

DHC 2097



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
SF-079160
3162.3-2 (07400)

SEP - 1 1998

Union Oil Company of California
Attn.: Heather Dahlgren
P.O. Box 3100
Midland Tx., 79702

Re: Well No. 192E Rincon Unit
NWNW 1-26N-07W
Lease No. SF-079160
Rio Arriba County New Mexico

Dear Ms. Dahlgren:

Reference is made to your application dated August 18, 1998, requesting authorization to down hole commingle gas and associated liquid hydrocarbons from the Gallup and Dakota formations in the above referenced well. On April 29, 1998, you were given authorization to commingle production from the Dakota, Gallup, and Mesaverde Formations. The Mesaverde was proposed as a recompletion candidate in April and was approved to have allocated production based on the difference between the combined gas stream and the forecasted Dakota/Gallup production. You now plan to complete the well as a commingled Gallup/Dakota and dual with the Mesaverde Formation. This application now seeks to amend the allocation schedule based on the change in well bore configuration.

After reviewing the production histories of the Gallup and Dakota Formations, we have determined these intervals have very similar decline rates, pressures, and fluid characteristics. As such, we hereby approve your request to amend the previously authorized allocation schedule and replace it with the fixed allocation schedule established in your application. These allocation factors are outlined below:

<u>Formation</u>	<u>Gas</u>	<u>Oil</u>
Dakota	70%	70%
Gallup	30	30%

Commingled production from each zone must be reported in accordance with these established allocation factors. The effective date of commingling will be the date commingling first occurs.

By Sundry notice approved August 6, 1998, you were authorized to conduct recompletion operations in the Mesaverde Formation of this well. Within 30 days of conducting this work, please file a subsequent report (form 3160-5, Sundry Notice) of all operations conducted.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,
/S/ Duane W. Spencer

Duane Spencer
Team Leader, Petroleum Management Team

cc:
NMOCD, Santa Fe
NMOCD, Aztec