



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

April 25, 1996

IN REPLY REFER TO:

SF-80385(WC)
3162.3-2 (07327)

Brett H. Liggett
Unocal Oil and Gas Division
913 West Broadway, P.O. Box 850
Bloomfield, New Mexico 87413

Dear Mr. Liggett:

We have completed our review of your application to downhole commingle Blanco Mesaverde and Basin Dakota (allocated to the Dakota PA) production in the following well located on Federal lease No. SF-080385:

**Rincon Unit #203
890' FSL - 890' FWL SECTION 27, T-27N, R-7W
SAN JUAN COUNTY, NEW MEXICO**

Your application indicated that UNOCAL intends to allocate production based on existing Dakota production and a Mesaverde well test. The Dakota formation has been producing since March 1974 and has established a known decline rate. Initial rates from the Mesaverde formation will be affected by flush production from the virgin reservoir and will decline at a higher rate until the formation is stabilized. Until both formations are declining at equal rates, you must allocate based on extrapolated Dakota volumes with the remainder of the monthly production allocated to the Mesaverde. The allocation method described above can be converted to a percentage factor as soon as it can be demonstrated that both formations are declining at equal rates. Please notify this office when allocation is converted. Your application, revised to allocate production based on the formula outlined above is hereby approved effective the date that the formations are physically commingled.

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

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

Sincerely,
/s/ Duane Spencer
Duane Spencer
Team Lead, Petroleum Management

bcc:
NMOCD, Santa Fe
NMOCD, Aztec
07327:RHager:02/03/96:X366:Rincon203

AIRS
DOM Reader

Well File (Rincon Unit #203 990 FSL 890 FWL Sec 27, T-27N, R-7W) W/Application