

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

**APPLICATION OF LOGOS OPERATING, LLC FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO**

Case No. 20413

APPLICATION

LOGOS Operating, LLC ("LOGOS") applies for an order pooling all interests in the Gallup formation, Nageezi-Gallup Oil Pool (47540; Order No. R-5339), underlying the N/2 of Section 32, Township 24 North, Range 8 West, NMPM, San Juan County, New Mexico. In support thereof, LOGOS states:

1. Applicant is an interest owner in the N/2 of Section 32 and has the right to drill thereon.
2. LOGOS proposes to drill three wells to depths sufficient to test and develop the Gallup formation as follows:
 - a. LOGOS plans to drill the **State 2408 32A Com No. 1H** (infill well) at an approximate surface hole location in the NE/4 NE/4 of Section 32-T24N-R8W (Unit A) with an estimated bottom hole location in the NW/4 NW/4 (Unit D) of Section 32.
 - b. LOGOS plans to drill the **State 2408 32A Com No. 2H** (defining well) at an approximate surface hole location in the NE/4 NE/4 of Section 32-T24N-R8W (Unit A) with an estimated bottom hole location in the SW/4 NW/4 of Section 32 (Unit E).
 - c. LOGOS plans to drill the **State 2408 32A Com No. 3H** (infill well) at an approximate surface hole location in the NE/4 NE/4 of Section 32-T24N-R8W (Unit A) with an estimated bottom hole location in the SW/4 NW/4 of Section 32 (Unit E).

3. The producing interval of each well will be located within the setbacks established for horizontal oil wells.

4. Applicant seeks to dedicate the N/2 of Section 32 to form a 320-acre \pm horizontal spacing unit in the Gallup formation within the Nageezi-Gallup Oil Pool. The horizontal spacing unit is comprised of three state oil and gas leases which will be subject to a New Mexico State Land Office Communitization Agreement. Applicant expects to receive preliminary approval of such Communitization Agreement in advance of the hearing in this matter.

5. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Gallup formation in the proposed spacing unit for the purposes set out herein.

6. Although Applicant has attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, Applicant seeks an order pooling all mineral interest owners in the Gallup formation, Nageezi-Gallup Oil Pool. Applicant seeks to dedicate the N/2 of Section 32 pursuant to NMSA 1978, §§ 70-2-17, 18.

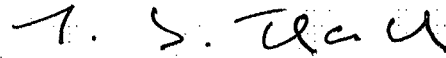
7. Approval of the horizontal spacing unit and the pooling of all mineral interests in the Gallup formation, Nageezi-Gallup Oil Pool, underlying the N/2 of Section 32 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on May 2, 2019 and that, following notice and hearing, the Division enter its order:

A. Approving a horizontal spacing unit coterminous with the communitized area;

- B. Pooling all mineral interests in the N/2 of Section 32, Township 24 North, Range 8 West, NMPM, San Juan County, New Mexico;
- C. Designating LOGOS Operating, LLC as operator of the wells;
- D. Considering the cost of drilling and completing the wells, an allocating the among the wells' working interest owners or mineral interest owners;
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner or mineral interest owner elects not to participate in the wells.

Respectfully submitted,



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Case No. 20413: Application of Logos Operating, LLC for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all interests in the Gallup formation underlying the N/2 of Section 32, Township 24 North, Range 8 West, NMPM in San Juan County, New Mexico. Applicant seeks to establish a 320-acre horizontal spacing unit in the Nageezi-Gallup Oil Pool (47540; Order No. R-5339) in the N/2 of Section 32. The unit will be subject to a state communitization agreement and will be dedicated to three wells to be drilled by Applicant as follow: (1) the **State 2408 32A Com No. 1H** (infill well) at an approximate surface hole location in the NE/4 NE/4 (Unit A) with an estimated bottom hole location in the NW/4 NW/4 (Unit D); (2) the **State 2408 32A Com No. 2H** (defining well) at an approximate surface hole location in the NE/4 NE/4 (Unit A) with an estimated bottom hole location in the SW/4 NW/4 (Unit E); and (3) the **State 2408 32A Com No. 3H** (infill well) at an approximate surface hole location in the NE/4 NE/4 (Unit A) with an estimated bottom hole location in the SW/4 NW/4 (Unit E), all in Section 32. The producing intervals of all three wells will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 2 miles northeast of Nageezi, New Mexico.