

SPIRIT ENERGY

76

New Name. Same Spirit.
A Business Unit of Unocal

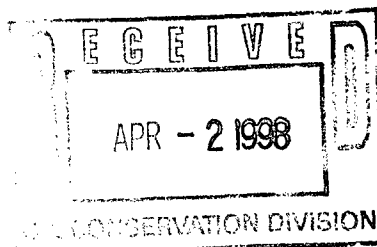
AHC 4/22/98

March 31, 1998

1917

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Commissioner of Public Lands
State of New Mexico
310 Old Santa Fe Trail
Santa Fe, NM 87504



New Mexico Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505
Cc: NMOCD, Aztec, NM

Gentlemen,

Union Oil Company of California (UNOCAL) requests approval to down hole commingle production in the following Rincon Unit wells, Rio Arriba County, New Mexico.

Well	Lease	Legal Location
169 DK/MV	Federal	1650' FSL, 1840' FWL, SW Sec 26, T27N, R7W
192 DK/GL	Federal	1700' FSL, 1700' FWL, SW Sec 1, T26N, R7W
192E DK/GL/MV	Federal	1020' FNL, 970' FWL, NW Sec 1, T26N, R7W

As provided by Order No. R-9893, administrative approval may be granted without notice and hearing.

Form C-107-A with supporting data is attached.

If you have any questions please contact Heather Dahlgren at 915/685-7665.

Sincerely,

Spirit Energy 76
A Business Unit of UNOCAL

A handwritten signature in cursive script that reads "Heather Dahlgren".

Heather Dahlgren
Engineering Technician

NMOCD Reference Cases for Rule 303(D) Exceptions

Unocal, Rincon Unit, Rio Arriba County, New Mexico

Rincon Unit Well	Legal Description	NMOCD Order No.	Issue Date
167M	C S 13 T 27 N R 7 W	DHC-863	11/5/92
175M	F S 20 T 27 N R 6 W	DHC-864	11/24/92
158M	J S 22 T 27 N R 6 W	DHC-909	4/27/93
159M	F S 18 T 27 N R 6 W	DHC-904	6/18/93
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
127M	D S 28 T 27 N R 6 W	DHC-916	8/17/93
184M	P S 15 T 27 N R 7 W	DHC-911	8/25/93
170M	I S 20 T 27 N R 6 W	DHC-920	9/17/93
126M	P S 27 T 27 N R 6 W	DHC-914	9/17/93
151M	O S 14 T 27 N R 7 W	DHC-918	9/17/93
136E	D S 23 T 27 N R 7 W	DHC-912	9/17/93
125M	F S 26 T 27 N R 6 W	DHC-95	9/17/93
137E	J S 24 T 27 N R 7 W	DHC-913	9/17/93
180M	D S 21 T 27 N R 6 W	DHC-940	10/25/93
174M	F S 19 T 27 N R 6 W	DHC-966	1/31/94
128M	O S 28 T 27 N R 6 W	DHC-1042	8/31/94
133E	D S 14 T 27 N R 7 W	DHC-1043	8/31/94
185E	J S 22 T 27 N R 7 W	DHC-1038	8/31/94
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
149M	F S 30 T 27 N R 7 W	DHC-1037	8/31/94
131E	C S 36 T 27 N R 7 W	DHC-1039	8/31/94
302	C S 11 T 26 N R 7 W	DHC-1050	11/3/94
303	E S 33 T 27 N R 6 W	DHC-1086	2/3/95
171M	J S 21 T 27 N R 6 W	DHC-1101	3/7/95
229E	M S 34 T 27 N R 7 W	DHC-1124	5/16/95
186M	L S 33 T 27 N R 6 W	DHC-1176	12/21/95
187E	P S 35 T 27 N R 7 W	DHC-1176	12/21/95
134	B S 12 T 26 N R 7 W	DHC-1190	3/7/96
170	M S 20 T 27 N R 6 W	DHC-1192	3/7/96
168E	I S 36 T 27 N R 7 W	DHC-1191	3/7/96
203	M S 27 T 27 N R 7 W	DHC-1261	5/23/96
183	K S 31 T 27 N R 6 W	DHC-1376	10/16/96
168	A S 36 T 27 N R 7 W	DHC-1778	2/4/98
139	K S 25 T 27 N R 6 W	DHC-1777	2/4/98
181	G S 22 T 27 N R 6 W	DHC-1779	2/4/98
166E	F S 32 T 27 N R 6 W	DHC-1784	2/24/98



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 etal (WC)
3162.7 (07400)

April 14, 1998

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

RE: Downhole Commingling Applications

Dear Ms: Dahlgren:

We have received and reviewed your Applications for Downhole Commingling on the following wells:

WELL	Lease	Legal Location	Proposed Commingled Formations
57 Rincon Unit	NMSF079160	990' FNL & 990' FEL Sec 1, T26N, R7W	Mesaverde & Dakota
137 Rincon Unit	NMSF079298D	1500' FSL & 1800' FWL Sec. 24, T27N, R7W	Mesaverde & Dakota
131 Rincon Unit	State (In Dakota PA)	1800' FSL & 1550' FWL Sec. 36, T27N, R7W	Mesaverde & Dakota
169 Rincon Unit	NMSF080385	1650' FSL & 1840' FWL Sec. 26, T27N,, R7W	Mesaverde & Dakota
192 Rincon Unit	NMSF079160	1700' FSL & 1700' FWL Sec. 1, T26N, R7W	Gallup & Dakota

We are in concurrence with your method of allocating production by extrapolating the decline rate on the Dakota and allocating the remainder of the production volume to the other formation. We are also in agreement with your Dakota decline rates and yield factors for allocating liquids. We hereby approve your applications for downhole commingling on the above wells. The effective date will be the date downhole commingling occurs.

When fixed allocation factors are determined, submit the factors for **approval**. This approval is not for operational activities. Operational approval must be obtained by submitting a Notice of Intent Sundry Notice.

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



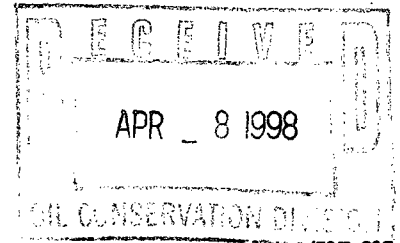
State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

RAY POWELL, M.S., D.V.M.
COMMISSIONER

April 7, 1998



(505) 827-5760
FAX (505) 827-5766

Union Oil Company of California (UNOCAL)
1004 North Big Spring
Midland, Texas 79702

Attn: Ms. Heather Dahlgren

Re: Downhole Commingling Application
Rincon Unit Well No. 169
Unit Letter K, Section 26-27N-07W
Blanco Mesaverde and Basin Dakota Pools
Rincon Unit Well No. 192
Unit Letter K, Section 1-26N-07W
Largo Gallup and Basin Dakota Pools
Rincon Unit Well No. 192E
Unit Letter D, Section 1-26N-07W
Blanco Mesaverde, Largo Gallup and Basin Dakota Pools
Rio Arriba County, New Mexico

Dear Ms. Dahlgren:

Your applications to downhole commingle the production within the wellbores of the above-captioned wells was received on April 2, 1998.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Please submit your \$30.00 filing fee.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

pc: Reader File

OCD--Attention: David Catanach, Ben Stone

BLM

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 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator UNION OIL COMPANY OF CALIFORNIA (UNOCAL) Address 1004 N. BIG SPRING, MIDLAND TX 79702Lease RINCON UNITWell No. 169Unit Ltr. - Sec - Twp - Rge K 26-T27N-R7WCounty RIO ARriba

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 023708 Property Code 011510 API NO. 30-039-20160 Federal ☒ State ☐ Land/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 MESAVERDE 72319		BASIN DAKOTA 71599
2. Top and Bottom of Pay Section (Perforations)	Proposed 5343 - 5454		7364 - 7534
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) 1063 psia b. (Original) 1063 psia	a. b.	a. 500 psia b. 2819 psia
6. Oil Gravity (° API) or Gas BTU Content	1184 BTU		1159 BTU
7. Producing or Shut-In?	NEW COMPLETION		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. * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: SEE ATTACHED	Date: Rates:	Date: Rates: Date: 1-98 311 mcfd Rates: 4.8 bopd, 0 bwpd
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

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? R 9893 ☐ 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 ☐ No13. 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 ☐ No15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). SEE ATTACHED

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 Heather Dahlgren TITLE Engineering Tech DATE 3-31-98TYPE OR PRINT NAME Heather Dahlgren TELEPHONE NO. (915) 685 7665

March 31, 1998

Supplemental Data for C-107-A, Rincon Unit Well No. 169

Well History: The Rincon Unit Well No. 169 was drilled and completed as a Dakota gas producer in December 1968. Mesaverde reserves would be developed most economically at this time with a downhole commingled completion. An estimated completion date for the Mesaverde is late April or May 1998.

Production History: Current gas production is 311 Mcfpd from the Dakota with trace oil and water production. An estimated initial rate for the first 30 days of Mesaverde production is 307 Mcfd and 4 Bopd. This estimate is an average based on actual IP's and production from six recent Mesaverde completions on the Rincon Unit. Please see attachments for this supporting data.

Pressure Data: Original and current bottom hole pressures were calculated from surface shut-in casing pressures. The Rincon Unit well #139 Mesaverde pressure data was used for the original pressure for the #169 Mesaverde. This well is an offset to the #169 and was recently completed in January 1998. Please see attachments for the bottom hole calculation, date and duration of these tests.

Allocation of Production: Unocal proposes to use an allocation based on an established Dakota annual decline rate of 4.79%. Dakota production will be extrapolated monthly using Bureau of Land Management recommended allocation methods with the remainder of the commingled production being allocated to the Mesaverde formation. Please see attachments for the Dakota forecast. Initial flush production volumes have been added to the Dakota due to the anticipated extended shut-in during the workover. While tabular data has been provided for the first five years of the Dakota forecast, we anticipate being able to convert to a fixed allocation factor within 12 to 24 months. Unocal also proposes to use a yield factor for allocating liquid production. This factor based on the average oil and water yield for 1997.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
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 API Number 30-039-20160		² Pool Code 71599		³ Pool Name BASIN DAKOTA	
⁴ Property Code 011510		⁴ Property Name RINCON UNIT			⁶ Well Number 169
⁷ OGRID No. 023708		⁸ Operator Name UNION OIL COMPANY OF CALIFORNIA (UNOCAL)			⁹ Elevation 6702'

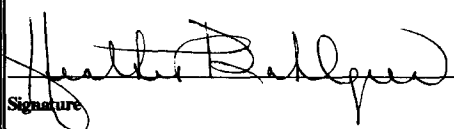
¹⁰ Surface Location

UL or lot no. K	Section 26	Township 27N	Range 7W	Lot Idn	Feet from the 1650	North/South line S	Feet from the 1840	East/West line W	County Rio Arriba
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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 338.84	¹³ Joint or Infill Y	¹⁴ Consolidation Code U	¹⁵ Order No. Unitization						

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

16					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Printed Name HEATHER DAHLGREN Title ENGINEERING TECHNICIAN Date 3-25-98
					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 Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
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Form C-102
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-20160		² Pool Code 72319		³ Pool Name BLANCO MESAVERDE	
⁴ Property Code 011510		⁴ Property Name RINCON UNIT			⁶ Well Number 169
⁷ OGRID No. 023708		⁸ Operator Name UNION OIL COMPANY OF CALIFORNIA (UNOCAL)			⁹ Elevation 6702'

¹⁰ Surface Location

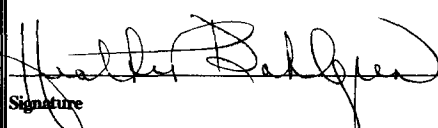
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	26	27N	7W		1650	S	1840	W	Rio Arriba

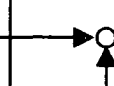
¹¹ Bottom Hole Location If Different From Surface

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 338.84	¹³ Joint or Infill Y	¹⁴ Consolidation Code U	¹⁵ Order No. Unitization
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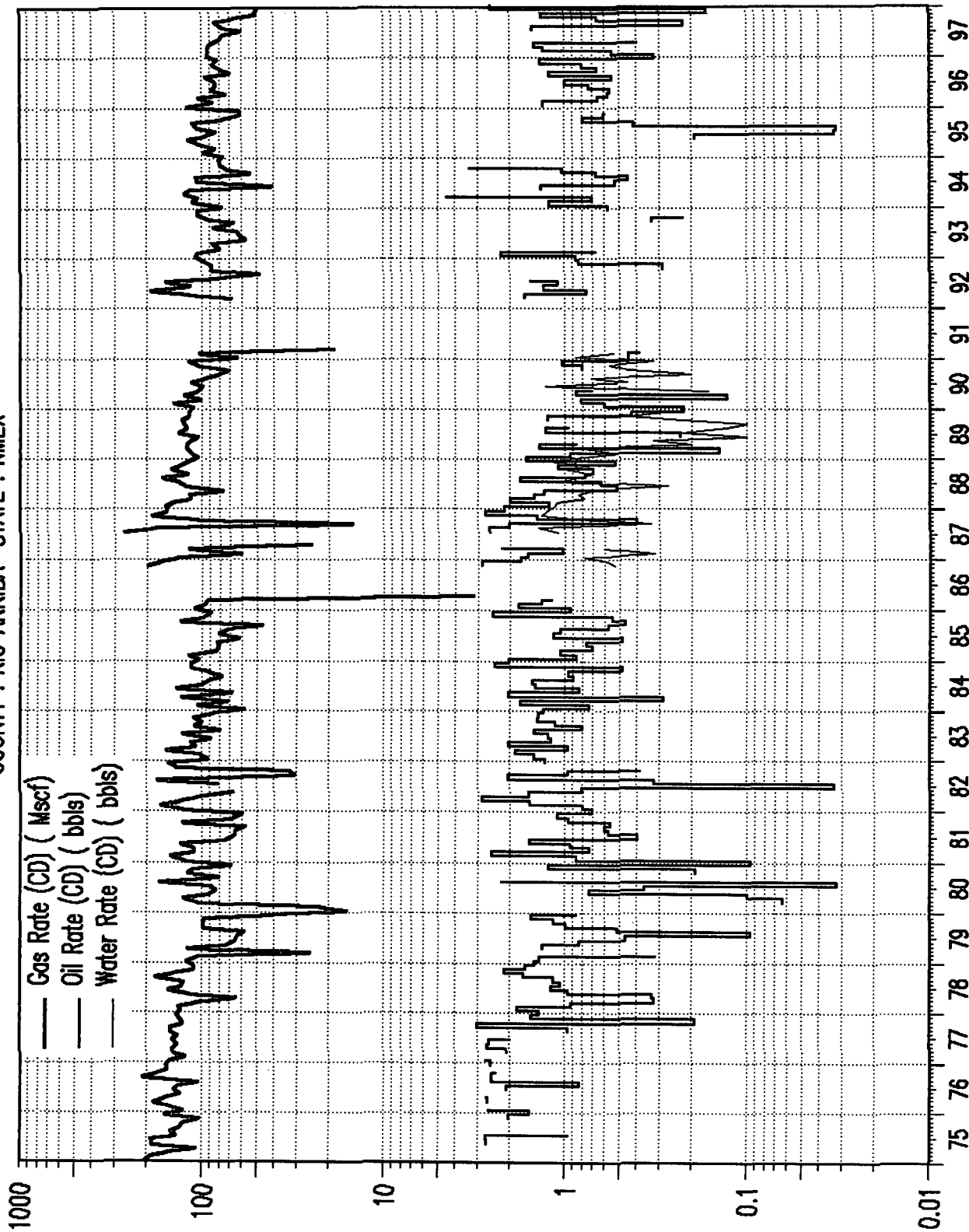
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					¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my Date of Survey Signature and Seal of Professional Surveyor: Certificate Number



WELL: RINCON UNIT 169:DK

LOCATION : N027 W007 26 SWNESW

COUNTY : RIO ARriba STATE : NMEX



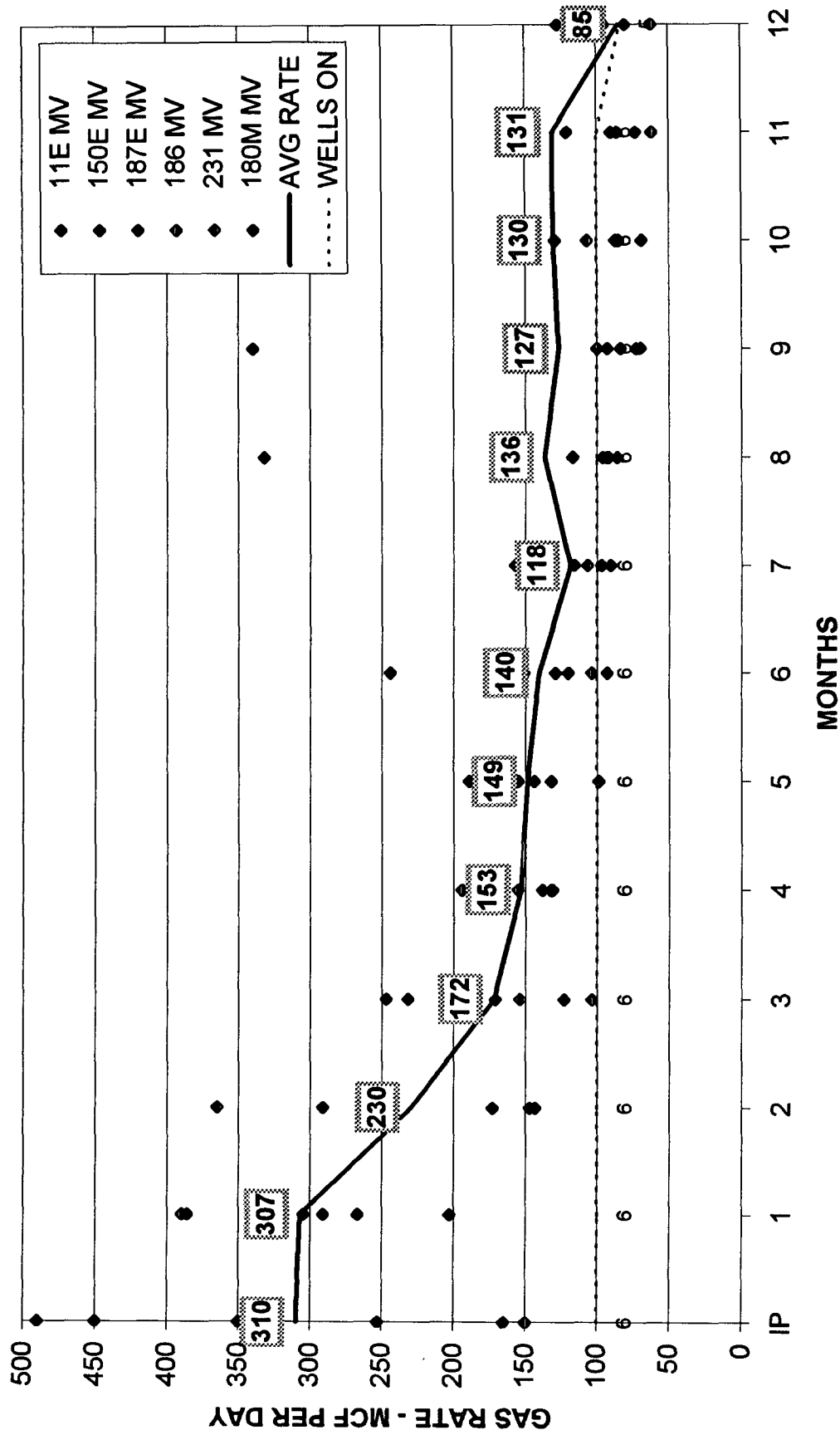
WELL: RINCON UNIT 169:DK

LOCATION : N027 W007 26 SWNESW

COUNTY : RIO ARriba STATE : NMEX

DATE	DAYS ON PROD Days	OIL VOL PROD bbls	GAS VOL PROD Mscf	WATER VOL PROD bbls	OIL RATE (PD) bbls	GAS RATE (PD) Mscf	WATER RATE (PD) bbls	CUM OIL PROD bbls	CUM GAS PROD Mscf
9601	31	41	3700	0	1.3	119	0.0	12413	1253457
9602	29	19	2517	0	0.7	87	0.0	12432	1255974
9603	31	18	3226	0	0.6	104	0.0	12450	1259200
9604	30	17	2223	0	0.6	74	0.0	12467	1261423
9605	31	23	2743	0	0.7	88	0.0	12490	1264166
9606	30	30	2504	0	1.0	83	0.0	12520	1266670
9607	31	17	2665	0	0.5	86	0.0	12537	1269335
9608	31	38	2935	0	1.2	95	0.0	12575	1272270
9609	25	20	2100	0	0.8	84	0.0	12595	1274370
9610	31	25	2462	0	0.8	79	0.0	12620	1276832
9611	30	41	2608	0	1.4	87	0.0	12661	1279440
9612	31	10	2555	0	0.3	82	0.0	12671	1281995
9701	31	17	2859	0	0.5	92	0.0	12688	1284854
9702	28	37	2604	0	1.3	93	0.0	12725	1287458
9703	31	46	2887	1	1.5	93	0.0	12771	1290345
9704	30	12	2687	0	0.4	90	0.0	12783	1293032
9705	30	0	2458	0	0.0	82	0.0	12783	1295490
9706	30	0	2287	0	0.0	76	0.0	12783	1297777
9707	8	47	1890	0	5.9	236	0.0	12830	1299667
9708	11	7	2419	0	0.6	220	0.0	12837	1302086
9709	12	20	2547	0	1.7	212	0.0	12857	1304633
9710	10	42	2072	0	4.2	207	0.0	12899	1306705
9711	10	5	1540	0	0.5	154	0.0	12904	1308245
9712	10	79	1526	0	7.9	153	0.0	12983	1309771

RINCON MESAS VERDE RECOMPLETIONS SEPARATELY METERED VOLUMES



--BHPCALC--

Calculated BHP and Z-factor from surface shut-in pressure

TEST DATE: Jul-97

WELL NAME : Rincon Unit 169 DK (Current Pressure)

GAS GRAVITY: 0.69 % N2 0.24
CONDENSATE (YES=1): 1 % CO2 3.27 %
RESERVOIR TEMP: 190 F % H2S 0.00 %
SURFACE TEMP: 60 F Pc = 680.02 %
DEPTH OF ZONE: 7449 Foot Tc = 378.32

SURFACE PRES	BHP	Z	BHP/Z
psia	psia		psia
420	500	0.9567	523

Current pressure obtained after 5 day shut-in.

--BHPCALC--

Calculated BHP and Z-factor from surface shut-in pressure

TEST DATE: Dec-68

WELL NAME : Rincon Unit 169 DK (Original Pressure)

GAS GRAVITY:	0.69	% N2	0.24
CONDENSATE (YES=1):	1	% CO2	3.27 %
RESERVOIR TEMP:	190 F	% H2S	0.00 %
SURFACE TEMP:	60 F	Pc =	680.02 %
DEPTH OF ZONE:	7449 Foot	Tc =	378.32

SURFACE PRES	BHP	Z	BHP/Z
Psia	psia		psia
2292	2,819	0.8824	3,194

Original pressure obtained after 11 day shut-in following completion.

--BHPALC--

Calculated BHP and Z-factor from surface shut-in pressure

TEST DATE: 01/24/98

WELL NAME : Rincon Unit 139 MV (Initial & Current)

GAS GRAVITY: 0.69 % N2 0.28
CONDENSATE (YES=1): 1 % CO2 1.10 %
RESERVOIR TEMP: 145 F % H2S 0.00 %
SURFACE TEMP: 60 F Pc = 670.05 %
DEPTH OF ZONE: 5386 Foot Tc = 378.61

SURFACE PRES	BHP	Z	BHP/Z
Psia	psia		psia
920	1,063	0.8849	1,201

Initial and Current pressure - 36 hour shut-in measured after 3 days of clean up and flow back of MV following stimulation.

RU 169DK Forecast

Well

Existing Completion Prior to DHC

Annual Decline

Monthly Decline Factor (Annual / 12)

Average Monthly volume (Mcf) prior to DHC

Average Yield (bbls/mcf) Oil

Average Yield (bbls/mcf) Water

Volume Prior to DHC (Mcf)

RU 169
DK
4.79%
0.3996
2314
0.011
0

97 annual average
97 annual average
97 annual average

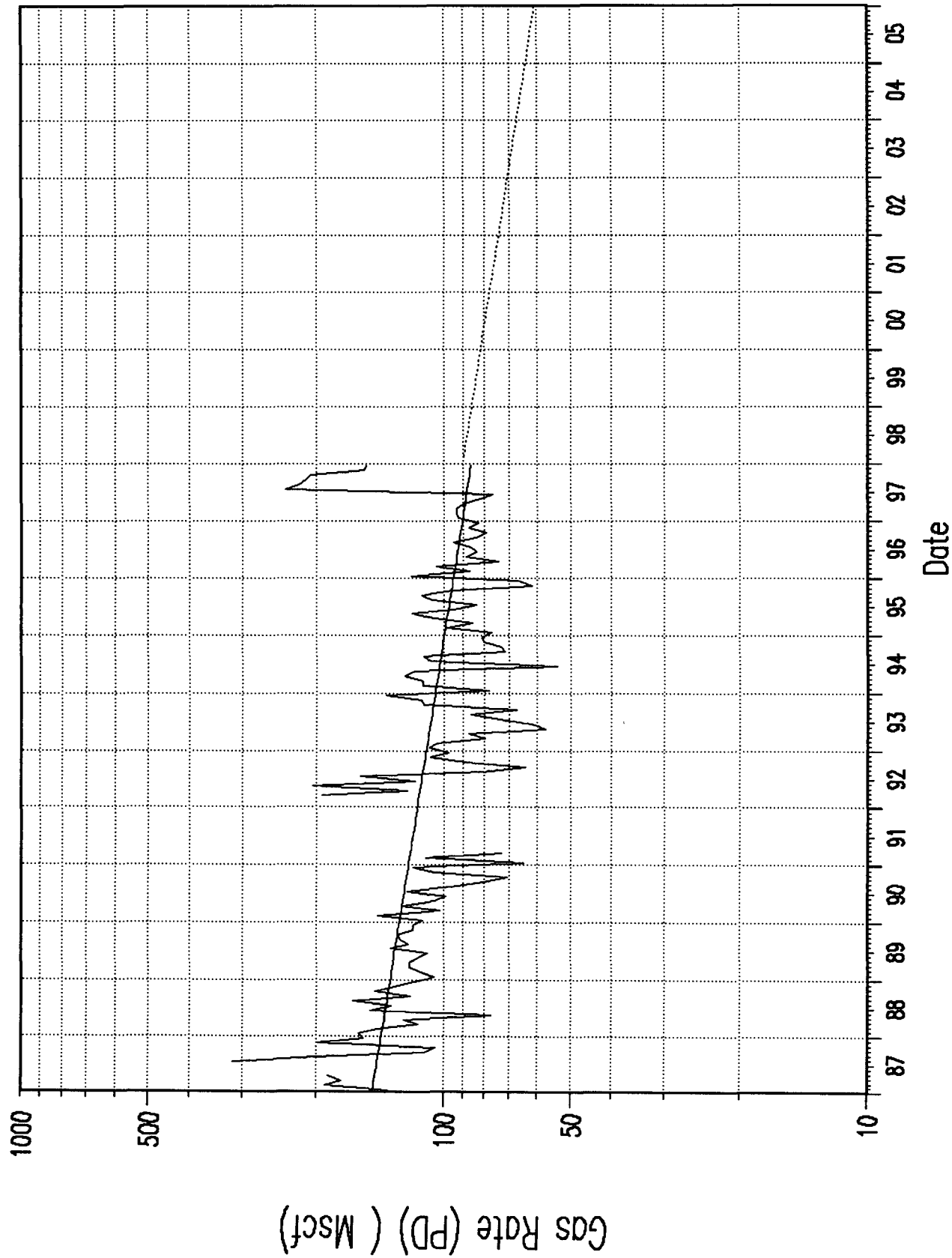
* Forecasted volumes to be adjusted for actual days on production

Month	DK Forecast (Mcf)	DK Forecast (Bbls-Oil)	DK Forecast (Bbls-Water)	+ DK flush volume + DK flush volume
1	2736	30.1	0.0	
2	2644	29.1	0.0	
3	2514	27.7	0.0	
4	2504	27.5	0.0	
5	2494	27.4	0.0	
6	2484	27.3	0.0	
7	2474	27.2	0.0	
8	2464	27.1	0.0	
9	2454	27.0	0.0	
10	2445	26.9	0.0	
11	2435	26.8	0.0	
12	2425	26.7	0.0	
13	2415	26.6	0.0	
14	2406	26.5	0.0	
15	2396	26.4	0.0	
16	2386	26.3	0.0	
17	2377	26.1	0.0	
18	2367	26.0	0.0	
19	2358	25.9	0.0	
20	2349	25.8	0.0	
21	2339	25.7	0.0	
22	2330	25.6	0.0	
23	2321	25.5	0.0	
24	2311	25.4	0.0	

WELL: RINCON UNIT 169:DK

LOCATION : N027 W007 26 SWNESW

COUNTY : RIO ARriba STATE : NMEX



WELL: RINCON UNIT 169:DK
 LOCATION : N027 W007 26 SWNESW
 COUNTY : RIO ARRIBA STATE : NMEX

Cum. Gas Production: 1309771.00 Mscf
 Remaining Recoverable Gas Reserves: 488494.51 Mscf
 Ultimate Recoverable Gas Reserves: 1798265.51 Mscf

SCHEDULE 1

Qi: 277.51 Mscf
 Di: 0.004095
 Hyperbolic B: 0.0000
 Start Date: 1998/01
 Monthly Nominal Decline (Dn): 0.004095
 Monthly Effective Decline (De): 0.004086
 Yearly Effective Decline (De): 0.047949
 Initial Forecast Rate: 90.00 Mscf
 Economic Limit: 20.00 Mscf
 Cumulative Produced: 1309771.00 Mscf
 Schedule Forecasted Reserves: 488494.51 Mscf
 Total Forecasted Reserves: 488494.51 Mscf
 Total Recovered Reserves: 1798265.51 Mscf

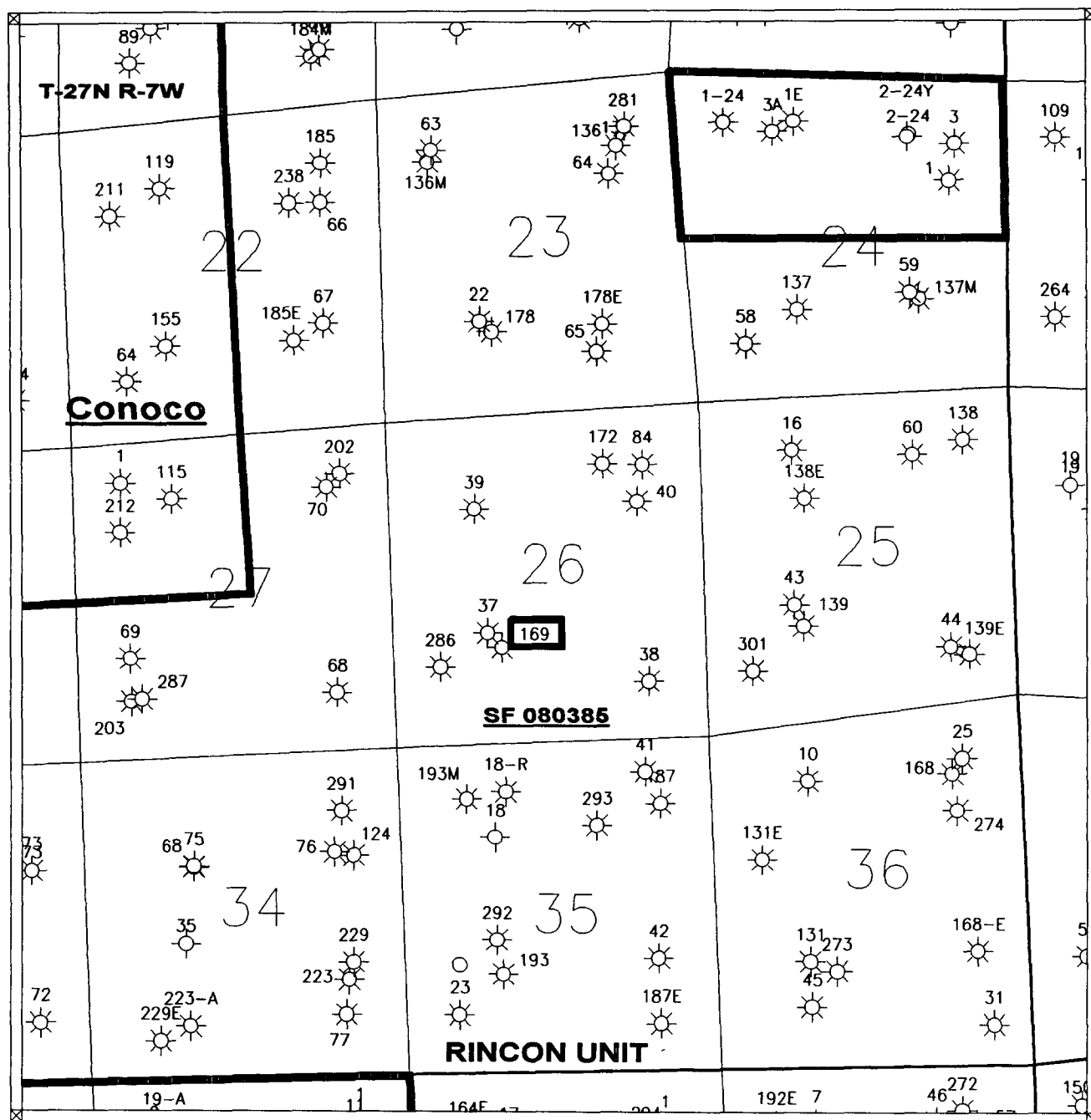
DATE	AVERAGE DAILY RATE Mscf	MONTHLY FORECAST PROD. Mscf	CUM. PROD. Mscf	REMAINING RECOV. RESERVES Mscf
1998/01	89.82	2784.29	1312555.25	485710.22
1998/02	89.45	2504.56	1315059.88	483205.66
1998/03	89.08	2761.59	1317821.50	480444.06
1998/04	88.72	2661.60	1320483.00	477782.47
1998/05	88.36	2739.06	1323222.13	475043.41
1998/06	88.00	2639.86	1325862.00	472403.53
1998/07	87.64	2716.76	1328578.75	469686.78
1998/08	87.28	2705.62	1331284.38	466981.16
1998/09	86.92	2607.61	1333892.00	464373.56
1998/10	86.57	2683.55	1336575.50	461690.00
1998/11	86.21	2586.42	1339161.88	459103.56
1998/12	85.86	2661.66	1341823.63	456441.91
1999/01	85.51	2650.80	1344474.38	453791.13
1999/02	85.16	2384.47	1346858.88	451406.63
1999/03	84.81	2629.14	1349488.00	448777.50
1999/04	84.47	2533.99	1352022.00	446243.50
1999/05	84.12	2607.71	1354629.75	443635.81
1999/06	83.78	2513.31	1357143.00	441122.50
1999/07	83.43	2586.46	1359729.50	438536.03
1999/08	83.09	2575.89	1362305.38	435960.13
1999/09	82.75	2482.62	1364788.00	433477.53
1999/10	82.41	2554.86	1367342.88	430922.66
1999/11	82.08	2462.39	1369805.25	428460.28
1999/12	81.74	2534.01	1372339.25	425926.25
2000/01	81.41	2523.73	1374863.00	423402.53
2000/02	81.08	2351.23	1377214.25	421051.31
2000/03	80.75	2503.11	1379717.25	418548.19

2000/04

80.41

2412.41 1382129.75 416135.78

DATE	AVERAGE DAILY RATE Mscf	MONTHLY FORECAST PROD. Mscf	CUM. PROD. Mscf	REMAINING RECOV. RESERVES Mscf
2000/05	80.09	2482.72	1384612.50	413653.06
2000/06	79.76	2392.80	1387005.25	411260.25
2000/07	79.43	2462.45	1389467.75	408797.81
2000/08	79.11	2452.40	1391920.13	406345.41
2000/09	78.79	2363.55	1394283.63	403981.88
2000/10	78.46	2432.35	1396716.00	401549.50
2000/11	78.14	2344.34	1399060.38	399205.19
2000/12	77.82	2412.54	1401472.88	396792.63
2001/01	77.51	2402.66	1403875.50	394389.97
2001/02	77.19	2161.28	1406036.75	392228.69
2001/03	76.88	2383.14	1408420.00	389845.56
2001/04	76.56	2296.76	1410716.75	387548.78
2001/05	76.25	2363.68	1413080.38	385185.13
2001/06	75.93	2278.03	1415358.38	382907.06
2001/07	75.63	2344.39	1417702.75	380562.69
2001/08	75.32	2334.79	1420037.63	378227.91
2001/09	75.01	2250.26	1422287.88	375977.63
2001/10	74.70	2315.73	1424603.63	373661.91
2001/11	74.40	2231.87	1426835.50	371430.03
2001/12	74.09	2296.91	1429132.38	369133.13
2002/01	73.79	2287.43	1431419.75	366845.69
2002/02	73.49	2057.66	1433477.50	364788.03
2002/03	73.19	2268.84	1435746.25	362519.19
2002/04	72.89	2186.64	1437933.00	360332.56
2002/05	72.59	2250.35	1440183.25	358082.22
2002/06	72.29	2168.82	1442352.13	355913.38
2002/07	72.00	2231.97	1444584.13	353681.44
2002/08	71.71	2222.86	1446807.00	351458.56
2002/09	71.41	2142.33	1448949.25	349316.25
2002/10	71.12	2204.72	1451154.00	347111.50
2002/11	70.83	2124.88	1453278.88	344986.63
2002/12	70.54	2186.75	1455465.63	342799.88
2003/01	70.25	2177.80	1457643.38	340622.09
2003/02	69.96	1958.97	1459602.38	338663.13
2003/03	69.68	2160.06	1461762.50	336503.06
2003/04	69.39	2081.78	1463844.25	334421.28
2003/05	69.11	2142.45	1465986.63	332278.81
2003/06	68.83	2064.84	1468051.50	330214.00
2003/07	68.55	2124.95	1470176.50	328089.03
2003/08	68.27	2116.23	1472292.75	325972.81
2003/09	67.99	2039.64	1474332.38	323933.16
2003/10	67.71	2099.02	1476431.38	321834.13
2003/11	67.43	2022.97	1478454.38	319811.19
2003/12	67.16	2081.86	1480536.25	317729.31

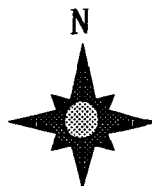


Scale 1:32669.86

1000. 0. 1000. 2000. 3000. 4000. 5000. feet



0.1 0. 0.1 0.2 0.3 0.4 0.5 miles



SPIRIT ENERGY AN OIL COMPANY OF UNION OIL CO. OF CALIFORNIA		
OFFSET DATA & LEASE RINCON UNIT NO. 169 OPERATOR: UNION OIL CO. OF CALIFORNIA		
	Scale 1:32669.86	
Sandra M. Thomas	3/20/98	RU169.GPF

SPIRIT ENERGY 76

New Name. Same Spirit.
A Business Unit of Unocal

March 20, 1998

Conoco
10 Desta Dr. W, Suite 100W
Midland, TX 79705

Gentlemen:

Union Oil Company of California (UNOCAL) has requested from the State of New Mexico Oil Conservation Division, approval to down hole commingle production from the Blanco Mesaverde and Basin Dakota formations in the following Rincon Unit well, Rio Arriba County, New Mexico.

Well	Lease	Legal Location
169	SF 080385	1650' FSL, 1840' FWL, SW 26, T26N, R7W

If Conoco, as an offset operator, has an objection to this proposal, please notify NMOCD within twenty days. If you have any questions regarding this application, please contact Tom Baiar at 915/685-6836.

Sincerely,

Spirit Energy 76
A Business Unit of UNOCAL



Thomas E. Baiar
Petroleum Engineer