

dugan production corp.

CLERK TOLSON DM
SEP 14 AM 11:57

September 12, 2001

Mr. David Catanach
NM Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: NMOCD Amended Commingling Order PLC-173
Dugan Production's Tabor Gathering System
San Juan County, NM

Dear Mr. Catanach:

We received the captioned commingling order on 9-5-01 and appreciate your prompt approval of our 8-14-01 application.

This order includes two items that may warrant clarification or correction.

First, the area presented as "Dugan Tabor Gas Gathering System Area" does not include the W/2 of Section 25, T-30N, R-14W. The NW/4 is included in the NSPU for Dugan's Jacobs Com No. 90 and the SW/4 is included in the NSPU for Dugan's Winifred Com No 90. Both NSPU's were authorized by NMOCD Order R-11461.

The second issue is that the Dugan Tabor Gas Gathering System Area includes multiple fee leases located in Section 26 (S/2 SE/4), Section 35 (W/2 NE/4) of T-30N, R-14W plus in Section 2 (SWSE) of T-29N, R-14W. For your reference, attached is a copy of Amended Order PLC-173 on which I've added these two items.

Should you conclude these issues are cosmetic, I am ok using the order as issued. Should you have questions, please let me know.

Sincerely,

John D. Roe
Engineering Manager

JDR/tmf

attachments

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COMMISSIONER'S OFFICE

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ADMINISTRATION

Phone (505) 827-5700
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Phone (505) 827-5713
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PUBLIC AFFAIRS

Phone (505) 827-1245
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PLC-173

COMMERCIAL RESOURCES

Phone (505) 827-5724
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MINERAL RESOURCES

Phone (505) 827-5744
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ROYALTY MANAGEMENT

Phone (505) 827-5772
Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793
Fax (505) 827-5711

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

August 29, 2001

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

Attn: Mr. John D. Roe

Re: Add 9 Wells to Dugan's Tabor Gathering System (Com 1E CDP)
Request for Surface Commingling and Off-Lease Measurement and Sale of Natural Gas
Basin Fruitland Coal, Harper Hill Fruitland Sand-Pictured Cliffs Gas and Basin Dakota Pools
San Juan County, New Mexico

Dear Mr. Roe:

We are in receipt of your letter of August 14, 2001. In your letter you requested our approval to add nine wells (six recently drilled, one to be drilled plus two that are currently connected directory to El Paso's pipeline) to Dugan Production's Tabor Gathering System at the Com 1E CDP sales meter.

It is our understanding that Dugan will operate these additional new wells the same as the seven other wells currently approved for the system.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

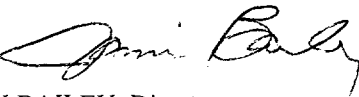
Your \$30.00 dollar filing has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:


JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/pm

pc: Reader File,
OCD-Attention: David Catanach,
Debbie Padilla