Unocal Oil & Gas Division
Unocal Corporation
913 West Broadway, P.O. Box 850
Bloomfield, New Mexico 87413
Telephone (505) 632-1811

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Monday, October 02, 1995

New Mexico Oil Conservation Division
Attn.: Mr. William J. LeMay
PO Box 2088
Santa Fe, New Mexico 87504-2088
Certified Return Receipt No.: Z407288650

cc:
New Mexico Oil Conservation Division
Attn.: Mr. Frank Chavez
1000 Rio Brazos Road
Aztec, New Mexico 87410

Dear Mr. LeMay:

Union Oil Company of California d.b.a. UNOCAL requests authorization to surface commingle condensate production from the Largo Gallup and Basin Dakota formations in the following Rincon Unit well, Rio Arriba County, New Mexico.

Well		Legal Location
Rincon Unit 164E	W/2	860' FNL, 1150' FWL, S2, T26N, R7W

This well was drilled in September, 1995 and will be completed in the Dakota and Gallup formations before the end of October, 1995. At this time it is UNOCAL's intention to isolate gas and oil production from the Dakota and Gallup zones down hole, meter the gas sales through separate custody transfer meters and combine condensate production in one 300 bbl stock tank. This lease is a federal lease and the royalty in the Dakota and Gallup formations are identical.

Upon completion of this well UNOCAL will test the Dakota and Gallup zones for an equal time period, measuring oil, gas and water production. Each month allocated condensate production will be determined according to the attached exhibit 4. To ensure the accuracy of the allocation factor, UNOCAL will retest these zones every six moths after the initial test.

Should you have any questions or need any additional information to process this request, please feel free to contact me at the above letterhead address or phone.

Sincerely,

Union Oil Company of California
d.b.a. UNOCAL

Brett H. Liggett
Production Engineer

EXHIBIT #4
CONDENSATE
ALLOCATION CALCULATIONS

1) Production Test completed on both zones, yields:

Gallup Test Rate $= R_1$ (BPD)

Dakota Test Rate $= R_2$ (BPD)

2) Days On / Month

Gallup Days On $= A$

Dakota Days On $= B$

3) i) Actual Total Monthly Gauge Volume: G (BPM)

ii) Calculated Individual Volumes:

Gallup $= R_1 \times A$

Dakota $= R_2 \times B$

Total Volume $= R_1(A) + R_2(B)$

4) Allocation Factor (AF):

$$AF = \frac{G}{R_1(A) + R_2(B)}$$

5) Corrected Allocation Volumes:

Gallup $= AF \times R_1(A)$

Dakota $= AF \times R_2(B)$