

New Mexico Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Surface Commingling Order PC-1239

January 19, 2012

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

Attention: John Roe:

Dugan Production Corp. is hereby authorized to surface commingle Flora Vista Fruitland Sand Gas Pool (**76600**), and Basin Fruitland Coal Gas Pool (**71629**) gas production from Five State Communitized leases and the following wells. [**Note: Five State Communitized leases constitute one lease under Rule 19.15.12.7 (C) NMAC**].

Well Name and Number	API Number	Location
Seven of Diamonds Well No. 2	30-045-25561	I-2-T-30-N, R-13-W
Moncrief Well No. 100	30-045-35235	A-2-T-30-N, R-13-W
Moncrief Well No. 101	30-045-35234	P-2-T-30-N, R -13-W

All in NMPM, San Juan County, New Mexico

Commingled gas production from the wells detailed above shall be measured and sold at the Seven of Diamonds Central Delivery Point Meter located in (Unit I) of Section 2, Township 30-North, Range 13 West, NMPM, San Juan County, New Mexico.

Gas production from the wells shall be continuously measured with allocation meters before commingling with production from other wells. The allocation meters shall be calibrated semi-annually. The commingled production from the wells is approved for off-lease measurement and sales. Any liquid hydrocarbon production shall not be commingled.

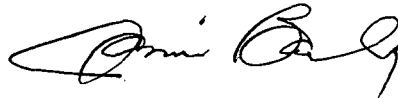
NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. The producer/Operator shall notify the transporter of this commingling authority.



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

This approval is subject to like approval from the State Land Office (SLO) before commencing the commingling operations

DONE at Santa Fe, New Mexico, on January 19, 2012.



Jami Bailey
Division Director

JB/re

cc: Oil Conservation Division District Office – Aztec
State Land Office – Oil, Gas, and Minerals Division – Santa Fe