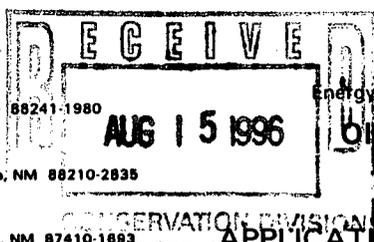


DHC

9/15/96



DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980
DISTRICT II
811 South First St., Artesia, NM 88210-2835
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1893

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:
 Administrative Hearing
EXISTING WELLBORE
 YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

UNION OIL OF CALIFORNIA dba/UNOCAL P.O. BOX 850, BLOOMFIELD, NM 87413
Operator Address

RINCON UNIT 183 K-SEC 31-T27N-R06W Rio Arriba
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 023708 Property Code 11510 API NO. 30-039-06834
Spacing Unit Lease Types: (check 1 or more)
Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	BLANCO MESA VERDE/ 72319		BASIN DAKOTA/71599
2. Top and Bottom of Pay Section (Perforations)	TO BE DETERMINED AFTER GAMMA RAY LOG RUN (7-7300')		7274'-7470'
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	FLOWING		FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 303D exception	a.	a. 303D Exception
	b. (Original) 303D exception	b.	b. 303D Exception
6. Oil Gravity (°API) or Gas BTU Content	ESTIMATED 48° API		56.0° API
7. Producing or Shut-In?			PRODUCING
Production Marginal? (yes or no)	YES		YES
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: SEE SUPPORTING DATA Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: N/A	Date: Rates:	Date: Rates: SEE SUPPORTING DATA
8. Fixed Percentage Allocation Formula - % for each zone	Oil: Gas: % *SEE ATTACHEMENT %	Oil: % Gas: %	Oil: Gas: % *SEE ATTACHEMENT %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No
11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? Yes No
13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No
15. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). *SEE ATTACHEMENT
16. ATTACHMENTS:
 * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 * Production curve for each zone for at least one year. (If not available, attach explanation.)
 * For zones with no production history, estimated production rates and supporting data.
 * Data to support allocation method or formula.
 * Notification list of all offset operators.
 * Notification list of working, overriding, and royalty interests for uncommon interest cases.
 * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Brett Liggett TITLE Production Engineer DATE 8/14/96
TYPE OR PRINT NAME BRETT LIGGETT TELEPHONE NO. (505) 632-1811 ext 14

Unocal, Rincon Unit, Rio Arriba County, New Mexico

Rincon Unit Well	Legal Description	NMOCD Order No.	Issue Date
302	C S 11 T 26 N R 7 W	DHC-1050	11/3/94
134	B S 12 T 26 N R 7 W	DHC-1190	3/7/96
159M	F S 18 T 27 N R 6 W	DHC-904	6/18/93
174M	F S 19 T 27 N R 6 W	DHC-966	1/31/94
170	M S 20 T 27 N R 6 W	DHC-1192	3/7/96
170M	I S 20 T 27 N R 6 W	DHC-920	9/17/93
175M	F S 20 T 27 N R 6 W	DHC-864	11/24/92
171M	J S 21 T 27 N R 6 W	DHC-1101	3/7/95
180M	D S 21 T 27 N R 6 W	DHC-940	10/25/93
158M	J S 22 T 27 N R 6 W	DHC-909	4/27/93
125M	F S 26 T 27 N R 6 W	DHC-95	9/17/93
126M	P S 27 T 27 N R 6 W	DHC-914	9/17/93
127M	D S 28 T 27 N R 6 W	DHC-916	8/17/93
128M	O S 28 T 27 N R 6 W	DHC-1042	8/31/94
129M	P S 29 T 27 N R 6 W	DHC-903	6/18/93
1E	G S 30 T 27 N R 6 W	DHC-902	6/18/93
303	E S 33 T 27 N R 6 W	DHC-1086	2/3/95
186M	L S 33 T 27 N R 6 W	DHC-1176	12/21/95
167M	C S 13 T 27 N R 7 W	DHC-863	11/5/92
151M	O S 14 T 27 N R 7 W	DHC-918	9/17/93
133E	D S 14 T 27 N R 7 W	DHC-1043	8/31/94
184M	P S 15 T 27 N R 7 W	DHC-911	8/25/93
185E	J S 22 T 27 N R 7 W	DHC-1038	8/31/94
136E	D S 23 T 27 N R 7 W	DHC-912	9/17/93
178E	I S 23 T 27 N R 7 W	DHC-1040	8/31/94
138E	P S 25 T 27 N R 7 W	DHC-1044	8/31/94
139E	F S 25 T 27 N R 7 W	DHC-1041	8/31/94
203	M S 27 T 27 N R 7 W	DHC-1261	5/23/96
149M	F S 30 T 27 N R 7 W	DHC-1037	8/31/94
229E	M S 34 T 27 N R 7 W	DHC-1124	5/16/95
187E	P S 35 T 27 N R 7 W	DHC-1176	12/21/95
131E	C S 36 T 27 N R 7 W	DHC-1039	8/31/94
168E	I S 36 T 27 N R 7 W	DHC-1191	3/7/96

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-
 Revised February 21, 1988
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ APT Number 30-039-06834		² Pool Code 72319		³ Pool Name BLANCO MESA VERDE	
⁴ Property Code 11510		⁵ Property Name RINCON UNIT			⁶ Well Number 183
⁷ OGRID No. 023708		⁸ Operator Name UNION OIL OF CALIFORNIA dba/UNOCAL			⁹ Elevation 6658' DF

¹⁰ Surface Location

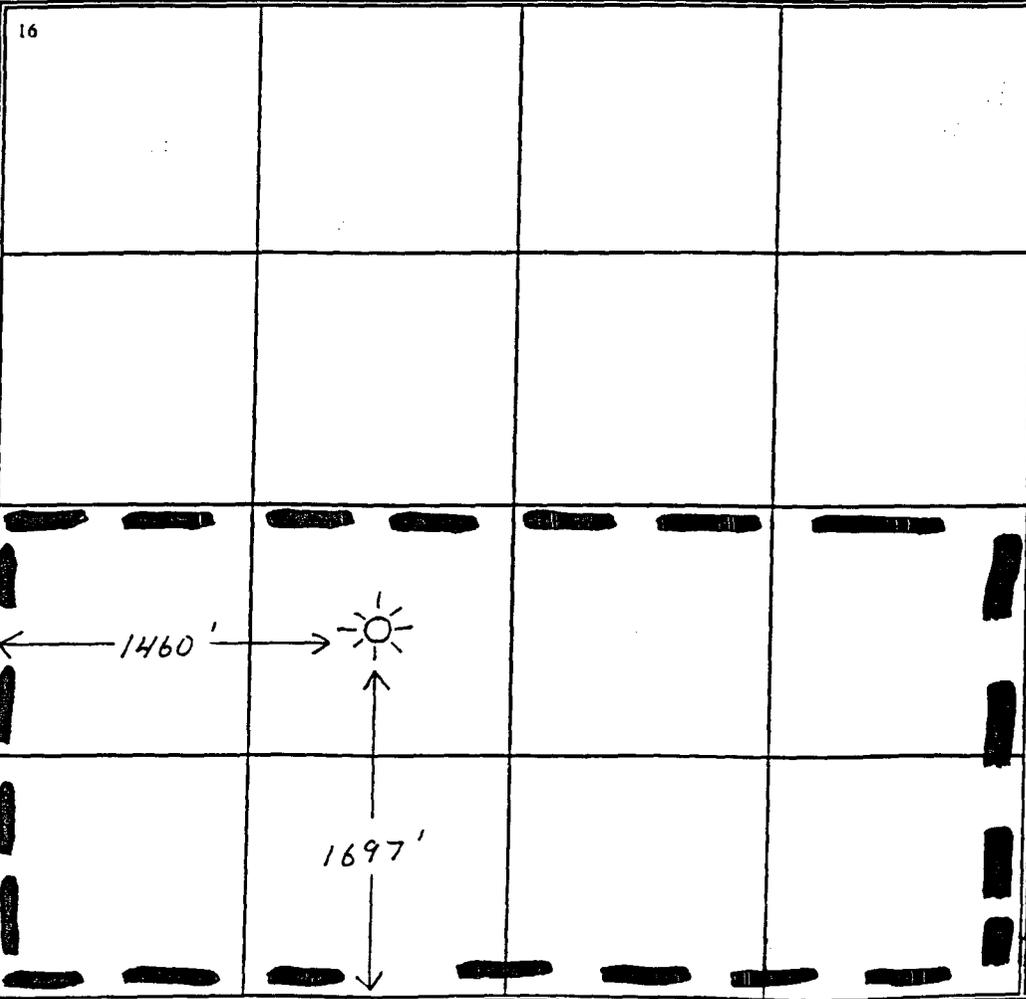
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	31	27N	06W		1697'	SOUTH	1460'	WEST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	------------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Brett A. Liggett
 Signature
 Brett A. Liggett
 Printed Name
 Production Engineer
 Title
 8/14/96
 Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

 Date of Survey
 Signature and Seal of Professional Surveyer:

 Certificate Number

Section A.

Date AUGUST 1, 1962

Operator EL PASO NATURAL GAS COMPANY Lease RINCON UNIT SF079364
 Well No. 183 Unit Letter K Section 31 Township 27-N Range 6-W N.M.P.M.
 Located 1697 Feet From SOUTH Line, 1460 Feet From WEST Line
 County RIO ARriba G. L. Elevation 6648 Dedicated Acreage 336.32 Acres
 Name of Producing Formation DAKOTA Pool BASIN DAKOTA

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
 Yes No
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No . If answer is "yes", Type of Consolidation.
3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner

Land Description

RECEIVED

AUG 29 1962

U.S. GEOLOGICAL SURVEY
FARMINGTON, NEW MEXICO

Section B.

Note: All distances must be from outer boundaries of section.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

El Paso Natural Gas Company

(Operator)

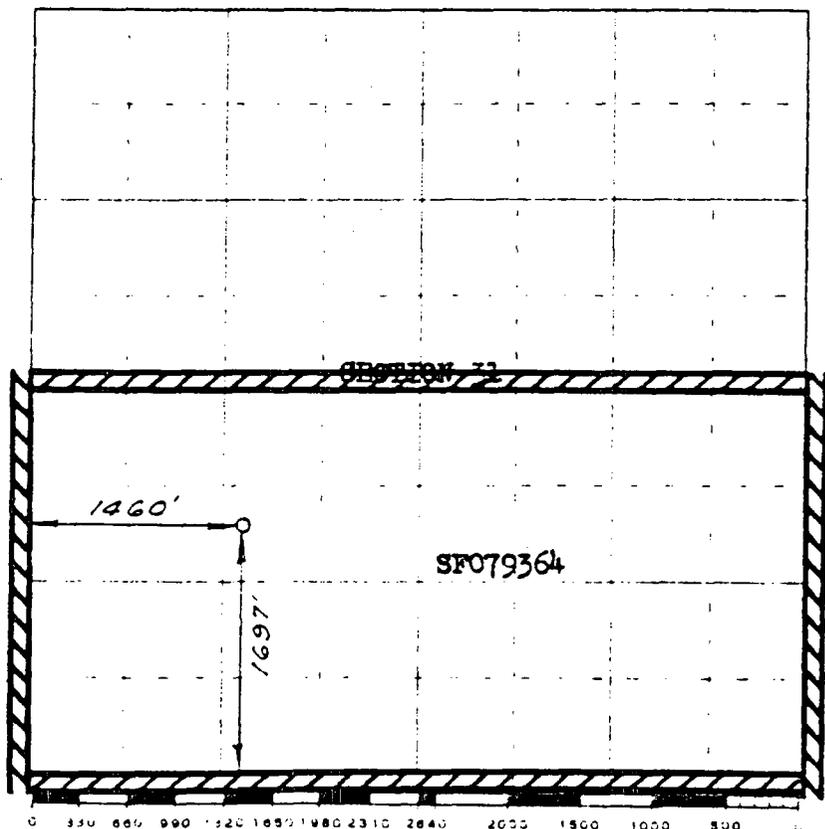
Original Signed **D. W. Meehan**

(Representative)

Box 990

(Address)

Farmington, New Mexico



Scale 4 inches equal 1 mile

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Said

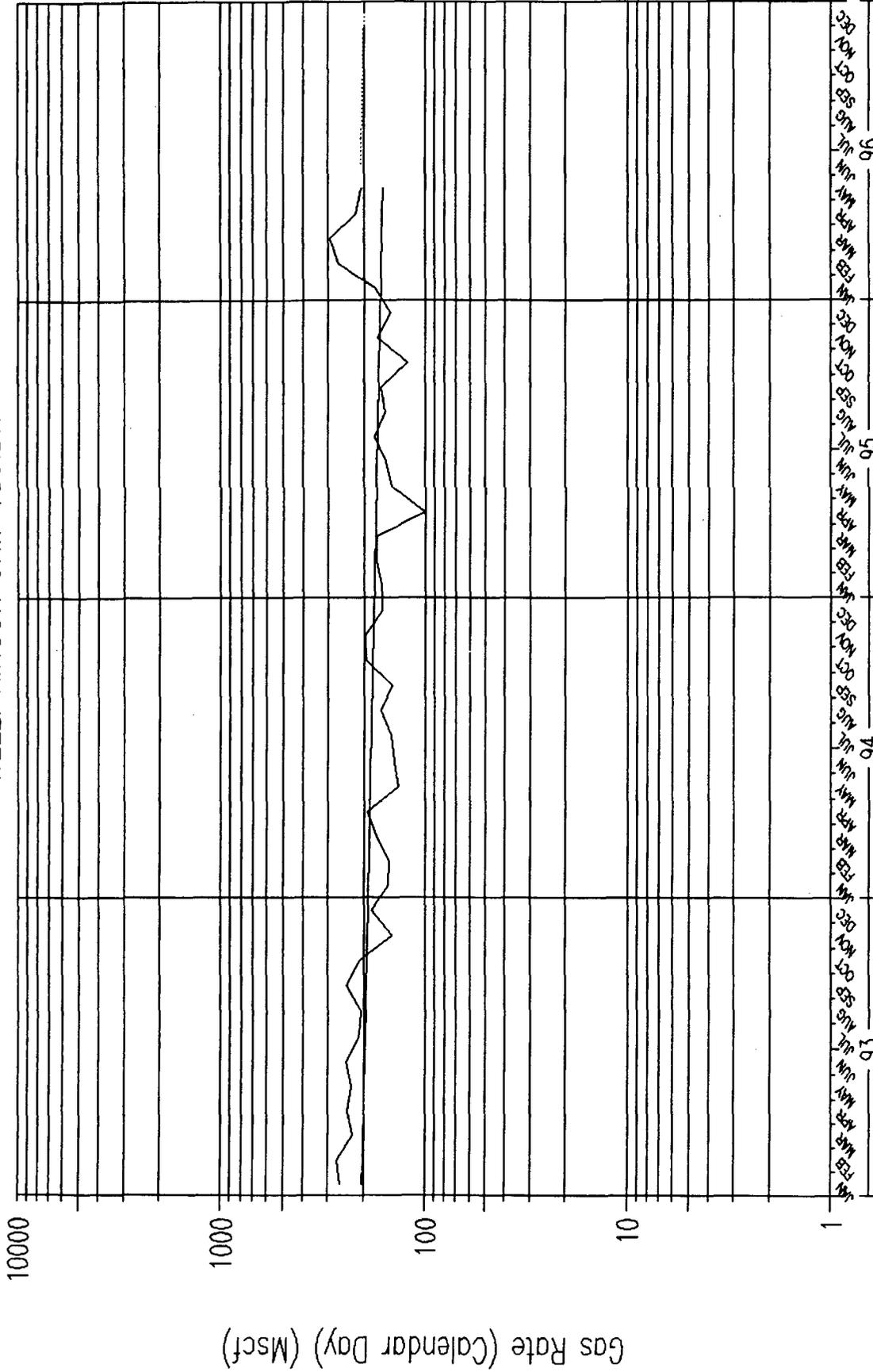
Farmington, New Mexico

Date Surveyed

JUNE 25, 1962

David C. Wilson
Registered Professional Engineer and/or Land Surveyor

WELL: RINCON UNIT 183:DK



Decline Rate (frac) Nominal: 0.005709 Effective: 0.005693 Annual: 0.066211

Current Gas rate: 207.90 Mscf/d

Economic Limit: 25.000 Mscf/d

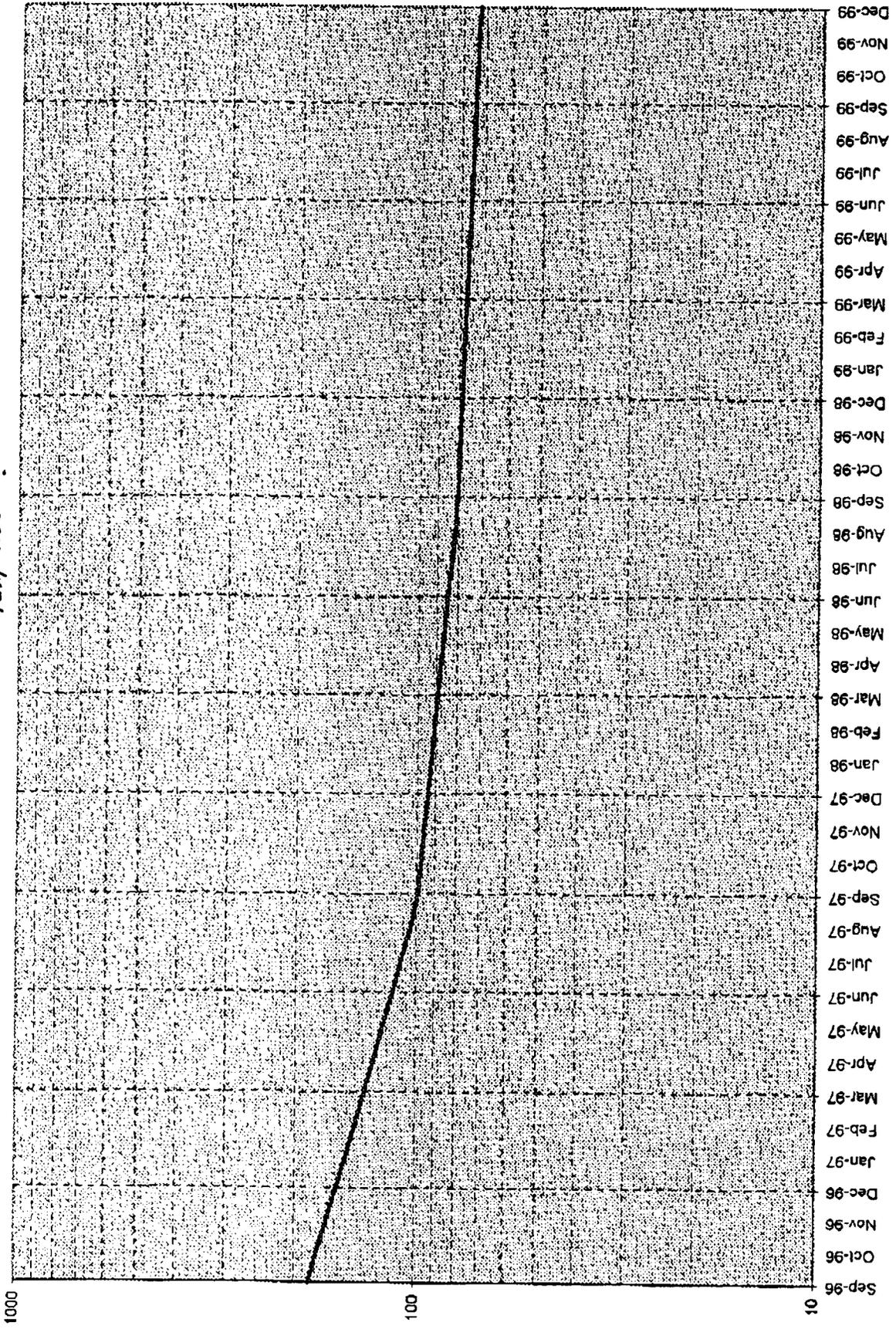
Cumulative Gas Produced: 1293.83 MMscf

Remaining Reserves: 321.3 MMscf

Total Reserves: 1615.1 MMscf - At End of Forecast

Sheet1 Chart 1

183 MV Decline, Expected



Unocal will henceforth adopt the following method for allocating gas and oil production in certain future down hole commingled wells in the Rincon Unit, Rio Arriba County, New Mexico. This method will apply to wells having a new producing formation commingled in an existing well bore with mature formation(s). This method will account for approximately twelve to twenty-four months of "flush production" typically associated with new completions in the Rincon Unit (see attachment). After twenty-four months of commingled production a fixed percentage allocation will be calculated according to the formulas discussed below. This method will also account for mechanical, transportation and gas marketing constraints.

qi - Average three month production rate of the existing completion prior to down hole commingling (Mcf/d).

D - Effective monthly decline rate of the existing completion (1/months).

Qn - Total commingled production, for the nth month, after n months of commingled production (Mcf).

Q1n - Total production for the existing completion, for the nth month, after n months of commingled production (Mcf).

Q2n - Total production for the new completion, for the nth month, after n months of commingled production (Mcf).

t - Time from beginning of commingled production (months)

t <= 24 months

$$Q1n = qi(e^{-D(t-0.5)})(365/12)$$

$$Q2n = Qn - Q1n$$

Qn < Q1n

$$Q1n = Qn(Q1(n-1)/(Q1(n-1)+Q2(n-1)))$$

$$Q2n = Qn(Q2(n-1)/(Q1(n-1)+Q2(n-1)))$$

t > 24 months and royalty interests identical between commingled formations

$$Q1n = Qn(Q1(24)/(Q1(24)+Q2(24)))$$

$$Q2n = Qn(Q2(24)/(Q1(24)+Q2(24)))$$

Chart3

Rincon Unit, 20 month average production, 1992 & 1994, DK/MV infill commingles

