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BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

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In the Matter of the Application by  
J. Cleo Thompson &  
James Cleo Thompson, Jr., L.P.,  
for approval of a non-standard gas  
spacing and proration unit

Case No. 14127

**PREHEARING STATEMENT**

The New Mexico State Parks Division ("Division"), Energy, Minerals and Natural Resources Department, State of New Mexico, by and through undersigned counsel, and having previously submitted a Notice of Intervention, hereby submits this Prehearing Statement pursuant to Rule 19.15.14.1211 NMAC, regarding the Application filed by J. Cleo Thompson & James Cleo Thompson, Jr., L.P. ("Applicant"). The Application is currently set for hearing before the Oil Conservation Division ("OCD") on May 15, 2008.

In compliance with the referenced OCD administrative rule, the Division states as follows:

**Names of the Party and the Party's Attorney**

The name of the Division is as follows:

New Mexico State Parks Division  
Energy, Minerals and Natural Resources Department  
State of New Mexico

(505) 476-3355

The administrative head of the State Parks Division is Director David J. Simon.

The names of the Division's counsel are as follows:

Mike Thomas ([michaelj.thomas@state.nm.us](mailto:michaelj.thomas@state.nm.us))  
(505) 476-3213

Ted Apodaca ([ted.apodaca@state.nm.us](mailto:ted.apodaca@state.nm.us))  
(505) 476-3212

## **Concise Statement of the Case**

The Applicant has filed an application for permit to drill ("APD") with the OCD and proposes to drill two exploratory gas wells on 120 acres of private fee land in the SE1/4NW1/4 and S1/2NE1/4 of Section 27, Township 21 South, Range 26 East, N.M.P.M., Eddy County, near the northern edge of the City of Carlsbad.

As a result of the spacing requirements for deep gas wells in Eddy County, the Applicant cannot drill the two wells without approval of a non-standard spacing unit from the OCD, for which this hearing is being held. The Applicant's plan is to drill to the Morrow formation, or other deep formations, underlying the subject private land. Such deep gas wells require 320 surface acre spacing under Rule 19.15.3.104(C)(2) NMAC.

## **Witnesses**

Estimated times are stated in parentheses, approximate number of exhibits are also indicated.

Ken Britt, New Mexico State Parks

(15 minutes) (Two to Three Exhibits)

Steve Cary, New Mexico State Parks

(15 minutes) (Two to Three Exhibits)

Linda Delay, Energy, Minerals & Natural Resources Department

(10 minutes) (Two to Three Exhibits)

Tony Herrell, Deputy State Director, Division of Minerals,  
Bureau of Land Management

(15 minutes) (Two to Three Exhibits)

David J. Simon, New Mexico State Parks

(15 minutes) (Two to Three Exhibits)

Jay Spielman, Bureau of Land Management, New Mexico State Office

(15 minutes) (Two to Three Exhibits)

The Division reserves the right to call additional witnesses, as needed, for rebuttal purposes.

**Time needed to present case**

Approximately 75 to 85 minutes.

**Procedural Matters Requiring Resolution**

None.

**Extent to which the Division Opposes Issuance of the Order the Applicant Seeks and Reasons for Such Opposition**

The Division operates a state park known as the Living Desert Zoo and Gardens State Park ("Park") near the proposed area for gas drilling. The Park focuses on the Chihuahuan desert and contains a zoo housing various animals and a walking trail with botanical displays. The Division is concerned over impacts which will occur at the Park if the OCD grants the Applicant the order it is seeking, as explained in the Notice of Intervention. For brevity, the Division hereby incorporates the discussion "Nature of Intervenor's Interest in the Application," concerning effects on the Park of granting the Applicant's APD, in the Notice of Intervention, as if fully set forth herein.

As a result, the Division opposes issuance of the order sought by the Applicant. Alternatively, if the application is granted, the order should place appropriate conditions on Applicant's drilling operations.

Respectfully submitted,



Mike Thomas  
Ted Apodaca

Assistants General Counsel  
Energy, Minerals and  
Natural Resources Department  
1220 S. St. Francis  
Santa Fe, NM 87505  
(505) 476-3212 / 476-3213  
FAX (505) 476-3220

**Certificate of Service**

I hereby certify that a copy of this notice was transmitted, on May 8, 2008, via email to the Applicant's attorney (James Bruce) at [jamesbruc@aol.com](mailto:jamesbruc@aol.com) and by facsimile to (505) 982-2151, in compliance with OCD Rule 19.15.14.1211(A).

Michael J. Thomas