



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Surface Commingling Order PC-1197

January 25, 2008

Pogo Producing (San Juan) Company
P. O. Box 10340
Midland, Texas 79702

Attention: Ms. Ann E. Ritchie

The above-named company is hereby authorized to surface commingle gas production from the following-described pools within the following-described area (hereinafter referred to as the Pogo Arnie 2 CDP Gas Gathering System Area), San Juan County, New Mexico:

Pool Name

Pool Code

Basin-Fruitland Coal Gas Pool

(Gas - 71629)

Fulcher Kutz-Pictured Cliffs Gas Pool

(Gas - 77200)

Pogo Arnie 2 CDP Gas Gathering System Area

Township 30 North, Range 13 West, NMPM

Section 25: N/2

This area contains all or portions of Federal Lease No. NMSF-078213.

This area currently contains two (2) wells that are singly completed in the Basin-Fruitland Coal Gas Pool and the Fulcher Kutz-Pictured Cliffs Gas Pool. Both wells within the area are currently operated by Pogo Producing (San Juan) Company.

Production shall be allocated by metering the gas production from each of the wells within the Pogo Arnie 2 CDP Gas Gathering System Area utilizing individual allocation meters. Gas production shall then be commingled and transported to an Enterprise Field Services gas sales meter located in the SW/4 NW/4 of Section 25, Township 30 North, Range 13 West, NMPM. Production shall be allocated back to each well utilizing allocation and sales meter volume data, and shall be determined in accordance with the following procedure:

The production allocated to each well will be the integrated volume from the CDP gas sales meter, less the sum of the other allocation meters, plus any lease use gas. Lease use gas is estimated to be approximately 2.5 MCF gas per day for those wells equipped with a pumping unit and a separator. In the event the sum of the allocation meters does not equal the integrated

volume of the CDP gas sales meter, the gas production from each well shall be calculated using the volume its allocation meter indicates, divided by the sum of all the allocation meters. This percentage will then be multiplied times the integrated volume of the CDP gas sales meter, plus lease use gas.

All liquids (oil, condensate and water) shall be separated, stored, measured and sold at each individual well. Except for small amounts of water that may drop out of the commingled gas stream at the central processing facility, no commingling of liquids shall occur.

All meter calibration shall be in conformance with Division Rule No. 19.15.5.303(B)(4)(b).

Additional existing or future drilled wells can be added to the commingling authority granted by this order without additional application or notice to interest owners provided that:

- a) the well(s) are located within the Pogo Arnie 2 CDP Gas Gathering System Area defined by this order; **and**
- b) the well(s) produce from one or more of the pools approved by this order.

To obtain approval to add wells, Pogo Producing (San Juan) Company shall file a C-103 (Sundry Notice) with the Santa Fe and Aztec Offices of the Division that describe the well(s) to be included. Additional notice may be required to the Bureau of Land Management.

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

FURTHER: The operator shall notify the Aztec district office of the Division upon commencement of commingling operations.



MARK E. FESMIRE, P.E.
Director

MEF:wvj

Cc: Bureau of Land Management – Farmington
Oil Conservation Division - Aztec