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August 17, 2004

VIA HAND DELIVERY

Case 13339

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: **Application of Loco Hills GSF for approval of a Stage I and II Abatement Plan and Best Management Practices Plan and an exemption to Division Rule 50, Eddy County, New Mexico.**

Dear Mr. Fesmire:

On this date, Loco Hills GSF delivered to the Oil Conservation Division for its review and consideration its proposed Stage I and Stage II Abatement Plans and Best Management Practices Plan for its facility located in the NW/4 SW/4 of Section 22, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico. These documents were sent by e-mail to Mr. Wayne Price with hard copies to follow. Since the operation of this facility in accordance with these plans meets all of the Division's requirements and since all adjacent surface owners, Bogel Farms and the State Land Office, have been notified of this application as required by Rule 50.G(2), Loco Hills GSF submits that it has complied with all Division requirements for approved of an exemption to Rule 50 without hearing.

However, at our meeting with you and your staff on August 3, 2004, we were advised that this application would be set for hearing. As you may recall, Loco Hills is concerned that additional time delays in obtaining administrative approval of this petition for exemption could further delay its aggressive groundwater restoration program at this site and have severe economic consequences on its ability to operate this facility in the most environmentally sensitive way. At the time of that meeting we requested that the application be heard by the Commission at its September 9, 2004 meeting.

Loco Hills requests that you treat this letter and the Stage I and Stage II Abatement Plans and its Best Management Practices Plan as its petition for exemption to the



requirements of Rule 50 for a double liner and leak detection system for a pit located at this facility.

Loco Hills also requests that this application be set for hearing before the Oil Conservation Commission at its September 9, 2004 meeting and that following notice and hearing the requested exemption be granted.

We enclose a copy of a proposed legal advertisement for this case. Loco Hills will also provide notice of this request for hearing to the surface owners of record under and adjacent to this facility and to such other persons as the Division may direct.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr
Attorney for Loco Hills (GSF)

Enclosure

cc: Mr. Mitchell Johnson
Mr. Randall Hicks

Case 1535: **Application of Loco Hills GSF for approval of its Stage I and II Abatement Plans and Best Management Practices Plan and an exemption to Division Rule 50, Eddy County, New Mexico.** Pursuant to the provisions of Rule 50.G (2) of the General Rules of the Division, applicant seeks approval of its Stage I & II Abatement Plan and Best Management Practices Plan for the Loco Hills Gas Storage Facility and an exemption to the requirements of Rule 50 for a double liner and leak detection system for a pit located at this facility in the NW/4 SW/4 of Section 22, Township 17 South, Range 29 East, NMPM, Eddy County, where ground water beneath the site exceeds 100,000 ppm total dissolved solids. This facility is located approximately 5 miles west of Loco Hills, New Mexico.