

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

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Deputy Secretary

Adrienne Sandoval, Director
Oil Conservation Division



December 16, 2019

POOL/LEASE COMMINGLING

Administrative Order PLC-624

Dugan Production Corp.
Attention: Kevin Smaka
PO Box 420, Farmington, NM 87499

Pursuant to your application received on November 5, 2019, Dugan Production Corp. ("Operator") is hereby authorized to surface commingle gas production and off-lease measure from the pools, wells, and associated leases identified in Exhibit A and incorporated by reference into this Order. The wells are located in Township 30 North, Range 14 West, NMPM, San Juan County, New Mexico and Township 30 North, Range 15 West, NMPM, San Juan County, New Mexico.

Additionally, Operator is authorized to utilize gas production off-lease for the purpose of fueling equipment necessary to field operations.

This administrative order does NOT authorize any commingling or off-lease measure of oil production.

Production from each well shall be determined by utilizing individual allocation meters prior to any commingling.

The commingled gas production from the wells shall be gathered at either of the two central tank batteries ("CTB") described in Exhibit A and shall be measured at either of the two custody transfer meters described in Exhibit A.

Production for each well shall be allocated using the equation described in Exhibit B and incorporated by reference into this Order.

For future additions of wells and leases to this commingling operation, notice shall only be given to those interest owners in the wells and leases to be added, in accordance with Division Rule 19.15.12.10(C)(4)(g) NMAC.

This Order supersedes the following administrative orders:
Administrative Order PC-1017 issued on August 30, 2000

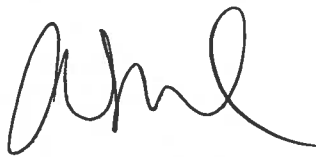
Administrative Order PC-1017-1 issued on October 20, 2000
Administrative Order PLC-187 issued on August 28, 2001
Administrative Order PLC-219 issued on November 4, 2002
Administrative Order PLC-219-A issued on September 13, 2004
Administrative Order PLC-187-A issued on July 17, 2012

This Order alters the wells, leases, and pools associated with the commingling operations referenced in the superseded administrative orders. Additionally, this Order combines the commingling operations referenced in the superseded administrative orders into a single commingling operation.

Operator may add subsequently drilled wells that produce from the approved pools within the project areas by submitting a Sundry Notice C-103 to the Engineering Bureau in Santa Fe at OCD.engineer@state.nm.us.

The allocation meters shall be calibrated in accordance with Division Rule 19.15.12.10(C)(2) NMAC.

This approval is subject to like approval from the Bureau of Land Management and New Mexico State Land Office before commencing commingling operations.



Adrienne Sandoval
Director

AS/dm

cc: OCD – Engineering Bureau
 OCD – Aztec District Office
 Bureau of Land Management
 New Mexico State Land Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Administrative Order: **PLC-624**

Date: **12/16/19**

Operator: **Dugan Production Corp.**

Central Tank Battery A: **Turks Toast CDP**

Central Tank Battery A Location: **Section 16, Township 29 North, Range 14 West**

Central Tank Battery B: **Pinon Mesa CDP**

Central Tank Battery B Location: **Section 30, Township 30 North, Range 14 West**

Meter A: **Enterprise Field Services Meter No. 14102**

Meter A Location: **Section 16, Township 29 North, Range 14 West**

Meter B: **Enterprise Field Services Meter No. 90018**

Meter B Location: **Section 24, Township 30 North, Range 14 West**

Pools

| Pool Name | Pool Code | Pool Name | Pool Code |
|-------------------------------------|-----------|---------------------------|-----------|
| BASIN FRUITLAND COAL (GAS) | 71629 | GREEK-GALLUP (OIL) | 96219 |
| TWIN MOUNDS FRUITLAND SAND PC (GAS) | 86620 | BASIN MANCOS | 97232 |
| BASIN DAKOTA (PRORATED GAS) | 71599 | GAMBLERS MESA; GALLUP (O) | 96357 |
| HARPER HILL FRUITLAND SAND PC (GAS) | 78160 | | |

Leases

| | | | | |
|-----------|-----------|----------|----------------------------|----------|
| SF 079070 | LG 3045-1 | VA 1696 | NM 13213 | NM 628 |
| | NM 10561 | NM 19403 | NM 15272 | NM 9788 |
| | NM 10758 | NM 21463 | NM 16057 | NM 70298 |
| | NM 10875 | NM 2555 | NM 16765 | NM 70299 |
| | NM 113433 | NM 26052 | Misc Fee (see application) | NM 70300 |
| | NM 113973 | NM 3565 | NM 19163 | NM 71716 |
| | NM 12086 | NM 4465 | SF 081231-B | NM 76870 |

Com Agreements

| | |
|-------------|-------------|
| NMNM 80712 | NMNM 115281 |
| NMNM 112581 | NMNM 101942 |
| NMNM 108161 | NMNM 112521 |
| NMNM 110602 | NMNM 112530 |
| NMNM 112509 | NMNM 108199 |
| NMNM 112519 | NMNM 112520 |
| NMNM 108158 | NMNM 108168 |
| NMNM 89333 | NMNM 128059 |
| NMNM 112590 | |

Wells

| Well API | Well Name | Pool Code | Location | Train |
|--------------|------------------|-----------|------------------|-------|
| 30-045-27094 | Atlantis 4 | 71629 | Sec 3-T30N-R14W | |
| 30-045-32564 | Atlantis Com 4S | 71629 | Sec 3-T30N-R14W | |
| 30-045-30558 | Bi Knobs 2R | 86620 | Sec 32-T30N-R14W | |
| 30-045-31730 | Bi Knobs Com 3 | 86620 | Sec 32-T30N-R14W | |
| 30-045-29660 | Bi Knobs Com 90 | 71629 | Sec 32-T30N-R14W | |
| 30-045-31761 | Bi Knobs Com 90S | 71629 | Sec 32-T30N-R14W | |

| | | | |
|--------------|------------------------|-------|------------------|
| 30-045-30557 | Bi Knobs 91 | 71629 | Sec 32-T30N-R14W |
| 30-045-31760 | Bi Knobs 91S | 71629 | Sec 32-T30N-R14W |
| 30-045-22763 | Big Field 1 | 71599 | Sec 10-T30N-R14W |
| 30-045-30182 | Big Field 5 | 78160 | Sec 10-T30N-R14W |
| 30-045-30917 | Big Field 6 | 78160 | Sec 15-T30N-R14W |
| 30-045-32256 | Big Field 7 | 78160 | Sec 10-T30N-R14W |
| 30-045-32202 | Big Field 8 | 78160 | Sec 15-T30N-R14W |
| 30-045-30914 | Big Field 90 | 71629 | Sec 10-T30N-R14W |
| 30-045-32483 | Big Field 91S | 71629 | Sec 10-T30N-R14W |
| 30-045-31216 | Big Field 91Y | 71629 | Sec 10-T30N-R14W |
| 30-045-32201 | Big Field 92 | 71629 | Sec 15-T30N-R14W |
| 30-045-32203 | Big Field 92S | 71629 | Sec 15-T30N-R14W |
| 30-045-32565 | Big Field Com 93 | 71629 | Sec 3-T30N-R14W |
| 30-045-33504 | Cutie Patutie 90 FC | 71629 | Sec 9-T30N-R14W |
| 30-045-33504 | Cutie Patutie 90 PC | 78160 | Sec 9-T30N-R14W |
| 30-045-33494 | Cutie Patutie 90S FC | 71629 | Sec 9-T30N-R14W |
| 30-045-33494 | Cutie Patutie 90S PC | 78160 | Sec 9-T30N-R14W |
| 30-045-30770 | High Dollar Com 90 | 71629 | Sec 8-T30N-R14W |
| 30-045-33172 | High Finance 1 | 96219 | Sec 3-T30N-R14W |
| 30-045-30931 | Humble Kirtland 2 | 78160 | Sec 13-T30N-R14W |
| 30-045-30921 | Humble Kirtland Com 90 | 78160 | Sec 13-T30N-R14W |
| 30-045-28768 | Lisbon Com 1 | 71599 | Sec 5-T30N-R14W |
| 30-045-30924 | Lisbon 2 | 78160 | Sec 11-T30N-R14W |
| 30-045-32257 | Lisbon 3 | 78160 | Sec 11-T30N-R14W |
| 30-045-30923 | Lisbon 90 | 71629 | Sec 11-T30N-R14W |
| 30-045-32261 | Lisbon 90S | 71629 | Sec 11-T30N-R14W |
| 30-045-09083 | Mayre 1 | 86620 | Sec 31-T30N-R14W |
| 30-045-30246 | Mayre 90R | 71629 | Sec 31-T30N-R14W |
| 30-045-31731 | Mayre 90S | 71629 | Sec 31-T30N-R14W |
| 30-045-35320 | Meadows I08-3014 1H | 97232 | Sec 8-T30N-R14W |
| 30-045-22084 | Molly Pitcher 1 | 71599 | Sec 14-T30N-R14W |
| 30-045-23612 | Molly Pitcher 1E | 71599 | Sec 14-T30N-R14W |
| 30-045-30915 | Molly Pitcher 3 | 78160 | Sec 14-T30N-R14W |
| 30-045-32200 | Molly Pitcher 5 | 78160 | Sec 14-T30N-R14W |
| 30-045-30930 | Molly Pitcher 90 | 71629 | Sec 14-T30N-R14W |
| 30-045-32199 | Molly Pitcher 90S | 71629 | Sec 14-T30N-R14W |
| 30-045-25866 | Monte Carlo 1 | 71599 | Sec 7-T30N-R14W |
| 30-045-31945 | Monte Carlo Com 90 | 71629 | Sec 7-T30N-R14W |
| 30-045-32425 | Monte Carlo Com 90S | 71629 | Sec 7-T30N-R14W |
| 30-045-22570 | Mucho Deal 1 | 71599 | Sec 14-T30N-R14W |
| 30-045-30179 | Mucho Deal 14 | 78160 | Sec 14-T30N-R14W |
| 30-045-32219 | Mucho Deal Com 15 | 78160 | Sec 14-T30N-R14W |
| 30-045-30916 | Mucho Deal Com 90 | 71629 | Sec 14-T30N-R14W |
| 30-045-32204 | Mucho Deal Com 90S | 71629 | Sec 14-T30N-R14W |
| 30-045-26499 | Nice 1 | 71599 | Sec 7-T30N-R14W |
| 30-045-27025 | Nice 2 | 71599 | Sec 4-T30N-R14W |
| 30-045-31956 | Nice Com 90 | 71629 | Sec 7-T30N-R14W |

| | | | |
|--------------|-------------------------|-------|------------------|
| 30-045-32451 | Nice Com 91 | 71629 | Sec 4-T30N-R14W |
| 30-045-32464 | Nice Com 92 | 71629 | Sec 4-T30N-R14W |
| 30-045-23675 | Pan American Federal 1E | 71599 | Sec 24-T30N-R14W |
| 30-045-30918 | Pan American Federal 2 | 78160 | Sec 24-T30N-R14W |
| 30-045-20956 | Pinon 1 | 71599 | Sec 13-T30N-R14W |
| 30-045-24186 | Pinon 1E | 71599 | Sec 13-T30N-R14W |
| 30-045-30920 | Pinon 2 | 78160 | Sec 13-T30N-R14W |
| 30-045-30919 | Pinon Com 90 | 71629 | Sec 13-T30N-R14W |
| 30-045-25408 | Pole's Paradise 2 DK | 71599 | Sec 9-T30N-R14W |
| 30-045-25408 | Pole's Paradise 2 GA | 96219 | Sec 9-T30N-R14W |
| 30-045-31957 | Pole's Paradise 90 | 71629 | Sec 9-T30N-R14W |
| 30-045-32450 | Pole's Paradise 90S | 71629 | Sec 9-T30N-R14W |
| 30-045-31959 | Pole's Paradise 91 | 71629 | Sec 8-T30N-R14W |
| 30-045-25819 | Riviera 1 | 71599 | Sec 18-T30N-R14W |
| 30-045-30732 | Riviera Com 2 | 86620 | Sec 18-T30N-R14W |
| 30-045-30733 | Riviera Com 90 | 71629 | Sec 18-T30N-R14W |
| 30-045-28003 | Sly Slav 3 | 71629 | Sec 13-T30N-R15W |
| 30-045-31946 | Sly Slav Com 3S | 71629 | Sec 13-T30N-R15W |
| 30-045-31944 | Sly Slav Com 90 | 71629 | Sec 13-T30N-R15W |
| 30-045-27321 | Turk's Toast 3 | 71599 | Sec 17-T30N-R14W |
| 30-045-30586 | Turk's Toast 6 | 96357 | Sec 18-T30N-R14W |
| 30-045-30723 | Turk's Toast 90 | 71629 | Sec 17-T30N-R14W |
| 30-045-30771 | Turk's Toast 90S FC | 71629 | Sec 17-T30N-R14W |
| 30-045-30771 | Turk's Toast 90S PC | 78160 | Sec 17-T30N-R14W |
| 30-045-30738 | Turk's Toast 91 | 71629 | Sec 17-T30N-R14W |
| 30-045-30737 | Turk's Toast 91S FC | 71629 | Sec 17-T30N-R14W |
| 30-045-30737 | Turk's Toast 91S PC | 78160 | Sec 17-T30N-R14W |

Exhibit B

ATTACHMENT NO. 5
Allocation Procedures
Dugan Production Corp.'s consolidation of
Piñon Mesa & Turk's Toast Gas Gathering Systems
CDP Gas Sales Meters: SENE 16-29N-14W (Enterprise Meter #14102) &
NENE 30-30N-14W (Enterprise Meter #90018)
San Juan County, New Mexico

Base Data:

U = Water Volume (BWPD) from Periodic Well Test x days operated during allocation period.

V = Water Volume (bbl) at Central Battery during allocation period.

W = Gas Volume (MCF) from allocation meters at individual wells and central battery separator during allocation period.

X = Gas Volume (MCF) from CDP Sales Meter during allocation period.

Y = BTU's from CDP Sales Meter during allocation period.

Allocation Period is typically a calendar month and will be the same for all wells

1. Individual Well Gas Production = $A + B + C + D + E + F$

A = Allocated Sales Volume, MCF = $(W / \text{SUM } W) \times X$

B = On lease fuel usage, MCF. Determined from equipment specification and operating conditions.

C = Purged and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment specifications and pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $W / \text{SUM } W$ for the wells involved.

E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, MCF. The total volume will be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by $W / \text{SUM } W$.

F = Allocated gas volume (MCF) associated with water production = (A) in mcf for the central battery separator multiplied by a factor of $(U / \text{SUM } U)$ for wells delivering gas and water to the central battery separator.

2. Allocated Individual Well BTU's = $((W \times \text{Individual well BTU}) / \text{Sum } (W \times \text{individual well BTU})) \times Y$. Individual well gas heating values to be determined in accordance with BLM regulations (currently Onshore Order No. 5).

3. Individual Well Water Production = Allocated production volume, bbl = $(U / \text{Sum } U) \times V$.