

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



December 15, 2015

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-223-A
Administrative Application Reference No. pMAM1532755348

Dugan Production Corporation
Attn: Mr. Kevin Smaka

Pursuant to your application received on November 23, 2015, Dugan Production Corporation (OGRID 6515) is hereby authorized to surface commingle **gas production only** from the following pools:

Basin Fruitland Coal (Gas)	(71629)
WAW Fruitland Sand PC (Gas)	(87190)

and from diversely owned wells identified in Attachment No. 1, and made part of this order. These wells are located on federal and state leases in Township 25 North, Range 13 West, and Township 26 North, Range 13 West, NMPM, San Juan County, New Mexico.

Each well produces from only the pool or pools identified on Attachment 1.

Each well will be equipped with an individual gas meter for allocation purposes. Further, the SWD well shall have its 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 Topaz Gas Gathering System, and will be again measured, and sold, at the transfer point on Enterprise Field Services sales meter, located in the NW/4 SE/4 of Section 25, Township 26 North, Range 13 West, San Juan 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-223, issued March 19, 2003.

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 before commencement of the commingling operations. New Mexico State Land Office had provided contingent approval upon final approval by Oil Conservation Division.

Done at Santa Fe, New Mexico, on December 15, 2015.



DAVID R. CATANACH
Director

DRC/mam

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

ATTACHMENT NO. 1
DUGAN PRODUCTION CORP. TOPAZ GATHERING SYSTEM AND CPD 11/30/15
CDP SALES METER @ NWSE SECTION 25, T-26N, R-13W (ENTERPRISE METER NO. 97690)
SAN JUAN COUNTY, NEW MEXICO

Well Name	API No. 30-045-	Well Location			CA Number	Pool	Completion Date	Current Production		Spacing Unit
		1/4-Sec-Twn-Rng	Lease No.	Lse. Type				MCFD	BWPD	
WELLS TO BE ADDED (8)										
Cisco Com 91R	35483	NESW 34-26N-13W	SF-078156-A	Federal	NMNM89374	Basin FR Coal				W/2 - 320A
Irish Com 5	33724	SWSW 11-26N-13W	NM10757	Federal		Basin FR Coal	6/10/08			S/2 - 320A
Patriot 1	28579	SWSW 29-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	5/12/93	9	3	S/2 - 320A
Patriot 1S	32029	SESE 29-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	2/15/05	29	31	S/2 - 320A
Patriot 94	32989	NENE 29-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	6/23/06	11	25	N/2 - 320A
Patriot 94S	32988	NWNW 29-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	7/3/06	23	6	N/2 - 320A
Salge Federal A 5	28578	NWSW 33-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	12/12/91	97	13	W/2 - 320A
Salge Federal A 96	32039	SENW 33-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	1/29/05	78	6	W/2 - 320A
WELLS PREVIOUSLY APPROVED FOR SYSTEM (50 WELLS)										
Alamo Com 90	32992	NWSW 04-25N-13W	NM-76866	Federal	NMNM123303	Basin FR Coal	6/1/06	9	5	W/2 - 319.44A
Alamo Com 90S	32993	NWNW 4-25N-13W	NM-33027	Federal	NMNM123303	Basin FR Coal	6/1/06	31	0	W/2 - 319.44A
Bisti State 1	25834	SWNW 02-25N-13W	LG-3734	State	State Com.	Basin FR Coal	9/11/97	42	19	W/2 - 319.57A
Bisti State Com 1S	32980	NESW 2-25N-13W	LG-3734	State	State Com.	Basin FR Coal	7/20/06	70	31	W/2 - 319.57A
Bisti State 90	29216	SENE 02-25N-13W	LG-3734	State	N/A	Basin FR Coal	9/18/96	30	200	E/2 - 319.67A
Bisti State 90S	32981	SWSE 2-25N-13W	LG-3734	State	N/A	Basin FR Coal	7/18/06	29	56	E/2 - 319.67A
Cisco Com 90	28662	NWSW 03-25N-13W	SF-078156-A	Federal	NMNM89398	Basin FR Coal	2/22/93	5	7	W/2 - 319.55A
Cisco Com 90S	31345	SENW 3-25N-13W	SF-078156-A	Federal	NMNM89398	Basin FR Coal	5/25/04	40	1	W/2 - 319.55
Cisco Com 91S	31346	SENW 34-26N-13W	SF-078156	Federal	NMNM89374	Basin FR Coal	6/1/04	55	58	W/2 - 320A
Irish 3	26092	NWSW 11-26N-13W	NM-57580	Federal	NMNM76334	WAW FR SD-PC	1/22/85	4	0	SW/4 - 160A
Irish Com 90	30611	NESW 11-26N-13W	NM-57580	Federal	NMNM108197	Basin FR Coal	6/20/03	27	2	S/2 - 320A
Irish Com 90S	33725	SWSE 11-26N-13W	NM-57580	Federal	NMNM108197	Basin FR Coal	12/12/08	7	34	S/2 - 320A
Jeter 1	28496	NESW 1-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	5/9/92	6	3	S/2 - 320A
Jeter 1S	32990	SESE 1-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	6/17/06	23	48	S/2 - 320A
Jeter 3	28860	SWSW 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	4/12/93	22	1	S/2 - 320A
Jeter 3S	31351	NESE 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	5/10/04	37	2	S/2 - 320A
Jeter 4	28804	NENE 01-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	12/21/92	41	3	N/2 - 319.72A
Jeter 4S	32986	NWNW 1-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	6/16/06	28	37	N/2 - 319.72A
Jeter 5	29390	NENE 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	9/17/96	25	6	N/2 - 320A
Jeter 5S	31361	NWNW 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	5/14/04	60	22	N/2 - 320A
Patriot 90	29511	SESW 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	2/20/98	55	38	W/2 - 320A
Patriot 90S	31347	NENW 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	6/15/04	31	0	W/2 - 320A
Patriot 91	29510	SENE 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	2/26/98	38	6	E/2 - 320A
Patriot 91S	31348	SESE 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	6/10/04	50	17	E/2 - 320A
Patriot 92	29512	NWNE 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	7/28/98	4	12	N/2 - 320A
Patriot 92S	32037	SENW 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	5/17/05	45	31	N/2 - 320A
Patriot 93	29513	SESW 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	7/28/98	4	19	S/2 - 320A
Patriot 93S	32038	SESE 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	1/31/05	26	19	S/2 - 320A
Paul Revere 90	29842	SENE 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	9/14/00	28	6	E/2 - 320A
Paul Revere 90S	31924	SWSE 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	3/23/05	2	3	E/2 - 320A
Paul Revere 91	29840	SWSW 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	11/20/00	10	5	S/2 - 320A
Paul Revere 91S	31921	NESE 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	3/17/05	35	20	S/2 - 320A
Paul Revere 92	28290	NWSW 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	5/5/93	37	5	W/2 - 320A
Paul Revere 92S	31922	NENW 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	6/6/05	7	20	W/2 - 320A
Paul Revere 93	29841	SWNE 22-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	6/12/03	51	6	N/2 - 320A
Paul Revere 93S	31976	SENW 22-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	6/3/05	28	12	N/2 - 320A
Paul Revere 94	29875	NENE 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	11/29/00	17	5	N/2 - 320A
Paul Revere 94S	31961	SENW 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	2/19/05	16	19	N/2 - 320A
Paul Revere Com 95	31359	NWSW 22-26N-13W	NM-17781	Federal	NMNM112560	Basin FR Coal	6/23/04	79	31	S/2 - 320A
Paul Revere Com 95S	31975	NWSE 22-26N-13W	NM-17781	Federal	NMNM112560	Basin FR Coal	5/13/05	12	0	S/2 - 320A
Salge Federal A Com 90	28587	NWNE 03-25N-13W	SF-078156	Federal	NMNM88297	Basin FR Coal	2/12/92	43	5	E/2 - 319.53A
Salge Federal A Com 90S	32991	NWSE 3-25N-13W	SF-078156	Federal	NMNM88297	Basin FR Coal	6/26/06	17	31	E/2 - 319.53A
Salge Federal A Com 91	28663	NENE 04-25N-13W	SF-078156	Federal	NMNM89362	Basin FR Coal	2/14/93	47	6	E/2 - 319.52A
Salge Federal A Com 91S	28806	NWSE 4-25N-13W	SF-078156	Federal	NMNM89362	Basin FR Coal	8/15/93	47	6	E/2 - 319.52A
Salge Federal A 94	29501	SENE 34-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	12/1/97	25	60	E/2 - 320A
Salge Federal A 94S	31349	NWSE 34-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	5/19/04	27	23	E/2 - 320A
Salge Federal A 95	29514	SENE 33-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	2/25/98	26	13	E/2 - 320A
Salge Federal A 95S	31350	NESE 33-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	6/4/04	13	25	E/2 - 320A

Well Name	API No.	Well Location			CA Number	Pool	Completion Date	Current Production @		Spacing Unit
		1/4-Sec-Twn-Rng	Lease No.	Lse.Type				MCFD	BWPD	
SWD WELLS										
West Bisti 1 SWD	33828	SWNE 35-26N-13W	SF-078155	Federal	N/A	Entrada SWD	1/30/08			

Footnotes:

1. Current production data represents average for August, 2015.
2. Basin FR Coal = Basin Fruitland Coal (71629); WAW FR SD-PC = WAW Fruitland Sand-Pictured Cliffs (87190).
3. Dates of application and regulatory approvals to use Dugan Production's Topaz Gas Gathering system to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sales (S) of produced natural gas. The NMOCD initially approved this gathering system 2/9/95 (CTB-407-0) which was amended 5/16/95, 12/1/96 and 4/29/98. The current NMOCD approval PLC-223 is dated 3/19/03. Current approvals from the BLM are dated 3/27/03 and from the NMSLO 3/4/03.
4. NMOCD Commingling Order CTB-512 dated 12/26/00 authorized surface commingling & delivering gas from Paul Revere wells No. 90, 92 & 93 to a new on lease, central delivery sales meter on El Paso's pipeline. Since CDP was on lease, BLM approval was not required.
5. NMOCD Commingling Order CTB-511 dated 12/11/00 authorized surface commingling & delivering gas from Paul Revere wells No. 91 & 94 to a new, on lease, central delivery sales meter on El Paso's pipeline. Since CDP was on lease, BLM approval was not required.
6. By sundry notice dated 8/10/12 and approved by the BLM on 8/30/12, the Patriot No. 94 was approved for operation on the Topaz Gas Gathering system. Approvals from the NMOCD & NMSLO are pending this application.
7. NMOCD Administrative Order SWD-1072-A dated 9/13/10 authorizes SWD by underground injection.
8. Cumulative production wells being added to gathering system.

Well Name	Date of 1st Delivery	Cumulative Production 11/1/15		
		MCF	BO	BW
Patriot 1	9/7/06	29,359	0	86,528
Patriot 1S	7/28/05	144,911	0	108,060
Patriot 94	10/23/06	109,895	0	62,306
Patriot 94S	9/7/06	67,698	0	34,023
Salge Federal A 5	11/3/06	308,048	0	118,346
Salge Federal A 96	8/2/05	425,685	0	92,546

9. The Irish Com #5 is not completed. Dugan intends to apply for simultaneous dedication. If granted the well will be completed and connected to the Topaz Gas Gathering System.