



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

AMENDED COMMINGLING ORDER CTB-407

Dugan Production Corporation
P.O. Box 420
Farmington, New Mexico 87499-0420

RECEIVED
DEC - 6 1998

Attention: John D. Roe

OIL CON. DIV.
DEC. 8

The above named company is hereby authorized to commingle Basin Fruitland Coal (71629) Pool production from the following leases:

Lease: Alamo Com Well No.90
Description: K W/2, Section 4, Township 25 North, Range 13 West, and;

Lease: Cisco Com Well No..90
Description: L W/2, Section 3, Township 25 North, Range 13 West, and;

Lease: Cisco Com Well No.91
Description: M W/2, Section 34, Township 26 North, Range 13 West, and;

Lease: Jeter Well No.3
Description: N S/2, Section 35, Township 26 North, Range 13 West, and;

Lease: Jeter Well No.4
Description: A N/2, Section 1, Township 25 North, Range 13 West, and;

Lease: Jeter Well No.5
Description: A N/2, Section 35, Township 26 North, Range 13 West, and;

Lease: Salge Federal "A" Com Well No.90
Description: B E/2, Section 3, Township 25 North, Range 13 West, and;

Lease: Salge Federal "A" Com Well No.91
Description: A E/2, Section 4, Township 25 North, Range 13 West;

Lease: H Bisti State Well No.90
Description: E/2, Section 2, Township 25 North, Range 13 West;

all in San Juan County, New Mexico.

Amended Commingling Order CTB-407

Dugan Production Corporation

December 4, 1996

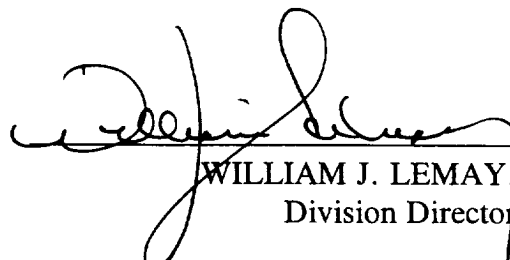
Page 2

Production shall be allocated to each lease by multiplying the sales volume at the CDP by an allocation factor for each well. The allocation factors shall be determined by dividing the individual separately metered well production by the sum of the gas production from all wells, as determined from individual well meters.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the Aztec district office upon implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 4th day of December, 1996


WILLIAM J. LEMAY
Division Director

WJL/BES

cc: Oil Conservation Division - Aztec /
Bureau of Land Management - Farmington