



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

COMMINGLING ORDER PLC-173

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

Attention: Mr. John D. Roe:

The above named company is hereby authorized to commingle Basin-Dakota (Prorated Gas – 71599), Basin-Fruitland Coal (Gas - 71629), and Harper Hill-Fruitland Sand-Pictured Cliffs (Gas – 78160) Pool production from the following leases:

Lease: Com Well No. 1-E (State Lease No. LG-3736)
Description: NE/4 NE/4 of Section 2, Township 29 North, Range 14 West, NMPM;

Lease: Com Well No. 2 (State Lease No. LG-3736)
Description: NE/4 NE/4 of Section 2, Township 29 North, Range 14 West, NMPM;

Lease: Com Well No. 4 (State Lease No. B-11242)
Description: NE/4 NW/4 of Section 2, Township 29 North, Range 14 West, NMPM;

Lease: Federal I Well No. 99 (Federal Lease No. SF 078110)
Description: SE/4 NE/4 of Section 3, Township 29 North, Range 14 West, NMPM;

Lease: Tabor Com Well No. 90 (Federal Lease No. NM-33051)
Description: SE/4 NE/4 of Section 35, Township 30 North, Range 14 West, NMPM;

Lease: Jiggs Well No. 1 (Federal Lease No. NM-0206995)
Description: SW/4 NW/4 of Section 35, Township 30 North, Range 14 West, NMPM; and

Lease: Jiggs Well No. 2 (Federal Lease No. NM-0206995)
Description: NE/4 SE/4 of Section 35, Township 30 North, Range 14 West, NMPM;

all located in San Juan County, New Mexico.

Oil, gas and water produced from each of the commingled wells shall be transported, metered and allocated in the following manner:

- (a) gas shall be individually metered at each wellsite utilizing conventional gas meters. Gas shall be transported to the central battery, located in Unit A of Section 2, Township 29 North, Range 14 West, where it will be compressed and delivered to the CDP meter. Data obtained from the allocation meters and from the CDP meter shall be utilized to allocate gas production to each commingled wells;
- (b) any condensate or oil produced from any of the commingled wells shall be separated, metered and stored at each well site. No commingling of this fluid shall occur; and
- (c) water produced from each of the commingled wells shall be transported to the central battery and commingled. Associated gas shall be separated and allocated back to the commingled wells. Water will be disposed of at an approved disposal facility. Individual well water producing rates shall be periodically determined utilizing a portable three phase test unit.

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.

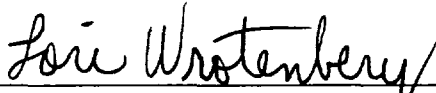
FURTHER: The operator shall notify the supervisor of the Aztec district office prior to implementation of the commingling process.

NOTE: This order supersedes Division Order R-10655, as amended, and such order is hereby placed in abeyance.

PROVIDING: Like approval from the State Land Office and the U.S. Bureau of Land Management is also required.

Administrative Order PLC-173
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DONE at Santa Fe, New Mexico, on this 24th day of July, 2000.



LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division - Aztec
State Land Office - Oil & Gas Division
U.S. Bureau of Land Management - Farmington