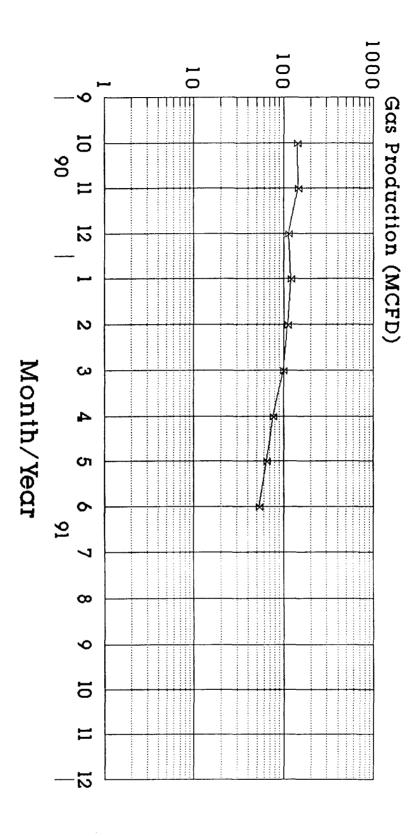
RINCON UNIT #246 RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

—¥— Gαs

UNOCAL North American Oil & Gas Division Economic Report Summary

LOCATION:

DISTRICT: Farmington CNTYSTATE: New Mexico REGION: Southwestern

PROJECT NAME: RINCON U. #246 - FT TAXCR

BUDGET CATEGORY: BUDGET PRIORITY: EFFECTIVE DATE: FEB 0

PROPOSED BY :

IDENTIFICATION								PRESENT WORTH PROFILE			
							X ATAX				
FIELD : BASIN FRUITLAND COAL							DISCOUNT	BTAX	(
LSE/BLOCK :					SCOUNTED		6 0.17	RATE (%)	(M\$)	(M\$)	
FORMATION : FRUI		a 10.0%		3 -0.16							
TOTAL DEPTH:		a 15.0%		7 -0.25	0.0	-164.	49.				
OPERATOR : Unoc	INV EF	F RATIO (I	ER):		5.0	- 194 .	-9.				
AFE # :					SCOUNTED		6 0.20	10.0	-212.	-47.	
LIFE (YRS) : 29.8	3			DISC	a 10.0%	-0.73	3 -0.20	15.0	-223.	-73.	
				0210	ପ 15.0%	-0.7	7 -0.31	20.0	-231.	-93.	
WI ORI	I GRI		DATE					25.0	-236.	-107.	
100.00000 80.99	9870 80.99	870 JI	UL 1990	PAYOUT	(YEARS)	*	9.3				
				RATE C	OF RETURN (%) -1000.0	0 4.1	DISCOUNT DAT			
COMMC	ODITY PRICES				- INVESTME	NTS (M\$)		CASI	i FLOW (MS) -		
COT IT	BEG	END	AVG				NET	3/101		NET	
OIL (\$/BBL)		0.00			(OLD	0.	0.	TOTAL REVENUES		314.	
		1.42					0.			3141	
NGL (\$/BBL)		0.00)LL	٠.	٠.	OPEX (LOE	: \	106.	
SULPHUR (\$/TON)	0.00	0.00			NC.	0.	0.			0.	
SULPHUK (S) TUN)	0.00	0.00	0.00			0.	0.			0.	
#F01111 POF DATIO	(00		4 00	COMPLE					/A1 TAVES		
\$EQUIV BOE RATIO	6.00	6.00	6.00			0.	0.		/AL TAXES	46.	
				FACILI		0.	0.			9.	
UNIT COST PERFORMANCE						0.	0.	OVERHEAD		23.	
		coss	NET	PLANT		0.	0.	NET ABAND)/SALV	0.	
				GATHER	RING	0.	0.				
OPEX (\$/BOE)		2.33	2.87					NET INVESTMENTS	5	294.	
OPEX (\$/BO\$E)		5.73	7.08	MISC I		206.					
F&D (\$/BOE)		6.44	7.95 19.59	MISC T	AN	88.	88.	BTAX CASH FLOW		-164.	
F&D (\$/BO\$E)	. 1	5.87						INCOME TAXES PA	VID.	-213.	
ATAX CF (\$/BOE)			1.31		OTAL					49.	
ATAX CF (\$/BO\$E)			3.23	DISC &	10.0%	292.	292.	ATAX DISC @ 10	0.0%	-47.	
	DECEDA	15 6 8 DI	PODLICT LON					ASSUMPTIONS & REM	MDVC -		
				NE				ASSORPTIONS & KEP	IAKKS		
	REMA		ULT		ULT						
	KLIIA			REMAIN							
OIL (MBBLS)				0.							
· · · · · · · · · · · · · · · · · · ·				222.							
GAS (MMCF) NGL (MBBLS)											
SULPHUR (MTONS)		0.	0.	0.	0.						
EQUIVALENT RESERV			_								
BTU (MBOE)		46.	46.	37.	37.						
VALUE (MBO\$E	E)	19.	19.	15.	15.						
INITIAL RATE:											
OIL (BBLS/DAY))	0.					GLOBAL FI	LES: 1= \$UNOCAL1	2= \$UNOCAL	?	
GAS (MCF/DAY)		142.					ALTKEY: U				
DATE: 09/26	5/91	TIME:	09:47:31	RPT FI	LE: 4	PG #	1	PRJ FILE: P.A.	EVAL	# 30	

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              JUL 1990 JUL 1990 OCT 1990
20 DATES
                "RINCON U. #246 - FT TAXCR
30 NAME
                                               н
40 FIELD
                "BASIN FRUITLAND COAL
                "NEW MEXICO
50 CNTYSTATE
                "FRUITLAND COAL
60 FORMATION
                                               83
70 OPERATOR
                "UNOCAL
               ELIM
30 ECONOMICS
               1. 0.809987
90 OWNERSHIP
120 COMMENT
                 "PROD DECLINE BASED ON AVG WELL CASE
                 "FIRST 9 MONTHS = ACTUAL PROD.
130 COMMENT
                           MON 4.407 4.319 3.484 3.707 2.749 3.057 2.198 1.997 1.577
140 GPROD
                     Ρ
170 GPROD
                           EXP * * * 10. 22.
                           EXP * * * 7. 36.
180 GPROD
                           EXP * * * 5.
                     *
190 GPROD
                           MON 88200. 0. 0. 0.
210 TAN
                     I
                           MON 205800. 0.
220 INTAN
                     I
230 COMMENT
                 "FIRST 9 MONTHS = ACTUAL GAS PRICES
                           MON 1.27 1.61 1.66 1.45 0.95 0.75 0.74 0.73 0.76
240 PRGAS
                     Ρ
260 PRGAS
                           CON 1.2
                 1.18 PRGAS
290 FACTOR
310 LOETOT
                     Ρ
                          CON 300.
                           CON 3.5
320 AVALPS
*** START OF INSERT FILE C1-TAX
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10 COMMENT
20 COMMENT
                 "$.84 1990, $.92 1991-2003
                * CON
TEMP1 GPROD
30 TEMP1
                        CON 0.
40 CADD
50 FACTOR
                1000. TEMP1
60 FACTOR
               1.18 TEMP1
                JAN 1990 CON 0.84
70 TEMP5
                JAN 1991 CON 0.92
80 TEMP5
90 TEMP5
                JAN 2003 CON 0.
                 TEMP2 TEMP1
100 CADD
110 CFACTOR
                 TEMP5
                         TEMP2
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120 FACTOR
130 CADD
                 TAXCR TEMP2
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u 09/26/91 09:46:52

GLOBAL FILE: \$UNOCAL2

GLOBAL FILE: \$UNOCAL1

EVALUATION #30 IN PROJECT FILE "P.A.

PF:P.A. EVAL #: 30

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

DATE: 09/26/91 TIME: 09:47:32 PAGE: 2

NAME : RINCON U. #246 - FT TAXCR FIELD : BASIN FRUITLAND COAL CNTY, STATE: NEW MEXICO FORMATION : FRUITLAND COAL OPERATOR : UNOCAL

	OIL + COND	NET VOLUME OIL + COND	PRODUCTION	VOLUME	NET EQ PROD (RE: BOE)	O+C PRICE	NET REV OIL + COND		NET GAS REVENUE	NET TOTAL REVENUE
			MMCF			. (
(6MO)1990	0.0		12.2	9.9	1.6	0.00	0.0	1.77	17.5	17.5
1991	0.0		24.5	19.8	3.3	0.00	0.0	1.23	24.5	24.5
1992	0.0	0.0	17.0	13.8	2.3	0.00	0.0	1.42	19.5	19.5
1993	0.0		15.4	12.5	2.1	0.00	0.0	1.42	17.7	17.7
1994	0.0		14.3	11.6	1.9	0.00	0.0	1.42	16.4	16.4
1995	0.0		13.3	10.8	1.8	0.00	0.0	1.42	15.3	15.3
1996	0.0	0.0	12.5	10.1	1.7	0.00	0.0	1.42	14.3	14.3
1997	0.0	0.0	11.8	9.6	1.6	0.00	0.0	1.42	13.6	13.6
1998	0.0	0.0	11.2	9.1	1.5	0.00	0.0	1.42	12.9	12.9
1999	0.0	0.0	10.7	8.6	1.4	0.00	0.0	1.42	12.2	12.2
2000	0.0	0.0	10.1	8.2	1.4	0.00	0.0	1.42	11.6	11.6
2001	0.0	0.0	9.6	7.8	1.3	0.00	0.0	1.42	11.0	11.0
2002	0.0	0.0	9.1	7.4	1.2	0.00	0.0	1.42	10.5	10.5
2003	0.0	0.0	8.7	7.0	1.2	0.00	0.0	1.42	10.0	10.0
2004	0.0	0.0	8.3	6.7	1.1	0.00	0.0	1.42	9.5	9.5
SUB TOTAL	0.0	0.0	188.9	153.0	25.5	0.00	0.0	1.42	216.6	216.6
REMAINDER	0.0	0.0	85.1	68.9	11.5	0.00	0.0	1.42	97.6	97.6
TOT 29.8 YR	0.0	0.0	274.0	221.9	37.0	0.00	0.0	1.42	314.2	314.2
	WET 1.05		NET TOTAL		NET ADMIN	NET TOTAL	5744	****		
	NET LOE	NET	NET TOTAL	NET TOTAL		NET TOTAL	BTAX	INCOME	ATAX	CUM ATAX
	(FIX + VAR)	WORKOVR EXP	DIRECT EXP	TAXES	EXPENSE	INVESTMENT	CASHFLOW	TAXES PAID	CASHFLOW	CASHFLOW
/ (HO) 1000	(FIX + VAR)	WORKOVR EXP	DIRECT EXP	TAXES	EXPENSE	INVESTMENT	CASHFLOW	TAXES PAID	CASHFLOW	CASHFLOW
(6MO)1990	(FIX + VAR)M\$ 0.9	WORKOVR EXP	DIRECT EXP M\$ 0.9	TAXES M\$ 2.2	EXPENSEM\$	INVESTMENT M\$ 294.0	CASHFLOW M\$ -279.9	TAXES PAIDM\$	CASHFLOW M\$ -214.7	CASHFLOW M\$ -214.7
1991	(FIX + VAR) M\$ 0.9 3.6	WORKOVR EXP M\$ 0.0 0.0	DIRECT EXP M\$ 0.9 3.6	TAXES M\$ 2.2 3.9	EXPENSE M\$ 0.3 1.1	INVESTMENT M\$ 294.0 0.0	CASHFLOW M\$ -279.9 15.9	TAXES PAIDM\$65.1 -28.4	CASHFLOW M\$ -214.7 44.3	CASHFLOW M\$ -214.7 -170.5
1991 1992	(FIX + VAR)M\$ 0.9 3.6 3.6	WORKOVR EXP M\$ 0.0 0.0 0.0	DIRECT EXP M\$ 0.9 3.6 3.6	TAXES M\$ 2.2 3.9 2.9	EXPENSE M\$ 0.3 1.1	INVESTMENT M\$ 294.0 0.0	CASHFLOW M\$ -279.9 15.9 12.0	TAXES PAIDM\$65.1 -28.4 -21.0	CASHFLOW M\$ -214.7 44.3 33.0	CASHFLOW M\$ -214.7 -170.5 -137.5
1991 1992 1993	(FIX + VAR)M\$ 0.9 3.6 3.6 3.6	WORKOVR EXP M\$ 0.0 0.0 0.0	DIRECT EXP M\$ 0.9 3.6 3.6 3.6	TAXES M\$ 2.2 3.9 2.9 2.6	EXPENSE M\$ 0.3 1.1 1.1	INVESTMENT M\$ 294.0 0.0 0.0	CASHFLOW M\$ -279.9 15.9 12.0 10.4	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5	CASHFLOW M\$ -214.7 44.3 33.0 28.9	CASHFLOW M\$ -214.7 -170.5 -137.5 -108.6
1991 1992 1993 1994	(FIX + VAR)M\$ 0.9 3.6 3.6 3.6 3.6	WORKOVR EXP M\$ 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 0.9 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4	EXPENSE M\$ 0.3 1.1 1.1 1.1	INVESTMENT M\$ 294.0 0.0 0.0 0.0	CASHFLOW M\$ -279.9 15.9 12.0 10.4 9.3	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7	CASHFLOW M\$ -214.7 44.3 33.0 28.9 26.1	CASHFLOW M\$ -214.7 -170.5 -137.5 -108.6 -82.5
1991 1992 1993 1994 1995	(FIX + VAR)M\$ 0.9 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\$ 0.9 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2	EXPENSE M\$ 0.3 1.1 1.1 1.1	INVESTMENT M\$ 294.0 0.0 0.0 0.0 0.0	CASHFLOW M\$ -279.9 15.9 12.0 10.4 9.3 8.4	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1	CASHFLOW M\$ -214.7 44.3 33.0 28.9 26.1 23.4	CASHFLOW M\$ -214.7 -170.5 -137.5 -108.6 -82.5 -59.0
1991 1992 1993 1994 1995 1996	(FIX + VAR)M\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6	WORKOVR EXP M\$ 0.0 0.0 0.0 0.0 0.0 0.0	DIRECT EXP M\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1	EXPENSE M\$ 0.3 1.1 1.1 1.1 1.1	INVESTMENT M\$ 294.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1	CASHFLOW M\$ -214.7 44.3 33.0 28.9 26.1 23.4 18.6	CASHFLOW M\$214.7 -170.5 -137.5 -108.6 -82.5 -59.0 -40.4
1991 1992 1993 1994 1995 1996 1997	(FIX + VAR)M\$ 0.9 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	DIRECT EXP M\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1 2.0	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1	INVESTMENTM\$ 294.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5 6.9	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1 -9.3	CASHFLOW M\$ -214.7 44.3 33.0 28.9 26.1 23.4 18.6 16.2	CASHFLOW
1991 1992 1993 1994 1995 1996 1997 1998	(FIX + VAR)M\$ 0.9 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\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1 2.0 1.9	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1	INVESTMENTM\$ 294.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5 6.9 6.3	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1 -9.3 -7.5	CASHFLOW M\$ -214.7 44.3 33.0 28.9 26.1 23.4 18.6 16.2 13.8	CASHFLOW
1991 1992 1993 1994 1995 1996 1997 1998 1999	(FIX + VAR)M\$ 0.9 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\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1 2.0 1.9 1.8	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1	INVESTMENTM\$ 294.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5 6.9 6.3 5.8	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1 -9.3 -7.5 -7.2	CASHFLOW M\$ -214.7 44.3 33.0 28.9 26.1 23.4 18.6 16.2 13.8 13.0	CASHFLOW
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000	(FIX + VAR)M\$ 0.9 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\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1 2.0 1.9 1.8 1.7	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1	INVESTMENTM\$ 294.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5 6.9 6.3 5.8	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1 -9.3 -7.5 -7.2 -6.9	CASHFLOWM\$214.7 44.3 33.0 28.9 26.1 23.4 18.6 16.2 13.8 13.0 12.2	CASHFLOW
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001	(FIX + VAR)M\$ 0.9 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\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1 2.0 1.9 1.8 1.7 1.6	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1	INVESTMENTM\$ 294.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5 6.9 6.3 5.8 5.2 4.7	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1 -9.3 -7.5 -7.2 -6.9 -6.7	CASHFLOWM\$214.7 44.3 33.0 28.9 26.1 23.4 18.6 16.2 13.8 13.0 12.2 11.4	CASHFLOW
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002	(FIX + VAR)M\$ 0.9 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\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1 2.0 1.9 1.8 1.7 1.6 1.5	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1	INVESTMENTM\$ 294.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5 6.9 6.3 5.8 5.2 4.7 4.3	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1 -9.3 -7.5 -7.2 -6.9 -6.7	CASHFLOWM\$214.7 44.3 33.0 28.9 26.1 23.4 18.6 16.2 13.8 13.0 12.2 11.4 10.7	CASHFLOW
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003	(FIX + VAR)M\$ 0.9 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\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1 2.0 1.9 1.8 1.7 1.6 1.5 1.5	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1	INVESTMENTM\$ 294.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5 6.9 6.3 5.8 5.2 4.7 4.3 3.8	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1 -9.3 -7.5 -7.2 -6.9 -6.7 -6.4 1.5	CASHFLOWM\$214.7 44.3 33.0 28.9 26.1 23.4 18.6 16.2 13.8 13.0 12.2 11.4 10.7 2.4	CASHFLOW
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004	(FIX + VAR)M\$ 0.9 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\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1 2.0 1.9 1.8 1.7 1.6 1.5 1.5	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1	INVESTMENTM\$ 294.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5 6.9 6.3 5.8 5.2 4.7 4.3 3.8 3.4	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1 -9.3 -7.5 -7.2 -6.9 -6.7 -6.4 1.5 1.3	CASHFLOW	CASHFLOW
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 SUB TOTAL	(FIX + VAR)M\$ 0.9 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\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1 2.0 1.9 1.8 1.7 1.6 1.5 1.5 1.4 31.8	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1	INVESTMENTM\$ 294.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5 6.9 6.3 5.8 5.2 4.7 4.3 3.8 3.4 -175.9	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1 -9.3 -7.5 -7.2 -6.9 -6.7 -6.4 1.5 1.3 -217.1	CASHFLOW	CASHFLOW
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004	(FIX + VAR)M\$ 0.9 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\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 2.2 3.9 2.9 2.6 2.4 2.2 2.1 2.0 1.9 1.8 1.7 1.6 1.5 1.5	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1	INVESTMENTM\$ 294.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$279.9 15.9 12.0 10.4 9.3 8.4 7.5 6.9 6.3 5.8 5.2 4.7 4.3 3.8 3.4	TAXES PAIDM\$65.1 -28.4 -21.0 -18.5 -16.7 -15.1 -11.1 -9.3 -7.5 -7.2 -6.9 -6.7 -6.4 1.5 1.3	CASHFLOW	CASHFLOW

PF:P.A. EVAL #: 30

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

DATE: 09/26/91 TIME: 09:47:33 PAGE: 3

NAME : RINCON U. #246 - FT TAXCR FIELD : BASIN FRUITLAND COAL

CNTY, STATE: NEW MEXICO FORMATION : FRUITLAND COAL OPERATOR : UNOCAL

	INVESTMENT		GROSS WELLS		EFFECTIVE NGL PRICE	NET NGL REVENUE			NET TRANS +TREAT+COMP	
(6MO)1990	294.0				0.00	0.0	0.0	0.0		0.0
1991	0.0	3.6		0.0	0.00	0.0	0.0	0.0		0.0
1992	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0		0.0
1993	0.0		1.0	0.0	0.00	0.0	0.0	0.0		0.0
1994	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0		0.0
1995	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0		0.0
1996	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0		0.0
1997	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0		0.0
1998	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1999	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2000	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2001	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0		0.0
2002	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2003	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
2004	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	294.0	51.3	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	54.9	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 29.8 YR	294.0	106.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
	NET	NET	NET	NET	NET	NET	NET	TAX	TAX	IDC
	LEASEHOLD	DRY HOLE	DRILLING	COMPLETION	FACILITIES	PLATFORM	PIPELINE	DEPREC	DEPLETION	AMORT
	LEASEHOLD	DRY HOLE	DRILLING	COMPLETION	FACILITIES	PLATFORM	PIPELINE M\$	DEPREC	DEPLETION	AMORT
(6MO)1990	LEASEHOLD M\$ 0.0	DRY HOLEM\$	DRILLING M\$ 0.0	COMPLETION M\$ 0.0	FACILITIESM\$	PLATFORM M\$ 0.0	PIPELINE M\$ 0.0	DEPREC M\$ 12.6	DEPLETION M\$ 0.0	AMORT M\$ 3.1
(6MO)1990 1991	LEASEHOLD M\$ 0.0 0.0	DRY HOLE M\$ 0.0 0.0	DRILLING M\$ 0.0 0.0	COMPLETIONM\$ 0.0 0.0	FACILITIES M\$ 0.0 0.0	PLATFORM M\$ 0.0 0.0	PIPELINE M\$ 0.0 0.0	DEPREC M\$ 12.6 21.6	DEPLETION M\$ 0.0 0.0	AMORT M\$ 3.1 12.3
(6MO)1990 1991 1992	LEASEHOLD M\$ 0.0 0.0	DRY HOLE M\$ 0.0 0.0 0.0	DRILLING M\$ 0.0 0.0 0.0	COMPLETION M\$ 0.0 0.0 0.0	FACILITIES M\$ 0.0 0.0	PLATFORM M\$ 0.0 0.0	PIPELINE M\$ 0.0 0.0	DEPREC M\$ 12.6 21.6 15.4	DEPLETION M\$ 0.0 0.0 0.0	AMORT M\$ 3.1 12.3 12.3
(6MO)1990 1991 1992 1993	LEASEHOLD M\$ 0.0 0.0 0.0	DRY HOLE M\$ 0.0 0.0 0.0	DRILLING M\$ 0.0 0.0 0.0	COMPLETION M\$ 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0	PLATFORM M\$ 0.0 0.0 0.0	PIPELINE 0.0 0.0 0.0 0.0	DEPREC M\$ 12.6 21.6 15.4 11.0	DEPLETIONM\$ 0.0 0.0 0.0 0.0	AMORT M\$ 3.1 12.3 12.3
(6M0)1990 1991 1992 1993 1994	LEASEHOLD M\$ 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0	DRILLING M\$ 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0	PLATFORM 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINE 0.0 0.0 0.0 0.0 0.0	DEPREC M\$ 12.6 21.6 15.4 11.0 7.9	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0	AMORT M\$ 3.1 12.3 12.3 12.3 12.3
(6M0)1990 1991 1992 1993 1994 1995	LEASEHOLD M\$ 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0	DRILLING M\$ 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORM 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINE 0.0 0.0 0.0 0.0 0.0 0.0	DEPREC M\$ 12.6 21.6 15.4 11.0 7.9 7.9	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 9.3
(6M0)1990 1991 1992 1993 1994 1995 1996	LEASEHOLD M\$ 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINE 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.	DEPREC M\$ 12.6 21.6 15.4 11.0 7.9 7.9 7.9	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 9.3 0.0
(6M0)1990 1991 1992 1993 1994 1995 1996 1997	LEASEHOLDM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINE 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.	DEPREC M\$ 12.6 21.6 15.4 11.0 7.9 7.9 7.9 3.9	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 9.3 0.0 0.0
(6M0)1990 1991 1992 1993 1994 1995 1996 1997	LEASEHOLDM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINE 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.	DEPREC 12.6 21.6 15.4 11.0 7.9 7.9 7.9 3.9 0.0	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 0.0 0.0 0.0
(6M0)1990 1991 1992 1993 1994 1995 1996 1997 1998 1999	LEASEHOLDM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINE 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.	DEPRECM\$ 12.6 21.6 15.4 11.0 7.9 7.9 7.9 3.9 0.0 0.0	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 0.0 0.0 0.0 0.0
(6M0)1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000	LEASEHOLDM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DEPRECM\$ 12.6 21.6 15.4 11.0 7.9 7.9 7.9 3.9 0.0 0.0 0.0	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 0.0 0.0 0.0 0.0 0.0
(6M0) 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001	LEASEHOLDM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DEPRECM\$ 12.6 21.6 15.4 11.0 7.9 7.9 7.9 3.9 0.0 0.0 0.0	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 0.0 0.0 0.0 0.0 0.0 0.0
(6M0) 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002	LEASEHOLDM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DEPRECM\$ 12.6 21.6 15.4 11.0 7.9 7.9 7.9 3.9 0.0 0.0 0.0 0.0	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0
(6M0) 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003	LEASEHOLDM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DEPRECM\$ 12.6 21.6 15.4 11.0 7.9 7.9 7.9 3.9 0.0 0.0 0.0 0.0 0.0	DEPLETION	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0
(6M0) 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004	LEASEHOLDM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DEPRECM\$ 12.6 21.6 15.4 11.0 7.9 7.9 7.9 3.9 0.0 0.0 0.0 0.0 0.0 0.0	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 9.3 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0
(6M0) 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 SUB TOTAL	LEASEHOLDM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DEPRECM\$ 12.6 21.6 15.4 11.0 7.9 7.9 7.9 3.9 0.0 0.0 0.0 0.0 0.0 88.2	DEPLETION	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 9.3 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0
(6M0) 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004	LEASEHOLDM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRY HOLEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DRILLINGM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	COMPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINEM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DEPRECM\$ 12.6 21.6 15.4 11.0 7.9 7.9 7.9 3.9 0.0 0.0 0.0 0.0 0.0 0.0	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.1 12.3 12.3 12.3 12.3 9.3 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0

PF:P.A. EVAL #: 30

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

DATE: 09/26/91 TIME: 09:47:34 PAGE:

NAME : RINCON U. #246 - FT TAXCR FIELD : BASIN FRUITLAND COAL CNTY, STATE: NEW MEXICO FORMATION : FRUITLAND COAL OPERATOR : UNOCAL

	TEMP	TEMP	TEMP	TEMP	NET CREDITS
	#1	#2	#5	#6	INPUT
					M\$
(6MO)1990	14407.8	9.8	0.840	0.000	9.8
1991	28912.5	21.5	0.920	0.000	21.5
1992	20106.6	15.0	0.920	0.000	15.0
1993	18224.9	13.6	0.920	0.000	13.6
1994	16917.3	12.6	0.920	0.000	12.6
1995	15733.1	11.7	0.920	0.000	11.7
1996	14699.9	11.0	0.920	0.000	11.0
1997	13948.1	10.4	0.920	0.000	10.4
1998	13250.7	9.9	0.920	0.000	9.9
1999	12588.1	9.4	0.920	0.000	9.4
2000	11958.7	8.9	0.920	0.000	8.9
2001	11360.8	8.5	0.920	0.000	8.5
2002	10792.7	8.0	0.920	0.000	8.0
2003	10253.1	0.0	0.000	0.000	0.0
2004	9740.4	0.0	0.000	0.000	0.0
SUB TOTAL	222894.6	150 .3	0.917	0.000	150.3
REMAINDER	100420.3	0.0	0.000	0.000	0.0
TOT 29.8 YR	323314.9	150.3	0.917	0.000	150.3

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 6 WEST, N.M.P.M.

Section 28:

Containing 640 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 #251 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #251 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

months

This application is predicated on nine of actual production history from the Rincon Unit #251 well which first delivered on October 25, 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 October 1, 1990.

Dated this 27th day of September, 1991.

Bill Hering

District Petroleum Engineer

Union Oil Company of California

Well Summary

Well Name: Rincon Unit #251

Location: 1605'FSL, 2385'FWL, Sec 28, T27N, R6W

Elevation: 6672' GL Total Depth: 3250' Lease Number: SF-079364

Pool/Formation: Basin Fruitland Coal Gas

Spud Date: 8-30-90

Completion Date: 9-14-90 1st Delivery Date: 10-25-90

Perf'd Interval: 3129-3135, 3140-3152, 3166-3177, 3184-3194.

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 #251 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 363 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 3250 feet and cemented in two stages to surface with 635 sacks cement. After drilling out to PBTD of 3245' the upper and lower coal zones were perforated from 3129'-3194' with 4 shots per foot and fracture stimulated with 300,000# 20/40 sand, 1.33 MMSCF N2 and 32,900 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 387 MCFD and 255 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on October 25, 1990. The current deliverability for the well against a 150# line pressure is 50 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.49 Bcf.

Net Pay: 62 ft

Drainage area: 160 acres Gas Content: 150 SCF/ton

Tonnage Factor: 1969 tons/acre-feet (from density log)

Recovery Factor: 17%

Economics

Completion Cost: \$286,000 Royalty Burden: 19.00% Gas Price: \$1.20/MMBTU Operating Cost: \$300/month

Tax Credit: \$0.84/MMBTU, \$0.92 1991-2003.

Production Rate: Maximum - 95 MCFD, Current - 32 MCFD,

No associated water production.

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 11.8 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

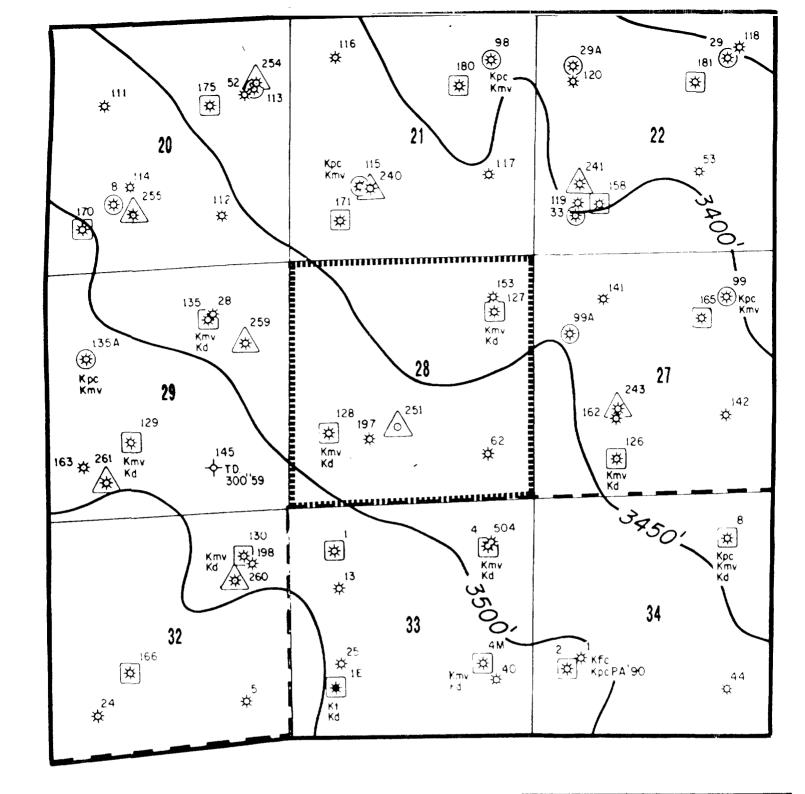
APPLICANT'S STATEMENT AND AFFIDAVIT

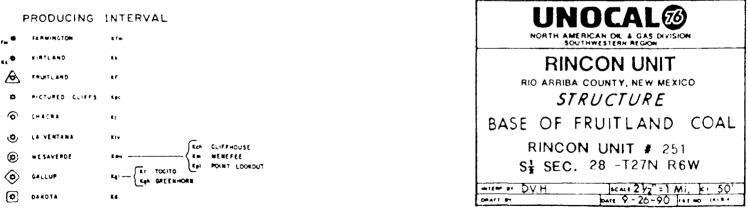
BEFORE ME, the undersigned authority on this day personally appeared Bill Hering, District Petroleum Engineer, known to me to be the person whose name is subscribed to this instrument, who, having been by me first duly sworn, upon oath states as follows:

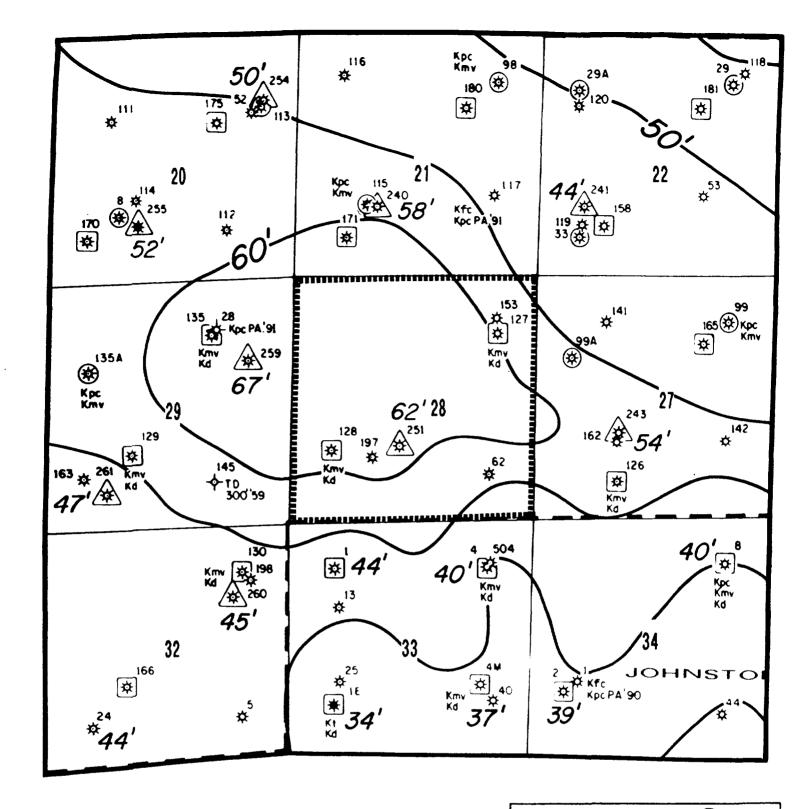
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in Section 28, T27N-R6W, comprising 640 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied is true.
- 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.

Notary Public in and for San Juan County, New Mexico

My Commission Expires:







PRODUCING INTERVAL TABUNGTON REM NORTH AMERICAN DIL & GAS DIVISION SOUTHWESTERN REGION RINCON UNIT RIO ARRIBA COUNTY, NEW MEXICO ISOPACH FRUITLAND COAL LA VENTANA RIV WESAVERDE RINCON UNIT # 251 RINCON UNIT # 251 RINCON UNIT # 251 SI SEC. 28 -T27N R6W MICHEP BY D.V.H. | BCALE 2//2*=1 Mi, k: 10! BRAFT BY DATE 9-26-90 FAX BO (A18 A) BRAFT BY DATE 9-26-90 FAX BO (A18 A) BRAFT BY DATE 9-26-90 FAX BO (A18 A) BRAFT BY DATE 9-26-90 FAX BO (A18 A)