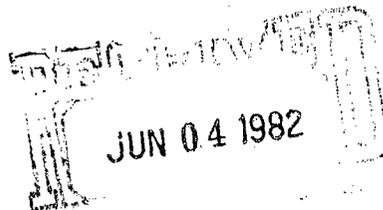




Tesoro Petroleum Corporation

June 2, 1982



RE: Santa Fe RR #20

Mr. Joe Ramey
Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

Recently after the completion of SFRR #42 in the Lower Hospah for 33 BOPD and 160 BWPD, we decided to complete well #20 (see plat) to the Lower Hospah. This well was drilled in 1970 and an attempt was made to complete into the Upper Hospah. However, after perforating the two Upper zones with no fluid entry the well was deepened 20' to expose more of the Upper Hospah. The result was two (2) barrels of water with a scum of oil and after pumping for a short time the well would give up no fluid. The well has been abandoned since then (12 years).

Tesoro would like to deepen this well into the Lower Hospah as a final attempt to obtain oil production to a new TD of 1667' (42').

A request was issued (see attached copy) to Frank Chavez, Supervisor in District #3, to do this work and he believed it advisable to request permission to commingle the Upper and Lower Hospah. Even though there would be no possible production from the Upper Hospah, both zones would be open simultaneously. The marginal economics would not justify the squeezing and liner work necessary to mechanically seal off the Upper Hospah zone. Tesoro believes that on this well and other wells in this 40 acre ("F") area of the field that the Upper Hospah is non-productive and effectively sealed.

- continued -

Mr. Joe Ramey
New Mexico Oil Conversation Commission
June 2, 1982

Page 2

A recent swab test from the Upper Hospah zone yielded no fluid.

The gravity of the Upper Hospah crude is 30° API and the Lower Hospah is 26° API. The produced water from both zones in the field is fresh with identical physical and chemical constituents.

It is therefore requested that based on this that Tesoro be granted permission to leave the Upper Hospah open and attempt a completion in the Lower Hospah. It is also requested that production not be restricted if the Lower Hospah should produce more than 20 BOPD since the Upper Hospah will not produce.

We believe that correlative rights will not be violated and conservation would be enhanced by this project.

Sincerely,



W. F. Parks
District Operations Manager

cc: Mr. Joe Howard
Mr. Frank Chavez, Supervisor District #3
Mr. Paul Doyle, Tenneco Oil

WFP:p11

Enclosures

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

AMENDED

JUN 04 1982

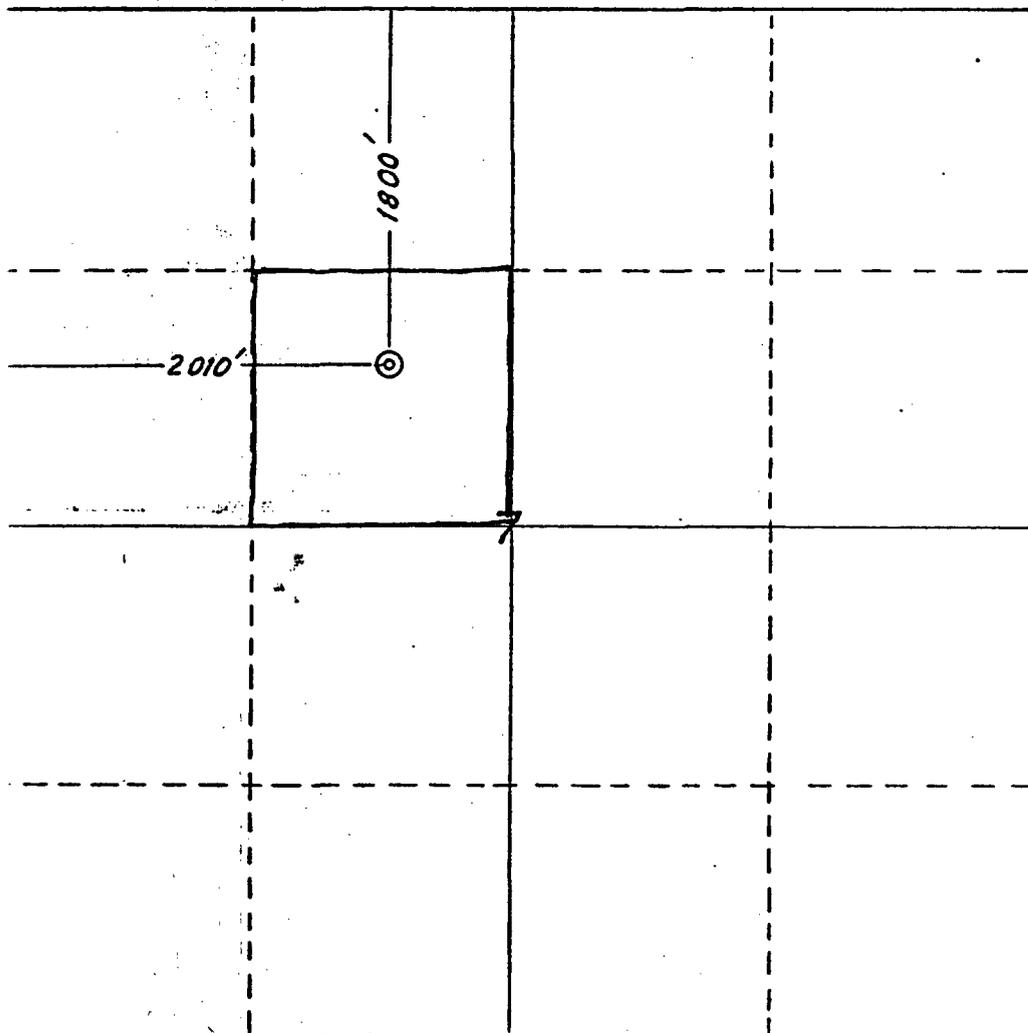
Operator Tesoro Petroleum Corporation		Lease Santa Fe Railroad		Well No. 20
Unit Letter E	Section 7	Township 17 North	Range 8 West	County McKinley
Actual Footage Location of Well: 1800 feet from the North line and 2010 feet from the West line				
Ground Level Elev. 6980'	Producing Formation Lower Hospah	Pool South Hospah-Lower Sand	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



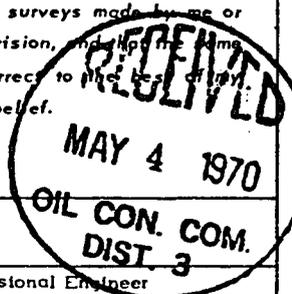
CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Jim Yates

Name **Jim Yates**
 Position **Production Engineer**
 Company **Tesoro Petroleum Corporation**
 Date **May 17, 1982**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and the same is true and correct to the best of my knowledge and belief.



Date Surveyed _____
 Registered Professional Engineer and/or Land Surveyor _____

Certificate No. _____

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

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U.S.G.S.		
LAND OFFICE		
OPERATOR		

JUN 04 1982
OIL CONSERVATION
SANTA FE

5A. Indicate Type of Lease
STATE FEE

5. State Oil & Gas Lease No.

7. Unit Agreement Name

8. Farm or Lease Name
Santa Fe Railroad

9. Well No.
20

10. Field and Pool, or Wildcat
South Hospah, Lower Hospah

12. County
McKinley

19. Proposed Depth
1667' KB

19A. Formation
Lower Hospah

20. Rotary or C.T.
Rotary

21. Elevations (Show whether DF, RT, etc.)
6992' KB

21A. Kind & Status Plug. Bond
NM Blanket

21B. Drilling Contractor
Tesoro Company Unit

22. Approx. Date Work will start
May 20, 1982

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

a. Type of Work
DRILL DEEPEN PLUG BACK

b. Type of Well
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

Name of Operator
Tesoro Petroleum Corporation

Address of Operator
2000 1st of Denver Plaza, Denver, CO 80202

Location of Well
UNIT LETTER "F" LOCATED 1800 FEET FROM THE North LINE
ND 2010 FEET FROM THE West LINE OF SEC. 7 TWP. 17N RGE. 8W NMPM

11. Elevations (Show whether DF, RT, etc.) 6992' KB		21A. Kind & Status Plug. Bond NM Blanket	21B. Drilling Contractor Tesoro Company Unit	22. Approx. Date Work will start May 20, 1982
--	--	---	---	--

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	24#	62'	50	Surface
7 7/8"	5 1/2"	14#	1605'	100	940' +
4 3/4"	Open hole	N/A	1667'	N/A	N/A

The well is presently completed in the Upper Hospah. The Upper Hospah is tight and has never produced more than 2 barrels of fluid per day. It is considered non-productive. It is proposed to deepen the well about 42' to the Lower Hospah.

This project will allow the production of additional reserves from the Lower Hospah which would otherwise be left in place. Therefore, this project will insure conservation of oil resources.

ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSED TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Jim Gates Title Production Engineer Date 5-5-82

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

AMENDED

All distances must be from the outer boundaries of the Section.

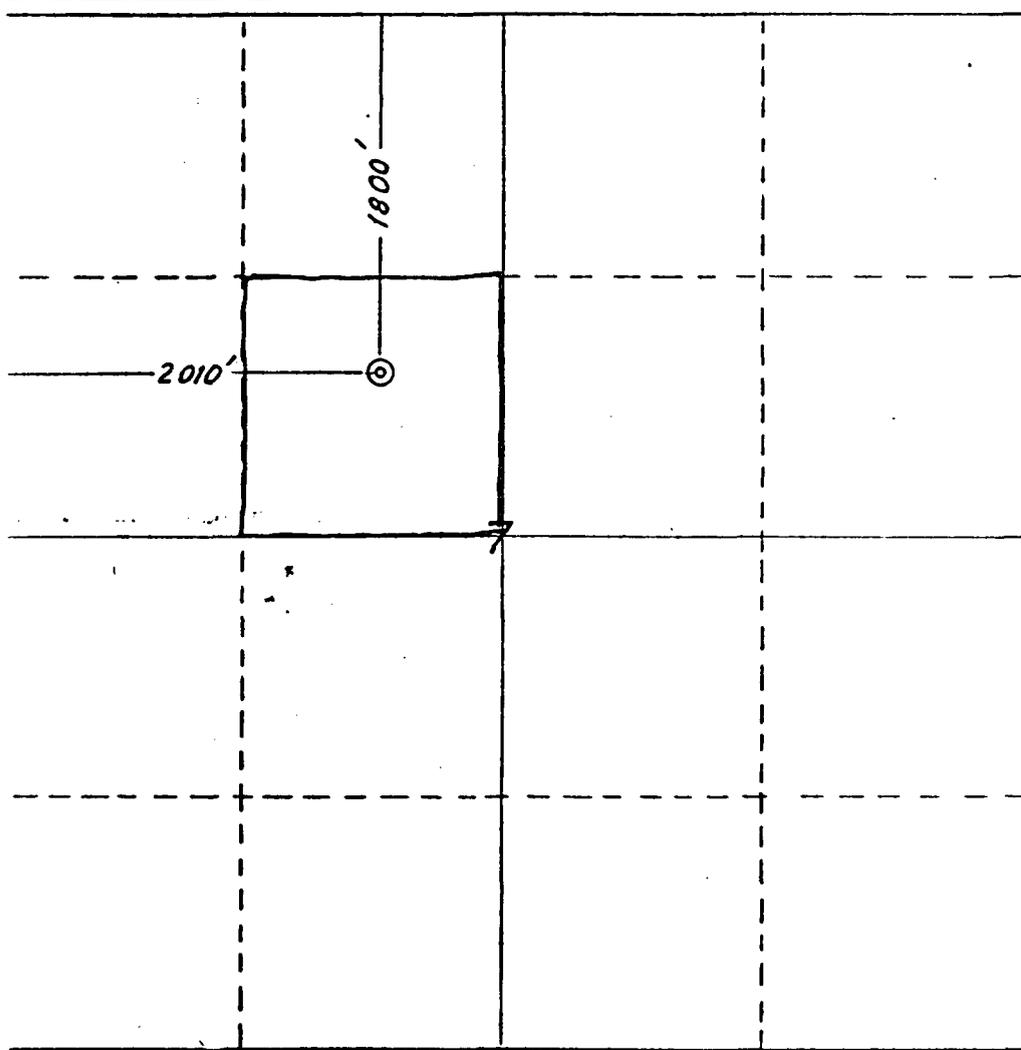
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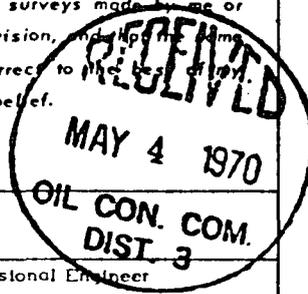


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Name Jim Yates
 Position Jim Yates
Production Engineer
 Company Tesoro Petroleum Corporation
 Date May 17, 1982

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Date Surveyed _____
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LAND OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

JUN 04 1982
OIL CONSERVATION COMMISSION

5A. Indicate Type of Lease
STATE FEE

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work

Type of Well DRILL DEEPEN PLUG BACK

OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

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Tesoro Petroleum Corporation

Address of Operator
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I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Jim Gates LUP Title Production Engineer Date 5-5-82

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: