AZTEK OIL & GAS KOMPANY

2000 FIRST NATIONAL BANK BUILDING DALLAS, TEXAS 75202

PRODUCTION DEPARTMENT

December 20, 1974

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

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

Re: Application for Well-bore Commingling Gutman No. 2, Blinebry & Drinkard Pools Lea County, New Mexico

Gentlemen:

Aztec Oil & Gas Company respectfully requests Administrative approval, under provisions of Order No. R-3845, to commingle production within the well-bore from the Blinebry and Drinkard formations in its Gutman Well No. 2, Unit L, Sec. 11, T-21-S, R-37-E, Lea County, New Mexico.

This well is currently producing marginal production from both zones, each being classified as oil zones. The Drinkard zone is being produced by artificial lift, therefore, production after commingling will be by artificial lift. Elimination of the packer will allow producing both zones through a single tubing string and increased recovery can be expected from both reservoirs. Also, operation costs will be reduced, thereby, extending the economical life of the well. In the event secondary operations are initiated in the future, the dual equipment can again be installed. Authorization for the original dual completion of this well was granted under Administrative Order No. MC-1613, dated April 1, 1965.

Pertinent data for the two zones are listed on the attached data sheet. Also, attached are oil production decline curves, a plat of the lease and offset leases showing producing zones of the respective wells, and well test data, as submitted on the most recent Form C-116. We propose to apportion oil production on the basis of the Blinebry projected decline with the balance going to the Drinkard, and gas production will be distributed in proportion to the most recent gas-oil ratios. A recent workover, including reperforating and fracturing of the Drinkard zone, was instrumental in a substantial NMOCC Page Two

production increase, therefore the previous decline is not representative of future production and the subtraction method is considered to be the most creditable.

Estimated bottom hole pressures of 720 psi. and 1450 psi., for the Blinebry and Drinkard, respectively, are based on the most recent BHP surveys conducted on this well. Although there is a difference in static bottom hole pressures, the Drinkard formation is tight with a low deliverability and flow into the Blinebry reservoir will occur only during brief shut-in periods. Fluid level build-up in the Drinkard will reduce the pressure differential at the point of Blinebry perforations; therefore, Drinkard flow into the Blinebry will be negligable during shut-in and will be produced quickly when returned to producing.

Blinebry production from Well Nos. 1 & 2 is commingled at the tank battery with Drinkard production from Well No. 2, as authorized by Administrative Order PC-409, dated January, 1971, and working interests and royalty interests for both zones are common. Value of the commingled fluids is not less than the total value of the fluids if they were sold separately. During commingling of production at the battery, no incompatability has occurred; therefore, no incompatability is anticipated with well-bore commingling at this location.

Production from these two zones is commingled in the well-bore of the east offset to this well as authorized to Conoco Oil Co. for their Nolan No. 3 by Order No. DHC-89.

Copies of this application are being submitted to the offset operators as shown on the attached list.

Yours very truly,

AZTEC OIL & GAS CO.

Enton L. D. Eaton

LDE/sw

Attachments

cc: L. L. Duke NMOCC - Hobbs Offset Operators (4)

OFFSET OPERATORS

Continental Oil Company Attn: Division Engineer Box 460 Hobbs, New Mexico 88240

Exxon Company Attn: District Engineer Box 3116 Midland, Texas 79701

Getty Oil Company Attn: W. J. Newman Box 1231 Midland, Texas 79701

J. W. Rodgers P. O. Box 312 Eunice, New Mexico 88231

DATA ~HEET FOR WELLBORE COMMINGI *NG

Operator: <i>p</i>	AZTEC OIL	& GAS COMPA	NY				
Address: 2	2000 First	National B	ank Build	ling, Da	llas, Tex	as 75202	
Lease and	Well No:	Gutman No	. 2				
Location:	Unit	;	921	Feet 1	from the	<u>North</u> Li	ine and
	1650	Feet from	West	Line of	Section	11	;
	Township	215	, Range	37E	;	Lea	County.

WELL DATA

	Upper Pool	Lower Pool
Name of Pool	Blinebry	Drinkard
Producing Method	Flowing	Pumping
BHP	720	1450
Type Crude	Sweet	Sweet
Gravity	36.5	37.6
GOR Limit	4,000	6,000
Completion Interval	5690-5912	6464-6687
Current Test Date	9-3-74	12-9-74
0il	5	16
Water	0	2
GOR	7,800	16,250
Selling Price of Crude-\$/BBL.	10.03	10.05
Daily Income - \$/Day	50.15	160.80

COMMINGLED DATA:

Gravity of Commingled Crude37.3		
Selling Price of Commingled Crude - \$/BBL.	10.05	
Daily Income - \$/Day 211.05		

Net (Gain) From Wellbore Commingling - \$/Day _______ based on current producing rates.



LEGEND:BLINEBRYDRINKARD

AZTEC GUTMAN LEASE SEC II T2IS R37E LEA COUNTY, N. MEX.

	•				<u> </u>			Address	Operator	
		<pre>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 Commis. Rule 301 and appropriate pool rules.</pre>	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 ia 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			Gutmen	SE NAME	s Arter ULL a Gal Company		
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District Superintendant

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