

PC 7/14/98



COMMERCIAL RESOURCES
(505)-827-5724

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State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

July 20, 1998

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

Attn: Mr. John D. Roe

Re: Request for Surface Commingling, Off-Lease Measurement, Storage, and Sale of Produced Natural Gas Gathering System Drip Accumulations
Dugan Production's Goodtimes Gas Gathering System
State Leases numbers LG-1035, LG-1917, LG-5685, LG-5686, LG-5689, LG-9801, LG-9804, LH-1896, V-1509 and V-2364
San Juan County, New Mexico

Dear Mr. Roe:

We are in receipt of your letters of June 22, 1998 and June 23, 1998 requesting our approval to include 23 State wells from the above captioned leases to Dugan's Goodtimes Gas Gathering System. It is our understanding that this is the twelfth expansion to the Goodtimes Gas Gathering System which will now contain a total of 151 Federal, State and Navajo Alloted wells.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 dollar filing has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/JB/pm

pc: Reader File, OCD-Attention: David Catanach, Ben Stone,
BLM-Farmington Attn: Mr. Duane Spencer