



PHILLIPS PETROLEUM COMPANY

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ODESSA, TEXAS 79762

EXPLORATION AND PRODUCTION
Southwest Region

SEP 17 1999

NEW MEXICO OIL CONSERVATION DIVISION

September 15, 1999

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12086; Application of Yates Petroleum Corporation, Hanley Petroleum, Inc. and Energen Resources Corporation for Allowable Reduction, West Lovington Strawn pool, Lea County, New Mexico

Dear Mr. Stogner:

Phillips Petroleum Company is a participant in the West Lovington Strawn Unit. As a working interest owner, Phillips participates in the production of unitized substances and also bears its proportionate share of the costs incurred in maintaining proper reservoir pressure through the Unit's gas injection pressure maintenance program.

The drilling and operation of a number of wells immediately adjacent to the boundaries of the West Lovington Strawn Unit has led to the uncoordinated development of the West Lovington Strawn pool. As a result, the offsetting operators are reaping the benefits of the Unit's pressure maintenance operations, cost free, and Phillips and the other interest owners are suffering the impairment of their correlative rights as a consequence.

The temporary reduction of the allowable is necessary to protect correlative rights and to promote the coordinated development and operation of the pool by the affected parties. Accordingly, Phillips supports the position of the Applicants in this case and asks the Division to grant the relief requested.

Sincerely,

Alfred H. Kent, Jr.
Phillips Petroleum Company