



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

COMMINGLING ORDER PLC-230

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

Attention: John D. Roe

The above-named company is hereby authorized to commingle gas production from the Basin-Dakota Prorated Gas (71599) and Gallegos-Gallup Associated (26980) Pools from the Davis Federal and Platero Navajo San Juan County diverse ownership "leases" as detailed below into the "Davis Gas Gathering System".

Davis Federal Lease

Davis Federal Well No. 1 API 30-045-05747

Unit L, Section 24, Township 26 North, Range 11 West, NMPM

Basin-Dakota Prorated Gas Pool, (320 acres Gas S/2 Spacing Unit)

Gallegos-Gallup Associated Pool, (320 acre Gas S/2 Spacing Unit)

Davis Federal Well No. 1E API 30-045-30714

Unit J, Section 24, Township 26 North, Range 11 West, NMPM

Basin-Dakota Prorated Gas Pool, (DHC-1195Aztec, 320 acres Gas S/2 Spacing Unit)

Gallegos-Gallup Associated Pool, (DHC-1195Aztec, 320 acres Gas S/2 Spacing Unit)

Platero Navajo Lease

Platero Navajo Well No. 1 API 30-045-05765

Unit E, Section 24, Township 26 North, Range 11 West, NMPM

Basin-Dakota Prorated Gas Pool, (320 acres Gas N/2 Spacing Unit)

Platero Navajo Well No. 2 API 30-045-05827

Unit M, Section 13, Township 26 North, Range 11 West, NMPM

Basin-Dakota Prorated Gas Pool, (320 acres Gas W/2 Spacing Unit)

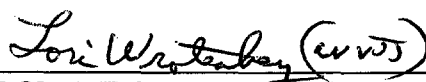
Gas production from both leases shall be continuously metered prior to commingling and production allocated to each well within each lease based on meters or well tests. Commingled gas production

shall be sold at the Davis Federal CPD sales meter located in Unit L, Section 24, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico. Liquids shall not be commingled.

It is the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Aztec district office of the Division upon commencement of commingling operations.

Further: When adding future wells or leases to this Davis Gas Gathering System, Dugan Production Corporation shall provide legal notice of commingling and method of commingling to the owners in wells or leases to be added and shall not be required to provide notice to owners of existing commingled wells or leases. It is our understanding that all current owners in this commingle have been notified of this future procedure for adding wells.

Done, at Santa Fe, New Mexico on this 9th day of June 2003.



LORI WROTENBERY,
Division Director

LW/wvjj

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