

TESORO PETROLEUM CORPORATION

533 BUSBY DRIVE

512-TAYLOR 4-0261

SAN ANTONIO, TEXAS 78209

February 8, 1966

LAND OFFICE LDC

FEB 10 AM 1966

State of New Mexico  
Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico

Attention: Mr. D. S. Nutter

Re: Application of Tesoro Petroleum Corporation  
For Authority to Commingle Production,  
Hospah Field, McKinley County, New Mexico

Dear Dan:

Attached for your information is a copy of the letter that we sent  
to all interest owners in regard to the referenced application.

Best regards,

Very truly yours,

*G. M. Andreen*

G. M. Andreen

GMA:nbd  
Attachment

TESORO PETROLEUM CORPORATION

533 BUSBY DRIVE

512-TAYLOR 4-0261

SAN ANTONIO, TEXAS 78209

January 26, 1966

MAIN OFFICE 000

FEB 10 AM 9 04

To All Interest Owners  
Hospah Sand Unit, Hospah Field  
McKinley County, New Mexico

Re: Hospah Sand Unit, being 1437.27 acres comprised of all of Section 1-17N-9W; Lots 2, 3, 4 and E/2 of SW/4 of Section 31-18N-8W; S/2 and S/2 of N/2 and NW/4 of NE/4 and NE/4 of NW/4 of Section 36-18N-9W; all in McKinley County, New Mexico

Gentlemen:

As you recall, the leases in the old area of the Hospah Field were unitized in 1964 for the purpose of conducting secondary-recovery operations. Approval of the unitization and secondary-recovery plan was obtained from the New Mexico Oil Conservation Commission on November 24, 1964. During the last half of 1965 all of the facilities and wells necessary for full-scale water injection into the old productive area of the Hospah Field were completed. The leases in the old productive area of the Hospah Field now carry the official designation of "Hospah Sand Unit." During the course of the development work incident to the secondary-recovery program more oil-productive sand was encountered than had been anticipated, and as a result the future potential oil recovery from the Hospah Sand Unit is greater now than was envisioned at the time of unitization.

During the summer and fall of 1965 a new field was discovered just south and east of the Hospah Sand Unit area. The productive area of this new field was extended by drilling, and in November, 1965 Tesoro completed its first well in this new field at a location 1,250 feet from the east line and 330 feet from the south line of Section 1, Township 18 North, Range 9 West. All of the wells completed in the new field (Hospah Field) are completed in and producing oil from a Hospah sand reservoir that is, by faulting, separated and distinct from the Hospah sand reservoir which produces in the Hospah Sand Unit.

In general, operating conditions in the Hospah area are difficult. The production is located 40 miles from the nearest pavement at an elevation of approximately 7,300 feet above sea level where wintertime temperatures drop to 35° and more below zero. In connection with the secondary-recovery

January 26, 1966

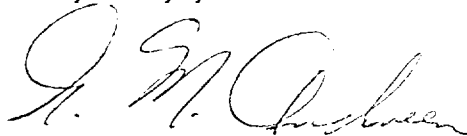
program for the Unit area Tesoro installed, in a weather-proof building, very extensive facilities for treating production to obtain crude oil of a saleable quality. To minimize operating problems and to obtain more utility from existing facilities, Tesoro desires to commingle the production from the Hospah Sand Unit with Tesoro's production from the new field and process the combined stream in the same treating facilities.

Under the rules of the Oil Conservation Commission of the State of New Mexico any Operator who wishes to commingle production from two or more different sources must install facilities to accurately determine the production from the different sources prior to commingling and by registered letter advise each party owning an interest in the oil produced from the properties involved of the desire to commingle. In compliance with these rules this letter is to advise each party of interest of Tesoro's desire to commingle the production from the Hospah Sand Unit with that obtained from Tesoro's lease in the new field. Pursuant to the rules of the Oil Conservation Commission, the oil production from both sources will be automatically measured and recorded prior to commingling, and the design of the installation and the equipment utilized will be approved by the Commission prior to its use. It is also required that the overall system provide accuracy which exceeds that of the historically-accepted practice of hand-gauging and that the system be fail-safe and have provisions for checking the accuracy of the automatic metering equipment. In Tesoro's opinion the commingling of the oil production from the two sources in compliance with the rules and regulations of the Oil Conservation Commission will provide an accurate means for determination of the oil produced from each source and thus equity will be maintained between all parties concerned.

Should there be any question concerning the contents of this letter, please telephone "collect" either the writer or Mr. R. H. Denman of San Antonio, Texas, Area Code 512, Taylor 4-0261. If you have no objection to the commingling, no action is required. However, should there be an objection, it should be filed by letter or telegram and addressed to Mr. Dan S. Nutter with the New Mexico Oil Conservation Commission, State Land Office Building, Santa Fe, New Mexico prior to February 28, 1966. A copy of any letter of objection should be sent to Tesoro Petroleum Corporation, 533 Busby Drive, San Antonio, Texas 78209.

We wish to express Tesoro's appreciation for your consideration and hope that this petition for commingling is received favorably.

Very truly yours,



Gilbert M. Andreen

GMA:nbd

TESORO PETROLEUM CORPORATION

533 BUSBY DRIVE

512-TAYLOR 4-0261

SAN ANTONIO, TEXAS 78209

February 17, 1966

MAIL ROOM

FEB 17 PM 1 01

State of New Mexico  
Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico

Attention: Mr. D. S. Nutter

Re: Application to Commingle  
Hospah Field, McKinley  
County, New Mexico

Dear Mr. Nutter:

Attached is a list of the owners of interest involved in the referenced application and a copy of the post office department receipt for the registered letter of notification sent to each owner.

As you can see from the post office department receipts, all of the letters were mailed on February 8, 1966. The cards returned by the post office indicating receipt of the registered letter are in our office, and we will be glad to send you a copy of them, if you so require.

Very truly yours,

*G. M. Andreen*  
Gilbert M. Andreen

GMA:nbd  
Attachment

HOSPAH SAND UNIT  
McKinley County, New Mexico

MAIN OFFICE OCC

FEB 19 PM 1:01

✓ State of New Mexico  
Land Commissioner's Office  
P. O. Box 791  
Santa Fe, New Mexico

✓ Consolidated Production Corp.  
Room 420, 14 North Robinson  
Oklahoma City, Oklahoma

✓ Renee O'Donohue  
60 Lane Place  
Atherton, California

✓ Margaret McRae Chapman  
665 Park Lane  
Montecito, Santa Barbara, California

✓ Gordon Willard  
1218 Fifteenth Avenue, W.  
Vancouver, B. C., Canada

✓ Ann Espe Dietz  
7017 Edith Boulevard, N. E.  
Albuquerque, New Mexico

✓ Lolita L. Osborne  
360 Olive Tree Lane  
Sierra Madre, California

✓ Santa Fe Pacific Railroad Company  
Office of Land Commissioner  
4549 Produce Plaza  
Los Angeles, California

✓ Regina G. Hancock  
4747 Forman Avenue  
North Hollywood, California

✓ Estate of Robert B. Moran  
and Edna Moran  
1335 Olive Lane  
La Canada, California

REGISTERED NO. 320-369

Value \$ N.V. Spec. del'y fee \$  
 Fee \$ 60 Ret. receipt fee \$ 10  
 Surcharge \$ Rest. del'y fee \$  
 Postage \$ 08 ☒ Airmail



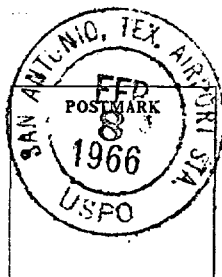
Postmaster, By [Signature]  
 From Tesoro Petroleum Corp.  
533 Busby Drive  
 To Mr. Gordon Willard  
1218 Fifteenth Avenue  
Vancouver, B.C., Canada

POD Form 3806—Oct. 1960

c48-16-70493-5

REGISTERED NO. 320-370

Value \$ N.V. Spec. del'y fee \$  
 Fee \$ 60 Ret. receipt fee \$ 10  
 Surcharge \$ Rest. del'y fee \$  
 Postage \$ 08 ☒ Airmail



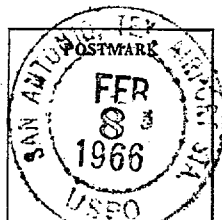
Postmaster, By [Signature]  
 From Tesoro Petroleum Corp.  
533 Busby  
 To Margaret Mac Rae Chapman  
685 Park Lane  
Montecito, Santa Barbara  
Calif.

POD Form 3806—Oct. 1960

c48-16-70493-5

REGISTERED NO. 320-371

Value \$ N.V. Spec. del'y fee \$  
 Fee \$ 60 Ret. receipt fee \$ 10  
 Surcharge \$ Rest. del'y fee \$  
 Postage \$ 08 ☒ Airmail



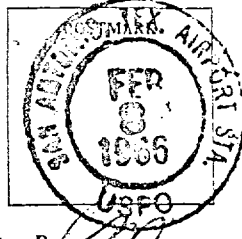
Postmaster, By [Signature]  
 From Tesoro Petroleum Corp.  
533 Busby  
 To Rene O'Donohue  
60 Lane Place  
Atherton, Calif.

POD Form 3806—Oct. 1960

c48-16-70493-5

REGISTERED NO. 320-365

Value \$ N.V. Spec. del'y fee \$  
 Fee \$ 60 Ret. receipt fee \$ 10  
 Surcharge \$ Rest. del'y fee \$  
 Postage \$ 08 ☒ Airmail



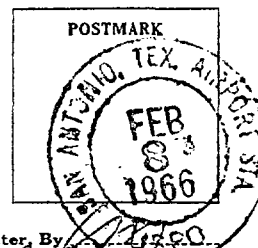
Postmaster, By [Signature]  
 From Tesoro Petroleum Corp.  
533 Busby  
 To Estate of Robt. B. Moran & Delra  
1335 Olive Lane  
San Francisco, Calif.

POD Form 3806—Oct. 1960

c48-16-70493-5

REGISTERED NO. 320-366

Value \$ N.V. Spec. del'y fee \$  
 Fee \$ 60 Ret. receipt fee \$ 10  
 Surcharge \$ Rest. del'y fee \$  
 Postage \$ 08 ☒ Airmail



Postmaster, By [Signature]  
 From Tesoro Petroleum Corp.  
533 Busby Drive  
 To Regina M. Hancock  
4747 Sherman Avenue  
N. Hollywood, Calif.

POD Form 3806—Oct. 1960

c48-16-70493-5

REGISTERED NO. 320-367

Value \$ N.V. Spec. del'y fee \$  
 Fee \$ 60 Ret. receipt fee \$ 10  
 Surcharge \$ Rest. del'y fee \$  
 Postage \$ 18 ☒ Airmail



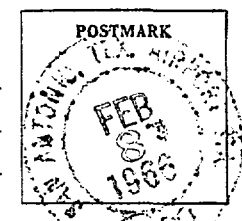
Postmaster, By [Signature]  
 From Tesoro Petroleum Corp.  
533 Busby Dr  
 To Mrs. Felita L. Osborne  
360 Olive Tree Lane  
Sierra Madre, Calif.

POD Form 3806—Oct. 1960

c48-16-70493-5

REGISTERED NO. 320-368

Value \$ N.V. Spec. del'y fee \$  
 Fee \$ 60 Ret. receipt fee \$ 10  
 Surcharge \$ Rest. del'y fee \$  
 Postage \$ 08 ☒ Airmail



Postmaster, By [Signature]  
 From Tesoro Petroleum Corp.  
533 Busby  
 To Mrs. Ann Espe Dietz  
7017 Edith Blvd. N.E.  
Albuquerque, N.M.

POD Form 3806—Oct. 1960

c48-16-70493-5

REGISTERED NO. 320-362

Value \$ N.V. Spec. del'y fee \$

Fee \$ 60 Ret. receipt fee \$ 10

Surcharge \$ Rest. del'y fee \$

Postage \$ 16 ☒ Airmail



Postmaster, By CM

From Tesoro Petroleum Corp.  
533 Bushy

To Santa Fe Pacific Railroad Co.  
4549 Produce Plaza  
Los Angeles, Calif.

POD Form 3806—Oct. 1960

c48-16-70493-5

REGISTERED NO. 320-363

Value \$ N.V. Spec. del'y fee \$

Fee \$ 60 Ret. receipt fee \$ 10

Surcharge \$ Rest. del'y fee \$

Postage \$ 16 ☒ Airmail



Postmaster, By CM

From Tesoro Petroleum Corp.  
533 Bushy

To State of New Mexico  
Box 7911  
Santa Fe, New Mexico

POD Form 3806—Oct. 1960

c48-16-70493-5

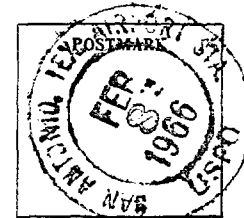
REGISTERED NO. 320-364

Value \$ N.V. Spec. del'y fee \$

Fee \$ 60 Ret. receipt fee \$ 10

Surcharge \$ Rest. del'y fee \$

Postage \$ 08 ☒ Airmail



Postmaster, By CM

From Tesoro Petroleum Corp.  
533 Bushy

To Consolidated Production Corp.  
Rm. 420 r4 No. Robinson  
Oklahoma City, Oklahoma

POD Form 3806—Oct. 1960

c48-16-70493-5

NEW MEXICO STATE LAND OFFICE  
P. O. Box 2088  
SANTA FE, NEW MEXICO 87501

MAIN OFFICE 000

FEB 23 PM 1:16

February 18, 1966 *File*

C  
O  
P  
Y  
  
Tesoro Petroleum Corporation  
533 Busby Drive  
San Antonio, Texas 78209

Attention: Mr. Gilbert M. Andreen

Gentlemen:

We wish to acknowledge receipt of your application to commingle oil production from the Hospah Sand Unit with production from Hospah Sand derived from Tesoro Petroleum Corporation's Santa Fe Lease in Section 1, Township 17 North, Range 9 West, McKinley County, New Mexico.

In regard to your proposal as presented by letter to the Oil Conservation Commission on February 4, 1966, and by copy forwarded to our office, it is our opinion that your proposal satisfactorily fulfills our requirements for commingling. As a condition precedent to this approval, it is understood that the production from both sources; that is, the production from Section 1 and that production from the participating area of the Hospah Sand Unit, shall be separately metered prior to commingling. We would like to request that you notify us after the facilities have been completed but before they have been put into operation in order that we may make an inspection at the site.

Therefore, the Commissioner of Public Lands hereby approves your proposal to commingle production from the above described acreage as you proposed by letter of February 4, 1966. The Commissioner, however, does reserve the right to amend or withdraw this approval at his discretion if it becomes detrimental to the State of New Mexico.

Very truly yours,

GUYTON B. HAYS  
Commissioner of Public Lands

By

TED BILBERRY, Director  
Oil and Gas Department

GBH/EB/TB/d

cc: New Mexico Oil Conservation Commission

P. O. Box 2088, Santa Fe, New Mexico