



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director

Oil Conservation Division

COMMINGLING ORDER PLC-153-B

Dugan Production Corporation
709 E. Murray Dr.
P.O. Box 420
Farmington, New Mexico 87499-0420

Attention: Mr. John D. Roe:

As per your application dated June 3, 2002, Division Order No. PLC-153 is hereby amended, adding the S/2 of Section 16 to the existing N/2 of section 16. Furthermore, Division Order No. PC-1012, which covered the S/2 of Section 16, is no longer in effect and is being supplanted by this order PLC-153-B which is specified as follows:

Dugan Production Corporation ("Dugan") is hereby authorized to surface commingle gas production and sell gas off lease from the following leases and locations within the following pools - all located within San Juan County:

Pools:

Blanco - Mesaverde (Prorated Gas 72319)
Basin - Fruitland Coal (Gas 71629)

Leases:

State Leases No. B-11571, E-3555-13, E-4426, LG-0038-1, and E-3555-13

Acreage:

All of Section 16, Township 32 North, Range 12 West, NMPM, San Juan County, New Mexico.

Each well shall be equipped with gas allocation meters and these allocation meters shall be calibrated on a regular basis. The allocation procedures for each lease and well for production, sales, and BTU content shall be as outlined in the accompanying attachment included from Dugan's application.

The commingled natural gas production shall be delivered to the transporter's CDP located at the State Com No. 1 well in the SE/4 SW/4 of Section 16, Township 32 North, Range 12 West, NMPM, San Juan County, New Mexico.

Oil or condensate shall not be commingled by this order. All liquids separation and sales shall occur from the well sites.

Administrative Commingling Order PLC-153-B

Dugan Production Corporation

June 25, 2002

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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: Approval of this surface commingling is subject to like approval by the State Land Office.

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

Lori Wrotenbery (WJD)

LORI WROTENBERY,
Division Director

LW/WVJ

Attachment

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