

OKLAHOMA EXPLORATION COMPANY

(214) 522-2053

DALLAS, TEXAS 75205

5121 McKINNEY

February 17, 2000

Mr. David Catanach
Oil Conservation Division
State of New Mexico
2040 South Pachoco Street
Santa Fe, NM 87504

RE: Case No. 12113,
Order No. R-11207

Dear David:

Per my telephone conversation with you several weeks ago, I am writing to you regarding our concerns with GP II Energy and the unitization in Eddy County, New Mexico, Case No. 12113, Order No. R-11207.

We do not believe that we have had proper notice of their filings and that they have not followed the proper procedures in forming this unit. Likewise, they operate the lease (the LOE FEDERAL) in which we own 66% working interest and have not followed the terms of the Joint Operating Agreement in this matter either.

We recently received a pre-billing for the North Square Lake Unit which was formed and it appears that they are proceeding with the Unit development, even though you informed me that if the waterflood plan is not approved, the Unit will be dissolved. It appears GP II Energy is premature in this matter.

We have also heard of problems GP II Energy has in Lea County, New Mexico in which they formed a unit and have had liens filed against them there, etc.

We have concerns regarding their business dealings and their reputation and do not believe the waterflood plan should be approved. Please let me know if you have any questions.

Sincerely,



Vicki Osborn

VO/ms

cc: Ron Laning - Mack Energy
FAX: 505-746-9539