BP America Production Company P. O. Box 1089 Eunice, New Moxico 80201-1089

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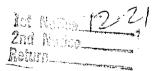


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BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico Case Nos. 12967 and 12968 Exhibit No. <u>4</u>

Submitted by: **Hearing Date:**

Trilogy Operating Inc. January 9, 2003



BP America Production Company P.O. Box 1089 Eunice, NM 88231

December 18, 2002

All Interest Owners: Little Box State #2 Sweet Thing 36 State #1

Dear Owners:

Sincerely,

The Little Box State #2 and the Sweet Thing 36 State #1 have been produced to the point that both are oversized for their compressors. The compressor on the Little Box State #2 was sized and configured to produce both the Little Box State #2 and Sweet Thing State 36 #1 by the beginning of 2003. Once the wells are consolidated into one machine, their cumulative compressor rental lifting cost will be cut approximately in half. Their individual portion of the Little Box State #2 compressor rental cost will be directly proportional to their percentage of rate produced through the compressor. In addition, the maximum utilization of compressor horsepower will result in fuel gas savings and a proportionally equal increase in sales volume.

The compressors on both wells are leased for terms that maximize the utilization of both machines. The Sweet Thing State 36 #1 lease term will expire in the beginning of 2003. This coincides with enough available capacity in the Little Box State #2 compressor to produce both wells. Also, the Little Box State #2 compressor can be configured as a two or three stage machine. This allows the wells to be produced at maximum draw down as reservoir pressure depletes and any sales line pressure increases may occur.

It is mutually beneficial for the Little Box State #2 and Sweet Thing State 36 #1 to be surface commingled in order to minimize lifting costs and maximize utilization of compression horsepower. The compressors were leased for terms that allow the consolidation of these two wells into the Little Box State #2 compressor without significant under utilization of either machine.

Should you have any questions, or require additional clarification in regards to this project please contact the undersigned at (505) 677.3642. If you concur with this recommendation please indicate your approval below and return in the self addressed stamped envelope.

Kount Cortes	
Robert Cortes BP America Production Company Production Engineer	
RC/kdm	
APPROVAL:	(Representative)
	(Company/Individual
	(Date)