

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE)  
(505) 982-2151 (FAX)

jamesbruce@aol.com

April 29, 2003

Via Fax and U.S. Mail

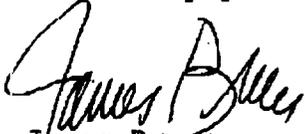
Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case No. 13058; Application of J. Cleo Thompson for  
approval of a Unit Agreement, Roosevelt County

Dear Mr. Stogner:

Enclosed is Exhibit 3, the letter of preliminary approval from the  
Land Commissioner.

Very truly yours,

  
James Bruce

cc: S. Brenner w/encl.



PATRICK H. LYONS  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

April 25, 2003

Mr. James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87501

Re: Preliminary Approval  
Proposed Northwest Jenkins State Exploratory Unit  
Roosevelt County, New Mexico

Dear Mr. Bruce:

This office has received the unexecuted copy of the unit agreement, which you have submitted on behalf of J. Cleo Thompson, for the proposed Northwest Jenkins State Exploratory Unit area, Roosevelt County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
  - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
  - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
  - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
  - d. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

OIL CONSERVATION DIVISION

CASE NUMBER 13058

J. Cleo Thompson EXHIBIT 3

James Bruce  
April 25, 2003  
Page 2

- 5. Please submit two copies of the Unit Agreement.
- 6. A copy of the Unit Operating Agreement (if applicable).
- 7. Copies of all the well records for the initial unit well.
- 8. Your filing fee in the amount of \$30.00 has been received.

If you have any questions or if we may be of further help, please contact Pcte Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

BY:   
 JAMI BAILEY, Director  
 Oil, Gas and Minerals Division  
 (505) 827-5744

PL/JB/pm  
cc: OCD-Santa Fe, Attention: Mr. Roy Johnson

PKRVO309853346

NSL 5/5/03

MS

**JAMES BRUCE**  
ATTORNEY AT LAW

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(505) 982-2043 (PHONE)  
(505) 982-2151 (FAX)

jamesbruc@aol.com

April 16, 2003

Hand Delivered

Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

J. Cleo Thompson and James Cleo Thompson, Jr., L.P. hereby resubmits its application for administrative approval of an unorthodox oil well location for the following well:

<u>Well:</u>	State 32 Well No. 1
<u>Location:</u>	1129 feet FSL & 2150 feet FWL
<u>Unit:</u>	SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 32, Township 8 South, Range 34 East, N.M.P.M.

Roosevelt County, New Mexico

The original application is enclosed, together with a copy of your letter of April 11, 2003.

I understand your concerns, due to the geologic mapping enclosed with the original application. However, please note the following additional materials:

1. The well in the NW $\frac{1}{4}$  S5-9S-34E produced approximately 46,000 BO from the Devonian formation before watering out, and it is necessary to move up-structure from that well.
2. Attached to this letter as Exhibit 1 is a seismic map, showing that the proposed location is the highest location structurally in the Devonian formation in Section 32. Thus, applicant believes this is the best location for the proposed well. If you have any questions about this map, feel free to call Thompson's

*Note to file:  
This application is referenced in this matter and is to be made a part of the record in this case.*

**RECEIVED**

APR 16 2003

Oil Conservation Division

*Carroll  
Thompson  
MS*

geologist, Mike Fowler, at (432) 366-8866.<sup>1</sup>

3. The correlative rights of all interest owners in the S½ of Section 32, where the structure is located, will be protected because the S½ is being proposed for unitization (a hearing on the unitization application is set for the April 24th Examiner hearing).<sup>2</sup> As a result, development of offsetting well units is not an issue.

Based on the foregoing, applicant requests that you reconsider your original denial, and approve the application.

Please call me if you need any further information on this matter.

Very truly yours,



James Bruce

Attorney for J. Cleo Thompson and  
James Cleo Thompson, Jr., L.P.

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<sup>1</sup>Midland/Odessa has a new area code.

<sup>2</sup>Preliminary approval is being sought from the Commissioner of Public Lands. The S½ of Section 32 is all Common School land.



J.Cleo. 01  
NEW MEXICO ENERGY, MINERALS and  
NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

April 11, 2003

**Lori Wrotenberg**  
Director  
Oil Conservation Division

**J. Cleo Thompson and James Cleo Thompson, Jr., L. P.**  
c/o **James Bruce**  
**P. O. Box 1056**  
**Santa Fe, New Mexico 87504**

**Re:** *Administrative application (application reference No. pKRV0-309853346) for an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for J. Cleo Thompson and James Cleo Thompson, Jr., L. P.'s proposed State "32" Well No. 1 at an unorthodox oil well location 1129 feet from the South line and 2150 feet from the West line (Unit N) of Section 32, Township 8 South, Range 34 East, NMPM, Undesignated Northwest Jenkins-Devonian Pool (33940), Roosevelt County, New Mexico, within a standard 40-acre oil spacing and proration unit comprising the SE/4 SW/4 of Section 32.*

Dear Mr. Bruce:

In reviewing the subject application as submitted and assuming no other factors, there are other locations within the SE/4 SW/4 of Section 32 that meet the necessary set back requirements for a standard oil well location while satisfying the desired geological parameters. By moving the location at least 46.5 yards to the south and placing the well anywhere along a line running east/west between the points 990' FSL & 2150' FWL and 990' FSL & 2310' FWL the proposed location would: (i) be standard; (ii) remain within the structural highs depicted on the geological maps (Exhibits B and C); and (iii) not adversely affect or impact the development of this interval.

The conservation rules in all oil and gas producing states governing well spacing and the placement of these wells within such drilling tracts/spacing units have been enacted to promote the orderly development of that states valuable oil and gas resources by preventing waste, protecting correlative rights, and preventing the drilling of unnecessary wells.

This unorthodox oil well location, being deemed unnecessary and unwarranted at this time, is therefore **denied**.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc New Mexico Oil Conservation Division - Hobbs  
New Mexico State Land Office - Santa Fe  
Kathy Valdes, NMOCD - Santa Fe

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



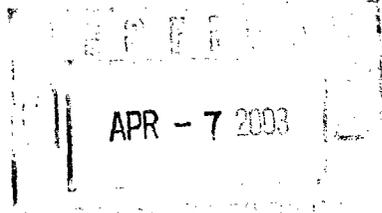
**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**
- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
- [D] Other: Specify \_\_\_\_\_



- [2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**
- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce  
 Print or Type Name

*James Bruce*  
 Signature

Attorney for Applicant

Title  
 jamesbruc@aol.com

e-mail Address

4/7/03  
 Date

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE)  
(505) 982-2151 (FAX)

jamesbruc@aol.com

April 7, 2003

Hand Delivered

Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), J. Cleo Thompson and James Cleo Thompson, Jr., L.P. applies for administrative approval of an unorthodox oil well location for the following well:

<u>Well:</u>	State 32 Well No. 1
<u>Location:</u>	1129 feet FSL & 2150 feet FWL
<u>Unit:</u>	SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 32, Township 8 South, Range 34 East, N.M.P.M., Roosevelt County, New Mexico

The well will be drilled to test the Devonian formation (Undesignated Northwest Jenkins Devonian Pool), which is developed on statewide rules. A Form C-102 for the well is attached as Exhibit A.

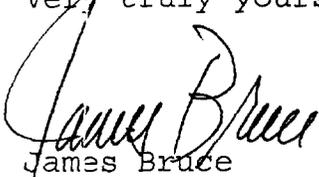
The application is based on geologic reasons. Attached as Exhibits B and C are structure maps of the Wolfcamp and Devonian formations. The proposed location is on a structural high, which is necessary for commercial Devonian production. The well to the southwest, in the SW $\frac{1}{4}$ NW $\frac{1}{4}$  S5-9S-34E, produced approximately 46,000 BO from the Devonian formation, and applicant desires to move up-structure and away from that well.

Attached as Exhibit D is a land plat, highlighting the well's location. (The yellow outline indicates applicant's leasehold position.) The SW $\frac{1}{4}$  of Section 32 is covered by State V-6497-2, which has common royalty and working interest ownership (there are no overriding royalties). Therefore, there are no offset interest owners to notify. **As a result, applicant requests that the 20 day**

notice period be waived.

Please call me if you need any further information on this matter.

Very truly yours,



James Bruce

Attorney for J. Cleo Thompson and  
James Cleo Thompson, Jr., L.P.

SERVATION DIVISION  
 10 South Pacheco  
 Santa Fe, NM 87505

Instructions on  
 Submit to Appropriate District C  
 State Lease - 4 C  
 Fee Lease - 3 C

ARL 11-11-11

2040 South Pacheco, Santa Fe, NM 87505

AMENDED REP

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name	
		33940		Jenkins, NW Devonian	
Property Code	Property Name			Well Number	
	State "32"			1	
OGRID No.	Operator Name			Elevation	
	J. Cleo Thompson			4298'	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	32	8-S	34-E		1129	South	2150	West	Roosevel

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
<p>J. Cleo Thompson          State "32"</p>			<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was placed from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>January 23, 2003</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p><i>Max A. Schumann, Jr.</i></p> <p>Max A. Schumann, Jr.          Certificate 1510</p> <p>Certificate Number Job No. 67,834</p>	
<p>2150'</p>				
<p>1129'</p>				
<p>Elev 4298'</p>				

EXHIBIT  
 A





T  
8  
S

30 29 28

COQUINA HUTCHERSON  
4700'/74

TEXACO FLATS UNIT  
10,000'/66

SUNRAY FED.  
I-T

ARD DRLG. OHIO-ST.  
4685'/66

R.L. WOOD CONE-FED.  
4760'/64

SUNRAY WATSON  
1  
2

32 33

R 34 E

BTA PRUITT  
9642'

BRIGHT & CO. APACHE  
12,231'/92

APACHE FIELD  
9635' 9700'

BTA EVANS  
BROWN EVANS  
2-1-7103

BTA SUN  
4720'/63  
DEL. APACHE WILLIS  
9712'  
9656'

6 DEL. APACHE LANSDALE-FED.  
9607'

5 DEL. APACHE SUNOCO-FED.  
1

4 DEL. APACHE MIDWEST-FED.  
1

TXO PRICE-FED.  
9750'

MIDWEST RIVES  
9737'

SAMSON PRICE-FED.  
9720'

COASTAL HUTCHERSON  
1

TRICE HUTCHERSON  
9797'

T 9 S  
APACHE YOUNG-FED.  
1 1

DEL. APACHE DUNCAN-FED.

COASTAL KING  
9710'

SUN HUTCHERSON  
9870'/60'

9 SUN WATSON  
9740'/60

7 DEL. APACHE US-YOUNG  
1

8 COASTAL PRICE  
1

MIDWEST JAMES PETR.  
1

AMOCO HUTCHERSON  
1

BTA WATSON  
1-678

DEL. APACHE KEOHANE  
1

J. CLEO THOMPSON  
DALLAS, TEXAS

JENKINS NW PROSPECT  
ROOSEVELT & LEA COS., NEW MEXICO

Blumberg No. 508  
EXHIBIT  
D

1"=2000'