

PHILLIPS 66 NATURAL GAS COMPANY

A SUBSIDIARY OF PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762 4001 PENBROOK, PHONE: 915 367-1266

June 24, 1987

Connection Study for Phillips James "A" Lease Eddy County, New Mexico

E. C. Wiszneauckas Odessa E & P

For your information we have determined connection of the Phillips James "A", located 2-21-30, and James "C", located 11-22-30, Eddy County, New Mexico to a P66NGC gas gathering system is not economical at this time. We will continue to monitor gas development in this area for possible future connection.

Past efforts to expand our low pressure gathering system into this area were also unsuccessful due to insufficient gas reserves from other producers. We do not see the probability for a significant enough increase in available reserves in the near future which would justify such an expansion.

Augustin Gutierrez

AG:cas - RC