

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Surface Commingling Order PLC-187-A

July 17, 2012

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

Attention: Mr. John D. Roe

Dugan Production Corporation is hereby authorized to commingle gas production from the following-described pools within the following-described area (hereinafter referred to as the Turk's Toast Gas Gathering System Area):

<u>Pool Name</u>	<u>Pool Code</u>
Basin-Dakota Pool	(Prorated Gas – 71599)
Basin-Fruitland Coal Pool	(Gas – 71629)
Twin Mounds Fruitland Sand-	(Gas – 86620)
Pictured Cliffs Pool	
Gamblers Mesa-Gallup Pool	(Oil – 96357)
Grassy-Gallup Pool	(Oil – 96339)
Greek-Gallup Pool	(Oil – 96219)
Meadows-Gallup Pool	(Oil – 45450)

Turk's Toast Gas Gathering System Area

Township 30 North, Range 14 West, NMPM

Section 3:	E/2
Section 4:	E/2
Section 5:	E/2
Section 7:	All
Section 9:	W/2, NE/4
Section 17 :	All
Section 18 :	All
Section 19 :	N/2
Section 31 :	S/2
Section 32 :	All

Township 30 North, Range 15 West, NMPM

Section 13: All
Section 24: All
Section 25: SE/4 SE/4
Section 35 : N/2

This area contains all or portions of Federal Leases No. NM-4465, NM-10561, NM-10758, NM-10875, NM-16057, NM-16765, NM-19163, NM-19403, NM-21463, NM-21465, NM-55114, NM-56318, NM-58896, NM-63321, NM-70298, NM-70299, NM-70300, NM-71716, NM-76870, all or portions of State Leases No. E-3555, E-6714-8, LG-3045-1 and VA-1696, and three (3) fee leases that comprise all or portions of Sections 13 and 24, Township 30 North, Range 15 West, and Section 7, Township 30 North, Range 14 West, NMPM, San Juan County, New Mexico.

This area currently contains forty-three wells that are either singly completed or downhole commingled within one or more of the pools described above. With the exception of one well, the Kelly Well No. 1, located in the SE/4 SE/4 of Section 25, Township 30 North, Range 15 West, NMPM, which is currently operated by Redwolf Production Inc., all wells within the area are operated by Dugan Production Corporation.

Dugan Production Company now requests to amend Order No. PLC-187 to add Fee Leases, Federal Leases NM-113433, NM-113973, Harper Hill Fruitland Sand Gas Pool (78160), and twenty-five (25) wells to the Turk's Toast Gas Gathering System shown in **Exhibit A** attached to this Order. Dugan also requests that further additions to the Turk's Toast Gas Gathering System require notice to only those interest owners in the leases, pools, and wells to be added

Dugan's request to add the leases, pools and wells is hereby approved, and further additions to the Turk's Toast Gas Gathering System shall require notice to only those interest owners in the leases, pools, and wells to be added.

Production shall be allocated by metering the gas production from each of the wells within the Turk's Toast Gas Gathering System Area utilizing individual allocation meters. Gas production shall then be commingled and transported to gas sales meter (El Paso Meter No. 14102) located in the SE/4 NE/4 of Section 6, Township 29 North, Range 14 West, NMPM. Production shall be allocated back to each well utilizing allocation and sales meter volume data, and shall be determined in accordance with the formula set forth within the application to commingle.

No liquids shall be commingled within the Turk's Toast Gas Gathering System.

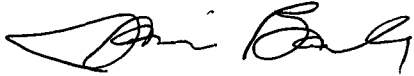
NOTE: This installation shall be installed and operated in accordance with the applicable provisions of the Division Rules and Regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the Aztec district office of the Division upon commencement of commingling operations.

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This Order supersedes Order No. PLC-187 issued by the Division on August 28, 2001.

DONE at Santa Fe, New Mexico, on July 17, 2012.

A handwritten signature in black ink, appearing to read 'Jami Bailey', written in a cursive style.

Jami Bailey
Division Director

JB/re

cc: Oil Conservation Division – Aztec
Bureau of Land Management-Farmington
State Land Office-Oil & Gas Division – Santa Fe

Attachment: **Exhibit A**

**EXHIBIT A TO PLC-187-A: WELLS TO BE ADDED TO
DUGAN PRODUCTION CORP.'S
TURK'S TOAST GAS GATHERING SYSTEM
SAN JUAN COUNTY, NEW MEXICO**

<u>Well Name & #</u>	<u>API #</u>	<u>Pool</u>	<u>Operator Name</u>
Atlantis Com #4S	30-045-32564	Basin Fruitland Coal	Dugan Production Corp.
Bi Knobs Com #3	30-045-31730	Twin Mounds FR SN PC	Dugan Production Corp.
Bi Knobs Com #90S	30-045-31761	Basin Fruitland Coal	Dugan Production Corp.
Bi Knobs #91S	30-045-31760	Basin Fruitland Coal	Dugan Production Corp.
Big Field #91S	30-045-32483	Basin Fruitland Coal	Dugan Production Corp.
Big Field Com #93	30-045-32565	Basin Fruitland Coal	Dugan Production Corp.
Cutie Patutie #90 FC/PC	30-045-33504	Basin FR Coal/Harper Hill FR Sand PC	Dugan Production Corp.
Cutie Patutie #90S FC/PC	30-045-33494	Basin FR Coal/Harper Hill FR Sand PC	Dugan Production Corp.
High Dollar Com #90	30-045-30770	Basin Fruitland Coal	Dugan Production Corp.
High Finance #1	30-045-33172	Greek Gallup	Dugan Production Corp.
Mayre #90S	30-045-31731	Basin Fruitland Coal	Dugan Production Corp.
Monte Carlo Com #90	30-045-31945	Basin Fruitland Coal	Dugan Production Corp.
Monte Carlo Com #90S	30-045-32425	Basin Fruitland Coal	Dugan Production Corp.
Nice Com #90	30-045-31956	Basin Fruitland Coal	Dugan Production Corp.
Nice Com #91	30-045-32451	Basin Fruitland Coal	Dugan Production Corp.
Nice Com #92	30-045-32464	Basin Fruitland Coal	Dugan Production Corp.
Pole's Paradise #90	30-045-31957	Basin Fruitland Coal	Dugan Production Corp.
Pole's Paradise #90S	30-045-32450	Basin Fruitland Coal	Dugan Production Corp.
Pole's Paradise #91	30-045-31959	Basin Fruitland Coal	Dugan Production Corp.
Sly Slav Com #3S	30-045-31946	Basin Fruitland Coal	Dugan Production Corp.
Sly Slav Com #90	30-045-31944	Basin Fruitland Coal	Dugan Production Corp.
Sly Slav Com #90S	30-045-31958	Basin Fruitland Coal	Dugan Production Corp.
Meadows I08-3014 #1H	30-045-35320	Greek Gallup	Encana Oil & Gas (USA) Inc.
Meadows L03-3014 #1H	30-045-	Greek Gallup	Encana Oil & Gas (USA) Inc.
Meadows D18-3014 #1H	30-045-	Greek Gallup	Encana Oil & Gas (USA) Inc.