



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

COMMINGLING ORDER PLC-153

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

Attention: Mr. John D. Roe:

The above named company is hereby authorized to commingle Blanco-Mesaverde (Prorated Gas - 72319), and Basin-Fruitland Coal (Gas - 71629) Pool production from the following leases:

Lease: State Com Wells No. 2 and 90 (State Leases No. B-11571, E-3555-13, E-4426, and LG-0038-1)
Description: N/2 of Section 16, Township 32 North, Range 12 West, NMPM, San Juan County, New Mexico.

Production shall be allocated to each lease by separately metering the production from each lease prior to commingling.

NOTE: The commingled natural gas production shall be delivered to the El Paso Field Services CDP located at the State Com No. 2 well in the SW/4 NE/4 of Section 16, Township 32 North, Range 12 West, NMPM, San Juan County, New Mexico.

NOTE: Liquid production shall be separated, stored, and sold at each wellsite.

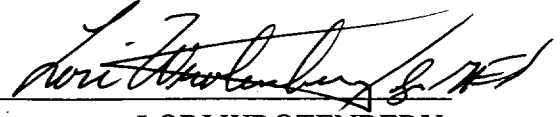
NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Aztec district office prior to implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished by like approval by the State Land Office.

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Dugan Production Corporation
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DONE at Santa Fe, New Mexico, on this 22nd day of February, 1999.

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", is written over a horizontal line.

LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division – Aztec
State Land Office – Santa Fe