



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

COMMINGLING ORDER PLC-157

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

Attention: Mr. John D. Roe:

RECEIVED
SEP 22 1999

OIL CON. DIV.
DIST. 3

The above named company is hereby authorized to commingle Basin-Fruitland Coal (Gas - 71629), and Harper Hill-Fruitland Sand PC (Gas - 78160) Pool production from the following leases:

Lease: Com Well No. 1 (State Leases No. LG-3736, NM B-11242-43, NM E-6714-4 and Federal Lease No. SF 078110)

Description: E/2 of Section 2, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico;

Lease: Com Well No. 3 (State Lease No. LG-3736 and Federal Lease No. SF 078110)

Description: SE/4 of Section 2, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico; and

Lease: King Com Well No. 90 (Federal Lease No. SF 078110)

Description: E/2 of Section 11, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

Production shall be allocated to each lease by separately metering the production from each lease prior to commingling.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B 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.

REMARKS: The commingled natural gas production shall be delivered to the El Paso Field Services CDP located at the Com Well No. 1 in the NW/4 SE/4 of Section 2, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

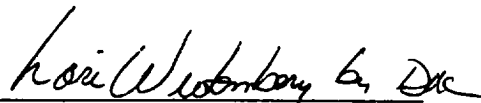
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FURTHER: The operator shall notify the supervisor of the Aztec district office prior to implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished by like approval from the State Land Office and the U.S. Bureau of Land Management.

DONE at Santa Fe, New Mexico, on this 22nd day of September, 1999.



LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division – Aztec
State Land Office – Santa Fe
U.S. Bureau of Land Management - Farmington