

TESORO PETROLEUM CORPORATION

ROCKY MOUNTAIN DISTRICT

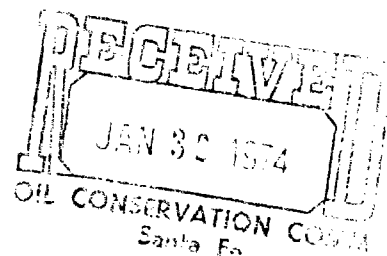
SUITE 1012, 1776 LINCOLN STREET

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 Oil (B/D)</u>	<u>Gas (MCFD)</u>	<u>Gravity of Crude (°API)</u>	<u>Price of Oil \$/Bbl.</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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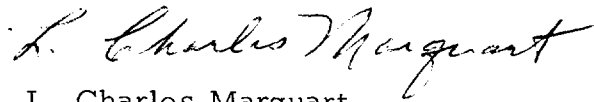
January 24, 1974

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

A handwritten signature in cursive script, reading "L. Charles Marquart".

L. Charles Marquart
District Engineer

LCM:ds

Enclosure

Tesoro
31

S.F.P.R.R.

SORO

TEXACO

TESORO

3739

0557107

SORO

6

Tank Battery
33 Upper Hospah

5

24

32 Dakota 'D'

30

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

23

S.F.P.R.R.

SORO

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In Unit

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C.C. Kennedy
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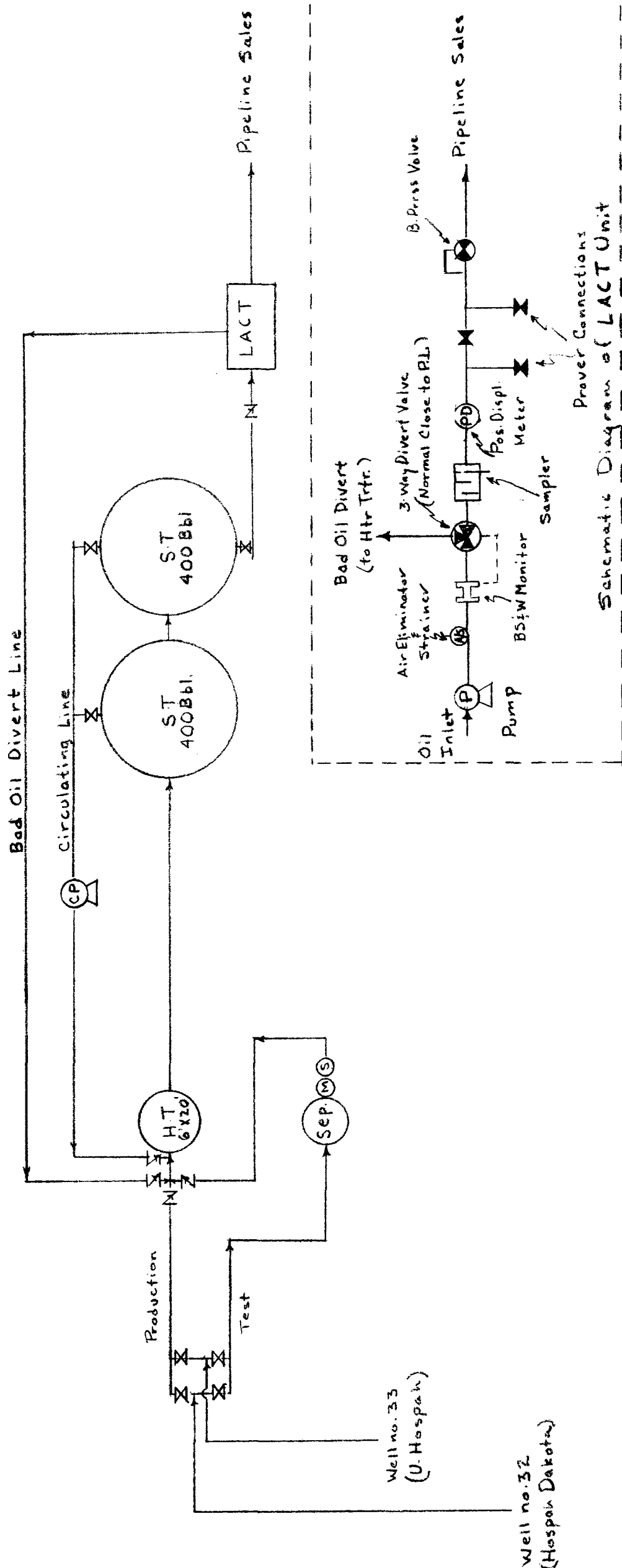
(Beard Oil Co.)
(J. Toledo)

1 (2)

11-A

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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



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</u> <u>Well No. 32 (BO)</u>	<u>Upper Hospah</u> <u>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
12/19/73	27.1	to Upper Hospah (Perfs. 1578-82')
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