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CASE FILE
12/11/02

VIA HAND DELIVERY

Mr. David Catanach, Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Street
Santa Fe, New Mexico 87505

Re: Case No. 12112 (Reopened): Application of Vanco Oil & Gas Corp. and its affiliate CBS Operating Corp. for amendment of Division Order No. R-11435 to authorize a pressure maintenance project in the North Square lake Unit Area, establish procedures for approval of additional injection wells, and for Qualification of the project area for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.

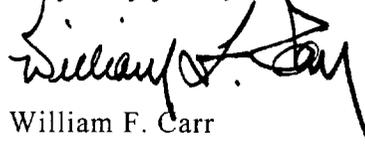
Dear Mr. Catanach:

On this date I provided by e-mail a copy of Vanco's proposed order in the above-referenced case. Finding 14 (B) on page 5 of this proposed order needs to be amended for it states that Vanco proposes to drill four additional injection wells in 2003. While Vanco may drill additional injection wells, it also may add injection to the unit by converting existing unit wells to injection. Accordingly, the first sentence of is paragraph should be amended to read as follows:

“(B) Additional Injection Wells: Vanco will use some of the existing injection wells in 2002 and proposes to add four additional injection wells in 2003, either by drilling new injection wells or by converting existing unit wells to injection (Testimony of Cotner, Tr. at 63-67, 75; Vanco Exhibit No. 7).

If you have questions concerning this matter, please advise.

Very truly yours,



William F. Carr

cc: Mr. David Cotner
Vanco Oil & Gas Corp.