



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS ROAD - AZTEC

87410

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STATE GEOLOGIST
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SECRETARY - DIRECTOR

February 29, 1972

Tesoro Petroleum Corporation
408 First State Bank
Abilene, Texas 79604

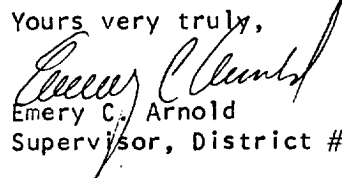
Attn: Mr. Gordon Gray

Dear Gordon:

We have our copies of Federal Permit to Drill for your Double Ought #1 well, 1045/S; 1695/W of Section 12, Township 22 North, Range 6 West. I note that you have dedicated 80 acres to this well although it is located about $1\frac{1}{2}$ miles from the Venado Mesaverde Pool. It is therefore technically a wildcat, so I am correcting the acreage dedication to 40 acres which makes it a non-standard location as it is closer than 330 feet to the 40 acre line. This will pose no problem if the well is completed in the Venado Mesaverde zone as we can immediately take it into the pool which would change the dedication and make the location standard. It would however be non-standard for an oil well in the Dakota and I note that you are projecting the well to that formation.

I presume that the best course of action is to drill the well and take further action depending upon results, but I did want to remind you of the possible non-standard location problem.

Yours very truly,


Emery C. Arnold
Supervisor, District #3

ECA:mc