

OIL CONSERVATION COMMISSION  
1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO

*P-1-177-940*

December 29, 1966

Tesoro Petroleum Corporation  
533 Busby Drive  
San Antonio Texas 78209

Attn: Mr. Harold Vagtborg, Jr.

Dear Mr. Vagtborg:

Under separate cover we are mailing you a supply of Forms C-106 as you have requested.

You have inquired whether at some future date it would be possible for the outline of the acreage allocation to your #72 Santa Fe well to be changed following a geological study. I am not sure what you have in mind but will be glad to discuss the problem with you detail at your convenience. All of our oil or gas proration unit correspond to subdivision boundaries. We have oil pools developed on 40-acre, 80-acre, 160-acre and in one case 320-acre units but in each case the unit must be a legal subdivision, i.e. quarter-quarter section, half-quarter section, quarter section or half section. Spacing units are changed from statewide 40-acre spacing rules only after hearing and the entire reservoir must be on the same spacing. I believe that I explained to you in my last letter that it would be possible for you to add the 13-acre lot to your 40-acre proration unit by making application to Mr. A.L. Porter, Secretary-Director of the Commission, and notifying your offsets.

We are issuing an oil supplement granting you a 70-barrel daily allowable for your Santa Fe #72 effective December 20, 1966, which was your date of first production. For approval of your automatic custody transfer equipment, Form C-106 should be submitted in quadruplicate to this office and should be accompanied by the following items: 1. Plat of the lease showing thereon all wells which will be produced into the ACT system; 2. A schematic diagram of the ACT equipment showing thereon all major components; 3. A letter from the transporter agreeing to utilization of the ACT system.

If we can be of any further help in this matter, please contact us.

Yours very truly

ECA:ks

Emery C. Arnold  
Supervisor, District #3

cc: Mr. A. L. Porter  
OCC, Santa Fe, N.M.