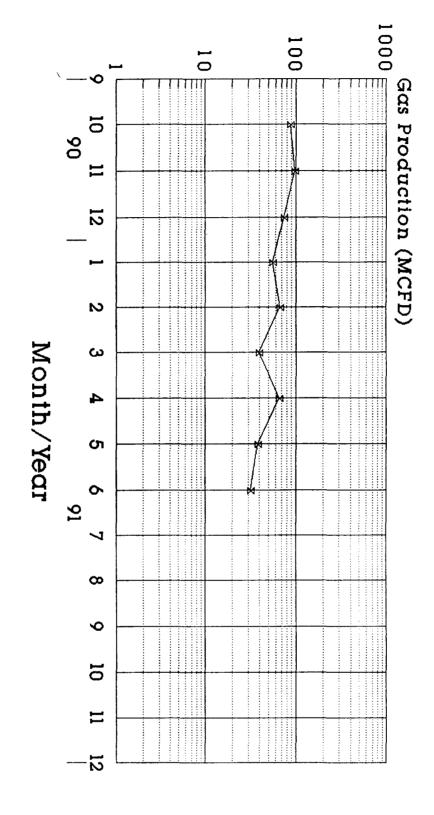
RINCON UNIT #251 RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

-¥ Gαs

UNOCAL North American Oil & Gas Division Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #251 - FT TAXCR

LOCATION:

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

IDENTIFICATION					PROFIT INDICES			PRESENT WORTH PROFILE				
						BTAX	(ATAX					
FIELD,	: BASIN	FRUITLAND CO	AL	PROF I	T TO INV (P.	/1):		DISCOUNT	BTAX	ATAX		
LSE/BLOCK :				UND	ISCOUNTED	-0.65	0.04	RATE (%)	(M\$)	(M\$)		
FORMATION : FRUITLAND COAL					c a 10.0%							
TOTAL DEPTH:					c a 15.0%		2 -0.32	0.0	-186.	13.		
					FF RATIO (II	ER):		5.0	-209.	-36.		
	:				ISCOUNTED	-0.6	0.05	10.0		-69.		
	(RS) : 28.1				c a 10.0%					-91.		
L11 C (c a 15.0%				-238.	-108.		
UT	ORI	CPT	DATE	5.0	0 0 1510.0	0.00		25.0	-242.			
	000 80.9987			PAYOU	T (YEARS)	*	11 8		L4L.	167.		
100.000	000 00.7707	0 00.77070	3EF 1770		OF RETURN (
				MAIL	OI KETOKII (, 10001	, ,,,		THOD: EFFECT			
	CUMMUDI	TY PRICES			INVESTME	NTS (M\$) -		CASI	H FIOLL (M&) -			
	COMPION 1		ND AVG		MACOUNE	GROSS		CASH FLOW (M\$) NET				
										NC:		
OTI	(\$/BBL)				HOLD			TOTAL REVENUES		270.		
GAS	(\$/MCF)	1.50 1						EXPENSES:		2.0.		
	(\$/BBL)				011	٠.	٠.	OPEX (LO	= \	101.		
	(\$/TON)				ING	0.	0.			0.		
30L7 HOR	(4) 104)	0.00			ETION	0.				0.		
CEOUTY	BOE RATIO	4.00 4	00 6 00			0.	0.		AL TAXES	40.		
DE MOIA	BOE KATTO	0.00	.00 0.00					INDIRECT				
	UNIT CO	CT DEDECOMAN	CE					O. OVERHEAD		8.		
	ONII CO	SI PERFURMAN GROSS				0. 0.				22.		
			NET			0.		NET ABANI	// SAL V	0.		
ODEV	(# (DOE)				RING	υ.	0.	NET INVESTMENT		207		
	(\$/BOE)				INTAN	200	200.	NET INVESTMENTS	•	286.		
	(\$/BO\$E)	6.6	1 8.16	MISC	TAN	86.		BTAX CASH FLOW		-186.		
F&D F&D	(\$/BOE)	7.2 18.7	9 8.99 6 23.16	MISC	IAN	ю.	ю.	INCOME TAXES PA				
	(\$/BO\$E)	10.7	0.40		TOTAL	286.	286,			-199.		
	(\$/BOE)		1.02		101AL 9 10.0%					13.		
AIAX C	f (\$/BO\$E)		1.02	DISC	a) 10.0%	204.	204.	ATAX DISC @ 10	J. U%	-69.		
							• • • • • • • • • • • • • • • • • • • •	ASSUMPTIONS & REM	MARKS			
			ROSS									
			ULT									
A												
-	BBLS)	0.	0.	0.	U.							
GAS (MN	· ·		236.									
	BLS)											
SULPHUR	R (MTONS)	0.	0.	0.	0.							
EQUIVAL	ENT RESERVES	:										
B1	TU (MBOE)	39.	39.	32.	32.							
VA	ALUE (MBO\$E)	15.	15.	12.	12.							
INITIAL	. RATE:											
	(BBLS/DAY)	0	•				GLOBAL FI	LES: 1= \$UNOCAL1	2= \$UNOCAL2			
GAS	(MCF/DAY)	86					ALTKEY: U					
	DATE: 09/26/9	1 TIM	F • D8 • 58 • 36	PDT F		pg #	1	PRJ FILE: P.A.	EVAL	# 40		
				ALL E		, , ,	•	, , , , , , , , , , , , , , , , ,	LYAG	40		

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GLOBAL FILE: $UNOCAL1
EVALUATION #40 IN PROJECT FILE "P.A.
                                      " 09/26/91 08:58:10
10 IDENT
             "30 25
                        U091205
              SEP 1990 SEP 1990 OCT 1990
20 DATES
                "RINCON U. #251 - FT TAXCR
30 NAME
                                               11
40 FIELD
                "BASIN FRUITLAND COAL
                "NEW MEXICO
                                               11
50 CNTYSTATE
60 FORMATION
                "FRUITLAND COAL
                                               11
70 OPERATOR
                "UNOCAL
               ELIM
80 ECONOMICS
90 OWNERSHIP
               1. 0.809987
120 COMMENT
                 "PROD DECLINE BASED ON AVG WELL CASE
                 "FIRST 9 MONTHS = ACTUAL PROD.
130 COMMENT
                           MON 2.666 2.889 2.286 1.336 1.336 1.215 1.365 1.169 1.35
140 GPROD
                    Ρ
                           EXP * * * 10. 5.
150 GPROD
                           EXP * * * 7. 36.
160 GPROD
                           EXP * * * 5.
190 GPROD
                     *
                           MON 85800. 0. 0. 0.
210 TAN
                     I
220 INTAN
                    I
                           MON 200200. 0.
230 COMMENT
                 "FIRST 9 MONTHS = ACTUAL GAS PRICES
                           MON 1.27 1.61 1.66 1.45 0.95 0.75 0.74 0.73 0.76
240 PRGAS
                    Ρ
                     *
260 PRGAS
                           CON 1.2
                1.18 PRGAS
290 FACTOR
                P CON 300.
310 LOETOT
                          CON 3.5
320 AVALPS
*** START OF INSERT FILE C1-TAX
                "ASSUMES CONSTANT TAX CREDIT
10 COMMENT
                "$.84 1990, $.92 1991-2003
20 COMMENT
                * CON 0.
TEMP1 GPROD
30 TEMP1
40 CADD
               1000. TEMP1
50 FACTOR
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
                0.809987 TEMP2
120 FACTOR
130 CADD
                 TAXCR TEMP2
140 FACTOR
                0.001 TEMP2
*** END OF INSERT FILE
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GLOBAL FILE: \$UNOCAL2

PF:P.A. EVAL #: 40

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

DATE: 09/26/91 TIME: 08:58:36 PAGE: 2

NAME : RINCON U. #251 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
ONTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD	NET VOLUME	GROSS GAS	NET GAS	NET EQ PROD		NET REV	EFFECTIVE	NET GAS	NET TOTAL
		OIL + COND		VOLUME	(RE: BOE)	O+C PRICE			REVENUE	REVENUE
	MBBLS	MBBLS			EMBBLS					
(4MO)1990	0.0	0.0	7.8	6.4		0.00	0.0	1.78	11.3	11.3
1991	0.0	0.0	15.7	12.7		0.00	0.0	1.24	15.7	15.7
1992	0.0	0.0	14.9	12.0	2.0	0.00	0.0	1.42	17.0	17.0
1993	0.0	0.0	13.8	11.2	1.9	0.00	0.0	1.42	15.9	15.9
1994	0.0	0.0	12.9	10.4	1.7	0.00	0.0	1.42	14.7	14.7
1995	0.0	0.0	12.1	9.8		0.00	0.0	1.42	13.9	13.9
1996	0.0	0.0	11.5	9.3		0.00	0.0	1.42	13.2	13.2
1997	0.0	0.0	10.9	8.8		0.00	0.0	1.42	12.5	12.5
1998	0.0	0.0	10.4	8.4	1.4	0.00	0.0	1.42	11.9	11.9
1999	0.0	0.0	9.9	8.0		0.00	0.0	1.42	11.3	11.3
2000	0.0	0.0	9.4	7.6		0.00	0.0	1.42	10.7	10.7
2001	0.0	0.0	8.9	7.2	1.2	0.00	0.0	1.42	10.2	10.2
2002	0.0	0.0	8.5	6.8	1.1	0.00	0.0	1.42	9.7	9.7
2003	0.0	0.0	8.0	6.5	1.1	0.00	0.0	1.42	9.2	9.2
2004	0.0	0.0	7.6	6.2	1.0	0.00	0.0	1.42	8.7	8.7
SUB TOTAL	0.0	0.0	162.2	131.4	21.9	0.00	0.0	1.42	186.1	186.1
REMAINDER	0.0	0.0	73.3	59.4	9.9	0.00	0.0	1.42	84.1	84.1
TOT 28.1 YR	0.0	0.0	235.5	190.8	31.8	0.00	0.0	1.42	270.3	270.3
	NET LOE	NET	NET TOTAL	NET TOTAL	NET ADMIN	NET TOTAL	BTAX	INCOME	ATAX	CUM ATAX
	(FIX + VAR)	WORKOVR EXP	DIRECT EXP	TAXES	EXPENSE	INVESTMENT	CASHFLOW	TAXES PAID	CASHFLOW	CASHFLOW
	(FIX + VAR)	WORKOVR EXP	DIRECT EXP	TAXES	EXPENSE	INVESTMENT	CASHFLOW	TAXES PAID	CASHFLOW	CASHFLOW
(4MO)1990	(FIX + VAR)M\$ 0.9	WORKOVR EXP	DIRECT EXP M\$ 0.9	TAXESM\$	EXPENSE M\$ 0.3	INVESTMENT M\$ 286.0	CASHFLOW M\$ -277.3	TAXES PAIDM\$	CASHFLOW M\$ -215.3	CASHFLOW M\$ -215.3
1991	(FIX + VAR) M\$ 0.9 3.6	WORKOVR EXP M\$ 0.0 0.0	DIRECT EXP M\$ 0.9 3.6	TAXES M\$ 1.4 2.5	EXPENSE M\$ 0.3 1.1	INVESTMENT M\$ 286.0 0.0	CASHFLOW M\$ -277.3 8.5	TAXES PAID M\$ -62.0 -23.1	CASHFLOW M\$ -215.3 31.6	CASHFLOW M\$ -215.3 -183.6
	(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\$ 1.4 2.5 2.5	EXPENSE M\$ 0.3 1.1	INVESTMENT M\$ 286.0 0.0	CASHFLOW M\$ -277.3 8.5 9.9	TAXES PAIDM\$62.0 -23.1 -19.6	CASHFLOW M\$ -215.3 31.6 29.5	CASHFLOW M\$ -215.3 -183.6 -154.2
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	TAXESM\$ 1.4 2.5 2.5 2.3	EXPENSE M\$ 0.3 1.1 1.1	INVESTMENT M\$ 286.0 0.0 0.0	CASHFLOWM\$ -277.3 8.5 9.9 8.8	TAXES PAID M\$ -62.0 -23.1 -19.6 -17.4	CASHFLOW M\$ -215.3 31.6 29.5 26.3	CASHFLOW M\$ -215.3 -183.6 -154.2 -127.9
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\$ 1.4 2.5 2.5 2.3 2.2	EXPENSE M\$ 0.3 1.1 1.1 1.1	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0	CASHFLOW M\$ -277.3 8.5 9.9 8.8 7.9	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8	CASHFLOWM\$	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2
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\$ 1.4 2.5 2.5 2.3 2.2 2.0	EXPENSE M\$ 0.3 1.1 1.1 1.1	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$277.3 8.5 9.9 8.8 7.9 7.2	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3	CASHFLOWM\$	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8
1991 1992 1993 1994 1995 1996	(FIX + VAR)M\$ 0.9 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	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 2.0 1.9	EXPENSE M\$ 0.3 1.1 1.1 1.1 1.1	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3 -10.5	CASHFLOWM\$	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8 -65.7
1991 1992 1993 1994 1995 1996	(FIX + VAR)M\$ 0.9 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	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 2.0 1.9 1.8	EXPENSE M\$ 0.3 1.1 1.1 1.1 1.1 1.1	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3	CASHFLOWM\$	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8
1991 1992 1993 1994 1995 1996	(FIX + VAR)M\$ 0.9 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	DIRECT EXP M\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 2.0 1.9	EXPENSE M\$ 0.3 1.1 1.1 1.1 1.1 1.1	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$277.3 8.5 9.9 8.8 7.9 7.2 6.6 6.0 5.5	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3 -10.5	CASHFLOWM\$	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8 -65.7
1991 1992 1993 1994 1995 1996	(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	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 2.0 1.9 1.8	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3 -10.5 -8.8	CASHFLOWM\$	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8 -65.7 -50.9
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 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	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 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	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$277.3 8.5 9.9 8.8 7.9 7.2 6.6 6.0 5.5	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3 -10.5 -8.8 -7.0	CASHFLOWM\$215.3 31.6 29.5 26.3 23.7 21.4 17.1 14.8 12.5	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8 -65.7 -50.9 -38.4
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	DIRECT EXPM\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 2.0 1.9 1.8 1.7 1.7	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$277.3 8.5 9.9 8.8 7.9 7.2 6.6 6.0 5.5	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3 -10.5 -8.8 -7.0 -6.8	CASHFLOWM\$	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8 -65.7 -50.9 -38.4 -26.7
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 EXPM\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 2.0 1.9 1.8 1.7 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\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$277.3 8.5 9.9 8.8 7.9 7.2 6.6 6.0 5.5 5.0 4.5	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3 -10.5 -8.8 -7.0 -6.8 -6.5	CASHFLOWM\$215.3 31.6 29.5 26.3 23.7 21.4 17.1 14.8 12.5 11.7 11.0	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8 -65.7 -50.9 -38.4 -26.7 -15.6
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 EXPM\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 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\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$277.3 8.5 9.9 8.8 7.9 7.2 6.6 6.0 5.5 5.0 4.5 4.0	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3 -10.5 -8.8 -7.0 -6.8 -6.5 -6.3	CASHFLOWM\$	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8 -65.7 -50.9 -38.4 -26.7 -15.6 -5.3
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 EXPM\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 2.0 1.9 1.8 1.7 1.7 1.6 1.5 1.4	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$277.3 8.5 9.9 8.8 7.9 7.2 6.6 6.0 5.5 5.0 4.5 4.0 3.6	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3 -10.5 -8.8 -7.0 -6.8 -6.5 -6.3	CASHFLOWM\$	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8 -65.7 -50.9 -38.4 -26.7 -15.6 -5.3 4.3
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 EXPM\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 2.0 1.9 1.8 1.7 1.7 1.6 1.5 1.4	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$277.3 8.5 9.9 8.8 7.9 7.2 6.6 6.0 5.5 5.0 4.5 4.0 3.6 3.2	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3 -10.5 -8.8 -7.0 -6.8 -6.5 -6.3 -6.1 1.2	CASHFLOWM\$215.3 31.6 29.5 26.3 23.7 21.4 17.1 14.8 12.5 11.7 11.0 10.3 9.7 2.0	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8 -65.7 -50.9 -38.4 -26.7 -15.6 -5.3 4.3 6.3
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 EXPM\$ 0.9 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6	TAXESM\$ 1.4 2.5 2.5 2.3 2.2 2.0 1.9 1.8 1.7 1.7 1.6 1.5 1.4 1.4 1.3	EXPENSEM\$ 0.3 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1	INVESTMENTM\$ 286.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	CASHFLOWM\$277.3 8.5 9.9 8.8 7.9 7.2 6.6 6.0 5.5 5.0 4.5 4.0 3.6 3.2 2.8	TAXES PAIDM\$62.0 -23.1 -19.6 -17.4 -15.8 -14.3 -10.5 -8.8 -7.0 -6.8 -6.5 -6.3 -6.1 1.2 1.1	CASHFLOWM\$215.3 31.6 29.5 26.3 23.7 21.4 17.1 14.8 12.5 11.7 11.0 10.3 9.7 2.0 1.7	CASHFLOWM\$215.3 -183.6 -154.2 -127.9 -104.2 -82.8 -65.7 -50.9 -38.4 -26.7 -15.6 -5.3 4.3 6.3 8.0

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: RINCON U. #251 - FT TAXCR : BASIN FRUITLAND COAL NAME

FIELD

CNTY, STATE: NEW MEXICO FORMATION : FRUITLAND COAL

OPERATOR : UNOCAL

	INVESTMENT		GROSS WELLS		EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR M-TONS	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
(4MO)1990	286.0	0.9		0.0	0.00	0.0	0.0	0.0		0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	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	3.6	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	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	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	286.0	51.3	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	49.5	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 28.1 YR	286.0	100.8	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
(4MO)1990	LEASEHOLD	DRY HOLE	DRILLING	COMPLETION	FACILITIES	PLATFORM	PIPELINE	DEPREC	DEPLETION	AMORT
(4MO)1990 1991	LEASEHOLD M\$ 0.0	DRY HOLEM\$	DRILLING M\$ 0.0	COMPLETION M\$ 0.0	FACILITIES	PLATFORM M\$ 0.0	PIPELINE M\$ 0.0	DEPREC M\$ 12.3	DEPLETIONM\$ 0.0	AMORT M\$
1991	LEASEHOLD M\$ 0.0 0.0	DRY HOLE M\$ 0.0 0.0	DRILLING M\$ 0.0 0.0	COMPLETION M\$ 0.0 0.0	FACILITIES M\$ 0.0 0.0	PLATFORM M\$ 0.0 0.0	PIPELINE M\$ 0.0 0.0	DEPREC M\$ 12.3 21.0	DEPLETION M\$ 0.0 0.0	AMORT M\$ 3.0 12.0
1991 1992	LEASEHOLD M\$ 0.0	DRY HOLEM\$	DRILLING M\$ 0.0 0.0 0.0	COMPLETION M\$ 0.0 0.0	FACILITIES M\$ 0.0 0.0	PLATFORM M\$ 0.0 0.0	PIPELINE M\$ 0.0 0.0 0.0	DEPREC M\$ 12.3 21.0 15.0	DEPLETIONM\$ 0.0 0.0 0.0	AMORT M\$ 3.0 12.0 12.0
1991	LEASEHOLD M\$ 0.0 0.0 0.0	DRY HOLE M\$ 0.0 0.0 0.0	DRILLING M\$ 0.0 0.0	COMPLETION M\$ 0.0 0.0	FACILITIES M\$ 0.0 0.0	PLATFORM M\$ 0.0 0.0	PIPELINE M\$ 0.0 0.0 0.0 0.0	DEPREC M\$ 12.3 21.0 15.0 10.7	DEPLETIONM\$ 0.0 0.0 0.0 0.0	AMORT M\$ 3.0 12.0 12.0 12.0
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	FACILITIES M\$ 0.0 0.0 0.0	PLATFORM M\$ 0.0 0.0 0.0	PIPELINE M\$ 0.0 0.0 0.0 0.0	DEPREC M\$ 12.3 21.0 15.0 10.7 7.7	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0	AMORT M\$ 3.0 12.0 12.0 12.0 12.0
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 0.0	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0	PLATFORM M\$ 0.0 0.0 0.0 0.0 0.0	PIPELINE M\$ 0.0 0.0 0.0 0.0 0.0	DEPREC M\$ 12.3 21.0 15.0 10.7 7.7	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0	AMORT M\$ 3.0 12.0 12.0 12.0 12.0 9.0
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	FACILITIESM\$ 0.0 0.0 0.0 0.0 0.0 0.0	PLATFORM M\$ 0.0 0.0 0.0 0.0	PIPELINE M\$ 0.0 0.0 0.0 0.0	DEPREC M\$ 12.3 21.0 15.0 10.7 7.7 7.7	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.0 12.0 12.0 12.0 12.0 9.0 0.0
1991 1992 1993 1994 1995 1996	LEASEHOLD M\$ 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	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	PLATFORMM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	PIPELINE M\$ 0.0 0.0 0.0 0.0 0.0 0.0	DEPREC M\$ 12.3 21.0 15.0 10.7 7.7	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.0 12.0 12.0 12.0 12.0 9.0 0.0
1991 1992 1993 1994 1995 1996	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	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 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 M\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DEPRECM\$ 12.3 21.0 15.0 10.7 7.7 7.7 7.7 3.8	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.0 12.0 12.0 12.0 12.0 0.0 0.0
1991 1992 1993 1994 1995 1996 1997	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	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 M\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DEPRECM\$ 12.3 21.0 15.0 10.7 7.7 7.7 7.7 3.8 0.0	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.0 12.0 12.0 12.0 12.0 0.0 0.0 0.0
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 M\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0	DEPRECM\$ 12.3 21.0 15.0 10.7 7.7 7.7 7.7 3.8 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\$ 3.0 12.0 12.0 12.0 12.0 0.0 0.0 0.0 0.0
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000	UEASEHOLDM\$ 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\$ 12.3 21.0 15.0 10.7 7.7 7.7 7.7 3.8 0.0 0.0	DEPLETIONM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	AMORTM\$ 3.0 12.0 12.0 12.0 12.0 0.0 0.0 0.0 0.0 0.0
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\$ 12.3 21.0 15.0 10.7 7.7 7.7 7.7 3.8 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\$ 3.0 12.0 12.0 12.0 12.0 0.0 0.0 0.0 0.0 0.0
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\$ 12.3 21.0 15.0 10.7 7.7 7.7 7.7 3.8 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\$ 3.0 12.0 12.0 12.0 12.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0
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\$ 12.3 21.0 15.0 10.7 7.7 7.7 7.7 3.8 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\$ 3.0 12.0 12.0 12.0 12.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0
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\$ 12.3 21.0 15.0 10.7 7.7 7.7 7.7 3.8 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\$ 3.0 12.0 12.0 12.0 12.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0

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NAME : RINCON U. #251 - FT TAXCR FIELD : BASIN FRUITLAND COAL

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

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
(4MO)1990	9252.4	6.3	0.840	0.000	6.3
1991	18482.5	13.8	0.920	0.000	13.8
1992	17540.5	13.1	0,920	0.000	13.1
1993	16312.7	12.2	0,920	0.000	12.2
1994	15171.8	11.3	0,920	0.000	11.3
1995	14283.5	10.6	0,920	0.000	10.6
1996	13569.3	10.1	0.920	0.000	10.1
1997	12890.8	9.6	0.920	0.000	9.6
1998	12246.3	9.1	0.920	0.000	9.1
1999	11634.0	8.7	0.920	0.000	8.7
2000	11052.3	8.2	0.920	0.000	8.2
2001	10499.7	7.8	0.920	0.000	7.8
2002	9974.7	7.4	0.920	0.000	7.4
2003	9475.9	0.0	0.000	0.000	0.0
2004	9002.1	0.0	0.000	0.000	0.0
SUB TOTAL	191388.3	128.3	0.918	0.000	128.3
REMAINDER	86551.9	0.0	0.000	0.000	0.0
TOT 28.1 YR	277940.2	128.3	0.918	0.000	128.3

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 29:

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 #261 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #261 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 #261 well which first delivered on October 11, 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 #261

Location: 798'FSL, 1254'FWL, Sec 29, T27N, R6W

Elevation: 6676' GL Total Depth: 3190' Lease Number: SF-079364

Pool/Formation: Basin Fruitland Coal Gas

Spud Date: 8-4-90

Completion Date: 8-23-90 1st Delivery Date: 10-11-90

Perf'd Interval: 3027-3030, 3032-3037, 3041-3043, 3094-3096, 3103-3106, 3112-3117, 3120-3123, 3129-3141.

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 #261 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 360 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 3185 feet and cemented in two stages to surface with 650 sacks cement. After drilling out to PBTD of 3182' the upper and lower coal zones were perforated from 3027'-3141' with 4 shots per foot and fracture stimulated with 250,000# 20/40 sand, 1.10 MMSCF N2 and 24,450 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 219 MCFD and 620 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on October 11, 1990. The current deliverability for the well against a 150# line pressure is 40 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.37 Bcf.

Net Pay: 47 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: \$258,000 Royalty Burden: 19.00% Gas Price: \$1.20/MMBTU Operating Cost: \$300/month

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

Production Rate: Maximum - 82 MCFD, Current - 33 MCFD,

No associated water production.

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 10.3 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 29, T27N-R6W, 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
- 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:

