



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

RECEIVED  
SEP 18 1996

OIL CON. DIV.  
DIST. 3

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

Attention: Mr. John D. Roe

ADMINISTRATIVE ORDER OLM-15

*Latex Well No.1  
Unit Letter A, Section 9, Township 25 North, Range 10 West  
San Juan County, New Mexico  
Basin-Fruitland Coal Gas Pool*

Reference is made to your recent request dated August 7, 1996 for an exception to Division Rule 403 to permit off-lease measurement of gas production from the subject well.

The above named company is hereby authorized to meter gas production from the subject well at the off-lease connection to the EPFS transportation system in Unit Letter M, Section 3, Township 25 North, Range 10 West,.

PROVIDED THAT:

- 1) All flow lines shall be maintained in a safe and adequate condition and any leaks or failures must be reported to the Division, and;
- 2) All separation and liquids and storage facilities shall be located on the originating lease, and;
- 3) The meters shall be read and maintained by the transporter, and;
- 4) It is the responsibility of the operator to notify the transporter of this approval.

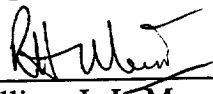
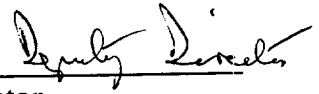
FURTHER: All production, storage, transportation, sales and other operations shall comply with applicable Division Rules and Regulations not inconsistent herewith.

NOTE: The operator shall notify the Aztec district office upon implementation of off-lease measurement operations.

*Division Order OLM-15*  
*Dugan Production Corporation*  
*September 11, 1996*  
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DONE at Santa Fe, New Mexico on this 11th day of September, 1996.

by    
William J. LeMay, Director

WJL/DRC

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