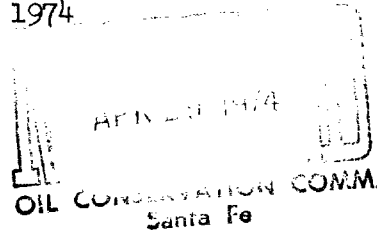


AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

PRODUCTION DEPARTMENT

April 26, 1974



New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

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

Re: Aztec Oil & Gas Company
Application to Commingle Oil
Dauron Well No. 1 (Drinkard)
and Well No. 3 (Wantz Abo)

Gentlemen:

Aztec Oil & Gas Company respectfully requests an exception to Rule 303 (A) and administrative approval to commingle oil production from the Dauron No. 1 (Drinkard Pool) and No. 3 (Wantz Abo Pool) into the tank battery located on the Dauron lease, which is comprised of the ~~NW/4 NW/4~~ NE/4NE/4 Section 10, T21S, R37E, Lea County, New Mexico. Since neither of these wells are capable of producing top allowables, we propose to allocate production on the basis of periodic well tests.

By Order No. PC 222, dated August 5, 1964, surface commingling of production from the Wantz Abo (Well No. 3), Hare Simpson (Well No. 1) and Blinbry (Well No. 2) was authorized. Well No. 2 was subsequently reclassified as a gas well and Well No. 1 has recently been recompleted from the Drinkard reservoir. A total of thirteen leases producing from the Wantz Abo and Drinkard Pools surrounding this lease have production commingled from these two reservoirs.

Wantz Abo and Drinkard oil have compatible characteristics and with ownership in the two pools being common, correlative rights will not be violated.

April 26, 1974

The following facts are pertinent to this request:

- (1) Aztec Oil & Gas Company is the owner and operator of Dauron No. 1 producing from the Drinkard Pool, located 660' FNL & 660' FEL, Section 10, T21S, R37E, Lea County, New Mexico.
- (2) Aztec Oil & Gas Company is the owner and operator of Dauron No. 3 producing from the Wantz Abo Pool, located 330' FNL & 990' FEL, Section 10, T21S, R37E, Lea County, New Mexico.
- (3) The known gravities, volumes and values of each common source of supply are tabulated below:

<u>Zone</u>	<u>API Gravity</u>	<u>\$/Bbl</u>	<u>Daily Vol.</u>	<u>Daily Value</u>
Wantz Abo	40.1	5.20	10	\$ 52.00
Drinkard	38.9	5.16	50	<u>258.00</u>
				\$ 310.00
Commingled	39.1	5.18	60	\$ 310.80

The anticipated gravity of the commingled oil production is 39.1⁰ API. The daily value of 60 bbls with this gravity would be \$310.80 at \$5.18/bbl, which is greater than the sum of the values of the production from each common source of supply.

- (4) A schematic diagram of the proposed installation is attached.
- (5) A plat showing the location of all wells on the Dauron lease and the pool from which each is producing is attached.

Your approval of this application will be greatly appreciated.

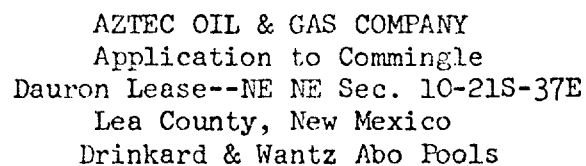
Yours very truly,

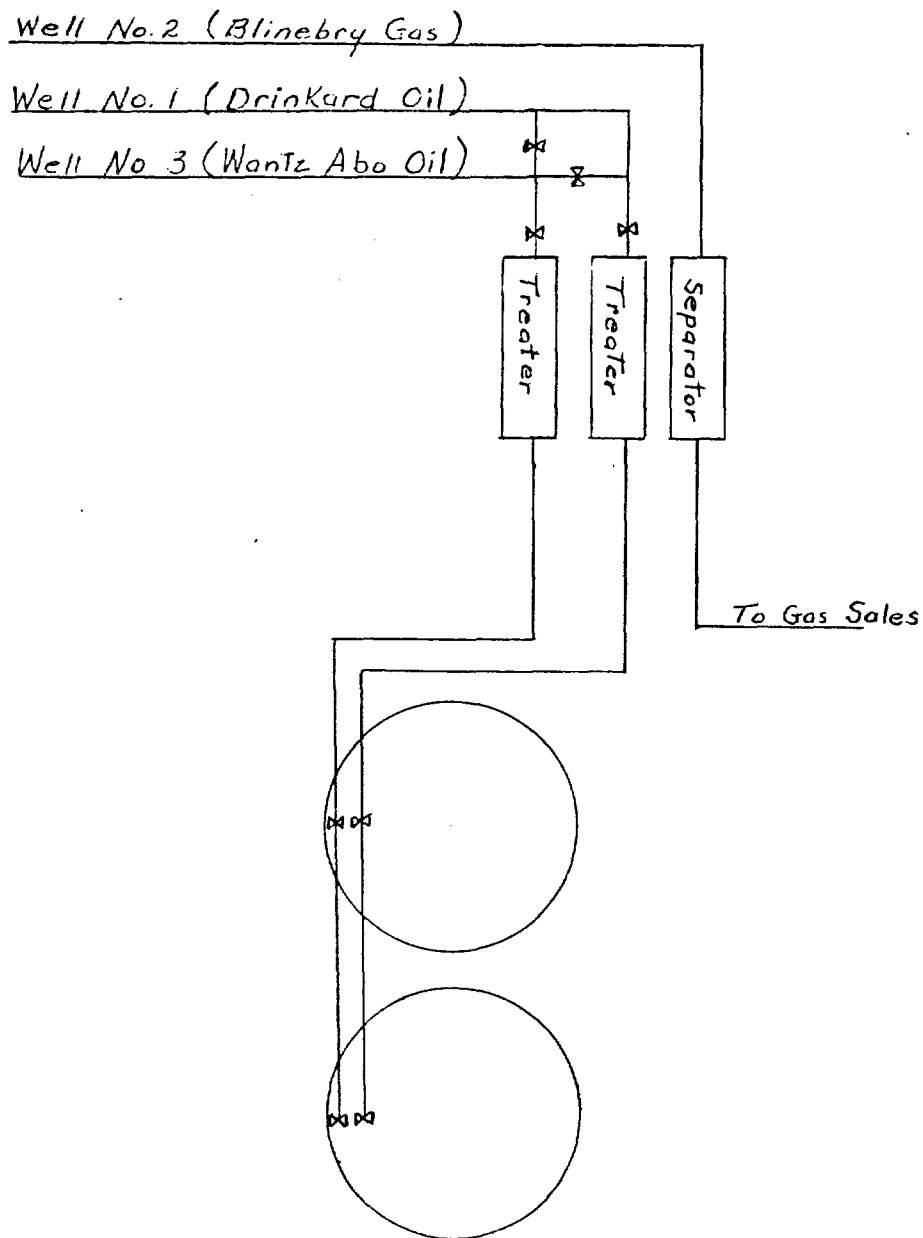
AZTEC OIL & GAS COMPANY


L. D. Eaton

/bjr

Enclosures





AZTEC OIL & GAS COMPANY

Dauron Lease

NE NE Sec. 10, T-21S, R-37E, Lea County, N. Mex.

Proposed Commingling Facilities