

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505

OIL CONSERVATION DIVISION



COMMINGLING ORDER CTB-407

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

Attention: John D. Roe

The above named company is hereby authorized to commingle Basin Fruitland Coal Pool production from the following leases:

Lease: Alamo Com Well No.90
Description: W/2, Section 4, Township 25 North, Range 13 West, and;

Lease: Cisco Com Well No..90
Description: W/2, Section 3, Township 25 North, Range 13 West, and;

Lease: Cisco Com Well No.91
Description: W/2, Section 34, Township 26 North, Range 13 West, and;

Lease: Jeter Well No.3
Description: S/2, Section 35, Township 26 North, Range 13 West, and;

Lease: Salge Federal "A" Com Well No.90
Description: E/2, Section 3, Township 25 North, Range 13 West, and;

Lease: Salge Federal "A" Com Well No.91
Description: E/2, Section 4, Township 25 North, Range 13 West;

all in San Juan County, New Mexico.

Production shall be allocated to each lease by multiplying the sales volume at the CDP by and allocation factor for each well. The allocation factors shall be determined by dividing the individual well production (as recorded by an allocation meter) by the sum of the gas production from all wells, as determined from such allocation meters.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

VILLAGRA BUILDING - 408 Galisteo

Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco

Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

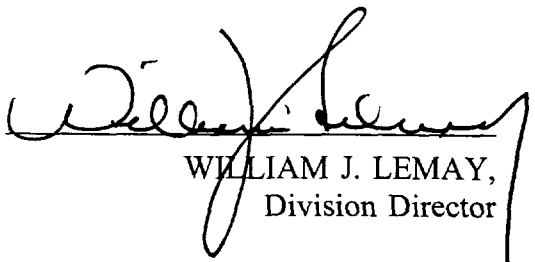
Mining and Minerals
827-5970

Oil Conservation
827-7111

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FURTHER: The operator shall notify the Aztec district office upon implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 9th day of February, 1995


WILLIAM J. LEMAY,
Division Director

WJL/BES

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