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PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

PRODUCTION DEPARTMENT
L. E. FITZJARRALD
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J. TARNER
TECHNICAL ADVISER TO MGR.
H. S. KELLY
CHIEF ENGINEER

June 9, 1955

In re: West Rangely Weber Unit - Rio Blanco County, Colorado

Mr. H. C. Teasdel
The California Company
800 The California Company Bldg.
New Orleans 12, Louisiana

Dear Mr. Teasdel:

This will acknowledge receipt on June 6, 1955, of your letter dated May 27, 1955, in which you present a brief resume of the past action that has taken place regarding efforts to form units in the Rangely Field. You have asked each operator to advise, at the earliest convenient time, of his decision in joining the West Rangely Unit and to furnish a detailed statement of the reasons for not joining if that is the decision.

Phillips Petroleum Company refused to execute the West Rangely Unit agreements until assured that the other working interest owners who were considered necessary to a successful unit operation also indicated a willingness to unitize their properties. Had the agreements been signed by the major interest owners and presented to Phillips Petroleum Company a year ago, there is little question but that we too would have executed the agreements to form the unit operation. Presently the working interests approving the West Rangely Unit consist essentially of only The California Company interest.

Phillips Petroleum Company must now advise that in view of recent developments concerning the validity of the Commission's gas injection order and the problems which have arisen as a result of injecting gas on a lease basis, we deem it inadvisable and will not consider unitization on other than a fieldwide basis until all efforts to form such a unit have been exhausted.

Copies of this letter are being sent to most of the persons to whom your letter of May 27 was sent so that they also may be advised of Phillips Petroleum Company's position. This seems to be the opportune time for the operators to reconvene and again enter into negotiations toward formation of a fieldwide unit. Phillips Petroleum Company will meet with the operators at any time and will fully participate in negotiations toward that end.

Very truly yours,

L. E. Fitzjarrald

L. E. Fitzjarrald

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