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April 28, 2000

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Mr. David R. Catanach, Engineer / Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: **Application of GP II Energy, Inc. to Re-Open Case No. 12112.**
North Square Lake Unit, Division Order No. R-11207

Dear Ms. Wrotenbery and Mr. Catanach:

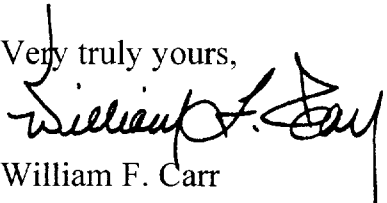
Pursuant to Mr. Catanach's letter of April 4, 2000, GP II Energy, hereby submits its revised application for authorization of a waterflood project in the North Square Lake Unit. GP II Energy, Inc. requests that Division Case No. 12112 be reopened and that this application be included on the June 1, 2000 Examiner hearing docket. A copy of the proposed legal advertisement for this case is enclosed. As you will note from the legal advertisement, GP II also seeks the qualification of the waterflood project area for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act.

At the hearing, in addition to presenting evidence on our Application to Inject, we will (1) review the history of this project, (2) review our current efforts to implement waterflood operations in Phase I East and Phase I West of the project area, (3) identify remedial actions necessary to assure wellbore integrity in each of the areas of review for the wells which are the subject of this application, (4) set forth the anticipated time frames for implementation of waterflood operations in the remaining phases within the project area, and (5) present evidence in support of our request for qualification of the project for the incentive tax rate.

Application to Re-Open Case No. 12112
April 28, 2000
Page 2

By the hearing date, GP II Energy, Inc. anticipates that it will have concluded its negotiations for the acquisition of the interest of Chase Oil Corporation and others in the unit area who have raised questions concerning the status of its efforts to implement this project. GP II does not anticipate that this hearing will be opposed.

If you have questions concerning the enclosed, please advise.

Very truly yours,

William F. Carr
Attorney for GP II Energy, Inc.

WFC/md

cc: M. A. Sirgo, III