



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

August 9, 1983

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Administrative Order No. DHC-418

Dugan Production Corp.
709 Bloomfield Road
Farmington, New Mexico 87499

Attention: John D. Roe, Petroleum Engineer

Re: Dugan Production Corp. Divide
No. 1, Unit H, Sec. 35, T-26-N,
R-2-W, Rio Arriba County
Undesignated Mancos and Blanco
Mesaverde Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle the production from both 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.

In accordance with the provisions of Rule 303.C.4., total commingled oil and condensate production from the subject well shall not exceed 30 barrels per day, and total water production from the well shall not exceed 60 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by standard proration procedures established by the Aztec district office. Contact the District Supervisor in regard to this.

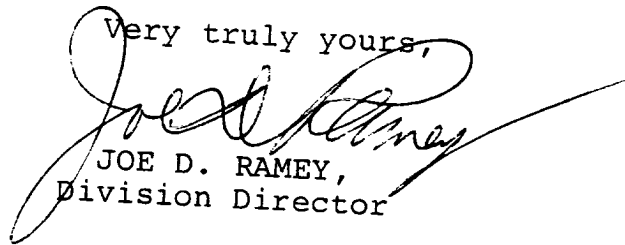
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Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Mesaverde Pool: Condensate 26%, Gas 62%
Mancos Pool: Oil 74%, Gas 38%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,



JOE D. RAMEY,
Division Director

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