

Case 2444

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BLDG.
DALLAS 1, TEXAS

October 17, 1961

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- [initials]

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. A. L. Porter, Jr., Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Application of Aztec Oil & Gas
Company for Off-Lease Storage
Permission for Production from
the Totah-Gallup Pool from a part
of Section 18, T-29-N, R-13-W,
N.M.P.M., San Juan County, New
Mexico

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits its application, in triplicate, for an exception to Rule 309(a) of Order 850 and for permission to produce into a tank battery located on Section 18, T-29-N, R-13-W, N.M.P.M. and there store production from certain wells located on United States Oil & Gas Lease SF-079065.

In support of this Application, Applicant respectfully states and shows the following:

1. Applicant is the present owner of the right to drill to and produce oil and gas from the Gallup formation under the terms of the following oil and gas leases:

- (a) Fee lease executed by Bruce M. Barnard, Jr., et al, dated October 30, 1959, recorded in Book 438 at Page 204 of the Records of San Juan County, New Mexico covering the following lands:

Township 29 North, Range 13 West, N.M.P.M.

Section 18: Lots 2,3,4, SE $\frac{1}{4}$ SW $\frac{1}{4}$

San Juan County, New Mexico

- (b) United States Oil & Gas Lease SF-079065 insofar as it covers the following lands:

Township 29 North, Range 13 West, N.M.P.M.

Section 19: Lots 1,2,3,4, $E\frac{1}{2}W\frac{1}{2}$, $W\frac{1}{2}E\frac{1}{2}$, $E\frac{1}{2}SE\frac{1}{4}$
(among other lands not here relevant)

San Juan County, New Mexico

2. Applicant has erected a tank battery located in the $SW\frac{1}{4}SE\frac{1}{4}$ of Sec. 18, T-29-N, R-13-W, consisting of three 500 barrel tanks and one 6 X 20 heater-treater. It was contemplated that this storage battery would be necessary to accommodate production to be developed in Section 18. Subsequent drilling has shown that the storage capacity of this facility is considerably in excess of the requirements of the Aztec-Smith "C" #1 well located on the $SW\frac{1}{4}SE\frac{1}{4}$ of Section 18, the only well on the Section presently producing from the Totah-Gallup Pool. Applicant is desirous of utilizing this storage capacity by connecting to it three of the wells located in Section 19, T-29-N, R-13-W, covered by Federal Lease SF-079065. These wells are the Aztec-Hagood Nos. 25, 26 and 27, all of which produce from the Totah-Gallup Pool.

3. There will be no commingling of oil in said tank battery since the three wells named above are all located on the same lease and produce from the same pool; no other wells will produce into said tank battery. A separate tank will be erected near the Aztec-Smith "C" #1 to receive production from this well.

✓ 4. The leases above described are contiguous.

✓ 5. All production is from a common source of supply, to-wit; the Totah-Gallup Pool.

✓ 6. No more than sixteen (16) units will be produced into said tank battery.

✓ 7. With respect to the right to drill to and produce oil and gas from the Gallup formation under the lands above described, Applicant is the Operator and sole owner thereof.

✓ 8. The consent of the United States Geological Survey to such off-lease storage has been requested.

✓ 9. All offset operators have been notified of this Application by certified mail, and their consent thereto has been requested.

Applicant respectfully requests that this Application be promptly considered administratively, without notice and hearing, in accordance

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with Rule 309 5(b) and that permission be granted administratively for such off-lease storage.

Yours very truly,

AZTEC OIL & GAS COMPANY

By Kenneth A. Swanson
Kenneth A. Swanson
Attorney

KAS/et

Copies of this Application and the Plat attached as Exhibit "A" have been mailed by certified mail to the following parties:

Pan American Petroleum Corporation
Oil and Gas Building
Fort Worth, Texas

Texaco, Inc.
P. O. Box 810
Farmington, New Mexico

Elliott, Inc.
P. O. Box 1355
Roswell, New Mexico

Tenneco Oil Company
P. O. Box 1714
Durango, Colorado