

TESORO PETROLEUM CORPORATION

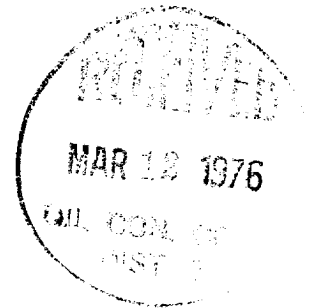
SUITE 2000 FIRST OF DENVER PLAZA BUILDING

633 SEVENTEENTH STREET

DENVER, COLORADO 80202

ROCKY MOUNTAIN DISTRICT
303-825-2000

March 10, 1976



Mr. Al R. Kendrick
Supervisor, District #3
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

RE: Hanson #25
Hospah Area
McKinley County, New Mexico

D-2-17-800

Dear Mr. Kendrick:

In response to your letter of February 13th and conversations with Mr. Dick Denman, Mr. Dave Collis and myself we have decided to cease to deliveries of gas from this well to Tenneco (which is the reason for the over-production from this well).

We request your approval to continue to use the Hanson #25 to supply our lease operations. Since our gas consumption on the lease varies from 250 MCF per month to 1500 MCF per month this should permit us to eliminate the over-production within a year and give us time to evaluate the entire Hospah area to optimize recoveries of oil and gas and to insure that these energy resources are utilized to the maximum. We hope to have our studies completed by some time this summer.

As you are aware the gas production rates from Hanson #25 will be sufficiently low that there will be times that the well bore will be loading up with liquids.

We would also like to request permission to produce this well at a higher rate from time to time to clean the well bore, however, I do not believe that these volumes will involve but a small volume of gas and should not exceed those volumes of gas shown above.

We certainly appreciate your assistance in this matter and if we can provide you with additional information at any time please let me know.

Very truly yours,

A handwritten signature in dark ink, which appears to read 'William F. Parks', is written over the typed name.

William F. Parks
District Production Superintendent

WFP:dw