

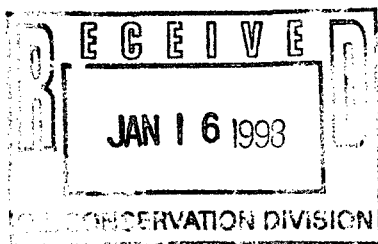
SPIRIT ENERGY

76

New Name. Same Spirit.

A Business Unit of Unocal

January 14, 1998



New Mexico Oil Conservation Division
Engineering Bureau
2040 S. Pacheco Street
Santa Fe, New Mexico 87505

Attn.: David Catanach

Re: NMOCD Order DHC-1192

Gentlemen:

Union Oil Company of California (UNOCAL) received approval, NMOCD Order **DHC-1192** issued March 7, 1996, to down hole commingle production from the Blanco Mesa Verde and Basin Dakota formations in the following Rincon Unit well, Rio Arriba County, New Mexico.

Well	Legal Location
Rincon Unit 170	990' FSL, 790' FWL, SW SW S20, T27N, R6W Federal Lease No. SF-079366

Attached for your review is the supporting data for allocating existing Dakota gas production. The Mesaverde was completed January 12, 1998 and is ready to first deliver. Unocal intends to allocate Dakota production based on Bureau of Land Management recommendations. Decline parameters and forecasted monthly volumes are enclosed for your information. Unocal proposes that a percentage increase be applied to an initial partial month and two subsequent full months of production to allow for Dakota flush production.

Unocal proposes using a yield factor for determining Dakota liquid production. This factor was based on the average yield for 1996 and 1997.

The allocation method will be converted to a percentage factor as soon as both formations are declining at equal rates.

If you have any questions regarding this correspondence, please contact me at (915) 685-7665.

Sincerely,

SPIRIT Energy 76
A Business Unit of UNOCAL

A handwritten signature in cursive script, appearing to read "Heather Dahlgren".

Heather Dahlgren
Engineering Technician

HAD/Ss
Att.
CC: NMOCD, Aztec

1004 North Big Spring • Post Office Box 3100 • Midland, Texas 79702

Gas Forecast

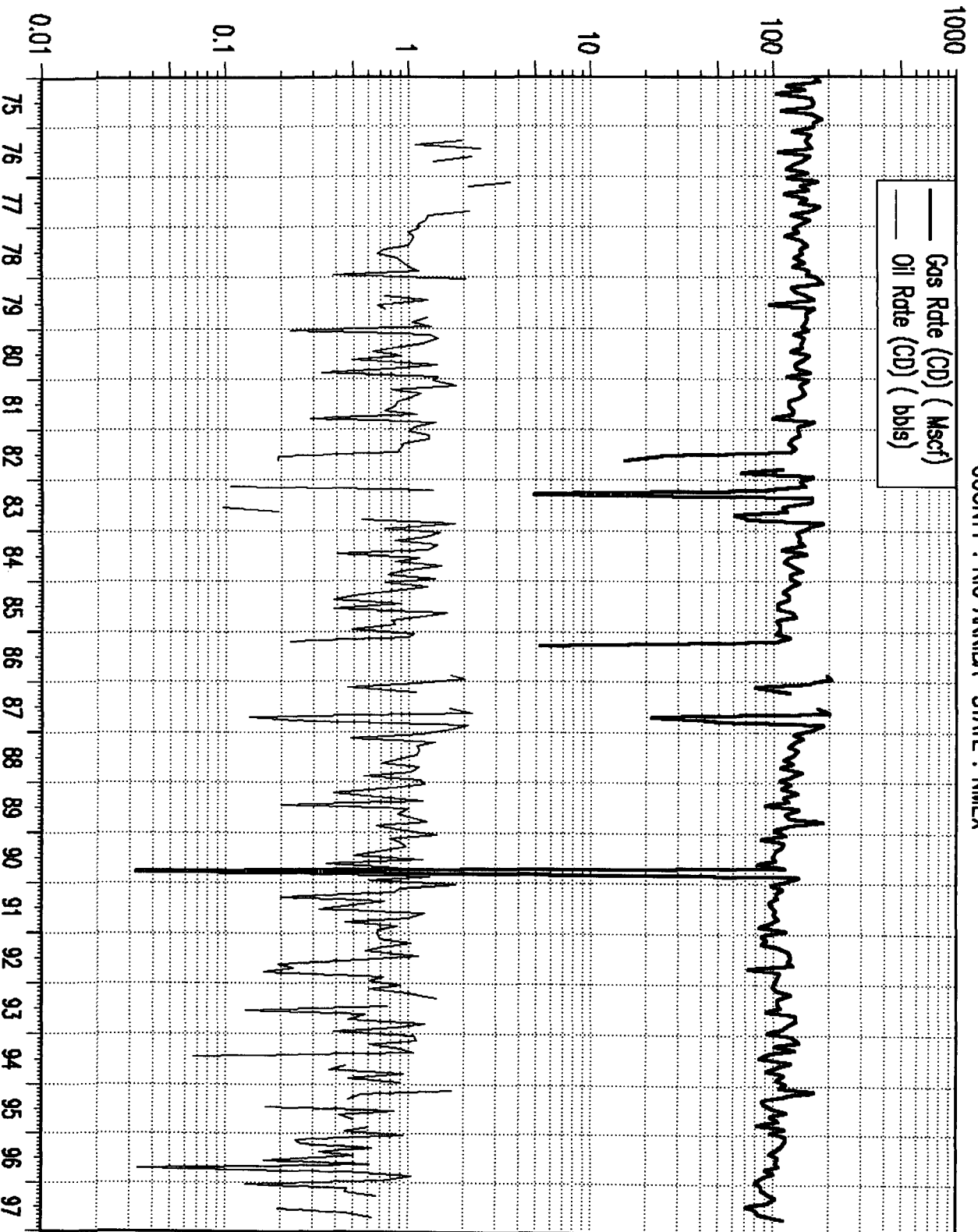
Well	RU 170	
Existing Completion Prior to DHC	DK	
Monthly Decline	0.3333	4.0% Annual Decline
Average 3 month volume (Mcf) prior to DHC	2693	Full Months Prod Apr - Jun 97
Average Yield (bbls/mcf)	0.0043	2 year annual average
Volume Prior to DHC (Mcf)	2942	

Month	DK Forecast (Mcf)	DK Forecast (Bbls)	Est. DK flush volume +15%	Est. DK flush volume +10%
1	3383	15		
2	3236	14		
3	2922	13		
4	2912	13		
5	2903	12		
6	2893	12		
7	2883	12		
8	2874	12		
9	2864	12		
10	2854	12		
11	2845	12		
12	2836	12		
13	2826	12		
14	2817	12		
15	2807	12		
16	2798	12		
17	2789	12		
18	2779	12		
19	2770	12		
20	2761	12		
21	2752	12		
22	2742	12		
23	2733	12		
24	2724	12		

WELL: RINCON UNIT 170:DK

LOCATION : N027 W006 20 SWSW

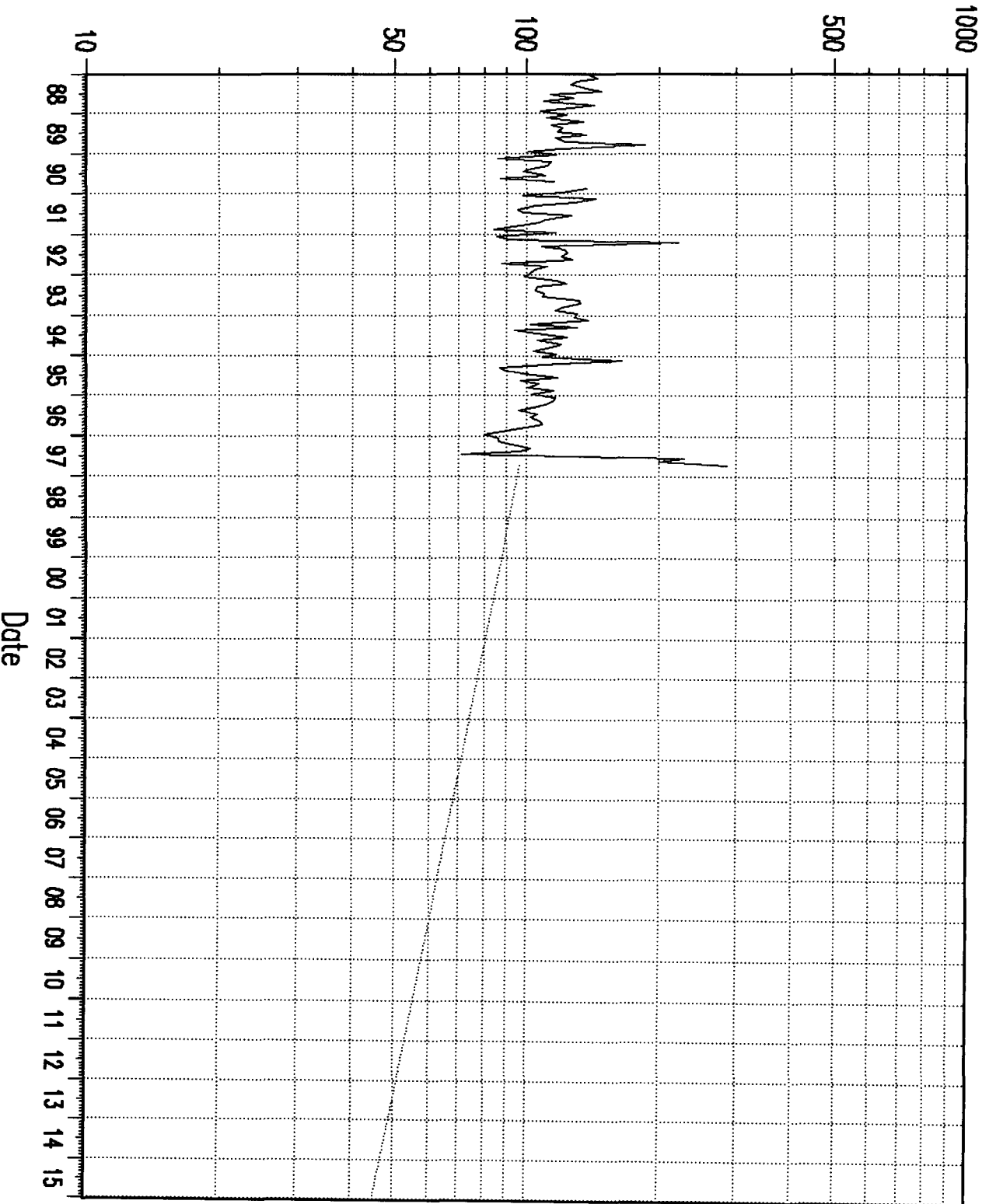
COUNTY : RIO ARriba STATE : NMEX



WELL: RINCON UNIT 170:DK
 LOCATION : N027 W006 20 SWSW
 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	CUM OIL PROD bbls	CUM GAS PROD Mscf
9601	31	29	3592	3	0.9	116	14827	1685858
9602	29	7	3336	21	0.2	115	14834	1689194
9603	31	8	3430	9	0.3	111	14842	1692624
9604	30	19	3105	6	0.6	104	14861	1695729
9605	31	10	2962	1	0.3	96	14871	1698691
9606	30	15	3169	0	0.5	106	14886	1701860
9607	31	5	3162	20	0.2	102	14891	1705022
9608	31	19	3323	1	0.6	107	14910	1708345
9609	25	1	2711	14	0.0	108	14911	1711056
9610	31	14	3100	4	0.5	100	14925	1714156
9611	30	31	2622	3	1.0	87	14956	1716778
9612	31	22	2477	3	0.7	80	14978	1719255
9701	31	4	2664	22	0.1	86	14982	1721919
9702	28	13	2414	3	0.5	86	14995	1724333
9703	31	14	2863	7	0.5	92	15009	1727196
9704	30	20	3062	3	0.7	102	15029	1730258
9705	30	0	2894	3	0.0	96	15029	1733152
9706	30	0	2124	3	0.0	71	15029	1735276
9707	11	6	2511	3	0.5	228	15035	1737787
9708	13	14	2607	3	1.1	201	15049	1740394
9709	12	19	3426	3	1.6	286	15068	1743820

WELL: RINCON UNIT 170:DK
LOCATION : N027 W006 20 SWSW
COUNTY : RIO ARriba STATE : NMEX



WELL: RINCON UNIT 170:DK

Cum. Gas Production: 1740394.00 Mscf
 Remaining Recoverable Gas Reserves: 477638.23 Mscf
 Ultimate Recoverable Gas Reserves: 2218032.23 Mscf

SCHEDULE 1

Qi: 247.18 Mscf
 Di: 0.003475
 Hyperbolic B: 0.0000
 Start Date: 1997/09
 Monthly Nominal Decline (Dn): 0.003475
 Monthly Effective Decline (De): 0.003469
 Yearly Effective Decline (De): 0.040838
 Initial Forecast Rate: 96.40 Mscf
 Economic Limit: 25.00 Mscf
 Cumulative Produced: 1740394.00 Mscf
 Total Forecasted Reserves: 477638.23 Mscf
 Total Recovered Reserves: 2218032.23 Mscf

DATE	INSTANT. DAILY RATE Mscf	AVERAGE DAILY RATE Mscf	MONTHLY FORECAST PROD. Mscf	CUM. PROD. Mscf	REMAINING RECOV. RESERVES Mscf
1998/01	94.74	94.90	2942.04	1755015.13	463017.03
1998/02	94.41	94.58	2648.10	1757663.25	460368.94
1998/03	94.08	94.25	2921.62	1760584.88	457447.31
1998/04	93.76	93.92	2817.62	1763402.50	454629.69
1998/05	93.43	93.60	2901.47	1766304.00	451728.22
1998/06	93.11	93.27	2798.06	1769102.00	448930.16
1998/07	92.79	92.95	2881.32	1771983.38	446048.84
1998/08	92.46	92.63	2871.38	1774854.75	443177.47
1998/09	92.14	92.30	2769.08	1777623.88	440408.38
1998/10	91.82	91.98	2851.44	1780475.25	437556.94
1998/11	91.50	91.66	2749.91	1783225.25	434807.03
1998/12	91.19	91.35	2831.70	1786056.88	431975.34
1999/01	90.87	91.03	2821.90	1788878.75	429153.44
1999/02	90.56	90.71	2539.96	1791418.75	426613.47
1999/03	90.24	90.40	2802.36	1794221.13	423811.13
1999/04	89.93	90.08	2702.54	1796923.63	421108.56
1999/05	89.62	89.77	2782.96	1799706.63	418325.59
1999/06	89.31	89.46	2683.84	1802390.50	415641.75
1999/07	89.00	89.15	2763.63	1805154.13	412878.13
1999/08	88.69	88.84	2754.10	1807908.25	410124.03
1999/09	88.38	88.53	2655.98	1810564.13	407468.06
1999/10	88.07	88.23	2735.04	1813299.25	404733.00
1999/11	87.77	87.92	2637.60	1815936.75	402095.41
1999/12	87.46	87.61	2716.05	1818652.88	399379.38
2000/01	87.16	87.31	2706.66	1821359.50	396672.69
2000/02	86.86	87.01	2523.25	1823882.75	394149.44
2000/03	86.56	86.71	2687.94	1826570.75	391461.50

2000/04

86.26

86.40

2592.14 1829162.88 388869.38

DATE	INSTANT. DAILY RATE Mscf	AVERAGE DAILY RATE Mscf	MONTHLY FORECAST PROD. Mscf	CUM. PROD. Mscf	REMAINING RECOV. RESERVES Mscf
2000/05	85.96	86.11	2669.29	1831832.13	386200.09
2000/06	85.66	85.81	2574.23	1834406.38	383625.88
2000/07	85.36	85.51	2650.84	1837057.25	380975.00
2000/08	85.07	85.21	2641.59	1839698.75	378333.44
2000/09	84.77	84.92	2547.55	1842246.38	375785.88
2000/10	84.48	84.62	2623.28	1844869.63	373162.59
2000/11	84.18	84.33	2529.89	1847399.50	370632.72
2000/12	83.89	84.04	2605.17	1850004.63	368027.53
2001/01	83.60	83.75	2596.12	1852600.75	365431.44
2001/02	83.31	83.46	2336.77	1854937.50	363094.66
2001/03	83.02	83.17	2578.15	1857515.75	360516.50
2001/04	82.73	82.88	2486.28	1860002.00	358030.22
2001/05	82.45	82.59	2560.31	1862562.25	355469.91
2001/06	82.16	82.30	2469.09	1865031.38	353000.81
2001/07	81.88	82.02	2542.55	1867574.00	350458.28
2001/08	81.59	81.73	2533.70	1870107.63	347924.56
2001/09	81.31	81.45	2443.54	1872551.25	345481.03
2001/10	81.03	81.17	2516.13	1875067.25	342964.91
2001/11	80.75	80.89	2426.61	1877493.88	340538.31
2001/12	80.47	80.61	2498.78	1879992.75	338039.50
2002/01	80.19	80.32	2490.06	1882482.75	335549.44
2002/02	79.91	80.05	2241.34	1884724.13	333308.13
2002/03	79.63	79.77	2472.86	1887197.00	330835.25
2002/04	79.35	79.49	2384.77	1889581.75	328450.50
2002/05	79.08	79.22	2455.70	1892037.50	325994.78
2002/06	78.81	78.94	2368.30	1894405.75	323626.50
2002/07	78.53	78.67	2438.69	1896844.38	321187.81
2002/08	78.26	78.40	2430.30	1899274.75	318757.50
2002/09	77.99	78.12	2343.67	1901618.38	316413.81
2002/10	77.72	77.85	2413.42	1904031.75	314000.41
2002/11	77.45	77.58	2327.47	1906359.25	311672.94
2002/12	77.18	77.31	2396.75	1908756.00	309276.19