



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer 1857
Roswell, New Mexico 88201

DEC 21 1970

November 25, 1970

Aztec Oil and Gas Company
2000 First National Bank Bldg.
Dallas, Texas 75202

Attention: Mr. L. D. Eaton

Re: Lease SF 078872-A
San Juan County, New Mexico

Gentlemen:

Your letter of November 13, 1970 requests approval to commingle on the surface the liquid production from the Gallup and Dakota formations from dually completed well No. 1 Hillside, NW $\frac{1}{4}$ SE $\frac{1}{4}$ sec. 9, T. 27 N., R. 11 W., San Juan County, New Mexico, lease Santa Fe 078872-A

As stated in your letter, the condensate from the Dakota formation has a gravity of 59.7° API with a value of \$3.05 per barrel. Oil from the Gallup formation has a gravity of 44.4° API with a value of \$3.05 per barrel. When combined the gravity will fall within the 40-65° price-gravity range with a value of \$3.05 per barrel.

Your plan for commingling liquid production on the surface is hereby approved provided that regular quarterly tests of production be made and commingled production allocated back to each zone based on this test.

Sincerely yours,

A handwritten signature in cursive script, reading "Carl C. Traywick".

CARL C. TRAYWICK
Acting Oil and Gas Supervisor