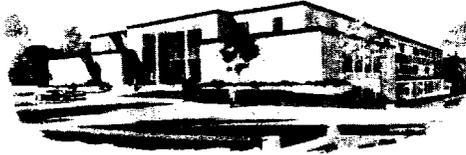


State of New Mexico



Commissioner of Public Lands

GUYTON B. HAYS
COMMISSIONER



P. O. BOX 1148
SANTA FE, NEW MEXICO

September 5, 1968

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

Attn: Mr. Kenneth A. Swanson
Land Department

Re: Commingling of hydrocarbons on State owned
lands in Lea County, New Mexico
SW $\frac{1}{4}$ Sec. 1 - Twp 18S - Rng. 36E
N $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 12 - Twp 18S - Rng. 36E

Gentlemen:

This is to inform you that insofar as the State Land Office is concerned, your above request is hereby granted. This however is granted with the understanding that the Commissioner of Public Lands reserves the right to withdraw his approval, if at any time the operation is not feasible or profitable to the State of New Mexico.

Also, it is understood that the Oil Conservation Commission has to grant its approval.

GUYTON B. HAYS
Commissioner of Public Lands

By:
TED BILBERRY, Director
Oil and Gas Department

GBH:TB:RM:cw

cc: Oil Conservation Commission
Oil and Gas Accounting Commission
Mr. Richard S. Morris

J. O. SETH 11883-1963,

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & MORRIS

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE

SANTA FE, NEW MEXICO 87501

July 31, 1968

POST OFFICE BOX 2307

AREA CODE 505

TELEPHONE 982-3876

A. K. MONTGOMERY
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
RICHARD S. MORRIS
SUMNER G. BUELL
SETH C. MONTGOMERY

Mr. Daniel S. Nutter, Examiner
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Re: NMOCC Case No. 3822; Application of Aztec
Oil & Gas Company for Permission to Com-
mingle, Lea County, New Mexico

Dear Dan:

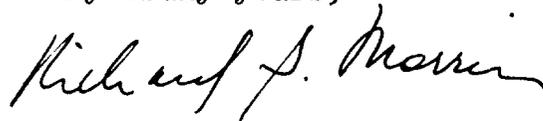
Enclosed is a copy of the application we have filed
with the State Land Office seeking permission to
commingle hydrocarbons on State owned land. This
application is a companion to the subject application
that was heard before you on July 24th.

Also enclosed are the original waivers that we have
received from the overriding royalty interests in
these two leases.

The only overriding royalty interest who has not sent
in a waiver of objection is Carmon J. Stafford, but
this interest has not objected to the proposed com-
mingling.

We have asked the State Land Office to inform you
directly when they approve this application.

Very truly yours,



RSM:F

Encl.

cc: Mr. Kenneth A. Swanson, Manager
Land Department
Aztec Oil & Gas Company
2000 First National Bank Bldg.
Dallas, Texas 75202

AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

LAND DEPARTMENT
KENNETH A. SWANSON, MANAGER

July 11, 1968

Amerada Petroleum Corporation
Box 2040
Tulsa, Oklahoma 74102

Re: NM-OCC Case #3822
Aztec State A J Well No. 1
Aztec Amerada State Well No. 1
Township 18 South, Range 36 East
Arkansas Junction-San Andres Pool
Lea County, New Mexico

Dear Sir:

Aztec Oil & Gas Company has on this date filed application with the Oil Conservation Commission of the State of New Mexico for authority to commingle fluids produced from the two captioned wells. You are the owner of an overriding royalty interest under one of these wells and are, therefore, an interested party to this application.

Both of the subject wells produce high water volumes and contain corrosive ingredients which have rendered normal pumping techniques impractical. Therefore, at considerable expense Aztec Oil & Gas Company has installed a hydraulic pumping system which is capable of handling production from both of these wells concurrently. The Rules and Regulations of the Oil Conservation Commission of the State of New Mexico prohibit the commingling of oil from separate leases unless the oil has been separately metered or measured before being commingled. Metering devices of the type which would be required with the equipment which we have installed would be extremely expensive and future production might not justify the expenditure. We are, therefore, requesting permission to commingle oil produced from the subject wells with existing equipment and allocate royalty based upon periodic well tests to be conducted not less than once every calendar month. It is anticipated that the inaccuracy, if any, resulting from this method of royalty accounting would be insignificant.

Royalty Interest Owner

- 2 -

July 11, 1968

If the Oil Conservation Commission of the State of New Mexico should see fit to grant our request, we expect that the producing life of this reservoir might be materially extended by the economy which would be thus affected in our operations. If you as an overriding royalty owner have no objections to our proceeding as outlined hereinabove, please evidence your consent thereto and your waiver of objections by signing the attached copy of this letter in the space provided therefor and return same to us at your earliest convenience in the enclosed stamped self-addressed envelope.

We shall appreciate your cooperation in this matter.

Yours truly,

Joe E. Starks

JES:sbb

DATE:

July 17, 1968

Overriding royalty owner

AMERADA PETROLEUM CORPORATION

By

C. W. Hadley

ARTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

LAND DEPARTMENT
KENNETH A. SWANSON, MANAGER

July 11, 1968

Tenneco Oil Company
P. O. Box 2511
Houston, Texas 77001

Re: NM-OCC Case #3822
Aztec State A J Well No. 1
Aztec Amerada State Well No. 1
Township 18 South, Range 36 East
Arkansas Junction-San Andres Pool
Lea County, New Mexico

Dear Sir:

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Royalty Interest Owner

- 2 -

July 11, 1968

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We shall appreciate your cooperation in this matter.

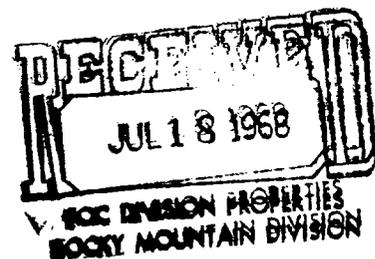
Yours truly,

Joe E. Starks
Joe E. Starks

JES:sbb

DATE: July 23 1968

F. J. McDonald
Overriding royalty owner



AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

LAND DEPARTMENT
KENNETH A. SWANSON, MANAGER

July 11, 1968

Mr. C. R. McVay
308 Philtower
Tulsa, Oklahoma 74103

Re: NM-OCC Case #3822
Aztec State A J Well No. 1
Aztec Amerada State Well No. 1
Township 18 South, Range 36 East
Arkansas Junction-San Andres Pool
Lea County, New Mexico

Dear Sir:

Aztec Oil & Gas Company has on this date filed application with the Oil Conservation Commission of the State of New Mexico for authority to commingle fluids produced from the two captioned wells. You are the owner of an overriding royalty interest under one of these wells and are, therefore, an interested party to this application.

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Royalty Interest Owner

- 2 -

July 11, 1968

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We shall appreciate your cooperation in this matter.

Yours truly,

Joe E. Starks

JES:sbb

DATE: 7-17-68

CR Meyer
Overriding royalty owner

AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

LAND DEPARTMENT
KENNETH A. SWANSON, MANAGER

July 11, 1968

Fort Worth National Bank
Independent Executor and Trustee
under the Will of Roy S. Magruder, Deceased
P. O. Box 2050
Fort Worth, Texas

Re: NM-OCC Case #3822
Aztec State A J Well No. 1
Aztec Amerada State Well No. 1
Township 18 South, Range 36 East
Arkansas Junction-San Andres Pool
Lea County, New Mexico

Dear Sir:

Aztec Oil & Gas Company has on this date filed application with the Oil Conservation Commission of the State of New Mexico for authority to commingle fluids produced from the two captioned wells. You are the owner of an overriding royalty interest under one of these wells and are, therefore, an interested party to this application.

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Royalty Interest Owner

- 2 -

July 11, 1968

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We shall appreciate your cooperation in this matter.

Yours truly,

Joe E. Starks

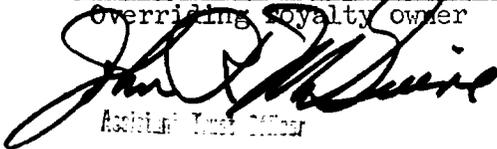
JES:sbb

DATE:

7-15-68

THE FORT WORTH NATIONAL BANK TRUSTEE

overriding royalty owner


Assistant Trust Officer

AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

LAND DEPARTMENT
KENNETH A. SWANSON, MANAGER



July 11, 1968

Mrs. Helen Magruder Kolliker
3812 Hillcrest
El Paso, Texas 79902

Re: NM-OCC Case #3822
Aztec State A J Well No. 1
Aztec Amerada State Well No. 1
Township 18 South, Range 36 East
Arkansas Junction-San Andres Pool
Lea County, New Mexico

Dear Madam:

Aztec Oil & Gas Company has on this date filed application with the Oil Conservation Commission of the State of New Mexico for authority to commingle fluids produced from the two captioned wells. You are the owner of an overriding royalty interest under one of these wells and are, therefore, an interested party to this application.

Both of the subject wells produce high water volumes and contain corrosive ingredients which have rendered normal pumping techniques impractical. Therefore, at considerable expense Aztec Oil & Gas Company has installed a hydraulic pumping system which is capable of handling production from both of these wells concurrently. The Rules and Regulations of the Oil Conservation Commission of the State of New Mexico prohibit the commingling of oil from separate leases unless the oil has been separately metered or measured before being commingled. Metering devices of the type which would be required with the equipment which we have installed would be extremely expensive and future production might not justify the expenditure. We are, therefore, requesting permission to commingle oil produced from the subject wells with existing equipment and allocate royalty based upon periodic well tests to be conducted not less than once every calendar month. It is anticipated that the inaccuracy, if any, resulting from this method of royalty accounting would be insignificant.

July 11, 1968

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We shall appreciate your cooperation in this matter.

Yours truly,


Joe E. Starks

JES:sbb

DATE: 7/26/68
Helen Margaret Tallier
Overriding royalty owner

Morris R. Antweil

OIL OPERATOR
P. O. Box 2010
HOBBS, NEW MEXICO

July 23, 1968

Aztec Oil & Gas Co.
2000 First National Bank Bldg.
Dallas, Texas 75202

Attn: Mr. Joe E. Starks

Re: NM-OCC Case #3822
Aztec State AJ Lease
Arkansas Junction-San Andres
Lea County, New Mexico

Gentlemen:

We have no objection to Aztec's proposal to commingle production from two leases as outlined in your letter of 11 July 1968.

We did not execute your waiver, however, since we do not hold an override under the well involved. Our interest in the Aztec State AJ Lease is as follows:

- (a) 3.5% ORRI between 4500 and 10,940 feet in SE/4 SW/4 Sec. 1-18S-36E.
- (b) 5.0% ORRI between 4500 and 10,940 feet in NE/4 SW/4 Sec. 1-18S-36E.

Yours very truly,

MORRIS R. ANTWEIL



R. M. Williams

RMW/cs



J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
RICHARD S. MORRIS
SUMNER G. BUELL
SETH D. MONTGOMERY

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & MORRIS

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE

SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 2307

AREA CODE 505

TELEPHONE 982-3876

July 31, 1968

50 AUG 1 1968

Commissioner of Public Lands
State Land Office Building
Santa Fe, New Mexico 87501

Attention: Mr. Ray Graham
Oil & Gas Section

Re: Application of Aztec Oil & Gas Company for
permission to commingle hydrocarbons on
State owned lands, Lea County, New Mexico

Gentlemen:

Enclosed for filing is the original and two copies of
the subject application and our check in the amount of
\$10 in payment of the filing fee therefor.

Very truly yours,

Richard S. Morris

RSM:F

Encls.

cc: New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico
Attention: Mr. Daniel S. Nutter, Examiner

Mr. Kenneth A. Swanson, Manager
Land Department
Aztec Oil & Gas Company
2000 First National Bank Bldg.
Dallas, Texas 75202

C
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P
Y