NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX (505) 334-6170
http://emnrd.state.nm.us/ocd/District III/3district.htm

GARY E. JOHNSON
Governor

Jennifer A. Salisbury
Cabinet Secretary

August 11, 1999

Ms Heather Dahlgren
Spirit Energy 76
1004 North Big Spring
PO Box 3100
Midland, Texas 79702

Re: Rincon Unit #187E, P-27N-07W-35, API-30-039-25361, DHC

Dear Heather,

Your down hole commingling allocation formula for the referenced well is approved as follows:

	Gas	Oil
Basin Dakota	86%	100%
Blanco Mesaverde	14%	0%

If you have any questions, please contact me.

Yours truly,

Ernie Busch

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/mk

XC: David Catanach-NMOCD Santa Fe
Jim Lovato-BLM Farmington
Dorothy Jacquez

SPIRIT ENERGY 76

New Name. Same Spirit.

RINCON 187E. DHC

July 26, 1999

New Mexico Oil Conservation Division
Attn.: Mr. Ernie Bush
1000 Rio Brazos Road
Aztec, New Mexico 87410

Re: Approval for Fixed Production
Allocation for the Rincon Unit
Well No. 187E, 27N-7W-35 P
Rio Arriba Co., New Mexico

Dear Mr. Bush:

UNOCAL received approval to downhole commingle the Rincon Unit #187E Basin Dakota and Blanco Mesaverde horizons on December 21, 1995 by **Administrative Order DHC-1176**. The well, however, has been producing as a dual completion since January 1996 when the Mesaverde was added to the Dakota completion.

UNOCAL is now planning to downhole commingle the Dakota and Mesaverde and requests that a fixed production allocation be applied to this well. The allocation percent is based on the last 26 months of production history in which the Mesaverde has consistently averaged 14% of the total gas volume produced. In addition, the Dakota completion has had an additional year to produce and is beginning to exhibit a flattening trend that is compatible with the Mesaverde decline.

UNOCAL feels that the below percentages accurately represent the production capabilities of the two horizons and requests that production be allocated as follows:

Basin Dakota	GAS 86%	OIL 100%
Blanco Mesaverde	GAS 14%	OIL 0%

Production history is enclosed. If you have any questions please call me at (915) 685-7665.

Sincerely,

Heather Dahlgren
Senior Engineering Technician

JUL 2 3 1999
OIL CONS. DIV.
DIST. 3

1004 North Big Spring • Post Office Box 3100 • Midland, Texas 79702

OIL CONSERVATION DIVISION

ADMINISTRATIVE ORDER DHC-1176

Unocal Oil & Gas Division
P.O. Box 850
Bloomfield, New Mexico 87413-0850

Attention: Brett H. Liggett

WELL FILE

Rincon Unit Well No.186M
Unit L, Section 33, *and;* *Rincon Unit Well No. 186E*
Unit P, Section 35;

both in Township 27 North, Range 7 West, NMPM,Rio Arriba County, New Mexico.

Commingling of Basin Dakota (Prorated Gas 71559) and
Blanco Mesaverde (Gas 72319) Pools.

Dear Mr. Liggett:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle production from both 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 two zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C-4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production shall not exceed 80 barrels per day. 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.

In accordance with the provisions of Rule 303-C, the supervisor of the Aztec District Office of the Oil Conservation division shall determine the proper allocation of production from the subject well following its completion.

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

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 21st day of December, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Aztec
Bureau of Land Management - Farmington

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

RECEIVED
MAIL ROOM
95 SEP -8 PM 1:55

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

[X] AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
30-039-25361	71599/73219	Basin Dakota/Blanco Mesaverde

⁴ Property Code	⁵ Property Name	⁶ Well Number
011510	RINCON UNIT	187-E

⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
023708	UNOCAL	6594

¹⁰ Surface Location

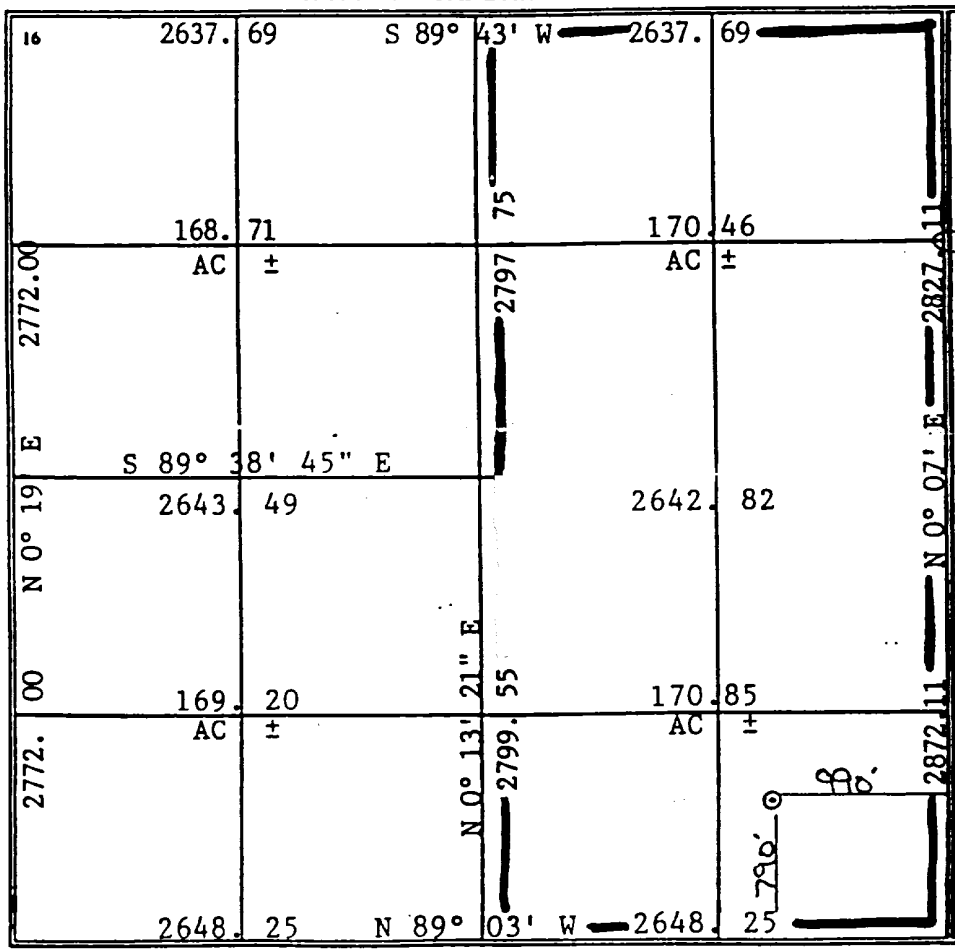
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	27N	7W		790	SOUTH	990	EAST	RIO ARRIBA

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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320	Y	U	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



¹⁷ OPERATOR CERTIFICATION

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

Signature
Jim Benson
Printed Name
Drilling Superintendent
Title
September 5, 1995
Date

¹⁸ SURVEYOR CERTIFICATION

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 supervision, and that the same is true and correct to the best of my belief.

September 21, 1993
Date of Survey
Signature and Seal of Professional Surveyor

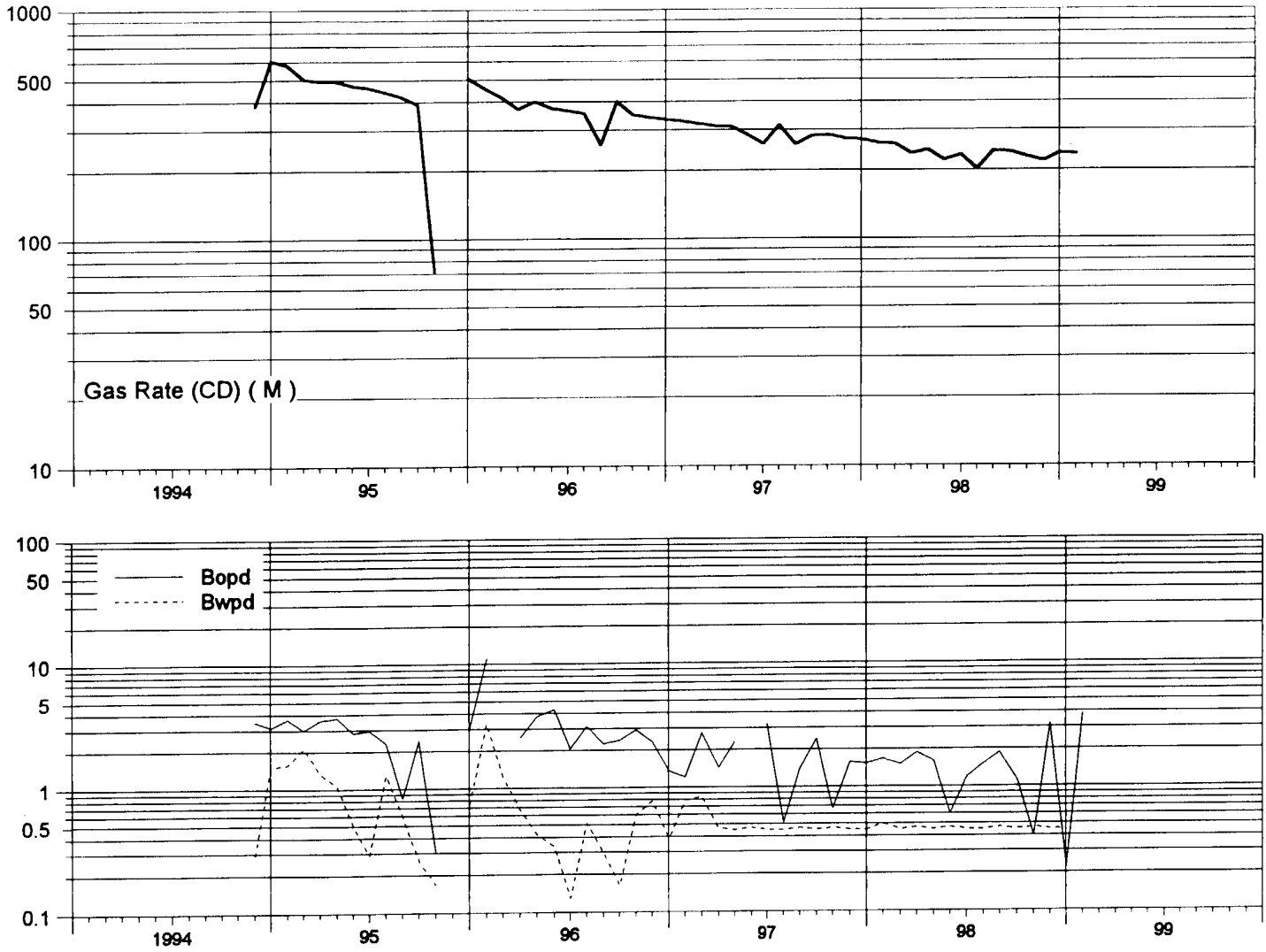
CECIL B. TULLIS
NEW MEXICO
9672
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number 9672

UNION OIL COMPANY OF CALIFORNIA

RINCON UNIT 187E:DK

RIO ARRIBA CO., NEW MEXICO



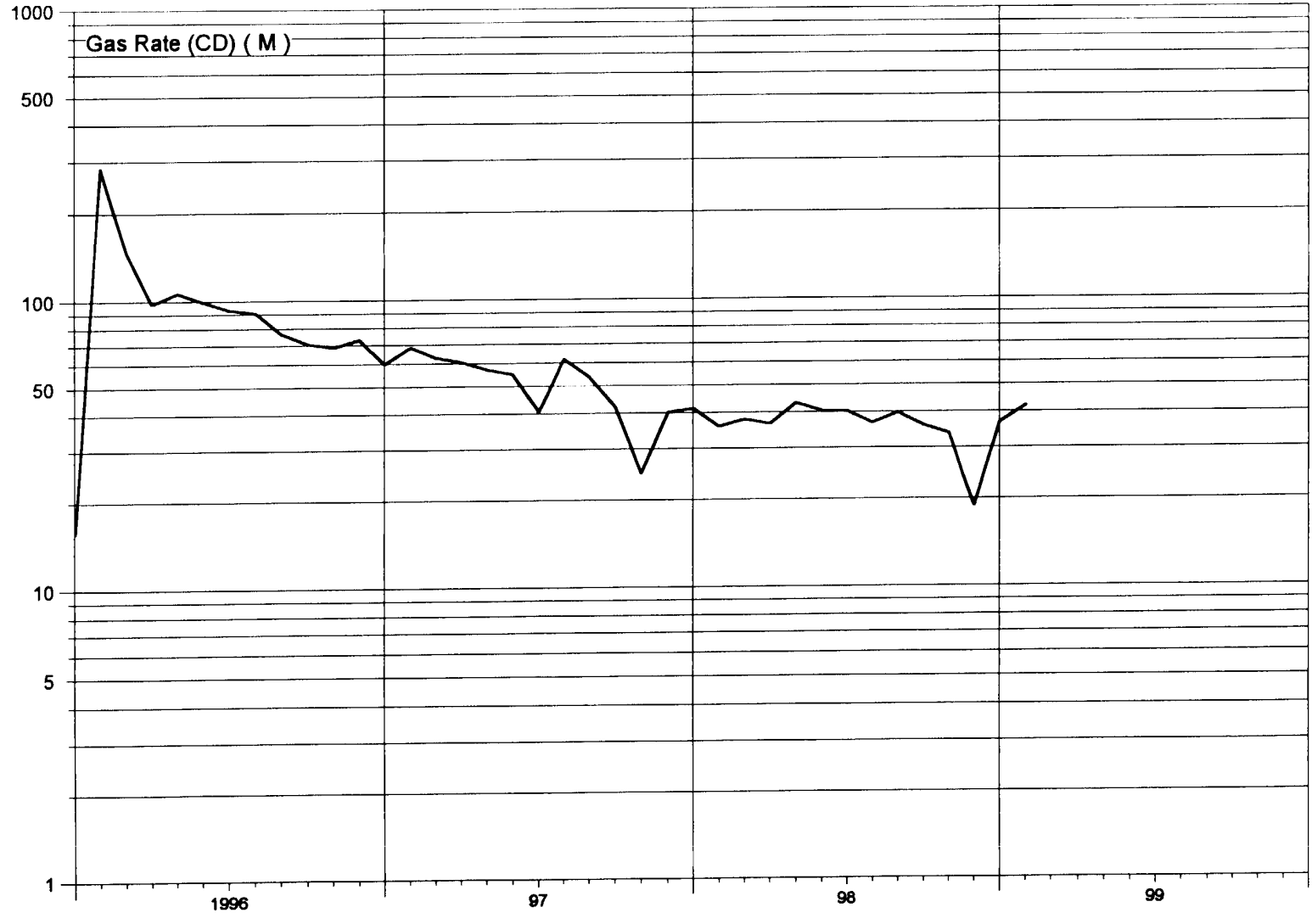
RINCON_UNIT_187E:DK

DATE	GAS VOL PROD Mcf	OIL VOL PROD bbl	WATER VOL PROD bbl	Gas Rate (CD) Mcf/d	Oil Rate (CD) bbl/d	Water Rate (CD) bbl/d	Cum Gas Prod Mcf	Cum Oil Prod bbl
19970101	10316	42	12	333	1.4	0.4	311397	2221
19970201	9139	34	22	326	1.2	0.8	320536	2255
19970301	9891	85	26	319	2.7	0.8	330427	2340
19970401	9339	43	14	311	1.4	0.5	339766	2383
19970501	9607	72	14	310	2.3	0.5	349373	2455
19970601	8508	0	14	284	0.0	0.5	357881	2455
19970701	8020	99	14	259	3.2	0.5	365901	2554
19970801	9712	16	14	313	0.5	0.5	375613	2570
19970901	7744	42	14	258	1.4	0.5	383357	2612
19971001	8724	75	14	281	2.4	0.5	392081	2687
19971101	8529	20	14	284	0.7	0.5	400610	2707
19971201	8503	49	14	274	1.6	0.5	409113	2756
19980101	8379	48	14	270	1.5	0.5	417492	2804
19980201	7328	47	14	262	1.7	0.5	424820	2851
19980301	8043	47	14	259	1.5	0.5	432863	2898
19980401	7049	56	14	235	1.9	0.5	439912	2954
19980501	7560	50	14	244	1.6	0.5	447472	3004
19980601	6624	18	14	221	0.6	0.5	454096	3022
19980701	7191	37	14	232	1.2	0.5	461287	3059
19980801	6232	47	14	201	1.5	0.5	467519	3106
19980901	7244	56	14	241	1.9	0.5	474763	3162
19981001	7390	35	14	238	1.1	0.5	482153	3197
19981101	6840	12	14	228	0.4	0.5	488993	3209
19981201	6750	98	14	218	3.2	0.5	495743	3307
19990101	7320	7	14	236	0.2	0.5	503063	3314
19990201	6540	107	0	234	3.8	0.0	509603	3421

UNION OIL COMPANY OF CALIFORNIA

RINCON UNIT 187E:MV

RIO ARRIBA CO., NEW MEXICO



RINCON_UNIT_187E:MV

DATE	GAS VOL PROD Mcf	OIL VOL PROD bbl	WATER VOL PROD bbl	Gas Rate (CD) Mcf/d	Oil Rate (CD) bbl/d	Water Rate (CD) bbl/d	Cum Gas Prod Mcf	Cum Oil Prod bbl
19970101	1852	0	0	60	0.0	0.0	38791	0
19970201	1911	0	0	68	0.0	0.0	40702	0
19970301	1949	0	0	63	0.0	0.0	42651	0
19970401	1816	0	0	61	0.0	0.0	44467	0
19970501	1762	0	0	57	0.0	0.0	46229	0
19970601	1646	0	0	55	0.0	0.0	47875	0
19970701	1255	0	0	40	0.0	0.0	49130	0
19970801	1919	0	0	62	0.0	0.0	51049	0
19970901	1616	0	0	54	0.0	0.0	52665	0
19971001	1302	0	0	42	0.0	0.0	53967	0
19971101	740	0	0	25	0.0	0.0	54707	0
19971201	1246	0	0	40	0.0	0.0	55953	0
19980101	1281	0	0	41	0.0	0.0	57234	0
19980201	998	0	0	36	0.0	0.0	58232	0
19980301	1171	0	0	38	0.0	0.0	59403	0
19980401	1092	0	0	36	0.0	0.0	60495	0
19980501	1335	0	0	43	0.0	0.0	61830	0
19980601	1210	0	0	40	0.0	0.0	63040	0
19980701	1246	0	0	40	0.0	0.0	64286	0
19980801	1131	0	0	36	0.0	0.0	65417	0
19980901	1189	0	0	40	0.0	0.0	66606	0
19981001	1109	0	0	36	0.0	0.0	67715	0
19981101	1006	0	0	34	0.0	0.0	68721	0
19981201	583	0	0	19	0.0	0.0	69304	0
19990101	1131	0	0	36	0.0	0.0	70435	0
19990201	1174	0	0	42	0.0	0.0	71609	0

WELL NAME : RINCON UNIT 187E MESAVERDE

	ORIGINAL		CURRENT	
Test Date:	Nov-95		Jun-98	
GAS GRAVITY:	0.685		0.685	
CONDENSATE (YES=1):	1		1	
RESERVOIR TEMP:	145	F	145	F
SURFACE TEMP:	60	F	60	F
DEPTH OF ZONE:	5082	ft	5082	ft
% N2	0.38		0.38	
% CO2	1.16		1.16	
% H2S	0.00		0.00	
Pc =	670.15		670.15	
Tc =	378.37		378.37	
SURFACE PRESS	350	psia	300	psia
BHP	396	psia	339	psia
Z	0.9537		0.9602	
BHP/Z	415	psia	353	psia

WELL NAME : RINCON UNIT 187E DAKOTA

	ORIGINAL		CURRENT	
Test Date:	Nov-95		Jun-98	
GAS GRAVITY:	0.62		0.62	
CONDENSATE (YES=1):	1		1	
RESERVOIR TEMP:	190	F	190	F
SURFACE TEMP:	60	F	60	F
DEPTH OF ZONE:	7300	ft	7300	ft
% N2	0.17		0.17	
% CO2	1.20		1.20	
% H2S	0.00		0.00	
Pc =	674.94		674.94	
Tc =	363.33		363.33	
SURFACE PRESS		psia	SURFACE SITP	330 psia
BHP by Buildup Measurement	981	psig	BHP	384 psia
Z			Z	0.9700
BHP/Z		psia	BHP/Z	396 psia