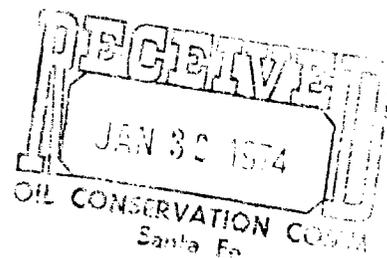


TESORO PETROLEUM CORPORATION

ROCKY MOUNTAIN DISTRICT  
SUITE 1012, 1776 LINCOLN STREET  
DENVER, COLO. 80203  
PHONE 303-572-8337

January 24, 1974

Mr. A. L. Porter, Secretary Director  
New Mexico Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87501



Re: Administrative Approval - Surface Commingling  
Tesoro Petroleum's Upper Hospah Oil and Hospah Dakota Oil  
Santa Fe Railroad 'B' Lease  
W/2 SW/4 S. 5, T. 17 N., R. 8 W.  
McKinley County, New Mexico

Dear Sir:

Tesoro Petroleum Corporation respectfully requests an exception to rule 303 (a) as provided in rule 303 (b) in order to commingle (in common tank battery facilities) Upper Hospah Oil with Dakota Oil production on the above-captioned lease. Lease and royalty interest ownership is common for both the Upper Hospah (depth: 1600') and the Hospah Dakota (depth: 2600') on this lease.

Tesoro has two producing wells on this lease (see attached plat) both of which are marginal oil producers. A tabulation of the last 60 days production for well no. 32 (Hospah Dakota completion) and all production from well no. 33 (Upper Hospah completion) since recompletion on December 12, 1973, is attached for your information.

Shell Pipeline Company, purchaser of oil in this field, pays one price for all gravities of Tesoro's oil purchased from this field. Therefore, commingling of oil from these two formations, will not affect the income of any parties with an interest in this lease. A summary of the volumes of oil and gas being produced by each well on this lease along with oil gravities and sale price is tabulated below.

<u>Well No.</u>	<u>Producing Formation</u>	<u>Daily Production</u>		<u>Gravity of Crude (°API)</u>	<u>Price of Oil \$/Bbl.</u>
		<u>Oil (B/D)</u>	<u>Gas (MCFD)</u>		
32	Dakota "D" Sd.	26	40	52	3.91
33	Upper Hospah Sd.	58	TSTM	29	3.91

Mr. A. L. Porter

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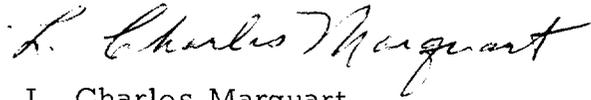
January 24, 1974

Attached is a plat of Tesoro's Santa Fe RR 'B' Lease (outlined in yellow pencil) with wells no. 32 and 33 spotted. Also, attached is a schematic diagram of the proposed commingled tank battery. Monthly production for this battery will be allocated to each well by use of monthly well tests obtained from the test facilities indicated on this schematic diagram.

A form C-106 will be filed with the NMOCC District Office in Aztec for permission to install the LACT unit indicated on the schematic diagram.

Yours very truly,

TESORO PETROLEUM CORPORATION



L. Charles Marquart  
District Engineer

LCM:ds

Enclosure

Tesoro

31

S.F.P.R.R.

SORO

TEXACO

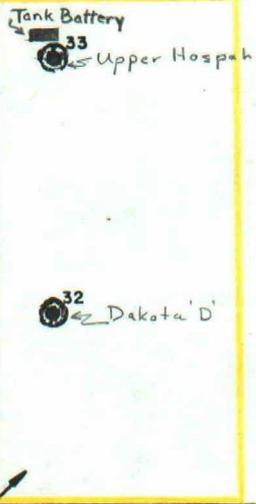
TESORO

3739

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Tank Battery

33

Upper Hospah

24

32

Dakota D

30

deral U.S.N.M. No. 052931

23

S.F.P.R.R.

SORO

10

2

29

25

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28

In Unit

22

C.C. Kennedy  
BSX Edna

Tenneco  
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1

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3 (15)

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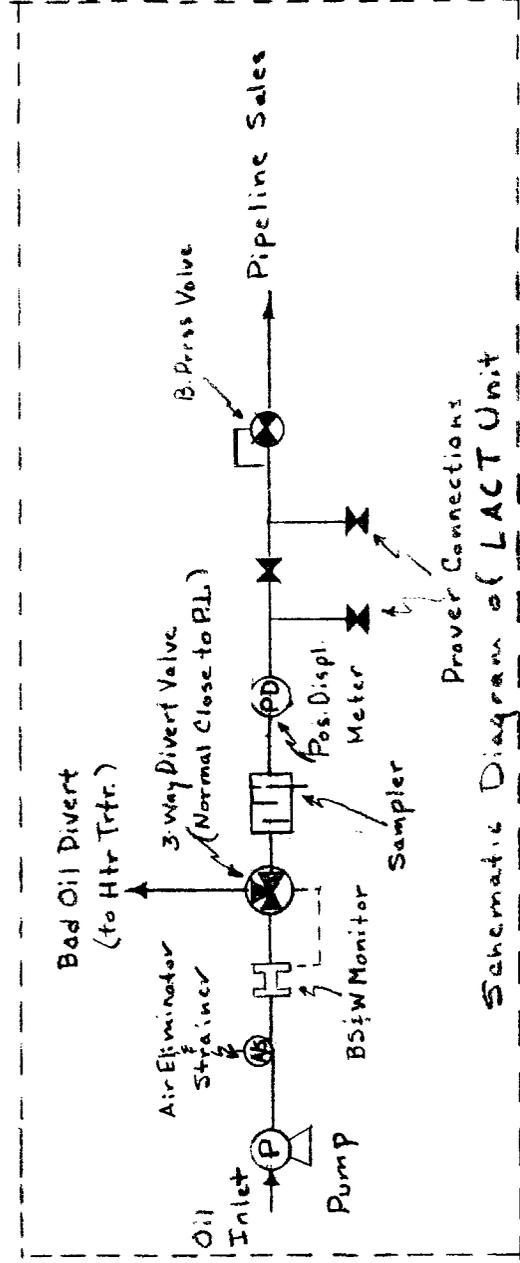
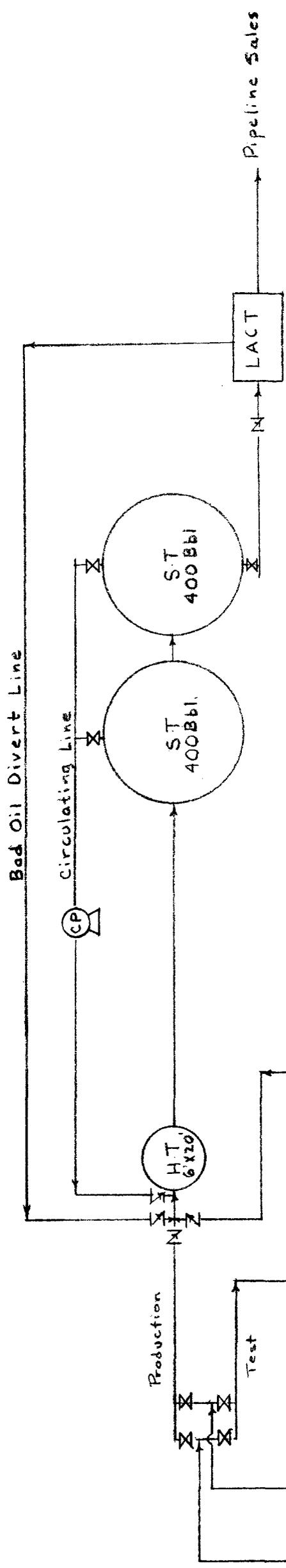
(Beard Oil Co.)  
(J. Toledo)

1 (2)

11-A

4

Schematic Diagram of Tesoro's Proposed  
 Santa Fe RR 'B' Tank Battery  
 for Commingled Upper Hospah & Hospah Dakota Oil  
 Location: Unit L, Sec. 5, T. 17 N., R. 8 W.  
 McKinley County, New Mexico



Praver Connections  
 Schematic Diagram of LACT Unit

Well no. 33  
 (U-Hospah)

Well no. 32  
 (Hospah Dakota)

TABULATION OF DAILY OIL PRODUCTION  
FROM TESORO'S UPPER HOSPAH AND HOSPAH DAKOTA WELLS  
Santa Fe RR 'B' Lease, S. 5, T. 17 N., R. 8 W.  
McKinley County, New Mexico

<u>Date</u>	<u>Hospah Dakota Well No. 32 (BO)</u>	<u>Upper Hospah Well No. 33 (BO)</u>
11/27/73	31.7	Completed in Hospah Dakota
11/28/73	33.8	
11/29/73	27.5	
11/30/73	28.4	
12/1/73	30.0	
12/2/73	29.2	
12/3/73	30.0	
12/4/73	30.0	
12/5/73	28.4	
12/6/73	30.0	
12/7/73	29.6	
12/8/73	25.4	
12/9/73	28.4	
12/10/73	29.6	
12/11/73	28.8	
12/12/73	28.8	
12/13/73	26.3	
12/14/73	30.0	
12/15/73	25.0	
12/16/73	28.4	
12/17/73	28.4	
12/18/73	28.4	Recompleted well from Hospah Dakota to Upper Hospah (Perfs. 1578-82')
12/19/73	27.1	
12/20/73	28.8	73.7
12/21/73	26.7	52.5
12/22/73	28.4	39.5
12/23/73	30.8	67.0
12/24/73	29.2	54.0
12/25/73	28.4	50.5
12/26/73	28.4	53.4
12/27/73	30.0	16.0
12/28/73	17.1	51.0
12/29/73	37.5	58.0
12/30/73	25.4	62.0
12/31/73	30.0	57.5
1/1/74	26.7	55.5
1/2/74	27.5	57.5
1/3/74	27.2	56.5
1/4/74	28.4	55.0
1/5/74	31.3	56.0
1/6/74	24.2	57.0
1/7/74	25.9	55.0
1/8/74	30.9	54.0
1/9/74	26.7	S.I. 24 hr. Sonic FL Test
1/10/74	25.0	56.0
1/11/74	27.5	47.0
1/12/74	28.4	55.0
1/13/74	26.7	56.0
1/14/74	28.8	55.0
1/15/74	25.9	53.0
1/16/74	28.4	53.0
1/17/74	27.9	52.0
1/18/74	26.3	55.0

<u>Date</u>	<u>Hospah Dakota Well No. 32 (BO)</u>	<u>Upper Hospah Well No. 33 (BO)</u>
1/19/74	28.4	54.0
1/20/74	27.5	52.0
1/21/74	26.7	58.0
1/22/74	27.5	52.0
1/23/74	26.7	52.0
1/24/74	26.7	49.2
1/25/74	26.7	52.0