

PRENTICE WATTS
VICE PRESIDENT
PRODUCTION

AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING

DALLAS, TEXAS 75202

November 10, 1970

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.

Not State Land
Held for
Amended
9/1/71
12/21/70

US95
covered
12/21/70

November 10, 1970

(5)

<u>Pool</u>	<u>B/D Daily Avg.</u>	<u>API Grav.</u>	<u>Value/ Bbl</u>	<u>Daily 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,

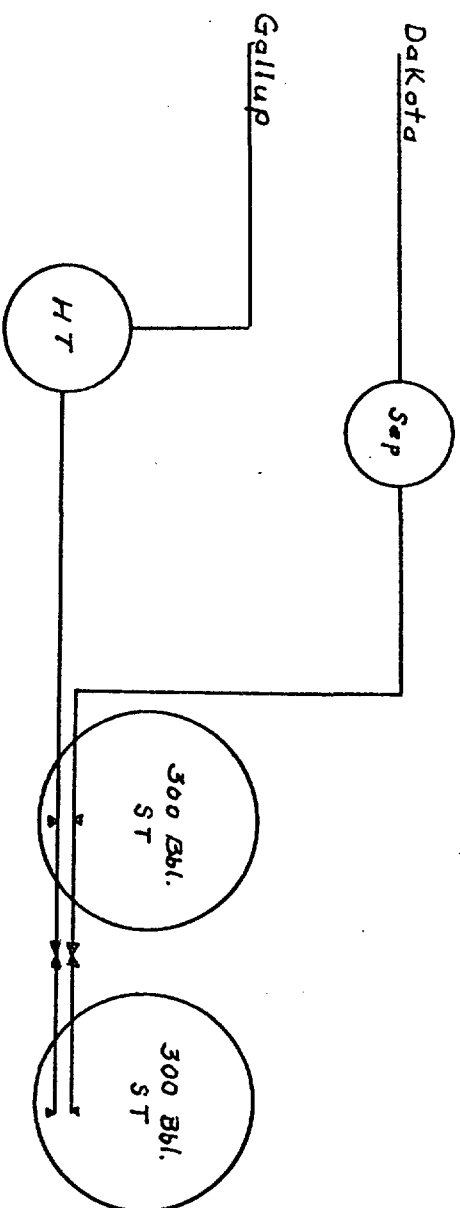

L. D. Eaton

LDE:bjr

Approved:

By _____

Date _____

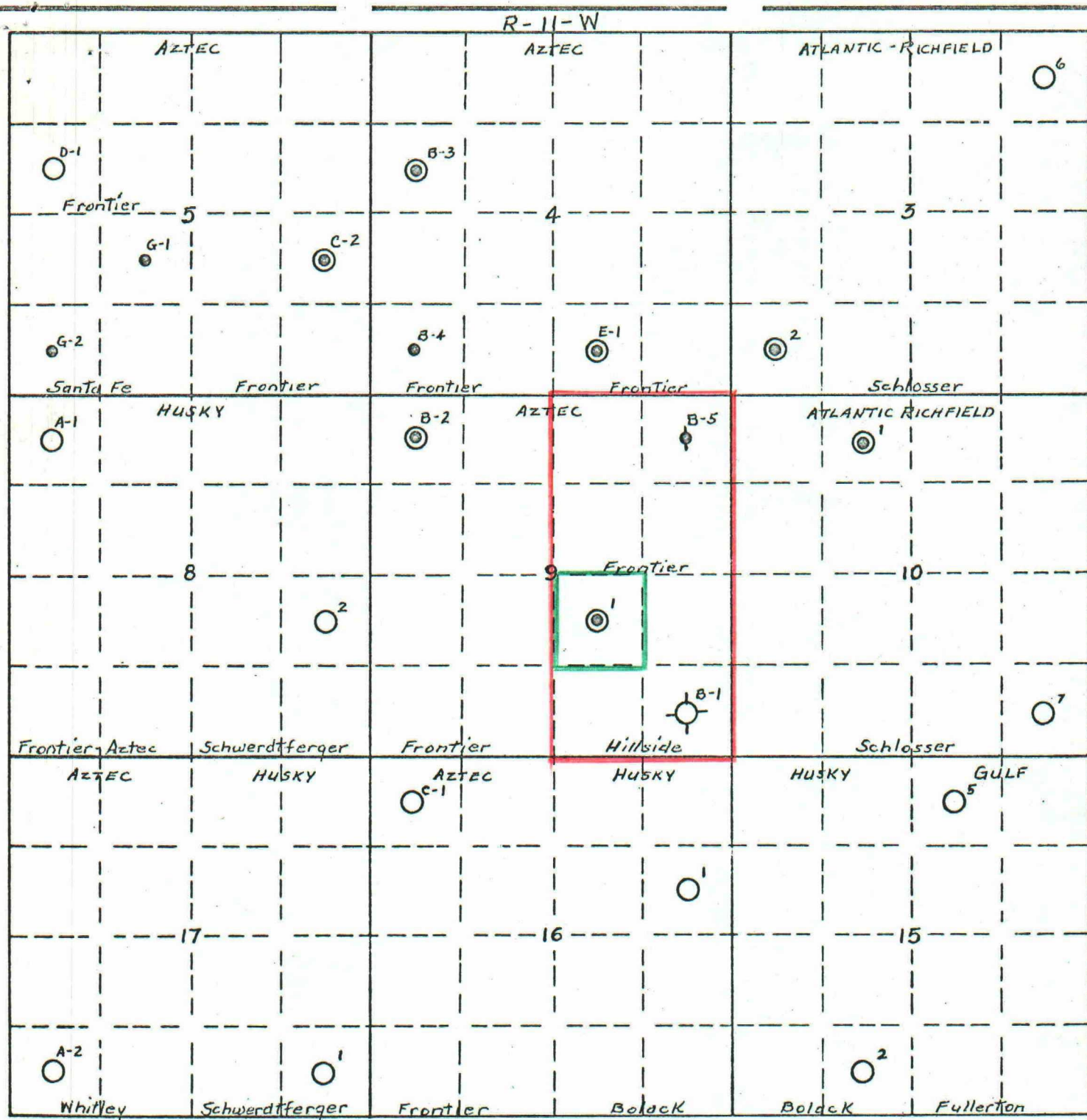


AZTEC OIL & GAS COMPANY
Proposed Commingling Facilities

Hillside Lease

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

San Juan County, New Mexico



T
27
N

AZTEC

- Kurtz - Gallup Well
- ⊙ Kurtz - Gallup - Basin Dakota Well
- Basin Dakota Well

AZTEC OIL & GAS COMPANY					
AREA					
AZTEC OIL & GAS COMPANY					
LOCATION					
Hillside No. 1					
TYPE OF MAP					
Sec 9, T27N, R11W					
CONTOURED					C1
By	Date	Revised By	Date	Reference	Date
LDE	10/24/70				