



**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-149
2nd Amendment**

Dugan Production Corporation
P.O. Box 420
Farmington, New Mexico 87505

Attention: Mr. John D. Roe:

The above named company is hereby authorized to commingle Basin Fruitland Coal (71629), Wildcat Fruitland Pictured Cliffs (Pool IDN not assigned), Potwin Pictured Cliffs (83000), Cuervo Medaverde (15010), White Wash Medaverde (96552), Cuervo Gallup (15006), Lybrook-Gallup (42289), Bisti Lower-Gallup (5890), South Bisti Gallup (5860), Wildcat Bisti-Chacra (96031), Basin Dakota (71599) and White Wash Mancos Dakota (64290) Pool production from the leases located in San Juan County, New Mexico and described on Exhibit 'A' (unchanged from original order dated December 4, 1998) attached hereto. The commingled production is transported by a system of pipelines known as the Goodtimes Gas Gathering System.

Gas production shall be allocated to each well and/or lease utilizing the method described in item 1) on Exhibit 'B' attached hereto.

Condensate (drip) production shall be separated and accumulated at drip traps located throughout the system where such production will be measured off-lease, picked up and sold separately. Allocation of condensate production shall be performed utilizing the method described in item 2), also on Exhibit 'B'.

NOTE: All wells currently connected to the Goodtimes Gas Gathering System as well as those to be connected to the system, are marginal in nature and qualify for alternative measurement methods as specified in Division Order R-9617.

NOTE: The commingled natural gas production shall be delivered to one of two CDP sales meter sites. CDP No.1 delivers gas to Elm Ridge Resources and is located in the SE/4 SE/4 of Section 22, Township 24 North, Range 8 West. CDP No.2 is on El Paso Field Service's Pipeline in the SE/4 NE/4 of Section 12, Township 24 North, Range 10 West, NMPM. Both are located in San Juan County, New Mexico.

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.

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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 23rd day of December, 1999.



LORI WROTENBERY,
Division Director

LW/MWA/kv

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