

**COMMISSIONER'S OFFICE**

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

**COMMERCIAL RESOURCES**

Phone (505) 827-5724

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**MINERAL RESOURCES**

Phone (505) 827-5744

Fax (505) 827-4739

**ROYALTY MANAGEMENT**

Phone (505) 827-5772

Fax (505) 827-4739

**SURFACE RESOURCES**

Phone (505) 827-5793

Fax (505) 827-5711

April 27, 2000

Dugan Production Corporation

P. O. Box 420

Farmington, New Mexico 87499-0420

Attn: Mr. John D. Roe

Re: Request for Surface Commingling and Off-Lease Measurement  
Dugan Production Corp.'s Com No. 1E, Com No. 2 (A-2-29N-14W), Com No. 4 (C-2-29N-14W), Federal I No. 99 (H-3-29N-14W) and Tabor Com No. 90 (H-35-30N-14W)  
State Lease Nos. B-11242, E2526, E-6714 & LG-3736  
Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs Gas Pools  
San Juan County, New Mexico

Dear Mr. Roe:

We are in receipt of your letter of March 29, 2000. In your letter you requested our approval for surface commingling and off-lease storage of production from Dugan's Com No. 4, Federal I No. 99, and Tabor Com No. 90 at the Com No. 1E and 2 wells central delivery sales meter located in the NE/4NE/4 of Sec. 2-29N-14W.

It is our understanding that only natural gas will be commingled after being measured with conventional, continuous recording allocation meters located at each well. The commingled gas stream will then be compressed and delivered to the Com No. 1E CDP sales meter.

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.


Please contact Ms. Debbie Padilla of our Right-of-Way Division at (505) 827-5729 for a right-of-way through the NE/4NW/4, N/2NE/4 of Section 2-29N-14W. Also, please contact Ms. Zilla Padilla of our Commercial Resources Division at (505) 827-5723 for a possible business lease in the NE/4NE/4 of Section 2-29N-14W. Our approval is contingent upon you acquiring the appropriate surface easements.

Dugan Production Corp.  
April 27, 2000  
Page 2

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 Camacho, Ben Stone,~~  
Debbie Padilla  
Zilla Padilla