



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

AMENDED ADMINISTRATIVE ORDER DHC-913

Union Oil Company of California
1004 North Big Spring
Midland, Texas 79702

Attention: Ms. Heather Dahlgren

RECEIVED
APR 21 1998

OIL CON. DIV.
DIST. 3

*Rincon Unit No. 137E
API No. 30-039-25208
Unit J, Section 24, Township 27 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319)
Basin-Dakota (Prorated Gas - 71599) and,
Largo-Gallup (Gas - 80000) Pools*

Dear Ms. Dahlgren:

Reference is made to your recent application for an amendment to Division Order No. DHC-913 dated September 17, 1993, which order authorized the downhole commingling of Largo-Gallup and Basin-Dakota Gas Pool production within the subject well, to permit the Blanco-Mesaverde Gas Pool to be commingled within 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 commingled Basin-Dakota/Largo-Gallup Gas Pools shall be determined utilizing the production forecast submitted by the applicant as an attachment to the downhole commingling application. A fixed percentage allocation between the Basin-Dakota and Largo Gallup Gas Pools shall be determined subsequent to the performance of a production test. Gas and oil production from the Blanco-Mesaverde Gas Pool shall be determined by subtracting Basin-Dakota/Largo Gallup Gas Pool production from the well's total monthly oil and gas

production. The applicant shall consult with the supervisor of the Division's Aztec District Office upon completion of the Basin-Dakota/Largo Gallup Gas Pool production test in order to determine a fixed allocation of production between these two zones. The applicant shall furnish a copy of said allocation formula to the Santa Fe Office of the Division.

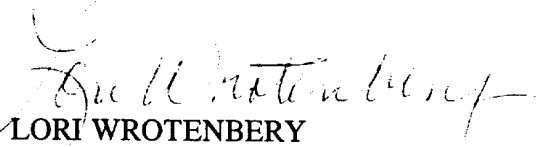
The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

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 14th 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