

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BLDG.

DALLAS 1, TEXAS

June 18, 1958

REGISTERED MAIL
RETURN RECEIPT REQUESTED

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Application of Aztec Oil & Gas Company for an Examiner Hearing before the Oil Conservation Commission of New Mexico for the Granting of an Exception to Rule 112-A(a) for Approval of an Oil - Oil Dual Completion Well in an Undesignated Pool (but which is within one-quarter mile of the Blinebry Oil Pool) and the Drinkard Pool.

Gentlemen:

Pursuant to Rule 112-A(b), Aztec Oil & Gas Company, hereinafter referred to as "Applicant", hereby submits in triplicate its application for an exception to Rule 112-A(a), and for approval of a proposed Oil-Oil Dual Completion well to be located on the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 36, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico. In support of this application pertaining to an Oil-Oil Dual Completion, Applicant respectfully states and shows the following:

1.

The proposed dual completion well is known as the State "BD-36" Well #1 and is located one thousand nine hundred and eighty feet (1980') from the South line and one thousand nine hundred and eighty feet (1980')

from the East line of Section 36, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico. Applicant completed the well at a total depth of 7080 feet.

2.

The subject well has $5\frac{1}{2}$ " production casing set at 6,972 feet and is cemented with 475 sacks. The well is an oil well in the Drinkard Pool and has been perforated in the porous oil zones from 6,654 feet to 6,880 feet, and the IP of the Drinkard zone was reported to the Oil Conservation Commission as 49 barrels of oil in 22 hours on a 16/64 inch choke.

3.

On May 9, 1958, Applicant filed an application with the Commission requesting an exception to Rule 112-A(a) for Administrative approval of a Gas-Oil Dual Completion of the subject well in the Blinebry Gas Pool and Drinkard Pool. In accordance with Administrative Order DC-596, promulgated by the Commission, Applicant proceeded to dually complete the well in the Blinebry Gas Pool in the following manner:

- a. Perforated the $5\frac{1}{2}$ " casing within the intervals of 5,470 feet to 5,616 feet in the Blinebry formation.
- b. Set Baker Model "D" production packer below the perforations at 6,613 feet; tested satisfactorily above packer with 3,000 psi.
- c. The I.P. of the Blinebry zone reported to the Conservation Commission was 80 barrels of oil in 24 hours on a 16/64 inch choke with a gas-oil ratio varying from 5,000 cubic feet of gas per barrel of oil to 14,000 cubic feet of gas per barrel of oil, depending upon the rate of flow and method of flow, with the oil having a gravity of 43° API at 60° F, and should therefore be classified as an oil well pursuant to Order R-610-B. The subject well is not within the designated area of the Blinebry Oil Pool; however, it is within one-quarter mile of such horizontal boundary and will therefore be under the Blinebry Oil Pool rules as prescribed by Special Rule 1 of Order R-610.

- d. Applicant proposes to install two parallel strings of $1\frac{1}{2}$ " tubing in the $5\frac{1}{2}$ " casing, and produce the oil from the Drinkard pool and the Blinebry Oil Pool separately in the two strings of tubing.

4.

A separate application for hearing is being filed simultaneously herewith requesting an exception to Rule 303 to allow the commingling of the oil produced from the separate zones of the subject well into common tankage after (i) measuring the Drinkard oil through a dump-type metering vessel and then determining the Blinebry oil production by gauging the total production into tanks and subtracting the metered Drinkard volume, or (ii) separately metering the production from both formations prior to commingling into common tankage.

5.

The granting of this application for permission to produce the subject well as a dual completion as to oil from the Blinebry formation and oil from the Drinkard formation will be in the interest of conservation and the protection of correlative rights.

6.

Applicant will comply with all rules and regulations of the New Mexico Oil Conservation Commission to maintain separation of production from the two pay zones.

7.

So far as is known to Applicant, the following operators or parties own mineral rights offsetting the subject well:

- a. Cities Service Oil Company
- b. The Texas Company
- c. Gulf Oil Corporation
- d. John M. Kelly
- e. Western Oil Fields, Inc.
- f. Amerada Petroleum Corporation
- g. State of New Mexico, % Commissioner of Public Lands

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Page 4
June 18, 1958

A copy of this application along with the attached exhibits has been sent to each of the above parties by registered mail.

8.

The attached Exhibit "A" shows the location of the subject well together with the location of offset owners of the mineral rights as listed in #7 above. A plat of the well location on Form C-101, Notice of Intention to Drill, was submitted to the Commission on March 25, 1958.

9.

Attached as Exhibit "B" is a proposed schematic sketch of the dual completion.

Aztec Oil & Gas Company respectfully requests that an Examiner Hearing at Santa Fe be set as soon as possible in July, 1958, to consider an exception to Rule 112-A(a) for the Oil-Oil Dual Completion hereinabove set forth. Applicant requests the application for exception to Rule 303 be heard at the same time as this case, either as a combined case or separate cases.

Yours very truly,

AZTEC OIL & GAS COMPANY

Original Signed by
Quilman B. Davis
By _____
General Attorney

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Page 5
June 18, 1958

STATE OF TEXAS)

COUNTY OF DALLAS)

Quilman B. Davis, being first duly sworn, hereby states that he is the Attorney of Aztec Oil & Gas Company, the applicant in the foregoing application, that he has executed said application on behalf of Aztec Oil & Gas Company; that he has read said application and to the best of his knowledge, information and belief all statements of fact contained herein are true and correct.

Original Signed by
Quilman B. Davis

Quilman B. Davis

Sworn to and subscribed before me the undersigned authority
this 18th day of June, 1958.

My Commission Expires:

June 1, 1959

Original Signed by:
Charlyne Y. Bell

Notary Public in and for
Dallas County, Texas

(SEAL)