

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David R. Catanach, Division Director
Oil Conservation Division



September 9, 2015

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-147-B
Administrative Application Reference No. pMAM1523029964

Dugan Production Corporation
Attn: Mr. Kevin Smaka

Pursuant to your application received on August 18, 2015, Dugan Production Corporation (OGRID 6515) is hereby authorized to surface commingle **gas production only** from the following pools:

Rusty Chacra (Gas)	(84360)
Rusty Gallup	(52860)
Basin Fruitland Coal (Gas)	(71629)
Bisti-Chacra (Gas)	(96166)

and from diversely owned wells identified in Attachment No. 2A and Attachment No. 2B, and made part of this order. These wells are located on federal, state, and Native American leases in Township 21 North, Range 7 and 8 West, Township 22 North, Range 6,7,8, and 9 West, and Township 23 North, Range 8 and 9 West, in Sandoval and San Juan Counties, New Mexico.

Each well produces from only the pool or pools identified on Attachment No. 2A and Attachment No. 2B.

Each well will be equipped with an individual gas meter for allocation purposes. Further, the two SWD wells shall have their own two-phase separator, in which the gas production will be allocated back to each well based on the ratio of water produced for each well versus the total water produced for all of the wells that are serviced by that SWD. Gas that has passed through the well meters will be commingled in operator's Rusty Gathering System, and will be again measured, and sold, at the transfer point on Enterprise Field Services sales meter, located in the SE/4 NW/4 of Section 12, Township 22 North, Range 7 West, Sandoval County, New Mexico.

The operator shall notify the transporter of this commingling authority.

For future additions of wells, leases, and pools to this commingling operation, notice shall only be given to those interest owners in the wells, leases or pools to be added, in accordance with Division Rule 19.15.12.10 C (4) (g) NMAC.

This Division Order supersedes Division Order PLC-147-A, issued July 25, 2006.

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

This approval is subject to like approval from the United States Bureau of Land Management and New Mexico State Land Office before commencement of the commingling operations.

Done at Santa Fe, New Mexico, on September 9, 2015.



DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division District Office – Aztec
United States Bureau of Land Management
New Mexico State Land Office – Oil, Gas, and Minerals