

Beth McDonald  
8000 Montgomery, NE, #816  
Albuquerque, NM 87109

February 25, 2000

Mr. David Catanach  
Oil Conservation Division  
2040 S. Pacheco St  
Santa Fe, NM 87505

RE: Case No. 12112 & 12113

Dear Mr. Catanach:

I recently received a statement for "operating expenses" from GP II. The first contact I had with this company as an Assignment I received in the mail, with no explanation attached. I did not sign the Assignment, and the next communication I received was a statement for expenses. The statement does not include any details, simply an item labelled "Operating Expenses", which is wildly inflated in the current oil market. It seems that my interests in the Square Lake Field have been unitized without my knowledge or consent.

I was not aware that it was legal to unitize properties without prior notification of all the parties involved. Is there any way that I can protest this action, or at least refuse to pay for operating expenses that do not exist until provided with detailed billing statements showing actual work being done on the unit? In discussing this situation with other operators in the same position, it appears that GPII has formed the unit with the intention of billing in advance in order to raise enough money to fulfill the obligations of the Unit as required by the OCD. It is my position that if GP II does not have the money to operate the Unit, they should not be allowed to dun me for advances in order to operate. I have also been informed that this Unit was formed because of lease line producer applications being turned down by the OCD, and that there are no plans to actually waterflood this unit during the year 2000.

Since I have not ever been contacted directly by GP II regarding this unitization, I feel that GP II is attempting to defraud me of my interest. In this situation, I have been left with an obligation to pay "expenses" that do not exist, or risk losing even what little ownership in my diluted interest remains.

Please research this unitization to see if it was legally done, and if not, I request that the Unit be dissolved.

Sincerely,



Beth McDonald