

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

**APPLICATION OF LOGOS OPERATING, LLC FOR COMPULSORY POOLING,
RIO ARriba COUNTY, NEW MEXICO**

Case No. 20486

AMENDED APPLICATION

MAY 13 2019 PM04:12

LOGOS Operating, LLC ("LOGOS") applies for an order pooling all interests in the Gallup formation, Escrito-Gallup Pool (22619; Order No. R-5353), underlying Lots 2 (Unit D) and 3 (Unit E) of Section 13 and the N/2 of Section 14, 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 subject lands and has the right to drill thereon.
2. LOGOS proposes to drill two wells to depths sufficient to test and develop the Gallup formation as follow:
 - a. LOGOS plans to drill the **Dragonfly 2408 13C Com No. 1H** (defining well) at an approximate surface hole location in Lot 1 (Unit C) of Section 13-T24N-R8W with an estimated bottom hole location in the NW/4 NW/4 (Unit D) of Section 14.
 - b. LOGOS plans to drill the **Dragonfly 2408 13C Com No. 2H** (infill well) at an approximate surface hole location in Lot 1 (Unit C) of Section 13-T24N-R8W with an estimated bottom hole location in the SW/4 NW/4 (Unit E) of Section 14.
3. The producing interval of each well will be located within the setbacks established for horizontal oil wells.
4. Applicant seeks to dedicate Lots 2 and 3 of Section 13 and the N/2 of Section 14 to form a standard 196.98-acre \pm horizontal spacing unit in the Gallup formation within the Escrito-Gallup Oil Pool. The horizontal spacing unit is comprised of two federal oil and gas leases which

will be subject to a federal 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 or ratification of all other mineral interest owners in the Gallup formation in the proposed project area for the purposes set forth herein.

6. Although Applicant attempted to obtain voluntary agreements or ratifications from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating or ratifying their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Gallup formation, Escrito-Gallup Oil Pool. Applicant seeks to dedicate Lots 2 and 3 of Section 13 and the N/2 of Section 14 pursuant to NMSA 1978, §§ 70-2-17, 18.

7. LOGOS proposes that the order pooling un-joined mineral interests provide for separate participation elections for each well.

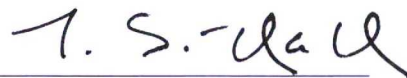
8. Approval of the horizontal spacing unit and the pooling of all mineral interests in the Gallup formation, Escrito-Gallup Oil Pool, underlying Lots 2 and 3 of Section 13 and the N/2 of Section 14 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

9. Portions of the proposed horizontal spacing unit are within presently undesignated pool tracts located between the Escrito-Gallup Oil Pool (80-acre spacing) and the Dufer's Point Gallup-Dakota Oil Pool (160-acre spacing). LOGOS provisionally requests an exception to the acreage dedication requirements of Division Rule 19.15.16.15.B (2), if necessary.

WHEREFORE, Applicant requests that this application be set for hearing on June 13, 2019 and that, following notice and hearing, the Division enter its order:

- A. Approving a standard horizontal spacing unit and pooling all mineral interests in the Gallup formation underlying Lots 2 (Unit D) and 3 (Unit E) of Section 13 and the N/2 of Section 14, Township 24 North, Range 8 West, NMPM, San Juan County, New Mexico;
- B. Designating LOGOS Operating, LLC as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners or mineral interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner or mineral interest owner elects not to participate in the wells and;
- F. Providing for an exception to the acreage dedication requirements of Division Rule 19.15.16.15.B (2) of the Division's rules, if necessary.

Respectfully submitted,



J. Scott Hall
Post Office Box 1946
Santa Fe, NM 87504-1946
(505) 670-7362
shall@logosresourcesllc.com

*Attorney for LOGOS Operating, LLC
and LOGOS Resources II, LLC*