



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

August 13, 1996

Mr. Gary Brink
Dugan Production corporation
P.O. Box 420
Farmington, New Mexico

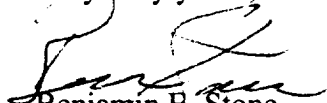
RECEIVED
AUG 21 1996
OIL CON. DIV.
DIST. 3

Dear Mr. Brink,

I'd like to offer my sincere apologies for the erroneous commingling order I recently issued. The order I'm referring to is DHC-1309. When Ernie Busch of our Aztec office called me, and I pulled the file, I couldn't believe that I actually wrote the permit. The mistakes were glaring. An incorrect allocation gets issued occasionally, but opening the letter with: Dear Ms. Staley, would have been quite unimpressive to me.

Again, my apologies. Let me know if I may be of service in the future.

Very truly yours,


Benjamin B. Stone
P.E. Specialist

/BES





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& NATURAL RESOURCES DEPARTMENT

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

CORRECTED ADMINISTRATIVE ORDER DHC-1309

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

Attention: Mr. Gary Brink

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OIL CON. DIV.
DIST. 3

*Blanco Wash Well No. 1
Unit J, Section 2, Township 24 North, Range 9 West, NMPM,
San Juan County, New Mexico.
White Wash Mesaverde (96552) and
White Wash Mancos Dakota (64290) Pools*

Dear Mr. Brink:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

Oil 80 B/D	Gas 160 Mcf/D	Water 160 B/D
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Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

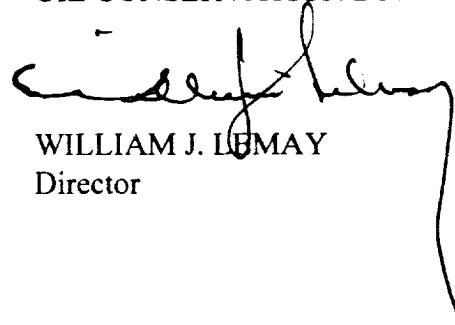
White Wash Mesaverde Pool	Oil 85%	Gas 0%
White Wash Mancos Dakota Pool	Oil 15%	Gas 100%

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 14th day of August, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name. The signature is fluid and cursive, with a long vertical line extending downwards from the end of the name.

WILLIAM J. LEMAY
Director

S E A L

WJL/BES

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