

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

April 10, 2002

HAND DELIVERY

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

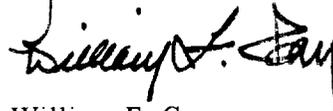
Re: Application of Vanco Oil & Gas Corp. and its affiliate CBS Operating Corp. for amendment of Division Order No. R-11435 to authorize a pressure maintenance project in the North Square lake Unit Area, establish procedures for approval of additional injection wells, and for Qualification of the project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

Dear Mr. Catanach:

Pursuant to your request at the March 7, 2002 examiner hearing on the above-referenced application, enclosed in hard copy and on disc is the Proposed Order of the Division of Vanco Oil & Gas Corp. and CBS Operating Corp. As you will see, we have included references to the transcript and exhibits presented at the hearing to assist you in reviewing this draft.

If you need any additional information from Vanco for your consideration of this matter, please advise.

Very truly yours,



William F. Carr

Russell K. Hall
Russell K. Hall and Associates, Inc.
P. O. Box 80925
Midland, Texas 79708-0925

Mr. David Cotner
Vanco Oil & Gas Corp.
Post Office Box 2236
Midland, Texas 79702-2236