



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-187

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 gas production from the following-described pools within the following-described area (hereinafter referred to as the Turk's Toast Gas Gathering System Area):

<u>Pool Name</u>	<u>Pool Code</u>
Basin-Dakota Pool	(Prorated Gas -- 71599)
Basin-Fruitland Coal Pool	(Gas -- 71629)
Twin Mounds Fruitland Sand-	(Gas -- 86620)
Pictured Cliffs Pool	
Gamblers Mesa-Gallup Pool	(Oil -- 96357)
Grassy-Gallup Pool	(Oil -- 96339)
Greek-Gallup Pool	(Oil -- 96219)
Meadows-Gallup Pool	(Oil -- 45450)

Turk's Toast Gas Gathering System Area

Township 30 North, Range 14 West, NMPM

Section 3: E/2
Section 4: E/2
Section 5: E/2
Section 7: All
Section 9: W/2, NE/4
Section 17 : All
Section 18 : All
Section 19 : N/2
Section 31 : S/2
Section 32 : All

Township 30 North, Range 15 West, NMPM

Section 13: All
Section 24: All
Section 25: SE/4 SE/4
Section 35 : N/2

This area contains all or portions of Federal Leases No. NM-4465, NM-10561, NM-10758, NM-10875, NM-16057, NM-16765, NM-19163, NM-19403, NM-21463, NM-21465, NM-55114, NM-56318, NM-58896, NM-63321, NM-70298, NM-70299, NM-70300, NM-71716, NM-76870, all or portions of State Leases No. E-3555, E-6714-8, LG-3045-1 and VA-1696, and three (3) fee leases that comprise all or portions of Sections 13 and 24, Township 30 North, Range 15 West, and Section 7, Township 30 North, Range 14 West, NMPM, San Juan County, New Mexico.

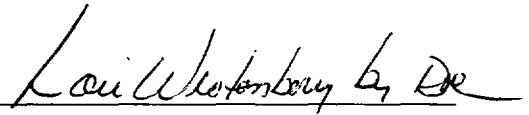
This area currently contains, or will contain, subsequent to completion of additional drilling operations, forty-three wells that are either singly completed or downhole commingled within one or more of the pools described above. With the exception of one well, the Kelly Well No. 1, located in the SE/4 SE/4 of Section 25, Township 30 North, Range 15 West, NMPM, which is currently operated by Redwolf Production Inc., all wells within the area are operated by Dugan Production Corporation.

Production shall be allocated by metering the gas production from each of the wells within the Turk's Toast Gas Gathering System Area utilizing individual allocation meters. Gas production shall then be commingled and transported to gas sales meter (El Paso Meter No. 14102) located in the SE/4 NE/4 of Section 6, Township 29 North, Range 14 West, NMPM. Production shall be allocated back to each well utilizing allocation and sales meter volume data, and shall be determined in accordance with the formula set forth within the application to commingle.

No liquids shall be commingled within the Turk's Toast Gas Gathering System.

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 Aztec district office of the Division upon commencement of commingling operations.


LORI WROTENBERY,
Division Director

LW/DRC

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