

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

December 29, 1970

Aztec Oil & Gas Company  
2000 First National Bank Building  
Dallas, Texas 75202

Attention: Mr. L. D. Eaton

Administrative Order PC-410

Gentlemen:

Reference is made to your application dated November 10, 1970, and further correspondence dated November 13, 1970, and December 18, 1970, requesting the approval of your proposed commingling of Dakota condensate and Gallup oil from your Hillside Lease located in Section 9, Township 27 North, Range 11 West, San Juan County, New Mexico. It is our understanding that production from both zones is of marginal nature and you therefore propose to allocate the production to each pool on the basis of monthly GOR tests.

By the authority vested in me under the provisions of Rule 303-B of the Commission Rules and Regulations, Aztec Oil & Gas Company is hereby authorized to commingle the production from the aforesaid pools on said lease in the above-described manner, provided however, that the installation shall be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," and provided further, that you shall notify the Commission at such time as any well in either of the aforesaid pools is capable of top allowable production.

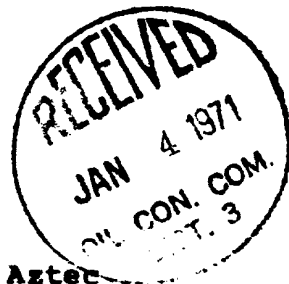
It is the responsibility of the producer to notify the transporter of the aforesaid commingling authority.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/DSN/esr

cc: Oil Conservation Commission (with enclosure) - Aztec  
Oil & Gas Engineering Committee - Hobbs  
United States Geological Survey - Roswell



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SECRET

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the good from the same good on the basis of a strictly GDS test. Since a lot of personal names and job descriptions, it was in all the Now there is an one more remaining thing to mention. The data in Federal, Township 17 North, Range 11 East of San Juan County, New Mexico is in California and New Mexico. The lease located 100,000. The survey of the area is located in the area of 100,000 and the other survey is located November 1911 and the other survey is located November 1911 and the other survey is located November 1911.

to any other person.  
time as any well in defer to the amount of the report  
provided further that you will not make any disclosure as to the  
the installation and operation of domestic facilities," and  
accordance with the provisions of the laws of the United States  
provided however that no installation shall be performed  
the proposed work of said lease is an approved manner  
Company is hereby authorized to terminate the lease on or after  
1904-5 of the Commercial Code and Regulations, dated July 1, 1904  
By the authority vested in me under the provisions of said

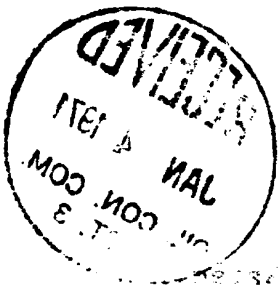
It is the responsibility of the person in charge of the laboratory to ensure that the laboratory is properly equipped and maintained.

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229/12191A

United States District Court - New York  
In re: American International Group, Inc.  
Case No. 90 Civ. 8767



AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING

DALLAS, TEXAS 75202

November 10, 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  
Dakota Condensate and  
Gallup Oil, Hillside Lease

Gentlemen:

Aztec Oil & Gas Company respectfully requests an exception to Rule 303 (a) and administrative approval to commingle Dakota condensate and Gallup oil from our Hillside Lease located in Section 9, Township 27 North, Range 11 West, San Juan County, New Mexico.

There are no oil pipelines serving this lease and it is necessary to truck all condensate and oil for which the price per barrel is the same. The only producing well on this lease is dually completed as a Dakota gas-condensate and Gallup oil well. Since the Gallup oil production is marginal, we propose to allocate production from this zone on the basis of monthly gas-oil-ratio tests and use the subtraction method for Dakota condensate. There is no provision for sale of the low pressure Gallup casinghead gas, therefore, it will necessarily be vented until such time that a sales outlet is made available.

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) This lease, State of New Mexico No. 756, involves State land, therefore, evidence that the Commissioner of Public Lands has been notified of the proposed commingling is attached to this application. Copies of their approval will be furnished upon our receipt of same.
- (3) A schematic diagram of the proposed installation is attached.
- (4) A plat showing the location of all wells on the subject lease and the pool from which each is producing is attached.

November 10, 1970

(5)

<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>
Dakota Cond.	7 (Est)	59.7	\$ 3.05	\$ 21.35
Gallup Oil	<u>32</u>	44.4	3.05	<u>97.60</u>
Total	39			\$118.95

- (6) The gravity of liquid hydrocarbons from both zones falls within the 40-65° price-gravity range, therefore, there will be no change in value of the combined production.

Your approval of this application will be greatly appreciated.

Very truly yours,

AZTEC OIL & GAS COMPANY

  
L. D. Eaton

LDE:bjr

Attachments

cc: State Land Office

AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING

DALLAS, TEXAS 75202

PRENTICE WATTS  
VICE PRESIDENT  
PRODUCTION

November 6, 1970

State Land Office  
Post Office Box 1148  
Santa Fe, New Mexico

Attention: Mr. Alex Armijo  
Commissioner of Public Lands

Re: Aztec Oil & Gas Company  
Application to Commingle  
Dakota and Gallup Production  
State Lease No. 756

Gentlemen:

Pursuant to Rule 303 (b), Aztec Oil & Gas Company respectfully requests your approval of the attached application to commingle Dakota condensate and Gallup oil production on the Hillside Lease, (State of New Mexico Lease No. 756) located in Section 9, Township 27 North, Range 11 West, San Juan County, New Mexico.

If you are in agreement with this application, please execute and return four copies to this office at your earliest convenience.

Very truly yours,

  
L. D. Eaton

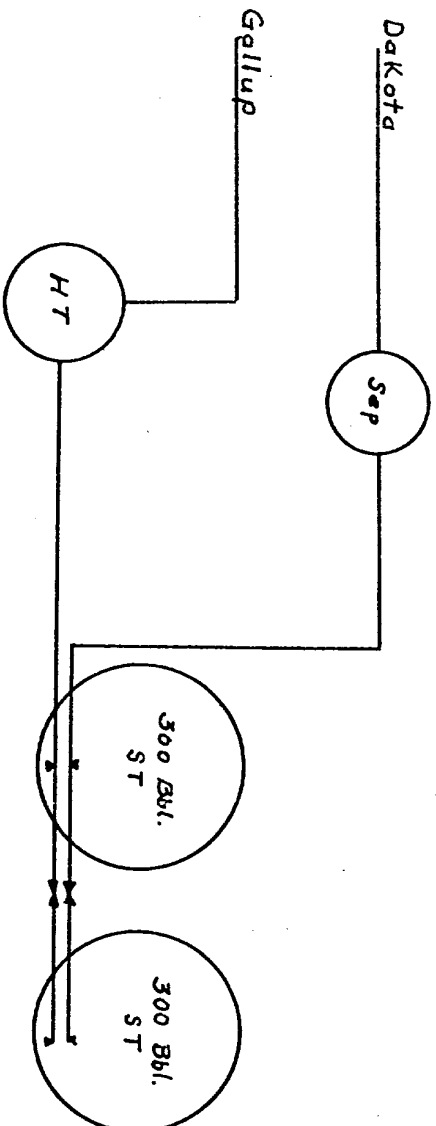
LDE:bjr

Approved:

\_\_\_\_\_

By \_\_\_\_\_

Date \_\_\_\_\_

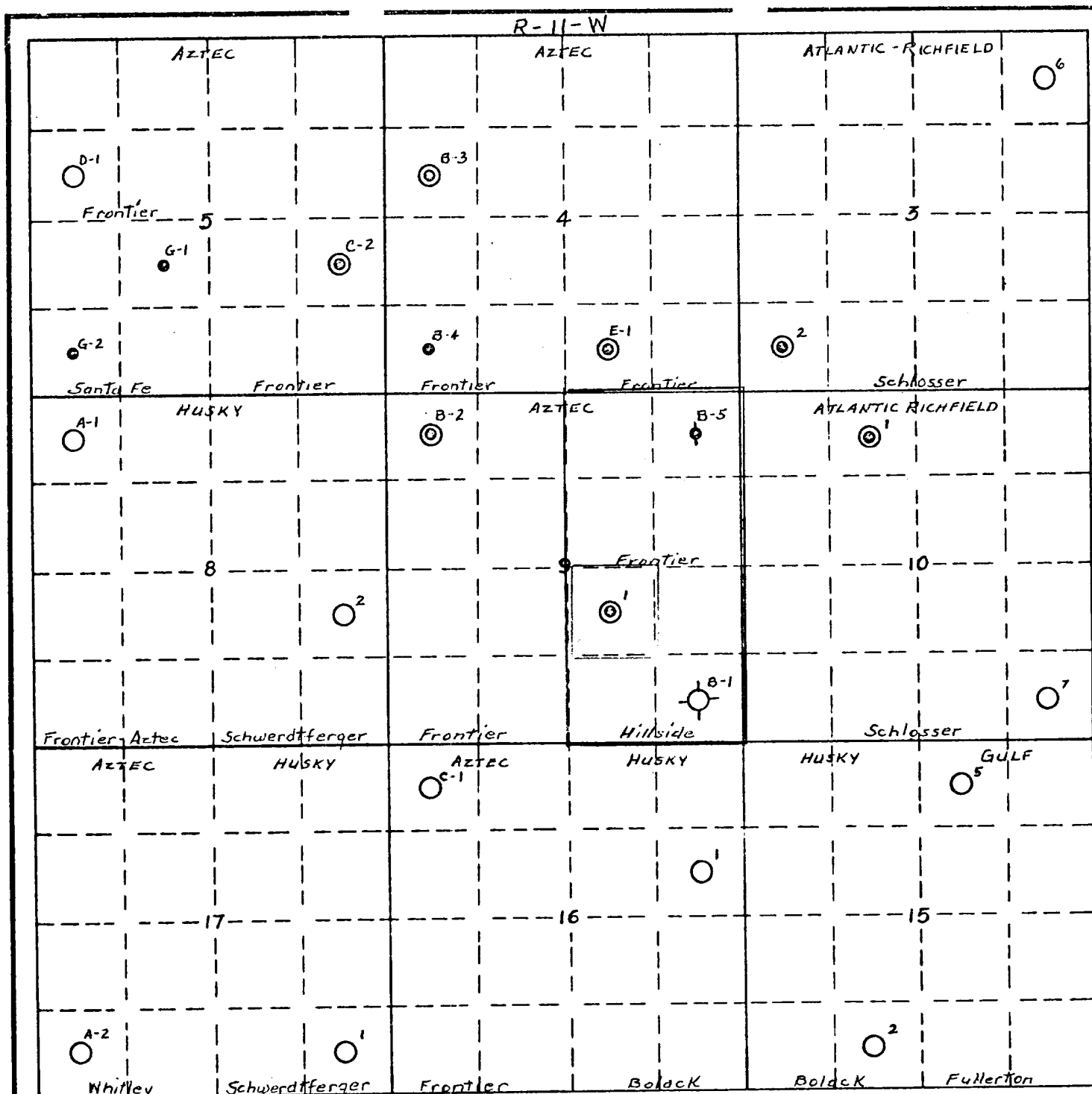


*AZTEC OIL & GAS COMPANY*  
*Proposed Commingling Facilities*

*Hillside Lease*

*Sec. 9, T-27-N, R-11-W.*

*San Juan County, New Mexico*



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27  
N

AZTEC

- Kutz - Gallup Well
- ⊙ Kutz - Gallup - Basin Dakota Well
- Basin Dakota Well

AZTEC OIL & GAS COMPANY			
AZTEC OIL & GAS COMPANY			
Hillside No. 1			
Sec 9, T 27 N, R 11 W			
CONTOURED	By	Date	Reference
	LDE	10/26/70	





# United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer 1857  
Roswell, New Mexico 88201

November 25, 1970

Aztec Oil and Gas Company  
2000 First National Bank Bldg.  
Dallas, Texas 75202

Attention: Mr. L. D. Eaton

Re: Lease SF 078872-A  
San Juan County, New Mexico

Gentlemen:

Your letter of November 13, 1970 requests approval to commingle on the surface the liquid production from the Gallup and Dakota formations from dually completed well No. 1 Hillside, NW $\frac{1}{4}$ SE $\frac{1}{4}$  sec. 9, T. 27 N., R. 11 W., San Juan County, New Mexico, lease Santa Fe 078872-A

As stated in your letter, the condensate from the Dakota formation has a gravity of 59.7° API with a value of \$3.05 per barrel. Oil from the Gallup formation has a gravity of 44.4° API with a value of \$3.05 per barrel. When combined the gravity will fall within the 40-65° price-gravity range with a value of \$3.05 per barrel.

Your plan for commingling liquid production on the surface is hereby approved provided that regular quarterly tests of production be made and commingled production allocated back to each zone based on this test.

Sincerely yours,

CARL C. TRAYWICK  
Acting Oil and Gas Supervisor