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**GENERAL
CORRESPONDENCE**

YEAR(S):

2003 - 2005

GeoProducts of New Mexico, Inc.

August 9, 2005

RECEIVED

AUG 16 2005

**OIL CONSERVATION
DIVISION**

Mr. Raymond Powell, Executive Director
Valles Caldera Trust
2201 Trinity Drive, Suite C
Los Alamos, NM 87544

Dear Mr. Powell:

Attached is our application for a Surface Use Permit to drill two new geothermal wells in the Preserve. The well locations for GNM's Baca #1 and GNM's Baca #2 have been staked and are shown in the attached application.

As you know, we have a geothermal lease on 1/8th of the resource under the entire Preserve. Much of the Redondo Creek Field is proven with wells drilled in the '60's and '70's, but studies have shown the field extends well beyond the area drilled by Union. As we extend the proven area with new drilling, we will be adding to the ultimate capacity of the field and the ultimate power potential of the resource. The Preserve as well as the State will benefit from the clean, renewable energy generated on the Preserve.

We anticipate having access to the Union-drilled wells, but until the court determines that issue, we are moving ahead on the project with the drilling of new wells.

We would appreciate your prompt attention to this and your quick approval of the plan so we can reapply without delay for the necessary permits from the Oil Conservation Division.

Sincerely,



Kenneth L. Boren
President

cc: Michael A. Linden, Regional Geologist
U.S. Forest Service

Mark Fesmire, Director
New Mexico Oil Conservation Division

GeoProducts of New Mexico, Inc.
GNM Geothermal Wells
GNM #1 and #2
T. 19 N. and T. 20 N., R. 3 E., Sandoval County, New Mexico

OPERATING PLAN

1. ROADS

No new roads will be built. Existing roads will be bladed only where needed (e.g., road to GNM #2) to remove vegetation, ruts or rocks, clear borrow ditches, or prevent erosion. Overhanging or protruding limbs will be pruned, rather than trees felled. Pruning will be done at the trunk and no stub left. Debris will be removed from the upstream side of culverts. Gates will be kept locked.

2. WATER SUPPLY

No water well will be drilled nor water pumped from the Valles Caldera National Preserve. Water will be trucked from an existing private water source on private land off of the Preserve.

3. CONSTRUCTION MATERIALS & METHODS

No construction will occur outside the footprint of the proposed well sites and road corridors.

A brush hog will be used to mow brush and grass to ground level on the pads for safety and reduce fire hazard. Blading will only be done where needed to level those portions of the pads for the safe operation of top heavy equipment or where hot equipment could ignite grass stubble. Any such bladed material will be piled near (but not on) the perimeter of the pad for future reclamation. Bladed areas or piles of soil will be fenced on the uphill to deflect runoff and on the downhill side to contain sediment. Diversion ditches will be constructed on the uphill side to divert water around the well pads and soil piles. Fences will be geotextile fabric or noxious weed free straw bales or rolls.

Gravel, if needed, will be trucked from an existing commercial source off the National Preserve.

GeoProducts of New Mexico, Inc.
GNM Geothermal Wells
GNM #1 and #2
T. 19 N. and T. 20 N., R. 3 E., Sandoval County, New Mexico

4. WASTE DISPOSAL

There will be no reserve pit. All fluids will be confined to portable steel tanks. Tank contents will be hauled to New Mexico Oil Conservation Division approved disposal sites in the San Juan Basin.

All trash will be placed in a portable trash cage. It will be hauled to an approved landfill. There will be no burial or burning.

Human waste will be disposed of in chemical toilets or holding tanks beside or under camper trailers. Tank contents will be removed by a state licensed hauler and trucked to a state approved disposal station.

Any fluid leaks (e.g. oil, antifreeze, fuel) from vehicles and contaminated soil will be immediately cleaned and removed to state approved disposal sites.

5. ANCILLARY FACILITIES

Camper trailers will be on location only during drilling and testing.

6. RECLAMATION

Reclamation starts once a well is plugged. Anchors will be removed. (Typical 4' high plugged and abandoned well markers will also be removed and cut off below grade if required by the Preserve.)

The pad will be contoured to a natural appearance, stockpiled topsoil spread evenly over disturbed areas, and compacted areas ripped or harrowed on the contour. A site specific seed mix to be approved by the national Preserve will be drilled or broadcast at a time, rate, and depth specified by the Preserve. Mix may include grasses, shrubs, or forbs. If seed is broadcast, the rate will be increased as determined by the Preserve. A harrow or cable will be dragged over the broadcast seeded areas to assure seed cover. Fertilizer and/or mulch will be applied as required by the Preserve. Roads will be reclaimed in the same manner as the well sites and blocked (berms or gates) as required by the Preserve. Noxious weeds will be controlled.

GeoProducts of New Mexico, Inc.
GNM Geothermal Wells
GNM #1 and #2
T. 19 N. and T. 20 N., R. 3 E., Sandoval County, New Mexico

If a well is a producer, then any areas not needed (e.g., outside the anchors) for work overs will be reclaimed as previously described.

7. SURFACE OWNER

Surface owner is the Valles Caldera National Preserve. Contact is Dennis Trujillo. His office phone number is (505)661-333, Extension 205.

8. EMERGENCY INFORMATION

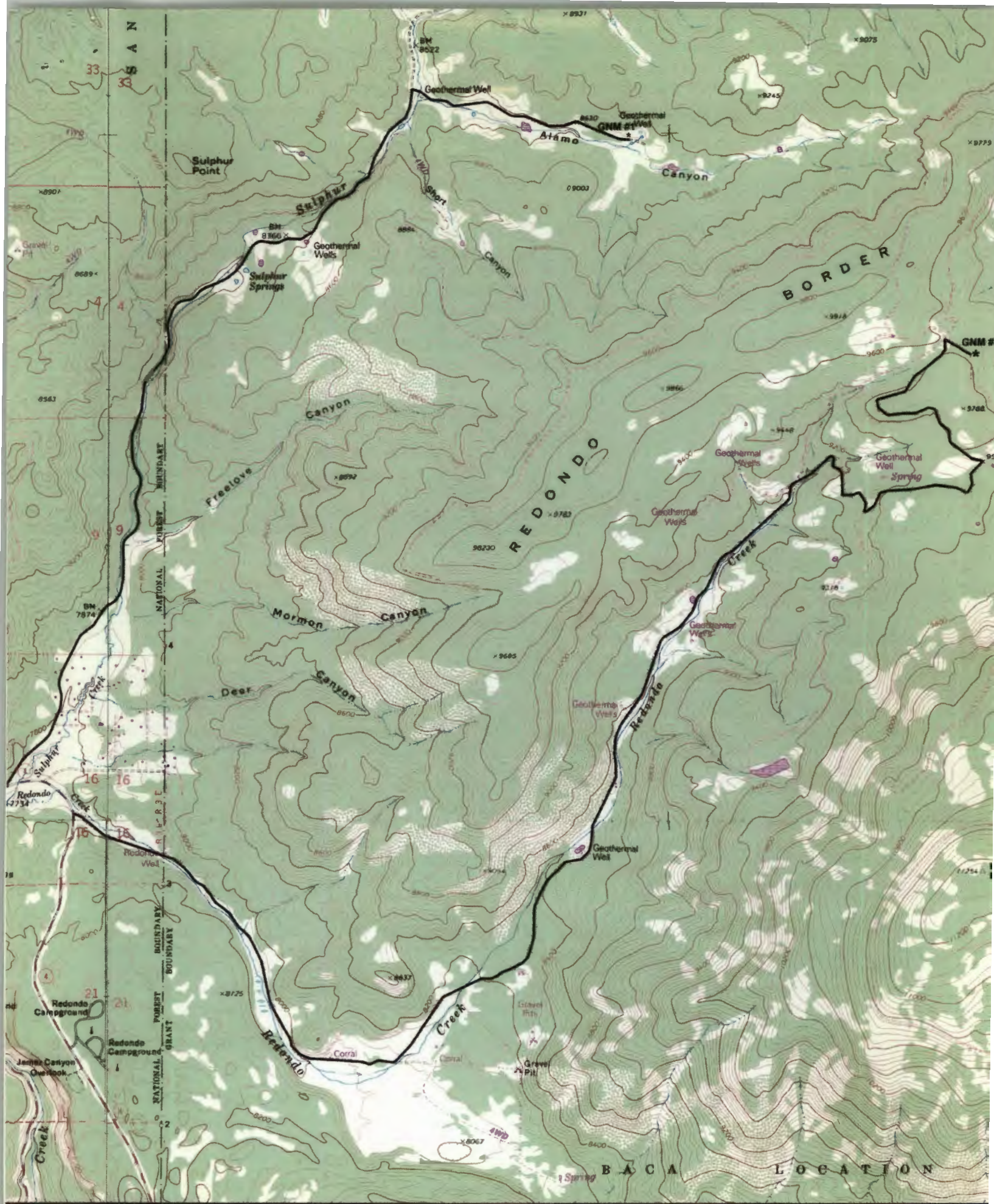
The nearest hospital is a ≈45 minute drive away in Los Alamos. The Los Alamos Medical Center is at 3917 West Road. Phone number is (505) 662-4201.

Much of the land adjacent to the Preserve is part of the Santa Fe National Forest. Closest Ranger Station is at Jemez Springs ((505) 829-3535). Operations will comply with the U.S. Forest Service fire rules and regulations regarding extinguishers, suppression tools, smoking in vehicles, communications, etc.

9. REPRESENTATION

The company representative is:

Ken Boren
GeoProducts of New Mexico, Inc.
10302 Waterview Parkway
Rowlett, TX 75089
(972) 412-8333



Name: VALLE SAN ANTONIO
 Date: 8/2/2005
 Scale: 1 inch equals 2666 feet

Location: 035° 53' 19.7" N 106° 35' 43.0" W



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

February 16, 2004

Lori Wrotenbery

Director

Oil Conservation Division

GeoProducts of New Mexico, Inc.
PO Box 2386
Rowlett, Texas 75030-2386
Attn. Mr Ken Boren

Re: Re-entry Geothermal Drilling Permits, Baca Ranch

Dear Mr. Boren

As described in the New Mexico Oil Conservation Commission Order No. R-121093-A I am returning your Geothermal Drilling Applications and well bonds as they cannot be approved at this time. Should you elect to obtain the necessary federal permits to proceed with this project your re-submittal of these applications will be considered at that time.

Should you have any questions to these applications please contact me at this office.

Sincerely

Roy E. Johnson
District 4 Supervisor



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

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Oil Conservation Division

February 16, 2004

GeoProducts of New Mexico, Inc.
PO Box 2386
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Attn. Mr Ken Boren

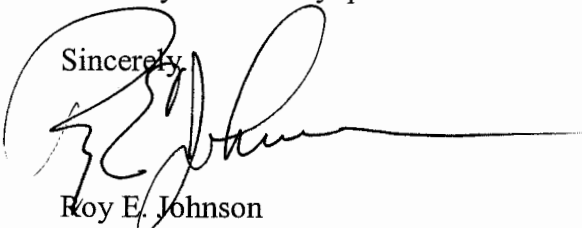
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Sincerely,


Roy E. Johnson
District 4 Supervisor

February 16, 2004

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Sincerely

Roy E. Johnson
District 4 Supervisor

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION FOR
THE PURPOSE OF CONSIDERING:**

CASE NO. 13215

**APPLICATION OF VALDES CALDERA TRUST TO DENY APPLICATIONS OF
GEOPRODUCTS OF NEW MEXICO, INC. FOR PERMITS TO RE-ENTER
ABANDONED GEOTHERMAL WELLS (APDs), SANDOVAL COUNTY, NEW
MEXICO.**

ORDER NO. R-12093-A

ORDER OF THE OIL CONSERVATION COMMISSION

BY THE COMMISSION:

THIS MATTER came before the Oil Conservation Commission (the Commission) for hearing on preliminary questions of law on February 12, 2004 at Santa Fe, New Mexico on petition of Valles Caldera Trust (the Trust), pursuant to Pre-Hearing Order No. R-12093, and the Commission, having carefully considered the pleadings and briefs submitted by the parties hereto, now, on this 12th day of February, 2004,

FINDS,

1. Notice has been given of the application and the hearing on this matter, and the Commission has jurisdiction of the parties herein.

2. By the petition filed herein the Trust seeks an order denying two Applications for Permits to Drill for the re-entry of geothermal wells (APDs) filed by GeoProducts of New Mexico, Inc. (GeoProducts).

3. The wells at issue (the subject wells) are:

Baca Well No. 13, located 865 feet from the North line and 1565 feet from the East line (Unit B) of Section 12, Township 19 North, Range 3 East, Baca Location No. 1, Sandoval County, New Mexico; and

Baca Well No. 15, located 2035 feet from the North line and 85 feet from the East line of Section 11, Township 19 North, Range 3 East, Baca Location No. 1, Sandoval County, New Mexico.

4. The following facts that are recited in the pleading, briefs and attachments thereto are not disputed:

a. The subject wells were drilled by Union Geothermal Company (an affiliate of Union Oil Company of California) and were abandoned in the summer of 1984.

b. The subject wells are located on a portion of the Baca Ranch, a tract of some 98,000 acres, located in the Jemez Mountains, northwest of Santa Fe, New Mexico. The Baca Ranch comprises most of the Valles Caldera, a large resurgent lava dome with geothermal potential geothermal.

c. Prior to 2000, the surface and minerals of the Baca Ranch were privately owned fee land. In 2000, the United States acquired the surface and an undivided seven-eighths (7/8ths) of the minerals of the Baca Ranch from the private owners in a negotiated sale, authorized by special act of Congress, the Valles Caldera Preservation Act, P.L. 106-248, codified as 16 U.S.C. 698v.

d. The Valles Caldera Preservation Act (the Act) established the Trust as a government corporation pursuant to Chapter 91, Title 31 of the United States Code. Responsibility for management of the Baca Ranch is divided between the Trust and the Secretary of Agriculture, through the National Forest Service.

e. There is an outstanding one-eighth (1/8th) mineral interest in the Baca Ranch that is privately owned. The Act provides that:

The acquisition of the Baca ranch by the Secretary shall be subject to all outstanding valid mineral interests. The Secretary is authorized and directed to negotiate with the owners of any fractional interest in the subsurface estate for the acquisition of such fractional interest on a willing seller basis" 16 U.S.C. 698v-2(e).

f. The Act further provides that:

Upon acquisition of all interests in minerals within the boundaries of the Baca ranch . . . the lands comprising the Preserve are thereby withdrawn from disposition under all laws pertaining to mineral leasing, including geothermal leasing.

g. GeoProducts holds a geothermal lease from the owners of the outstanding mineral interest.

h. On December 12, 2003, GeoProducts filed the APDs with the Santa Fe District office of the Oil Conservation Division (OCD). The OCD has neither approved, nor disapproved the APDs.

i. GeoProducts does not have a surface use permit from the United States Forest Service or from any other federal authority authorizing it to enter upon the federally-owned surface of the Baca Ranch for the purpose of conducting the activities proposed in the APDs.

5. The Trust contends that the OCD and the Commission lack jurisdiction to approve the APDs because their jurisdiction to regulate geothermal exploration under the Geothermal Resources Conservation Act [NMSA 1978 Sections 71-5-1 through 71-5-24, as amended] is preempted by federal law. This preemption is alleged to arise from the Valles Caldera Preservation Act, the Mineral Leasing Act for Acquired Lands [30 U.S.C. Sections 351-360], the regulations of the United States Bureau of Land Management (BLM) implementing the latter act, or some combination thereof.

6. No party contends that the Valles Caldera Preservation Act is intended to effect a federal acquisition under U.S. Constitution, Art. I, Section 8, Clause 17, authorizing Congress "to exercise exclusive Legislation in all Cases whatsoever," or that the State of New Mexico has consented to the acquisition of the Baca Ranch on that basis.

7. Neither the Valdes Caldera Preservation Act nor the Mineral Leasing Act for Acquired Lands expressly preempts state power or expressly occupies the field with respect to regulation of mineral development of the Baca Ranch. To the contrary, the Mineral Leasing Act for Acquired Lands makes applicable thereto a provision of the Mineral Leasing Act of 1920 that, "nothing in this Act shall be construed or held to affect the rights of the States or other local authority to exercise any rights which they may have" [30 U.S.C. Section 189].

8. The regulations of the BLM relating to geothermal drilling, codified at 43 CFR Section 3260 *et seq.*, although not in exactly the same words, are generally similar to the BLM regulations applicable to oil and gas drilling, codified at 43 CFR, Section 3160 *et seq.* The latter regulations clearly and expressly apply only to the activities of a person operating under a lease from the United States. *See* 35 CFR Section 3160.0-5 (f) and (h). A reasonable interpretation of these rules is that they are not applicable to the activity of a person who operates under the authority of a lease from a mineral cotenant of the United States.

9. Even where federal law neither expressly preempts state jurisdiction nor occupies the field through extensive regulation of the activity in question, there is authority indicating that state regulation may nevertheless be preempted if it stands as an obstacle to the achievement of the goals of Congress. Thus, in *Ventura County v. Gulf Oil Corporation*, 601 F.2d 1080 (9th Cir. 1979), the United States Court of Appeals for the 9th Circuit held that a county could not impose a requirement for a land use permit upon a federal lessee drilling for oil and gas on federal lands because the implied assertion of authority by the county to disallow drilling on federal lands conflicted with the purpose of Congress, in its enactment of the Mineral Leasing Act, to authorize such drilling.

10. Assuming, however, that *Ventura County* remains a viable authority in the light of the subsequent decision of the United States Supreme Court in *California Coastal Com'n v. Granite Rock Co.*, 480 U.S. 572 (1987), it does not apply in this situation for two independent reasons.

11. In the first place, an approved APD is merely an authorization to conduct an activity presumed to be otherwise lawful. It does not require an operator to drill. If drilling in accordance with the APD violates federal law or a property right, approval of the APD does not constitute any colorable authority for such violation. *See Magnolia Petroleum Co. v. Railroad Com'n*, 170 S.W.2d 189 (Tex. 1943) where the Texas Supreme Court discussed the effect of a Texas Railroad Commission permit to drill:

[T]he order granting the permit is a purely negative pronouncement. It grants no affirmative rights to the permittee to occupy the property, It merely removes the conservation laws and regulations as a bar to drilling the well [170 S.W.2d at 191]

12. In the second place, the Valles Caldera Preservation Act cannot reasonably be read as evidencing a congressional purpose to preclude geothermal development of the Baca Ranch until such time as the outstanding mineral interest is acquired. The Act does not withdraw the lands from leasing until the government acquires the outstanding mineral interest. Since Congress directed that the acquisition be sought on a "willing seller" basis only, Congress must have contemplated the possibility that the seller would not be willing, and that the proposed acquisition might never take place.

13. The Trust correctly points out that the federal mineral interest cannot be force pooled pursuant to state law without federal consent. *Kirkpatrick Oil & Gas Co. v. U.S.*, 675 F.2d 1122 (10th Cir. 1982). However, compulsory pooling is not sought in this case, and, under New Mexico law, is not a prerequisite to the granting of an APD. To the contrary, NMSA 71-5-11.C provides that compulsory pooling may be sought by a party who "proposes to drill or has drilled" a well on the unit.

14. For the foregoing reasons, the Commission concludes that the authority conferred on the Commission and the OCD by the Geothermal Resources Conservation Act to regulate geothermal drilling on the Baca Ranch is not preempted, and the Commission has jurisdiction of the subject matter.

15. The Trust also argues that the granting of the APDs at this time would be premature because GeoProducts does not have authority for the use of the surface that will be required to conduct the proposed re-entry operation.

16. The Commission does not have jurisdiction to determine title or the rights of any party to occupy property. However, prudence dictates that the Commission ought not to issue a permit where the party applicant for the permit clearly does not have the right to conduct the contemplated activity. As stated by the Texas Supreme Court, "the Railroad

Commission should not do the useless thing of granting a permit to one who does not claim the property in good faith." *Magnolia Petroleum Co., supra*, 170 S.W.2d at 191.

17. A majority of American jurisdictions hold that a mineral co-tenant has the right to produce minerals from the co-owned property without the consent of the a non-joining co-tenant, subject to the requirement that it account to the non-joining co-tenant for its share of proceeds. 2 H.Williams and C. Meyers, *Oil and Gas Law*, Section 502, at 574.

18. New Mexico has implicitly recognized that a cotenant has this right by allowing a cotenant who produced oil from co-owned premises to recover its development costs out of the share of production allocable to a non-joining cotenant, in the absence of either an agreement or a pooling order. *Bellet v. Grynberg*, 114 NM 690, 845 P.2d 784 (Sup. Ct. 1992).

19. A mineral lessee has a right under New Mexico law to use so much of the surface as is reasonably necessary to extract the minerals. *Amoco Production Co. v. Carter Farms Co.*, 103 N.M. 117, 703 P.2d 894 (Sup. Ct. 1985). Jurisdictions that have addressed the question generally extend that right to the owner of a severed mineral interest, by implication without the necessity of a specific grant of that right in the instrument of severance. 1 H. Williams and C. Meyers, *supra*, Section 218, at 198.7.

20. It is therefore reasonable to conclude that any owner of a mineral interest or its lessee has the right to occupy the surface to the extent necessary to explore for or produce the minerals. Accordingly it would not be appropriate, in ordinary cases, for OCD to require an applicant for APD approval to demonstrate a specific right to use the surface.

21. In this case, however, both parties agree that exploration can only begin after approval by the United States Forest Service of reasonable use of the federally owned surface based on an operating plan submitted by GeoProducts. It is also undisputed that GeoProducts has neither obtained nor applied for a surface use authorization from the Forest Service for its proposed operation. Accordingly Commission concludes that approval of APDs for re-entry of the subject wells at this time would be improvident.

22. In its brief, GeoProducts contends that approval of APDs by the state conservation authority is a condition precedent to its obtaining surface use authority from the Forest Service. GeoProducts Brief at 5. However, the Forest Service Memorandum that it cites in support of that contention does not so state.

23. The cited memorandum states that "[t]he mineral owner or lessee must provide the Forest Supervisor with proof of right to exercise mineral rights." The right to exercise mineral rights arises, if at all, from the ownership of the mineral interest, and not from the approval of an APD which merely confirms that the specific operation proposed complies with OCD's spacing and technical requirements.

24. The Forest Service use permit might require changes in the APDs or might limit GeoProducts to accessing its minerals by a completely different operation than the

proposed re-entries. Because the Commission cannot foresee the limitations that might be imposed, it is particularly appropriate that the Forest Service authorization process should proceed first, before APDs are approved.

25. Because the above conclusions are sufficient to dispose of the matter presently before the Commission, it is not necessary at this time to address other issues raised in the briefs.

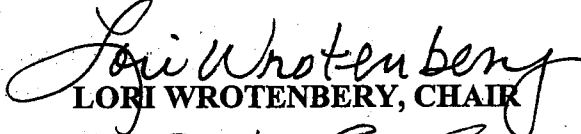
IT IS THEREFORE ORDERED THAT:

1. The District Supervisor of the Santa Fe District of the Oil Conservation Division is hereby ordered to deny the APDs filed by GeoProducts for re-entry of the subject wells for the reasons stated in this order.

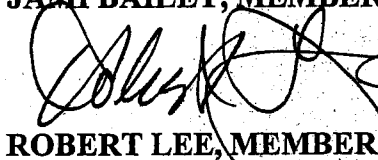
2. Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

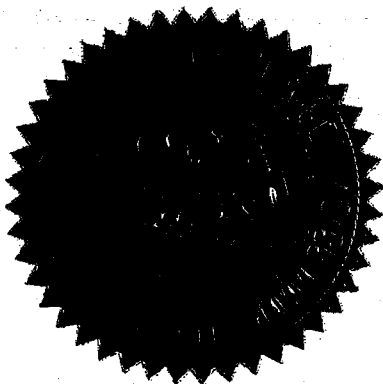
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


LORI WROTENBERY, CHAIR


JAMI BAILEY, MEMBER


ROBERT LEE, MEMBER



SEAL

GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive
Building 300
Santa Fe, New Mexico 87505
Telephone No. 505-983-6686
Telefax No. 505-986-1367
Telefax No. 505-986-0741
E-Mail: glf460@spinn.net

November 25, 2003
(Our File No. 02-327.00)

RECEIVED

DEC 1 2003

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

J.E. GALLEGOS **

VIA HAND-DELIVERY

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
P.O. Box 6429
Santa Fe, New Mexico 87504

Re: APDS of GeoProducts of New Mexico, Inc.,
Baca Wells Nos. 4, 13, 15 and 20

Dear Ms. Wrotenbery:

Because of pending mineral resources issues that have arisen, the Valles Caldera Trust Board has requested my assistance as private legal counsel pursuant to Section 106(j) of Public Law 106-248, the "Valles Caldera Preservation Act.". Specifically my attention concerns requests by GeoProducts of New Mexico for permits issued by the Oil Conservation Division to reenter the above-referenced wells on the federal domain lands known as the Baca Ranch. The realty in question is owned by the federal government to the extent of all of the surface and seven-eighths of the minerals.

May I remind the Division that the applicable rule, G-102, governing issuance of permits concerning geothermal wells requires that the applicant be "the owner or operator of the proposed well". The application form calls for the name of the "Operator". GeoProducts is neither the owner nor the operator of the wells that it seeks to invade. There exists no operating agreement nor pooling order conferring the status of operator on GeoProducts. The last operator and lessee of the mineral estate was Union of California. Union plugged and abandoned the wells in about 1980. If a lessee fails to remove casing and other fixtures on a premises within a reasonable time after cessation of operation the title to such material is vested in the surface owner. 4 Williams & Meyer, Oil and Gas Law, Sec. 674.2. Accordingly, the wells in question are owned by the United States. I suggest that the Division would not desire to be in the position of aiding in a trespass by GeoProducts upon government property.

Furthermore, there is a serious question of the Division's jurisdiction relating to the issuance of APDs impacting the subject federal surface and unleased federal minerals. While GeoProducts has no standing in either instance, the Bureau of Land Management is believed to be the authoritative agency.

The Trustees of the Valles Caldera request that any applications concerning abandoned or proposed geothermal wells on the Baca Ranch be rejected. I will be

Lori Wrotenbery, Director
November 25, 2003
Page 2

pleased to provide further information on this matter should the Division or its legal counsel believe it may be helpful.

Sincerely,

GALLEGOS LAW FIRM, P.C.

By



J.E. GALLEGOS

JEG:sg

cc: Jake Brooks
Carol Leach
Kenneth Boren
Gary Ziehe
James B. Snow
Bill de Buys
Jack McCarthy

GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive
Building 300
Santa Fe, New Mexico 87505
Telephone No. (505) 983-6686
Telefax No. (505) 986-1367

CLIENT: VALLES CALDERA
CLIENT NO.: 02-327.00

DATE: November 10, 2003
TO: Roy Johnson
COMPANY: New Mexico Oil Conservation Division
TELEFAX NO.: 476-3462
FROM: J.E. Gallegos

MESSAGE:

NUMBER OF PAGES INCLUDING COVER SHEET: 2

IMPORTANT

THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS CONFIDENTIAL AND INTENDED SOLELY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERING IT TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION, COPYING, OR UNAUTHORIZED USE OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS FACSIMILE IN ERROR, PLEASE NOTIFY THE SENDER IMMEDIATELY BY TELEPHONE, AND RETURN THE FACSIMILE TO THE SENDER AT THE ABOVE ADDRESS VIA THE UNITED STATES POSTAL SERVICE. THANK YOU.

GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive
Building 300
Santa Fe, New Mexico 87505
Telephone No. 505-983-6686
Telefax No. 505-986-1367
Telefax No. 505-986-0741
E-Mail glf460@spinn.net

November 10, 2003
(Our File No. 02-327.00)

J.E. GALLEGOS *

VIA TELECOPY

Roy Johnson, Engineer
New Mexico Oil Conservation Division
P.O. Box 6429
Santa Fe, New Mexico 87504

Dear Mr. Johnson:

On behalf of the Valles Caldera Trust, I am requesting that we be provided with notice of any application, proceeding or communication with the Division that concerns abandoned geothermal wells or any efforts for development of geothermal resources concerning the Valles Caldera National Preserve. We have learned that a company by the name of GeoProducts had submitted to the Division a request for a permit to restore or rework one or more of the abandoned wells but that the request was technically inadequate and will not be processed.

If you have any questions concerning the position of the Trust or there are any further developments which may be of interest, please give me a call.

Sincerely,

GALLEGOS LAW FIRM, P.C.

By 
J.E. GALLEGOS

JEG:sg

fxc: Carol Leach, Chief Counsel
Energy and Mineral Division
William de Buys, Chairman
Valles Caldera Trust
Gary Ziehe, director,
James B. Snow, Deputy Assistant General Counsel
Jack McCarthy



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505
(505) 476-3440
(505)476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO: J. Gallegos

FROM: Roy Johnson

DATE: 11/13/03 @ 10:28 AM

PAGES: 2

SUBJECT: The application in question
is on my desk. I can fax to you
or send someone over. Roy 476-3470

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE
NUMBER ABOVE.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenberg

Director

Oil Conservation Division

November 13 2003

Mr. J.E. Gallegos
Gallegos Law Firm, P.C.
460 St. Michaels Drive
Building 300
Santa Fe, NM 87504

**Re: Records Request Dated Nov. 10, 2003
Valles Caldera Trust**

Dear Mr. Gallegos:

Our file with regard to this matter does not contain any material that is exempt from public disclosure. You or your representative may examine and copy the same at the offices of the Division at any time during regular business hours, subject to payment of standard copying charges.

Although the Division cannot promise to notify you of any future filings, we will honor any subsequent request for non-exempt information that may have been filed in the interim.

Should you have questions, please feel free to call the undersigned at (505)-476-3470.

Very truly yours,

A handwritten signature in black ink, appearing to read "Roy E. Johnson", written over a large, stylized circular flourish.

Roy E. Johnson
Petroleum Engineer
District Supervisor

cc David K. Brooks
Assistant General Counsel

GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive
Building 300
Santa Fe, New Mexico 87505
Telephone No. 505-983-6686
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Telefax No. 505-986-0741
E-Mail glf460@spinn.net

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NOV 12 2003

OIL CONSERVATION
DIVISION

CONFIRMATION COPY
OF FACSIMILE

November 10, 2003
(Our File No. 02-327.00)

J.E. GALLEGOS **

VIA TELECOPY

Roy Johnson, Engineer
New Mexico Oil Conservation Division
P.O. Box 6429
Santa Fe, New Mexico 87504

Dear Mr. Johnson:

On behalf of the Valles Caldera Trust, I am requesting that we be provided with notice of any application, proceeding or communication with the Division that concerns abandoned geothermal wells or any efforts for development of geothermal resources concerning the Valles Caldera National Preserve. We have learned that a company by the name of GeoProducts had submitted to the Division a request for a permit to restore or rework one or more of the abandoned wells but that the request was technically inadequate and will not be processed.

If you have any questions concerning the position of the Trust or there are any further developments which may be of interest, please give me a call.

Sincerely,

GALLEGOS LAW FIRM, P.C.

By


J.E. GALLEGOS

JEG:sg

fxc: Carol Leach, Chief Counsel
Energy and Mineral Division
William de Buys, Chairman
Valles Caldera Trust
Gary Ziehe, director,
James B. Snow, Deputy Assistant General Counsel
Jack McCarthy