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September 24, 2006

Via fax and U.S. Mail

William Jones
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case Nos. 13,771, 13594 (reopened), and 13778
Kaiser-Francis Oil Company/Hayes Land & Production, LP/J. Cleo Thompson &
James Cleo Thompson, Jr., L.P./Marbob Energy Corporation

Dear Mr. Jones:

This letter constitutes the position of J. Cleo Thompson & James Cleo Thompson, Jr., L.P. ("Thompson") with respect to the proposed special rules for the East Happy Valley-Bone Spring Pool: Thompson agrees with paragraph 4 of the comments of Marbob Energy Corporation, under which the proposed rules would govern only Section 11, and not acreage within one mile of the pool. In the alternative, Thompson asserts that any definition of a "gas well" under Kaiser-Francis' proposal must be based on either (i) the statewide rules (100,000:1 GOR), or (ii) the rules for associated pools, Order No. R-5353 (30,000:1 GOR). Thompson objects to a gas well being defined based on a 4,000:1 GOR.

Very truly yours,



James Bruce

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

cc: Counsel of record

2006 SEP 27 PM 12 07