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jamesbruc@aol.com

January 27, 2008

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED

2008 FEB 29 PM 12 20

David:
lets talk when
you get a chance

Mark

Case 14127



Re: J. Cleo Thompson & James Cleo Thompson, Jr., L.P. ("Thompson")/application
for approval of a non-standard gas spacing and proration unit

SE $\frac{1}{4}$ NW $\frac{1}{4}$ and S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 27, Township 21 South, Range 26 East,
N.M.P.M., Eddy County, New Mexico, containing 120 acres

Dear Mr. Fesmire:

I received the letter which Mr. Herrell of the BLM sent to you, essentially objecting to Thompson's application. As a result of the letter, counsel for the Division has instructed the matter be set for hearing on April 3rd. Let me make three points:

1. Jim Stevens, operations manager for Thompson, and Chris Barnhill, met with Jim Stovall and Don Peterson of the BLM's Carlsbad office in mid-November, **and were informed at that time that the BLM no longer wanted to pursue a compensatory royalty agreement ("CRA")**. Hence the non-standard unit application.

Despite point 3 below, if the BLM wants to again pursue the CRA and the formation of two stand-up 320 acre units, I request Mr. Herrell or another BLM employee to call Mr. Stevens at (432) 550-8887.

2. As to directional drilling, Messrs. Stevens and Barnhill negotiated in good faith with Mr. Malley (the surface owner of fee acreage on an adjoining section) for a location on which to drill the wells directionally, as Mr. Barnhill had originally proposed. However, the price he wanted was so high that it would make drilling unfeasible. After striking out with Mr. Malley, then and only then did Thompson pursue drilling the wells vertically.

3. The BLM's objection was not timely filed. Attached as Exhibit A is a copy of my notice letter to the BLM, with the green and white cards. As stated in my letter, the objection period expired on February 13th, but the BLM's objection is dated February 19th. Even if the objection period expired 20 days from receipt of notice (January 28th), the BLM's letter did not comply with that time frame. Therefore, the objection was not timely filed, and Thompson requests that the objection be denied.

I would point out that if Thompson is not allowed to drill wells on its acreage, the BLM is condemning private mineral rights.

Very truly yours,

James Bruce

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

cc: Tony Herrell
Arthur Arguedas
Holly Meyer
Chris Barnhill
Jim Stevens

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January 24, 2007

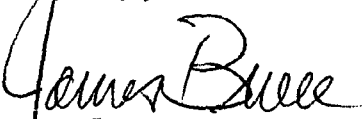
CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Bureau of Land Management
2909 West Second Street
Roswell, New Mexico 88201

Ladies and gentlemen:

Enclosed is a copy of an application for a non-standard gas well unit and two unorthodox gas well locations, filed with the New Mexico Oil Conservation Division by J. Cleo Thompson & James Cleo Thompson, Jr., L.P., regarding the SE $\frac{1}{4}$ NW $\frac{1}{4}$ and S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 27, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. If you object to the application, you must notify the Division in writing by February 13, 2008. The Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,


James Bruce

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

EXHIBIT **A**

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Signature <u><i>Carol J. Hines</i></u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>CH HINES</u> C. Date of Delivery <u>1/28/04</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p style="text-align: center;">Bureau of Land Management 2909 West Second Street Roswell, New Mexico 88201</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number <u>7006 3450 0001 4317 3192</u> (Transfer from service label)</p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt <u>JCT - Crozier Bluff</u> 595-02-M-1540</p>	

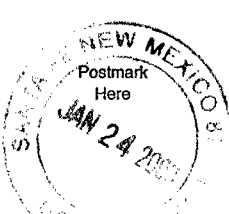
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City, State, ZIP+4 **Roswell, New Mexico 88201**

PS Form 3800, August 2006
See Reverse for Instructions