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PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP
Permian Basin Region

OIL CONSERVATION DIVISION
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August 2, 1994

Mr. Michael Stogner
Chief Hearing Examiner
Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail, 2nd Floor
Santa Fe, NM 87501

Case 11071 mfs

Re: Application by Mobil
Dated July 26, 1994
Regarding a High Angle/
Horizontal Directional
Drilling Pilot Project
Lea County, New Mexico

Dear Mr. Stogner:

Phillips Petroleum Company fully supports Mobil Exploration & Producing U.S. Inc.'s application for the subject project. We specifically wish to emphasize our support of the special test period requested by Mobil. The proposed special test period would provide Mobil with the opportunity to fully evaluate their horizontal wells, which prevents waste. Correlative rights are protected by obligating the operator to make-up the over production in a timely fashion. Finally, the special test would assist Phillips Petroleum Company in evaluating reserves and the applicability of horizontal well technology on our offsetting lands.

We believe that the early review and approval of this application will not only benefit the State of New Mexico, but also the oil and gas industry.

Respectfully,

DR Wier

D. R. Wier
Reservoir Engineering Director

FA

DRW:PH:mm/g:\stogner.ltr

cc: K. E. Olson
Mobil Exploration & Producing U.S. Inc.
P. O. Box 633
Midland, TX 79707