



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

Administrative Surface Commingling  
Order CTB-563

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

Attention: Mr. John D. Roe

The Division has reviewed your application to surface commingle gas production from the Basin-Fruitland Coal Gas Pool (71629) originating from the following-described federal leases located in San Juan County, New Mexico:

N/2 of Section 3, Township 26 North, Range 13 West, NMPM

NW/4 USA NM-1336      federal lease  
NE/4 USA NM-37912      federal lease

King Fish Com #90 & 90S      Basin-Fruitland Coal Gas Pool      N/2      319.56 acres

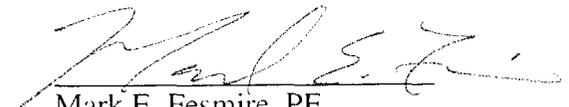
It is our understanding that both of these wells located within the same spacing unit have identical ownership, only natural gas will be commingled, and the measurement point will be at the King Fish Com #90 location.

Dugan Production Corporation is hereby approved to commingle gas production within this spacing unit and to use well tests to measure and allocate production between wells.

NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

The operator shall notify the Aztec district office of the Division prior to implementation of commingling operations.

DONE at Santa Fe, New Mexico, on July 25, 2006.



Mark E. Fesmire, PE  
Director

MEF/wvjj

cc: Oil Conservation Division – Aztec  
Bureau of Land Management – Farmington