

DHC-1865



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:
NMSF079160 (WC)
3162.7 (07400)

April 29, 1998

Ms. Heather Dahlgren
Union Oil Company of California (UNOCAL)
1004 N. Big Spring
Midland, Texas 79702

RE: Downhole Commingling Application
57E Rincon Unit
790' FSL & 1825' FEL
Sec. 1, T26N, R7W
Lease No. NMSF079160
Rio Arriba County, NM

Dear Ms. Dahlgren:

After our telephone conversations with Mr. Tom Baier and yourself, analyzing additional data, and taking the well's condition of needing to unload fluid into consideration, we are in concurrence that commingling is in the best interest of all parties. Additional review of the estimated ultimate recoverable reserves, estimated remaining reserves, decline rates and other wells in the area, it was determined that minimal allocation differences would occur using fixed allocation factors. Therefore, the following allocation factors are hereby approved:

Formation	Gas	Oil
Dakota	18%	18%
Gallup	82%	82%

The effective date will be the date downhole commingling occurs. This approval is not for operational activities. Operational approval must be obtained by submitting a Notice of Intent Sundry Notice.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders 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 requests 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 CAR 3165.4 and 43 CAR 4.400 et seq.

If you have any questions please contact Wayne Townsend with this office at (505) 599-6359.

Sincerely,

/s/ Duane W. Spencer

Duane Spencer
Team Leader, Petroleum Management Team

cc:
NMOCD, Santa Fe
NMOCD, Aztec
Well file
DOMR
07400:WTownsend:4/29/98