



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

October 22, 1984

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Administrative Order No. DHC-528

Dugan Production Corp.
P. O. Box 208
Farmington, New Mexico 87499

Attention: John D. Roe

Re: Muddy Mudda Well No. 1, Unit D,
Section 21, Township 24 North,
Range 9 West, NMPM, San Juan County
Bisti Lower Gallup and Basin Dakota Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle the production from both pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above.

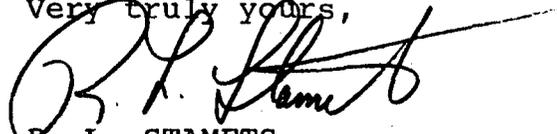
In accordance with the provisions of Rule 303.C.4., total commingled oil and condensate production from the subject well shall not exceed 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the Lower Gallup zone shall be determined by multiplying 2,000 by top unit allowable for the Bisti Lower Gallup and the maximum amount of gas which may be produced daily from the Basin Dakota zone shall be determined by Oil Conservation Division Rules and Regulations or by the San Juan Basin Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Bisti Lower Gallup Pool: Oil 81%, Gas 13%
Basin Dakota Pool: Oil 19%, Gas 87%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. L. Stamets", with a long horizontal flourish extending to the right.

R. L. STAMETS,
Acting Director