



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

February 13, 1996

IN REPLY REFER TO:
SF-079366(WC)
3162.3-2 (07327)

Brett H. Liggett

~~Unocal Oil and Gas Division~~

913 West Broadway, P.O. Box 850
Bloomfield, New Mexico 87413

Dear Mr. Liggett:

We have completed our review of your application to downhole commingle Blanco Mesaverde and Basin Dakota production in the following well located on Federal lease No. SF-079366 :

Rincon Unit 170, 990' FSL - 790' FWL
SECTION 20, T-27N, R-6W
SAN JUAN COUNTY, NEW MEXICO

Your application indicated that UNOCAL intends to allocate production based on existing Dakota production, and a Mesaverde well test. These two rates would converted to percentage factors to calculate monthly production from each formation. The Dakota formation has been producing since 1962 and has established a known decline rate. Initial rates from the Mesaverde formation will be affected by flush production from the virgin reservoir and will decline at a higher rate until the formation is stabilized.

Future Dakota volumes could be calculated using the formula outlined in our approval correspondence for Rincon Unit 134 dated February 13, 1966. Your application, revised to allocate production based on the formula outlined in the approval letter referenced above is hereby approved effective the date that the formations are physically commingled.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions regarding this correspondence, please contact Ray Hager at (505) 599-6366.

Sincerely,

/s/ Duane Spencer

Duane Spencer
Team Lead, Petroleum Management

cc: NMOCD, Santa Fe
NMOCD, Aztec