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July 18, 2000

HAND DELIVERED

Mr. Mark Ashley, Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

CO JUL 26 PM 12:58
OIL CONSERVATION DIV.

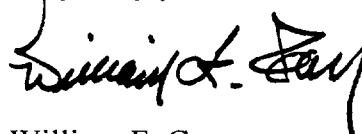
Re: Case No. 12112 (Reopened): Application of GP II Energy, Inc. for approval of a Waterflood Project and Qualification of the Project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.

Dear Mr. Ashley:

Enclosed for your consideration is the information you requested from GP II Energy regarding the NSLU #85 C-108 Application and correspondence from Mr. Sirgo dated July 12, 2000.

If you need any thing else from GP II to proceed with your consideration, please advise.

Very truly yours,



William F. Carr

WFC/md
Enclosures

cc: M. A. Sirgo

M. A. SIRGO III

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July 12, 2000

Mr. Mark Ashley, Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: GP II Energy NSLU #85
C-108 Application

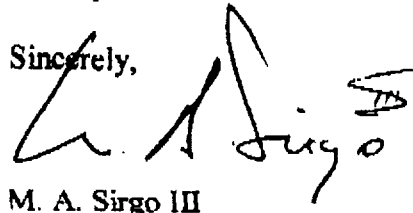
Dear Mr. Ashley:

I have re-reviewed the data for the NSLU #85 well, formerly the Sheldon #2. I have found the following discrepancies in the C-108 application, which I would like to point out to you.

The first wellbore diagram in Section 3 (see attached) for the NSLU #85 is incorrect. The data on this wellbore diagram inadvertently reflected information regarding the Texas Trading A #2 well. The second wellbore diagram in Section 3 (see attached) for the NSLU #85 is correct, except for at the time this exhibit was prepared, we had not identified the size or setting depth of the surface casing. Prior to our recent hearing, we had obtained that data and is reflected correctly in Section VI East Patterns Table. The 8-5/8" casing for the Sheldon #2 (NSLU #85) was set at 728' and circulated with cement to the surface.

I apologize for the confusion this may have caused you.

Sincerely,



M. A. Sirgo III

MAS/pr

Attachment

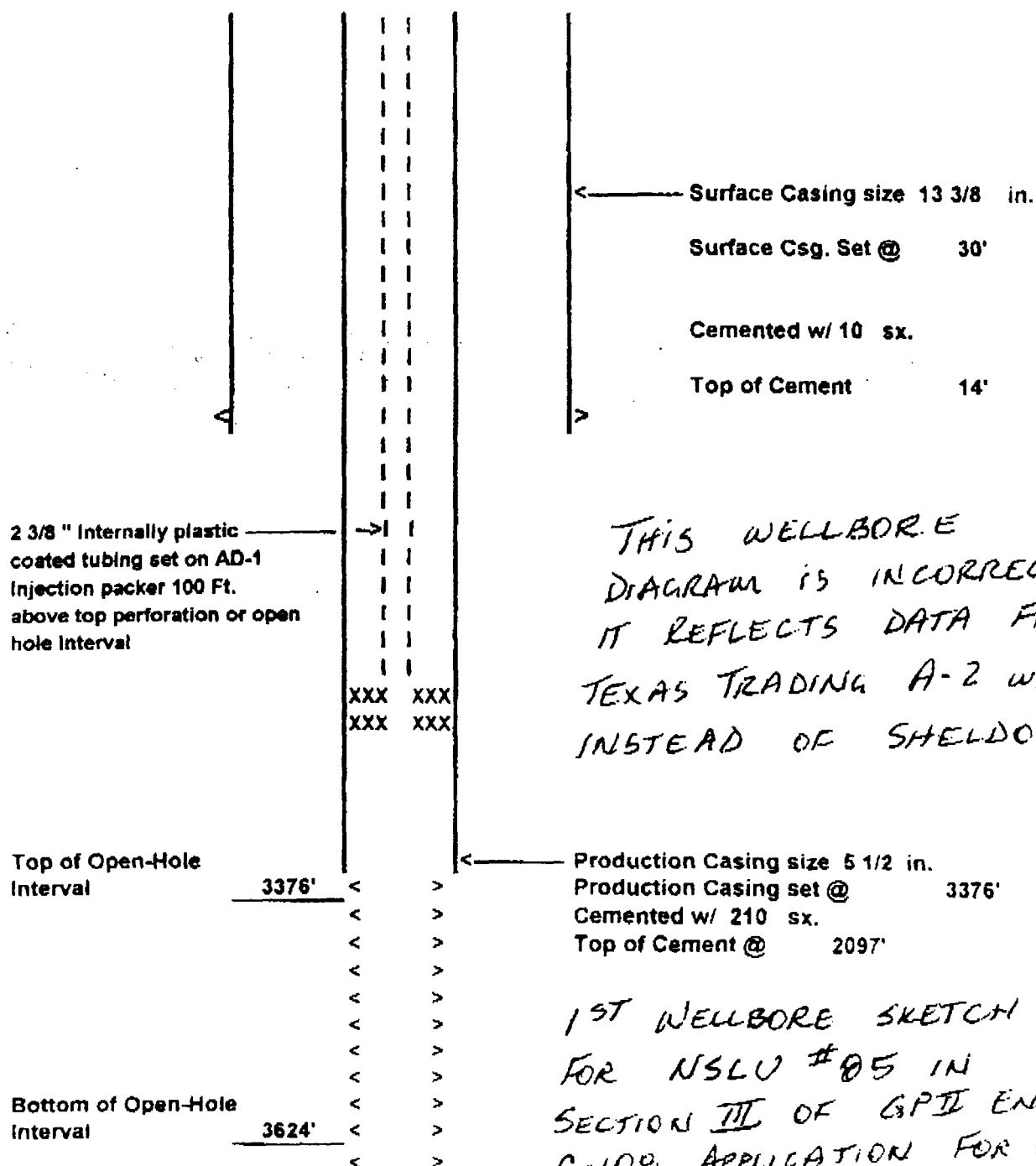
North Square Lake Unit

Eddy Cty., Now Mexico

Proposed Injection Well
Completion Diagram

NSLU Well No. 85

Phase / Area - East



GP II ENERGY, INC.

RE-ENTRY & CONVERSION OF A P & A WELL

WELL: SHELDON #2
FIELD: SQUARE LAKE
INTERVAL: GB-SA

LOCATION: 660 FSL 1980 FWL
560' FSL & 1880' FWL
SEC 28, T-16-S, R-31-E
EDDY COUNTY, NEW MEXICO

SHELDON #2
LOCATION

TEXAS TRADING
A-2 LOCATION
WRONG.

THE SHELDON #2 WAS ORIGINALLY
DRILLED AS JOHNSON #2
(SEE ATTACHED SCOUT TICKET)

THIS DIAGRAM

SURFACE CASING:
NO SURFACE REPORTED

8 5/8" CSG
SET @ 128'
CEMENT CIRCULATED

TIE ONTO CUTOFF 5 1/2" CSG @ 294'

PROPERLY REFLECTS DATA
RELATED TO THE SHELDON
#2 WELL, EXCEPT AT
THE TIME THIS WAS
PREPARED SURFACE CASING
DATA WAS NOT AVAILABLE.
THIS DATA WAS LOCATED
PRIOR TO RECENT HEARING
AND IS ACCURATELY REFLECTED
IN EAST PATTERN TABLE
IN SECTION VII OF C-108.

2 3/8 PLASTIC COATED TBG SET @ 3300' W/ PLASTIC COATED AD-1 PACKER

> 3352'

PRODUCTION CASING:
RAN 5 1/2" CSG, SET @ 3352'.
CMT W/ 100 SXS, TOP OF CEMENT @ 2743' (CALC.)

OPEN HOLE
3352' TO 3376'

TD: 3376'

2ND WELLBORE DIAGRAM
FOR NSLU #85 IN SECTION III
OF GP II ENERGY C-108
APPLICATION FOR PHASE I OF
NORTH SQUARE LAKE UNIT

FORM 578		LOCO HILLS		PETRO AN	
COUNTY	EDDY	STATE	NEW MEXICO	ELEV.	3980
COMPANY	D. D. THOMAS	LEASE	Johnson	WELL No.	2
SEC.	28	TWP.	16	RGE.	31
		BLK.	6	SUR.	
LOCATION 660 FSL, 1980 FNL of sec.				T.S. 728	
				T.A.	
STARTED 5/21/44 COMPLETED 7/14/44				B.S. 1680	
8-5/8" 728/S; 7" 2802; 5 1/2" 3352/100				T.D. 2760 (HFW)	
CSG. RECORD				T.Y.	
LP. F 100 BOPD, net.				T.G.L.	
GRAV.				T.S.A.	
G.O.R.				T.C.F.	
SHOT				B.Pm.	
ACIDIZED				T.Wad.	
REMARKS Cable to TD. Top of Pay 3376.				T.Pa.	
IP flow 100 BOPD thru 2" @ 3340, net				T.Mi.	
				PAY SECTION	
				T.prs-C.	
				NET PAY	
				T.D.	
				3398 L	
				P.S.	
WATER IN PAY ZONES					