

AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

PRODUCTION DEPARTMENT

November 7, 1975

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico 87501

Attention: Mr. Dan Nutter

Re: Commingling Oil Production
Aztec Oil & Gas Company
Dauron No. 1 (Drinkard Pool)
Dauron No. 3 (Hare-Simpson Pool)

Gentlemen:

Aztec Oil & Gas Company respectfully requests an exception to Rule 303 (A) and administrative approval to commingle Drinkard and Hare Simpson oil production on our Dauron Lease comprising the NE/4 NE/4 Section 10, T-21-S, R-37E, Lea County, New Mexico, by allocating the production to each of these pools on the basis of periodic well tests, as neither of these zones is capable of producing top allowable.

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 Blinebry (Well No. 2) was authorized. Well No. 2 was subsequently reclassified as a Blinebry Gas well and Well No. 1 recompleted in the Drinkard. Order No. PC-475, dated May 16, 1974, authorized commingling of Drinkard (Well No. 1) and Wantz Abo (Well No. 3).

Well No. 3 was recently recompleted from the Wantz Abo to the Hare Simpson; thus, this request is being made in view of the fact that previous authorizations do not directly apply to commingling of production as it now occurs on the lease. Numerous surrounding leases in this area have production commingled from these reservoirs.

The following facts are pertinent to this request:

- (1) Aztec Oil & Gas Company is the owner and operator of the Dauron Well No. 1, producing from the Drinkard oil pool, located in Unit A, 660' from the North line and 660' from the East line of Section 10, T-21-S, R-37-E, Lea County, New Mexico.

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(2) Aztec Oil & Gas Company is the owner and operator of the Dauron Well No. 3, producing from the Hare-Simpson oil pool, located in Unit A, 330' from the North line and 990' from the East line of Section 10, T-21-S, R-37-E, 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>Bbl./Day</u>	<u>Daily Volume</u>
Drinkard	38.9	13.06	8	\$104.48
Hare Simpson	41.2	13.10	9	117.90
				<u>\$222.38</u>
Commingled	40.2	13.10	17	\$227.70

The anticipated gravity of the commingled oil production is 40.2° API. The daily volume of 17 barrels with this gravity would be \$227.70 @ \$13.10/barrel, which is greater than the sum of the values of the production from each common source of supply.

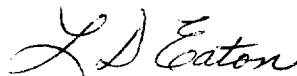
(4) A schematic diagram of the proposed installation is attached.

(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.

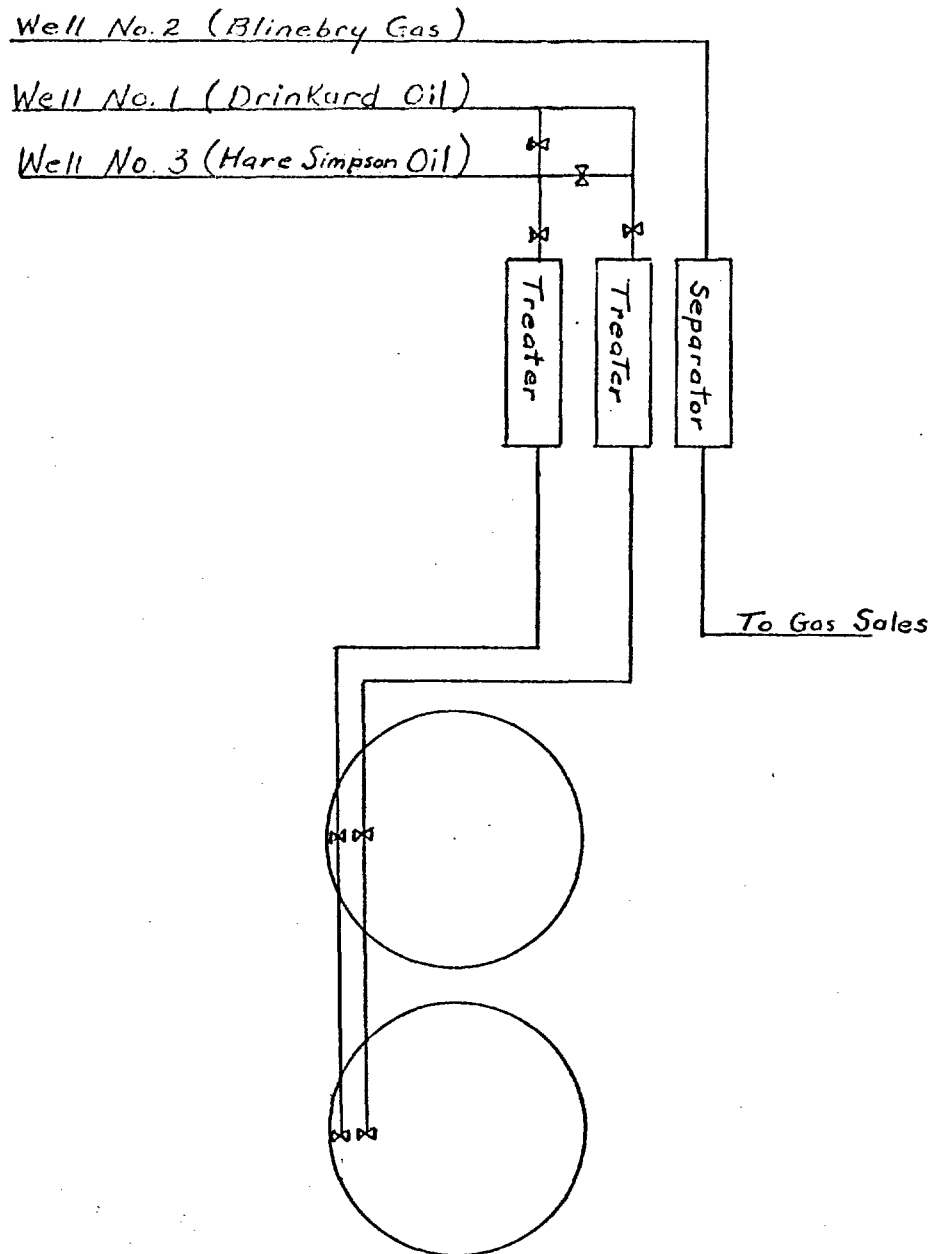
Yours very truly,

AZTEC OIL & GAS COMPANY


L. D. Eaton

LDE/sw

Enclosures



AZTEC OIL & GAS COMPANY

Dauron Lease

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

Proposed Commingling Facilities

