



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

COMMINGLING ORDER PLC-147

Dugan Production Corp.
P.O. Box 420
Farmington, New Mexico 87499-0420

Attention: Mr. John D. Roe:

The above named company is hereby authorized to commingle Alamito-Gallup (1039-Oil) Rusty-Chacra (84360-Gas) Rusty-Gallup (52860-Gas) and Wildcat Rusty South-Gallup (96236-Gas) Pool gas production from the following leases:

- Lease: Chacra Federal Lease (Federal Lease No. NM-25821)
Description: NW/4 NW/4 of Section 10, SW/4 SE/4 of Section 21, Township 22 North, Range 7 West, NMPM, and;
- Lease: Dome Federal Lease (Federal Lease Nos. NM-15649, NM-6680, NM-8899, NM-21455, NM-6676, NM-8641)
Description: SE/4 NE/4 of Section 1, Township 21 North, Range 7 West, SE/4 NE/4 of Section 10, SE/4 SE/4 of Section 15, Township 22 North, Range 7 West, SW/4 NW/4 of Section 18, SW/4 SW/4 of Section 19, NE/4 SW/4, SE/4 NE/4 of Section 29, NE/4 NW/4 of Section 30, Township 22 North, Range 6 West, NMPM, and;
- Lease: Dome Navajo Allotted Lease (Lease Nos. NOOC-14-20-5555, NOOC-14-20-5382, NOOC-14-20-5595, NOOC-14-20-5046, NOOC-14-20-5044, NOOC-14-20-5045, NOOC-14-20-5050, NOOC-14-20-5048, NOOC-14-20-5051)
Description: NW/4 SE/4 of Section 3, NE/4 SW/4 of Section 17, SE/4 NE/4 of Section 20, Township 22 North, Range 7 West, SW/4 SW/4 of Section 27, NE/4 SE/4, NE/4 SW/4 of Section 28, NE/4 NE/4, SE/4 SW/4 of Section 33, NE/4 NW/4 of Section 34, Township 22 North, Range 6 West, NMPM, and;
- Lease: Dome Navajo Federal Lease (Federal Lease No. NM-5452)
Description: SW/4 SE/4, of Section 18, Township 22 North, Range 6 West, NMPM, and;

- Lease: Dome Rusty Federal Lease (Federal Lease Nos. NM-7262, NM-6680, NM-6676)
Description: SE/4 SE/4 of Section 20, NW/4 SE/4 of Section 24, Township 22 North, Range 7 West, NW/4 NE/4 of Section 30, Township 22 North, Range 6 West, NMPM, and;
- Lease: Dome State Lease (State Lease No. LG-3923)
Description: NE/4 NE/4 of Section 32, Township 22 North, Range 6 West, NMPM, and;
- Lease: Dome Tesoro Lease (Lease Nos. NOOC-14-20-5356, NOOC-14-20-5360, NOOC-14-20-5365)
Description: NE/4 NW/4 of Section 22, NW/4 SW/4 of Section 23, NW/4 NW/4 of Section 27, Township 22 North, Range 7 West, NMPM, and;
- Lease: Federal Lease (Federal Lease Nos. NM-8899, NM-6676, NM-7776)
Description: NE/4 SE/4 of Section 29, SW/4 NW/4 of Section 29, NW/4 SE/4 of Section 31, Township 22 North, Range 6 West, NW/4 NE/4 of Section 25, NE/4 NE/4 of Section 26, Township 22 North, Range 7 West, NMPM, and;
- Lease: Navajo Lease (Navajo Lease Nos. NOOC-14-20-5048, NOOC-14-20-5594)
Description: SE/4 SW/4 of Section 33, Township 22 North, Range 6 West, SE/4 SW/4 of Section 10, Township 22 North, Range 7 West, NMPM, and;
- Lease: Navajo Federal Lease (Federal Lease Nos. NM-5452, NM-6680)
Description: SE/4 SW/4 of Section 18, Township 22 North, Range 6 West, NE/4 NE/4 of Section 21, Township 22 North, Range 7 West, NMPM, and;
- Lease: State Lease (State Lease No. LG-3923)
Description: NW/4 NW/4 of Section 32, Township 22 North, Range 6 West, NMPM, and;
- Lease: Dana State Lease (State Lease No. K-04844)
Description: SW/4 NE/4 of Section 16, Township 22 North, Range 7 West, NMPM,

all in Sandoval County, New Mexico.

Oil and gas production shall be determined by separately metering each well.

Administrative Commingling Order PLC-147
Dugan Production Corp.
September 8, 1998
Page 3

NOTE: The commingled natural gas production shall be delivered to a CDP sales meter on El Paso Field Service's Pipeline in the SE/4 NW/4 of Section 12, Township 22 North, Range 7 West, NMPM, Sandoval County, New Mexico.

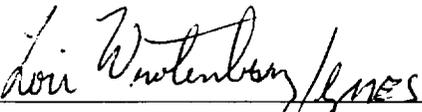
NOTE: Oil production shall be separated, stored, and sold at each wellsite.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Aztec district office prior to implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished by like approval by the U.S. Bureau of Land Management and New Mexico Commissioner of Public lands.

DONE at Santa Fe, New Mexico, on this 8th day of September, 1998.



LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division - Aztec
Bureau of Land Management – Farmington
State Land Office – Oil & Gas Division