



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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

Daniel Sanchez
Acting Division Director
Oil Conservation Division



ADMINISTRATIVE ORDER OLM-22-A

February 24, 2011

Dugan Production Corporation
709 E. Murray Drive
P.O. Box 420
Farmington, New Mexico 87499-0420

Attention: Mr. John Roe:

Coaly Well No. 3
API No. 30-045-35012
SE/4SE/4, Section 28, Township 27 North, Range 12 West,
NMPM, San Juan County, New Mexico
Farmington Sand

Reference is made to your request received by the Division on January 24, 2011, for an exception to Division Rule 19.15.12.10 NMAC to permit off-lease measurement of gas production from the Coaly Well No. 3. It is our understanding that Dugan Production Corporation holds 100% working interest in this well.

Your application has been duly filed in accordance with the Division Rules and Regulations.

Dugan Production Corporation is hereby authorized to utilize a gas sales meter located off-lease at the Enterprise Field Service's line located in the SE/4NE/4 of Section 29, Township 27 North, Range 12 West, NMPM, to meter the gas production originating from the Coaly Well No. 3, located in the SE/4SE/4 of Section 28, Township 27 North, Range 12 West, NMPM, San Juan County, New Mexico.

PROVIDED HOWEVER THAT, any oil production originating from the Coaly Well No. 3 shall be metered and stored in its own storage facility located on the originating lease and no commingling of production from other sources shall be allowed.

This Order supersedes Order No. OLM-22 which originally authorized Off-Lease Measurement of gas production from Coaly Well No. 90.

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
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NOTE: The operator shall notify the Aztec District Office upon implementation of off-lease measurement operations.

DONE at Santa Fe, New Mexico on this 24th day of February 2011.


Daniel Sanchez
Acting Director

DS/re

Cc: Oil Conservation Division – Aztec
Bureau of Land Management (BLM) - Farmington