



dugan production corp.

July 21, 1997

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Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87505

Re: Downhole Commingling Allocation Formula
Administrative Order DHC-1535
Dugan's September 15
API No. 30-045-26518
Unit A, Section 24, T24N, R10W
San Juan County, NM

Dear Mr. LeMay:

In accordance with the subject downhole commingling order, we have secured approval of our proposed Allocation formula from the Aztec District Office. A copy of their approval is attached and the formula is as follows:

<u>Pool</u>	<u>Commingled Oil</u>	<u>Commingled Gas</u>
Bisti Lower Gallup	98%	34%
Basin Dakota	2%	66%

Should you have questions, please let me know.

Sincerely,

John D. Roe

JDR/tmf