

*wait for  
reply to  
note of 4-6  
to Phil McQueth,  
USGS.*

**AZTEC OIL & GAS COMPANY**

920 MERCANTILE SECURITIES BLDG.

DALLAS 1, TEXAS

March 27, 1962

1962 MAR 28 AM 9 24

*PC 74  
USGS  
letter*

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. A. L. Porter, Jr., Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: Application of Aztec Oil & Gas Company for Administrative Approval of Exception to Rule 303(a) to Allow the Commingling of Non-Liquid Hydrocarbons only Produced From Applicant's Hagood No. 29-G Well in the Cha Cha Gallup Oil Pool, with like Non-Liquid Hydrocarbon Production From Applicant's Hagood Federal Lease in the Totah-Gallup Oil Pool. Said Application involves parts of Sections 20 and 30, T-29-N, R-13-W, San Juan County, New Mexico.

*OK to commingle  
gas produced  
from Hagood  
# 29-G in Cha Cha  
Gallup pool w/  
gas produced  
Hagood lease  
in Totah pool.  
allocating  
prod to each  
pool on the  
basis of GOR  
tests.  
upon  
receipt  
of approval  
from  
USGS*

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits its application, in triplicate, for an exception to Rule 303(a) and for permission to commingle commonly owned non-liquid hydrocarbons produced from two separate common sources of supply.

In support of this application, applicant respectfully states and shows the following:

1. Applicant is the lessee and present owner of the right to produce oil and gas from the Gallup formation under the terms of United States Oil & Gas Lease SF-079065, covering among other lands, the following:

Township 29 North, Range 13 West, N.M.P.M.

Section 20: SW $\frac{1}{4}$   
Section 30: Lots 3,4, E $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$

San Juan County, New Mexico

2. Applicant has drilled and completed a number of wells in the Totah-Gallup Oil Pool on United States Oil & Gas Lease Serial No. SF-079065

(sometimes referred to as the "Hagood Federal" lease) and has erected a tank battery designated as the Hagood "F" battery on the SW $\frac{1}{4}$  of Section 20 to handle the production from some of these wells. Applicant has also drilled and completed a well designated as its Hagood No. 29-G in the Cha Cha Gallup Oil Pool located on the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 30. The location of applicant's Hagood No. 29-G well in Section 30, its Hagood "F" battery represented by a rectangle in the SW $\frac{1}{4}$  of Section 20, and the approximate location of an anticipated flow line from the Hagood No. 29-G well to the Hagood "F" battery are shown on a plat designated as Exhibit "A" which is attached hereto.

3. Applicant plans to lay a flow line from the Hagood No. 29-G well to the Hagood "F" battery and to produce the liquid hydrocarbons from such well into a stock tank which is in no way physically connected with the remaining stock tanks comprising the Hagood "F" battery. This will be accomplished by disconnecting the lease fill line and drain line presently in use and installing a separate fill line from the Hagood No. 29-G and a separate drain line. This facility will allow the liquid hydrocarbons produced from the Cha Cha Gallup Oil Pool out of the Hagood No. 29-G well to be completely segregated from the liquid hydrocarbons produced from the Totah-Gallup Oil Pool into the Hagood "F" battery. Exhibit "B", a schematic drawing showing the proposed facilities at the Hagood "F" battery, is attached hereto.

4. Although there will be no commingling of liquid hydrocarbons produced from the Hagood Federal Lease out of separate common sources of supply, it is planned to commingle the casinghead gas collected at the Hagood "F" battery heater-treater with that collected from the separate separator installed on the flow line from the Hagood No. 29-G well to its separate stock tank prior to delivering such commingled casinghead gas to Jalou Gas Company. Administrative approval for the commingling of such non-liquid hydrocarbons is the subject matter of this application. Exhibit "C", a schematic diagram illustrating the manner in which such casinghead gas will be commingled, is attached hereto.

5. The ownership of the oil and gas produced from the Gallup formation under the lands described above is common.

6. The consent of the United States Geological Survey to such commingling has been requested.

7. Elliott, Inc. and Tenneco Oil Company, offset operators, have been notified of this application by certified mail and their consent thereto has been requested.

Applicant respectfully requests that this application be promptly considered administratively, without notice and hearing, in accordance with

Mr. A. L. Porter, Jr.

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March 27, 1962

Rule 303(b) and that permission be granted administratively for the commingling of such non-liquid hydrocarbons.

Yours very truly,

AZTEC OIL & GAS COMPANY

By Kenneth A. Swanson  
Kenneth A. Swanson  
Attorney

KAS/et

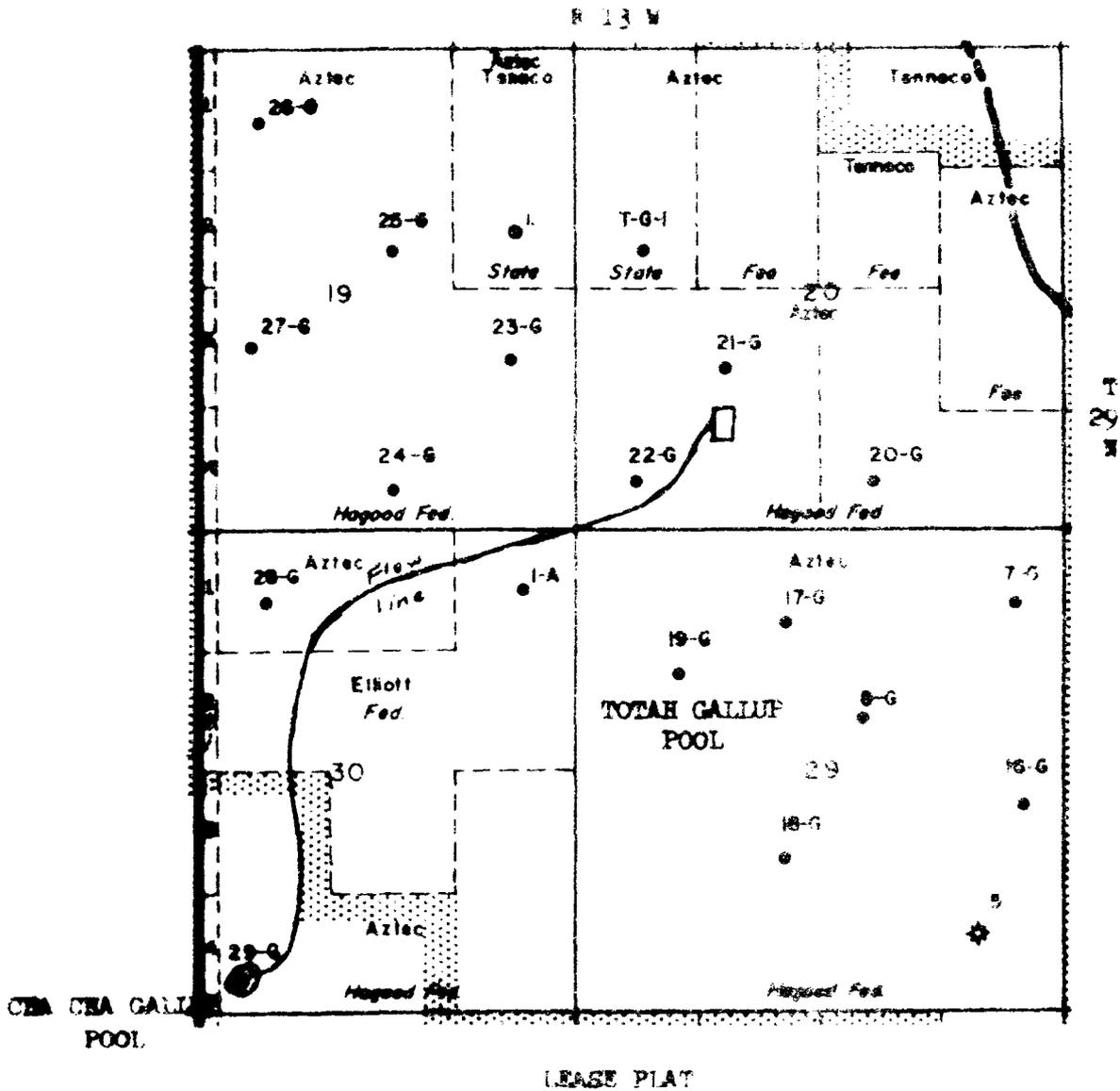
Copies of this application and exhibits have been mailed by certified mail to the following parties:

Elliott, Inc.  
P. O. Box 1935  
Roswell

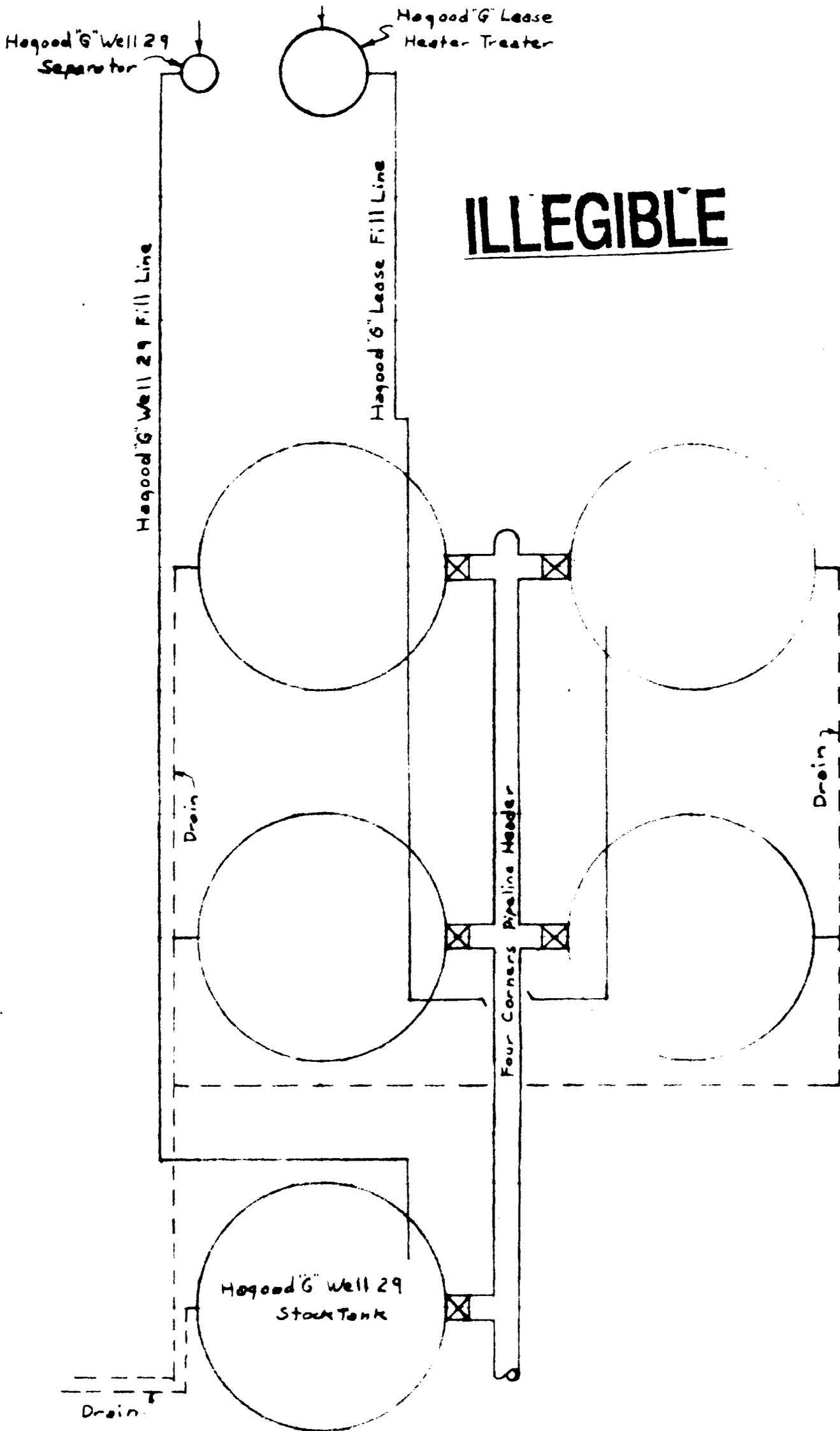
Tenneco Oil Company  
P. O. Box 1714  
Durango, Colorado

AZTEC OIL & GAS COMPANY

**ILLEGIBLE**



Hagood Federal <sup>1</sup>/<sub>4</sub> Lease  
San Juan County, New Mexico

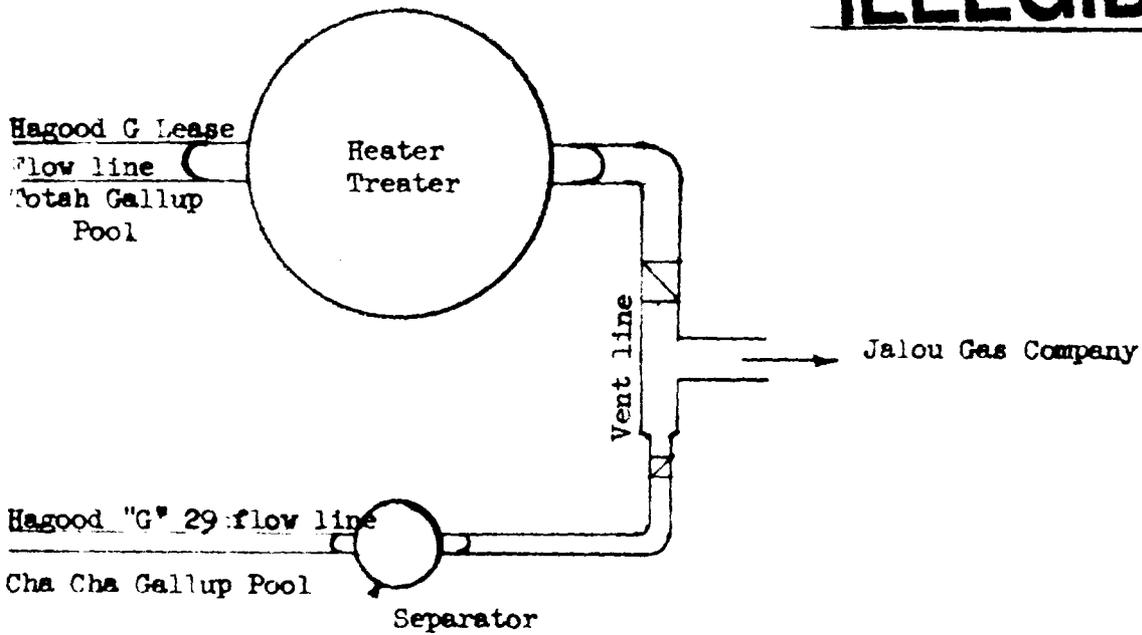


AZTEC OIL & GAS COMPANY

Schematic Drawing  
 Hagood "F" Battery  
 San Juan, New Mexico

AZTEC OIL & GAS COMPANY

ILLEGIBLE



SCHEMATIC DIAGRAM  
Casinghead Gas Facilities  
Hagood "G" Well No. 29

EXHIBIT "C"

# Elliott, Inc.

Box 1355-Phone MAin 2-5840

Roswell, New Mexico

10 APR 1962 PM 1 23

April 2, 1962

H. F. Elliott  
President

Edna M. Elliott  
Sec'y-Treas.

Mr. A. L. Porter, Jr.  
N. M. Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

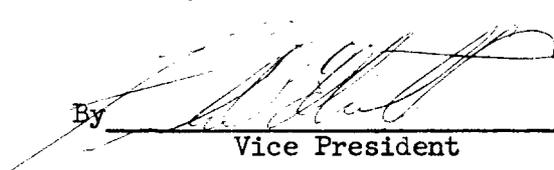
Re: Application of Aztec  
Oil & Gas Company for  
Administrative Approval of  
Exception to Rule 303(a)  
Dated March 27, 1962

Dear Mr. Porter:

This is to advise that as an off-set owner to the lands involved in the above referenced application of Aztec Oil & Gas Company we have no objections to the approval of the above referenced application.

Very truly yours,

ELLIOTT, INC.

By 

Vice President

FOE/nc

CC: Aztec Oil & Gas Company



TENNECO OIL COMPANY • P. O. BOX 1714 • 835 SECOND AVENUE • DURANGO, COLORADO

April 3, 1962

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter

Gentlemen:

Tenneco Oil Company has no objection to the application of Aztec Oil & Gas Company for administrative approval of exception to Rule 303-a as set out in their letter of March 27, 1962, requesting permission to commingle certain hydrocarbons produced in the Cha Cha and Totah Gallup pools.

Yours very truly,

TENNECO OIL COMPANY

A handwritten signature in cursive script, appearing to read "L. B. Plumb".

L. B. Plumb  
District Production Superintendent

LBP:bjo

cc: Aztec Oil & Gas Company, Dallas, Texas