

Unocal Oil & Gas Division

Unocal Corporation

3300 North Butler Avenue

Suite 200

Farmington, New Mexico 87401

Telephone (505) 326-7600

Fax: (505) 326-6145

UN DIVISION

9 13



June 25, 1992

CERTIFIED RETURN RECEIPT

P 551 204 517

Farmington District

New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Box 2088
Santa Fe, NM 87504-2088
Attn: David Catanach

SUBJECT:

Requesting Approval for Surface
Commingling, Exception To
Statement Rule 303-A
Rincon Unit Lateral #1
Rio Arriba County, New Mexico

Union Oil Company of California, dba Unocal, is proposing to build a gas gathering system, Rincon Unit Lateral #1, and deliver existing conventional gas through a central metering facility. Unocal requests permission to surface commingle gas produced into the proposed system. The following demonstrates how Unocal proposes to allocate gas production under the context of BLM Onshore Oil and Gas Order No. 5, Measurement of Gas.

The proposed Rincon Unit Lateral #1 will gather gas from 29 existing conventional gas wells and five proposed wells, as shown on Exhibit #1. Four of the existing wells and four of the five proposed wells are dual completions, therefore the system will include 37 completions. The gas from the 37 completions will flow to a common point where it will be compressed. At the Central Delivery Point (CDP), the gas will flow through a master meter as the custody is transferred to the field transporter (see Exhibit #2).

Most of the wells to be connected to the proposed system have been producing for over 20 years. Over the years the bottom-hole producing pressures have declined. The pressures have declined to the point that some of the wells have trouble overcoming the pipeline pressure. Recently, Unocal has employed wellhead compressors to test lowering the back-pressure on some on these wells. Results of these tests have proven that deliverability can be increased, in addition, the remaining life of the reserves can be extended.