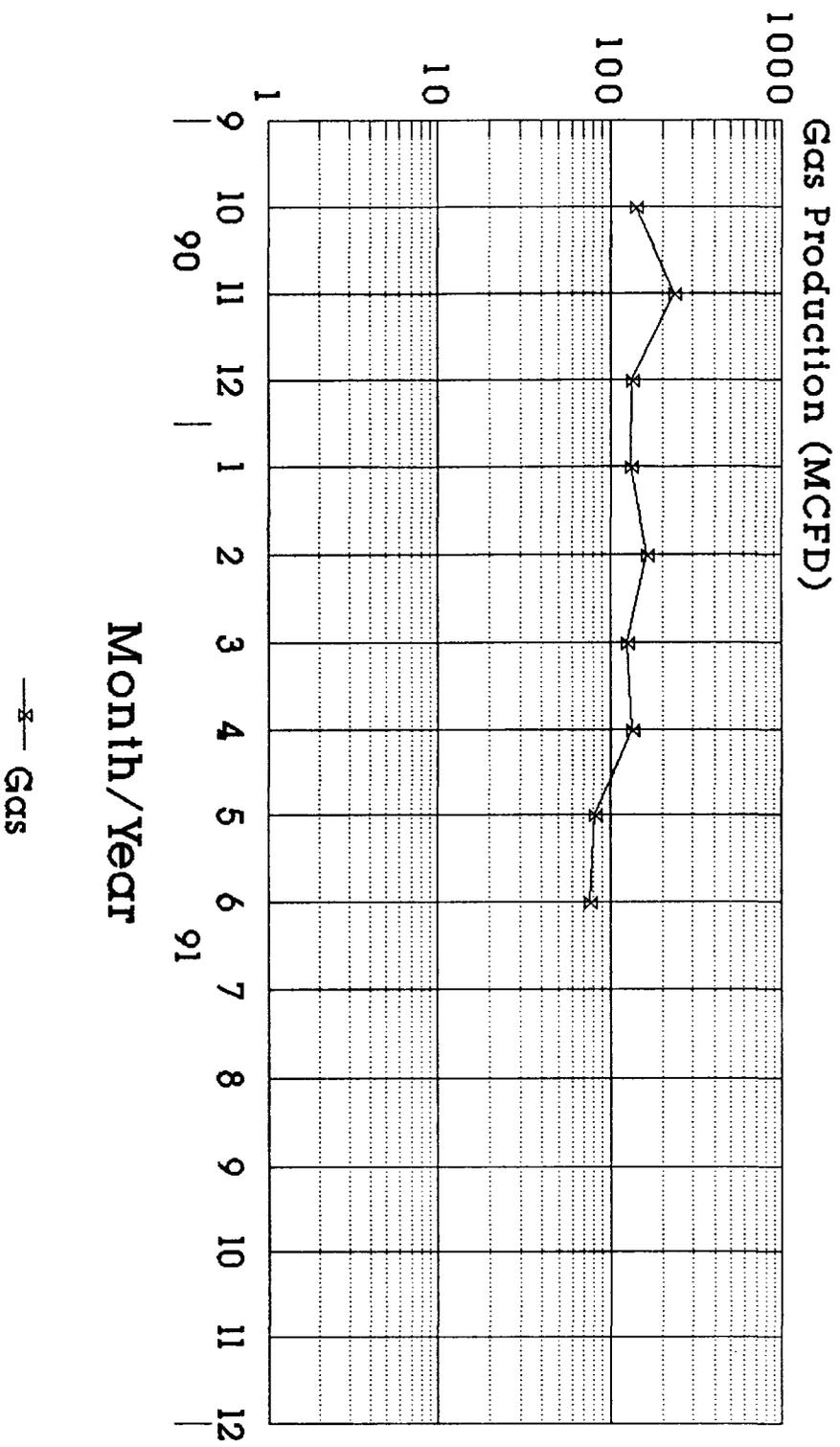


RINCON UNIT #286

RIO ARRIBA COUNTY, NEW MEXICO



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. #286 - FT TAXCR

LOCATION:

BUDGET CATEGORY:

EFFECTIVE DATE: FEB 0

BUDGET PRIORITY:

PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE		
FIELD	LSE/BLOCK	FORMATION	TOTAL DEPTH:	PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT RATE (%)	BTAX (M\$)	ATAX (M\$)
BASIN FRUITLAND COAL		FRUITLAND COAL		UNDISCOUNTED	-0.41	0.40			
				DISC @ 10.0%	-0.62	0.01			
OPERATOR : Unocal				DISC @ 15.0%	-0.67	-0.10	0.0	-106.	103.
AFE # :				INV EFF RATIO (IER):			5.0	-138.	43.
LIFE (YRS) : 30.3				UNDISCOUNTED	-0.41	0.49	10.0	-158.	3.
				DISC @ 10.0%	-0.62	0.02	15.0	-171.	-24.
				DISC @ 15.0%	-0.67	-0.12	20.0	-180.	-45.
							25.0	-187.	-60.
WI	ORI	GRI	DATE	PAYOUT (YEARS)	*	5.9			
100.00000	80.99870	80.99870	AUG 1990	RATE OF RETURN (%)	-1000.0	10.5			

DISCOUNT DATE : AUG 1990
DISCOUNT METHOD: EFFECTIVE MON

COMMODITY PRICES				INVESTMENTS (M\$)		CASH FLOW (M\$)		
	BEG	END	AVG	GROSS	NET		NET	
OIL (\$/BBL)	0.00	0.00	0.00	LEASEHOLD	0.	0.	TOTAL REVENUES	344.
GAS (\$/MCF)	1.50	1.42	1.41	DRY HOLE	0.	0.	EXPENSES:	
NGL (\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	108.
SULPHUR (\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
\$EQUIV BOE RATIO	6.00	6.00	6.00	PLATFORM	0.	0.	PLANT	0.
				FACILITIES	0.	0.	SEV & ADVAL TAXES	50.
				PIPELINE	0.	0.	INDIRECT	9.
				PLANT	0.	0.	OVERHEAD	24.
				GATHERING	0.	0.	NET ABAND/SALV	0.
							NET INVESTMENTS	258.
				MISC INTAN	181.	181.	BTAX CASH FLOW	-106.
				MISC TAN	77.	77.	INCOME TAXES PAID	-208.
				TOTAL	258.	258.	ATAX CASH FLOW	103.
				DISC @ 10.0%	256.	256.	ATAX DISC @ 10.0%	3.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
	GROSS		NET				
	REMAIN	ULT	REMAIN	ULT			
OIL (MBBLS)	0.	0.	0.	0.			
GAS (MMCF)	300.	300.	243.	243.			
NGL (MBBLS)	0.	0.	0.	0.			
SULPHUR (MTONS)	0.	0.	0.	0.			
EQUIVALENT RESERVES:							
BTU (MBOE)	50.	50.	40.	40.			
VALUE (MBOE\$)	21.	21.	17.	17.			

INITIAL RATE:
OIL (BBLS/DAY) 0.
GAS (MCF/DAY) 140.
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

GLOBAL FILE: \$UNOCAL1

EVALUATION #33 IN PROJECT FILE "P.A. " 09/25/91 14:18:30

10 IDENT "30 25 U091205 " " "
20 DATES AUG 1990 AUG 1990 OCT 1990
30 NAME "RINCON U. #286 - FT TAXCR "
40 FIELD "BASIN FRUITLAND COAL "
50 CNTYSTATE "NEW MEXICO "
60 FORMATION "FRUITLAND COAL "
70 OPERATOR "UNOCAL "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
130 COMMENT "FIRST 9 MONTHS = ACTUAL PROD. "
140 GPROD P MON 4.33 7.035 4.144 4.033 4.023 3.862 3.333 2.515 2.277
150 GPROD * EXP * * * 28. 14. "
160 GPROD * EXP * * * 10. 25. "
170 GPROD * EXP * * * 7. 36. "
190 GPROD * EXP * * * 5. "
210 TAN I MON 77400. 0. 0. 0.
220 INTAN I MON 180600. 0.
230 COMMENT "FIRST 9 MONTHS = ACTUAL GAS PRICES "
240 PRGAS P MON 1.27 1.61 1.66 1.45 0.95 0.75 0.74 0.73 0.76 "
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C1-TAX
10 COMMENT "ASSUMES CONSTANT TAX CREDIT "
20 COMMENT "\$.84 1990, \$.92 1991-2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 1991 CON 0.92
90 TEMP5 JAN 2003 CON 0.
100 CADD TEMP2 TEMP1
110 CFACTOR TEMP5 TEMP2
120 FACTOR 0.809987 TEMP2
130 CADD TAXCR TEMP2
140 FACTOR 0.001 TEMP2
*** END OF INSERT FILE

GLOBAL FILE: \$UNOCAL2

NAME : RINCON U. #286 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	--MBBLS--	--MBBLS--	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(5MO)1990	0.0	0.0	15.5	12.6	2.1	0.00	0.0	1.80	22.7	22.7
1991	0.0	0.0	32.6	26.4	4.4	0.00	0.0	1.22	32.2	32.2
1992	0.0	0.0	20.0	16.2	2.7	0.00	0.0	1.42	22.9	22.9
1993	0.0	0.0	17.1	13.8	2.3	0.00	0.0	1.42	19.6	19.6
1994	0.0	0.0	15.4	12.5	2.1	0.00	0.0	1.42	17.6	17.6
1995	0.0	0.0	14.2	11.5	1.9	0.00	0.0	1.42	16.2	16.2
1996	0.0	0.0	13.2	10.7	1.8	0.00	0.0	1.42	15.1	15.1
1997	0.0	0.0	12.3	9.9	1.7	0.00	0.0	1.42	14.1	14.1
1998	0.0	0.0	11.6	9.4	1.6	0.00	0.0	1.42	13.3	13.3
1999	0.0	0.0	11.0	8.9	1.5	0.00	0.0	1.42	12.6	12.6
2000	0.0	0.0	10.4	8.5	1.4	0.00	0.0	1.42	12.0	12.0
2001	0.0	0.0	9.9	8.0	1.3	0.00	0.0	1.42	11.4	11.4
2002	0.0	0.0	9.4	7.6	1.3	0.00	0.0	1.42	10.8	10.8
2003	0.0	0.0	9.0	7.3	1.2	0.00	0.0	1.42	10.3	10.3
2004	0.0	0.0	8.5	6.9	1.1	0.00	0.0	1.42	9.8	9.8
SUB TOTAL	0.0	0.0	210.0	170.1	28.4	0.00	0.0	1.41	240.5	240.5
REMAINDER	0.0	0.0	89.9	72.8	12.1	0.00	0.0	1.42	103.1	103.1
TOT 30.3 YR	0.0	0.0	299.9	242.9	40.5	0.00	0.0	1.41	343.7	343.7

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(5MO)1990	0.9	0.0	0.9	2.8	0.3	258.0	-239.4	-58.6	-180.7	-180.7
1991	3.6	0.0	3.6	5.2	1.1	0.0	22.3	-31.5	53.9	-126.9
1992	3.6	0.0	3.6	3.4	1.1	0.0	14.9	-21.2	36.1	-90.8
1993	3.6	0.0	3.6	2.9	1.1	0.0	12.0	-18.2	30.3	-60.6
1994	3.6	0.0	3.6	2.6	1.1	0.0	10.4	-16.3	26.7	-33.9
1995	3.6	0.0	3.6	2.4	1.1	0.0	9.2	-14.7	23.9	-10.0
1996	3.6	0.0	3.6	2.2	1.1	0.0	8.2	-11.1	19.3	9.3
1997	3.6	0.0	3.6	2.1	1.1	0.0	7.3	-9.3	16.6	25.9
1998	3.6	0.0	3.6	1.9	1.1	0.0	6.6	-7.7	14.3	40.2
1999	3.6	0.0	3.6	1.9	1.1	0.0	6.1	-7.4	13.4	53.7
2000	3.6	0.0	3.6	1.8	1.1	0.0	5.5	-7.1	12.6	66.3
2001	3.6	0.0	3.6	1.7	1.1	0.0	5.0	-6.8	11.8	78.1
2002	3.6	0.0	3.6	1.6	1.1	0.0	4.5	-6.6	11.1	89.2
2003	3.6	0.0	3.6	1.5	1.1	0.0	4.1	-1.6	2.5	91.8
2004	3.6	0.0	3.6	1.4	1.1	0.0	3.6	1.4	2.3	94.0
SUB TOTAL	51.3	0.0	51.3	35.3	15.4	258.0	-119.5	-213.5	94.0	94.0
REMAINDER	57.0	0.0	57.0	15.1	17.1	0.0	13.9	5.3	8.6	102.6
TOT 30.3 YR	108.3	0.0	108.3	50.5	32.6	258.0	-105.7	-208.3	102.6	102.6

NAME : RINCON U. #286 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 COUNTY, STATE: NEW MEXICO
 FORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M\$-----	-----M\$-----		-----MBBLS-----	-----\$/BBL-----	-----M\$-----	-----M-TONS-----	-----M\$-----	-----M\$-----	-----M\$-----
(5MO)1990	258.0	0.9	1.0	0.0	0.00	0.0	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	0.0
1993	0.0	3.6	1.0	0.0	0.00	0.0	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	0.0
1995	0.0	3.6	1.0	0.0	0.00	0.0	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	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	258.0	51.3	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	57.0	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 30.3 YR	258.0	108.3	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
(5MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.1	0.0	2.7
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.0	0.0	10.8
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.5	0.0	10.8
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.7	0.0	10.8
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9	0.0	10.8
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9	0.0	8.1
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	0.0	0.0
1998	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1999	0.0	0.0	0.0	0.0	0.0	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
2001	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2002	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2003	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2004	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	77.4	0.0	54.2
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 30.3 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	77.4	0.0	54.2

NAME : RINCON U. #286 - 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
	-----M\$-----				
(5MO)1990	18300.6	12.5	0.840	0.000	12.5
1991	38517.5	28.7	0.920	0.000	28.7
1992	23578.7	17.6	0.920	0.000	17.6
1993	20139.6	15.0	0.920	0.000	15.0
1994	18143.4	13.5	0.920	0.000	13.5
1995	16715.2	12.5	0.920	0.000	12.5
1996	15545.1	11.6	0.920	0.000	11.6
1997	14466.3	10.8	0.920	0.000	10.8
1998	13659.7	10.2	0.920	0.000	10.2
1999	12976.7	9.7	0.920	0.000	9.7
2000	12327.9	9.2	0.920	0.000	9.2
2001	11711.5	8.7	0.920	0.000	8.7
2002	11125.9	8.3	0.920	0.000	8.3
2003	10569.6	0.0	0.000	0.000	0.0
2004	10041.1	0.0	0.000	0.000	0.0
SUB TOTAL	247818.9	168.1	0.917	0.000	168.1
REMAINDER	106092.8	0.0	0.000	0.000	0.0
TOT 30.3 YR	353911.7	168.1	0.917	0.000	168.1

Unocal Oil & Gas Division
Unocal Corporation
3300 North Butler Avenue
Suite 200
Farmington, New Mexico 87401
Telephone (505) 326-7600
Fax: (505) 326-6145

UNOCAL 76

July 22, 1991

*D -
Unit letter
The Ry*

Farmington District

Bureau of Land Management
Minerals Division
1235 La Plata Hwy
Farmington, New Mexico 87401
Attn: Duane Spencer
Chief of Reservoir Management

Re: Application for Disqualification
from the Basin Fruitland Coal Gas
Participating Area
Rincon Unit, Rio Arriba County,
New Mexico

Well No.'s 260, 265, 218

Gentlemen:

Enclosed are two copies of the Application for Approval for disqualification from the Basin Fruitland Coal Gas Participating Area in the Rincon Unit, Rio Arriba County, New Mexico. Included also are geologic and engineering data in support of this application.

Union Oil Company of California, as operator of the Rincon Unit, respectfully requests your approval of this application.

Very Truly Yours,

Union Oil Company of California
DBA UNOCAL

Bill Hering

Bill Hering
District Petroleum Engineer

xc: Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

APPLICATION FOR DISQUALIFICATION FROM 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 disqualification from the participating area for the Basin Fruitland Coal Gas producing formation, to wit:

TOWNSHIP 27 NORTH, RANGE 6 WEST, N.M.P.M.

Section 32: North/2

Containing 320 acres, more or less

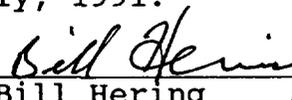
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 1) Structure Top - Basin Fruitland Coal Gas Formation
- 2) Basin Fruitland Coal Gas Formation Gross Isopach
- 3) Type Log
- 4) Rincon Unit #260 Fruitland Coal Gas Production Decline Curve
- 5) Rincon Unit #260 Fruitland Coal Gas Economics
- 6) Applicant's Statement and Affidavit

This application is predicated on nine months of actual production history from the Rincon Unit #260 well which first delivered on September 21, 1990.

Applicant respectfully requests your approval of the hereinabove selection of lands to constitute disqualification from the Basin Fruitland Coal Gas Formation participating area, to be effective September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #260
Location: 1566'FNL, 1207'FEL, Sec 32, T27N, R6W
Elevation: 6668' GL
Total Depth: 3190'
Lease Number: E-290-28
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 7-18-90
Completion Date: 8-6-90
1st Delivery Date: 9-21-90
Perf'd Interval: 2980-2985, 3008-3023, 3062-3070, 3079-3096
3116-3128.

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 #260 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 361 feet and cemented with 350 sacks to surface. Production casing measuring 4-1/2" was then set at 3189 feet and cemented in two stages to surface with 725 sacks cement. After drilling out to PBTD of 3184' the upper and lower coal zone was perforated from 2980'- 3128' with 4 shots per foot and fracture stimulated with 200,000# 20/40 sand, 896,500 SCF N2 and 20,570 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 90 MCFD and 580 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 21, 1990. The current deliverability for the well against a 150# line pressure is 15 MCFD

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.38 Bcf.

Net Pay: 45 ft
Drainage area: 160 acres
Gas Content: 150 SCF/ton
Tonnage Factor: 2091 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$260,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 86 MCFD, Current - 18 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout will not occur. Compared with net total revenue this Basin Fruitland Coal Gas well will not produce in economic quantities above operating costs.

STATE OF NEW MEXICO

COUNTY OF SAN JUAN

APPLICANT'S STATEMENT AND AFFIDAVIT

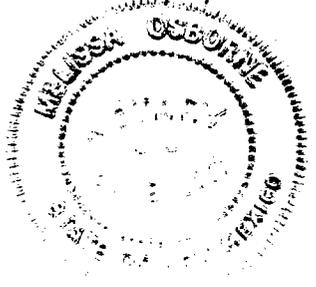
BEFORE ME, the undersigned authority on this day personally appeared Bill Hering, District Petroleum Engineer, known to me to be the person whose name is subscribed to this instrument, who, having been by me first duly sworn, upon oath states as follows:

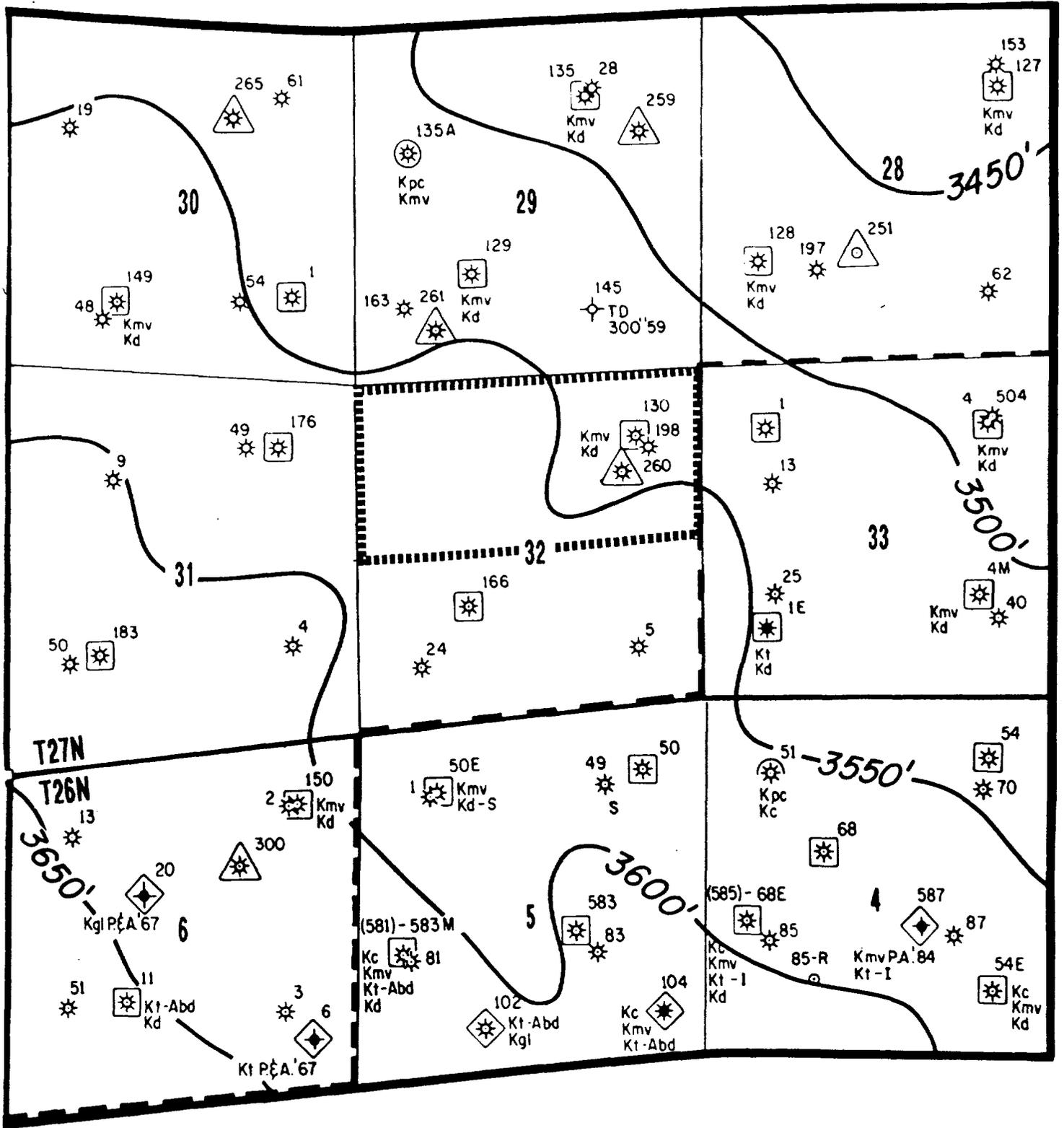
- 1) That this Statement and Affidavit is made concerning this application for disqualification from the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the N/2 Section 32, T27N-R6W, comprising 320.00 acres.
- 2) That to the best of his information, knowledge and belief, the information 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 7/22nd/91.

Melissa Osborne
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:
1/11/92





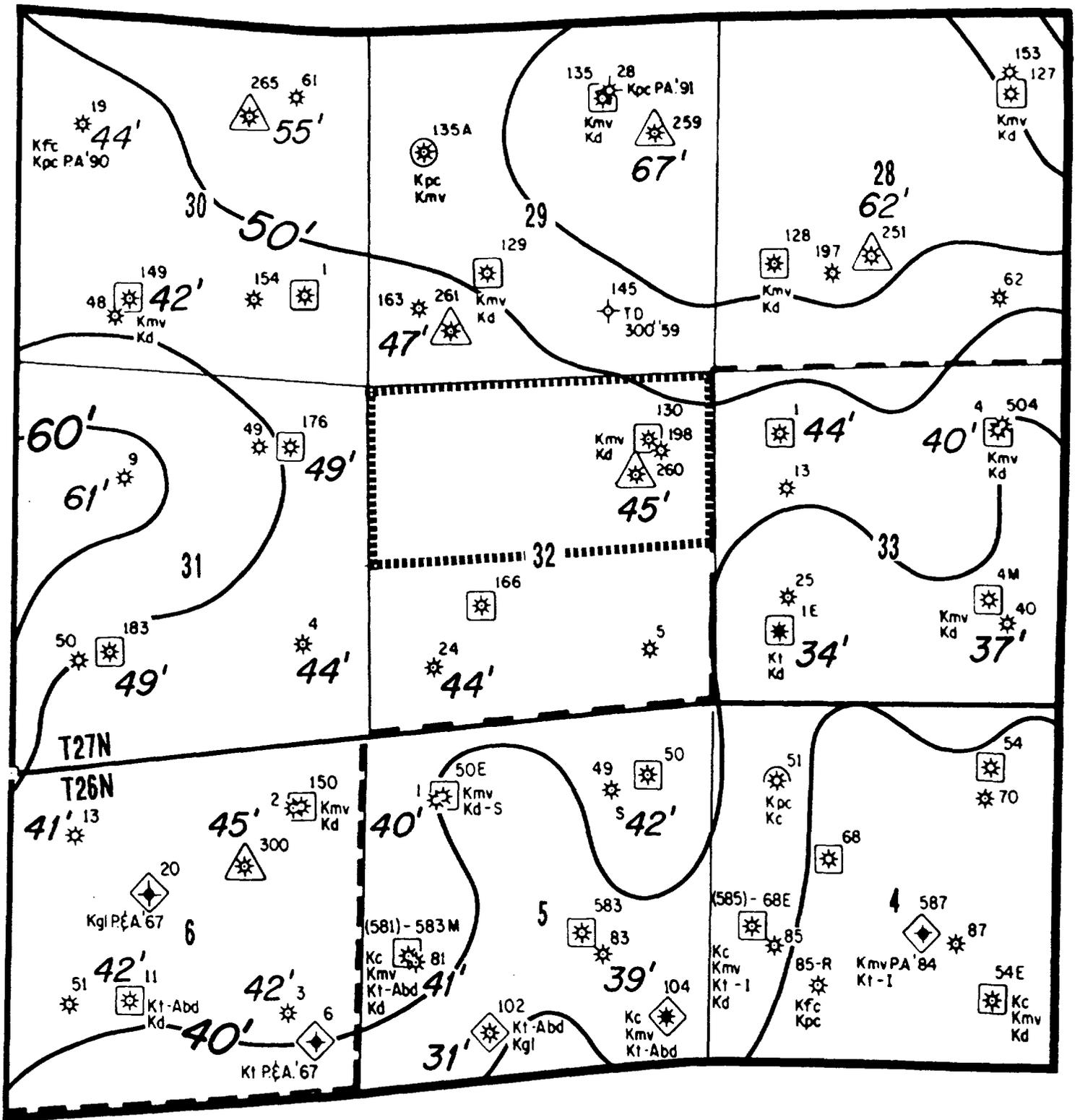
PRODUCING INTERVAL

★	FARMINGTON	Kfm	
★	KIRTLAND	Kk	
▲	FRUITLAND	Kf	
★	PICTURED CLIFFS	Kpc	
⊙	CHACRA	Kc	
⊙	LA VENTANA	Klv	
⊙	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Kmf MENEPEE Kpl POINT LOOKOUT }
◆	GALLUP	Kgl	
⊙	DAKOTA	Kd	

UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
 BASE OF FRUITLAND COAL
 RINCON UNIT # 260
 N½ SEC. 32 -T27N R6W

INTERP BY D.V.H. SCALE 2 1/2" = 1 Mi. E. 50'
 DRAFT BY _____ DATE 9-26-90 P&E NO. (41794)



PRODUCING INTERVAL

●	FARMINGTON	Kfm		
●	FORTLAND	Kf		
●	FRUITLAND	Kf		
○	PICTURED CLIFFS	Kpc		
○	CHACRA	Kc		
○	LA VENTANA	Klv		
○	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Km MENESEE Kpl POINT LOOKOUT }	
○	GALLUP	Kgl		{ K1 TOCITO K2 GREENHORN }
○	DAKOTA	Kd		

UNOCAL 76

NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT

RIO ARRIBA COUNTY, NEW MEXICO

ISOPACH

FRUITLAND COAL

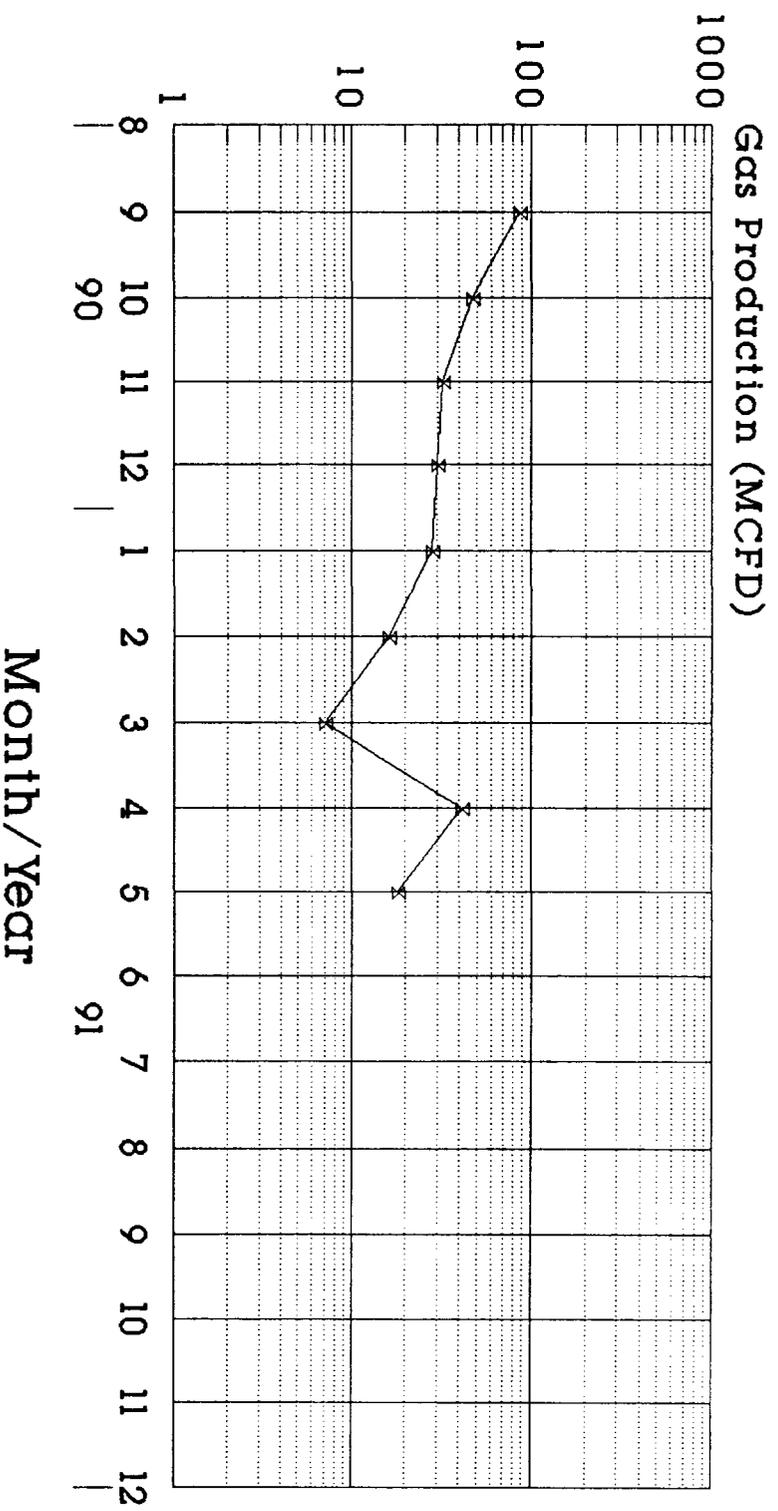
RINCON UNIT # 260

N $\frac{1}{2}$ SEC. 32 -T27N R6W

INTERP BY D.V.H. SCALE 2 1/2" = 1 MI. 1" = 10'
DRAFT BY DATE 9-26-90 PEE NO 1418

RINCON UNIT #260

RIO ARRIBA COUNTY, NEW MEXICO



—x— 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. #260 - FT TAXCR

LOCATION:

BUDGET CATEGORY:
BUDGET PRIORITY:

EFFECTIVE DATE: FEB 0
PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE			
FIELD	:	BASIN FRUITLAND COAL			PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:				UNDISCOUNTED	-0.84	-0.19	RATE (%)	(M\$)	(M\$)
FORMATION	:	FRUITLAND COAL			DISC @ 10.0%	-0.88	-0.39	-----	-----	-----
TOTAL DEPTH:					DISC @ 15.0%	-0.90	-0.45	0.0	-199.	-46.
OPERATOR	:	Unocal			INV EFF RATIO (IER):			5.0	-204.	-73.
AFE #	:				UNDISCOUNTED	-0.84	-0.23	10.0	-208.	-92.
LIFE (YRS)	:	20.8			DISC @ 10.0%	-0.88	-0.47	15.0	-211.	-106.
					DISC @ 15.0%	-0.90	-0.54	20.0	-213.	-116.
WI	ORI	GRI	DATE				25.0	-214.	-124.	
100.00000	80.99870	80.99870	JUL 1990	PAYOUT (YEARS)	*	*				
				RATE OF RETURN (%)	-1000.0	-1000.0				
							DISCOUNT DATE	: JUL 1990		
							DISCOUNT METHOD:	EFFECTIVE MON		

COMMODITY PRICES				INVESTMENTS (M\$)			CASH FLOW (M\$)			
		BEG	END	AVG		GROSS	NET			NET
OIL	(\$/BBL)	0.00	0.00	0.00	LEASEHOLD	0.	0.	TOTAL REVENUES		158.
GAS	(\$/MCF)	2.08	1.42	1.45	DRY HOLE	0.	0.	EXPENSES:		
NGL	(\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)		74.
SULPHUR	(\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER		0.
\$EQUIV BOE RATIO		6.00	6.00	6.00	PLATFORM	0.	0.	PLANT		0.
					FACILITIES	0.	0.	SEV & ADVAL TAXES		23.
					PIPELINE	0.	0.	INDIRECT		6.
					PLANT	0.	0.	OVERHEAD		16.
					GATHERING	0.	0.	NET ABAND/SALV		0.
					MISC INTAN	154.	154.	NET INVESTMENTS		237.
					MISC TAN	83.	83.	BTAX CASH FLOW		-199.
					TOTAL	237.	237.	INCOME TAXES PAID		-153.
					DISC @ 10.0%	235.	235.	ATAX CASH FLOW		-46.
								ATAX DISC @ 10.0%		-92.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
		GROSS		NET			
		REMAIN	ULT	REMAIN	ULT		
OIL	(MMBLS)	0.	0.	0.	0.		
GAS	(MMCF)	135.	135.	109.	109.		
NGL	(MMBLS)	0.	0.	0.	0.		
SULPHUR	(MTONS)	0.	0.	0.	0.		
EQUIVALENT RESERVES:							
BTU	(MBOE)	22.	22.	18.	18.		
VALUE	(MBOE\$)	9.	9.	7.	7.		

INITIAL RATE:
OIL (BBL/DAY) 0.
GAS (MCF/DAY) 55.
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

GLOBAL FILE: \$UNOCAL1

EVALUATION #25 IN PROJECT FILE "P.A. " 06/26/91 09:46:07

10 IDENT "30 25 U091205 " " "
20 DATES JUL 1990 JUL 1990 SEP 1990
30 NAME "RINCON U. #260 - FT TAXCR "
40 FIELD "BASIN FRUITLAND COAL "
50 CNTYSTATE "NEW MEXICO "
60 FORMATION "FRUITLAND COAL "
70 OPERATOR "UNOCAL "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
130 COMMENT "FIRST 9 MONTHS = ACTUAL PROD. "
140 GPROD P MON 1.645 1.45 0.959 0.929 0.663 0.342 0.223 0.204 0.851
190 GPROD * EXP * * * 5.
210 TAN I MON 83000. 0. 0. 0.
220 INTAN I MON 154000. 0.
230 COMMENT "FIRST 9 MONTHS = ACTUAL GAS PRICES "
240 PRGAS P MON 1.76 1.33 1.78 2.27 2.18 2.08 1.6 1.26 1. 0.97
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT "
20 COMMENT "TO 2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMPS JAN 1990 CON 0.84
80 TEMPS JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE

GLOBAL FILE: \$UNOCAL2

NAME : RINCON U. #260 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(6MO)1990	0.0	0.0	5.0	4.0	0.7	0.00	0.0	2.05	8.3	8.3
1991	0.0	0.0	8.2	6.6	1.1	0.00	0.0	1.52	10.0	10.0
1992	0.0	0.0	9.7	7.8	1.3	0.00	0.0	1.42	11.1	11.1
1993	0.0	0.0	9.2	7.4	1.2	0.00	0.0	1.42	10.5	10.5
1994	0.0	0.0	8.7	7.1	1.2	0.00	0.0	1.42	10.0	10.0
1995	0.0	0.0	8.3	6.7	1.1	0.00	0.0	1.42	9.5	9.5
1996	0.0	0.0	7.9	6.4	1.1	0.00	0.0	1.42	9.0	9.0
1997	0.0	0.0	7.5	6.1	1.0	0.00	0.0	1.42	8.6	8.6
1998	0.0	0.0	7.1	5.8	1.0	0.00	0.0	1.42	8.1	8.1
1999	0.0	0.0	6.7	5.5	0.9	0.00	0.0	1.42	7.7	7.7
2000	0.0	0.0	6.4	5.2	0.9	0.00	0.0	1.42	7.4	7.4
2001	0.0	0.0	6.1	4.9	0.8	0.00	0.0	1.42	7.0	7.0
2002	0.0	0.0	5.8	4.7	0.8	0.00	0.0	1.42	6.6	6.6
2003	0.0	0.0	5.5	4.5	0.7	0.00	0.0	1.42	6.3	6.3
2004	0.0	0.0	5.2	4.2	0.7	0.00	0.0	1.42	6.0	6.0
SUB TOTAL	0.0	0.0	107.2	86.8	14.5	0.00	0.0	1.45	126.1	126.1
REMAINDER	0.0	0.0	27.5	22.3	3.7	0.00	0.0	1.42	31.6	31.6
TOT 20.8 YR	0.0	0.0	134.7	109.1	18.2	0.00	0.0	1.45	157.7	157.7

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(6MO)1990	1.2	0.0	1.2	1.0	0.4	237.0	-231.3	-48.5	-182.8	-182.8
1991	3.6	0.0	3.6	1.4	1.1	0.0	3.9	-16.3	20.2	-162.6
1992	3.6	0.0	3.6	1.6	1.1	0.0	4.8	-15.0	19.7	-142.8
1993	3.6	0.0	3.6	1.5	1.1	0.0	4.3	-13.2	17.5	-125.4
1994	3.6	0.0	3.6	1.5	1.1	0.0	3.9	-11.9	15.7	-109.6
1995	3.6	0.0	3.6	1.4	1.1	0.0	3.4	-10.5	13.9	-95.7
1996	3.6	0.0	3.6	1.3	1.1	0.0	3.0	-8.0	11.0	-84.7
1997	3.6	0.0	3.6	1.3	1.1	0.0	2.6	-6.4	9.0	-75.7
1998	3.6	0.0	3.6	1.2	1.1	0.0	2.3	-4.8	7.1	-68.6
1999	3.6	0.0	3.6	1.1	1.1	0.0	1.9	-4.7	6.6	-62.0
2000	3.6	0.0	3.6	1.1	1.1	0.0	1.6	-4.5	6.1	-55.8
2001	3.6	0.0	3.6	1.0	1.1	0.0	1.3	-4.4	5.7	-50.1
2002	3.6	0.0	3.6	1.0	1.1	0.0	1.0	-4.3	5.3	-44.9
2003	3.6	0.0	3.6	0.9	1.1	0.0	0.7	0.3	0.4	-44.5
2004	3.6	0.0	3.6	0.9	1.1	0.0	0.4	0.2	0.3	-44.2
SUB TOTAL	51.6	0.0	51.6	18.2	15.5	237.0	-196.2	-152.0	-44.2	-44.2
REMAINDER	22.8	0.0	22.8	4.6	6.9	0.0	-2.7	-1.0	-1.7	-45.9
TOT 20.8 YR	74.4	0.0	74.4	22.8	22.4	237.0	-198.9	-153.0	-45.9	-45.9

NAME : RINCON U. #260 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M\$-----	-----M\$-----		-----MBBLS-----	-----\$/BBL-----	-----M\$-----	-----M-TONS-----	-----M\$-----	-----M\$-----	-----M\$-----
(6MO)1990	237.0	1.2	1.0	0.0	0.00	0.0	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	0.0
1993	0.0	3.6	1.0	0.0	0.00	0.0	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	0.0
1995	0.0	3.6	1.0	0.0	0.00	0.0	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	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	237.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	22.8	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 20.8 YR	237.0	74.4	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
(6MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.9	0.0	3.1
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.3	0.0	9.2
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.5	0.0	9.2
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.4	0.0	9.2
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.4	0.0	9.2
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.4	0.0	6.2
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.4	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.7	0.0	0.0
1998	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1999	0.0	0.0	0.0	0.0	0.0	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
2001	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2002	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2003	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2004	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	83.0	0.0	46.2
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 20.8 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	83.0	0.0	46.2

OFF.P.A.
WELL # : 25

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

DATE: 06/26/91
TIME: 09:46:44
PAGE: 8

WELL NAME : RINCON U. #260 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
COUNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(6MO)1990	5879.9	4.0	0.840	0.000	4.0
1991	9619.1	6.5	0.840	0.000	6.5
1992	11400.1	7.8	0.840	0.000	7.8
1993	10830.1	7.4	0.840	0.000	7.4
1994	10288.6	7.0	0.840	0.000	7.0
1995	9774.1	6.7	0.840	0.000	6.7
1996	9285.4	6.3	0.840	0.000	6.3
1997	8821.2	6.0	0.840	0.000	6.0
1998	8380.1	5.7	0.840	0.000	5.7
1999	7961.1	5.4	0.840	0.000	5.4
2000	7563.0	5.1	0.840	0.000	5.1
2001	7184.9	4.9	0.840	0.000	4.9
2002	6825.6	4.6	0.840	0.000	4.6
2003	6484.4	0.0	0.000	0.000	0.0
2004	6160.1	0.0	0.000	0.000	0.0
SUB TOTAL	126457.7	77.4	0.840	0.000	77.4
REMAINDER	32464.1	0.0	0.000	0.000	0.0
TOT 20.8 YR	158921.8	77.4	0.840	0.000	77.4

Unocal Oil & Gas Division
Unocal Corporation
3300 North Butler Avenue
Suite 200
Farmington, New Mexico 87401
Telephone (505) 326-7600
Fax: (505) 326-6145

X299



July 22, 1991

8-15-91
D-Unit letter
Tx 124

Farmington District

Bureau of Land Management
Minerals Division
1235 La Plata Hwy
Farmington, New Mexico 87401
Attn: Duane Spencer
Chief of Reservoir Management

Re: Application for The Second
Expansion to the Basin Fruitland
Coal Gas Participating Area
Rincon Unit, Rio Arriba County,
New Mexico

Gentlemen:

Enclosed are two copies of the Application for Approval for expansion to the Basin Fruitland Coal Gas Participating Area in the Rincon Unit, Rio Arriba County, New Mexico. Included also are geologic and engineering data in support of this application. Each well is justified individually. Only one "Schedule of Lands & Working Interest Ownership" and one land map are included with each packet.

Union Oil Company of California, as operator of the Rincon Unit, respectfully requests your approval of this application.

Very Truly Yours,

Union Oil Company of California
DBA UNOCAL

Bill Hering
District Petroleum Engineer

xc: Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

**Schedule of Lands and Working Interest Ownership
In Second Expansion to Basin Fruitland Coal
Participating Area**

Rincon Unit

Tract No. 1 (Unit Tract No. 1)

(Acreage in Unit Tract : 520.00 ac.)

LESSOR:	U.S.A.
SERIAL NO.:	SF-079052
ACREAGE DESCRIPTION:	<u>Township 27 North, Range 6 West</u> Section 18: SE/4, E/2 SW/4
WORKING INTEREST OWNER(S):	Union Oil Company of California - 100%
ACREAGE INCLUDED IN SECOND EXPANSION TO PARTICIPATING AREA:	240.00 Acres
PERCENTAGE OF FRUITLAND COAL FORMATION PRODUCTION ALLOCATED TO THIS TRACT:	2.77648%

Tract No. 2 (Unit Tract No. 17)

(Acreage in Unit Tract : 157.76 ac.)

LESSOR:	U.S.A.
SERIAL NO.:	SF-079404-A
ACREAGE DESCRIPTION:	<u>Township 27 North, Range 6 West</u> Section 18: Lots 1 thru 4 (E/2E/2)
WORKING INTEREST OWNER(S):	El Paso Natural Gas Company - 100%
ACREAGE INCLUDED IN SECOND EXPANSION TO PARTICIPATING AREA:	157.76 Acres
PERCENTAGE OF FRUITLAND COAL FORMATION PRODUCTION ALLOCATED TO THIS TRACT:	1.82508%

Tract No. 3 (Unit Tract No. 15)
(Acreage in Unit Tract : 959.40 ac.)

LESSOR: U.S.A.
SERIAL NO.: SF-079366
ACREAGE DESCRIPTION: Township 27 North, Range 6 West
Section 19: Lots 3, 4, E/2 SW/4, SE/4
Section 21: SW/4
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
El Paso Natural Gas company - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 479.40 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 5.54603%

Tract No. 4 (Unit Tract No. 15A)
(Acreage in Unit Tract : 1599.32 ac.)

LESSOR: U.S.A.
SERIAL NO.: SF-079366
ACREAGE DESCRIPTION: Township 27 North, Range 6 West
Section 19: N/2
Section 20: All
Section 21: NW/4
WORKING INTEREST OWNER(S): Union Oil Company of California - 100%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 1,120.00 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 12.95693%

Tract No. 5 (Unit Tract No. 14)
(Acreage in Unit Tract : 840.00 ac.)

LESSOR: U.S.A.
SERIAL NO.: SF-079365
ACREAGE DESCRIPTION: Township 27 North, Range 6 West
Section 23: S/2
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
El Paso Natural Gas Company - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 320.00 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 3.70198%

Tract No. 6 (Unit Tract No. 21)
(Acreage in Unit Tract : 600.00 ac.)

LESSOR: U.S.A.
SERIAL NO.: NM-013654
ACREAGE DESCRIPTION: Township 27 North, Range 6 West
Section 17: N/2
Section 18: NE/4, E/2 NW/4
WORKING INTEREST OWNER(S): Amoco Production Company - 50%
Conoco, Inc. - 50%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 560.00 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 6.47847%

Tract No. 7 (Unit Tract No. 22)
(Acreage in Unit Tract : 160.00 ac.)

LESSOR: State of New Mexico
SERIAL NO.: E-289-29
ACREAGE DESCRIPTION: Township 27 North, Range 7 West
Section 36: SW/4
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
Meridian Oil, Inc. - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 160.00 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 1.85099%

Tract No. 8 (Unit Tract No. 25)
(Acreage in Unit Tract : 880.00 ac.)

LESSOR: State of New Mexico
SERIAL NO.: E-290-28
ACREAGE DESCRIPTION: Township 27 North, Range 6 West
Section 16: NE/4
Township 27 North, Range 7 West
Section 36: W/2 SE/4
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
Meridian Oil, Inc. - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 240.00 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 2.77649%

Tract No. 9 (Unit Tract No. 24)
(Acreage in Unit Tract : 640.00 ac.)

LESSOR: State of New Mexico
SERIAL NO.: E-290-28
ACREAGE DESCRIPTION: Township 27 North, Range 6 West
Section 16: W/2, W/2 SE/4, SE/4 SE/4
Township 27 North, Range 7 West
Section 36: E/2 SE/4
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
Meridian Oil, Inc. - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 520.00 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 6.01572%

Tract No. 10 (Unit Tract No. 3)
(Acreage in Unit Tract : 336.22 ac.)

LESSOR: U.S.A.
SERIAL NO.: SF-079298
ACREAGE DESCRIPTION: Township 27 North, Range 7 West
Section 13: Lot 1 thru 8 (S/2)
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
Meridian Oil, Inc. - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 336.22 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 3.88962%

Tract No. 11 (Unit Tract No. 19)
(Acreage in Unit Tract : 2645.09 ac.)

LESSOR: U.S.A.
SERIAL NO.: SF-080385
ACREAGE DESCRIPTION: Township 27 North, Range 7 West
Section 27: S/2
Section 34: E/2
Section 35: Lots 9 - 16
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
Meridian Oil, Inc. - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 980.05 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 11.33790%

Tract No. 12 (Unit Tract No. 4)
(Acreage in Unit Tract : 160.00 ac.)

LESSOR: U.S.A.
SERIAL NO.: SF-079298-A
ACREAGE DESCRIPTION: Township 27 North, Range 7 West
Section 14: NW/4
WORKING INTEREST OWNER(S): El Paso Natural Gas Company - 100%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 160.00 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 1.85099%

Tract No. 13 (Unit Tract No. 20)
(Acreage in Unit Tract : 337.63 ac.)

LESSOR: U.S.A.
SERIAL NO.: NM-012209
ACREAGE DESCRIPTION: Township 27 North, Range 7 West
Section 14: Lots 1, 2, 3, 4, 5, 6, 8, 11,
12, (E/2, NW/4 SW/4)
WORKING INTEREST OWNER(S): Amoco Production Company - 50%
Conoco, Inc. - 50%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 337.03 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 3.89900%

Tract No. 14 (Unit Tract No. 6)
(Acreage in Unit Tract : 768.76 ac.)

LESSOR: U.S.A.
SERIAL NO.: SF-079298-D
ACREAGE DESCRIPTION: Township 27 North, Range 7 West
Section 14: Lots 7, 9, 10
(NE/4 SW/4, S/2 SW/4)
WORKING INTEREST OWNER(S): Union Oil Company of California - 100%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 111.32 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 1.28783%

Tract No. 15 (Unit Tract No. 2)
(Acreage in Unit Tract : 1920.80 ac.)

LESSOR: U.S.A.
SERIAL NO.: SF-079160
ACREAGE DESCRIPTION: Township 26 North, Range 7 West
Section 1: Lots 1, 2, 3, 4, S/2 N/2, S/2
Section 11: All
Section 12: N/2
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
Meridian Oil, Inc. as Agent - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 1600.80 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 18.51916%

Tract No. 16 (Unit Tract No. 13)
(Acreage in Unit Tract : 2605.33 ac.)

LESSOR: U.S.A.
SERIAL NO.: SF-079364
ACREAGE DESCRIPTION: Township 27 North, Range 6 West
Section 29: N/2
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
Meridian Oil, Inc. as Agent - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 320.00 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 3.70198%

Tract No. 17 (Unit Tract No. 18)
(Acreage in Unit Tract : 1280.00 ac.)

LESSOR: U.S.A.
SERIAL NO.: SF-080213
ACREAGE DESCRIPTION: Township 27 North, Range 7 West
Section 34: W/2
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
Meridian Oil, Inc. as Agent - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 320.00 Acres
PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 3.70198%

Tract No. 18 (Unit Tract No. 26)
(Acreage in Unit Tract : 320.76 ac.)

LESSOR: State of New Mexico
SERIAL NO.: E-291-3
ACREAGE DESCRIPTION: Township 26 North, Range 7 West
Section 2: Lots 1, 2, S/2 NE/4, SE/4 (E/2)
WORKING INTEREST OWNER(S): Union Oil Company of California - 100%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 320.76 Acres

PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 3.71077%

Tract No. 19 (Unit Tract No. 27)
(Acreage in Unit Tract : 160.68 ac.)

LESSOR: State of New Mexico
SERIAL NO.: E-291-35
ACREAGE DESCRIPTION: Township 26 North, Range 7 West
Section 2: Lots 3, 4, S/2 NW/4 (NW/4)
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
Meridian Oil, Inc. as Agent - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 160.68 Acres

PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 1.85886%

Tract No. 20 (Unit Tract No. 28)
(Acreage in Unit Tract : 160.00 ac.)

LESSOR: State of New Mexico
SERIAL NO.: E-291-35
ACREAGE DESCRIPTION: Township 26 North, Range 7 West
Section 2: SW/4
WORKING INTEREST OWNER(S): Union Oil Company of California - 83.33%
Meridian Oil, Inc. as Agent - 16.67%
ACREAGE INCLUDED IN SECOND
EXPANSION TO PARTICIPATING AREA: 160.00 Acres

PERCENTAGE OF FRUITLAND COAL
FORMATION PRODUCTION ALLOCATED
TO THIS TRACT: 1.85099%

Tract No. 21 (Unit Tract No. 29)
(Acreage in Unit Tract : 40.00 ac.)

LESSOR:	State of New Mexico
SERIAL NO.:	E-6443-4
ACREAGE DESCRIPTION:	<u>Township 27 North, Range 6 West</u> Section 16: NE/4 SE/4
WORKING INTEREST OWNER(S):	Union Oil Company of California - 100.00%
ACREAGE INCLUDED IN SECOND EXPANSION TO PARTICIPATING AREA:	40.00 Acres
PERCENTAGE OF FRUITLAND COAL FORMATION PRODUCTION ALLOCATED TO THIS TRACT:	.46275%

**Summary Of Lands Included In
The Second Expansion To
The Fruitland Coal Participating Area**

<u>Lease</u>	<u>Unit Tract No.</u>	<u>Acreage</u>	<u>Percentage</u>
U.S.A. SF-079052	1	240.00	2.77648%
U.S.A. SF-079404-A	17	157.76	1.82508%
U.S.A. SF-079366	15	479.40	5.54603%
U.S.A. SF-079366	15A	1120.00	12.95693%
U.S.A. SF-079365	14	320.00	3.70198%
U.S.A. NM-013654	21	560.00	6.47847%
State of New Mexico E-289-29	22	160.00	1.85099%
State of New Mexico E-290-28	25	240.00	2.77649%
State of New Mexico E-290-28	24	520.00	6.01572%
U.S.A. SF-079298	3	336.22	3.88962%
U.S.A. SF-080385	19	980.05	11.33790%
U.S.A. SF-079298-A	4	160.00	1.85099%
U.S.A. NM-012209	20	337.03	3.89900%

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<u>Lease</u>	<u>Unit Tract No.</u>	<u>Acreage</u>	<u>Percentage</u>
U.S.A. SF-079298-D	6	111.32	1.28783%
U.S.A. SF-079160	2	1600.80	18.51916%
U.S.A. SF-079364	13	320.00	3.70198%
U.S.A. SF-080213	18	320.00	3.70198%
State of New Mexico E-291-3	26	320.76	3.71077%
State of New Mexico E-291-35	27	160.00	1.85886%
State of New Mexico E-291-35	28	160.00	1.85099%
State of New Mexico E-6443-4	29	40.00	.46275%
		<u>8,644.02</u>	<u>100.00000%</u>

**Summary of Working Interest Ownership
In Second Expansion To
Basin Fruitland Coal Participating Area**

<u>Working Interest Owner</u>	<u>Working Interest Percentage</u>
Union Oil Company of California	76.82091%
Wiser Oil Company	2.54378%
H. R. Stasney & Sons Company	1.30259%
Meridian Oil, Inc., As Agent	10.59527%
Meridian Oil, Inc., Individually	1.55217%
Jones Company	1.30259%
Conoco, Inc.	2.29005%
Amoco Production Company	2.29004%
Beryl B. McMahan	.65130%
Beryl B. McMahan, Trustee of the Thomas V. McMahan Trust	.32565%
Beryl B. McMahan, Trustee of the Gwin M. Lewis Trust	<u>.32565%</u>
	100.00000%