order No. R-5353, a setback of 790' from any quarter section line is required for a standard location covering a vertical oil well to be drilled in the Devils Fork Gallup Associated Pool. However, Rule 2(c) of said Order No. R-5353 states:

"Rule 2. (c) The Secretary-Director of the Commission shall have authority to grant an exception to the well location requirements of Rule 2(b) above without notice and hearing when the necessity for such unorthodox location is based upon topographical conditions..."

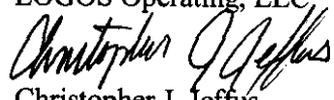
As depicted in Exhibits "C" and "D" attached hereto, the NE/4 of Section 29 is traversed by a significant slope and includes a pond. Due to such topography, possible locations for drilling the proposed well are extremely limited. The location proposed herein was selected in order to mitigate the challenging topography of the NE/4 of Section 29 while avoiding disturbance the archeologically significant sites in the area, including one just north of the proposed location. Accordingly, LOGOS requests approval of the unorthodox location without notice and hearing, as allowable under Rule 2(c) of Order No. R-5353, due to topographic conditions requiring such location.

Please see the attached Exhibit "A" for a copy of the NMOCD Form C-102 that will be filed in connection with the drilling of the Subject Well, Exhibit "B" for a plat showing the operator or possible leasehold owners of the Gallup formation underlying the offsetting, encroached-upon spacing units, Exhibit "C" for a topographic map of Section 29, and Exhibit "D" for an aerial snapshot of the S2NE of Section 29. The NMOCD's Administrative Application Checklist is enclosed at the beginning of this package.



A copy of this application for unorthodox location has been sent to the Farmington District Office of the Bureau of Land Management.

If any additional information is necessary, please do not hesitate to contact me at 505-324-4141 or cjeffus@logosresourcesllc.com. Thank you for your consideration.

Sincerely,
LOGOS Operating, LLC

Christopher J. Jeffus
Director – Land/Legal

cc: Via hand delivery

Bureau of Land Management
Farmington District Office
6251 College Blvd., Suite A
Farmington, New Mexico 87402

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
611 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1233 Fax: (575) 748-9720

DISTRICT III
1000 Rio Bravo Rd., Abo, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87506
Phone: (505) 478-3480 Fax: (505) 478-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 17610		³ Pool Name DEVILS FORK GALLUP(ASSOCIATED)	
⁴ Property Code		⁵ Property Name LOGOS 2406 29H COM			⁶ Well Number 13
⁷ OGRID No. 289408		⁸ Operator Name LOGOS OPERATING, LLC			⁹ Elevation 6891

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	29	24-N	6-W		2410'	NORTH	330'	EAST	RIO ARRIBA

¹¹ Bottom Hole Location If Different from Surface

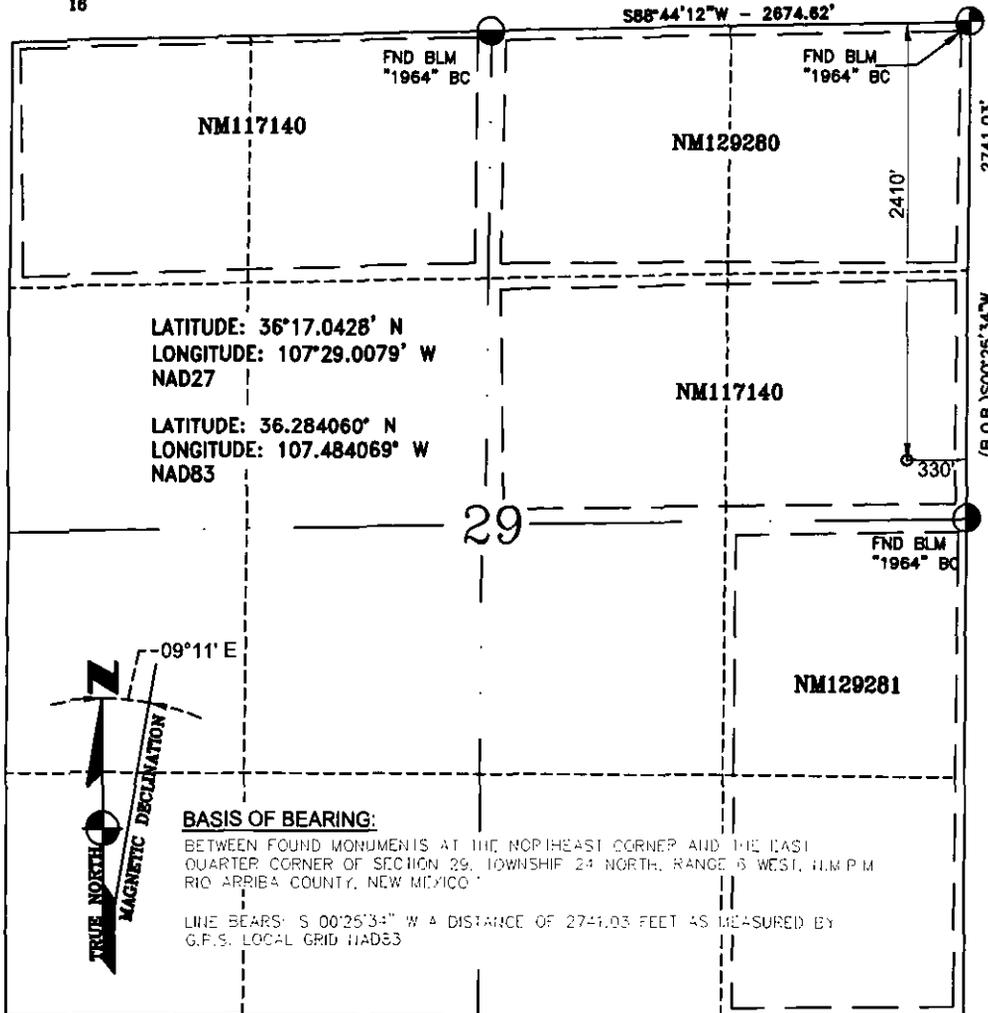
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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

16

588°44'12"W - 2674.62'



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 unleased 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 a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
Printed Name _____
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.

AUGUST 22, 2011
Date of Survey

Signature and Seal

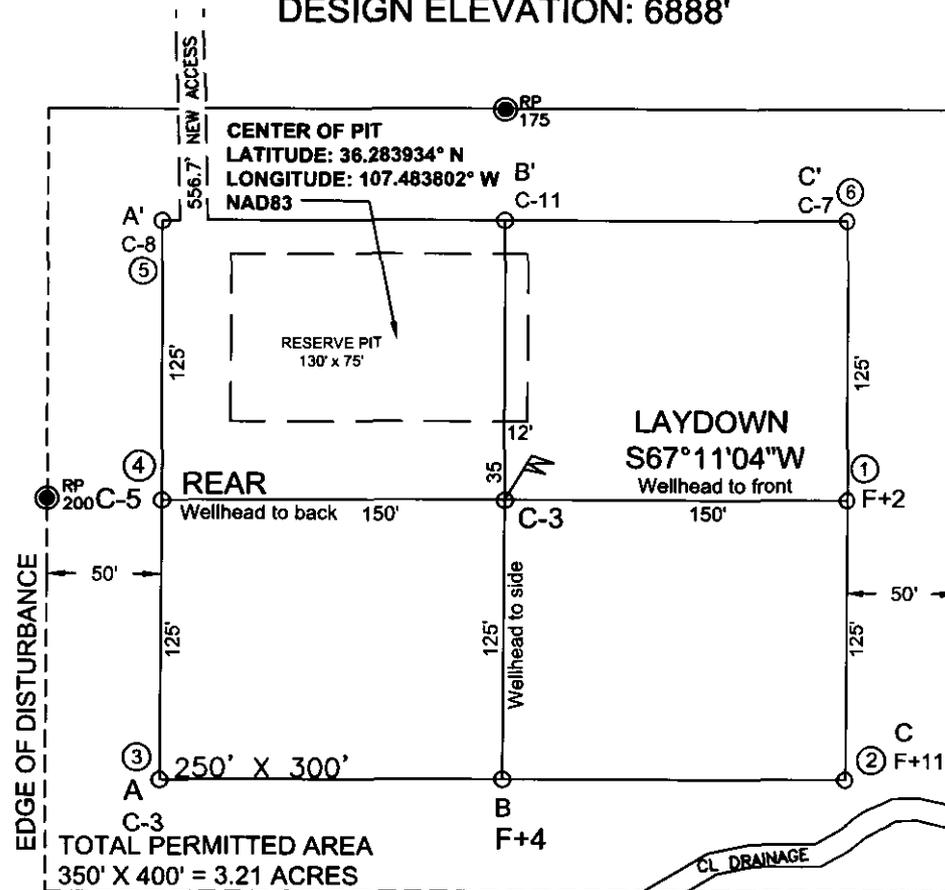


GLEN W. RUSSELL
Certificate Number

15703

LOGOS OPERATING, LLC

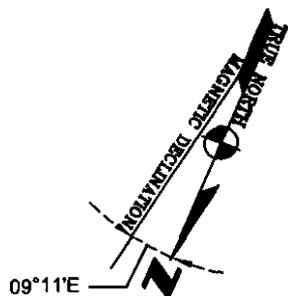
LOGOS 2406 29H COM #13, 2410' FNL & 330' FEL
 SECTION 29, T-24-N, R-6-W, NMPM, RIO ARRIBA COUNTY, NM
 GROUND ELEVATION: 6891', DATE: JULY 11, 2016/ RVSD: AUGUST 22, 2016
 DESIGN ELEVATION: 6888'



LATITUDE: 36°17.0428' N
 LONGITUDE: 107°29.0079' W
 NAD27

LATITUDE: 36.284060° N
 LONGITUDE: 107.484069° W
 NAD83

Exhibit "A" - Application for NSL - LOGOS 2406 29H COM #13

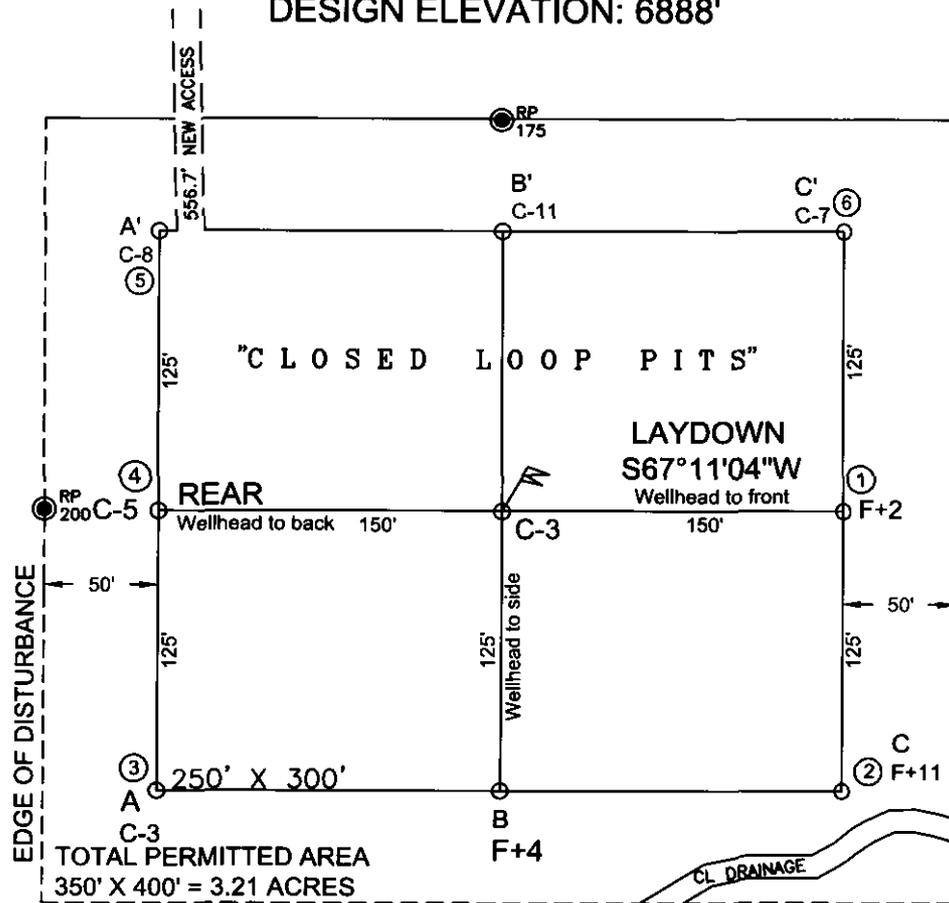


NOTES:

- VECTOR SURVEYS IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.
- RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).

LOGOS OPERATING, LLC

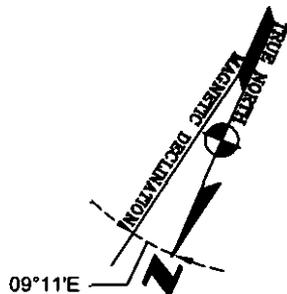
LOGOS 2406 29H COM #13, 2410' FNL & 330' FEL
 SECTION 29, T-24-N, R-6-W, NMPM, RIO ARRIBA COUNTY, NM
 GROUND ELEVATION: 6891', DATE: JULY 11, 2016/RVSD: AUGUST 22, 2016
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LATITUDE: 36°17.0428' N
 LONGITUDE: 107°29.0079' W
 NAD27

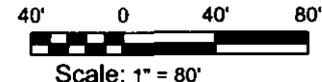
LATITUDE: 36.284060° N
 LONGITUDE: 107.484069° W
 NAD83

Exhibit "A" - Application for NSL - LOGOS 2406 29H.COM-13



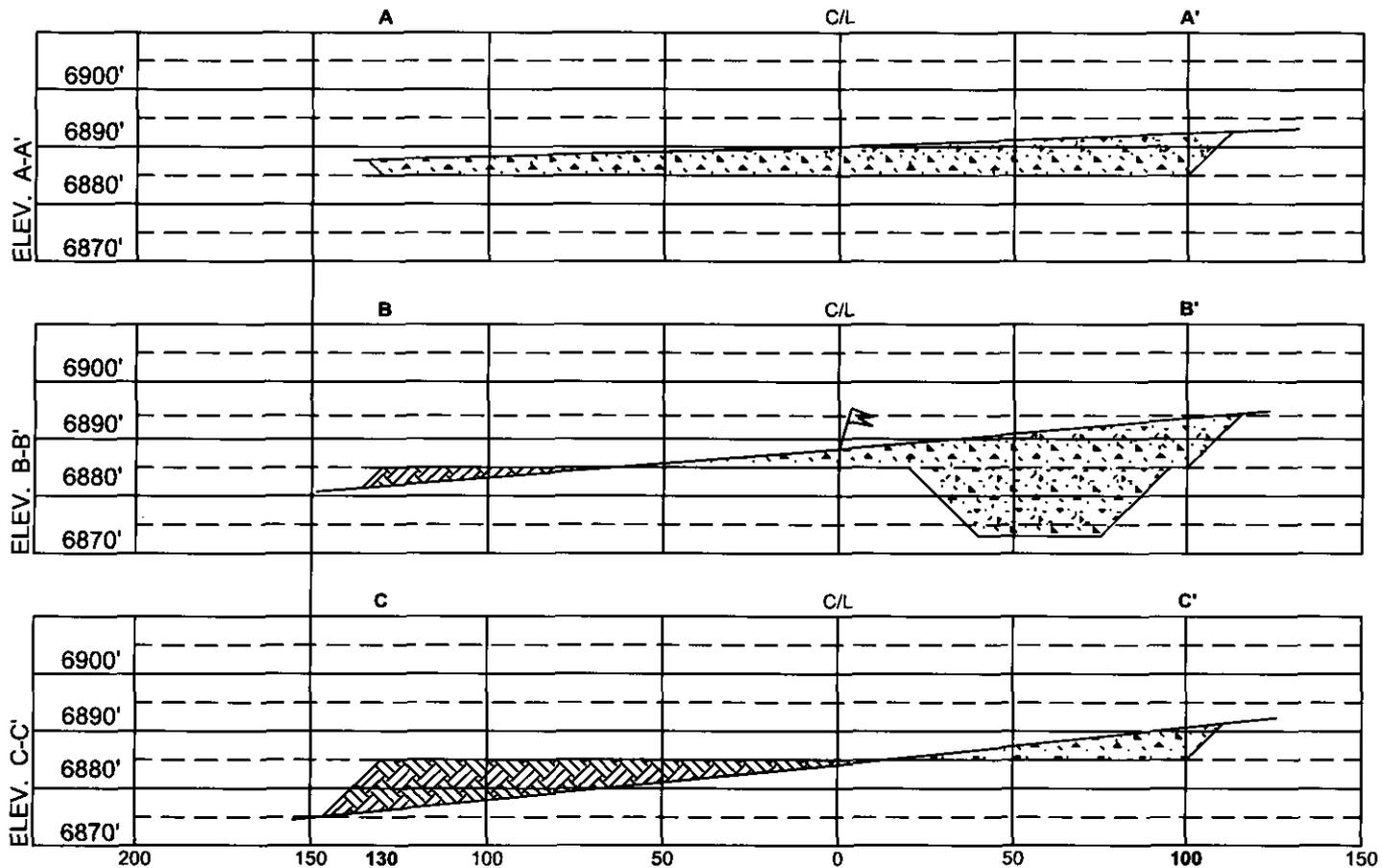
NOTES:

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- RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).



LOGOS OPERATING, LLC

LOGOS 2406 29H COM #13, 2410' FNL & 330' FEL
 SECTION 29, T-24-N, R-6-W, NMPM, RIO ARRIBA COUNTY, NM
 GROUND ELEVATION: 6891', DATE: JULY 11, 2016/RVSD: AUGUST 22, 2016
 DESIGN ELEVATION: 6888'



HORIZ. SCALE: 1" = 50'
 VERT. SCALE: 1" = 30'

NOTE:
 VECTOR SURVEYS IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

**Directions from the Intersection of Highway 550 and Highway
64 in Bloomfield, NM**

to

**LOGOS OPERATING, LLC
LOGOS 2406 29H COM #13
2410' FNL 330' FEL,**

**Section 29, T24N, R6W, N.M.P.M., RIO ARRIBA COUNTY,
New Mexico**

Latitude: 36° 17' 02.62" N

Longitude: 107° 29' 02.65" W

Nad 1983

From the Intersection of Highway 550 & Highway 64

Go South on Hwy 550 for 49.1 miles to CR 0378

Just east of Lybrook Station,

**turn left on CR0378 (north-northeasterly) for 1.2 miles,
Stay right (northeasterly) @ the Y-Intersection for 3.9 miles,**

turn left (northerly) for 0.2 miles,

to the beginning of new access

on the leftt (west) side of the road.

**Which continues (northerly) for 556.7' to the new well
location.**

LOGOS OPERATING, LLC

LOGOS 2406 29H COM #13

2410' FNL & 330' FEL

SEC. 29, T24N R6W, N.M.P.M.

RIO ARRIBA COUNTY, NEW MEXICO

APD MAP

556.7' NEW BLM ACCESS

LOGOS 2406 29H COM #13

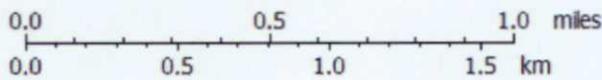
556.7' NEW BLM ACCESS

EXISTING ACCESS

CANYON

Escrito Canyon

Map created with **TOPOIC** ©2007 National Geographic

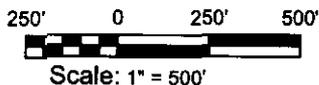
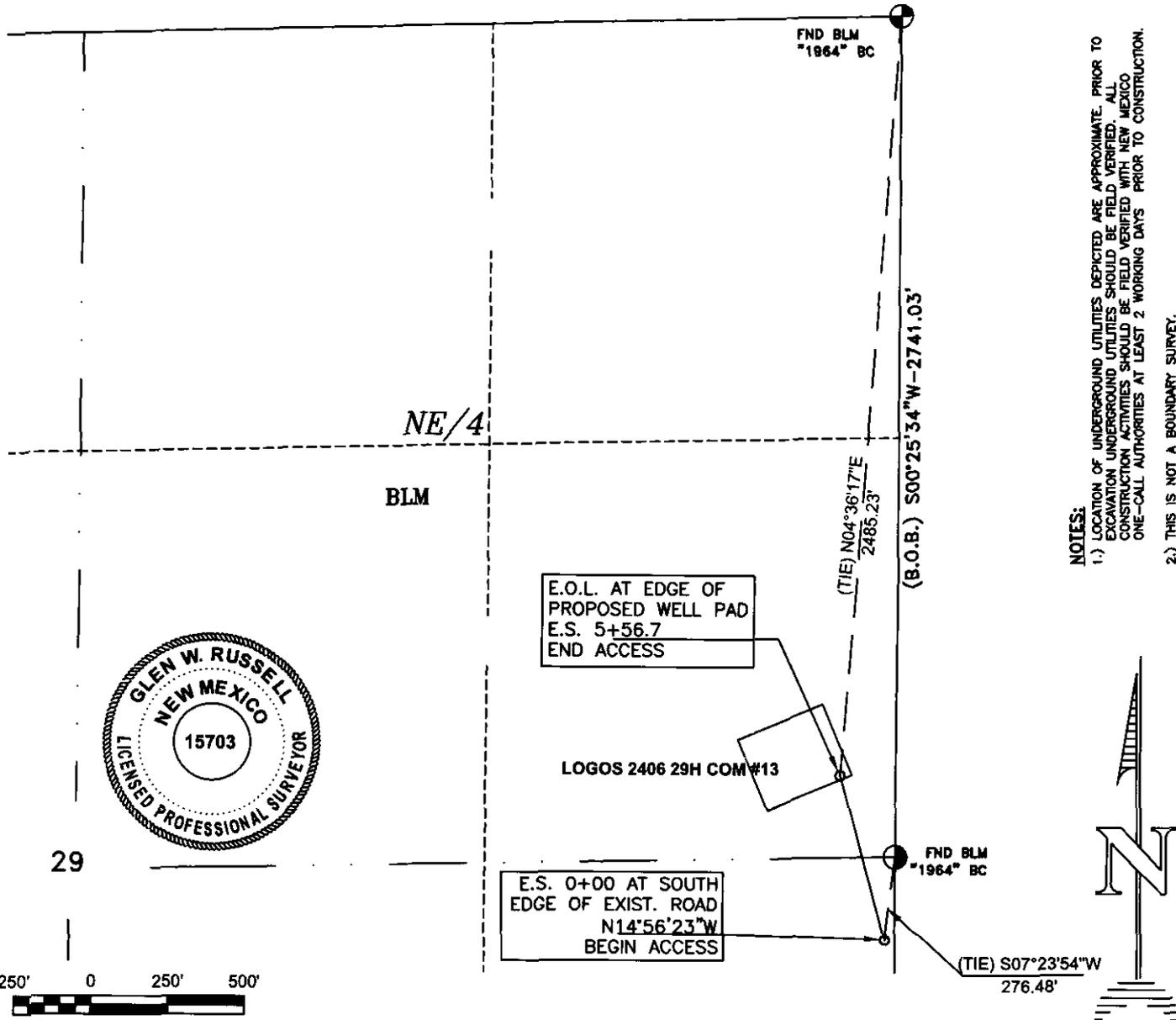


08/22/16

LOGOS OPERATING, LLC LOGOS 2406 29H COM #13

556.7' PROPOSED ACCESS ROAD

LOCATED IN THE E/2 OF SECTION 29, T-24-N, R-6-W, N.M.P.M.
RIO ARriba COUNTY, NEW MEXICO



NOTES:
1.) LOCATION OF UNDERGROUND UTILITIES DEPICTED ARE APPROXIMATE. PRIOR TO EXCAVATION UNDERGROUND UTILITIES SHOULD BE FIELD VERIFIED. ALL CONSTRUCTION ACTIVITIES SHOULD BE FIELD VERIFIED WITH NEW MEXICO ONE-CALL AUTHORITIES AT LEAST 2 WORKING DAYS PRIOR TO CONSTRUCTION.
2.) THIS IS NOT A BOUNDARY SURVEY.



OWNERSHIP			
LOCATION	OWNER	STATION	FT./RODS
S29, T24N, R6W	BLM	E.S. 0+00 TO E.S. 5+56.7	556.7'/33.74

BASIS OF BEARING: AS MEASURED BY GPS BETWEEN FOUND MONUMENTS AT THE NORTHEAST CORNER AND THE EAST QUARTER CORNER OF SECTION 29, TOWNSHIP 24 NORTH, RANGE 6 WEST, N.M.P.M., RIO ARriba COUNTY, NEW MEXICO. BEARS S00°25'34"W, A DISTANCE OF 2741.03' AS MEASURED BY G.P.S. LOCAL GRID NAD83.

DATE OF SURVEY:	GWR	DRAWN BY:	TD
SURVEY CREW:	7/11/16	DATE:	7/20/16
1	8/22/16		
2			

I, GLEN W. RUSSELL, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT I CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

GLEN W. RUSSELL DATE AUGUST 22, 2016

GLEN W. RUSSELL, PLS
NEW MEXICO L.S. #15703

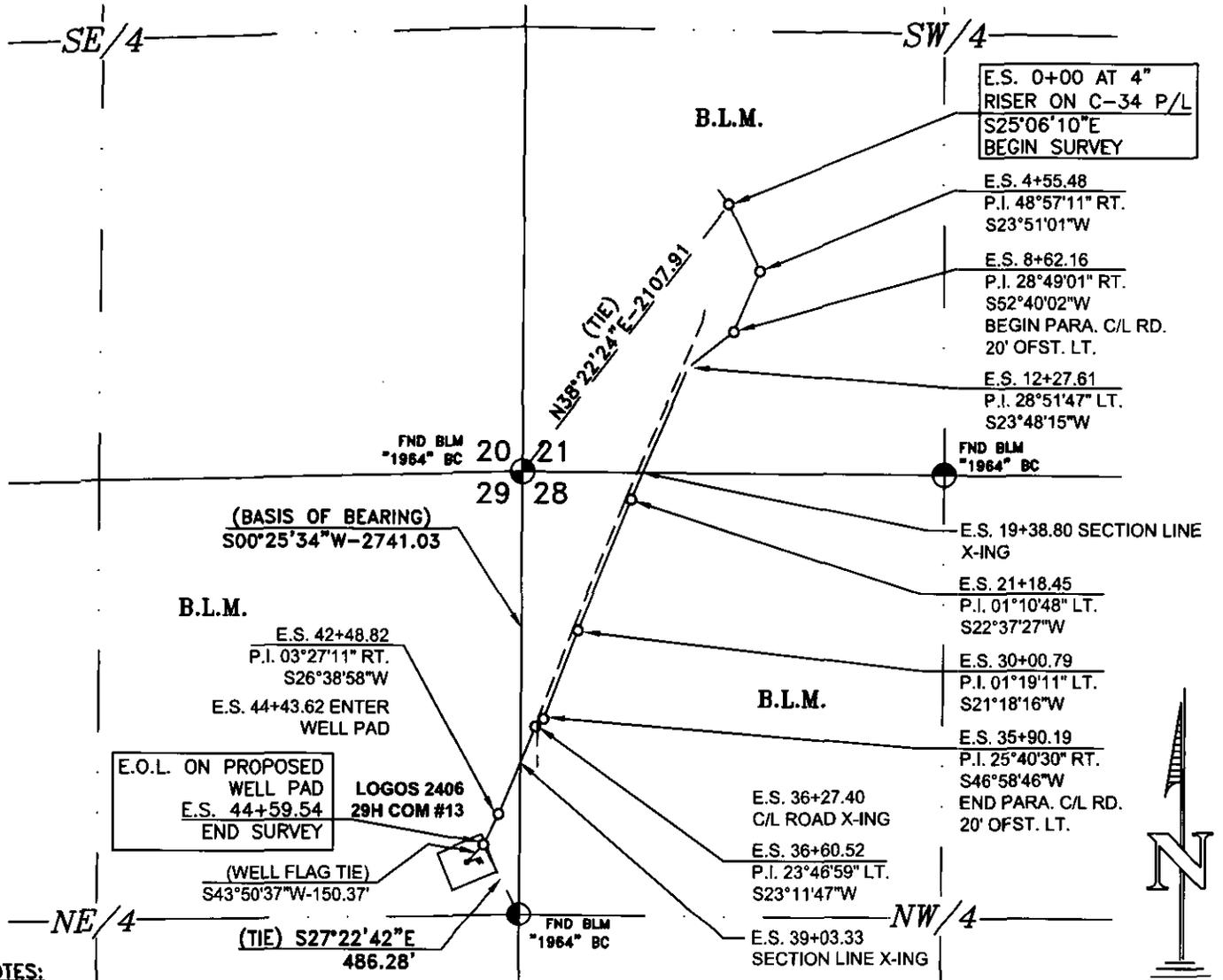
VECTOR SURVEYS, LLC
Professional Land Surveys, Mapping,
GPS Surveys & Oil Field Services
122 N Wall Avenue, Farmington, NM 87401
Phone (505) 564-3445 or 320-9595
E-Mail: vectorg001@msn.com

WORK ORDER NO.: LOGOS048 **CAD FILE:** LOGOS048

PIPELINE SURVEY FOR

LOGOS OPERATING, LLC
LOGOS 2406 29H COM #13

LOCATED IN THE SW/4 OF SEC. 21, NW/4 SEC. 28, & THE NE/4 SEC. 29,
T-24-N, R-6-W, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO



NOTES:

1.) LOCATION OF UNDERGROUND UTILITIES DEPICTED ARE APPROXIMATE. PRIOR TO EXCAVATION UNDERGROUND UTILITIES SHOULD BE FIELD VERIFIED. ALL CONSTRUCTION ACTIVITIES SHOULD BE FIELD VERIFIED WITH NEW MEXICO ONE-CALL AUTHORITIES AT LEAST 2 WORKING DAYS PRIOR TO CONSTRUCTION.

2.) THIS IS NOT A BOUNDARY SURVEY.

OWNERSHIP

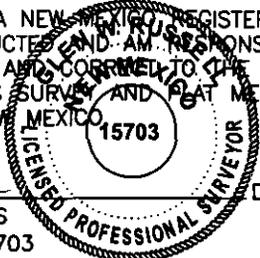
LOCATION	OWNER	STATION	FT./RODS
SW/4 SEC. 21	B.L.M.	E.S. 0+00 TO E.S. 19+38.80	1938.80/117.50
NW/4 SEC. 28	B.L.M.	E.S. 19+38.80 TO E.S. 39+03.33	1964.53/119.06
NE/4 SEC. 29	B.L.M.	E.S. 39+03.33 TO E.S. 44+59.54	556.21/33.71

BASIS OF BEARING:

AS MEASURED BY GPS BETWEEN FOUND MONUMENTS AT THE NORTHWEST CORNER AND THE WEST QUARTER CORNER OF SECTION 28, TOWNSHIP 24 NORTH, RANGE 6 WEST, N.M.P.M., RIO ARRIBA COUNTY, NEW MEXICO. BEARS S00°25'34"W, A DISTANCE OF 2741.03' AS MEASURED BY G.P.S. LOCAL GRID NAD83.

DATE OF SURVEY:	8/2/16	DRAWN BY:	TD
SURVEY CREW:	GWR	DATE:	8/9/16
NO	1	8/22/16	
NO	2		

I, GLEN W. RUSSELL, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT I CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAN MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.



GLEN W. RUSSELL
GLEN W. RUSSELL, PLS
NEW MEXICO L.S. #15703
DATE AUGUST 22, 2016

VECTOR SURVEYS, LLC

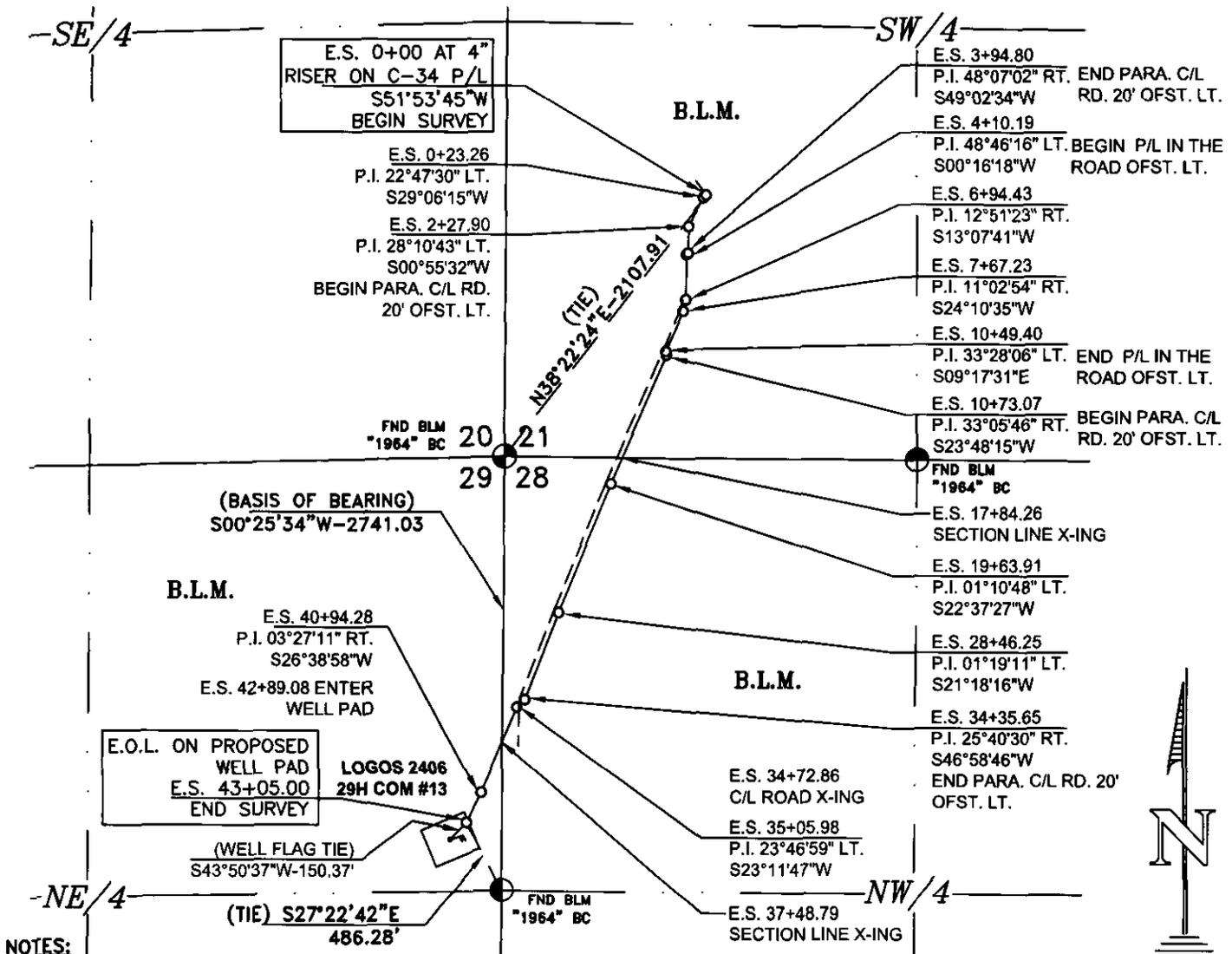
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WORK ORDER NO.: LOGOS048 **CAD FILE:** LOGOS048

PIPELINE SURVEY FOR

LOGOS OPERATING, LLC
LOGOS 2406 29H COM #13

LOCATED IN THE SW/4 OF SEC. 21, NW/4 SEC. 28, & THE NE/4 SEC. 29,
T-24-N, R-6-W, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO



- NOTES:**
- 1.) LOCATION OF UNDERGROUND UTILITIES DEPICTED ARE APPROXIMATE. PRIOR TO EXCAVATION UNDERGROUND UTILITIES SHOULD BE FIELD VERIFIED. ALL CONSTRUCTION ACTIVITIES SHOULD BE FIELD VERIFIED WITH NEW MEXICO ONE-CALL AUTHORITIES AT LEAST 2 WORKING DAYS PRIOR TO CONSTRUCTION.
 - 2.) THIS IS NOT A BOUNDARY SURVEY.

OWNERSHIP			
LOCATION	OWNER	STATION	FT./RODS
SW/4 SEC. 21	B.L.M.	E.S. 0+00 TO E.S. 17+84.26	1784.26/108.14
NW/4 SEC. 28	B.L.M.	E.S. 17+84.26 TO E.S. 37+48.79	1964.53/119.06
NE/4 SEC. 29	B.L.M.	E.S. 37+48.79 TO E.S. 43+05.00	556.21/33.71

BASIS OF BEARING: AS MEASURED BY GPS BETWEEN FOUND MONUMENTS AT THE NORTHWEST CORNER AND THE WEST QUARTER CORNER OF SECTION 28, TOWNSHIP 24 NORTH, RANGE 6 WEST, N.M.P.M., RIO ARRIBA COUNTY, NEW MEXICO. BEARS S00°25'34"W, A DISTANCE OF 2741.03' AS MEASURED BY G.P.S. LOCAL GRID NAD83.

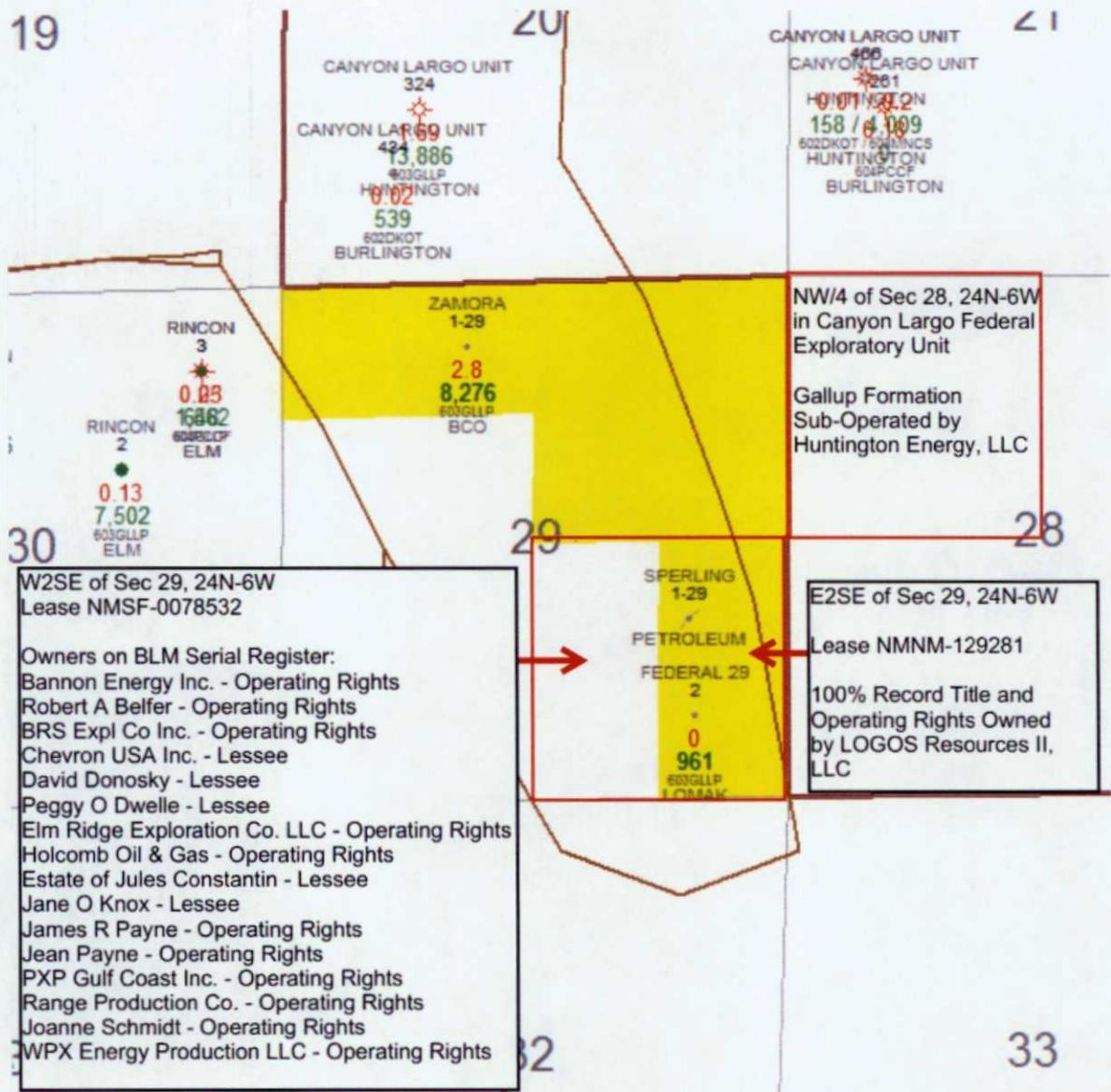
DATE OF SURVEY:	8/2/16	DRAWN BY:	TD
SURVEY CREW:	GWR	DATE:	8/9/16

I, GLEN W. RUSSELL, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT I CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THE SURVEY AND PLANS MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

GLEN W. RUSSELL
GLEN W. RUSSELL, PLS
NEW MEXICO L.S. #15703
DATE AUGUST 22, 2016

VECTOR SURVEYS, LLC
Professional Land Surveys, Mapping,
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WORK ORDER NO.: LOGOS048 **CAD FILE:** LOGOS048



LOGOS OPERATING, LLC

Exhibit "E" Application for MSL - LOGOS 2406 29H COM #13

LOGOS 2406 29H COM #13

2410' FNL & 330' FEL

SEC. 29, T24N R6W, N.M.P.M.

RIO ARRIBA COUNTY, NEW MEXICO

APD MAP

556.7' NEW BLM ACCESS

LOGOS 2406 29H COM #13

556.7' NEW BLM ACCESS

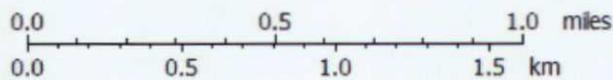
EXISTING ACCESS

CANYON

Canyon

Escrito

Map created with **TOPOIC** ©2007 National Geographic



08/22/16

LOGOS Operating, LLC
LOGOS 2406 29H COM 13: Aerial
UL H, Sec 29, T24N, R6W
Rio Arriba County, NM



(GENERAL RULES AND REGULATIONS - ASSOCIATED OIL AND GAS POOLS - Cont'd.)

well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 20. All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection.

RULE 21. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

(2) That the above General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico shall be applicable to the following associated pools:

NORTHWEST NEW MEXICO

Angels Peak-Gallup	Gallegos-Gallup
Devils Fork-Gallup	Tapacito-Gallup
Escrito-Gallup	Tocito Dome-Pennsylvanian "D"

SOUTHEAST NEW MEXICO

Bluitt-San Andres	Penasco Draw-San Andres-Yeso
Southeast Chaves Queen Gas Area	Peterson-Pennsylvanian
South Dagger Draw-Upper Pennsylvanian	Round Tank-Queen
Double L-Queen	Sawyer-San Andres
Mesa-Queen	Todd-Lower San Andres
	Twin Lakes-San Andres
	Vest Ranch-Queen

(3) That effective February 1, 1977, the following Special Rules and Regulations shall be applicable to the below-named associated pools: (See Special Rules and Regulations applicable to each pool at end of order).

(3) (As Numbered) That effective February 1, 1977, the following orders, as amended, which apply to the aforementioned associated pools (See Special Rules and Regulations carried at end of order for these pools), are hereby superseded:

R-1410-C	R-1670-I	R-1670-J
R-5181	R-4435	R-1517
R-1793-A	R-4637	R-1670-G
R-3707	R-3981-A	R-3153
R-3211	R-2935	R-4102
R-2758	R-4365	R-5180
	R-4538	

(4) That the Jennings-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-4359 is hereby rescinded, effective February 1, 1977.

(5) That the North Paduca-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-3437 is hereby rescinded, effective February 1, 1977.

(6) That effective February 1, 1977, the Northwest Todd-San Andres Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool with Order No. R-4441 to be superseded by Order No. R-4441-A, to be issued concomitantly with the instant order, No. R-5353.

(7) That effective January 31, 1977, all underproduction accrued to gas wells in the associated pools affected by this order is hereby cancelled.

(8) That the Secretary-Director of the Commission is hereby authorized to reinstate any well's accrued underproduction cancelled effective January 31, 1977, provided that such reinstated underproduction shall not exceed three times the well's current monthly allowable and provided further that the application for reinstatement of such underproduction shall contain evidence that the affected well is capable of producing such underproduction and that said application is received by the Secretary-Director not later than April 1, 1977.

(9) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

ANGELS PEAK-GALLUP ASSOCIATED POOL
San Juan County, New Mexico

Order No. R-5353, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico, for the Angels Peak-Gallup Associated Pool, San Juan County, New Mexico, February 1, 1977.

(Order No. R-5353 supersedes Order No. R-1410, adopting rules for the Angels Peak-Gallup Pool, San Juan County, New Mexico, May 28, 1959, as amended by Order No. R-1410-A, August 11, 1959, as superseded by Order No. R-1410-C, October 1, 1960, as amended by Order No. R-1410-D, July 17, 1962, Order No. R-4367, August 30, 1972, and Order No. R-4583, August 1, 1973.)

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

(GENERAL RULES AND REGULATIONS - ASSOCIATED OIL AND GAS POOLS - Cont'd.)

GALLEGOS-GALLUP ASSOCIATED POOL
San Juan County, New Mexico

DEVILS FORK-GALLUP ASSOCIATED POOL
Rio Arriba County, New Mexico

Order No. R-5353, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico, for the Devils Fork-Gallup Associated Pool, Rio Arriba County, New Mexico, February 1, 1977, as Amended by Order No. R-5353-G, August 1, 1981.

Order No. R-5353, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico, for the Gallegos-Gallup Associated Pool, San Juan County, New Mexico, February 1, 1977.

(Order No. R-5353 supersedes Order No. R-3707, adopting rules for the Gallegos-Gallup Pool, San Juan County, New Mexico, May 1, 1969, as amended by Order No. R-4367, August 30, 1972, and Order No. R-4583, August 1, 1973.)

(Order No. R-5353 supersedes Order No. R-5181, adopting amended rules for the Devils Fork-Gallup Associated Pool, Rio Arriba County, New Mexico, April 1, 1976. Order No. R-5181 rescinded Order No. R-1670-B, November 1, 1960, adopting rules for the Devils Fork-Gallup Gas Pool, as amended by Order No. R-1670-B-1, October 18, 1962, Order No. R-4367, August 30, 1972, Order No. R-4404, September 27, 1972, and Order No. R-5483, August 1, 1973. Order No. R-1670-B superseded Order No. R-1641-A, June 10, 1960, which superseded Order No. R-1641, March 30, 1960, creating and adopting rules for the Devils Fork-Gallup Gas Pool.)

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

RULE 2. (As Amended by Order No. R-5353-G, August 1, 1981.) (a) A standard oil proration unit shall be 160 acres. A standard gas proration unit shall be 320 acres.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

ESCRITO-GALLUP ASSOCIATED POOL
Rio Arriba County, New Mexico

TAPACITO-GALLUP ASSOCIATED POOL
Rio Arriba County, New Mexico

Order No. R-5353, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico, for the Escrito-Gallup Associated Pool, Rio Arriba County, New Mexico, February 1, 1977.

Order No. R-5353, Adopting Special Rules and Regulations, in Addition to the General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico, for the Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico, February 1, 1977.

(Order No. R-5353 supersedes Order No. R-1793-A, adopting rules for the Escrito-Gallup Pool, Rio Arriba County, New Mexico, December 1, 1960, as amended by Order No. R-4367, August 30, 1972, Order No. R-4404, September 27, 1972, and Order No. R-4583, August 1, 1973.)

(Order No. R-5353 supersedes Order No. R-3211, creating and adopting rules for the Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico, April 1, 1967, as amended by Order No. R-4367, August 30, 1972, and Order No. R-4583, August 1, 1973.)

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

Entered August 7, 1981

JGR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7296
Order No. R-5353-G
NOMENCLATURE

APPLICATION OF J. GREGORY MERRION
AND ROBERT L. BAYLESS FOR AMENDMENT
OF POOL RULES, CONTRACTION OF THE
OTERO-GALLUP POOL, AND EXTENSION
OF THE DEVILS FORK-GALLUP ASSOCIATED
POOL, RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 2, 1981,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 7th day of August, 1981, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicants, J. Gregory Merrion and Robert L.
Bayless, seek the amendment of the Devils Fork-Gallup Associated
Pool Rules to provide for 160-acre spacing rather than 80 acres.

(3) That the applicants further seek the contraction of the
Otero-Gallup Pool by the deletion of the following acreage:
E/2 and NE/4 SW/4 of Section 2, Township 24 North, Range 6 West,
and the E/2 of Section 35, Township 25 North, Range 6 West,
and the concomitant extension of the Devils Fork-Gallup Associated
Pool to include the following acreage: In Township 24 North,
Range 6 West: All of Section 2; N/2 and SE/4 of Section 3; S/2
and NE/4 of Section 4; S/2 of Section 5; SE/4 of Section 6; and
N/2 of Section 11. In Township 25 North, Range 6 West: SE/4
of Section 33; S/2 of Section 34; and all of Section 35.

(4) That while the special pool rules for the Devils Fork-Gallup Associated Pool have provided for 80-acre spacing and proration units said pool has in fact been developed essentially on a 160-acre spacing pattern.

(5) That available pressure data and the results of "infill" drilling demonstrate that wells in the Devils Fork-Gallup Associated Pool are capable of efficiently and effectively draining 160 acres.

(6) That the proposed amendment of the Devils Fork-Gallup Associated Pool spacing rules should be approved.

(7) That the Devils Fork-Gallup Associated Pool and the Otero-Gallup Pool are joined by a common boundary.

(8) That the acreage proposed for deletion from the Otero-Gallup Pool in Finding No. (3) above may more properly be developed and produced as a part of the Devils Fork-Gallup Associated Pool.

(9) That the proposed pool contraction and pool extension described in Finding No. (3) above should be approved.

(10) That in addition, the Devils Fork-Gallup Associated Pool should be expanded to include therein the NE/4 of Section 10, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(11) That the proposed amendment of the Devils Fork-Gallup Associated Pool Rules and the pool contraction and pool extension described in the previous findings will not result in waste and will not violate correlative rights.

IT IS THEREFORE ORDERED:

(1) That Rule 2 of the Special Rules and Regulations for the Devils Fork-Gallup Associated Pool as contained in Division Order No. R-5353, as amended, is hereby amended to read in its entirety as follows:

"RULE 2. (a) a standard oil proration unit shall be 160 acres. A standard gas proration unit shall be 320 acres."

(2) That the Otero-Gallup Pool as previously defined and described in Rio Arriba County, New Mexico, is hereby contracted by the deletion of the following acreage: E/2 and NE/4 SW/4

-3-
Case No. 7296
Order No. R-5353-G

of Section 2, Township 24 North, Range 6 West, NMPM, and the E/2 of Section 35, Township 25 North, Range 6 West, NMPM.

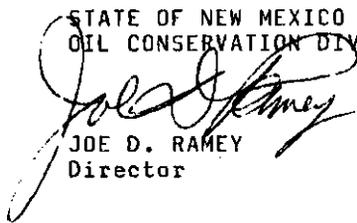
(3) That the Devils Fork-Gallup Associated Pool as previously defined and described in Rio Arriba County, New Mexico, is hereby extended to include the following acreage: All of Section 2; N/2 and SE/4 of Section 3; S/2 and NE/4 of Section 4; S/2 of Section 5; SE/4 of Section 6; NE/4 of Section 10; and the N/2 of Section 11, all in Township 24 North, Range 6 West, NMPM, and the SE/4 of Section 33; S/2 of Section 34; and all of Section 35, all in Township 25 North, Range 6 West, NMPM.

(4) That the effective date of this order and the pool rule amendment, pool contraction and pool extension contained herein shall be August 1, 1981.

(5) That jurisdiction of this cause 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/

Entered January 17, 1977
JAR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5813
Order No. R-5353

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO CONSIDER
THE ADOPTION OF GENERAL RULES AND REGULATIONS
GOVERNING ALL ASSOCIATED OIL AND GAS POOLS OF
SOUTHEAST AND NORTHWEST NEW MEXICO AND THE
ADOPTION OF SPECIAL RULES FOR CERTAIN ASSOCIATED
POOLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 23, 1976,
at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 17th day of January, 1977, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.
- (2) That the Commission has heretofore created and desig-
nated six pools in Northwest New Mexico and 15 pools in Southeast
New Mexico as "associated" oil and gas pools, being pools in which
a gas cap was found to overlie an oil zone.
- (3) That in order to prevent waste and to protect correla-
tive rights, the Commission has heretofore promulgated special
rules and regulations for said associated oil and gas pools,
as follows:

-2-
Case No. 5813
Order No. R-5353

Northwest New Mexico

<u>POOL</u>	<u>COUNTY</u>	<u>ORDER NO.</u>
Angels Peak-Gallup	San Juan	R-1410-C
Devils Fork-Gallup	Rio Arriba	R-5181
Escrito-Gallup	Rio Arriba	R-1793-A
Gallegos-Gallup	San Juan	R-3707
Tapacito-Gallup	Rio Arriba	R-3211
Tocito Dome-Pennsylvanian "D"	San Juan	R-2758

Southeast New Mexico

<u>POOL</u>	<u>COUNTY</u>	<u>ORDER NO.</u>
Bluitt-San Andres	Roosevelt	R-1670-I
Southeast Chaves Queen Gas Area	Chaves	R-4435
South Dagger Draw-Upper Pennsylvanian	Eddy	R-4637
Double L-Queen	Chaves	R-3981-A
Jennings-Delaware	Lea	R-4359
Mesa-Queen	Lea	R-2935
North Paduca-Delaware	Lea	R-3437
Penasco Draw-San Andres-Yeso	Eddy	R-4365
Peterson-Pennsylvanian	Roosevelt	R-4538
Round Tank-Queen	Chaves	R-1670-J
Sawyer-San Andres	Lea	R-1517
Todd-Lower San Andres	Roosevelt	R-1670-G R-3153
Northwest Todd-San Andres	Roosevelt	R-4441
Twin Lakes-San Andres	Chaves	R-4102
Vest Ranch-Queen	Chaves	R-5180

(4) That the aforesaid special rules and regulations for the above-named associated oil and gas pools provide, among other things, for the definition of oil wells and gas wells, the size of oil spacing units and gas spacing units, standard well locations, gas-oil ratio limitations, well testing, and gas well allowables.

(5) That there is a wide variation in the various special pool rules applicable to the aforesaid associated pools, not only in substantive content and purpose, but also in format and general manner of presentation.

(6) That said variations have caused confusion and have resulted in unnecessary administrative burden to both the operators in said pools and the Commission.

(7) That the adoption of general rules applicable to all associated pools, with provision for certain special rules applicable to particular pools only, would tend to eliminate said confusion and would ease the administrative burden of both the operators in said pools and the Commission.

(8) That in order to more nearly equalize the time frame within which oil wells and gas wells in associated pools may produce their current allowable, thereby equalizing withdrawals from their respective portions of the associated reservoir, the general rules for associated pools should provide for a one-month proration period for gas wells, and oil wells should continue to be operated under the provisions of Rule 502 of the Commission General Rules and Regulations.

(9) That in order to provide a reasonable period of time for the production of the current allowable from a gas well in an associated pool, provision should be made in the general associated pool rules for underproduction from such well to be carried forward into subsequent proration periods, provided however, that such underproduction in excess of three times the current monthly allowable should not be carried forward, but should be cancelled.

(10) That in order to provide a reasonable period of time in which overproduction of current allowable by a gas well in an associated pool may be compensated for by underproduction, provision should be made in the general associated pool rules for such overproduction to be carried forward into subsequent proration periods, provided however, that any well which is overproduced by an amount exceeding three times its current monthly allowable should be shut in until such well is overproduced by an amount less than three times its current monthly allowable.

(11) That the volumetric gas allowable formulas applicable to the Bluit-San Andres Associated Pool and the Todd Lower-San Andres Associated Pool are no longer effective and should not be included in the special pool rules for said pools.

(12) That the inclusion of liquid gravity as a criterion in the classification of oil wells and gas wells in the Angels Peak-Gallup, Devils Fork-Gallup, Bluitt-San Andres, Peterson-Pennsylvanian, and Todd-Lower San Andres Pools appears to serve no useful purpose, and should be discontinued.

(13) That the Jennings-Delaware Associated Pool and the North Paduca-Delaware Associated Pool, as heretofore created and defined, no longer fit the associated pool classification, and that said pools should be redefined as oil pools subject to the Commission General Rules and Regulations, and the Special Rules for said pools should be rescinded.

(14) That the Northwest Todd-San Andres Associated Pool as previously created and defined no longer fits the associated pool classification and should be redefined as an oil pool and the special pool rules therefor amended to provide only for 80-acre oil well spacing units and a gas-oil ratio limitation of 5,000 to 1.

(15) That the existing special associated pool rules for the remaining 18 associated pools which provide for spacing of oil wells and gas wells, oil well and gas well locations, definition of oil wells and gas wells based on gas-liquid ratios, and special gas-oil ratio limitations, any of which are in conflict with the general rules and regulations for associated pools should be retained, but should be incorporated in one overall order applicable to associated oil and gas pools, and the orders presently applicable to said pools superseded.

(16) That the gas well location requirements for the Double L-Queen Associated Pool should be amended to comply with the general rules and regulations for associated pools.

(17) That all associated pool gas well underproduction should be cancelled as of January 31, 1977.

(18) That the Secretary-Director of the Commission should be authorized to administratively reinstate such cancelled underproduction, up to three times the current monthly allowable, upon a showing by the operator that such underproduction could be made up.

(19) That the rescission, amendment, and supersedure of the Special Pool Rules listed in Finding No. (3) above, and the adoption of General Rules applicable to the associated oil and gas pools in the State of New Mexico in accordance with the above findings will prevent waste and protect correlative rights, is in the public interest, and should be approved.

-5-
Case No. 5813
Order No. R-5353

IT IS THEREFORE ORDERED:

(1) That effective February 1, 1977, general rules and regulations are hereby adopted for the associated oil and gas pools of Northwest and Southeast New Mexico as follows:

GENERAL RULES AND REGULATIONS FOR THE ASSOCIATED OIL AND GAS POOLS OF NORTHWEST NEW MEXICO AND SOUTHEAST NEW MEXICO.

(See Special Pool Rules for each pool for rules applicable to that particular pool. Special Pool Rules will be found in the same classification order as in the General Section. If the Special Rule is in conflict with the General Rule, the Special Rule shall be applicable.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1. Any well drilled to the producing formation of an associated pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing from the same formation, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in that pool.

RULE 2. (a) See Special Pool Rules for applicable size of oil and gas spacing and proration units. Unless otherwise specified by the Special Pool Rules, 40-acre units shall comprise a governmental quarter-quarter section substantially in the form of a square, being a legal subdivision of the United States Public Land Surveys; 80-acre units shall comprise two contiguous quarter-quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental quarter section; 160-acre units shall comprise a governmental quarter section; and 320-acre units shall comprise two contiguous quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental section.

RULE 2. (b) Each well drilled or completed on a spacing and proration unit within an associated pool governed by these rules shall be located as provided below:

OIL WELLS AND GAS WELLS - NORTHWEST NEW MEXICO

<u>Standard Proration Unit</u>	<u>Location Requirements</u>
40 Acres	Not closer than 330 feet to the boundary of the tract

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80, 160 and 320 acres	Not closer than 790 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.
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OIL WELLS - SOUTHEAST NEW MEXICO

<u>Standard Proration Unit</u>	<u>Location Requirements</u>
40 Acres	Not closer than 330 feet to the boundary of the tract
80 and 160 acres	Within 150 feet of the center of the quarter-quarter section wherein located

GAS WELLS - SOUTHEAST NEW MEXICO

<u>Standard Proration Unit</u>	<u>Location Requirements</u>
160 Acres	Within 150 feet of the center of the quarter-quarter section wherein located.
320 Acres	Not closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

RULE 2. (c) The Secretary-Director of the Commission shall have authority to grant an exception to the well location requirements of Rule 2(b) above without notice and hearing when the necessity for such unorthodox location is based upon topographical conditions or the recompletion of a well previously drilled to another horizon, provided said well was drilled at an orthodox location for such original horizon, or where the size and shape of an approved non-standard spacing and proration unit render a standard location impossible.

Applications for administrative approval of unorthodox locations shall be filed in triplicate and shall be accompanied by plats showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon. If the proposed unorthodox location is based upon topography, the plat shall also show and describe the existent topographical conditions.

All operators of proration or spacing units offsetting the unit for which the unorthodox location is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Secretary-Director may approve the unorthodox location upon receipt of waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 3. (a) Each gas well shall be located on a standard unit containing 160 acres or 320 acres, more or less, as provided in the special rules for the pool in which it is situate.

(b) Each oil well shall be located on a standard unit containing 40 acres, 80 acres or 160 acres, more or less, as provided in the special rules for the pool in which it is situate.

RULE 4. (a) The District Supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 3(a) or 3(b) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75% nor more than 125% of a standard unit.

The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

(1) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(2) Assigning an allowable to the non-standard unit.

(b) The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3(a) or Rule 3(b), when the unorthodox size or shape of the unit is necessitated

by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(2) The non-standard unit lies wholly within a governmental subdivision or subdivisions which would be a standard unit for the well (half quarter section, quarter section, or half section) but contains less acreage than a standard unit.

(3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half quarter section, quarter section or half section (for 80-acre, 160-acre, and 320-acre standard dedications respectively) in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(4) In lieu of Paragraph (3) of this rule, the applicant may furnish proof of the fact that all of the foresaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

B. WELL CLASSIFICATION AND GAS-OIL RATIO LIMITATION

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons.

(b) The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6. That the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced.

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RULE 7. An oil well shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool. In the event there is more than one oil well on an oil proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-oil ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is a number equal to the number of acres in a standard oil proration unit in such pool. In the event there is more than one gas well on a gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

C. WELL TESTING

RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut-in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9. (a) Semi-annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Commission. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor

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of the appropriate district office of the Commission may grant an exception to the above test requirements where it is demonstrated that the well(s) produce(s) no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

(b) The Secretary-Director of the Commission shall have authority to grant pool-wide exceptions to Rule 9(a) above, without notice and hearing upon a showing that production from wells within such pool has stabilized to the point where such tests would be of essentially no value for application of these general rules for associated pools.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

D. ASSIGNMENT OF ALLOWABLE

RULE 11. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-102, C-104, C-116, and, in the case of a gas well, a transporter's notice of gas connection, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-oil ratio for the pool.

E. GAS PRORATIONING

RULE 12. The associated gas proration period shall be the proration month which shall begin at 7 a.m. on the first day of the month and shall end at 7 a.m. on the first day of the next succeeding month.

RULE 13. (a) Any associated gas well which has an under-produced status at the end of any associated gas proration period, shall carry such underproduction into subsequent periods.

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(b) Underproduction in excess of three times the current monthly allowable shall not be carried forward but shall be cancelled. For purposes of this rule, the monthly allowable shall be the full monthly allowable which would be assigned an associated gas well with the same acreage dedication in the same pool.

(c) Overproduction during any month shall be applied to a well's cumulative underproduction, if any, calculated in accordance with Paragraphs (a) and (b) above.

RULE 14. Any associated gas well which has an overproduced status at the end of any associated gas proration period shall carry such overproduction into subsequent periods. If at any time a well is overproduced an amount exceeding three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 15. The allowable assigned to a well during any one month of an associated gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 16. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

F. REPORTING OF PRODUCTION

RULE 17. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 18. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

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G. GENERAL PROVISIONS

RULE 19. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 20. All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection.

RULE 21. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

(2) That the above General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico shall be applicable to the following associated pools:

NORTHWEST NEW MEXICO

Angels Peak-Gallup	Gallegos-Gallup
Devils Fork Gallup	Tapacito-Gallup
Escrito-Gallup	Tocito Dome-Pennsylvanian "D"

SOUTHEAST NEW MEXICO

Bluitt-San Andres	Penasco Draw-San Andres Yeso
Southeast Chaves Queen Gas Area	Peterson-Pennsylvanian
South Dagger Draw-Upper Pennsylvanian	Round Tank-Queen
Double L-Queen	Sawyer-San Andres
Mesa Queen	Todd-Lower San Andres
	Twin Lakes-San Andres
	Vest Ranch-Queen

(3) That effective February 1, 1977, the following Special Rules and Regulations shall be applicable to the below-named associated pools:

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SPECIAL RULES AND REGULATIONS
FOR THE
ANGELS PEAK-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
DEVILS FORK-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
ESCRITO-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
GALLEGOS-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
TAPACITO-GALLUP ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
TOCITO DOME-PENNSYLVANIAN "D" ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 160 acres.
A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 150 feet of
the center of the quarter-quarter section.

Gas wells shall be located within 150 feet of
the center of the quarter-quarter section.

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RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 20,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 20,000 cubic feet of gas per barrel of liquid hydrocarbons.

SPECIAL RULES AND REGULATIONS
FOR THE
BLUITT-SAN ANDRES ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 150 feet of the center of the quarter-quarter section.

Gas wells shall be located not closer than 990 feet to the quarter section line nor closer than 330 feet to any quarter-quarter section line.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTHEAST-CHAVES QUEEN GAS AREA ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH DAGGER DRAW-UPPER PENNSYLVANIAN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 320 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) All oil wells and gas wells shall be located not closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit nor closer than 330 feet to any subdivision inner boundary.

RULE 6. The limiting gas-oil ratio shall be 8,000 cubic feet of gas for each barrel of oil produced.

RULE 22. The special depth bracket allowable for an oil well on a 320-acre tract shall be 267 barrels of oil per day.

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SPECIAL RULES AND REGULATIONS
FOR THE
DOUBLE L-QUEEN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 320 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
MESA-QUEEN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 160 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

RULE 6. The limiting gas-oil ratio shall be 5,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
PENASCO DRAW SAN ANDRES-YESO POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres.
A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located within 150 feet of the center of the quarter-quarter section.

RULE 5. A well shall be classified as a gas well if it has a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 10,000 cubic feet of gas per barrel of liquid hydrocarbons.

SPECIAL RULES AND REGULATIONS
FOR THE
PETERSON-PENNSYLVANIAN POOL

RULE 2. (a) A standard oil proration unit shall be 160 acres.
A standard gas proration unit shall be 320 acres.

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RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of 25,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 25,000 cubic feet of gas per barrel of liquid hydrocarbons.

RULE 6. The limiting gas-oil ratio shall be 4,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
ROUND TANK QUEEN POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

RULE 6. The limiting gas-oil ratio shall be 6,000 cubic feet of gas for each barrel of oil produced.

SPECIAL RULES AND REGULATIONS
FOR THE
SAWYER-SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

RULE 2. (b) Oil wells shall be located no closer than 330 feet to the outer boundary of the quarter-quarter section.

Gas wells shall be located no closer than 660 feet to the outer boundary of the quarter section nor closer than 330 feet to a quarter-quarter section line.

RULE 5. (a) A well shall be classified as a gas well if it has a gas-liquid ratio of more than 25,000 cubic feet of gas per barrel of liquid hydrocarbons. All other wells producing from the Sawyer-San Andres Pool shall be classified as oil wells.

SPECIAL RULES AND REGULATIONS
FOR THE
TODD-LOWER SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 200 feet of the center of the quarter-quarter section.

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Gas wells shall be located no closer than 660 feet to the outer boundary of the quarter section nor closer than 330 feet to a quarter-quarter section line.

SPECIAL RULES AND REGULATIONS
FOR THE
TWIN LAKES-SAN ANDRES POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 160 acres.

SPECIAL RULES AND REGULATIONS
FOR THE
VEST RANCH-QUEEN POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 320 acres.

(3) That effective February 1, 1977, the following orders, as amended, which apply to the aforementioned associated pools, are hereby superseded:

R-1410-C	R-1670-I	R-1670-J
R-5181	R-4435	R-1517
R-1793-A	R-4637	R-1670-G
R-3707	R-3981-A	R-3153
R-3211	R-2935	R-4102
R-2758	R-4365	R-5180
	R-4538	

(4) That the Jennings-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-4359 is hereby rescinded, effective February 1, 1977.

(5) That the North Paduca-Delaware Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool, and Order No. R-3437 is hereby rescinded, effective February 1, 1977.

(6) That effective February 1, 1977, the Northwest Todd-San Andres Pool as heretofore classified, defined, and described is hereby reclassified as an oil pool with Order No. R-4441 to be superseded by Order No. R-4441-A, to be issued concomitantly with the instant order, No. R-5353.

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(7) That effective January 31, 1977, all underproduction accrued to gas wells in the associated pools affected by this order is hereby cancelled.

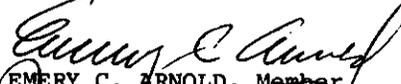
(8) That the Secretary-Director of the Commission is hereby authorized to reinstate any well's accrued underproduction cancelled effective January 31, 1977, provided that such reinstated underproduction shall not exceed three times the well's current monthly allowable and provided further that the application for reinstatement of such underproduction shall contain evidence that the affected well is capable of producing such underproduction and that said application is received by the Secretary-Director not later than April 1, 1977.

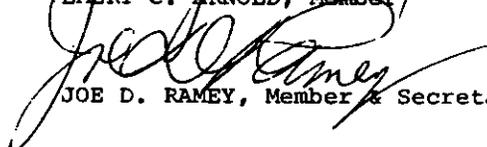
(9) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

dr/

Entered March 23, 1976



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO ON ITS
OWN MOTION TO CONSIDER THE
AMENDMENT OF SPECIAL POOL RULES,
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 5632
Order No. R-5181

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 3, 1976, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 23rd day of March, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That there is need to amend the Special Pool Rules for the Devils Fork-Gallup Associated Pool, Rio Arriba County, New Mexico, to delete therefrom provisions for a volumetric withdrawal formula and substitute therefor a casinghead gas equivalent formula.
- (3) That all oil wells and gas wells in said pool are now marginal wells.
- (4) That the proposed revisions will result in more economical operation of said pool, will not cause waste, will not violate correlative rights, and should be approved.
- (5) That Commission Orders Nos. R-1670-B, R-1670-B-1, R-1670-B-2, and R-1670-B-3 should be rescinded.

IT IS THEREFORE ORDERED:

- (1) That effective April 1, 1976, Special Rules and Regulations for the Devils Fork-Gallup Associated Pool, Rio Arriba County, New Mexico, are hereby amended to read in their entirety as follows:

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SPECIAL RULES AND REGULATIONS FOR THE
DEVILS FORK-GALLUP ASSOCIATED POOL

RULE 1. Each well completed or recompleted in the Gallup formation within the boundary of the Devils Fork-Gallup Associated Pool or within one mile thereof, and not nearer to nor within the boundaries of another designated Gallup pool, shall be drilled, spaced, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well completed or recompleted in the Devils Fork-Gallup Associated Pool shall be located on a tract consisting of approximately 320 acres which may reasonably be presumed to be productive of gas from said pool, and which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these Rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard gas unit. Nothing contained herein shall be construed as prohibiting the drilling of a gas well on each quarter section in the 320-acre unit.

(b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 2(a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of contiguous quarter-quarter sections or lots.

(2) The non-standard unit consists of not more than 324 acres and lies wholly within a single governmental section.

(3) The entire non-standard unit may reasonably be presumed to be productive of gas from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators, and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in the non-standard unit.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the afore-said operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

(c) The District Supervisor shall have authority to approve non-standard gas proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of less than 316 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

(d) The allowable assigned to any such non-standard gas proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 320 acres.

RULE 3. (a) Each oil well completed or recompleted in the Devils Fork-Gallup Associated Pool shall be located on a unit containing approximately 80 acres, which may reasonably be presumed to be productive of oil from said pool, and which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section. For purposes of these Rules, a unit consisting of between 79 and 81 surface contiguous acres shall be considered a standard unit. Nothing contained herein shall be construed as prohibiting the drilling of an oil well on each of the quarter-quarter sections in the 80-acre unit.

(b) For good cause shown, the Secretary-Director may grant an exception to the requirements of Rule 3 (a) without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit is to consist of a single quarter-quarter section or lot.

(2) The non-standard unit consists of not more than 81 acres.

(3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no operator has entered an objection to the formation of such non-standard unit.

(c) The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of two contiguous quarter-quarter

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sections or lots comprising less than 79 acres lying within a single governmental quarter section and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

(d) The allowable assigned to any such non-standard oil proration unit shall bear the same ratio to a standard allowable in said pool as the acreage in the unit bears to 80 acres.

RULE 4. (a) Each well, oil or gas, completed or recompleted in the Devils Fork-Gallup Associated Pool shall be located no nearer than 790 feet to any quarter section line and each such well shall be located no nearer than 330 feet to a governmental quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Devils Fork-Gallup Associated Pool prior to the effective date of this order at a location conforming to the well location requirements in effect at the time the well was drilled shall be considered to be located in conformance with this Rule.

(b) The Secretary-Director shall have authority to grant an exception to Rule 4 (a) without notice and hearing when the application has been filed in due form and the Secretary-Director determines that good cause exists for granting such exception. However, such an unorthodox location, if approved, may necessitate an allowable adjustment.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located, a copy of the application to the Commission, and the applicant shall include with his application a list of the names and addresses of all such operators together with a stipulation that proper notice has been given said operators at the addresses listed. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and only in the absence of objection from an offset operator may such application be approved.

RULE 5. A gas well in the Devils Fork-Gallup Associated Pool shall be a well producing with a gas-liquid ratio of 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, or any well which produced liquid hydrocarbons with a gravity of 60 degrees, API or greater. An oil well in the Devils Fork-Gallup Associated Pool shall be a well producing with a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons and which produces liquid hydrocarbons with a gravity of less than 60 degrees API.

RULE 6. The gas-liquid ratio limitation for the Devils Fork-Gallup Associated Pool shall be 2,000 cubic feet of gas per barrel of liquid hydrocarbons produced.

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RULE 7. (a) Any oil well in the Devils Fork-Gallup Associated Pool which has 80 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for said pool by the limiting gas-liquid ratio for the pool, (2,000). In the event there is more than one oil well on an 80-acre oil proration unit, the operator may produce the allowable assigned to the 80-acre unit from said wells in any proportion.

(b) Any gas well in the Devils Fork-Gallup Associated Pool shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by 2,000 by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 80. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from said wells in any proportion.

(c) The full production of gas from each well, including drilling gas, shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 8. The operator of each newly completed well in the Devils Fork-Gallup Associated Pool shall cause a gas-liquid ratio test to be taken on said well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Provided further, that any well which is shut-in shall be exempted from the aforesaid gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, or if the well produces liquid hydrocarbons with a gravity of 60 degrees API or greater, the operator shall not produce the well until beneficial use can be made of the gas.

No gas shall be flared or vented from any well classified as an oil well more than 60 days after the well begins to produce. Any operator that desires to obtain an exception to the foregoing provisions for a well classified as an oil well shall submit to the Secretary-Director of the Commission an application for such exception with a statement setting forth the facts and circumstances justifying it. The Secretary-Director is hereby authorized to grant such an exception if he determines that the granting of it is reasonably necessary. If the Secretary-Director declines to grant administrative approval of the requested exception, the matter shall be set for hearing if the operator so requests.

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RULE 9. Gas-liquid ratio tests shall be taken on all wells in the Devils Fork-Gallup Associated Pool, and on all wells producing from the Gallup formation within one mile of the boundaries of the Devils Fork-Gallup Associated Pool which are not within another designated Gallup oil pool, during the month of November of each year. The initial gas-liquid ratio test shall suffice as the first annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Aztec office of the Commission a test schedule for its wells, specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Any well completed in the Devils Fork-Gallup Associated Pool after the effective date of this order shall receive an allowable only upon receipt by the Commission's Aztec office of Commission Forms C-104 and C-116, all properly executed. The District Supervisor of the Commission's Aztec office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the Devils Fork-Gallup Associated Pool by 2,000.

RULE 12. The date 7 o'clock a.m. April 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period for the Devils Fork-Gallup Associated Pool.

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

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RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut-in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut-in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut-in upon a showing after notice and hearing that complete shut-in of the well would result in material damage to the well and/or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form-C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in approximately the same order as they are listed on the oil proration schedule.

RULE 20. Failure to comply with any provision of this Order or the Rules contained herein shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all Rules and Regulations have been complied with. The District Supervisor shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

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RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage have been filed.

RULE 23. The vertical limits of the Devils Fork-Gallup Associated Pool shall be the Gallup formation.

(2) That Commission Orders Nos. R-1670-B, R-1670-B-1, R-1670-B-2, and R-1670-B-3 are hereby rescinded.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

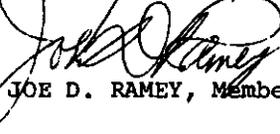
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

S E A L

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