



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

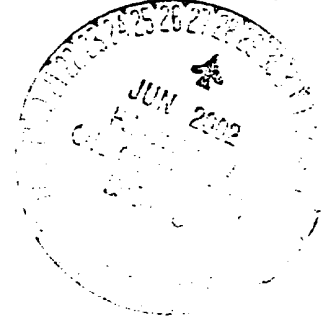
GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

COMMINGLING ORDER PC-1059

Dugan Production Corporation
709 E. Murray Drive
PO Box 420
Farmington, New Mexico 87499



Attention: Mr. John D. Roe

The above named company is hereby authorized to surface commingle the following pools and acreage within the same lease:

Existing Well: Bengal C Well No. 90 (API No. 30-045-29455)
Basin-Fruitland Coal (Gas 71629), E/2 dedication
Unit H, Section 36, Township 27N, Range 13W NMPM

 New Well: Bengal C Well No. 6 (API No. 30-045-29830)
WAW-Fruitland Sand Pictured Cliffs (Gas 87190), SE/4 dedication
Unit P, Section 36, Township 27N, Range 13W NMPM

These wells all have common ownership and are located on the same Federal Lease (No. NM-16476). They are also both located in San Juan County, New Mexico. The sales gas CDP shall be located on lease and condensate is not being produced.

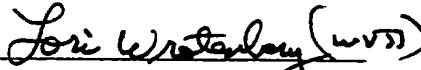
Allocation of gas, water, and gas heating value shall be as detailed on the attachment included here from the Dugan application. For purposes of production reporting, each well's gas production shall be calculated from gas sales plus estimated fuel gas usage.

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.

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

DONE at Santa Fe, New Mexico, on this 25th day of June 2002.

Administrative Order PC-1059
Dugan Production Corporation
June 25, 2002
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LORI WROTENBERY,
Division Director

LW/WVJ

Attachment

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