

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980
DISTRICT II
811 South First St., Artesia, NM 88210-2835
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator UNION OIL COMPANY OF CALIFORNIA (UNOCAL) Address 1004 N. BIG SPRING, MIDLAND TX 79702

Lease RINCON UNIT Well No. 169 Unit Ltr. - Sec. - Twp. - Rge. K 26-T27N-R7W County RIO ARriba

OGRID NO. 023708 Property Code 011510 API NO. 30-039-20160 Spacing Unit Lease Types: (check 1 or more)
Federal ☒ State ☐ Land/Or Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	BLANCO MESAVERDE 72319		BASIN DAKOTA 71599
2. Top and Bottom of Pay Section (Perforations)	Proposed 5343 - 5454		7364 - 7534
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	FLOWING		FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 1063 psia b. (Original) 1063 psia	a. b.	a. 500 psia b. 2819 psia
6. Oil Gravity (° API) or Gas BTU Content	1184 BTU		1159 BTU
7. Producing or Shut-In?	NEW COMPLETION		PRODUCING
Production Marginal? (yes or no)	YES		YES
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: SEE ATTACHED	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☐ Yes ☒ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☒ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No

11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). SEE ATTACHED

16. ATTACHMENTS:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of all offset operators.
- Notification list of working, overriding, and royalty interests for uncommon interest cases.
- Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Heather Dahlgren TITLE Engineering Tech. DATE 3-31-98

TYPE OR PRINT NAME Heather Dahlgren TELEPHONE NO. (915) 685 7665

Supplemental Data for C-107-A, Rincon Unit Well No. 169

Well History: The Rincon Unit Well No. 169 was drilled and completed as a Dakota gas producer in December 1968. Mesaverde reserves would be developed most economically at this time with a downhole commingled completion. An estimated completion date for the Mesaverde is late April or May 1998.

Production History: Current gas production is 311 Mcfpd from the Dakota with trace oil and water production. An estimated initial rate for the first 30 days of Mesaverde production is 307 Mcfd and 4 Bopd. This estimate is an average based on actual IP's and production from six recent Mesaverde completions on the Rincon Unit. Please see attachments for this supporting data.

Pressure Data: Original and current bottom hole pressures were calculated from surface shut-in casing pressures. The Rincon Unit well #139 Mesaverde pressure data was used for the original pressure for the #169 Mesaverde. This well is an offset to the #169 and was recently completed in January 1998. Please see attachments for the bottom hole calculation, date and duration of these tests.

Allocation of Production: Unocal proposes to use an allocation based on an established Dakota annual decline rate of 4.79%. Dakota production will be extrapolated monthly using Bureau of Land Management recommended allocation methods with the remainder of the commingled production being allocated to the Mesaverde formation. Please see attachments for the Dakota forecast. Initial flush production volumes have been added to the Dakota due to the anticipated extended shut-in during the workover. While tabular data has been provided for the first five years of the Dakota forecast, we anticipate being able to convert to a fixed allocation factor within 12 to 24 months. Unocal also proposes to use a yield factor for allocating liquid production. This factor based on the average oil and water yield for 1997.

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District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-20160	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 011510	⁴ Property Name RINCON UNIT	⁵ Well Number 169
⁷ OGRID No. 023708	⁶ Operator Name UNION OIL COMPANY OF CALIFORNIA (UNOCAL)	⁸ Elevation 6702'

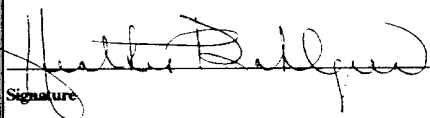
¹⁰ Surface Location

UL or lot no. K	Section 26	Township 27N	Range 7W	Lot Idn	Feet from the 1650	North/South line S	Feet from the 1840	East/West line W	County Rio Arriba
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 338.84	¹³ Joint or Infill Y	¹⁴ Consolidation Code U	¹⁴ Order No. Unitization						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>  Signature Printed Name HEATHER DAHLGREN Title ENGINEERING TECHNICIAN Date 3-25-98
					¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

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¹ API Number 30-039-20160	² Pool Code 72319	³ Pool Name BLANCO MESAVERDE
⁴ Property Code 011510	⁴ Property Name RINCON UNIT	⁴ Well Number 169
⁷ OGRID No. 023708	⁸ Operator Name UNION OIL COMPANY OF CALIFORNIA (UNOCAL)	⁹ Elevation 6702'

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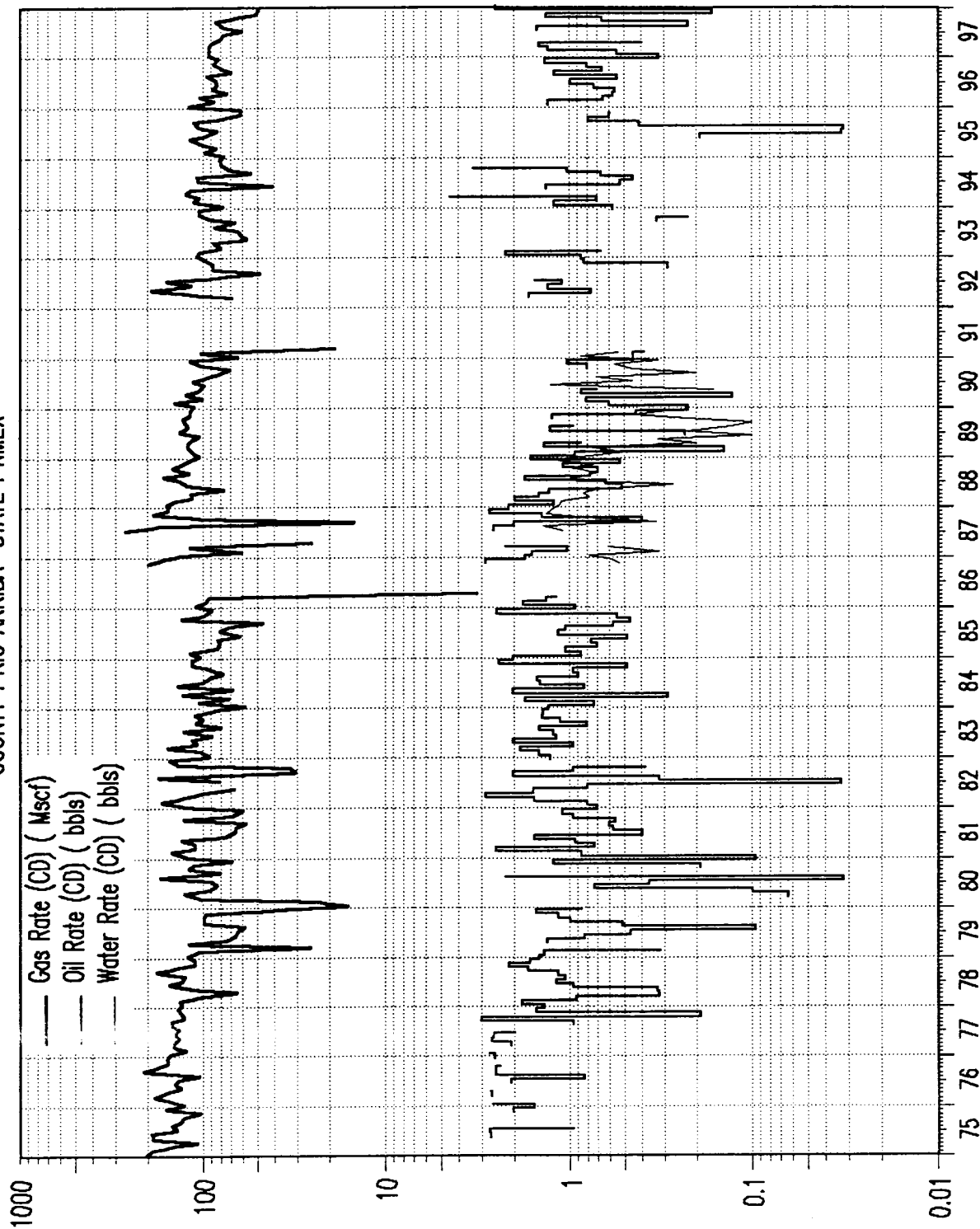
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		¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	

WELL: RINCON UNIT 169:DK

LOCATION : N027 W007 26 SWNESW

COUNTY : RIO ARriba STATE : NMEX



WELL: RINCON UNIT 169:DK

LOCATION : N027 W007 26 SWNESW

COUNTY : RIO ARriba STATE : NMEX

	DAYS ON PROD	OIL VOL PROD	GAS VOL PROD	WATER VOL PROD	OIL RATE (PD)	GAS RATE (PD)	WATER RATE (PD)	CUM OIL PROD	CUM GAS PROD
DATE	Days	bbls	Mscf	bbls	bbls	Mscf	bbls	bbls	Mscf
9601	31	41	3700	0	1.3	119	0.0	12413	1253457
9602	29	19	2517	0	0.7	87	0.0	12432	1255974
9603	31	18	3226	0	0.6	104	0.0	12450	1259200
9604	30	17	2223	0	0.6	74	0.0	12467	1261423
9605	31	23	2743	0	0.7	88	0.0	12490	1264166
9606	30	30	2504	0	1.0	83	0.0	12520	1266670
9607	31	17	2665	0	0.5	86	0.0	12537	1269335
9608	31	38	2935	0	1.2	95	0.0	12575	1272270
9609	25	20	2100	0	0.8	84	0.0	12595	1274370
9610	31	25	2462	0	0.8	79	0.0	12620	1276832
9611	30	41	2608	0	1.4	87	0.0	12661	1279440
9612	31	10	2555	0	0.3	82	0.0	12671	1281995
9701	31	17	2859	0	0.5	92	0.0	12688	1284854
9702	28	37	2604	0	1.3	93	0.0	12725	1287458
9703	31	46	2887	1	1.5	93	0.0	12771	1290345
9704	30	12	2687	0	0.4	90	0.0	12783	1293032
9705	30	0	2458	0	0.0	82	0.0	12783	1295490
9706	30	0	2287	0	0.0	76	0.0	12783	1297777
9707	8	47	1890	0	5.9	236	0.0	12830	1299667
9708	11	7	2419	0	0.6	220	0.0	12837	1302086
9709	12	20	2547	0	1.7	212	0.0	12857	1304633
9710	10	42	2072	0	4.2	207	0.0	12899	1306705
9711	10	5	1540	0	0.5	154	0.0	12904	1308245
9712	10	79	1526	0	7.9	153	0.0	12983	1309771

--BHPCALC--

Calculated BHP and Z-factor from surface shut-in pressure

TEST DATE: Jul-97

WELL NAME : Rincon Unit 169 DK (Current Pressure)

GAS GRAVITY:	0.69	% N2	0.24
CONDENSATE (YES=1):	1	% CO2	3.27 %
RESERVOIR TEMP:	190 F	% H2S	0.00 %
SURFACE TEMP:	60 F	Pc =	680.02 %
DEPTH OF ZONE:	7449 Foot	Tc =	378.32

SURFACE PRES	BHP	Z	BHP/Z
psia	psia		psia
420	500	0.9567	523

Current pressure obtained after 5 day shut-in.

--BHPCALC--

Calculated BHP and Z-factor from surface shut-in pressure

TEST DATE: Dec-68

WELL NAME : Rincon Unit 169 DK (Original Pressure)

GAS GRAVITY:	0.69	% N2	0.24
CONDENSATE (YES=1):	1	% CO2	3.27 %
RESERVOIR TEMP:	190 F	% H2S	0.00 %
SURFACE TEMP:	60 F	Pc =	680.02 %
DEPTH OF ZONE:	7449 Foot	Tc =	378.32

SURFACE PRES	BHP	Z	BHP/Z
Psia	psia		psia
2292	2,819	0.8824	3,194

Original pressure obtained after 11 day shut-in following completion.

--BHPCALC--

Calculated BHP and Z-factor from surface shut-in pressure

TEST DATE: 01/24/98

WELL NAME : Rincon Unit 139 MV (Initial & Current)

GAS GRAVITY:	0.69	% N2	0.28
CONDENSATE (YES=1):	1	% CO2	1.10 %
RESERVOIR TEMP:	145 F	% H2S	0.00 %
SURFACE TEMP:	60 F	Pc =	670.05 %
DEPTH OF ZONE:	5386 Foot	Tc =	378.61

SURFACE PRES	BHP	Z	BHP/Z
Psia	psia		psia
920	1,063	0.8849	1,201

Initial and Current pressure - 36 hour shut-in measured after 3 days of clean up and flow back of MV following stimulation.

RU 169DK Forecast

Well

Existing Completion Prior to DHC

Annual Decline

Monthly Decline Factor (Annual / 12)

Average Monthly volume (Mcf) prior to DHC

Average Yield (bbls/mcf) Oil

Average Yield (bbls/mcf) Water

Volume Prior to DHC (Mcf)

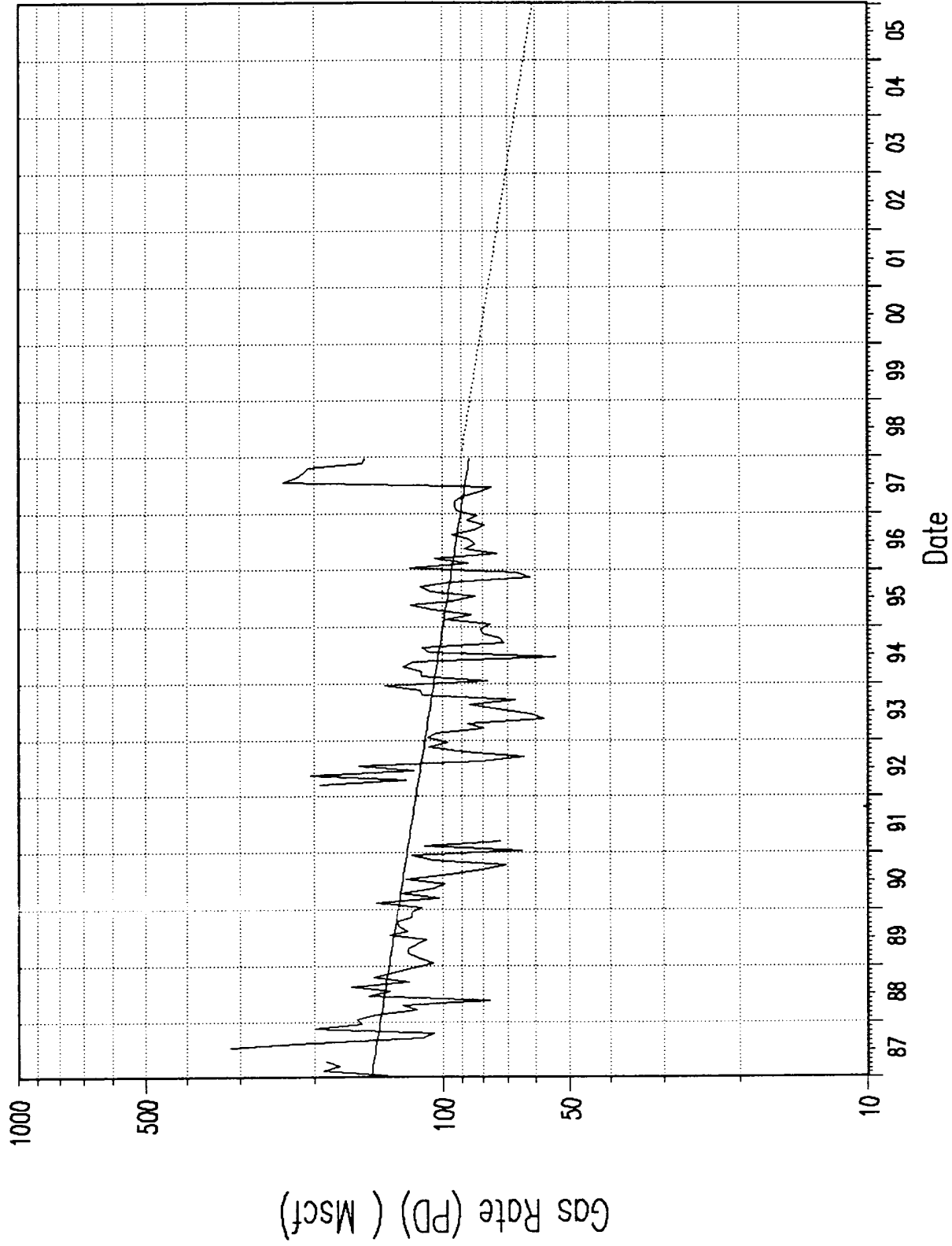
RU 169
DK
4.79%
0.3996
2314
0.011
0

97 annual average
97 annual average
97 annual average

* Forecasted volumes to be adjusted for actual days on production

Month	DK Forecast (Mcf)	DK Forecast (Bbls-Oil)	DK Forecast (Bbls-Water)	
1	2736	30.1	0.0	
2	2644	29.1	0.0	+ DK flush volume
3	2514	27.7	0.0	+ DK flush volume
4	2504	27.5	0.0	
5	2494	27.4	0.0	
6	2484	27.3	0.0	
7	2474	27.2	0.0	
8	2464	27.1	0.0	
9	2454	27.0	0.0	
10	2445	26.9	0.0	
11	2435	26.8	0.0	
12	2425	26.7	0.0	
13	2415	26.6	0.0	
14	2406	26.5	0.0	
15	2396	26.4	0.0	
16	2386	26.3	0.0	
17	2377	26.1	0.0	
18	2367	26.0	0.0	
19	2358	25.9	0.0	
20	2349	25.8	0.0	
21	2339	25.7	0.0	
22	2330	25.6	0.0	
23	2321	25.5	0.0	
24	2311	25.4	0.0	

WELL: RINCON UNIT 169:DK
LOCATION : N027 W007 26 SWNESW
COUNTY : RIO ARriba STATE : NMEX



WELL: RINCON UNIT 169:DK
 LOCATION : N027 W007 26 SWNESW
 COUNTY : RIO ARriba STATE : NMEX

Cum. Gas Production: 1309771.00 Mscf
 Remaining Recoverable Gas Reserves: 488494.51 Mscf
 Ultimate Recoverable Gas Reserves: 1798265.51 Mscf

SCHEDULE 1

Qi: 277.51 Mscf
 Di: 0.004095
 Hyperbolic B: 0.0000
 Start Date: 1998/01
 Monthly Nominal Decline (Dn): 0.004095
 Monthly Effective Decline (De): 0.004086
 Yearly Effective Decline (De): 0.047949
 Initial Forecast Rate: 90.00 Mscf
 Economic Limit: 20.00 Mscf
 Cumulative Produced: 1309771.00 Mscf
 Schedule Forecasted Reserves: 488494.51 Mscf
 Total Forecasted Reserves: 488494.51 Mscf
 Total Recovered Reserves: 1798265.51 Mscf

DATE	AVERAGE DAILY RATE Mscf	MONTHLY FORECAST PROD. Mscf	CUM. PROD. Mscf	REMAINING RECOV. RESERVES Mscf
1998/01	89.82	2784.29	1312555.25	485710.22
1998/02	89.45	2504.56	1315059.88	483205.66
1998/03	89.08	2761.59	1317821.50	480444.06
1998/04	88.72	2661.60	1320483.00	477782.47
1998/05	88.36	2739.06	1323222.13	475043.41
1998/06	88.00	2639.86	1325862.00	472403.53
1998/07	87.64	2716.76	1328578.75	469686.78
1998/08	87.28	2705.62	1331284.38	466981.16
1998/09	86.92	2607.61	1333892.00	464373.56
1998/10	86.57	2683.55	1336575.50	461690.00
1998/11	86.21	2586.42	1339161.88	459103.56
1998/12	85.86	2661.66	1341823.63	456441.91
1999/01	85.51	2650.80	1344474.38	453791.13
1999/02	85.16	2384.47	1346858.88	451406.63
1999/03	84.81	2629.14	1349488.00	448777.50
1999/04	84.47	2533.99	1352022.00	446243.50
1999/05	84.12	2607.71	1354629.75	443635.81
1999/06	83.78	2513.31	1357143.00	441122.50
1999/07	83.43	2586.46	1359729.50	438536.03
1999/08	83.09	2575.89	1362305.38	435960.13
1999/09	82.75	2482.62	1364788.00	433477.53
1999/10	82.41	2554.86	1367342.88	430922.66
1999/11	82.08	2462.39	1369805.25	428460.28
1999/12	81.74	2534.01	1372339.25	425926.25
2000/01	81.41	2523.73	1374863.00	423402.53
2000/02	81.08	2351.23	1377214.25	421051.31
2000/03	80.75	2503.11	1379717.25	418548.19

2000/04

80.41

2412.41 1382129.75 416135.78

DATE	AVERAGE DAILY RATE Mscf	MONTHLY FORECAST PROD. Mscf	CUM. PROD. Mscf	REMAINING RECOV. RESERVES Mscf
2000/05	80.09	2482.72	1384612.50	413653.06
2000/06	79.76	2392.80	1387005.25	411260.25
2000/07	79.43	2462.45	1389467.75	408797.81
2000/08	79.11	2452.40	1391920.13	406345.41
2000/09	78.79	2363.55	1394283.63	403981.88
2000/10	78.46	2432.35	1396716.00	401549.50
2000/11	78.14	2344.34	1399060.38	399205.19
2000/12	77.82	2412.54	1401472.88	396792.63
2001/01	77.51	2402.66	1403875.50	394389.97
2001/02	77.19	2161.28	1406036.75	392228.69
2001/03	76.88	2383.14	1408420.00	389845.56
2001/04	76.56	2296.76	1410716.75	387548.78
2001/05	76.25	2363.68	1413080.38	385185.13
2001/06	75.93	2278.03	1415358.38	382907.06
2001/07	75.63	2344.39	1417702.75	380562.69
2001/08	75.32	2334.79	1420037.63	378227.91
2001/09	75.01	2250.26	1422287.88	375977.63
2001/10	74.70	2315.73	1424603.63	373661.91
2001/11	74.40	2231.87	1426835.50	371430.03
2001/12	74.09	2296.91	1429132.38	369133.13
2002/01	73.79	2287.43	1431419.75	366845.69
2002/02	73.49	2057.66	1433477.50	364788.03
2002/03	73.19	2268.84	1435746.25	362519.19
2002/04	72.89	2186.64	1437933.00	360332.56
2002/05	72.59	2250.35	1440183.25	358082.22
2002/06	72.29	2168.82	1442352.13	355913.38
2002/07	72.00	2231.97	1444584.13	353681.44
2002/08	71.71	2222.86	1446807.00	351458.56
2002/09	71.41	2142.33	1448949.25	349316.25
2002/10	71.12	2204.72	1451154.00	347111.50
2002/11	70.83	2124.88	1453278.88	344986.63
2002/12	70.54	2186.75	1455465.63	342799.88
2003/01	70.25	2177.80	1457643.38	340622.09
2003/02	69.96	1958.97	1459602.38	338663.13
2003/03	69.68	2160.06	1461762.50	336503.06
2003/04	69.39	2081.78	1463844.25	334421.28
2003/05	69.11	2142.45	1465986.63	332278.81
2003/06	68.83	2064.84	1468051.50	330214.00
2003/07	68.55	2124.95	1470176.50	328089.03
2003/08	68.27	2116.23	1472292.75	325972.81
2003/09	67.99	2039.64	1474332.38	323933.16
2003/10	67.71	2099.02	1476431.38	321834.13
2003/11	67.43	2022.97	1478454.38	319811.19
2003/12	67.16	2081.86	1480536.25	317729.31

SPIRIT ENERGY 76

New Name. Same Spirit.
A Business Unit of Unocal

March 20, 1998

Conoco
10 Desta Dr. W, Suite 100W
Midland, TX 79705

Gentlemen:

Union Oil Company of California (UNOCAL) has requested from the State of New Mexico Oil Conservation Division, approval to down hole commingle production from the Blanco Mesaverde and Basin Dakota formations in the following Rincon Unit well, Rio Arriba County, New Mexico.

<u>Well</u>	<u>Lease</u>	<u>Legal Location</u>
169	SF 080385	1650' FSL, 1840' FWL, SW 26, T26N, R7W

If Conoco, as an offset operator, has an objection to this proposal, please notify NMOCD within twenty days. If you have any questions regarding this application, please contact Tom Baiar at 915/685-6836.

Sincerely,

Spirit Energy 76
A Business Unit of UNOCAL



Thomas E. Baiar
Petroleum Engineer



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:
NMSF079160 etal (WC)
3162.7 (07400)

April 14, 1998

Ms. Heather Dahlgren
Union Oil Company of California (UNOCAL)
1004 N. Big Spring
Midland, Texas 79702

RECEIVED
APR 17 1998
OIL CON. DIV.
PAGE 2

RE: Downhole Commingling Applications

Dear Ms: Dahlgren:

We have received and reviewed your Applications for Downhole Commingling on the following wells:

WELL	Lease	Legal Location	Proposed Commingled Formations
57 Rincon Unit	NMSF079160	990' FNL & 990' FEL Sec 1, T26N, R7W	Mesaverde & Dakota
137 Rincon Unit	NMSF079298D	1500' FSL & 1800' FWL Sec. 24, T27N, R7W	Mesaverde & Dakota
131 Rincon Unit	State (In Dakota PA)	1800' FSL & 1550' FWL Sec. 36, T27N, R7W	Mesaverde & Dakota
169 Rincon Unit	NMSF080385	1650' FSL & 1840' FWL Sec. 26, T27N,, R7W	Mesaverde & Dakota
192 Rincon Unit	NMSF079160	1700' FSL & 1700' FWL Sec. 1, T26N, R7W	Gallup & Dakota

We are in concurrence with your method of allocating production by extrapolating the decline rate on the Dakota and allocating the remainder of the production volume to the other formation. We are also in agreement with your Dakota decline rates and yield factors for allocating liquids. We hereby approve your applications for downhole commingling on the above wells. The effective date will be the date downhole commingling occurs.

When fixed allocation factors are determined, submit the factors for **approval**. This approval is not for operational activities. Operational approval must be obtained by submitting a Notice of Intent Sundry Notice.

If you have any questions please contact Wayne Townsend with this office at (505) 599-6359.

Sincerely,

/s/ Duane W. Spencer

Duane Spencer
Team Leader, Petroleum Management

cc:

NMOCD, Santa Fe

NMOCD, Aztec

Well File

DOMR

07400:: WTownsend:4/14/98



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1917

Union Oil Company of California
1004 North Big Spring
P.O. Box 3100
Midland, Texas 79702

RECEIVED
MAY - 1 1998

OIL CON. DIV.
DIST. 3

Attention: Ms. Heather Dahlgren

*Rincon Unit No. 169
API No. 30-039-20160
Unit K, Section 26, Township 27 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319) and
Basin-Dakota (Prorated Gas - 71599) Gas Pools*

Dear Ms. Dahlgren:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the subject well shall be allocated as follows:

Gas and oil production from the Basin-Dakota Gas Pool shall be determined utilizing the production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas and oil production from the Blanco-Mesaverde Gas Pool shall be determined by subtracting Basin-Dakota Gas Pool production from the well's total monthly oil and gas production.

The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 27th day of April, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Aztec /
Bureau of Land Management-Farmington
State Land Office-Oil & Gas Div.