



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COMMINGLING ORDER PLC-191-A

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 surface commingle gas production from the following-described pools within the following-described area (hereinafter referred to as Dugan Production Corporation's Big Band Gas Gathering System Area):

<u>Pool Name</u>	<u>Pool Code</u>
Rusty-Chacra Gas Pool	(Gas – 84360)
Basin-Fruitland Coal Gas Pool	(Gas – 71629)
Nageezi-Gallup Oil Pool	(Oil – 47540)
Bisti-Chacra Gas Pool	(Gas – 96166)

Big Band Gas Gathering System Area

Township 22 North, Range 8 West, NMPM

Section 3: E/2
Section 5: E/2
Section 7: E/2
Section 16: NE/4
Section 18: NW/4
Section 21: E/2
Section 22: S/2
Section 23: S/2, NE/4
Section 24: S/2, NW/4
Section 26: All
Section 27: All
Section 35: All

Township 22 North, Range 9 West, NMPM

Section 1: SE/4
Section 12: NE/4
Section 13: NE/4
Section 24: E/2

Township 23 North, Range 8 West, NMPM

Section 34: SW/4 NW/4

Township 23 North, Range 9 West, NMPM

Section 36: W/2

This area contains all or portions of **Federal Leases No.** NM-8902, NM-43438, NM-50999, NM-55836, NM-57445, NM-89099, NM-90468, NM-90469, NM-90471, NM-90472, NM-90475, NM-90476, NM-90477, NM-92738, NM-93253, NM-94067 and NM-96798, and **State Leases No.** VA-1119 and VA-1121.

This area currently contains, or will contain, subsequent to completion of additional drilling operations, thirty-five (35) wells that are either singly completed within the Rusty-Chacra, Bisti-Chacra, Nageezi-Gallup or Basin-Fruitland Coal Gas Pool, or downhole commingled within these pools. All wells within the area are currently operated by Dugan Production Corporation.

Production shall be allocated by metering the gas production from each of the wells within the Big Band Gas Gathering System Area utilizing individual allocation meters. Gas production shall then be commingled and transported to a PNM gas sales meter located in the NE/4 NE/4 of Section 27, Township 22 North, Range 8 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 procedure set forth in Exhibit "A" attached to this order.

Water production from the wells within the Big Band Gas Gathering System Area may be commingled and collected at a central facility. Any gas that is recovered from the produced water shall be allocated back to the wells in accordance with the procedure set forth in Exhibit "A".

Additional existing or wells that may be drilled in the future can be added to the commingling authority granted by the order without additional application or notice to interest owners provided that:

- a) the well(s) are located within the Big Band Gas Gathering Area defined by this order; **and**
- b) the well(s) produce from one or more of the four pools approved by this order.

To obtain approval to add wells, Dugan Production Corporation shall file a C-103 (Sundry Notice) with the Santa Fe and Aztec Offices of the Division that describe the well(s) to be included. Additional notice may be required to the Bureau of Land Management.

Dugan is further authorized to periodically, and when necessary, deliver gas from its Rusty Chacra Gas Gathering System (approved by Division Order No. PLC-147, as amended) to the Big Band Gas Gathering System. When this occurs, Dugan shall allocate production to the wells in the Rusty Chacra Gas Gathering System and the Big Band Gas Gathering System in accordance with the procedure set forth in Exhibit "A".

NOTE: This installation shall be installed and operated in accordance with the applicable rules and regulations of the Division applicable to surface commingling. 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.



MARK E. FESMIRE, P.E.
Director

MEF/drc

cc: Oil Conservation Division – Aztec
Bureau of Land Management-Farmington
File: PLC-147

Exhibit "A"
Allocation Procedure
Big Band Gas Gathering System
CDP Gas Sales Meter: NE/4 NE/4 Section 27, T-22N, R-8W
PNM Meter No. 01335
San Juan County, New Mexico

Rusty Chacra Gas Gathering System
CDP Gas Sales Meter: SE/4 NW/4 Section 12, T-22N, R-7W
Enterprise Field Services Meter No. 03049
Sandoval County, New Mexico

Base Data:

U = Water Volume (BWPD) from Periodic Well Test x days operated during allocation period.

V = Water Volume (bbl) at Central Battery during allocation period.

W = Gas Volume (MCF) from allocation meters at individual wells and central battery separator during allocation period.

X = Gas Volume (MCF) from CDP Sales Meter during allocation period.

Y = BTU's from CDP Sales Meter during allocation period.

Allocation Period is typically a calendar month and will be the same for all wells.

1. Individual Well Gas Production = A + B + C + D + E + F

A = Allocated Sales Volume, MCF = $(W/SUM W) \times X$

B = On lease fuel usage, MCF. Determined from equipment specification and operating conditions.

C = Purged and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment specifications and pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $W/SUM W$ for the wells involved.

E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, MCF. The total volume will be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by $W/SUM W$.

F = Allocated gas sales volume (MCF) associated with water production = (A) in mcf for the central battery separator multiplied by a factor of $(U/SUM U)$ for wells delivering gas and water to the central battery separator.

2. Allocated Individual Well BTU's = $((W \times \text{Individual well BTU}) / \text{Sum}(W \times \text{individual well BTU})) \times Y$.

Individual well gas heating values to be determined in accordance with BLM regulations (currently Onshore Order No. 5).

3. Individual Well Water Production = Allocated production volume, bbl = $(U/\text{Sum } U) \times V$.