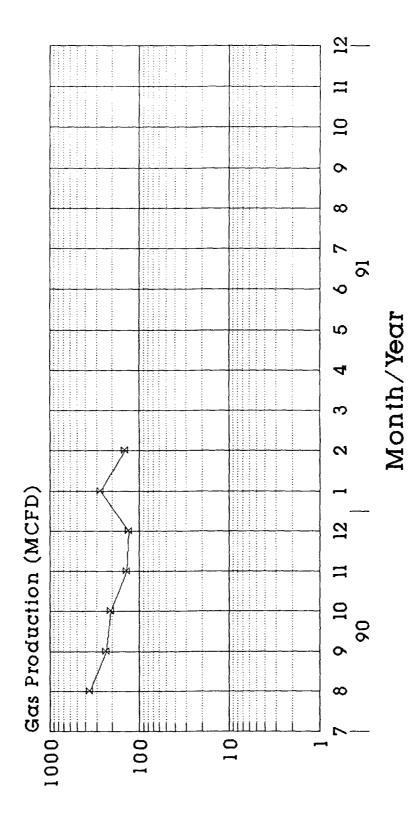
RINCON UNIT #273 RIO ARRIBA COUNTY, NEW MEXICO



- Gas

Production based on actual days on

UNOCAL North American Oil & Gas Division Economic Report Summary

REGION: Southwestern

. .

DISTRICT: Farmington

CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #273 - FT TAXCR

LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDEN	TIFICATIO	ON			PROFIT	INDICES -		PRESENT	r worth profi	LE	
						BTAX					
FIELD : BASIN	FRUITLAND	COAL		PROFI	T TO INV (P	'/I):		DISCOUNT	BTAX	ATAX	
LSE/BLOCK :		ISCOUNTED	0.26		RATE (%)	(M\$)	(M\$)				
FORMATION : FRUITL	DIS	c a 10.0%	-0.27	0.46							
TOTAL DEPTH:	DIS	c a 15.0%	-0.39	0.27	0.0	63.	282.				
OPERATOR : Unocal AFE # :					FF RATIO (I	ER):		5.0	-18.	175.	
					UNDISCOUNTED		1.45	10.0 -63.		108.	
LIFE (YRS) : 22.8	DIS	DISC @ 10.0%			15.0	63.					
21.2 (1.00) - 22.0						-0.39		20.0	-111.	31.	
WI ORI					25.0	-124.	7.				
· · · · · · · · · · · · · · · · · · ·	PAYOU	T (YEARS)	12.7	3.3		,					
100.00000 80.99870 80.99870 JUN 1990				RATE OF RETURN (%)							
COMMODI	TY PRICES	S			INVESTME	NTS (M\$) -		CASI	1 FLOW (M\$) -		
	BEG	END	AVG			GROSS	NET			NET	
OIL (\$/BBL)		0.00	0.00	LEASE	HOLD	0.	0.	TOTAL REVENUES		487.	
GAS (\$/MCF)	1.35	1.42	1.43	DRY H	OLE	0.	0.	EXPENSES:			
NGL (\$/BBL)	0.00	0.00	0.00					OPEX (LO)	81.	
SULPHUR (\$/TON)	0.00	0.00	0.00	DRILL	ING	0.	0.	WORKOVER		Û.	
				COMPL	ETION	0.	0.	PLANT		0.	
\$EQUIV BOE RATIO	6.00	6.00	6.00	PLATE	ORM	0.	0.	SEV & ADV	AL TAXES	71.	
					ITIES	0.	0.	INDIRECT		13.	
UNIT COST PERFORMANCE			PIPELINE		0.	0.	OVERHEAD		19.		
		ROSS		PLANT			0.	NET ABANG		0.	
				GATHE		0.	0.	WET ADAM	, JAL 4	٠.	
OPEX (\$/BOE)		1.16	1.43	GATTIC	KING	٠.	٠.	NET INVESTMENTS		239.	
OPEX (\$/BO\$E)			4.08	Misc	INTAN	167.	167.	ACT THACSTHEM!	,	237.	
F&D (\$/BOE)			4.22	MISC		72.	72.	BTAX CASH FLOW		63.	
			11.98	11130	i An	72.	16.	INCOME TAXES PA			
		9.70	4.96		TOTAL	270	270			-218.	
ATAX CF (\$/BOE)					TOTAL	239.	239.			282.	
ATAX CF (\$/BO\$E)			14.11	DISC	ର 10.0%	237.	237.	ATAX DISC @ 10	3.0%	108.	
								ASSUMPTIONS & REM	ARKS		
					ET						
	REMA			REMAIN	ULT						
OII (MDDIS)					0.						
OIL (MBBLS)											
			420.								
NGL (MBBLS)		0.	0.	0.							
SULPHUR (MTONS)		0.	0.	0.	0.						
EQUIVALENT RESERVES	:										
BTU (MBOE)		70.	70.	57.	57.						
VALUE (MBOSE)		25.	25.	20.	20.						
INITIAL RATE:											
OIL (BBLS/DAY)		0.					GLOBAL FI	LES: 1= \$UNOCAL1	2= \$UNOCAL2)	
GAS (MCF/DAY)		224.					ALTKEY: U	SA			
DATE: 04/20/9	71	TIME: 0	9:05:14	RPT F	ILE: 4	PG #	9	PRJ FILE: P.A.	EVAL	. # 8	

F:P.A. VAL #: 8

UNOCAL North American Oil & Gas Division Economic Report Summary AS OF JUN 1, 1990

DATE: 04/20/91 TIME: 09:05:14

PAGE: 10

AME : RINCON U. #273 - FT TAXCR :ELD : BASIN FRUITLAND COAL

TY, STATE: NEW MEXICO ORMATION : FRUITLAND COAL

PERATOR : UNOCAL

	CROSE PROP	NET VOLUME	CDOCC CAC	NET GAS	NET EQ PROD	ECCECTIVE	NET REV	EFFECTIVE	NET CAC	NET TOTAL
	GROSS PROD	OIL + COND		VOLUME	(RE: BOE)		OIL + COND		NET GAS REVENUE	NET TOTAL REVENUE
		MBBLS								
7MO) 1990	0.0	0.0	26.9	21.8		0.00	0.0	1.65	35.9	35.9
1991	0.0		42.4	34.3	-	0.00	0.0	1.42	48.6	48.6
1992	0.0		31.1	25.2		0.00	0.0	1.42	35.6	35.6
1993	0.0	=	27.4	22.2		0.00	0.0	1.42	31.4	31.4
1994	0.0	0.0	24.8	20.0		0.00	0.0	1.42	28.4	28.4
1995	0.0	0.0	22.9	18.6	3.1	0.00	0.0	1.42	26.3	26.3
1996	0.0		21.3	17.3	2.9	0.00	0.0	1.42	24.4	24.4
1997	0.0	0.0	19.9	16.1	2.7	0.00	0.0	1.42	22.8	22.8
1998	0.0	0.0	18.8	15.3	2.5	0.00	0.0	1.42	21.6	21.6
1999	0.0	0.0	17.9	14.5	2.4	0.00	0.0	1.42	20.5	20.5
2000	0.0	0.0	17.0	13.8	2.3	0.00	0.0	1.42	19.5	19.5
2001	0.0	0.0	16.1	13.1	2.2	0.00	0.0	1.42	18.5	18.5
2002	0.0	0.0	15.3	12.4	2.1	0.00	0.0	1.42	17.6	17.6
2003	0.0	0.0	14.6	11.8	2.0	0.00	0.0	1.42	16.7	16.7
2004	0.0	0.0	13.8	11.2	1.9	0.00	0.0	1.42	15.9	15.9
SUB TOTAL	0.0	0.0	330.2	267.5	44.6	0.00	0.0	1.43	383.8	383.8
REMAINDER	0.0	0.0	89.8	72.7	12.1	0.00	0.0	1.42	102.9	102.9
OT 22.8 YR	0.0	0.0	420.0	340.2	56.7	0.00	0.0	1.43	486.8	486.8
	NET LOS	NET.	NET TOTAL	NET 70741	NET ADMIN	NET TOTAL	BYAV	INCOME	474	
	NET LOE	NET .	NET TOTAL	NET TOTAL			BTAX	INCOME	ATAX	CUM ATAX
	(FIX + VAR)	WORKOVR EXP	DIRECT EXP	TAXES	EXPENSE	INVESTMENT	CASHFLOW	TAXES PAID	CASHFLOW	CASHFLOW
7MO \ 1990	(FIX + VAR)	WORKOVR EXP	DIRECT EXP	TAXES	EXPENSE	INVESTMENT	CASHFLOW	TAXES PAID	CASHFLOW	CASHFLOW
7MO)1990	(FIX + VAR) M\$ 1.5	WORKOVR EXP	DIRECT EXP M\$ 1.5	TAXES M\$ 4.8	EXPENSE M\$ 0.6	INVESTMENT #M 239.0	CASHFLOW M\$ -210.0	TAXES PAIDM\$	CASHFLOW M\$ -149.5	CASHFLOW M\$ -149.5
1991	(FIX + VAR)M\$ 1.5 3.6	WORKOVR EXP M\$ 0.0 0.0	DIRECT EXP M\$ 1.5 3.6	TAXES M\$ 4.8 7.1	EXPENSE M\$ 0.6 1.4	INVESTMENT M\$ 239.0 0.0	CASHFLOW M\$ -210.0 36.5	TAXES PAID M\$ -60.5 -30.7	CASHFLOW M\$ -149.5 67.2	CASHFLOW M\$ -149.5 -82.3
1991 1992	(FIX + VAR)M\$ 1.5 3.6 3.6	WORKOVR EXP M\$ 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6	TAXES M\$ 4.8 7.1 5.2	EXPENSE M\$ 0.6 1.4 1.4	INVESTMENT M\$ 239.0 0.0	CASHFLOW M\$ -210.0 36.5 25.4	TAXES PAID M\$ -60.5 -30.7 -23.9	CASHFLOW M\$ -149.5 67.2 49.3	CASHFLOW M\$ -149.5 -82.3 -33.1
1991 1992 1993	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6	WORKOVR EXP M\$ 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6	TAXES M\$ 4.8 7.1 5.2 4.6	EXPENSE M\$ 0.6 1.4 1.4	INVESTMENT M\$ 239.0 0.0 0.0	CASHFLOW M\$ -210.0 36.5 25.4 21.8	TAXES PAID M\$ -60.5 -30.7 -23.9 -20.9	CASHFLOW M\$ -149.5 67.2 49.3 42.7	CASHFLOW M\$ -149.5 -82.3 -33.1 9.7
1991 1992	(FIX + VAR)M\$ 1.5 3.6 3.6	WORKOVR EXP M\$ 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2	EXPENSE M\$ 0.6 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0	CASHFLOW M\$ -210.0 36.5 25.4 21.8 19.2	TAXES PAID M\$ -60.5 -30.7 -23.9 -20.9 -18.8	CASHFLOW M\$ -149.5 67.2 49.3 42.7 38.0	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7
1991 1992 1993 1994	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6	WORKOVR EXP M\$ 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6	TAXES M\$ 4.8 7.1 5.2 4.6	EXPENSE M\$ 0.6 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOW M\$ -210.0 36.5 25.4 21.8	TAXES PAIDM\$60.5 -30.7 -23.9 -20.9 -18.8 -16.5	CASHFLOW M\$ -149.5 67.2 49.3 42.7 38.0 33.9	CASHFLOW M\$ -149.5 -82.3 -33.1 9.7 47.7 81.5
1991 1992 1993 1994 1995	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6	WORKOVR EXP M\$ 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2 3.9	EXPENSE M\$ 0.6 1.4 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOW M\$ -210.0 36.5 25.4 21.8 19.2 17.4	TAXES PAID M\$ -60.5 -30.7 -23.9 -20.9 -18.8	CASHFLOWM\$149.5 67.2 49.3 42.7 38.0 33.9 29.4	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7 81.5 110.9
1991 1992 1993 1994 1995 1996	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6	WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2 3.9 3.6	EXPENSE M\$ 0.6 1.4 1.4 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$210.0 36.5 25.4 21.8 19.2 17.4 15.8	TAXES PAIDM\$60.5 -30.7 -23.9 -20.9 -18.8 -16.5 -13.5	CASHFLOWM\$149.5 67.2 49.3 42.7 38.0 33.9 29.4 26.1	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7 81.5 110.9 137.0
1991 1992 1993 1994 1995 1996 1997	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6	WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2 3.9 3.6 3.3	EXPENSE M\$ 0.6 1.4 1.4 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$210.0 36.5 25.4 21.8 19.2 17.4 15.8 14.4	TAXES PAIDM\$60.5 -30.7 -23.9 -20.9 -18.8 -16.5 -13.5 -11.7	CASHFLOWM\$149.5 67.2 49.3 42.7 38.0 33.9 29.4 26.1 23.4	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7 81.5 110.9 137.0 160.4
1991 1992 1993 1994 1995 1996 1997	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2 3.9 3.6 3.3 3.2	EXPENSE M\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$210.0 36.5 25.4 21.8 19.2 17.4 15.8 14.4 13.4	TAXES PAIDM\$60.5 -30.7 -23.9 -20.9 -18.8 -16.5 -13.5 -11.7 -10.0	CASHFLOWM\$149.5 67.2 49.3 42.7 38.0 33.9 29.4 26.1	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7 81.5 110.9 137.0
1991 1992 1993 1994 1995 1996 1997 1998 1999	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2 3.9 3.6 3.3 3.2 3.0	EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$210.0 36.5 25.4 21.8 19.2 17.4 15.8 14.4 13.4 12.5	TAXES PAIDM\$60.5 -30.7 -23.9 -20.9 -18.8 -16.5 -13.5 -11.7 -10.0 -9.6	CASHFLOWM\$149.5 67.2 49.3 42.7 38.0 33.9 29.4 26.1 23.4 22.1	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7 81.5 110.9 137.0 160.4 182.5
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2 3.9 3.6 3.3 3.2 3.0 2.9	EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$210.0 36.5 25.4 21.8 19.2 17.4 15.8 14.4 13.4 12.5 11.6	TAXES PAIDM\$60.5 -30.7 -23.9 -20.9 -18.8 -16.5 -13.5 -11.7 -10.0 -9.6 -9.2	CASHFLOWM\$149.5 67.2 49.3 42.7 38.0 33.9 29.4 26.1 23.4 22.1 20.8	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7 81.5 110.9 137.0 160.4 182.5 203.4
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2 3.9 3.6 3.3 3.2 3.0 2.9 2.7	EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$210.0 36.5 25.4 21.8 19.2 17.4 15.8 14.4 13.4 12.5 11.6 10.8	TAXES PAIDM\$60.5 -30.7 -23.9 -20.9 -18.8 -16.5 -13.5 -11.7 -10.0 -9.6 -9.2 -8.9	CASHFLOWM\$149.5 67.2 49.3 42.7 38.0 33.9 29.4 26.1 23.4 22.1 20.8 19.6	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7 81.5 110.9 137.0 160.4 182.5 203.4 223.0 241.5
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2 3.9 3.6 3.3 3.2 3.0 2.9 2.7 2.6	EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$210.0 36.5 25.4 21.8 19.2 17.4 15.8 14.4 13.4 12.5 11.6 10.8 10.0	TAXES PAIDM\$60.5 -30.7 -23.9 -20.9 -18.8 -16.5 -13.5 -11.7 -10.0 -9.6 -9.2 -8.9 -8.5	CASHFLOWM\$149.5 67.2 49.3 42.7 38.0 33.9 29.4 26.1 23.4 22.1 20.8 19.6 18.5	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7 81.5 110.9 137.0 160.4 182.5 203.4 223.0
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2 3.9 3.6 3.3 3.2 3.0 2.9 2.7 2.6 2.5	EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$210.0 36.5 25.4 21.8 19.2 17.4 15.8 14.4 13.4 12.5 11.6 10.8 10.0 9.2	TAXES PAIDM\$60.5 -30.7 -23.9 -20.9 -18.8 -16.5 -13.5 -11.7 -10.0 -9.6 -9.2 -8.9 -8.5 3.5	CASHFLOWM\$149.5 67.2 49.3 42.7 38.0 33.9 29.4 26.1 23.4 22.1 20.8 19.6 18.5 5.7	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7 81.5 110.9 137.0 160.4 182.5 203.4 223.0 241.5 247.2
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004	(FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 4.8 7.1 5.2 4.6 4.2 3.9 3.6 3.3 3.2 3.0 2.9 2.7 2.6 2.5 2.3	EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4	INVESTMENTM\$ 239.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$210.0 36.5 25.4 21.8 19.2 17.4 15.8 14.4 13.4 12.5 11.6 10.8 10.0 9.2 8.5	TAXES PAIDM\$60.5 -30.7 -23.9 -20.9 -18.8 -16.5 -13.5 -11.7 -10.0 -9.6 -9.2 -8.9 -8.5 3.5 3.2	CASHFLOWM\$149.5 67.2 49.3 42.7 38.0 33.9 29.4 26.1 23.4 22.1 20.8 19.6 18.5 5.7 5.3	CASHFLOWM\$149.5 -82.3 -33.1 9.7 47.7 81.5 110.9 137.0 160.4 182.5 203.4 223.0 241.5 247.2 252.5

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UNOCAL North American Oil & Gas Division Economic Report Summary AS OF JUN 1, 1990

DATE: 04/20/91 TIME: 09:05:15

PAGE: 11

ME : RINCON U. #273 - FT TAXCR

ELD : BASIN FRUITLAND COAL

TY, STATE: NEW MEXICO PRMATION : FRUITLAND COAL

ERATOR : UNOCAL

2001

2002 2003

2004

OT 22.8 YR

SUB TOTAL REMAINDER

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ERATOR	: UNOCAL									
	INVESTMENT	OPER EXP	NUMBER GROSS WELLS	VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	SULPHUR		+TREAT+COMP	& SALVAGE
7.10.1000						0.0	0.0		M\$	
7MO)1990	239.0			0.0		0.0	0.0	0.0		0.0
1991	0.0			0.0			0.0	0.0		0.0
1992	0.0			0.0		0.0		0.0		0.0
1993	0.0			0.0		0.0	0.0			0.0
1994	0.0			0.0	0.00	0.0	0.0			0.0
1995	0.0			0.0	0.00	0.0	0.0	0.0		0.0
1996	0.0			0.0	0.00	0.0	0.0			0.0
1997	0.0			0.0	0.00	0.0	0.0	0.0		0.0
1998	0.0			0.0	0.00	0.0	0.0	0.0		0.0
1999	0.0			0.0	0.00	0.0	0.0	0.0		0.0
2000	0.0			0.0	0.00	0.0	0.0	0,0		0.0
2001	0.0			0.0		0.0	0.0	0.0		0.0
2002	0.0			0.0	0.00	0.0	0.0	0.0		0.0
2003	0.0			0.0	0.00	0.0	0.0	0.0		0.0
2004	0.0			0.0		0.0	0.0	0.0		0.0
SUB TOTAL	239.0			0.0		0.0	0.0	0.0		0.0
REMAINDER	0.0			0.0		0.0	0.0			0.0
77 22.8 YR	239.0	81.3	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
	NET	NET	NET			NET			XAT	IDC
		DRY HOLE			FACILITIES					
									M\$	· · · ·
7MO)1990	0.0			0.0		0.0	0.0	10.3		4.2
1991	0.0			0.0		0.0		17.6		10.0
1992	0.0			0.0		0.0				10.0
1993	0.0			0.0		0.0	0.0	9.0		10.0
1994	0.0			0.0		0.0	0.0			10.0
1995	0.0			0.0		0.0	0.0			5.8
1996	0.0			0.0		0.0	0.0			0.0
1997	0.0			0.0		0.0	0.0			0.0
1998	0.0			0.0		0.0	0.0			0.0
1999	0.0			0.0		0.0	0.0			0.0
2000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

f:P.A. /AL #: 8

UNOCAL North American Oil & Gas Division Economic Report Summary AS OF JUN 1, 1990

DATE: 04/20/91 TIME: 09:05:16 PAGE: 12

ME: RINCON U. #273 - FT TAXCR
TELD: BASIN FRUITLAND COAL

MIY, STATE: NEW MEXICO ORMATION : FRUITLAND COAL FERATOR : UNOCAL

	TEMP	TEMP	TEMP	TEMP	NET CREDITS
	#1	#2	#5	#6	INPUT
-		· · · · · · · · · · · · · · · · · · ·			M\$
7MO)1990	31733.7	21.6	0.840	0.000	21.6
1991	50040.9	34.0	0.840	0.000	34.0
1992	36659.3	24.9	0.840	0.000	24.9
1993	32322.6	22.0	0.840	0.000	22.0
1994	29206.0	19.9	0.840	0.000	19.9
1995	27047.4	18.4	0.840	0.000	18.4
1996	25154.1	17.1	0.840	0.000	17.1
1997	23454.2	16.0	0.840	0.000	16.0
1998	22221.2	15.1	0.840	0.000	15.1
1999	21110.1	14.4	0.840	0.000	14.4
2000	20054.6	13.6	0.840	0.000	13.6
2001	19051.9	13.0	0.840	0.000	13.0
2002	18099.3	12.3	0.840	0.000	12.3
2003	17194.3	0.0	0.000	0.000	0.0
2004	16334.6	0.0	0.000	0.000	0.0
SUB TOTAL	389684.2	242.3	0.840	0.000	242.3
REMAINDER	106212.7	0.0	0.000	0.000	0.0
OT 22.8 YR	495896.9	242.3	0.840	0.000	242.3

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LOBAL FILE: SUNOCAL1
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             JUN 1990 JUN 1990 AUG 1990
0 DATES
NAME
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               "BASIN FRUITLAND COAL
 FIELD
               "NEW MEXICO
 . CNTYSTATE
 FORMATION
               "FRUITLAND COAL
              "UNOCAL
 ) OPERATOR
 ECONOMICS ELIM
  OWNERSHIP 1. 0.809987
               "PROD DECLINE BASED ON AVG WELL CASE
 ±0 COMMENT
                "FIRST 6 MONTHS = ACTUAL PROD.
 JO COMMENT
                         MON 6.942 6.417 4.122 4.04 5.372 4.371
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                          EXP * * * 60. 2.
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                         EXP * * * 28. 14.
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                         MON 1.14 1.37 1.77 1.64 1.29
20 PRGAS
                   Ρ
               JAN 1991 CON 1.2
30 PRGAS
               1.18 PRGAS
90 FACTOR
                "18% BTU ADJUSTMENT
00 COMMENT
                          CON 300.
10 LOETOT
                          CON 3.5
20 AVALPS
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O COMMENT
               "TO 2003
O COMMENT
0 TEMP1
                         CON 0.
O CADD
               TEMP1 GPROD
             1000. TEMP1
0 FACTOR
              1.18 TEMP1
O FACTOR
               JAN 1990 CON 0.84
70 TEMPS
               JAN 2003 CON 0.
30 TEMP5
0 CADD
               TEMP2 TEMP1
               TEMP5 TEMP2
JO CFACTOR
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20 CADD
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.70 ULTIMATE
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LOBAL FILE: \$UNOCAL2



APPLICATION TO EXPAND THE BASIN FRUITLAND COAL GAS PARTICIPATING AREA - RINCON UNIT - RIO ARRIBA COUNTY, NEW MEXICO

Duane Spencer Chief of Reservoir Management Bureau of Land Management - Minerals Division 1235 La Plata Highway Farmington, New Mexico 87401

Union Oil Company of California, as unit operator of the Rincon Unit, respectfully submits for your approval the following described lands to constitute expansion to the participating area for the Basin Fruitland Coal Gas producing formation, to wit:

TOWNSHIP 27 NORTH, RANGE 7 WEST, N.M.P.M.

Section 13: South/2

Containing 320 acres, more or less

In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 1) Structure Top Basin Fruitland Coal Gas Formation
- 2) Basin Fruitland Coal Gas Formation Gross Isopach
- 3) Type Log
- 4) Land Map Rincon Unit
- 5) Rincon Unit #277 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #277 Fruitland Coal Gas Economics
- 7) Schedule of Lands and Working Interest Ownership in the expansion to the Basin Fruitland Coal Gas Participating Area (Participation Allocation Formula)
- 8) Applicant's Statement and Affidavit

This application is predicated on six months of actual production history from the Rincon Unit #277 well which first delivered on August 9, 1990.

Applicant respectfully requests your approval of the hereinabove selection of lands to constitute the expansion to the Basin Fruitland Coal Gas Formation participating area, to be effective August 9, 1990.

Dated this 31st day of May, 1991

Bill Hering

District Petroleum Engineer

Union Oil Company of California

Well Summary

Well Name: Rincon Unit #277

Location: 1034'FSL, 1677'FWL, Sec 13, T27N, R7W

Elevation: 6718' GL Total Depth: 3300' Lease Number: SF-079298

Pool/Formation: Basin Fruitland Coal Gas

Spud Date: 5-31-90

Completion Date: 6-12-90 1st Delivery Date: 8-9-90

Perf'd Interval: 3139-3142,3147-3151,3157-3162,3165-3171,

3177-3182,3205-3207,3216-3218,3220-3223,3225-

3240

Geologic Summary

The Fruitland Formation was deposited in a coastal plain environment landward of the Pictured Cliffs strandline. It consists of shales, siltstones, sandstones and coal. The coals were deposited in low-lying areas such as lagoons, swamps and bayous behind the barrier islands, bars, and beaches of the Pictured Cliffs sandstone. The coal is best developed in the basal Fruitland, and extends aerially over the entire basin with the exception of a small region on the eastern margin. Net coal varies from 20 to 80 feet thick with the thickest sections being in the north-central part of the basin. The Rincon Unit coals range in thickness from 30 to 70 feet and in some areas of the unit are split into an upper and a basal coal zone. The coal itself is considered High Volatile C Bituminous in rank. Regional dip is 1 to 2 degrees to the northeast, and structure does not appear to be a factor in natural gas entrapment anywhere in the area of the unit.

Engineering Summary

The Rincon Unit #277 was drilled and completed by Union Oil Company of California as a Basin Fruitland Coal Gas producer in 1990. Surface pipe measuring 8-5/8" was set at 362 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 3298 feet and cemented in two stages to surface with 900 sacks cement. After drilling out to PBTD of 3294', the lower coal zone was perforated from 3205' to 3240' with 2 shots per foot and the upper coal zone from 3139' to 3182' with 4 shots per foot and fracture stimulated with 300,000# 20/40 sand, 1.44 MMSCF/N2 and 32,353 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 332 MCFD and 700 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on August, 9 1990. The current deliverability for the well against a 150# line pressure is 38 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.46 Bcf.

Net Pay: 50 ft

Drainage area: 160 acres Gas Content: 164 SCF/ton

Tonnage Factor: 2078 tons/acre-feet (from density log)

Recovery Factor: 17%

Economics

Completion Cost: \$275,000 Royalty Burden: 19.00% Gas Price: \$1.20/MMBTU Operating Cost: \$300/month

Tax Credit: \$0.84/MMBTU constant

Production Rate: Maximum - 150 MCFD, Current - 50 MCFD

No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 9.5 years. Compared with net total revenue this Basin Fruitland Coal Gas well produces in economic quantities above operating costs.

STATE OF NEW MEXICO

COUNTY OF SAN JUAN

APPLICANT'S STATEMENT AND AFFIDAVIT

BEFORE ME, the undersigned authority on this day personally appeared Bill Hering, District Petroleum Engineer, known to me to be the person whose name is subscribed to this instrument, who, having been by me first duly sworn, upon oath states as follows:

- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the S/2 Section 13, T27N-R7W, comprising 320 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied is true.
- 3) That notice of this application has been mailed or delivered to the Rincon Unit working interest owners in accordance with the unit agreement and the unit operating agreement.
- 4) That he certifies that the information and data contained in the application are true and correct and that all copies of records or summaries of such records relied upon in the application are true, correct and authentic copies of documents on file in the offices of Union Oil Company of California.
- 5) That he is of lawful age, that he is a responsible official of Union, that he is duly authorized to make this Statement and Affidavit on behalf of Union, that he has knowledge of the facts contained herein, that this Statement and Affidavit is true and correct, and that he adopts the allegations herein as his sworn statement.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of May 31, 1991.

Notary Public in and for San Juan County, New Mexico

My Commission Expires:

