

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Surface Commingling
Order CTB-563

Dugan Production Corporation
P.O. Box 420
Farmington, NM 87499-0420

Attention: Mr. John D. Roe

The Division has reviewed your application to surface commingle gas production from the Basin-Fruitland Coal Gas Pool (71629) originating from the following-described federal leases located in San Juan County, New Mexico:

N/2 of Section 3, Township 26 North, Range 13 West, NMPM

NW/4	USA NM-1336	federal lease
NE/4	USA NM-37912	federal lease

King Fish Com #90 & 90S Basin-Fruitland Coal Gas Pool N/2 319.56 acres


It is our understanding that both of these wells located within the same spacing unit have identical ownership, only natural gas will be commingled, and the measurement point will be at the King Fish Com #90 location.

Dugan Production Corporation is hereby approved to commingle gas production within this spacing unit and to use well tests to measure and allocate production between wells.

NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. 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 prior to implementation of commingling operations.

DONE at Santa Fe, New Mexico, on July 25, 2006.


Mark E. Fesmire, PE
Director

MEF/wvjj

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