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AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING

DALLAS, TEXAS 75202

December 22, 1970

PRENTICE WATTS
VICE PRESIDENT
PRODUCTION

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

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

RE: Aztec Oil & Gas Company
Application to Commingle
Drinkard and Blinebry Oil,
Gutman Lease

Gentlemen:

Aztec Oil & Gas Company respectfully requests an exception to Rule 303 (b) and administrative approval to commingle oil production from the Drinkard and Blinebry reservoirs on our Gutman lease located in Section 11, Township 21 South, Range 37 East, Lea County, New Mexico.

There are two wells on this lease. The Gutman No. 1 is producing from the Tubb zone and the Gutman No. 2 is dually completed in the Drinkard and Blinebry. Production from both the Drinkard and Blinebry zones in the Gutman No. 2 is marginal; therefore, we propose to allocate production on the basis of periodic gas-oil-ratio tests. Gas production from the two reservoirs will continue to be sold through separate metering facilities.

The following facts are pertinent to this request:

- (1) Aztec Oil & Gas Company operates the above lease in which all working and royalty interests are common.
- (2) A schematic diagram of the proposed installation is attached.
- (3) A plat showing the location of all wells on subject lease and the pool from which each is producing is attached.

(4)	<u>Pool</u>	<u>B/D</u> <u>Daily Avg.</u>	<u>API</u> <u>Grav.</u>	<u>Value/</u> <u>Bbl</u>	<u>Daily</u> <u>Value</u>
	Blinebry	2	36.4	\$ 3.23	\$ 6.46
	Drinkard	15	36.6	3.23	48.45
	Total	17			\$54.91

Gravity of oil production from the two reservoirs falls within the 36 to 37^o range, therefore, there will be no change in value of the combined production as illustrated above.

- (5) Blinebry and Drinkard oil production has been commingled on our State "B" lease, located in Section 36, T-22-S, R-37-E, with no evidence of incompatibility, therefore, none is anticipated on this lease.

Your approval of this application will be greatly appreciated.

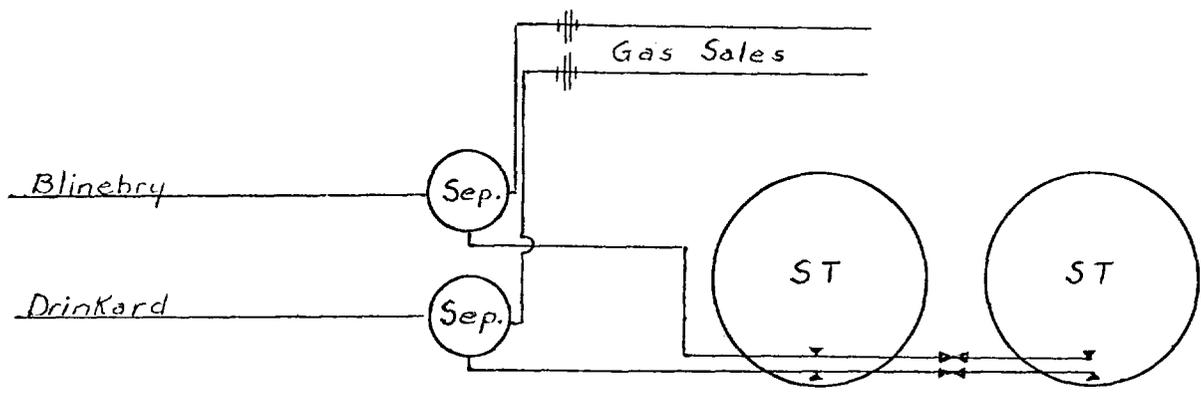
Very truly yours,

AZTEC OIL & GAS COMPANY


L. D. Eaton

LDE:bjr

Attachments



AZTEC OIL & GAS COMPANY
Proposed Commingling Facilities
Gutman Lease
Sec. 11, T. 21 S., R. 37 E.
Lea County, New Mexico

