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

OIL CONSERVATION DIV.
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IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 12113

APPLICATION OF GP II ENERGY, INC.
FOR STATUTORY UNITIZATION,
EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

GP II Energy, Inc.
c/o M. Sirgo
3300 N. A Street, Bldg. One, Suite 110
Midland, TX 79705
(915) 685-0878
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

ATTORNEY

name, address, phone and
contact person

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

GP II Energy, Inc., applicant in the above-captioned case seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Grayburg and San Andres formations, Square Lake Grayburg-San Andres Pool, underlying 6120 acres, more or less, of Federal and State lands in the following described area:

Township 16 South, Range 30 East
Section 25: E/2
Section 36: N/2

Township 16 South, Range 31 East
Section 19: S/2
Section 20: S/2
Section 27: SW/4, S/2 NW/4, NW/4 NW/4, S/2 SE/4, NW/4 SE/4, SW/4 NE/4
Sections 28 through 34: All

Applicant requests that this unit be designated the Square Lake Unit. among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator, the designation of horizontal and vertical limits of the unit areal the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the various tracts in the unit area, the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment, and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision of carrying and non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

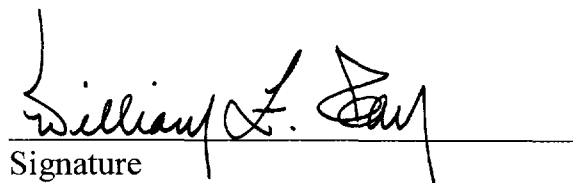
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
M.A. Sirgo, Petroleum Engineer	20 Min.	Approximately 10
Robert Lee, Petroleum Engineer	15 Min.	Approximately 6

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

GP II Energy, Inc. will request that Cases 12113 and 12112 be consolidated for the purpose of the presentation of testimony.


Signature