



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

David J. Simon
State Parks Division Director

Joanna Prukop
Cabinet Secretary

Reese Fullerton
Deputy Cabinet Secretary

February 11, 2008

Case 14127

HAND DELIVERED

Mr. Mark Fesmire
Director
Oil Conservation Division
Energy, Minerals and
Natural Resources Department
1220 S. St. Francis
Santa Fe, NM 87505

Re: Request for notice of any hearing involving application by J. Cleo Thompson for a permit to drill in the SE area of the NW1/4 of Section 27, Township 21S, Range 26E

Dear Director Fesmire,

Please consider this the official request by the State Parks Division (SPD), to the Oil Conservation Division (OCD), pursuant to NMAC Rule 19.15.14.1207(B)(2), for prior notice of any hearings or other public proceedings that may involve the application by J. Cleo Thompson and James Cleo Thompson, Jr., L.P. Oil Producers (J. Cleo) for a permit to drill two gas wells in the above referenced area. SPD requests the notice to be sent by electronic mail, as allowed by the above rule, to myself at dave.simon@state.nm.us and also to SPD employee Ken Britt at ken.britt@state.nm.us.

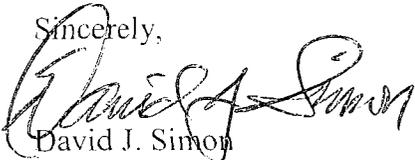
SPD understands that J. Cleo's proposed drilling area consists of approximately one hundred twenty (120) acres of land, the surface and minerals of which are owned by a private individual. The subject land is located adjacent to the eastern edge of the Living Desert Zoo and Gardens State Park (Park), with Park land to the north and south. J. Cleo has approached SPD about the possibility of obtaining access to the subject land from the west, across a portion of the Park. SPD has not made any official decision concerning this request. J. Cleo has indicated they may be able to approach the subject land from the east, apparently from US highway 285. Even with such access not directly impacting the Park, there may be other impacts to SPD, such as dust or noise. And regardless of access, J. Cleo has also raised the possibility that they may need a pipeline easement across Park land. While SPD has not made any official decisions on these matters, it wishes to monitor the progress of J. Cleo's permit approval.

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It is apparent that J. Cleo will not be able to meet the spacing requirements contained in NMAC Rule 19.15.3.104(C)(2) for deep gas wells in Eddy County, based on a copy of correspondence dated January 24, 2008 from J. Cleo to OCD, in which J. Cleo expressed its need to obtain approval for a nonstandard spacing unit and unorthodox locations. SPD understands that J. Cleo is planning on drilling to the Morrow formation, and therefore 320 acre spacing would apply under that rule. SPD has a copy of the application for permit to drill filed by J. Cleo on January 7, but the "dedicated acres" space was left blank, e.g., on the two C-102 forms.

In summary, SPD thanks you for noting its request to be notified of any hearings that may take place regarding J. Cleo's application in regards to the above described land. In the event of a hearing, this will allow SPD an opportunity to possibly file a pre-hearing statement under NMAC Rule 19.15.14.1211(B), in order to allow SPD to present testimony that may be relevant to OCD's decision.

Sincerely,



David J. Simon

Director, New Mexico State Parks

cc: Ken Britt, Superintendent, Living Desert Zoo and Gardens State Park