



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

**COMMINGLING ORDER PLC-88
2nd Amendment**

Spirit Energy 76
P.O. Box 3100
Midland, Texas 79702

Attention: Ms. Diane Van Deventer

The above-named company is hereby authorized to commingle Basin-Dakota (Prorated Gas - 71599), Blanco-Mesaverde (Prorated Gas - 72319), South Blanco-Pictured Cliffs (Prorated Gas - 72439) and Largo-Gallup (Prorated Gas - 80000) Pool production from the following leases:

Lease: Rincon Unit Tract No. 2 (Lease No. SF-079160),
Description: All of Section 1, W/2, NE/4 of Section 11, Township 26 North, Range 7 West, NMPM,

Lease: Rincon Unit Tract No. 26 (Lease No. E-291-3),
Description: E/2 of Section 2, Township 26 North, Range 7 West, NMPM,

Lease: Rincon Unit Tract No. 13 (Lease No. SF-079364),
Description: S/2 of Section 31, Township 27 North, Range 6 West, NMPM,

Lease: Rincon Unit Tract No. 22 (Lease No. E-290-29),
Description: SW/4 of Section 36, Township 27 North, Range 7 West, NMPM, and

Lease: Rincon Unit Tract No. 24 & 25 (Lease No. E-290-28),
Description: NW/4, SE/4 of Section 36, Township 27 North, Range 7 West, NMPM,

All in Rio Arriba County, New Mexico.

Production shall be allocated to each lease on an mmbtu basis by multiplying the total central delivery point mmbtu by an allocation factor. The allocation factor shall be determined by dividing the individual allocation meter mmbtu by the sum of the individual allocation meter mmbtus.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

Amended Administrative Commingling Order PLC-88

Spirit Energy 76

January 31, 2000

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REMARKS: The commingled natural gas production shall be delivered to a CDP located in the NE/4 NE/4 of Section 1, Township 26 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

FURTHER: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished with like approval by the U.S. Bureau of Land Management.

DONE at Santa Fe, New Mexico, on this 31st day of January, 2000.



LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division- Aztec
U.S. Bureau of Land Management – Farmington

88



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A Business Unit of Unocal

OPERATIONS DEPARTMENT

FAX Cover Sheet

Pages (including cover)

Date:

To:

~~DAVID~~ ~~SATANATH~~ / MARK AWLEY

Company:

Location:

Phone:

FAX #:

505 - 827 - 1384

From:

Ted Pail

Spirit Energy 76

Mailing Address - P.O. Box 3100

Street Address - 1004 N. Big Spring, Suite 300

Midland, Texas 79702

FAX: 915/ 685-6703

Comments:

[Empty comment box with horizontal lines]

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October 21, 1999

New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, New Mexico 87410
Attn: David Catanach

Subject:

To amend Commingle Order PLC-88
Exception to Rule 303-A, surface commingling
Rincon Unit Lateral #2
Rio Arriba County, New Mexico

The following information is submitted to amend Union Oil Company of California's previously approved surface commingling order PLC-88 for the Rincon Unit Lateral #2.

The Lateral #2 gathering system transports gas from 15 current Rincon completions (see attachment 5a) to a central delivery point for compression. The wells produce through low-pressure separators for efficient liquid removal and have allocation meters at each location. Gas has been allocated back to each wellbore for years now on an mmbtu basis. In reviewing the original PLC-88 it was noticed that the allocation formula was incorrectly based on an mcf basis. It was believed that an amendment was submitted for approval in 1996, however, Mr. David Catanach of the OCD has informed me that no amendment to the Commingle order was to be found. Therefore, the attached exhibit #5 demonstrates the correct allocation of production at Lateral #2; the allocation formula that has been in use since the Lateral #2 compressor has gone on line.

Should you have any questions or need any additional information, please contact Ted Paul (915) 685-6889.

Very truly yours,

Union Oil Company of California
dba Unocal

Diane Van Deventer
Field Superintendent

CC: BLM - attn: Jim Lavato

1004 North Big Spring • P.O. Office Box 3100 • Midland, Texas 79702

Exhibit #5

GAS ALLOCATION CALCULATIONS

Lateral 2

- 1) Integrated Central Meter Volume MV mcf/mo
- 2) Central Meter gas BTU B
- 3) Central Meter mmbTU CM =MV * B mmbTU

Well	integrated mcf/mo	sample btu	metered mmbtu/mo	Well allocation factor	allocated sales mmbtu/mo
1	a1	b1	a1*b1	AF1	CM * AF1
2	a2	b2	a2*b2	AF2	CM * AF2
↓					
n	an	bn	an*bn	AFn	CM * AFn

example well allocation factor

$$AF1 = \frac{a1*b1}{a1*b1 + a2*b2 + \dots + an*bn}$$

Production shall be allocated to each lease on an mmbtu basis by multiplying the total central delivery point mmbtu (CM in above example) by an allocation factor. The allocation factor shall be determined by dividing the individual allocation meter mmbtu by the sum of the individual allocation meter mmbtus.

COP: ~~SWP/STW/STW~~
 NE/4 NE/4, SEC. 1, T26U, R7U

