

Jones, William V, EMNRD

From: Scott Hall <shall@logosresourcesllc.com>
Sent: Monday, August 12, 2019 11:28 AM
To: Jones, William V, EMNRD
Subject: RE: Case 20491 Logos Dragonfly Horizontal Wells
Attachments: Exhibit B - Comm Agreementv2 pg 7.pdf; Affidavit of Trevor Gates 13 24N8W_Signed.pdf

Will, here's the additional information you requested, below:

-----Original Message-----

From: Jones, William V, EMNRD [mailto:WilliamV.Jones@state.nm.us]
Sent: Wednesday, August 7, 2019 7:18 PM
To: Scott Hall <shall@logosresourcesllc.com>
Cc: Pickford, Katherine, EMNRD <Katherine.Pickford@state.nm.us>
Subject: Case 20491 Logos Dragonfly Horizontal Wells

Hello Scott,
Hope all is going good today.

This case was presented July 25th and continued to August 22nd.

I attempted to get it drafted and encountered some questions, We have plenty of time, so here they are:

- a. It appears that the only WI being pooled is DJR, is that correct?

Correct. Only DJR.

- b. The simple statement that the proposed Overhead Rates are used in this area will need more support.
Actual accounting documents showing this level of assessed rates might do it - otherwise the Division will lower these rates.
The Examiners have in the past few years routinely reduced rates that were unusually high as compared to other compulsory poolings, and the Director has signed those orders.

I showed you the going rates for overhead/supervision in the nearby West Lybrook and Crow Canyon Units.

- c. Page 7 of Exhibit B of the Federal Communitization Agreement shows 424.86 acres, yet the first page of the CA says 394.86 acres, will that be corrected?

Corrected Exhibit B, attached

d. Why was the application in this case showing a spacing unit of 196.98 acres, when it is actually 394.86 acres?

That was my mistake, but the acreage descriptions are correct throughout.

e. What is the proposed TVD of each of the two Proposed Wells? And what is the geologist name for the formation at those depths?

The TVD for the Dragonfly 13C 1H is 6,053'. For the 2H, it is 6,030'.

f. The Geologist will need to sign his Affidavit for it to be used.

Signed affidavit, attached.

g. Did Logos already talk to Kate Pickford and has she assigned the Pool as Escrito Gallup (Associated Oil) Pool (22619)? I know that is preferred, but Kate decides the pools.

I believe that is correct. The C-102s were amended in May to reflect Escrito Gallup.

h. Standup 80-acre Spacing Units look like the Building Blocks or Constituent Tracts for the Horizontal Oil Spacing Unit - is that correct?

Yes sir.

Let me know if you need anything more. I'll submit these as supplemental exhibits, along with an additional notice affidavit at the August 22nd hearing.
Thanks.

Thanks Much,
Will

William V. Jones, P.E.
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Engineering and District IV - Santa Fe
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<http://www.emnrd.state.nm.us/OCD/about.html>