

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**AMENDED APPLICATION OF LOGOS OPERATING, LLC, FOR APPROVAL OF A
NON-STANDARD PROJECT AREA AND NON-STANDARD SPACING UNIT
COMPRISED OF ACREAGE SUBJECT TO A PROPOSED FEDERAL/STATE OF NEW
MEXICO COMMUNITIZATION AGREEMENT, SAN JUAN COUNTY, NEW MEXICO**

CASE NO. 16105

AMENDED APPLICATION

LOGOS Operating, LLC ("LOGOS"), files this application with the Oil Conservation Division for an order approving a 640 +/- acre non-standard project area and non-standard spacing unit comprised of acreage subject to a Federal and State of New Mexico Communitization Agreement covering the Gallup formation underlying the S/2 of Section 9 and the N/2 Section 16, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico. In support of its application, LOGOS states:

1. The parent entity of LOGOS (OGRID No. 289408), LOGOS Resources II, LLC, owns all of the working interest in the Gallup formation underlying one federal lease covering the S/2 of Section 9, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico, and one State of New Mexico lease covering the NW/4, W2NE and SENE of Section 16, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico. Hilcorp San Juan, LP (Hilcorp), owns all of the working interest in the Gallup formation underlying one State of New Mexico lease covering the NENE of Section 16, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico.

2. LOGOS has drilled and completed the Heros 2308 09L Com #1H well (API 30-045-35688) as a horizontal Gallup oil well upon a standard project area covering the W2SW of

Section 9 and W2NW of Section 16, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico, under an approved Federal and State of New Mexico Communitization Agreement, assigned Agreement No. NMNM 136868.

3. LOGOS plans to drill four horizontal Gallup oil wells, in addition to the Heros 2308 09L Com #1H, from a surface pad shared with the Heros 2308 09L Com #1H.

4. LOGOS has discussed with the Bureau of Land Management and the New Mexico State Land Office the potential for a single Communitization Agreement covering a single Communitized Area comprised of the Gallup formation underlying the S/2 of Section 9 and the N/2 of Section 16, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico (the "640 Acre Communitized Area"), and expects to receive preliminary approval of such Communitization Agreement in advance of the hearing in this matter.

5. LOGOS has discussed with the Bureau of Land Management and the New Mexico State Land Office the potential for the Communitization Agreement covering the 640 Acre Communitized Area to supersede, on a prospective basis, Communitization Agreement NMNM 136868.

6. The Nageezi Gallup Oil Pool (47540) covers the S/2 of Section 9 and the N/2 of Section 16, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico. The Nageezi Gallup Oil Pool is subject to special pool rules providing for 40 acre spacing units and 330 foot setbacks from the outer boundary of the spacing unit. All completions within the Heros 2308 09L #1H are at least 330 feet from the outer boundaries of the proposed 640 Acre Communitized Area, and all completions in the additional four (4) horizontal oil wells detailed in Recital 3 will be at least 330 feet from the outer boundaries of the proposed 640 Acre Communitized Area.

7. In order to minimize surface disturbance, allow for the most efficient horizontal well development pattern, and to effectively develop and produce the resource in the Gallup formation, the entire proposed 640 Acre Communitized Area should be treated as a single project area and non-standard spacing unit, all 640 acres within the 640 Acre Communitized Area should be dedicated to the existing Heros 2308 09L Com #1H, and all 640 acres within the 640 Acre Communitized Area should be dedicated to future horizontal Gallup wells with completed intervals wholly within the 640 Acre Communitized Area.

8. Approval of a 640-acre project area comprised of the subject acreage is consistent with the intent of a "project area" expressed in Rule 19.15.16.7.L(2).

9. LOGOS will provide notice of this application to the affected persons in the spacing units that adjoin the proposed 640 Acre Communitized Area, as well as all affected persons within the proposed 640 Acre Communitized Area. LOGOS's parent entity, LOGOS Resources II, LLC, and Hilcorp are the only affected persons within the 640 Acre Communitized Area.

10. Approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, LOGOS Operating, LLC, requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on May 4, 2018, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,



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Case 16105. Amended Application of LOGOS Operating, LLC, for approval of a non-standard project area and non-standard spacing unit comprised of acreage subject to a proposed Federal/State of New Mexico Communitization Agreement, San Juan County, New Mexico. Applicant seeks approval of a 640 acre non-standard project area and non-standard spacing unit in the Gallup formation comprised of acreage subject to a proposed Federal and State of New Mexico Communitization Agreement covering the Gallup formation underlying the S/2 of Section 9 and the N/2 of Section 16, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico. The subject acreage lies within the Nageezi Gallup Oil Pool. The subject acreage is located approximately 6 miles West of Lybrook, New Mexico.