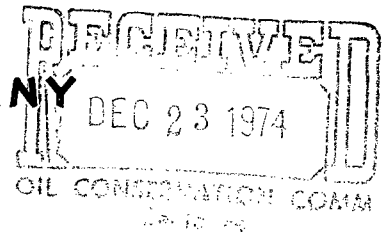


DH C - 154
Due - 1/13/75

AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202



PRODUCTION DEPARTMENT

December 20, 1974

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. A. L. Porter, Jr.

Re: Application for Well-bore
Commingling Gutman No. 2,
Blinebry & Drinkard Pools
Lea County, New Mexico

Gentlemen:

Aztec Oil & Gas Company respectfully requests Administrative approval, under provisions of Order No. R-3845, to commingle production within the well-bore from the Blinebry and Drinkard formations in its Gutman Well No. 2, Unit L, Sec. 11, T-21-S, R-37-E, Lea County, New Mexico.

This well is currently producing marginal production from both zones, each being classified as oil zones. The Drinkard zone is being produced by artificial lift, therefore, production after commingling will be by artificial lift. Elimination of the packer will allow producing both zones through a single tubing string and increased recovery can be expected from both reservoirs. Also, operation costs will be reduced, thereby, extending the economical life of the well. In the event secondary operations are initiated in the future, the dual equipment can again be installed. Authorization for the original dual completion of this well was granted under Administrative Order No. MC-1613, dated April 1, 1965.

Pertinent data for the two zones are listed on the attached data sheet. Also, attached are oil production decline curves, a plat of the lease and offset leases showing producing zones of the respective wells, and well test data, as submitted on the most recent Form C-116. We propose to apportion oil production on the basis of the Blinebry projected decline with the balance going to the Drinkard, and gas production will be distributed in proportion to the most recent gas-oil ratios. A recent workover, including reperforating and fracturing of the Drinkard zone, was instrumental in a substantial

December 20, 1974

production increase, therefore the previous decline is not representative of future production and the subtraction method is considered to be the most creditable.

Estimated bottom hole pressures of 720 psi. and 1450 psi., for the Blinebry and Drinkard, respectively, are based on the most recent BHP surveys conducted on this well. Although there is a difference in static bottom hole pressures, the Drinkard formation is tight with a low deliverability and flow into the Blinebry reservoir will occur only during brief shut-in periods. Fluid level build-up in the Drinkard will reduce the pressure differential at the point of Blinebry perforations; therefore, Drinkard flow into the Blinebry will be negligible during shut-in and will be produced quickly when returned to producing.


Blinebry production from Well Nos. 1 & 2 is commingled at the tank battery with Drinkard production from Well No. 2, as authorized by Administrative Order PC-409, dated January, 1971, and working interests and royalty interests for both zones are common. Value of the commingled fluids is not less than the total value of the fluids if they were sold separately. During commingling of production at the battery, no incompatibility has occurred; therefore, no incompatibility is anticipated with well-bore commingling at this location.

Production from these two zones is commingled in the well-bore of the east offset to this well as authorized to Conoco Oil Co. for their Nolan No. 3 by Order No. DHC-89.

Copies of this application are being submitted to the offset operators as shown on the attached list.

Yours very truly,

AZTEC OIL & GAS CO.


L. D. Eaton

LDE/sw

Attachments

cc: L. L. Duke
NMOCC - Hobbs
Offset Operators (4)

OFFSET OPERATORS

Continental Oil Company
Attn: Division Engineer
Box 460
Hobbs, New Mexico 88240

Exxon Company
Attn: District Engineer
Box 3116
Midland, Texas 79701

Getty Oil Company
Attn: W. J. Newman
Box 1231
Midland, Texas 79701

J. W. Rodgers
P. O. Box 312
Eunice, New Mexico 88231

DATA SHEET FOR WELLBORE COMMINGLING

Operator: AZTEC OIL & GAS COMPANY

Address: 2000 First National Bank Building, Dallas, Texas 75202

Lease and Well No: Gutman No. 2

Location: Unit L; 921 Feet from the North Line and
1650 Feet from West Line of Section 11;
Township 21S, Range 37E; Lea County.

WELL DATA

	<u>Upper Pool</u>	<u>Lower Pool</u>
Name of Pool	<u>Blinebry</u>	<u>Drinkard</u>
Producing Method	<u>Flowing</u>	<u>Pumping</u>
BHP	<u>720</u>	<u>1450</u>
Type Crude	<u>Sweet</u>	<u>Sweet</u>
Gravity	<u>36.5</u>	<u>37.6</u>
GOR Limit	<u>4,000</u>	<u>6,000</u>
Completion Interval	<u>5690-5912</u>	<u>6464-6687</u>
Current Test Date	<u>9-3-74</u>	<u>12-9-74</u>
Oil	<u>5</u>	<u>16</u>
Water	<u>0</u>	<u>2</u>
GOR	<u>7,800</u>	<u>16,250</u>
Selling Price of Crude-\$/BBL.	<u>10.03</u>	<u>10.05</u>
Daily Income - \$/Day	<u>50.15</u>	<u>160.80</u>

COMMINGLED DATA:

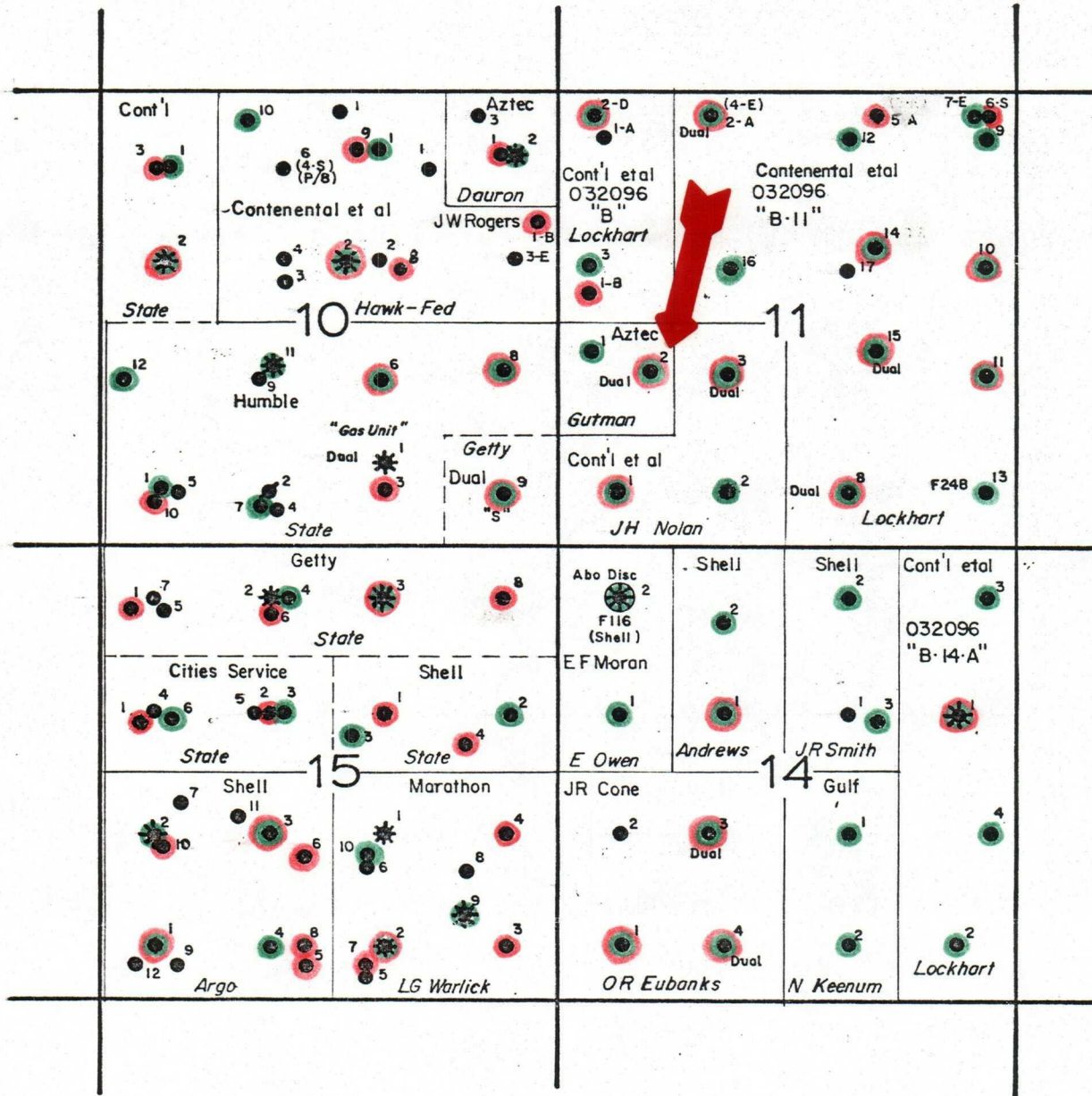
Gravity of Commingled Crude 37.3

Selling Price of Commingled Crude - \$/BBL. 10.05

Daily Income - \$/Day 211.05

Net (Gain) From Wellbore Commingling - \$/Day 0.10
based on current producing rates.

R 37 E



T
21
S

LEGEND:

- BLINEBRY
- DRINKARD

AZTEC
GUTMAN LEASE
 SEC II T21S R37E
 LEA COUNTY, N. MEX.

NEW MEXICO OIL CONSERVATION COMMISSION
GAS - OIL RATIO TESTS

C-116
Revised 1-1-65

Operator		Pool		County	
Artec Oil & Gas Company		Drinkard		Lea	
Address		P.O. Box 387, Hobbs, New Mexico 88240		TEST - (X)	
LEASE NAME		WELL NO.		DATE OF TEST	
Gutman		2		12-9-74	
LOCATION		U S T R		CHOKE SIZE	
11		21		37	
12-9-74		P		60	
6		24		2	
37		16		260	
16250					
DAILY ALLOW-ABLE		LENGTH OF TEST HOURS		WATER BBLs.	
6		24		2	
60		37		16	
260		260		16250	
GAS - OIL RATIO CU. FT./BBL		GAS M.C.F.		GAS - OIL RATIO	
16250					
Note: This well is surface commingled with Blinberry					
The Drinkard has been re-treated. Please increase allowable as shown					

No well will be assigned an allowable greater than the amount of oil produced on the official test.
During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.
Report casing pressure in lieu of tubing pressure for any well producing through casing.
Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Original signed by
LESTER L. DUKE
(Signature)

District Superintendent

12/11/74
(Date)

Operator		Pool		County							
Aztec Oil & Gas Company		Blinberry (Oil)		Lea							
Address				TYPE OF TEST - (X)							
P.O. Box 837, Hobbs, New Mexico 88240				Scheduled <input checked="" type="checkbox"/> Special <input type="checkbox"/>							
LEASE NAME		WELL NO.		LOCATION							
		U	S	T	R						
		DATE OF TEST									
		CHOKE SIZE									
		TBG. PRESS.									
		DAILY ALLOWABLE									
		LENGTH OF TEST HOURS									
		WATER TEST BBL.									
		PROD. DURING TEST									
		GRAV. OIL									
		OIL BBL.									
		GAS M.C.F.									
		GAS - OIL RATIO CU.FT./BBL									
GUYMAN	1-2	11	21	37	20/64	160	20	37	20	380	25,333
75% (15 BO) for Blinberry; 25% (3 BO) to Drinkard											
State "B"	1	36	22	37	9/3/74	24/64	140	8	24	3	23,333
75% (9 BO) for Blinberry; 25% (3 BO) to Drinkard											
State BD-36	1	36	22	37	9/3/74	24/64	140	8	24	3	23,333
State BD-36	2	36	22	37	9/4/74	3/4	20	8	24	5	
State	3	21	37	37	9/4/74	18/64	120	22	24	0	
State	6	21	37	37	9/3/74	32/64	40	3	24	0	
State	7	21	37	37	9/4/74	35/64	40	12	24	0	
State	8	21	37	37	9/5/74	32/64	40	8	24	0	

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowable when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 14.73 psia and a temperature of 60° F. Specific gravity base shall be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 303 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

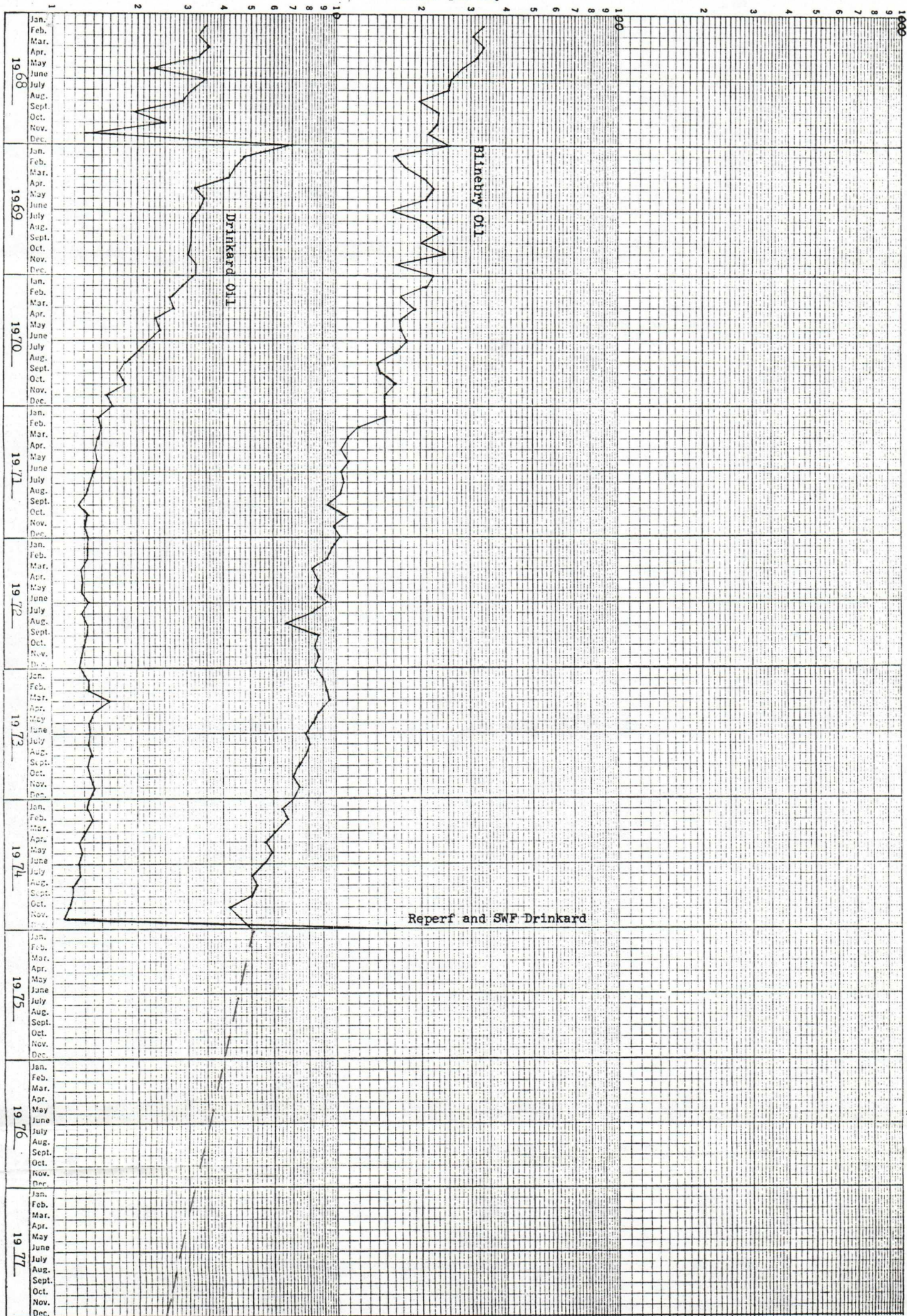
John E. Dike

(Signature)
District Superintendent

(Title)
September 9, 1974

(Date)

Barrels per Day

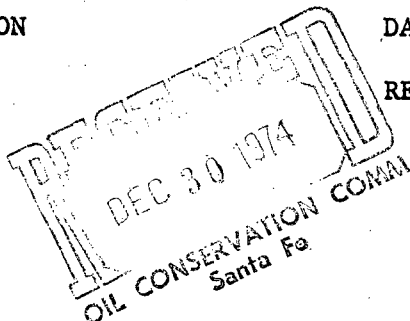


OIL CONSERVATION COMMISSION
Hobbs DISTRICT

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE December 27, 1974

RE: Proposed MC _____
Proposed DHC X _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____



Gentlemen:

I have examined the application dated _____
for the Aztec Oil & Gas Co. Gutman #2-L 11-21-37
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

O.K.---J.D.R.

Yours very truly,

A handwritten signature in dark ink, appearing to read "Joe A. Roney", written over a horizontal line.