

RECEIVED: 5/1/2017	REVIEWER: LRL	TYPE: NSL	APP NO: pKSC1712255852
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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



NSL-7529

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: LOGOS Operating LLC **OGRID Number:** 289408
Well Name: HEROS 2308 09L COM 1H **API:** 30-045-35688
Pool: Nageezi Gallup **Pool Code:** 47540

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) NOTIFICATION REQUIRED TO: Check those which apply.

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

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

3) CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Christophe J. Jeffus

Print or Type Name

5/1/2017

Date

505-324-4141

Phone Number

c.jeffus@logosresourcesllc.com

e-mail Address

Christophe J. Jeffus

Signature

Lowe, Leonard, EMNRD

From: Christopher Jeffus <cjeffus@logosresourcesllc.com>
Sent: Wednesday, May 3, 2017 4:58 PM
To: Lowe, Leonard, EMNRD
Cc: McMillan, Michael, EMNRD; Jay McWilliams
Subject: Revised Application for NSL - HEROS 2308 09L COM #1H - Currently Drilling
Attachments: NSL Application Package - HEROS 2308 09L Com 1H v2.pdf

Leonard,

Attached, please find a revised Application for Unorthodox for LOGOS's revision to the original HEROS 2308 09L COM 1H plans. The requests made in your prior email are addressed as follows:

1. New C102 attached as Exhibit D in the Application is being submitted to the NMOCD and will be the final C102 used in drilling the well.
2. Setbacks of the first and last perforation points are specifically addressed. The diagonal setback exceeds 467' from all offsetting spacing units, with the exception of the encroached upon spacing unit discussed in the Application (for which waivers have been obtained). The first perforation interval (being the perf closest to the heel) is denoted by footages 330' and 20', while the bottom hole (which includes 50' of wellbore that will not be perforated) is denoted by footages 1,314' and 2,372'.
3. A statement regarding the engineering reasons for the proposed unorthodox location has been inserted as the third paragraph in the Application.

A copy of the waiver email from Kurt Fagrelus of Dugan Production Corp. has been included as Exhibit "B" to this Application to allow initial review of this Application. Mr. Fagrelus has re-indicated that Dugan will execute the waiver as soon as he returns to his office, but he is currently experiencing difficulties with travel so may not be in his office until late tomorrow or early Friday. A copy of the executed waiver will be submitted as soon as possible.

If any further information is necessary to process this Application, please let me know. As previously discussed, we are in the process of drilling the well and would greatly appreciate your review of the attached Application. Thank you for your guidance earlier today.

Chris Jeffus

Christopher J. Jeffus
Vice President – 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



May 3, 2017

VIA 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 HEROS 2308 09L COM 1H, to be drilled as a horizontal wellbore in the Nageezi Gallup Oil Pool (Pool ID 47540) with a spacing unit comprise of the W2SW of Section 9 and the W2NW of Section 16, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico.

Dear Mr. Catanach,

LOGOS Operating, LLC ("LOGOS"), hereby requests administrative approval of an unorthodox location for the HEROS 2308 09L COM 1H (the "Subject Well") pursuant to New Mexico Oil Conservation Division ("NMOCD") Rules pertaining to the Nageezi Gallup Oil Pool. LOGOS intends to drill the Subject Well as a horizontal well with a dedicated project area comprised of the W2SW of Section 9 and the W2NW of Section 16, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico (the "Project Area").

Under the NMOCD rules governing the Nageezi Gallup Oil Pool, a setback of 330' from any quarter-quarter section line is required for a standard location. The Project Area will be a standard project area for development via a horizontal well, and has been consolidated as a Communitized Area approved by both the Bureau of Land Management ("BLM") and the New Mexico State Land Office.

This unorthodox location is requested to improve drainage in the West half of the North half of Section 16 by orienting the wellbore in a direction approaching perpendicular to the principle stress direction. Orienting wellbores in this manner has been common practice in the development of the horizontal Mancos oil play by offset operators.

The first perforation (nearest to the toe of the Subject Well) will be a minimum of 20' from the East line of the Project Area and 330' from the South line of the Project Area. The last perforations (nearest to the heel of the Subject Well) will be a minimum of 330' from the North line of the Project Area and 380' from the West line of the Project Area, and will be located at the Landing Point noted on the C102 attached as Exhibit "D". A plat depicting the only offsetting, encroached-upon spacing unit is enclosed with this Application. There are no active Mancos or Gallup completions in the offsetting, encroached-upon spacing unit.

The NMOCD's Administrative Application Checklist is enclosed at the beginning of this package. Further, enclosed with this Application as Exhibits "B" and "C" are waivers of a requirement for hearing prior to approval of non-standard location from Encana Oil & Gas (USA) Inc. and Dugan Production Corp. (the "Waiving Parties"). The Waiving Parties represent all Gallup operating rights owners in the offsetting, encroached-upon spacing unit. Finally, attached as Exhibit "D" to this Application is a copy of the revised C102 which is in the process of being submitted to the NMOCD in connection with the proposed wellbore

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

orientation. Absent further notification, the C102 attached as Exhibit "D" will be the final C102 used in connection with the permitting of the Subject Well.

An informational copy of this Application will be sent to the BLM and the State of New Mexico Land Office, the owners of all royalty interests in the Spacing Unit as well as in the offsetting, encroached-upon spacing unit.

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

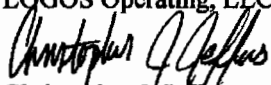
Sincerely,
LOGOS Operating, LLC

Christopher J. Jeffus
Vice President – Land/Legal

Exhibit "D"

DISTRICT I
1626 E. French Dr., Hobbs, N.M. 88240
Phone: (505) 393-4181 Fax: (505) 393-0790

DISTRICT II
511 E. First St., Artesia, N.M. 88203
Phone: (505) 746-1203 Fax: (505) 746-0780

DISTRICT III
1000 E. Brazos St., Aztec, N.M. 87410
Phone: (505) 834-8178 Fax: (505) 834-8170

DISTRICT IV
1820 E. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3480 Fax: (505) 476-3482

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 30-045-35688	² Pool Code 47540	³ Pool Name NAGEEZI GALLUP
⁴ Property Code 317282	⁵ Property Name HEROS 2308 09L COM	⁶ Well Number #1H
⁷ OGED No. 289408	⁸ Operator Name LOGOS OPERATING, LLC	⁹ Elevation 6916

¹⁰ Surface Location

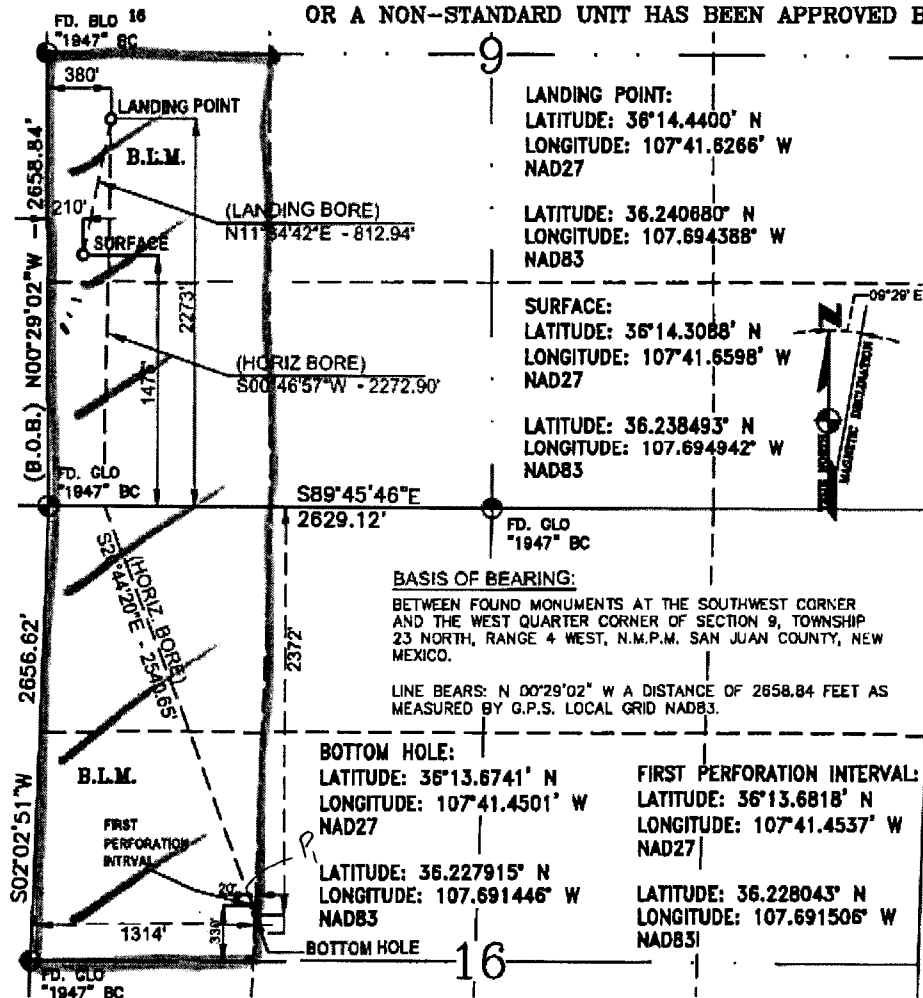
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	9	23-N	8-W		1476	SOUTH	210	WEST	SAN JUAN

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
E	16	23-N	8-W		2372	NORTH	1314	WEST	SAN JUAN

¹² Dedicated Acres 180ACRE= W/2SW/4 SEC 9 W/2NW/4 SEC 16	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or 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 working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Tamra Sessions 5/8/17
Signature Date
Tamra Sessions
Printed Name
tsessions@logosresourcesllc.com
E-mail Address

¹⁸ SURVEYOR CERTIFICATION

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

MAY 1, 2017
Date of Survey
Signature and Seal of
GLEN W. RUSSELL
15703
Certificate Number

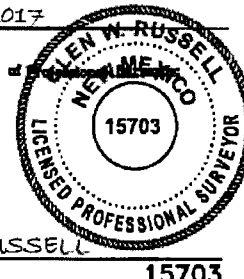


Exhibit "A"

OR A NON-STANDARD UNIT HAS BEEN APPROVED BY

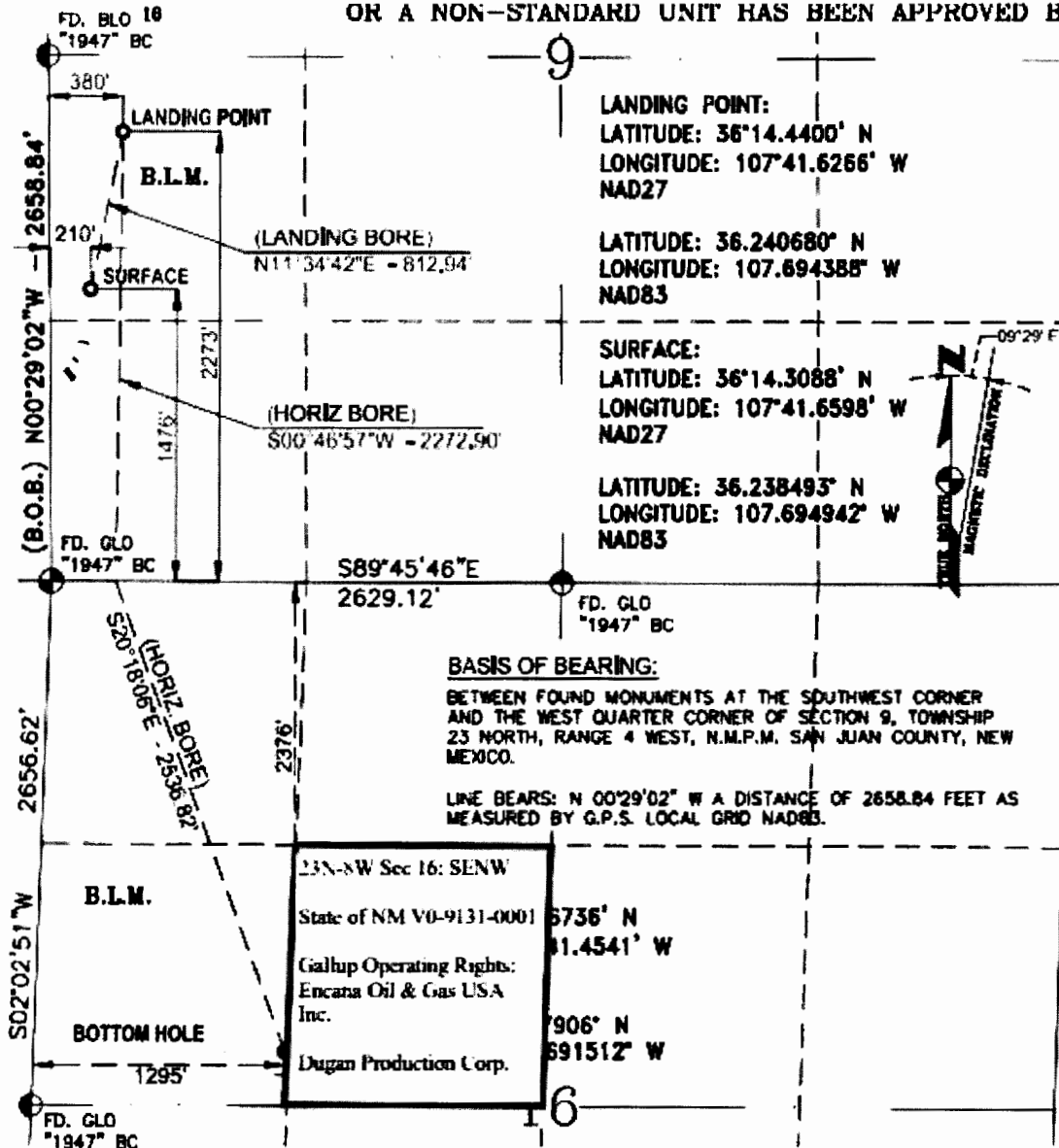


Exhibit B

Christopher Jeffus

From: Kurt Fagrelus <kfagrelus@duganproduction.com>
Sent: Monday, May 01, 2017 1:26 PM
To: Christopher Jeffus
Subject: Re: Request for Waiver of NSL Hearing - Encroached Upon Spacing Unit Covered by Acreage Trade

Christopher Dugan will not object to your proposal. However, I am out of the office until Thursday. Please consider this email as our approval for your project. I will take care of official papers on Thursday. Let me know if this is ok. Thanks,
Kurt fagrelus

Dugan Production Corp
505-320-8248 cell

On May 1, 2017, at 1:27 PM, Christopher Jeffus <cjeffus@logosresourcesllc.com> wrote:

Kurt,

Attached, please find a request for waiver of hearing for a non-standard location to be used in the drilling of LOGOS's HEROS 2308 09L COM 1H. The only encroached-upon spacing unit will be the SENW of Section 16, 23N-8W, and was included as part of the recently closed Encana-Dugan-LOGOS trade. However, because we do not have an approved State of New Mexico operating rights assignment, Encana and Dugan are still the Gallup operating rights owner of the spacing unit and will be required to waive the encroachment.

We are in the process of drilling the vertical portion of this well and would greatly appreciate a fast response. Please let me know if you need any more information to process this request. If agreeable, would you please just send a scanned copy back in reply to this email? Thank you.

Chris Jeffus

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


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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.

<Waiver NSL - HEROS 2308 09L Com 1H - Dugan.pdf>

We would greatly appreciate your prompt attention to this matter as we seek to drill the Subject Well in the near future. If any further information is needed by your company, please do not hesitate to contact me by phone at 505-324-4141 or by email at cjeffus@logosresourcesllc.com. Thank you.

Sincerely,
LOGOS Operating, LLC


Christopher J. Jeffus
Vice President – Land/Legal

Dugan Production Corp. hereby waives requirement for an NMOCD hearing for approval of a non-standard location for the Subject Well using the Proposed Setbacks.

By: Kurt Fagrelis
Printed Name: Kurt Fagrelis
Title: V.P.
Date: 5-4-2017



May 1, 2017

VIA EMAIL (kfagrelus@duganproduction.com)

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401

**Re: Request for waiver of hearing requirement for non-standard location of HEROS 2308
09L COM 1H**

Mr. Fagrelus,

The HEROS 2308 09L COM 1H (API 30-045-35688) (the "Subject Well") has been permitted as a horizontal well to be drilled in the Nageezi Gallup Oil Pool, with a spacing unit consisting of the W2SW of Section 9 and the W2NW of Section 16, Township 23 North, Range 8 West, NMPM (the "Communitized Area"). LOGOS Operating, LLC ("LOGOS") is the operator of the Subject Well.

LOGOS intends to amend the drilling plans for the Subject Well such that the final perforation within the wellbore of the aforesaid well will be located 1,295' FWL of Section 16, Township 23 North, Range 8 West, NMPM, and 330' north of the center line of said Section 16 (the "Proposed Setbacks"). The New Mexico Oil Conservation Division ("NMOCD") rules for the Nageezi Gallup Oil Pool require spacing of 330' from the outer boundary of any 40 acre governmental subdivision. Consequently, the proposed location will be unorthodox under the NMOCD pool rules governing the Nageezi Gallup Oil Pool.

Based upon our research, LOGOS believes that your company is an owner of operating rights in the Gallup formation underlying the following offsetting standard spacing unit:

Township 23 North, Range 8 West, NMPM
Section 16: SENW

Attached as Exhibit "A", please find a copy of an offset ownership plat, as required by 19.15.15.13.C NMAC.

LOGOS believes that, despite being an unorthodox location under the pool rules for the Nageezi Gallup Oil Pool, the Proposed Setbacks allow efficient development of the area. Accordingly, LOGOS hereby requests waiver of the need for a hearing for a non-standard location utilizing the aforesaid setbacks.

If Dugan Production Corp., is agreeable to a waiver of the need for an NMOCD hearing for approval of the aforesaid non-standard location, please evidence said waiver by signing below and returning a scanned copy to cjeffus@logosresourcesllc.com.

Exhibit B

We would greatly appreciate your prompt attention to this matter as we seek to drill the Subject Well in the near future. If any further information is needed by your company, please do not hesitate to contact me by phone at 505-324-4141 or by email at cjeffus@logosresourcesllc.com. Thank you.

Sincerely,

LOGOS Operating, LLC



Christopher J. Jeffus

Vice President – Land/Legal

Dugan Production Corp. hereby waives requirement for an NMOCD hearing for approval of a non-standard location for the Subject Well using the Proposed Setbacks.

By: _____

Printed Name: _____

Title: _____

Date: _____

NOTE: See attached e-mail
from Kurt Fagrellus, Vice President -
Land & Exploration for
Dugan Production Corp., approving
the request for waiver.

Exhibit B

Exhibit "A"

OR A NON-STANDARD UNIT HAS BEEN APPROVED BY

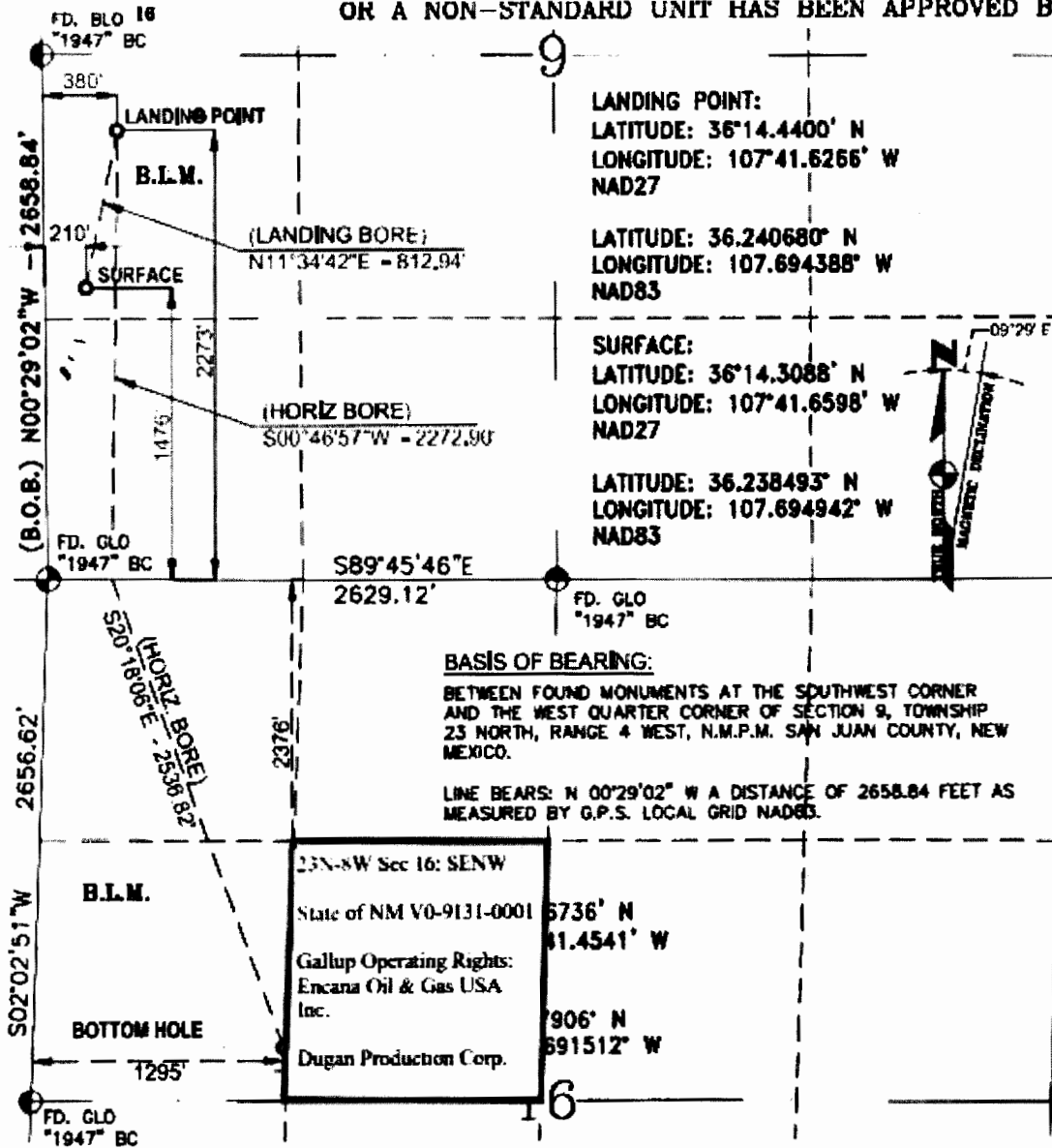


Exhibit C



May 1, 2017

VIA EMAIL (mona.binion@encana.com)

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202

Re: Request for waiver of hearing requirement for non-standard location of HEROS 2308 09L COM 1H

Ms. Binion,

The HEROS 2308 09L COM 1H (API 30-045-35688) (the "Subject Well") has been permitted as a horizontal well to be drilled in the Nageezi Gallup Oil Pool, with a spacing unit consisting of the W2SW of Section 9 and the W2NW of Section 16, Township 23 North, Range 8 West, NMPM (the "Communitized Area"). LOGOS Operating, LLC ("LOGOS") is the operator of the Subject Well.

LOGOS intends to amend the drilling plans for the Subject Well such that the final perforation within the wellbore of the aforesaid well will be located 1,295' FWL of Section 16, Township 23 North, Range 8 West, NMPM, and 330' north of the center line of said Section 16 (the "Proposed Setbacks"). The New Mexico Oil Conservation Division ("NMOCD") rules for the Nageezi Gallup Oil Pool require spacing of 330' from the outer boundary of any 40 acre governmental subdivision. Consequently, the proposed location will be unorthodox under the NMOCD pool rules governing the Nageezi Gallup Oil Pool.

Based upon our research, LOGOS believes that your company is an owner of operating rights in the Gallup formation underlying the following offsetting standard spacing unit:

Township 23 North, Range 8 West, NMPM
Section 16: SENW

Attached as Exhibit "A", please find a copy of an offset ownership plat, as required by 19.15.15.13.C NMAC.

LOGOS believes that, despite being an unorthodox location under the pool rules for the Nageezi Gallup Oil Pool, the Proposed Setbacks allow efficient development of the area. Accordingly, LOGOS hereby requests waiver of the need for a hearing for a non-standard location utilizing the aforesaid setbacks.

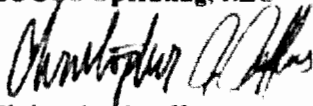
If Encana Oil & Gas (USA) Inc., is agreeable to a waiver of the need for an NMOCD hearing for approval of the aforesaid non-standard location, please evidence said waiver by signing below and returning a scanned copy to cjeffus@logosresourcesllc.com.

Exhibit C

We would greatly appreciate your prompt attention to this matter as we seek to drill the Subject Well in the near future. If any further information is needed by your company, please do not hesitate to contact me by phone at 505-324-4141 or by email at cjeffus@logosresourcesllc.com. Thank you.

Sincerely,

LOGOS Operating, LLC

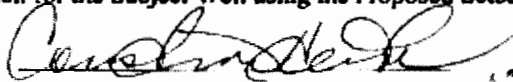


Christopher J. Jeffus

Vice President - Land/Legal

Encana Oil & Gas (USA) Inc., hereby waives requirement for an NMOCD hearing for approval of a non-standard location for the Subject Well using the Proposed Setbacks.

By:



Printed Name:

Constance D. Heath

Title:

Director, Land Negotiation - Western Operations

Date:

5/1/2017

Exhibit C

Exhibit "A"

OR A NON-STANDARD UNIT HAS BEEN APPROVED BY

