



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

October 4, 1982

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Tesoro Petroleum Corporation
First of Denver Plaza Building
Suite 2000
633 17th Street
Denver, Colorado 80202

Attention: W. F. Parks,
District Operations Manager

Administrative Order No. DHC-374
Santa Fe Railroad Well No. 20,
SE/4 NW/4, Sec. 7, T-17-N, R-8-W,
NMPM, McKinley County
South Hospah Upper Sand Oil and
South Hospah Lower Sand Oil Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations for the subject well to commingle the production from both pools in the wellbore.

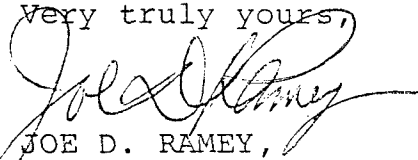
It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such down-hole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above.

In accordance with the provisions of Rule 303-C, total commingled oil production from the subject well shall not exceed 20 barrels per day, and total water production from the well shall not exceed 40 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2000 by top unit allowable for the South Hospah Upper Sand Oil Pool.

Assignment of allowable to the well and allocation of production from the well shall be in accordance with the provisions of Rule 303-C, the supervisor of the Aztec District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

Pursuant to Rule 303-C 5, the commingling authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Joe D. Ramey", written over the typed name.

JOE D. RAMEY,
Division Director