

DATE IN <u>1/25/08</u>	SUSPENSE	ENGINEER <u>Brooks</u>	LOGGED IN <u>1/25/08</u>	TYPE <u>NSL</u>	APP NO. <u>PKUR0802538854</u>
				TYPE <u>NSP</u>	APP NO. <u>PKUR0802540002</u>

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



J. Leo & James Leo Thompson
Coachwhip Wells #s 1 & 2

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 Owners

[C] ☐ Application is One Which Requires Publishing Notice

[D] ☐ Notification and/or Concurrent Approval by U.S. Bureau of Land Management - Commissioner of Public Lands, or

[E] ☒ For all of the above, Proof of Notification or Waivers are Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION IN ORDER 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
P.O. Box 1056
Santa Fe, New Mexico 87504

Signature

Attorney for Applicant
Title Date

jamesbruc@aol.com
e-mail Address

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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) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

January 24, 2008

Hand delivered

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

Dear Mr. Fesmire:

Pursuant to Division Rule 104.D(2), J. Cleo Thompson & James Cleo Thompson, Jr., L.P. applies for approval of a non-standard gas spacing and proration unit, to be dedicated to two wells, described below:

<u>Well unit:</u>	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
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<u>Well:</u>	Coachwhip Well No.1
<u>Well location:</u>	1830 feet FNL & 1980 feet FWL (SE $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 27

<u>Well:</u>	Coachwhip Well No.2
<u>Well location:</u>	2113 feet FNL & 879 feet FEL (SE $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 27

The wells will be drilled to a depth sufficient to test the Morrow formation. Applicant requests non-standard unit approval in the Strawn, Atoka, and Morrow formations (Undesignated Happy Valley-Strawn Gas Pool or Undesignated Avalon-Strawn Gas Pool, Undesignated Crozier Bluff-Atoka Gas Pool, and Undesignated Happy Valley-Morrow Gas Pool or Undesignated Avalon-Morrow Gas Pool). The pools are developed on statewide rules, with 320 acre spacing, with wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line.

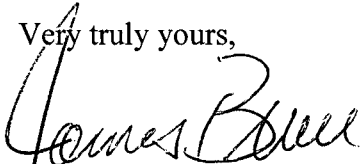
Attached as Exhibit A is a portion of the Bureau of Land Management's Oil and Gas Plat of T21S-R26E. The SE $\frac{1}{4}$ NW $\frac{1}{4}$ and S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 27 comprise a single fee tract, leased to applicant. The remaining land in Section 27 is unleased federal minerals (The "D/C All Min" highlighted on Exhibit A reflects that the lands were patented by the United States, excepting to the government a right of way for ditches and canals and all minerals). Applicant has been informed by the BLM that it will not lease the federal minerals in Section 27 because most of the surface is part of the Living Desert State Park. (Public Land Order 5115). Therefore, applicant cannot form a standard N $\frac{1}{2}$ well unit, and the only way for the fee minerals in Section 27 to be developed and to protect its correlative rights is to form the non-standard unit.

Please note that, due to the non-standard unit, the wells are at unorthodox locations by being located closer than 660 feet to the outer boundary of the well unit. These locations are due to topographic conditions on the well unit. As a result, applicant also requests unorthodox location approval for the wells under Division Rule 104.F.

Notice of this application has been given to the Bureau of Land Management (the only affected interest owner), and a copy of the notice letter is attached as Exhibit B.

Please contact me if you need any further information on this application.

Very truly yours,



James Bruce

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

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

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

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jamesbruc@aol.com

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

B