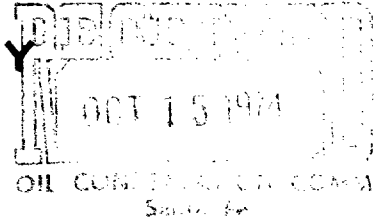


AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202



PRODUCTION DEPARTMENT

October 10, 1974

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

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

Re: Aztec Oil & Gas Company
Application to Commingle Oil
State "DS" No. 3 (Paddock) &
State "DS" Nos. 1, 2, 4, 5, 6 & 7
(San Andres) Spencer Pool,
Lea County, New Mexico

Gentlemen:

Aztec Oil & Gas Company respectfully requests an exception to Rule 303 (A) and administrative approval to commingle oil production from the State "DS" No. 3 (Paddock) and the State "DS" Nos. 1, 2, 4, 5, 6 & 7 (San Andres) into the tank battery located on the State "DS" lease, which is comprised of the SW/4, W/2 SE/4 and SE/4 SE/4, Section 24, T17S, R36E, Spencer Pool, Lea County, New Mexico. Since none of these wells are capable of producing top allowable, we propose to allocate production on the basis of periodic well tests.

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

The following facts are pertinent to this request:

- (1) Aztec Oil & Gas Company is the owner and operator of State "DS" No. 3 producing from the Paddock Pool, located 1980' FEL and 1980' FSL. Section 24, T17S, R36E, Lea County, New Mexico.
- (2) Aztec Oil & Gas Company is the owner and operator of the State "DS" Nos. 1, 2, 4, 5, 6 & 7 located in Units N, K, L, M, O & P, respectively, of Section 24, T17S, R36E, and producing from the San Andres Pool, 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>
San Andres	37.4	5.14	126	\$647.64
Paddock	41.0	5.20	5	26.00
				<u>\$673.64</u>
Commingled	38.0	5.16	131	\$ 675.96

The anticipated gravity of the commingled oil production is 38.0° API. The daily value of 131 bbls. at this gravity would be \$675.96 at \$5.16/bbl., which is greater than the sum 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 State "DS" 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

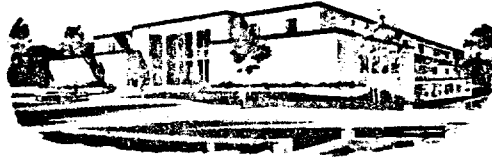
LDE/sw

Attachments

cc: State Land Office w/attach.

State of New Mexico

TELEPHONE
505-827-2748



Commissioner of Public Lands

October 23, 1974

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

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

Re: Aztec Oil & Gas Company
Application to Commingle
Production, State Lease
No. L-200

ATTENTION: Mr. L. D. Eaton

Gentlemen:

Reference is made to your application to commingle oil production from the State "DS" No. 3 (Paddock) and the State "DS" Nos. 1, 2, 4, 5, 6, & 7 (San Andres) into the tank battery located on the State "DS" lease. Also, you propose to allocate production on the basis of periodic well tests.

You are hereby given approval to the above request. This approval is subject to like approval by the New Mexico Oil Conservation Commission.

Your filing fee in the amount of Ten (\$10.00) Dollars has been received.

Very truly yours,

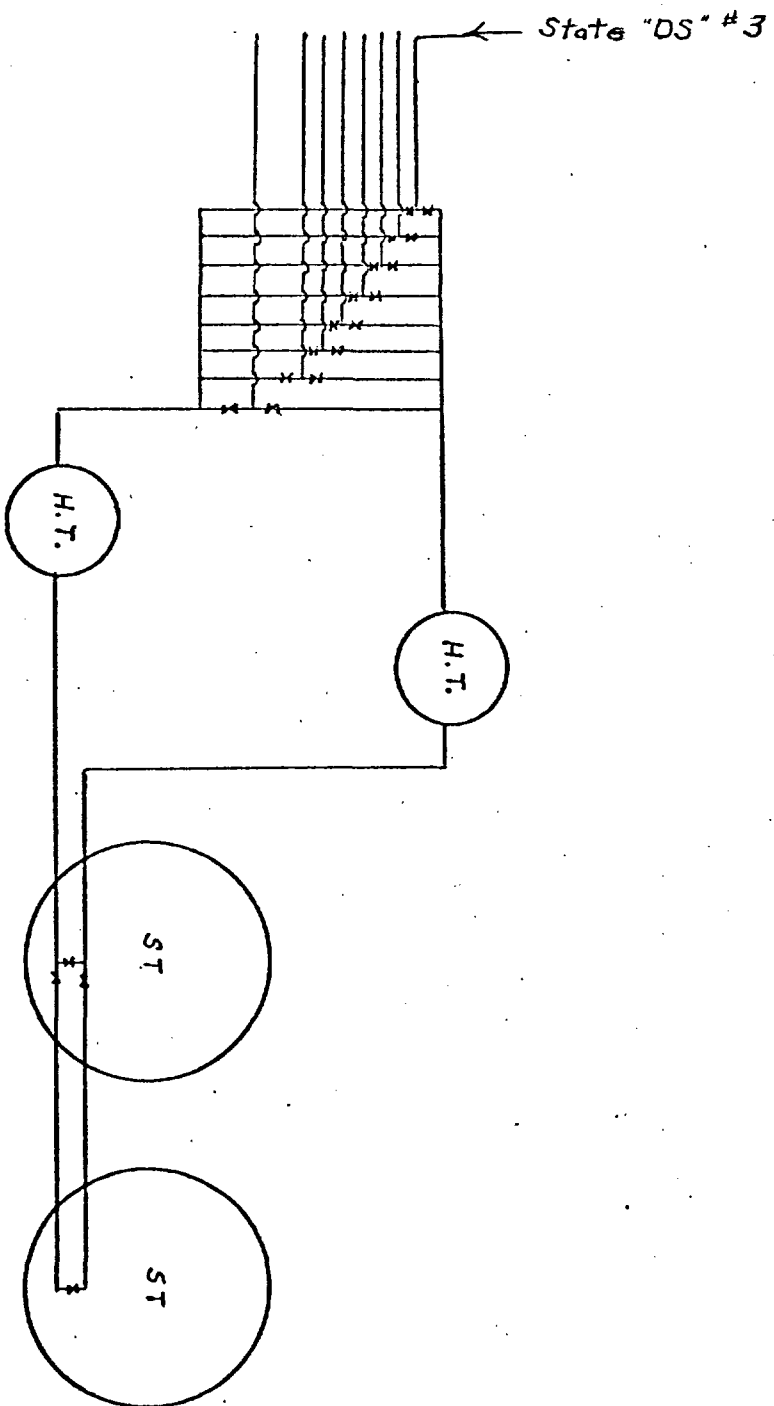
RAY D. GRAHAM, Director
Oil and Gas Department

AJA/RDG/s
encls.

cc: New Mexico Oil Conservation Commission

New Mexico Oil & Gas Accounting Commission

State Lease No. L-200



Aztec Oil & Gas Company

Proposed Commingling Facilities

State "DS" Lease

Sec. 24, T-17-S, R-36-E.

Lee County, New Mexico

C-116
Revised 1-1-65

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Staff Engineer

October 10, 1974

(Date)

AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

PRODUCTION DEPARTMENT

October 11, 1974

State Land Office
P. O. Box 1148
Santa Fe, New Mexico 87501

Attn: Mr. Alex J. Armijo
Commissioner of Public Lands

Re: Aztec Oil & Gas Company
Application to Commingle
Production, State Lease
No. L-200

Gentlemen:

Pursuant to Rule 309 (B) Aztec Oil & Gas Company respectfully requests your approval of the attached application to commingle San Andres and Paddock oil production from the State "DS" (L-200) lease located in Section 24, Township 17 South, Range 36 East, Spencer Pool, Lea County, New Mexico.

If you are in agreement with this application, we would appreciate your advising this office and the New Mexico Oil Conservation Commission at your earliest convenience.

Enclosed is our check in the amount of \$10.00 covering the filing fee for this application.

Yours very truly,

AZTEC OIL & GAS COMPANY


L. D. Eaton

LDE/sw

Attachments

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico