



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1366

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

Attention: Mr. Gary Brink

*Harvey Well No.2 (API No.30-045-24420)  
Unit F, Section 20, Township 24 North, Range 9 West, NMPM,  
San Juan County, New Mexico.  
Bisti Lower Gallup (5890) and  
Basin Dakota (Prorated Gas - 71599) Pools*

Dear Mr. Brink:

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 production from multiple 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 and any Division Order which authorized the dual completion and required separation of the subject zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

|             |               |               |
|-------------|---------------|---------------|
| Oil 160 B/D | Gas 320 Mcf/D | Water 320 B/D |
|-------------|---------------|---------------|

In accordance with the provisions of Rule 303.C., the supervisor of the Aztec District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

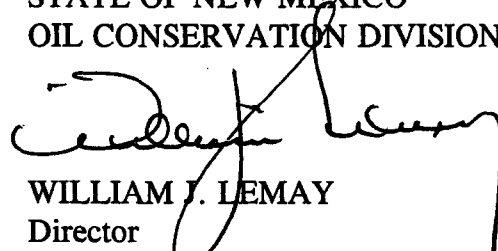
*Administrative Order DHC-1366*  
*Dugan Production Corporation*  
*October 8, 1996*  
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Pursuant to Rule 303.H., the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 8th day of October, 1996.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Aztec  
Bureau of Land Management - Farmington