

STATE OF NEW MEXICO
 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
 OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)	
THE OIL CONSERVATION DIVISION FOR THE)	
PURPOSE OF CONSIDERING:)	CASE NO. 12,112
)	
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)	
)	

OFFICIAL EXHIBIT FILE

EXAMINER HEARING

BEFORE: MARK ASHLEY, Hearing Examiner

June 1st, 2000

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MARK ASHLEY, Hearing Examiner, on Thursday, June 1st, 2000, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
 (505) 989-9317

**BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY,
MINERALS AND NATURAL RESOURCES**

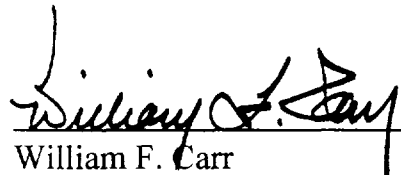
**IN THE MATTER OF THE APPLICATION
OF GP II ENERGY, INC. FOR APPROVAL OF A
WATERFLOOD PROJECT AND QUALIFICATION
OF THE PROJECT FOR THE RECOVERED OIL
TAX RATE PURSUANT TO THE ENHANCED OIL
RECOVERY ACT, EDDY COUNTY, NEW MEXICO.**

CASE NO. 12112 (reopened)

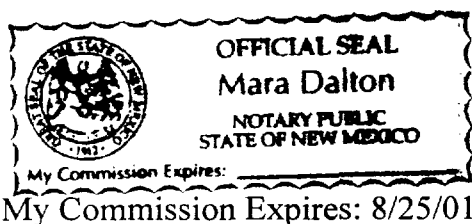
AFFIDAVIT


STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of GP, II Energy, Inc., the applicant herein, being first duly sworn, upon oath, states that notice has been given to all interested parties entitled to receive notice of this application under Oil Conservation Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached hereto.


William F. Carr

SUBSCRIBED AND SWORN to before this 22nd day of May, 2000 by William F. Carr.




Mara Dalton, Notary Public

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12112-R Exhibit No. 3
Submitted by:
GP II, Inc.
Hearing Date: June 1, 2000

Exhibit A

New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87504 (via hand delivery)

Mr. H. Cleo Thompson
Thompson Petroleum Corporation
325 N. St. Paul, Suite 4500
Dallas, TX 75201 (via Federal Express)

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260 (via Federal Express)

Bureau of Land Management/Roswell
2909 West Second Street
Roswell, NM 88201 (via Federal Express)

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
ANTHONY F. MEDEIROS

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

April 28, 2000

VIA HAND DELIVERY

New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87504

Re: **Case No. 12112 (RE-OPENED)** 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.

Gentlemen:

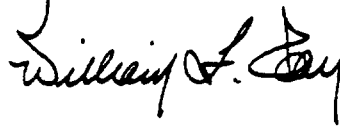
In January 1999, GP II Energy, Inc. mailed to you a copy of its application for approval of a waterflood project in its North Square Lake Unit Area located in portions of Township 16 South, Ranges 30 and 31 East, NMPM, Eddy County, New Mexico. The North Lake Unit has been formed pursuant to the New Mexico Statutory Unitization Act and became effective on January 1, 2000. The Oil Conservation Division did not enter an order on GP II Energy, Inc.'s applications for approval of the waterflood project and requested that GP II Energy, Inc. compile additional information on the wells in the areas of review for each injection well. Enclosed is a copy of GP II's revised Application for Authorization to Inject which contains information on the wells in the first two Phases of the waterflood operations in the North Square Lake Unit. GP II Energy, Inc. has requested that the case be re-opened on June 1, 2000 for an additional hearing before an Oil Conservation Division Examiner.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

April 28, 2000
Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a stylized "C".

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

WFC/md

Enclosure

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
ANTHONY F. MEDEIROS

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

April 28, 2000

VIA FEDERAL EXPRESS

Mr. H. Cleo Thompson
Thompson Petroleum Corporation
325 N. St. Paul, Suite 4500
Dallas, TX 75201

Re: **Case No. 12112 (RE-OPENED)** 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.

Gentlemen:

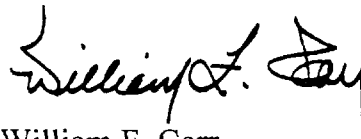
In January 1999, GP II Energy, Inc. mailed to you a copy of its application for approval of a waterflood project in its North Square Lake Unit Area located in portions of Township 16 South, Ranges 30 and 31 East, NMPM, Eddy County, New Mexico. The North Lake Unit has been formed pursuant to the New Mexico Statutory Unitization Act and became effective on January 1, 2000. The Oil Conservation Division did not enter an order on GP II Energy, Inc.'s applications for approval of the waterflood project and requested that GP II Energy, Inc. compile additional information on the wells in the areas of review for each injection well. Enclosed is a copy of GP II's revised Application for Authorization to Inject which contains information on the wells in the first two Phases of the waterflood operations in the North Square Lake Unit. GP II Energy, Inc. has requested that the case be re-opened on June 1, 2000 for an additional hearing before an Oil Conservation Division Examiner.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

April 28, 2000
Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a stylized "C".

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

WFC/md

Enclosure

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
ANTHONY F. MEDEIROS

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

April 28, 2000

VIA FEDERAL EXPRESS

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260

Re: **Case No. 12112 (RE-OPENED)** 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.

Gentlemen:

In January 1999, GP II Energy, Inc. mailed to you a copy of its application for approval of a waterflood project in its North Square Lake Unit Area located in portions of Township 16 South, Ranges 30 and 31 East, NMPM, Eddy County, New Mexico. The North Lake Unit has been formed pursuant to the New Mexico Statutory Unitization Act and became effective on January 1, 2000. The Oil Conservation Division did not enter an order on GP II Energy, Inc.'s applications for approval of the waterflood project and requested that GP II Energy, Inc. compile additional information on the wells in the areas of review for each injection well. Enclosed is a copy of GP II's revised Application for Authorization to Inject which contains information on the wells in the first two Phases of the waterflood operations in the North Square Lake Unit. GP II Energy, Inc. has requested that the case be re-opened on June 1, 2000 for an additional hearing before an Oil Conservation Division Examiner.

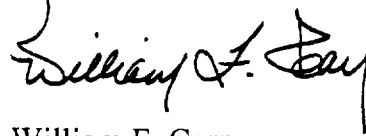
You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

April 28, 2000

Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

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

WFC/md

Enclosure

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
ANTHONY F. MEDEIROS

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

April 28, 2000

VIA FEDERAL EXPRESS

Bureau of Land Managment/Roswell
2909 West Second St.
Roswell, NM 88201

Re: **Case No. 12112 (RE-OPENED)** 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.

Gentlemen:

In January 1999, GP II Energy, Inc. mailed to you a copy of its application for approval of a waterflood project in its North Square Lake Unit Area located in portions of Township 16 South, Ranges 30 and 31 East, NMPM, Eddy County, New Mexico. The North Lake Unit has been formed pursuant to the New Mexico Statutory Unitization Act and became effective on January 1, 2000. The Oil Conservation Division did not enter an order on GP II Energy, Inc.'s applications for approval of the waterflood project and requested that GP II Energy, Inc. compile additional information on the wells in the areas of review for each injection well. Enclosed is a copy of GP II's revised Application for Authorization to Inject which contains information on the wells in the first two Phases of the waterflood operations in the North Square Lake Unit. GP II Energy, Inc. has requested that the case be re-opened on June 1, 2000 for an additional hearing before an Oil Conservation Division Examiner.

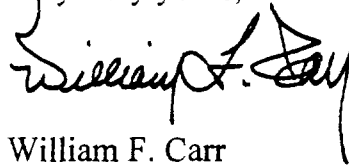
You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

April 28, 2000

Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a stylized "C".

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

WFC/md

Enclosure