



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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Cabinet Secretary

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Deputy Cabinet Secretary

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Division Director
Oil Conservation Division



Surface Commingling Order CTB-455-A

March 8, 2012

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

Attention: John Roe:

Dugan Production Corp. ("Dugan") is hereby authorized to surface commingle gas production only from Lybrook Gallup Pool (**42289**) from the following State and Federal Leases and wells.

Wells: Kenny Well No. 1 (**API No. 30-043-20808**), Unit B Sect. 36, T-23-N, R-7-W.

Little Sis Well No. 1 (**API No. 30-043-20940**), Unit K Sect. 21, T-23-N, R-6-W

Lybrook H36-2307 Well No. 1H (**API No. 30-043-21117**), Units H & E Sect. 36 T-23-N, R-7-W.

All in NMPM, Sandoval County, New Mexico

[Note: The Kenny Well No. 1 and Little Sis Well No. 1 were approved for surface commingling under Order No. CTB-455. The operator now requests to amend this order to add the Lybrook H36-2307 Well No. 1H. Accordingly, Order No. CTB-455 is hereby amended to Order No. CTB-455-A, authorizing the addition of the Lybrook H36-2307 Well No. 1H to the commingling operations].

Commingled gas production from the wells detailed above shall be measured and sold at the Central Tank Battery (CTB), located in Unit E, Section 36, Township 23 North, Range 7 West, NMPM, Sandoval County, New Mexico. **The oil production shall not be commingled**

The gas production from the wells shall be measured continuously with allocation meters before commingling with production from other wells. Gas production shall be allocated back to each well using the Allocation Procedure of attachment No. 4, which is made part of this order. The allocation meters shall be calibrated semi-annually.



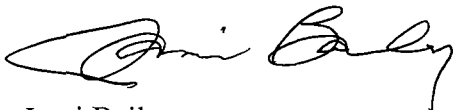
NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

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

This order supersedes order No. CTB-455

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

DONE at Santa Fe, New Mexico, on March 8, 2012.

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over a horizontal line.

Jami Bailey
Division Director

JB/re

cc: Oil Conservation Division – Aztec
State Land Office – Oil, Gas, and Minerals Division – Santa Fe
Bureau of Land Management (BLM) - Farmington