

**APPLICATION OF
UNION OIL COMPANY OF CALIFORNIA dba UNOCAL
FOR AN
ADMINISTRATIVE DOWNHOLE COMMINGLING PROCEDURE
FOR THE
RINCON UNIT, RIO ARRIBA COUNTY, NEW MEXICO**

CASE NO. 10663

FEBRUARY 4, 1993

PREPARED by

**D.Johnson,
D.Delventhal,
W.Irwin,
D.Seamount,**

**Petroleum Landman,
Petroleum Engineer,
Petroleum Engineer,
Petroleum Geologist,**

**UNOCAL
UNOCAL
UNOCAL
UNOCAL**

APPLICATION OF
UNION OIL COMPANY OF CALIFORNIA dba UNOCAL
FOR AN
ADMINISTRATIVE DOWNHOLE COMMINGLING PROCEDURE
FOR THE
RINCON UNIT, RIO ARRIBA COUNTY, NEW MEXICO

CASE NO. 10663

FEBRUARY 4, 1993

PREPARED by

D.Johnson,
D.Delventhal,
W.Irwin,
D.Seamount,

Petroleum Landman,
Petroleum Engineer,
Petroleum Engineer,
Petroleum Geologist,

UNOCAL
UNOCAL
UNOCAL
UNOCAL

BEFORE EXAMINER CATANALON OIL CONSERVATION DIVISION UNOCAL EXHIBIT NO. 1-20 CASE NO. 10663

APPLICATION OF
UNION OIL COMPANY OF CALIFORNIA dba UNOCAL
FOR AN
ADMINISTRATIVE DOWNHOLE COMMINGLING PROCEDURE
FOR THE
RINCON UNIT, RIO ARRIBA COUNTY, NEW MEXICO

CASE NO. 10663

FEBRUARY 4, 1993

INTRODUCTION

Union Oil Company of California dba UNOCAL herein applies for administrative downhole commingling procedure for the Rincon Unit, Rio Arriba County, New Mexico.

This procedure would allow UNOCAL, as operator of the Rincon Unit, to apply administratively for downhole commingling of production from the Basin Dakota pool with production from the Blanco Mesaverde pool, or the Largo Gallup pool, or an undesignated Gallup pool within the Unit.

The primary purpose of this application and hearing is to ensure all interest owners and offset operators have been notified. The secondary purpose is to address the general economics of commingling of the subject pools in the Rincon Unit.

GEOLOGY

Mesaverde Group

The Upper Cretaceous Mesaverde Group is composed of three major stratigraphic units: 1) the transgressive marine Cliff House Sandstone containing interbedded shales and fine grained sands; 2) the nonmarine Menefee Formation containing interbedded shales, silts and thin coal seams; 3) the regressive marine Point Lookout Sandstone containing interbedded shales and fine to medium grained sands. Each stratigraphic member can be correlated throughout the Rincon Unit with net sandstone pay ranging from less than 20 feet in the southwest to greater than 110 feet in the northeast. Structure maps based on the top of the Cliff House Sandstone show a uniform regional dip of approximately 65 to 70 feet per mile to the northeast at an average depth of approximately 4790 feet.

TEXT

Gallup Formation

The Cretaceous Gallup Interval, situated just below the Mancos Formation, consists of dark marine shales occasionally interbedded with sandstones and averaging 920 feet thick within the Rincon Unit. Gas and oil reservoirs within this zone consist of fractured shales and lenticular sandstones. Located near the middle of the Gallup Interval at an average depth of 6890 feet is the Tocito Sandstone. This marine sandstone develops continuity as a narrow, linear bar deposit trending northwest-southeast and occurring only in the southern portion of the Unit. Thicknesses range from 0 feet at the edges to 46 feet in the center of the bar. Gas production is also encountered from a fractured shale interval generally located just above the Tocito which exhibits high resistivity on E-Logs. This fractured zone may be correlated throughout the Rincon Unit at an average depth of 6698 feet.

Dakota Formation

The Dakota Producing Interval consists of two primary stratigraphic units, the Dakota and Graneros Formations. These reservoirs were deposited during the late Cretaceous in a multitude of settings ranging from open marine to inland river channels and consist of interbedded sandstones and shales which correspondingly display a wide variety of lithologic characteristics. Structural cross sections show reservoir continuity of the Dakota Producing Interval throughout the Rincon Unit, (especially evident in the upper Graneros and Dakota sandstone members), with a uniform, regional dip averaging 66 feet per mile to the northeast. The depth to the top of the Dakota Producing Interval within the Rincon Unit averages at 7347' with net sandstone pay ranging from 60' to 125' and averaging approximately 100 feet.

LIST OF EXHIBITS

1. Application for an Administrative Downhole Commingling Procedure for the Rincon Unit, Rio Arriba County, New Mexico
2. Location Map of Rincon Unit
3. Plat of Rincon Unit
4. Rincon Unit Agreement
5. Working Interest Owners - Rincon Unit
6. Royalty Owners - Rincon Unit
7. Affidavit and Notice Letter
8. Offset Operators - Rincon Unit
9. Rincon Unit - Well Map
10. Rincon Unit - Type Log
11. Rincon Unit - Structure Top Dakota
12. Rincon Unit - Gross Sand Isopach - Dakota
13. Rincon Unit - Structure - Top Mesaverde
14. Rincon Unit - Net Sand Isopach - Mesaverde
15. Rincon Unit - Net Sand Isopach - Tocito
16. Production Type Curves
17. Production Plots - Mesaverde infill well ('79, '80)
18. Production Plots - New wells
19. Economics
20. Production Allocation Methodology

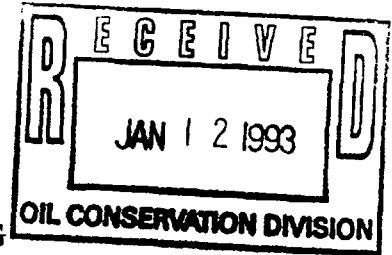
LIST OF
EXHIBITS

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF UNION OIL COMPANY
OF CALIFORNIA d/b/a UNOCAL, FOR AN
ADMINISTRATIVE DOWNHOLE COMMINGLING
PROCEDURE FOR THE RINCON UNIT,
RIO ARRIBA COUNTY, NEW MEXICO.



CASE NO. _____

APPLICATION

UNION OIL COMPANY OF CALIFORNIA d/b/a UNOCAL ("Unocal"), through its undersigned attorneys, makes application to the New Mexico Oil Conservation Division for approval of an administrative procedure for the Rincon Unit to downhole commingle production from the Blanco-Mesaverde Gas Pool or the Largo-Gallup Pool or Undesignated Gallup production with production from the Basin-Dakota Gas Pool in the wellbores of existing and subsequently drilled wells within the Rincon Unit Area and in support thereof states:

1. Unocal is operator of the Rincon Unit which consists of 20,642.7 acres described as follows:

Township 26 North, Range 6 West, N.M.P.M.

Section 6: All

Township 27 North, Range 6 West, N.M.P.M.

Sections 16 through 23: All

Sections 26 through 32: All

Township 26 North, Range 7 West, N.M.P.M.

Sections 1 and 2: All
Sections 11 and 12: All

Township 27 North, Range 7 West, N.M.P.M.

Sections 13 and 14: All
Section 15: E/2
Section 22: E/2
Sections 23 through 26: All
Section 27: NE/4, S/2
Section 28: S/2
Sections 33 through 36: All

and as identified on the Plat attached hereto as Exhibit "A".

2. Unocal seeks an administrative procedure for obtaining approval to downhole commingle Mesaverde or Gallup production with production from the Dakota formation within the Rincon Unit Area without notice and hearing.

3. Unocal has evaluated the potential to drill unit wells to the Gallup or Mesaverde formation as single completions, as dual completions with the Dakota formation or as downhole commingled completions with the Dakota formation.

4. The only economic option available to Unocal is the downhole commingling of production from the Mesaverde or Gallup formations with Dakota production so the gas production from the Dakota can aid in lifting production from the Mesaverde and Gallup formations.

5. In accordance with Division Rule 103 C 1(b), Unocal states it will demonstrate at hearing:

a. The proposed commingling is necessary to permit the Gallup and Mesaverde formations to be produced because it is not economically feasible to attempt to drill and complete separate wells for Gallup or Mesaverde production.

b. There will be no cross-flow between the commingled zones.

c. The ownership in each of the participating areas in this unit is not common, but the ownership interest in each of the pools has been fully committed to the Rincon Unit. In addition as a result of the ratification of the Rincon Unit Agreement by all working interest and royalty interest owners, the parties entitled to share in the production in the participating areas established for each of the subject pools have contractually agreed on how they will participate and share in that production. Accordingly, no impairment of correlative rights will occur.

d. It is expected the bottomhole pressure of the lower pressure zones is not less than 50% of the bottomhole pressure of the higher pressure zone adjusted to a common datum.

e. The value of the commingled production will not be less than the sum of the values of production from the individual formations.

6. Applicant seeks the approval of an allocation formula for the equitable distribution of production between the downhole commingled pools based upon separate production tests of each zone prior to commingling.

7. Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for February 4, 1993.

8. Copies of this application have been sent to all offsetting operators and to the owners of interest in the affected production within the Rincon Unit.

WHEREFORE, Union Oil Company of California d/b/a Unocal requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 4, 1993 and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

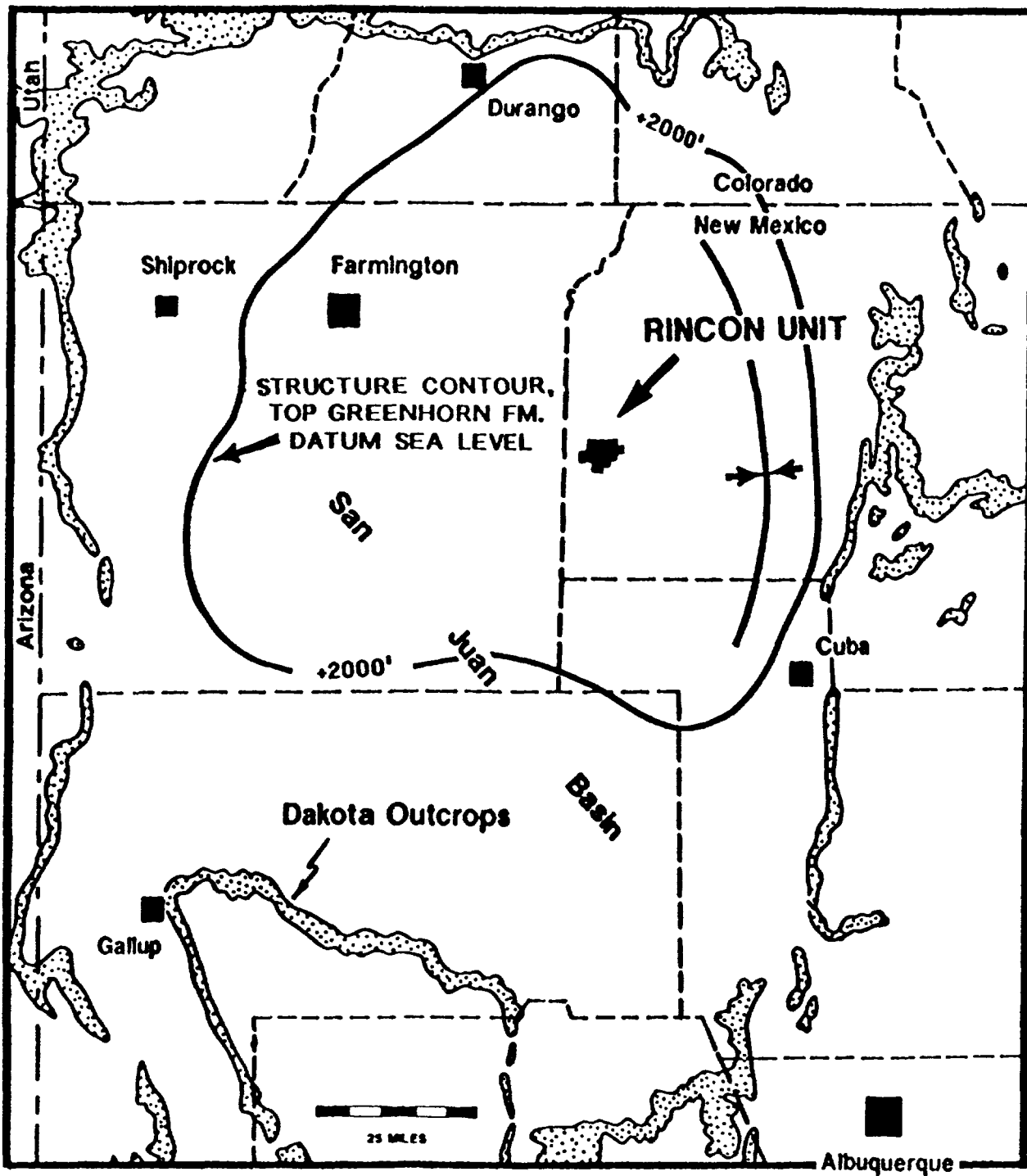
CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

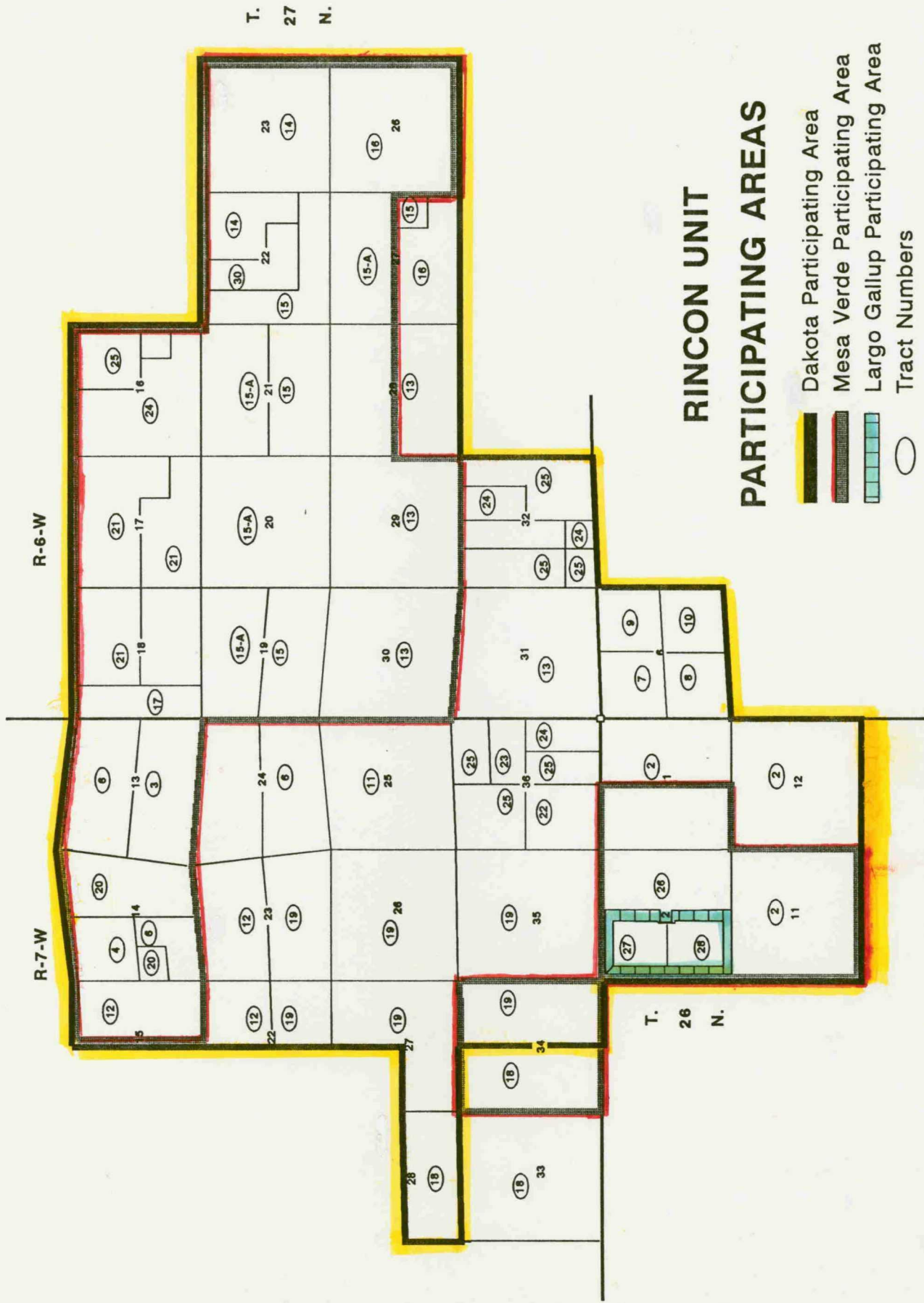
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR UNION OIL
COMPANY OF CALIFORNIA
d/b/a UNOCAL

LOCATION MAP RINCON UNIT - APPLICATION AREA



MAP SHOWING THE DAKOTA FORMATION OUTCROPS ALONG THE PERIMETER OF THE SAN JUAN BASIN IN NEW MEXICO, COLORADO AND ARIZONA.



RINCON UNIT PARTICIPATING AREAS

- Dakota Participating Area
- Mesa Verde Participating Area
- Largo Gallup Participating Area
- Tract Numbers

Rio Arriba County, New Mexico



Filed for Record:
STATE of NEW MEXICO
COUNTY of RIO ARriba
Filed: PM - Sep 11, 1953
Riceboro
Vol. 12; Page 199-249

UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE RINCON UNIT AREA

COUNTY OF RIO ARRIBA
STATE OF NEW MEXICO

I

UNIT AGREEMENT

II

EXHIBIT A - MAP OF UNIT

III

EXHIBIT B - OWNERSHIP SCHEDULE

See 1951

UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE RINCON UNIT AREA
COUNTY OF RIO ARriba
STATE OF NEW MEXICO

916

I-Sec No. _____

THIS AGREEMENT, entered into as of the 1st day of June,
1951, by and between the parties subscribing, ratifying, or consenting hereto,
and herein referred to as the "parties hereto,"

WITNESSETH: Whereas, the parties hereto are the owners of working, royalty,
or other oil and gas interests in the unit area subject to this agreement; and

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act
of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes Federal
lessees and their representatives to unite with each other, or jointly or separately
with others, in collectively adopting and operating a cooperative or unit plan of
development or operation of any oil or gas pool, field, or like area, or any part
thereof, for the purpose of more properly conserving the natural resources thereof
whenever determined and certified by the Secretary of the Interior to be necessary
or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is
authorized by an Act of the Legislature (Chap. 88, Laws 1943) to consent to or
approve this agreement on behalf of the State of New Mexico, insofar as it covers
and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is
authorized by an Act of the Legislature (Chap. 72, Laws 1935) to approve this
agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interest in the Rincon Unit Area
covering the land hereinafter described to give reasonably effective control of
operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural re-
sources, prevent waste, and secure other benefits obtainable through development
and operation of the area subject to this agreement under the terms, conditions,
and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein
contained, the parties hereto commit to this agreement their respective interests
in the below-defined unit area, and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS: The act of February 25, 1920, as amended,

supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 26 N., R. 6W.
Sec. 6, all

T. 27 N., R. 6 W.
Secs. 16 - 23, inclusive, all
Secs. 26 - 32, inclusive, all

T. 26 N., R. 7 W.
Secs. 1 and 2, all
Secs. 11 and 12, all

T. 27 N., R. 7 W.
Secs. 13 and 14, all
Sec. 15, E $\frac{1}{2}$
Sec. 22, E $\frac{1}{2}$
Secs. 23 - 26, inclusive, all
Sec. 27, NE $\frac{1}{4}$, S $\frac{1}{2}$
Sec. 28, S $\frac{1}{2}$
Secs. 33 - 36, inclusive, all

Total Unit Area embraces 20,642.70 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", and not less than five copies of the revised exhibits shall be filed with the Supervisor, and one copy with the Commissioner of Public Lands of the State of

New Mexico, hereinafter referred to as "State Commissioner" and one copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "State Commission".

The above-described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director", or on demand of the State Commissioner shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof.

(b) Said notice shall be delivered to the Supervisor and the State Commissioner, and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor and State Commissioner evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the Director and State Commissioner, become effective as of the date prescribed in the notice thereof.

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

3. UNITIZED SUBSTANCES: All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR: Ralph A. Johnston, 1453 Esperson Building, Houston 2, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference

means the Unit Operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of 6 months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Director and State Commissioner, and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor as to Federal lands and the State Commission as to State and privately-owned lands, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations as above provided at any time a participating area established hereunder is in existence, but until a successor unit operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of unit operator, and shall not later than 30 days before such resignation becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the Director and the State Commissioner.

The resignation or removal of Unit Operator under this agreement shall not terminate its right, title, or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of

all equipment, materials, and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor Unit Operator or to the owners thereof if no such new Unit Operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator: PROVIDED, That, if a majority but less than 75 per cent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of one or more additional working interest owners shall be required to select a new operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Director and State Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and State Commissioner at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT: If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement". Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by

Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three true copies of any unit operating agreement executed pursuant to this section shall be filed with the Supervisor.

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. DRILLING TO DISCOVERY: Within 6 months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor if such location is upon Federal lands and if upon State or privately-owned lands, such location shall be approved by the State Commission, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Morrison formation has been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor as to wells on Federal lands, or the State Commission as to wells on State or privately-owned lands, that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 8,000 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one

well at a time, allowing not more than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on Federal land, or the State Commission if on State or privately-owned land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Director and the State Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to comply with the drilling provisions of this section, the Director and State Commissioner may, after reasonable notice to the Unit Operator, and each working interest owner, lessee, and lessor at their last known addresses, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION: Within 6 months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor, the State Commissioner and State Commission an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, the State Commissioner and State Commission, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, the State Commissioner and the State Commission a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor, the State Commissioner and the State Commission may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed

order and time of such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor, the State Commissioner and the State Commission. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and State Commissioner are authorized to grant a reasonable extension of the 6-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substance in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor, shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities or as soon thereafter as required by the Supervisor or the State Commissioner, the Unit Operator shall submit for approval by the Director, the State Commissioner and the State Commission a schedule, based on subdivisions of the public-land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all lands in said schedule on approval of the Director to constitute a participating area, effective as of the date of first production. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director, the State Commissioner and State Commission. The participating area or areas so established shall be revised from time to time, subject to like

approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, or to exclude land then regarded as reasonably proved not to be productive and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, unless a more appropriate effective date is specified in the schedule. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Director, the State Commissioner and the State Commission as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor and the State Commissioner, respectively, and the amount thereof deposited, as directed by the Supervisor and State Commissioner, respectively, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor as to wells on Federal land, the State Commissioner as to wells on State land and the State Commission as to wells on privately-owned land, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be allocated to the land on which the well is located so long as such land is not within a participating area established

for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION: All unitized substances produced from participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, the State Commissioner and the State Commission, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last-mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS: Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the Supervisor as to Federal land, the State Commissioner as to State land, and the State Commission as to privately-owned land, at such party's sole risk, cost, and expense drill a well to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating are, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled as aforesaid by a working interest owner obtains production in quantities insufficient to justify the inclusion in a participating area of land upon which such well is situated, such well may be operated and produced by the party drilling the same subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT: The United States and any State and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws, and regulations, on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases. (X)

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor, the State Commissioner and the State Commission, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with due allowance for loss or depletion from any cause, may be withdrawn from the formation into which the gas was introduced, royalty free as to dry gas, but not as to the products extracted therefrom; provided that such withdrawal shall be at such time as may be

provided in the plan of operations or as may otherwise be consented to by the Supervisor, the State Commissioner and the State Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

Royalty due the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided herein at the rates specified in the respective Federal leases, or at such lower rate or rates as may be authorized by law or regulation: provided, that for leases on which the royalty rate depends on daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

15. RENTAL SETTLEMENT: Rental or minimum royalties due on leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessee of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations were within the time therein specified commenced upon the land covered thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included within a participating area.

16. CONSERVATION: Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE: The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not

subject to this agreement or pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED: The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or operation for oil or gas of lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary and the State Commissioner shall and by their approval hereof, or by the approval by their duly authorized representative, do hereby establish, alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement, or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary and the State Commissioner or their duly authorized representative shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land.

(d) Each lease, sublease or contract relating to the exploration, drilling, development or operation for oil or gas of lands other than those of the United States and the State of New Mexico, committed to this agreement, which, by its terms might expire prior to the termination of this agreement, is hereby extended

beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of this agreement.

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the committed land so long as such land remains committed hereto, provided unitized substances are discovered in paying quantities within the unit area prior to the expiration date of the primary term of such lease.

(f) Each sublease or contract relating to the operation and development of unitized substances from lands of the United States committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of the underlying lease as such term is herein extended.

(g) Any lease having only a portion of its lands committed hereto shall be segregated as to the portion committed and the portion not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. In the event any such lease provides for a lump-sum rental payment, such payment shall be prorated between the portions so segregated in proportion to the acreage of the respective tracts.

19. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance, of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any working interest, royalty, or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

20. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Secretary or his duly authorized representative and shall terminate on June 1, 1956, unless (a) such date of expiration is extended by the Director

and the State Commissioner, or (b) it is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder and after notice of intention to terminate this agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and the State Commissioner, or (c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in paying quantities, i.e., in this particular instance in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid, or (d) it is terminated as heretofore provided in this agreement.

This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests signatory hereto, with the approval of the Director and the State Commissioner; notice of any such approval to be given by the Unit Operator to all parties hereto.

21. RATE OR PROSPECTING, DEVELOPMENT, AND PRODUCTION: The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this agreement when such quantity and rate is not fixed pursuant to Federal or State law or does not conform to any state-wide voluntary conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the rate or prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law.

Powers in this section vested in the Director shall only be exercised after

notice to Unit Operator and opportunity for hearing to be held not less than 15 days from notice.

22. DETERMINATIONS BY UNIT OPERATOR AND REVIEW THEREOF: Whenever a determination is required to be made in order to carry out the express terms of this agreement and the agreement does not specify by whom such determination shall be made, the Unit Operator is hereby authorized to make the necessary determination subject to approval of the Director and the State Commissioner in the manner hereinafter provided. Notice of any such determination by the Unit Operator, accompanied by data in support thereof, shall be furnished to the Director through the Supervisor and directly to the State Commissioner. If, after reviewing all the available evidence, the Director and the State Commissioner find that the determination reviewed is incorrect they shall advise the Unit Operator accordingly, stating the reasons therefor, and thereupon such determination shall be of no force and effect.

The Unit Operator shall then make a new determination in conformity with the finding of the Director and the State Commissioner or appeal to the Secretary as provided in the Operating Regulations and to the State Commission as provided in the rules of the State Commission. All determinations made by the Unit Operator pursuant to this section shall be effective unless and until altered, modified, or rescinded as herein provided.

Any party hereto shall have the right to request the Director and the State Commissioner (such request to be accompanied by appropriate supporting evidence) to review any determination made by the Unit Operator pursuant to this section not previously reviewed on appeal to the Secretary or the State Commission. Such request will be granted or denied in the discretion of the Director and the State Commissioner within 60 days after being received. If denied, the requesting party shall have the right to appeal to the Secretary. If the request for review is granted and thereafter the Director and the State Commissioner find that the determination should be altered, modified, or rescinded, the Unit Operator shall be advised accordingly and shall either comply with the finding of the Director and the State Commissioner or appeal to the Commission and to the Secretary.

23. APPEARANCES: Unit Operator shall, after notice to other parties affected, have the right to appear for or on behalf of any and all interests affected hereby before the Department of the Interior, the Commission of Public Lands and the New Mexico Oil Conservation Commission and to appeal from orders issued under the

regulations of said Department, the State Commissioner or the State Commission or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the State Commissioner, the State Commission or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

24. NOTICES: All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if given in writing and personally delivered to the party or sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

25. NO WAIVER OF CERTAIN RIGHTS: Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

26. UNAVOIDABLE DELAY: All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary material in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

27. FAIR EMPLOYMENT: The Unit Operator shall not discriminate against any employee or applicant for employment because of race, creed, color or national origin, and an identical provision shall be incorporated in all sub-contracts.

28. LOSS OF TITLE: In the event title to any tract or unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of

the loss of such title. In the event of a dispute as to title as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal and State land, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds shall be deposited as directed by the Supervisor and the State Commissioner, respectively, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

29. NON-JOINDER AND SUBSEQUENT JOINDER: If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director and the State Commissioner and the Unit Operator prior to the approval of this agreement by the Director and the State Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Prior to final approval hereof, joinder by any owner of a non-working interest must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as effectively committed hereto. Except as may otherwise herein be provided subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director.

30. COUNTERPARTS: This agreement may be executed in any number of counterparts no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described unit area.

31. SURRENDER: Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party in any lease, sub-lease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If as a result of any such surrender, the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party shall forfeit such rights and no further benefits from operations hereunder as to said land shall accrue to such party, unless within ninety (90) days thereafter said party shall execute this agreement and the unit operating agreement as to the working interest acquired through such surrender, effective as though such land had remained continuously subject to this agreement and the unit operating agreement. And in the event such agreements are not so executed, the party next in the chain of title shall be and become the owner of such working interest at the end of such ninety (90) day period, with the same force and effect as though such working interest had been surrendered to such party.

If as a result of any such surrender or forfeiture the working interest rights as to such lands become vested in the fee owner of the unitized substances, such owner may:

(1) Execute this agreement and the unit operating agreement as a working interest owner, effective as though such land had remained continuously subject to this agreement and the unit operating agreement.

(2) Again lease such lands but only under the condition that the holder of such lease shall within thirty (30) days after such lands are so leased execute this agreement and the unit operating agreement as to each participating area thereto fore established hereunder, effective as though such land had remained

continuously subject to this agreement and the unit operating agreement.

(3) Operate or provide for the operation of such land independently of this agreement as to any part thereof or any oil or gas deposits therein not then included within a participating area

If the fee owner of the unitized substances does not execute this agreement and the unit operating agreement as a working interest owner or again lease such lands as above provided with respect to each existing participating area, within six (6) months after any such surrender or forfeiture, such fee owner shall be deemed to have waived the right to execute the unit operating agreement or lease such lands as to each such participating area, and to have agreed, in consideration for the compensation hereinafter provided, that operations hereunder as to any such participating area or areas shall not be affected by such surrender.

For any period the working interest in any lands are not expressly committed to the unit operating agreement as the result of any such surrender or forfeiture, the benefits and obligations of operations accruing to such lands under this agreement and the unit operating agreement shall be shared by the remaining owners of unitized working interests in accordance with their respective participating working interest ownerships in any such participating area or areas, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized, as to such participating area or areas.

Upon commitment of a working interest to this agreement and the unit operating agreement as provided in this section, an appropriate accounting and settlement shall be made, to reflect the retroactive effect of the commitment, for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered working interest during the period between the date of surrender and the date of recommitment, and payment of any moneys found to be owing by such an accounting shall be made as between the parties then signatory to the unit operating agreement and this agreement within thirty (30) days after the recommitment. The right to become a party to this agreement and the unit operating agreement as a working interest owner by reason of a surrender or forfeiture as provided in this section shall not be defeated by the non-existence of a unit operating agreement and in the event no unit operating agreement is in existence and a mutually acceptable agreement between the proper parties thereto cannot be

consummated, the Supervisor may prescribe such reasonable and equitable agreement as he deems warranted under the circumstances.

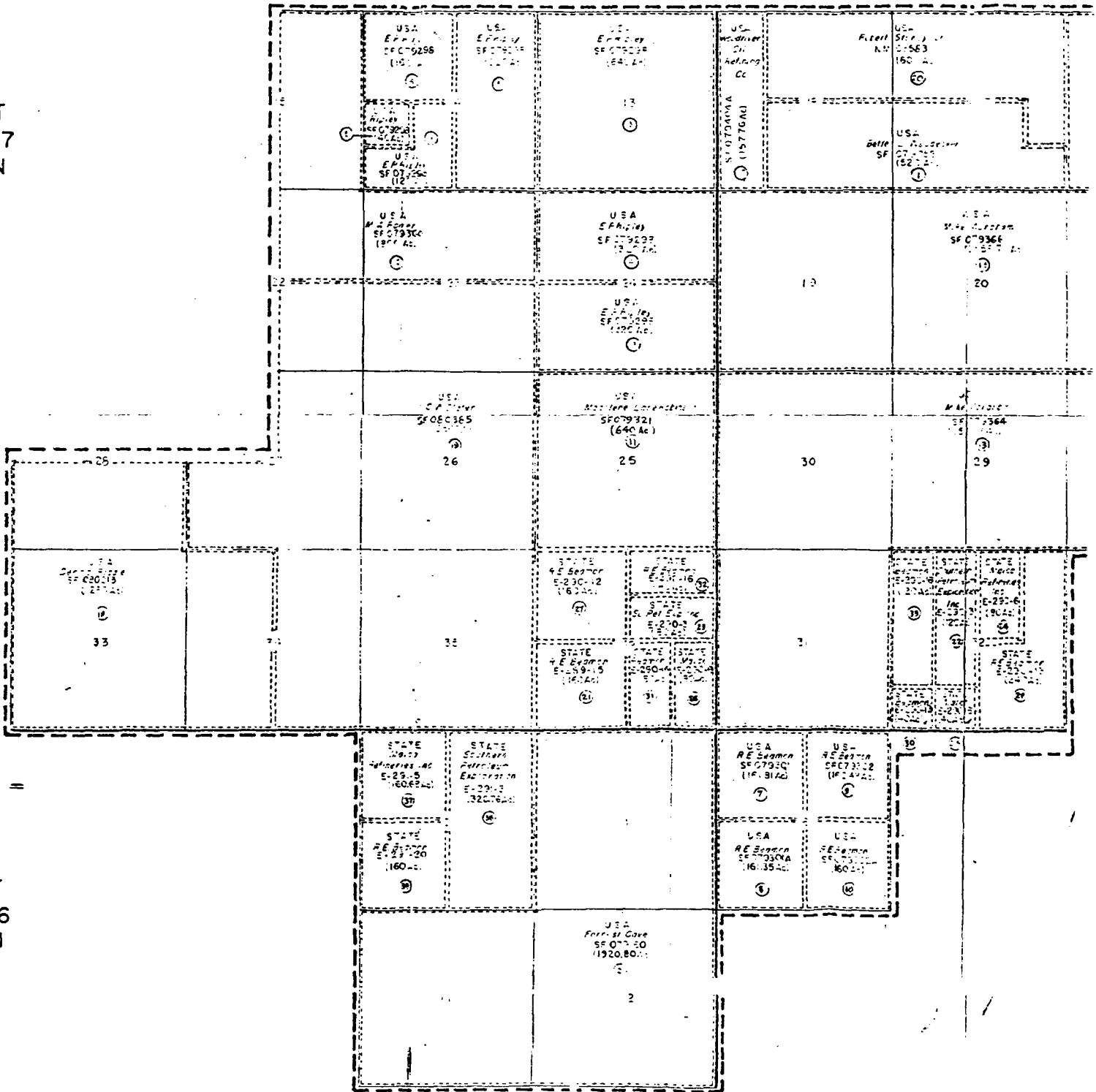
Nothing in this section shall be deemed to limit the right of joinder or subsequent joinder to this agreement as provided elsewhere in this agreement. The exercise of any right vested in a working interest owner to reassign such working interest to the party from whom obtained shall be subject to the same conditions as set forth in this section in regard to the exercise of a right to surrender.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

<u>DATE</u>	<u>ADDRESS</u>	<u>UNIT OPERATOR AND WORKING INTEREST OWNERS:</u>
<u>7-7-51</u>	1453 Esperson Building Houston 2, Texas	<u>Ralph A. Johnston</u> UNIT OPERATOR
<u>7-7-51</u>	1453 Esperson Building Houston 2, Texas	<u>Ralph A. Johnston</u> WORKING INTEREST OWNER
<u>7-7-51</u>	1453 Esperson Building Houston 2, Texas	<u>Murrell M. Johnston</u>
<u>6-30-51</u>	1453 Esperson Building Houston 2, Texas	<u>P. J. ...</u>
<u>6-30-51</u>	1453 Esperson Building Houston 2, Texas	<u>...</u>
<u>6-30-51</u>	1453 Esperson Building Houston 2, Texas	<u>L. C. Oldham</u>
<u>6-30-51</u>	1453 Esperson Building Houston 2, Texas	<u>Divian E. Oldham</u>

R-7-W

T
27
N

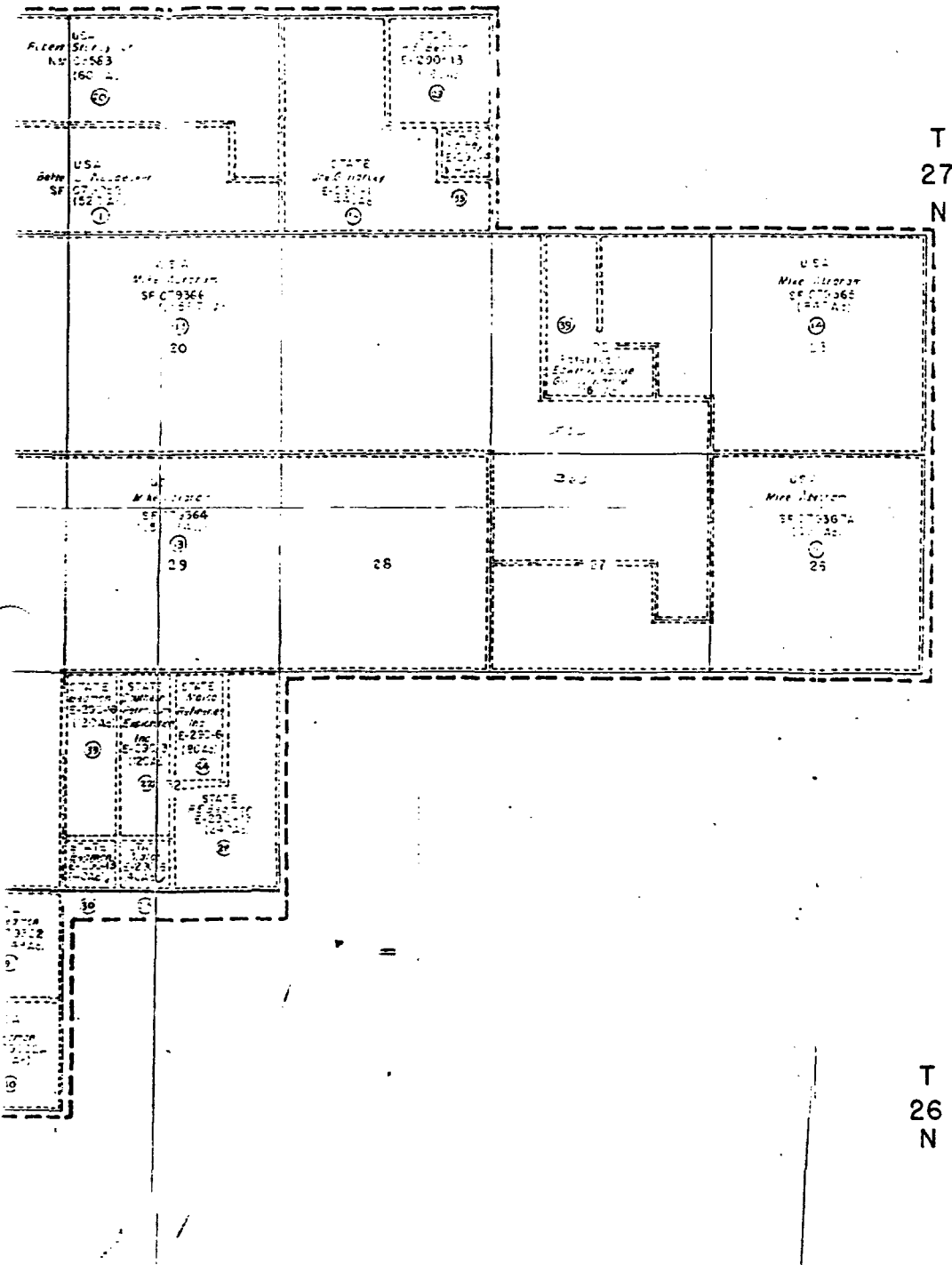


T
26
N

R-7-W

EXHIBIT "A"
 ATTACHED TO
 RINCON AREA
 UNIT AGREEMENT
 RIO ARRIBA CO., NEW MEXICO
 SCALE 1" = 2,000'

R-6-W



T
27
N

T
26
N

R-6-W

"A"

TO
AREA
EMENT
NEW MEXICO
0,000'

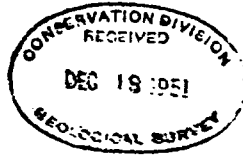
--- BOUNDARY
--- SECTION LINE
○ TRACT NUMBER

EXHIBIT "B"

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
IN ALL LAND IN THE RINCON UNIT AGREEMENT

(as of Dec. 5, 1951)

TRACT NO.	TRACT DESCRIPTION	NO. OF ACRES	SERIAL NO.	LAND OWNERS & PERCENTAGE OF ROYALTY	RECORD OWNER OF LEASE OR APPLICATION	OVERRIDING ROYALTY OWNERS & PERCENTAGE	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT OR ASSIGNMENT AND PERCENTAGE OF INTEREST
<u>FEDERAL LANDS</u>							
1	T 27N - R 6W Sec 17: SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec 18: SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$	520.00	Santa Fe 079052 7-1-48	USA 12.5%	Ralph A Johnston J R Sharp	E W Ingram, et al 5% (Schedule I)	Ralph A Johnston 41.25% J R Sharp 41.25%
2	T 26N - R 7W Sec 1: All Sec 11: All Sec 12: All	1920.80	079160 5-1-48	USA 12.5%	Ralph A Johnston R E Beamon J R Sharp	Forrest Cave 1% Clinton C Seymour 2 $\frac{1}{2}$ % Dan W Johnston 3 $\frac{1}{4}$ % R E Beamon III 3 $\frac{1}{4}$ %	Ralph A Johnston 34.37% R E Beamon 13.75% J R Sharp 34.30%
3	T 27N - R 7W Sec 13: All Sec 24: S $\frac{1}{2}$ Sec 14: NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$	1080.00	079298 7-1-48	USA 12.5%	Ralph A Johnston J R Sharp	Robert V Wollard 5 $\frac{1}{6}$ % Alice S Leck 5 $\frac{1}{6}$ % E P Ripley 5 $\frac{1}{6}$ % E W Ingram, et al 2 $\frac{1}{2}$ % (Schedule II)	Ralph A Johnston 41.25% J R Sharp 41.25%
4	T 27N - R 7W Sec 24: N $\frac{1}{2}$	320.00	079298 7-1-48	USA 12.5%	R L Crockett	Robert V Wollard 5 $\frac{1}{6}$ % Alice S Leck 5 $\frac{1}{6}$ % E P Ripley 5 $\frac{1}{6}$ % E W Ingram, et al 2 $\frac{1}{2}$ % (Schedule II)	R L Crockett 82.5%
5	T 27N - R 7W Sec 14: E $\frac{1}{2}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	360.00	079298 7-1-48	USA 12.5%	Geo Rice	Robert V Wollard 5 $\frac{1}{6}$ % Alice S Leck 5 $\frac{1}{6}$ % E P Ripley 5 $\frac{1}{6}$ % E W Ingram, et al 2 $\frac{1}{2}$ % (Schedule II)	Geo Rice 82.5%



TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO.	LAND OWNERS & PERCENTAGE OF ROYALTY	RECORD OWNER OF LEASE OR APPLICATION	OVERRIDING ROYALTY OWNERS & PERCENTAGE	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT OR ASSIGNMENT AND PERCENTAGE OF INTEREST
6	T 27N - R 7W Sec 14: NW $\frac{1}{4}$	160.00	Santa Fe 079298 7-1-48	USA 12.5%	Madge Jones	Robert V Wollard 5/6% Alice S Leck 5/6% E P Ripley 5/6%	Madge Jones 85%
7	T 26N - R 6W Sec 6: Lots 3, 4, 5, SE $\frac{1}{4}$ NW $\frac{1}{4}$	161.81 ✓	079301 5-1-48	USA 12.5%	Ralph A Johnston R E Beamon J R Sharp	Coy Lindsey 5%	Ralph A Johnston 34.37% R E Beamon 13.75% J R Sharp 34.38%
8	T 26N - R 6W Sec 6: Lots 6, 7, E $\frac{1}{2}$ SW $\frac{1}{4}$	161.35 ✓	079301-A 5-1-48	USA 12.5%	Ralph A Johnston R E Beamon J R Sharp	Coy Lindsey 5%	Ralph A Johnston 34.38% R E Beamon 13.75% J R Sharp 34.37%
9	T 26N - R 6W Sec 6: Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$	160.48 ✓	079302 4-1-48	USA 12.5%	Ralph A Johnston R E Beamon J R Sharp	Otis Wetsel 5%	Ralph A Johnston 34.37% R E Beamon 13.75% J R Sharp 34.38%
10	T 26N - R 6W Sec 6: SE $\frac{1}{4}$	160.00 ✓	079302-A 4-1-48	USA 12.5%	Ralph A Johnston R E Beamon J R Sharp	Otis Wetsel 5%	Ralph A Johnston 34.38% R E Beamon 13.75% J R Sharp 34.37%
11	T 27N - R 7W Sec 25: All	640.00 ✓	079321 7-1-49	USA 12.5%	Ralph A Johnston J R Sharp	L C Oldham Jr 2 $\frac{1}{2}$ % E W Ingram et al 2 $\frac{1}{2}$ % (Schedule II)	Ralph A Johnston 41.25% J R Sharp 41.25%
12	T 27N - R 7W Sec 15: E $\frac{1}{2}$ Sec 22: NE $\frac{1}{4}$ Sec 23: N $\frac{1}{2}$	800.00 ✓	079360 10-1-48	USA 12.5%	W C McMahan A V Jones & H R Stasney	M A Romero 3% L C Oldham Jr 2%	W C McMahan 27.5% A V Jones 27.5% H R Stasney 27.5%

TRACT NO.	SECTION	NO. OF ACRES	SERIAL NO.	LAND OWNERS & PERCENTAGE OF ROYALTY	RECO. OWNER OF LEASE OR APPLICATION	OVERRIDING ROYALTY OWNERS & PERCENTAGE	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT OR ASSIGNMENT AND PERCENTAGE OF INTEREST
13	T 27N - R 6W	1279.67	Santa Fe 079364 8-1-48	USA 12.5%	Ralph A Johnston J R Sharp R E Beamon	Mike Abraham	Ralph A Johnston 33.34%
	Sec 28: N $\frac{1}{2}$						R E Beamon 13.33%
	Sec 29: S $\frac{1}{2}$						J R Sharp 33.33%
	Sec 30: N $\frac{1}{2}$						
	Sec 31: N $\frac{1}{2}$						
14	T 27N - R 6W	1280.67	079364 8-1-48	USA 12.5%	Ralph A Johnston J R Sharp R E Beamon	Mike Abraham R E Beamon III et al (Schedule III)	Ralph A Johnston 32.08%
	Sec 28: S $\frac{1}{2}$						R E Beamon 12.83%
	Sec 29: N $\frac{1}{2}$						J R Sharp 32.09%
	Sec 30: S $\frac{1}{2}$						
	Sec 31: S $\frac{1}{2}$						
14	T 27N - R 6W	520.00	079365 8-1-48	USA 12.5%	Ralph A Johnston J R Sharp R E Beamon	Mike Abraham R E Beamon III et al (Schedule III)	Ralph A Johnston 32.09%
	Sec 22: NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$						R E Beamon 12.83%
	Sec 23: N $\frac{1}{2}$						J R Sharp 32.08%
	Sec 23: S $\frac{1}{2}$						
15	T 27N - R 6W	1439.32	079366 8-1-48	USA 12.5%	Ralph A Johnston J R Sharp R E Beamon	Mike Abraham	Ralph A Johnston 33.33%
	Sec 19: N $\frac{1}{2}$						R E Beamon 13.33%
	Sec 20: S $\frac{1}{2}$						J R Sharp 33.34%
	Sec 21: N $\frac{1}{2}$						
	Sec 22: W $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$						
15	T 27N - R 6W	1119.40	079366 8-1-48	USA 12.5%	Ralph A Johnston J R Sharp	Mike Abraham R E Beamon III et al (Schedule III)	Ralph A Johnston 32.09%
	Sec 19: S $\frac{1}{2}$						R E Beamon 12.83%
	Sec 20: N $\frac{1}{2}$						J R Sharp 32.08%
	Sec 21: S $\frac{1}{2}$						
	Sec 22: W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$						
Sec 27: NE $\frac{1}{4}$ SE $\frac{1}{4}$							

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO.	LAND OWNERS & PERCENTAGE OF ROYALTY	RECORD OWNER OF LEASE OR APPLICATION	OVERRIDING ROYALTY OWNERS & PERCENTAGE	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT OR ASSIGNMENT AND PERCENTAGE OF INTEREST
16	T 27N - R 6W Sec 26: S $\frac{1}{2}$ Sec 27: SW $\frac{1}{4}$	480.00 ✓	Santa Fe 079367-A 8-1-48	USA 12.5%	Ralph A Johnston R E Beamon J R Sharp	Mike Abraham 7 $\frac{1}{2}$ %	Ralph A Johnston 33.33% R E Beamon 13.33% J R Sharp 33.34%
	T 27N - R 6W Sec 26: N $\frac{1}{2}$ Sec 27: SE $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$	440.00 ✓	079367-A 8-1-48	USA 12.5%	Ralph A Johnston R E Beamon	Mike Abraham R E Beamon III et al (Schedule III) 3%	Ralph A Johnston 32.00% R E Beamon 12.83% J R Sharp 32.00%
17	T 27N - R 6W Sec 18: Lots 1,2,3,4	157.76 ✓	079404-A 8-1-48	USA 12.5%	Ben R Howell	Wood River Oil & Ref Co Rock Hill Oil Co Ben R Howell 1%	San Juan Produc- tion Co 64.625%
18	T 27N - R 7W Sec 28: S $\frac{1}{2}$ Sec 33: All Sec 34: W $\frac{1}{2}$	1280.00 ✓	080213 11-1-49	USA 12.5%	Ralph A Johnston R E Beamon J R Sharp	Dena Riddle 5%	Ralph A Johnston 34.37% R E Beamon 13.75% J R Sharp 34.38%
19	T 27N - R 7W Sec 22: SE $\frac{1}{4}$ Sec 23: S $\frac{1}{2}$ Sec 26: All Sec 27: E $\frac{1}{2}$, SW $\frac{1}{4}$ Sec 34: E $\frac{1}{2}$ Sec 35: All	2560.00 -	080385 7-1-51	USA 12.5%	Ralph A Johnston R E Beamon J R Sharp	Dan W Johnston R E Beamon III H K Riddle Felix Hickman 1-3/4% 1-3/4%	Ralph A Johnston 34.38% R E Beamon 13.75% J R Sharp 34.37%
20	T 27N - R 6W Sec 17: NE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec 18: NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$	600.00 ✓	NM03583 7-1-48	USA 12.5%	Robt Storey, Jr	E W Ingram et al (Schedule I) 5%	Robt Storey Jr 82.5%

Federal Tracts 17,921.26 acres or 86.8% of Unit Area

TRACT NO. DESCRIPTION NO. OF ACRES SERIAL NO. LAND OWNERS & PERCENTAGE OF ROYALTY RECORD, OWNER OF LEASE OR APPLICATION WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT OR ASSIGNMENT AND PERCENTAGE OF INTEREST

NEW MEXICO STATE LEASES

21	T 27N - R 7W Sec 36: SW $\frac{1}{4}$	160.00 ✓	State E-289-15	State 12.5% 5-2-45	R E Beamon	Francis L Harvey 5%	Ralph A Johnston 34.30% J R Sharp 34.37% R E Beamon 13.75%
22	T 27N - R 6W Sec 32: E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$	120.00 ✓	E-290-3 5-2-45	State 12.5%	So Pet Expl Inc	None	So Pet Expl Inc 87.5%
23	T 27N - R 7W Sec 36: S $\frac{1}{2}$ NE $\frac{1}{4}$	80.00 ✓	E-290-3 5-2-45	State 12.5%	So Pet Expl Inc	None	So Pet Expl Inc 87.5%
24	T 27N - R 6W Sec 32: W $\frac{1}{2}$ NE $\frac{1}{4}$	80.00	E-290-6 5-2-45	State 12.5%	Malco Ref Inc	None	Malco Ref Inc 87.5%
25	T 27N - R 6W Sec 32: SE $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	E-290-6 5-2-45	State 12.5%	Malco Ref Inc	None	Malco Ref Inc 87.5%
26	T 27N - R 7W Sec 36: E $\frac{1}{2}$ SE $\frac{1}{4}$	80.00	E-290-6 5-2-45	State 12.5%	Malco Ref Inc	None	Malco Ref Inc 87.5%
27	T 27N - R 7W Sec 36: NW $\frac{1}{4}$	160.00	E-290-12 5-2-45	State 12.5%	R E Beamon	Francis L Harvey 5%	Ralph A Johnston 34.37% J R Sharp 34.30% R E Beamon 82.5%
28	T 27N - R 6W Sec 32: E $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$	240.00	E-290-13 5-2-45	State 12.5%	R E Beamon	Francis L Harvey 5%	Ralph A Johnston 34.37% J R Sharp 34.30% R E Beamon 82.5%

TRACT DESCRIPTION NO.	NO. OF ACRES	SERIAL NO.	LAND OWNERS & PERCENTAGE OF ROYALTY	RECORD OWNER OF LEASE OR APPLICATION	OVERRIDING ROYALTY OWNERS & PERCENTAGE	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT OR ASSIGNMENT AND PERCENTAGE OF INTEREST
29 T 27N - R 6W Sec 16: NE $\frac{1}{4}$	160.00	E-290-13 5-2-45	State 12.5%	R E Beamon	Francis L Harvey 5%	Ralph A Johnston 34.37% J R Sharp 34.30% R E Beamon 82.5%
30 T 27N - R 6W Sec 32: SW $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	E-290-13 5-2-45	State 12.5%	R E Beamon	Francis L Harvey 5%	Ralph A Johnston 34.37% J R Sharp 34.30% R E Beamon 82.5%
31 T 27N - R 7W Sec 36: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00	E-290-14 5-2-45	State 12.5%	R E Beamon	Francis L Harvey 5%	Ralph A Johnston 34.37% J R Sharp 34.30% R E Beamon 82.5%
32 T 27N - R 7W Sec 36: N $\frac{1}{2}$ NE $\frac{1}{4}$	80.00	State E-290-16 5-2-45	State 12.5%	R E Beamon	None	Ralph A Johnston 36.46% J R Sharp 36.46% R E Beamon 14.50%
33 T 27N - R 6W Sec 32: W $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	120.00	E-290-16 5-2-45	State 12.5%	R E Beamon	None	Ralph A Johnston 36.46% J R Sharp 36.46% R E Beamon 14.50%
34 T 27N - R 6W Sec 16: W $\frac{1}{2}$ W $\frac{1}{2}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$	440.00	E-290-1 5-2-45	State 12.5%	Joe G Harvey	None	James I Harvey 87.5%
35 T 27N - R 6W Sec 16: NE $\frac{1}{4}$ SE $\frac{1}{4}$	40.00	E-290-4 5-2-45	State 12.5%	Ed H McKay	None	Ed H McKay 87.5%
36 T 26N - R 7W Sec 2: E $\frac{1}{2}$	320.76	E-291-3 5-2-45	State 12.5%	So Petro Expl Co Inc	None	So Petroleum Expl Co Inc 87.5%

TRACT NO.	SECTION	NO. OF ACRES	SERIAL NO.	LAND OWNERS & PERCENTAGE OF ROYALTY	RECORD NUMBER OF LEASE OR APPLICATION	OVERRIDING ROYALTY OWNERS & PERCENTAGE	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT OR ASSIGNMENT AND PERCENTAGE OF INTEREST	
37	T 26N - R 7W Sec 2: NW $\frac{1}{4}$	160.68 ✓	E-291-5 5-2-45	State 12.5%	Malco Ref Inc	None	Malco Ref Inc 87.5%	
38	T 26N - R 7W Sec 2: SW $\frac{1}{4}$	160.00 ✓	E-291-20 5-2-45	State 12.5%	R E Beamon	Francis L Harvey 5%	Ralph A Johnston 34.37% J R Sharp 7 13.75% R E Beamon 34.38%	
<u>State Tracts 2,561.44 acres or 12.4% of Unit Area</u>								
39	T 27N - R 6W Sec 22: E $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$	160.00 ✓	Patented 3-11-46	Edwin F Kamie 8.33% Geo N Kamie 4.17%	C H Nye	C H Nye 3%	R L Crockett 84.5%	
<u>Patented Tracts 160.00 acres or 0.8% of Unit Area</u>								
TOTAL 20,642.70 ACRES IN UNIT AREA				Federal 17,921.26 Acres 86.8%				
				State 2,561.44 Acres 12.4%				
				Patented 160.00 Acres 0.8%				

Y

Schedule I

RINCON UNIT

Ownership of $\frac{5}{8}$ overriding royalty shown as E W Ingram et al under Tracts 1 and 20, of Exhibit "B" attached to Unit Agreement

E. W. Ingram	.0653	%
T. J. Ahern	.2351	%
E. F. Kalb	.0544	%
Phil E. Davant	.0544	%
R. E. Beamon III	.0871	%
A. W. Ashley	.0167	%
C. B. McMahan	.0335	%
W. C. McMahan	.0838	%
George R. Reese, Jr.	.0167	%
James A. Williams	.0355	%
Waters S. Davis, Jr.	.0479	%
Gladys D. Davis	.0239	%
Davis Trust	.0239	%
L. A. Nordon	.0958	%
Ralph A. Johnston	.5911	%
Wm G. Johnston	.5911	%
Dan W. Johnston	.1250	%
L. C. Oldham, Jr.	.1934	%
C. A. Porterfield	.1900	%
E. R. Richardson	.1542	%
Lyle E. Carbaugh	.1068	%
L. M. Harrison	.0950	%
Glenn Porterfield	.0950	%
Joe Glenn Patton	.0592	%
Ed Koy	.0592	%
Charles W. Machemehl	.0831	%
Lurant indjidjiau	.0592	%
Gladys Watford	.1187	%
R. E. Beamon	1.6050	%
	<hr/>	
	5.0000	%

Schedule II

RINCON UNIT

Ownership of 2.5% Overriding Royalty shown as E W Ingram et al under Tracts 3, 4, 5 and 11 of Exhibit "B" attached to Unit Agreement.

E. W. Ingram	.0653 %
T. J. Ahern	.2351 %
Ralph A. Johnston	.2809 %
Wm G. Johnston	.2809 %
L. C. Oldham, Jr.	.1051 %
C. A. Porterfield	.0891 %
E. R. Richardson	.0724 %
Lyle E. Carbaugh	.0501 %
L. M. Harrison	.0445 %
Glenn Porterfield	.0445 %
Joe Glenn Patton	.0278 %
Ed Koy	.0278 %
Charles W. Macheehl	.0390 %
Durant Indjidjian	.0278 %
Gladys Watford	.0556 %
Dan W. Johnston	.0625 %
E. F. Kalb	.0544 %
Phil E. Davant	.0544 %
R. E. Beamon III	.0871 %
A. W. Ashley	.0167 %
C. B. McMahan	.0335 %
W. C. McMahan	.0838 %
George R. Reese, Jr.	.0167 %
James A. Williams	.0355 %
Waters S. Davis, Jr.	.0479 %
Gladys D. Davis	.0239 %
Davis Trust	.0239 %
L. A. Noruan	.0958 %
R. E. Beamon	.4180 %
	<hr/>
	2.5000 %

Schedule III

RINCON UNIT

Ownership of 3% overriding royalty shown as R E Beamon III et al under Tracts 13, 14, 15 and 16, of Exhibit "B" attached to Unit Agreement.

R. E. Beamon III	.6440 %
Ralph A. Johnston	.3220 %
Wm G. Johnston	.3220 %
Carl W. Vogt	.0535 %
C. E. Wademan	.0535 %
W. B. Rawson	.0535 %
E. W. Ingram	.2140 %
E. F. Kalb	.2675 %
Jack Neveleff	.1070 %
Phil E. Davant	.1070 %
Wilbur E. Hess	.1070 %
James E. Mavor	.1070 %
Earl G. Fridley	.1070 %
Douglas E. Johnston	.1070 %
John L. Lancaster	.1070 %
James S. Carroll	.1070 %
Homer E. Ley	.2140 %
	<hr/>
	3.0000 %

Working Interest Owner List
Rincon Unit
Rio Arriba Co., NM

Amoco Production Company
Attn: David Simpson
P.O. Box 800
Denver, CO 80201

San Juan-Unocal General Partnership
3300 N. Butler, Suite 200
Farmington, NM 87401

Conoco, Inc.
Attn: Tom Scarborough
10 Desta Drive West
Midland, TX 79705

Union Oil Company of California
dba UNOCAL
3300 N. Butler, Suite 200
Farmington, NM 87401

Jones Company, A Texas Partnership
P.O. Box 787
Albany, TX 76430

Beryl B. McMahan
P.O. Box 631
Houston, TX 77001

Beryl B. McMahan as Test. Trustee of
W. C. McMahan Tr. for T.V. McMahan
P. O. Box 631
Houston, TX 77001

Beryl B. McMahan as Test. Trustee of
W. C. McMahan Tr. for G.M. Lewis
P.O. Box 631
Houston, TX 77001

Meridian Oil Inc.
Attn: Allen Alexander
P.O. Box 4289
Farmington, NM 87499

Meridian Oil Inc., Agt. For Beamon Group
Attn: Allen Alexander
P.O. Box 4289
Farmington, NM 87499

H. R. Stasney & Sons Company
Drawer 1826
Albany, TX 76430

The Wiser Oil Company
Attn: Richard L. Starkey
P.O. Box 192
Sisterville, WV 26175

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

ABBOTT, JO RENEE
3733 AVENIDA PALO VERDE
BONITA CA 92002-

HENDERSON, ALLISON A.
4128 W. HOOD AVE
BURBANK CA 91505-

BLECHAR, MARGARET ESTELLE
138 LA CANADA WAY
SANTA CRUZ CA 95060-

E. HUNTER STONE II TRUST
P.O. BOX 61419
DENVER CO 80206-

D.M. WOOLLEY & B.W. WOOLLEY
CO - TR OF DAVID MARTIN
WOOLLEY TR U/W/O LP
WOOLLEY DECD
P.O. BOX 6290
WASHINGTON DC 20015-

BRIGGS, ANITA
471 CHEROKEE AVE
ATLANTA GA 30312-

FIRST INTERSTATE BANK
OF DES MOINES, NA
TRUSTEE U/W GERALD F. HARRINGTON
ATTN: TRUST OFF - PETERSON
P.O. BOX 817
DES MOINES IA 50304-

HOFFMAN, PHYLLIS F.
400 E. RANDOLPH ST
APT. 2928
CHICAGO IL 60601-

EXHIBIT 6

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

ROBERT D. NIGH, TRUSTEE
OF THE NIGH REVOCABLE
TRUST AGREEMENT DATED 8/31/89
7080 DEAN RD
INDIANAPOLIS IN 46220-

NATIONAL COOPERATIVE
REFINERY ASSOCIATION
P.O. BOX 1404
MCPHERSON KS 67460-

MRS. MARY PETERS MCCULLEY
441 LONGLEAF RD
SHREVEPORT LA 71106-

PETERS, W.L.
§ MARY PETERS MCCULLEY
441 LONGLEAF RD
SHREVEPORT LA 71106-

KITCHEL, DIANE
80 MANET RD
CHESTNUT HIL MA 02167-

VOGT, CARL W.
8708 HIDDEN HILL LN
POTOMAC MD 20854-

HARRINGTON, F. EUGENE
652 FEARRINGTON POST
PITTSBORO NC 27312-

CHAPPELL, MARY J.
P.O. BOX 11970
ALBUQUERQUE NM 87192-

COLUCCI, MICHAEL
1001 WAGON TRAIN DR SE
ALBUQUERQUE NM 87123-

H.K. RIDDLE, TR OF
HANSEL KING RIDDLE II
TRUST
P.O. BOX 13326
ALBUQUERQUE NM 87192-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

HARRINGTON, JAMES V.
P.O. BOX 13535
ALBUQUERQUE NM 87192-

HARRINGTON, THOMAS H.
P.O. BOX 36480
ALBUQUERQUE NM 87176-

LINDSEY, COY
1220 TRUMAN ST
ALBUQUERQUE NM 87108-

PWG PARTNERSHIP
P.O. BOX 451
ALBUQUERQUE NM 87103-

SAM DAZZO, TRUSTEE FOR
SAMUEL L. DAZZO &
FRANCES JOY DAZZO UTA 5/17/83
901 VAL VERDE SE
ALBUQUERQUE NM 87108-

SUNWEST BANK OF ALBUQUERQUE
TRUSTEE FOR CHERIE HICKMAN
P.O. BOX 26900
ALBUQUERQUE NM 87125-

THREET, MARTIN
814 MORNINGSIDE PL SE
ALBUQUERQUE NM 87108-

SIEGENTHALER, PEARL
P.O. DRAWER Z
ARTESIA NM 88210-

CARLSBAD NATIONAL BANK TR O/R
U/T/A DTD APRIL 30, 1973
P.O. BOX 1359
CARLSBAD NM 88220-

KAIME, GEORGE N.
AND/OR KAIME, WILMA J.
COUNSELOR NM 87018-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

KAIME, EDWIN H.
5907 MEAD RD
FARMINGTON NM 87401-

HARRINGTON, GERALD E.
P.O. BOX 216
ROSWELL NM 88201-

SHEARMAN, THELMA L.
102 N. WASHINGTON
ROSWELL NM 88201-

EDDY, JOHN N.
BOX 2104
SANTA FE NM 87504-

GARTNER, DAVID
104 CALLE PENA
SANTA FE NM 87501-

RIPLEY, VIOLET C.
P.O. BOX 5011
SANTA FE NM 87501-

ZAMORA, MATIAS A.
P.O. BOX 1117
SANTA FE NM 87504-

CHARLES L. JENKINS REVOC.
LIVING TRUST U/T/A
DATED 6/13/80
EVELYN SIMMONS, TRUSTEE
P.O. BOX 3610
EDMOND OK 73083-3610

GODFREY, RICHARD H., JR.
P.O. BOX 18208
SHARTEL STATION
OKLAHOMA CITY OK 73154-

HOUSTON E. HILL &
MOZELLE C. HILL, JOINT TENANTS
1330 W FIRST NAT'L CENTER
OKLAHOMA CITY OK 73102-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

BRYANT, BETSY H.
2201 BROOKHOLLOW DR
ABILENE TX 79605-

AMENT, MARY LINDA LEY
1005 CHALLENGER
AUSTIN TX 78734-

EASLEY, MITZI HENDERSON
5605 SHOALEGE CT
AUSTIN TX 78756-

MARY LINDA LEY AMENT &
NANCY ALICE LEY WILSON
TRUSTEES OF THE MARY LINDA LEY
AMENT CHILDREN'S TRUST
1005 CHALLENGER
AUSTIN TX 78734-

NANCY LEY WILSON
MARY LINDA LEY AMENT TR
MARY LINDA LEY CUTLER
CHILDRENS TRUST
1005 CHALLENGER
AUSTIN TX 78734-

RAWSON, ROBERT N.
6105-B CONTI COURT
AUSTIN TX 78744-

DIXON, MARTHA LOU
311 TAGGARD
BURNET TX 78611-

MADSEN, WILLIAM L.
OR SARAH S. MIMS
REVOCABLE TRUST
P.O. BOX 111846
CARROLLTON TX 75011-

B.W. WOOLLEY JR. & DM
WOOLLEY CO -TR OF B. WYNNE
WOOLLEY JR TR U/W/O L P
WOOLEY DECD
P.O. BOX 25569
DALLAS TX 75225-

CALLOWAY, ELIZABETH T.
4801 ST. JOHNS DR
DALLAS TX 75201-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

CARROLL, JAMES S.
6818 TOWN BLUFF DR
DALLAS TX 75248-

CROSS TIMBERS OIL CO. L.P.
P.O. BOX 840287
DALLAS TX 75284-0287

EARL G. FRIDLEY TRUST
ACCT# 4815110905
P.O. BOX 951416
DALLAS TX 75394-1416

FIRST REPUBLIC BANK NA
F/B/O HARRY PORTER
% TRUST DEPT
P.O. BOX 852061
DALLAS TX 75283-2061

HAIRSTON, CHERYL WILSON
2709 WESTMINISTER
DALLAS TX 75205-

HONDO OIL & GAS COMPANY
P.O. BOX 910355
DALLAS TX 75391-0355

JOHN L. LANCASTER III &
ROBERT P. LANCASTER TR
U/W LORETTA DELANEY LANCASTER
6000 INTERFIRST ONE
DALLAS TX 75202-

KERNAGHAN, W.A.
5650 CHARLESTOWN DR
DALLAS TX 75230-

LANCASTER, JOHN L., III
6000 NCNB PLAZA
901 MAIN ST
DALLAS TX 75202-

LANCASTER, ROBERT PAYNE
4209 MCFARLIN
DALLAS TX 75205-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

NATIONSBANK OF TX NA
TRUSTEE OF THE
EULA MAY JOHNSTON TRUST
TRUST #661
P.O. DRAWER 848703
DALLAS TX 75284-8703

NCNB TEXAS NATIONAL BANK
INDEPENDENT EXECUTOR OF THE
ESTATE OF MARY E. BROWN
P.O. DRAWER 848703
DALLAS TX 75284-8703

NCNB TEXAS NATIONAL BANK
INDEPENDENT EXECUTOR OF THE
ESTATE OF GRAHAM H. BROWN
P.O. DRAWER 848703
DALLAS TX 75284-8703

SACHS, MARY ELINOR LANCASTER
4413 WESTWAY
DALLAS TX 75205-

TURNER, FREDERICK EUGENE
ONE ENERGY SQ, STE 852
4925 GREENVILLE AVE
DALLAS TX 75206-

TURNER, J. GLENN, JR.
LTV CENTER
2001 ROSS AVE.
DALLAS TX 75201-

TURNER, JOHN LEE
8585 N. STEMMONS
SUITE 925-N
DALLAS TX 75247-

EL PASO NAT'L BANK TR
FOR BEN R. HOWELL ET UX
P.O. DRAWER 140
EL PASO TX 79980-

FEUILLE, R.H.
11TH FLOOR
EL PASO NAT'L BANK BLDG
EL PASO TX 79901-

GRAMBLING, EMILY D.
916 CHERRY HILL LN
EL PASO TX 79912-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

GRAMBLING, JOHN A.
P.O. DRAWER 1977
EL PASO TX 79950-

HARVEY, PATRICIA G.
P.O. DRAWER 140
EL PASO TX 79980-

JANE HARDIE, TRUSTEE
OF THE WILLIAM B. HARDIE SR
ROYALTY TRUST
1065 LOS JARDINES
EL PASO TX 79912-

WILLIAM B. HARDIE &
ELIZABETH H. LUND, CO-
TRUSTEES OF THE MAYBELLE
HARDIE ROYALTY TRUST
1065 LOS JARDINES
EL PASO TX 79912-

ROGERS-GIBBARD TRUST
§ SUSAN ROGERS EVELAND
8608 HIDDEN MEADOW DR
FT. WORTH TX 76179-

TEAM BANK N/A
IND. ADMINISTRATOR OF THE ESTATE OF
JAMES IRL HARVEY ACCT# 5754
DRAWER NO 99033
FT. WORTH TX 76199-

WERLLA, MARTHA PETERS
3724 CRESTLINE RD
FT. WORTH TX 76107-

RITTER, SUSAN H.
1415 25TH ST
GALVESTON TX 77550-

AMOCO A/C CONOCO
P.O. BOX 299419
HOUSTON TX 77299-0419

ANDREW, JERRY J.
408 LOGWOODS DR
HOUSTON TX 77024-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

BANK OF HOUSTON
A/C JAS A. WILLIAMS
ACCT #00-3862-8
P.O. BOX 8306
HOUSTON TX 77004-

BEAMON, ROBERT
THREE RIVERWAY, STE 470
HOUSTON TX 77056-

BRACKEN, HAZEL A.
BAYOU BEND TOWERS
UNIT 403
101 WESTCOTT
HOUSTON TX 77007-

BRYAN, LUCIA ANN RAWSON
3718 CHEVY CHASE
HOUSTON TX 77019-

DAVIS, JEREMY S.
7539 BROMPTON BLVD
HOUSTON TX 77025-

DINGES, BARBARA REESE
6510 SHADOW CREST
HOUSTON TX 77074-

DUMAS, E.K.
EXEC - EST OF E.F. KALB
5555 DEL MONTE DR
HOUSTON TX 77056-

DUMBLE, ROBERT N.
10014 LOCKE LN
HOUSTON TX 77042-

EMMA ALICE LEY, NANCY LEY WILSON & FRIDLEY, VERA BEEBE
MARY LINDA LEY AMENT
TRUSTEES - NANCY LEY WILSON
CHILDREN'S TRUST
5687 DOLIVER
HOUSTON TX 77056-

2135 DEL MONTE
HOUSTON TX 77019-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

HESS, WILBUR E.
625 S. RIPPLECREEK
HOUSTON TX 77057-

INGRAM, MARY DOLL
7600 BURGOYNE #153
HOUSTON TX 77063-

JOHNSTON, DOUGLAS E.
7517 RIVERVIEW WAY
HOUSTON TX 77063-

JOHNSTON, JAMES J.
ELEVEN GREENWAY PLAZA
STE 2608
HOUSTON TX 77046-1105

JONES, J.T.
214 SAGE RD
HOUSTON TX 77056-

LUNDELL, PATTIE ANN BEAMON
1616 S. VOSS
STE 870
HOUSTON TX 77057-

NANCY ALICE LEY WILSON &
MARY LINDA LEY AMENT
TRUSTEES OF THE NANCY LEY
WILSON CHILDREN'S TRUST
5687 DOLIVER
HOUSTON TX 77056-

RAWSON, WILLIAM D.
2419 BRAZORIA
HOUSTON TX 77019-

REESE, ELIZABETH GODWIN
7800 NAIRN
HOUSTON TX 77074-

SCHWARTZ, MILTON
3310 TRAVIS
STE 200
HOUSTON TX 77006-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

TEXAS COMMERCE BANK NA
C D GAUSS W.S. DAVIS III
TRUST MINERALS SEC. 32400
P.O. BOX 200555
HOUSTON TX 77216-

UNIVERSITY OF ST. THOMAS
& WILLIAM YOUNG CSD
3812 MONTROSE BLVD
HOUSTON TX 77006-

WADEMAN, MARY E.
3810 DEL MONTE DR
HOUSTON TX 77019-

WATFORD, GLADYS
TRUSTEE OF THE GLADYS WATFORD TRUST
DATED MAY 25, 1988
ELEVEN GREENWAY PLAZA
STE 2608
HOUSTON TX 77046-1105

WILSON, NANCY A. LEY
5687 DOLIVER DR
HOUSTON TX 77056-2321

MAVOR, HYACINTH RUSSELL
P.O. DRAWER 689
INGRAM TX 78025-

HARRY D. PORTER, ADM
EST PEARSON O. PORTER DECD
P.O. BOX 460
LEAGUE CITY TX 77573-

MINERAL MANAGEMENT SERVICE 73760
ROYALTY MANAGEMENT PROGRAM
P.O. BOX 3100
MIDLAND TX 79702-

REVENUE ACCOUNTING
UNION OIL CO. OF CALIF.
A/C OF COMMISSIONER OF
PUBLIC LANDS
P.O. BOX 3100
MIDLAND TX 79702-

SAN JUAN ROYALTY PARTNERS
P.O. BOX 3759
MIDLAND TX 79702-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

JONES, MADGE
P.O. BOX 372
MOUNT VERNON TX 75457-

BUCHENAU, HARRIET M.
P.O. BOX 867585
PLANO TX 75086-7585

K. PREWITT & M. CHESSER TR
VA JOHNSTON FAMILY TRUST
P.O. BOX 925
RALLS TX 79357-

HENDERSON, DORIS C.
P.O. BOX 835780
RICHARDSON TX 75083-

WARD, REBECCA ANN REESE
2210 CUSTER PKWY
RICHARDSON TX 75080-

REESE, DAVID ELBERT
2203 N. BELMONT
RICHMOND TX 77469-

NORDAN, PEARL NEUGENT
112 E. PECAN ST #500
SAN ANTONIO TX 78205-1516

THE NORDAN TRUST
112 E. PECAN ST #500
SAN ANTONIO TX 78205-1516

MEADE, BETTY
101 MIMASA
SILSBEE TX 77656-

MRS. MARY ELIZABETH WALKER
LIFE ESTATE
1617 S. COLUMBIA DR
WEST COLUMBIA TX 77486-

EXHIBIT
ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS
RINCON UNIT

HEDRICK, HELEN LORAIN
& NYLAND F. SMITH, CPA
3508 MC-NEIL AVE, SUITE A
WICHITA FALLS TX 76308-

HUTCHINGS, ELIZABETH
11309 CLOVER CREST DR SW
TACOMA WA 98499-

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

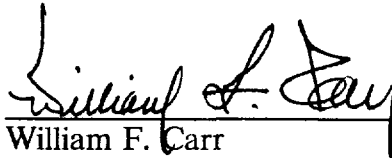
CASE NO. 10663

APPLICATION OF UNION OIL COMPANY
OF CALIFORNIA d/b/a UNOCAL FOR
AN ADMINISTRATIVE DOWNHOLE COMMINGLING
PROCEDURE WITHIN THE RINCON UNIT AREA,
RIO ARRIBA COUNTY, NEW MEXICO.

AFFIDAVIT OF MAILING


William F. Carr, being duly sworn, states that on January 14, 1993 he mailed a copy of the Application of Union Oil Company of California d/b/a Unocal for an administrative downhole commingling procedure with the Rincon Unit Area, Rio Arriba County, New Mexico with letter(s) setting forth the hearing date, by depositing same in the United States mail, first class postage prepaid, to the individuals attached on Exhibit "A":

Further Affiant sayeth naught.



William F. Carr

SUBSCRIBED AND SWORN to before me this 3rd day of February, 1993.



Notary Public

My Commission Expires:

August 19, 1995

EXHIBIT 7

EXHIBIT "A"

Amoco Production Company
Attn: David Simpson
Post Office Box 800
Denver, CO 80201

Conoco, Inc.
Attn: Tom Scarborough
10 Desta Drive West
Midland, TX 79705

Jones Company, A Texas Partnership
Post Office Box 787
Albany, TX 76430

Beryl B. McMahan
Post Office Box 631
Houston, TX 77001

Beryl B. McMahan as Test Trustee of
W.C. McMahan Tr. for G.M. Lewis
Post Office Box 631
Houston, TX 77001

Meridian Oil Inc.
Attn: Allen Alexander
Post Office Box 4289
Farmington, NM 87499

Meridian Oil Inc.,
Agt. for Beamon Group
Attn: Allen Alexander
Post Office Box 4289
Farmington, NM 87499

H.R. Stasney & Sons Company
Drawer 1826
Albany, TX 76430

The Wiser Oil Company
Attn: Richard L. Starkey
Post Office Box 192
Sisterville, WV 26175

San Juan-Unocal General Partnership
3300 N. Butler, Suite 200
Farmington, NM 87401

Union Oil Company of California
d/b/a UNOCAL
3300 N. Butler, Suite 200
Farmington, NM 87401

AMAX Oil & Gas Inc.
1300 W. Sam Houston Pkwy. S.
Post Office Box 42806
Houston, TX 77042

Dugan Production Co.
Post Office Box 420
Farmington, NM 87499

Amoco Production Co.
200 Amoco Ct.
Farmington, NM 87401

Meridian Oil Inc.
Post Office Box 4289
Farmington, NM 87401

BRANA Corp.
320 Gold Ave., SW, Suite 1223
Albuquerque, NM 87102

National Cooperative Refinery Assn.
1775 Sherman St., Suite 3000
Denver, CO 80203

Caulkins Oil Co.
Post Office Box 340
Bloomfield, NM 87413

Parker & Parsley Petroleum Co.
600 W. Illinois, Suite 103
Midland, TX 79701

DEKALB Energy Co.
1625 Broadway
Denver, CO 80202

Snyder Oil Corp.
Post Office Box 2038
Farmington, NM 87499

Beryl B. McMahan as Test Trustee of
W.C. McMahan Tr. for T.V. McMahan
Post Office Box 631
Houston, TX 77001

Jo Renee Abbott
3733 Avenida Palo Verde
Bonita, CA 92002

Allison A. Henderson
4128 W. Hood Avenue
Burbank, CA 91505

Margaret Estelle Blechar
138 La Canada Way
Santa Cruz, CA 95060

E. Hunter Stone II Trust
Post Office Box 61419
Denver, CO 80206

D.M. Woolley & B.W. Woolley
Co - Tr of David M. Woolley Tr.
U/W/O LP Woolley Decd.
Post Office Box 6290
Washington, DC 20015

Anita Briggs
471 Cherokee Ave.
Atlanta, GA 30312

First Interstate Bank/Des Monies, NA
Trustee U/W Gerald F. Harrington
Attn: Trust Off. - Peterson
Post Office Box 817
Des Moines, IA 50304

Phyllis F. Hoffman
400 E. Randolph Street, #2928
Chicago, IL 60601

Robert D. Nigh, Trustee of the
Nigh Rev. Trust Agr. dated 8/31/89
7080 Dean Rd.
Indianapolis, IN 46220

Nat'l Cooperative Refinery Assoc.
Post Office Box 1404
McPherson, KS 67460

Mrs. Mary Peters McCulley
441 Longleaf Rd.
Shreveport, LA 71106

W. L. Peters
c/o Mary Peters McCulley
441 Longleaf Rd.
Shreveport, LA 71106

Diane Kitchel
80 Manet Rd.
Chestnut Hil, MA 02167

Carl W. Vogt
8708 Hidden Hill Ln.
Potomac, MD 20854

F. Eugene Harrington
652 Fearington Post
Pittsboro, NC 27312

Mary J. Chappell
Post Office Box 11970
Albuquerque, NM 87192

Michael Colucci
1001 Wagon Train Dr., SE
Albuquerque, NM 87123

James V. Harrington
Post Office Box 13535
Albuquerque, NM 87192

Thomas H. Harrington
Post Office Box 36480
Albuquerque, NM 87176

Coy Lindsey
1220 Truman St.
Albuquerque, NM 87108

PWG Partnership
Post Office Box 451
Albuquerque, NM 87103

Sam Dazzo, Trustee for Samuel L.
Dazzo & Frances Joy Dazzo
UTA 5/17/83
901 Val Verde, SE
Albuquerque, NM 87108

Sunwest Bank of Albuquerque
Trustee for Cherie Hickman
Post Office Box 26900
Albuquerque, NM 87125

Martin Threet
814 Morningside Pl., SE
Albuquerque, NM 87108

Pearl Siegenthaler
Post Office Drawer Z
Artesia, NM 88210

Carlsbad National Bank TR O/R
U/T/A DTD 4/30/73
Post Office Box 1359
Carlsbad, NM 88220

George N. Kaime and/or
Wilma J. Kaime
Counselor, NM 87018

Edwin H. Kaime
5907 Mead Rd.
Farmington, NM 87401

Gerald E. Harrington
Post Office Box 216
Roswell, NM 88201

Thelma L. Sherman
102 N. Washington
Roswell, NM 88201

John N. Eddy
Box 2104
Santa Fe, NM 87504

David Gartner
104 Calle Pena
Santa Fe, NM 87501

Violet C. Ripley
Post Office Box 5011
Santa Fe, NM 87504

Matias A. Zamora
Post Office Box 1117
Santa Fe, NM 87504

Richard H. Godfrey, Jr.
Post Office Box 18208
Shartel Station
Oklahoma City, OK 73154

Charles L. Jenkins Rev. Liv. Tr.
U/T/A Dtd. 6/13/80
Evelyn Simmons, Trustee
Post Office Box 3610
Edmond, OK 73083-3610

Houston E. Hill and
Mozelle C. Hill, Joint Tenants
1330 W. First Nat'l Center
Oklahoma City, OK 73102

Betsy H. Bryant
2201 Brookhollow Dr.
Abilene, TX 79605

Mary Linda Ley Ament
1005 Challenger
Austin, TX 78734

Mitzi Henderson Easley
5605 Shoaledge Ct.
Austin, TX 78756

Nancy Ley Wilson, Mary Linda Ley Ament
Tr., Mary Linda Ley Cutler
Childrens Trust
1005 Challenger
Austin, TX 78734

Mary Linda Ley Ament & Nancy Alice
Ley Wilson, Tr., Mary Linda Ley Ament
Childrens Trust
1005 Challenger
Austin, TX 78734

Robert W. Rawson
6105-B Conti Court
Austin, TX 78744

Martha Lou Dixon
311 Taggard
Burnet, TX 78611

Elizabeth T. Calloway
4801 St. Johns Dr.
Dallas, TX 75201

B.W. Woolley Jr. & DM Woolley
Co - Tr of B. Wynne Woolley Jr.
Tr. U/W/O L P Woolley Decd.
Post Office Box 25569
Dallas, TX 75225

James S. Carroll
6818 Town Bluff Dr.
Dallas, TX 75248

Earl G. Fridley Trust
Acct#: 4815110905
Post Office Box 951416
Dallas, TX 75394-1416

First Republic Bank NA
F/B/O Harry Porter
c/o Trust Department
Post Office Box 852061
Dallas, TX 75283-2061

Cheryl Wilson Hairston
2709 Westminister
Dallas, TX 75205

Hondo Oil & Gas Company
Post Office Box 910355
Dallas, TX 75391-0355

John L. Lancaster III &
Robert P. Lancaster Tr
U/W Loretta Delaney Lancaster
6000 Interfirst One
Dallas, TX 75202

John L. Lancaster, III
6000 NCNB Plaza
901 Main St.
Dallas, TX 75202

Robert Payne Lancaster
4209 McFarlin
Dallas, TX 75205

Nationsbank of TX NA Tr.
Eula May Johnston Trust
Trust #661
Post Office Drawer 848703
Dallas, TX 75284-8703

NCNB Texas National Bank
Ind. Exec. Estate of
Mary E. Brown
Post Office Drawer 848703
Dallas, TX 75284-8703

NCNB Texas National Bank
Ind. Exec. Estate of
Graham H. Brown
Post Office Drawer 848703
Dallas, TX 75284-8703

Mary Elinor Lancaster Sachs
4413 Westway
Dallas, TX 75205

Frederick Eugene Turner
One Energy Sq., Suite 852
4925 Greenville Ave.
Dallas, TX 75206

J. Glenn Turner, Jr.
LTV Center
2001 Ross Ave.
Dallas, TX 75201

John Lee Turner
8585 N. Stemmons
Suite 925-N
Dallas, TX 75247

Rogers-Gibbard Trust
c/o Susan Rogers Eveland
8608 Hidden Meadow Dr.
Ft. Worth, TX 76179

Martha Peters Werlla
3724 Crestline Rd.
Ft. Worth, TX 76107

Team Bank N/A
Ind. Adm. Estate of
James Irl Harvey Acct#: 5754
Drawer No. 99033
Ft. Worth, TX 76199

Susan H. Ritter
1415 25th Street
Galveston, TX 77550

Amoco A/C Conoco
Post Office Box 299419
Houston, TX 77299-0419

Jerry J. Andrew
408 Logwood Dr.
Houston, TX 77024

Bank of Houston
A/C Jas A. Williams
Acct#: 00-3862-8
Post Office Box 8306
Houston, TX 77004

Robert Beamon
Three Riverway, Suite 470
Houston, TX 77056

Hazel A. Bracken
Bayou Bend Towers, Unit 403
101 Westcott
Houston, TX 77007

Lucia Ann Rawson Bryan
3718 Chevy Chase
Houston, TX 77019

Jeremy S. Davis
7539 Brompton Blvd.
Houston, TX 77025

Barbara Reese Dinges
6510 Shadow Crest
Houston, TX 77074

E.K. Dumas
Exec. Est. of E.F. Kalb
5555 Del Monte Dr.
Houston, TX 77056

Emma Alice Ley, Nancy Ley Wilson
& Mary Linda Ley Ament Tr.
Nancy Ley Wilson Childrens Tr.
5687 Doliver
Houston, TX 77056

Vera Beebe Fridley
2135 Del Monte
Houston, TX 77019

Wilbur E. Hess
625 S. Ripplecreek
Houston, TX 77057

Mary Doll Ingram
7600 Burboyne #153
Houston, TX 77063

Douglas E. Johnston
7517 Riverview Way
Houston, TX 77063

James J. Johnston
Eleven Greenway Plaza
Suite 2608
Houston, TX 77046-1105

J.T. Jones
214 Sage Road
Houston, TX 77056

Pattie Ann Beamon Lundell
1616 S. Voss, Suite 870
Houston, TX 77057

William D. Rawson
2419 Brazoria
Houston, TX 77019

Nancy Alice Ley Wilson &
Mary Linda Ley Ament Trustees
Nancy Ley Wilson Childrens Trust
5687 Doliver
Houston, TX 77056

Elizabeth Godwin Reese
7800 Nairn
Houston, TX 77074

Milton Schwartz
3310 Travis, Suite 200
Houston, TX 77006

University of St. Thomas
c/o William Young CSD
3812 Montrose Blvd.
Houston, TX 77006

Texas Commerce Bank NA
C D Gauss W.S. Davis III
Trust Minerals Sec. 32400
Post Office Box 200555
Houston, TX 77216

Mary E. Wademan
3810 Del Monte Drive
Houston, TX 77019

Gladys Watford, Trustee of
Gladys Watford Trust dtd. 5/25/88
Eleven Greenway Plaza, Suite 2608
Houston, TX 77046-1105

Nancy A. Ley Wilson
5687 Doliver Drive
Houston, TX 77056-2312

Hyacinth Russell Mavor
Post Office Drawer 689
Ingram, TX 78025

Harry D. Porter, ADM
Est. Pearson O. Porter, Decd.
Post Office Box 460
League City, TX 77573

Minerals Management Service 73760
Royalty Management Program
Post Office Box 3100
Midland, TX 79702

Revenue Accounting
Union Oil Co. of California
A/C Commissioner of Public Lands
Post Office Box 3100
Midland, TX 79702

San Juan Royalty Partners
Post Office Box 3759
Midland, TX 79702

Madge Jones
Post Office Box 372
Mount Vernon, TX 75457

Harriet M. Buchenau
Post Office Box 867585
Plano, TX 75086-7585

K. Prewitt & M. Chesser Tr.
VA Johnston Family Trust
Post Office Box 925
Ralls, TX 79357

Doris C. Henderson
Post Office Box 835780
Richardson, TX 75083

Rebecca Ann Reese Ward
2210 Custer Pkwy.
Richardson, TX 75080

David Elbert Reese
2203 N. Belmont
Richmond, TX 77469

Pearl Neugent Nordan
112 E. Pecan St. #500
San Antonio, TX 78205-1516

The Nordan Trust
112 E. Pecan St. #500
San Antonio, TX 78205-1516

Betty Meade
101 Mimasa
Silsbee, TX 77656

Mrs. Mary Elizabeth Walker
Life Estate
1617 S. Columbia Dr.
West Columbia, TX 77486

Helen Loraine Hedrick
c/o Nyland F. Smith, CPA
3508 Mc-Neil Ave., Suite A
Wichita Falls, TX 76308

Elizabeth Hutchings
11309 Clover Crest Dr., SW
Tacoma, WA 98499

H.K. Riddle, TR of Hansel
King Riddle II Trust
Post Office Box 13326
Albuquerque, NM 87192

William L. Madsen or
Sarah S. Mims Rev. Trust
Post Office Box 111846
Carrollton, TX 75011

Cross Timbers Oil Co. L.P.
Post Office Box 840287
Dallas, TX 75284-0287

W.A. Kernaghan
5650 Charlestown Dr.
Dallas, TX 75230

El Paso Nat'l Bank TR
for Ben R. Howell et ux
Post Office Drawer 140
El Paso, TX 79980

R.H. Feuille
11th Floor
El Paso Nat'l Bank Bldg.
El Paso, TX 79901

Emily D. Grambling
916 Cherry Hill Ln.
El Paso, TX 79912

Robert N. Drumble
10014 Locke Ln.
Houston, TX 77042

John A. Grambling
Post Office Drawer 1977
El Paso, TX 79950

Patricia G. Harvey
Post Office Drawer 140
El Paso, TX 79980

Jane Hardie, Trustee of the
William B. Hardie Sr. Roy. Tr.
1065 Los Jardines
El Paso, TX 79912

William B. Hardie &
Elizabeth H. Lund, Co-Trustees
Maybelle Hardie Royalty Tr.
1065 Los Jardines
El Paso, TX 79912

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

January 14, 1993

TO ALL WORKING INTEREST OWNERS AND ALL ROYALTY INTEREST OWNERS IN THE RINCON UNIT AREA AND TO ALL OPERATORS OF WELLS OFFSETTING THE RINCON UNIT, RIO ARRIBA COUNTY, NEW MEXICO

Re: Application of Union Oil Company of California d/b/a Unocal for an administrative downhole commingling procedure for the Rincon Unit, Rio Arriba County, New Mexico

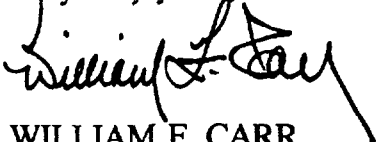
Gentlemen:

This letter is to advise you that Union Oil Company of California d/b/a Unocal has filed the enclosed application with the New Mexico Oil Conservation Division seeking authority for the downhole commingling of gas production from the Blanco-Mesaverde Gas Pool or the Largo-Gallup Gas Pool or Undesignated Gallup production with production from the Basin-Dakota Gas Pool in its Rincon Unit located in portions of Townships 26 and 27 North, Ranges 6 and 7 West, N.M.P.M., Rio Arriba County, New Mexico.

This application has been set for hearing before an Examiner of the Oil Conservation Division on February 4, 1993. As the owner of an interest which may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time or otherwise become a party of record will preclude you from challenging this application at a later date.

Parties appearing in cases before the Division have been requested to file a Pre-Hearing Statement substantially in the form prescribed by the Division (Oil Conservation Division Memorandum 2-90). Pre-Hearing Statements should be filed by 4:00 o'clock p.m., on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

ATTORNEY FOR UNION OIL COMPANY OF CALIFORNIA d/b/a UNOCAL
Enc.

RINCON UNIT OFFSET OPERATORS
Rio Arriba County, New Mexico

AMAX OIL & GAS INC.

1300 W. Sam Houston Pkwy. S.
P.O. Box 42806
Houston, TX 77042
Tel: (713) 978-7700
Fax: (713) 978-6051

DUGAN PRODUCTION CO.

709 E. Murray Dr.
P.O. Box 420
Farmington, NM 87499
Tel: (505) 325-1821
Fax: (505) 327-4613

AMOCO PRODUCTION CO.

200 Amoco Ct.
Farmington, NM 87401
Tel: (505) 325-8841

MERIDIAN OIL INC.

3535 E. 30th St.
P.O. Box 4289
Farmington, NM 87401
Tel: (505) 326-9700

BRANA CORP.

320 Gold Ave. SW, Ste 1223
Albuquerque, NM 87102
Tel: (505) 247-8393

NATIONAL COOPERATIVE REFINERY ASSN

1775 Sherman St., Ste. 3000
Denver, CO. 80203
Tel: (303) 861-4883
Fax: (303) 860-0018

CAULKINS OIL CO.

P.O. Box 340
Bloomfield, NM 87413
Tel: (505) 568-4444
Fax: (505) 632-1471

PARKER & PARSLEY PETROLEUM CO.

600 W. Illinois, Ste. 103
Midland, TX 79701
Tel: (915) 683-4768

DEKALB ENERGY CO.

1625 Broadway
Denver, CO 80202
Tel: (303) 592-4600
Fax: (303) 592-5902

SNYDER OIL CORP.

P.O. Box 2038
Farmington, NM 87499
Tel: (505) 632-8056

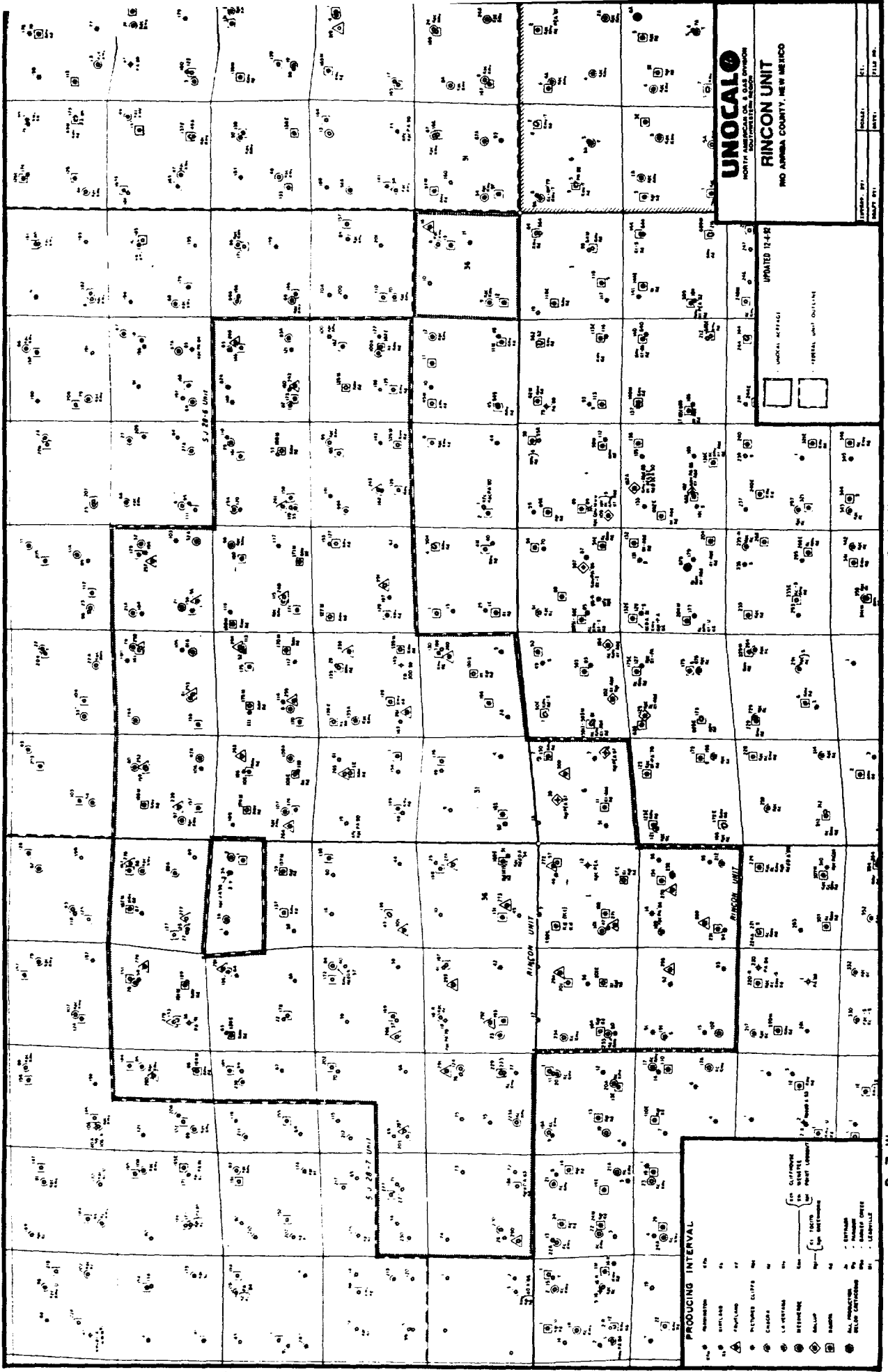


EXHIBIT 9

RINCON UNIT RESERVOIRS

COMPOSITE TYPE LOG

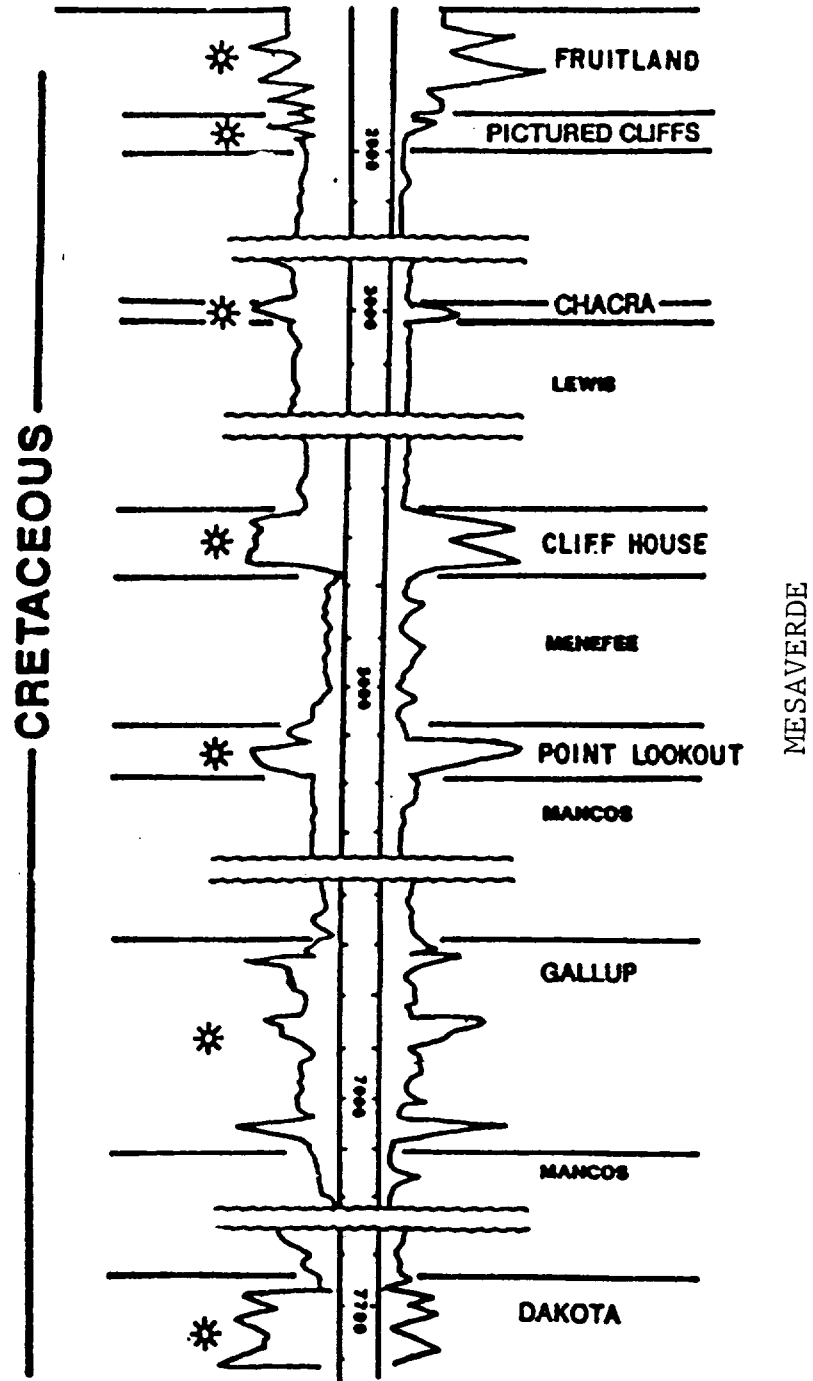
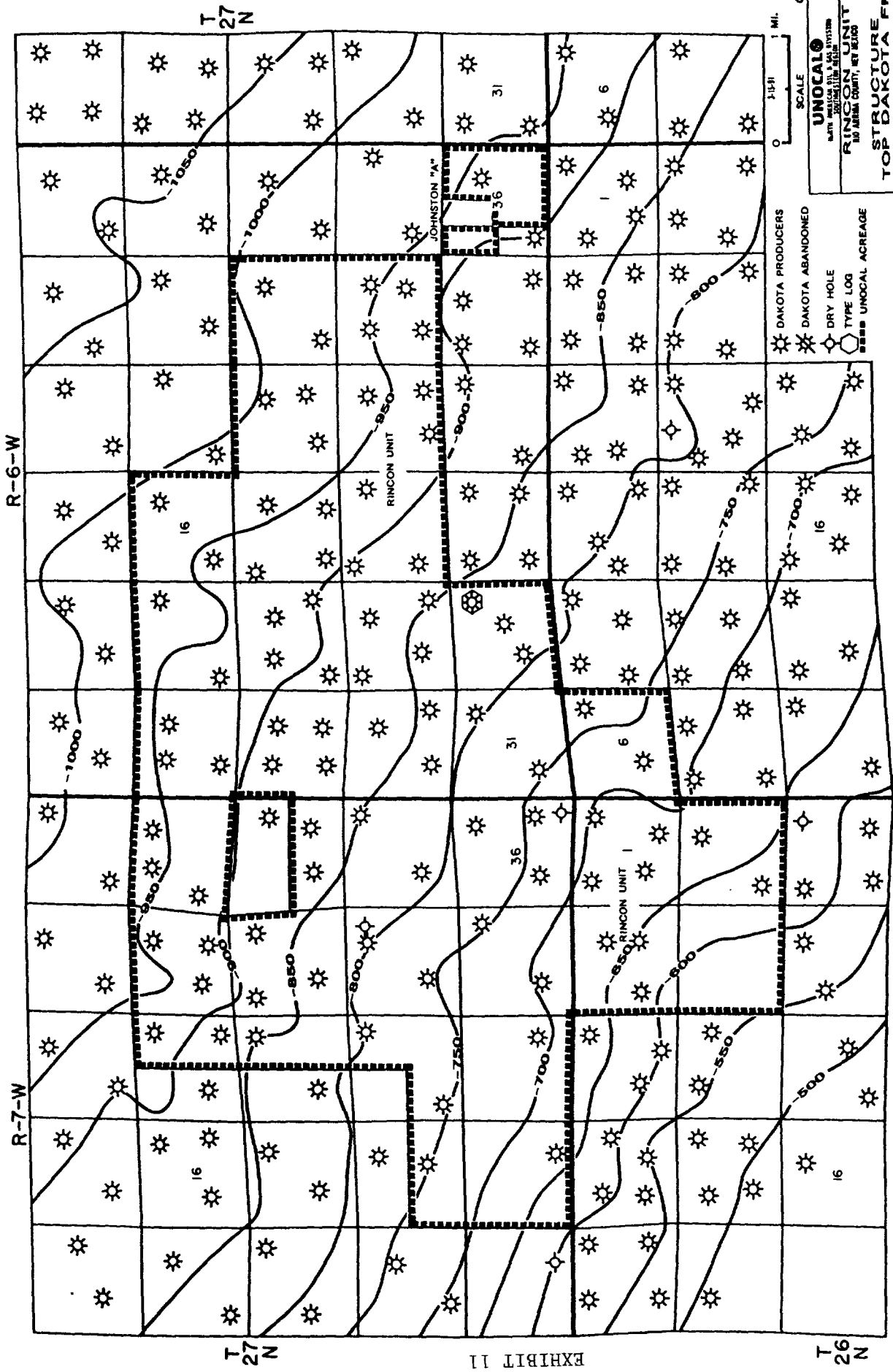


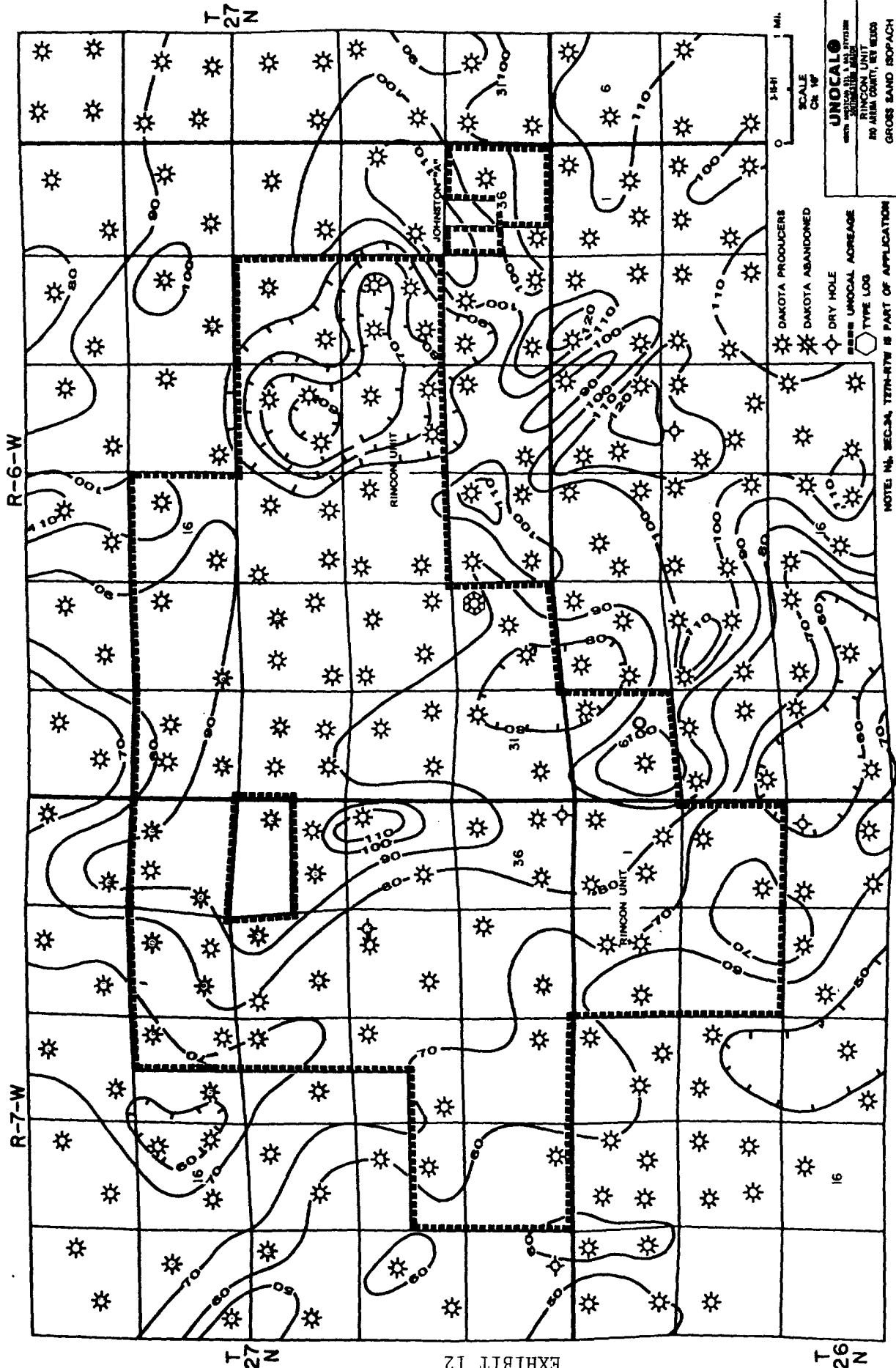
EXHIBIT 10



UNOCAL
 NORTH DAKOTA OIL & GAS DIVISION
 RINCON UNIT
 DICKINSON COUNTY, NORTH DAKOTA
 TOP DAKOTA FM.
 SHEET NO. 11-181
 DATE: 11-181
 SCALE: 1" = 1 MI.

NOTE: ALL SECA TITLES ARE PART OF APPLICATION

EXHIBIT 11



UNOCAL
 with its subsidiaries and affiliates
 RINCON UNIT
 IN ARIZONA COUNTY, NEW MEXICO
 GROSS SAND RESERVE

GRANETOP-DAKOTA FINE INTERVAL
 Section No. _____
 Twp. _____
 Range No. _____

SCALE
 CR. W.
 0 1/4 MI.

DAKOTA PRODUCERS
 DAKOTA ABANDONED
 DRY HOLE
 UNOCAL ACREAGE
 TYPE LOG

NOTE: N.B. SEC. 34, T27N-R7W IS PART OF APPLICATION

EXHIBIT 12

T 27 N

T 26 N

R-6-W

R-7-W

T 27 N

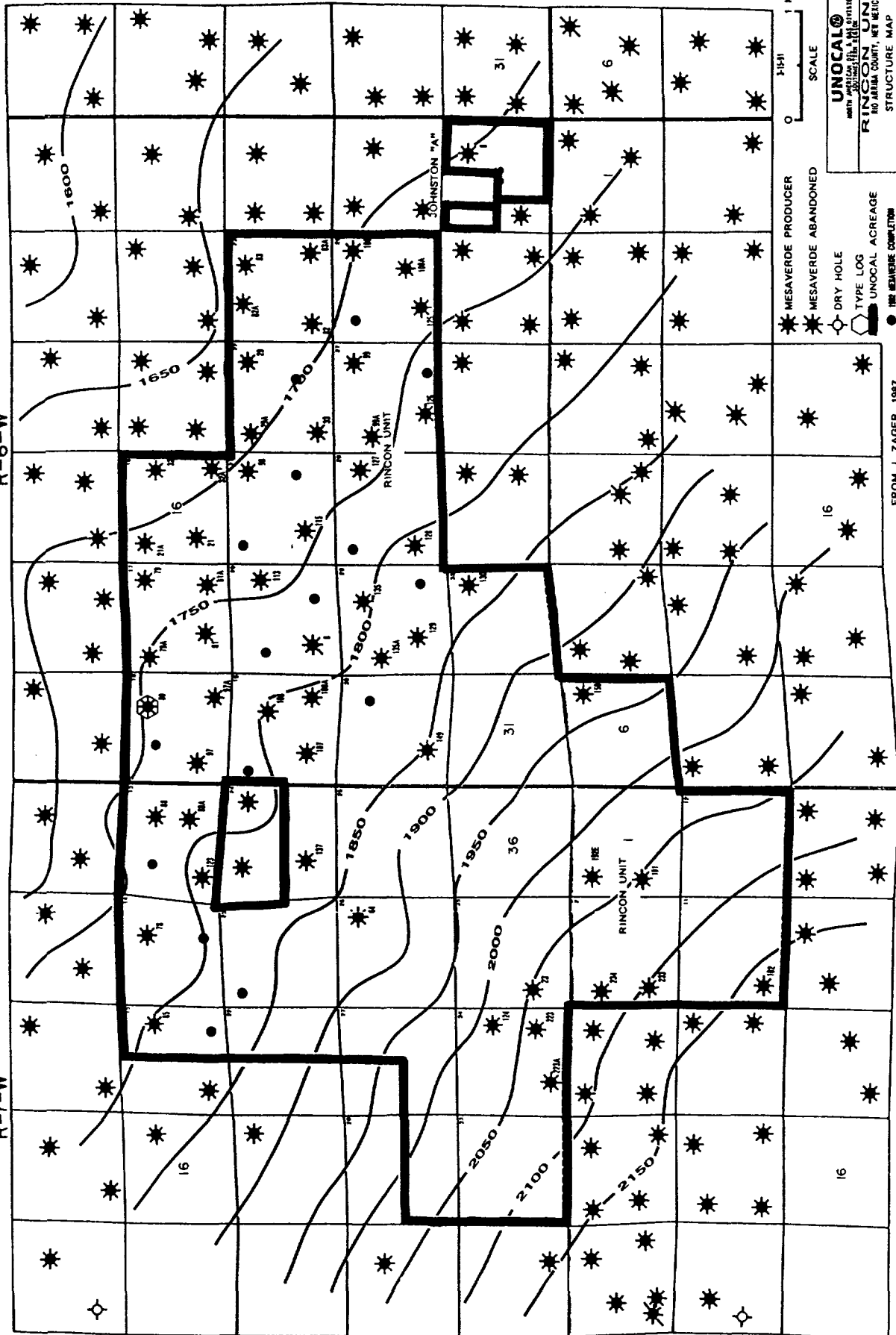
R-6-W

R-7-W

T 27 N

T 27 N

T 26 N



MESAVEUDE PRODUCER
 * MESAVEUDE ABANDONED
 ○ DRY HOLE
 ○ TYPE LOG
 ○ UNOCAL ACREAGE
 ● IRM MESAVEUDE COMPLETION

UNOCAL®
 WITH AMERICAN TITLE SERVICE
RINCON UNIT
 STRUCTURE MAP
 TOP MESAVEUDE (CLIFF HOUSE FM.)
 COUNTY OF SAN JUAN, NEW MEXICO
 SHEET NO. 200
 DATE: 11-2-87
 CITY: SPO
 SCALE: 1" = 1/4 MI.
 C1: 50'

FROM J. ZAGER, 1987
 NOTE: N4, SEC.24, T27N-R7W IS PART OF APPLICATION

EXHIBIT 13

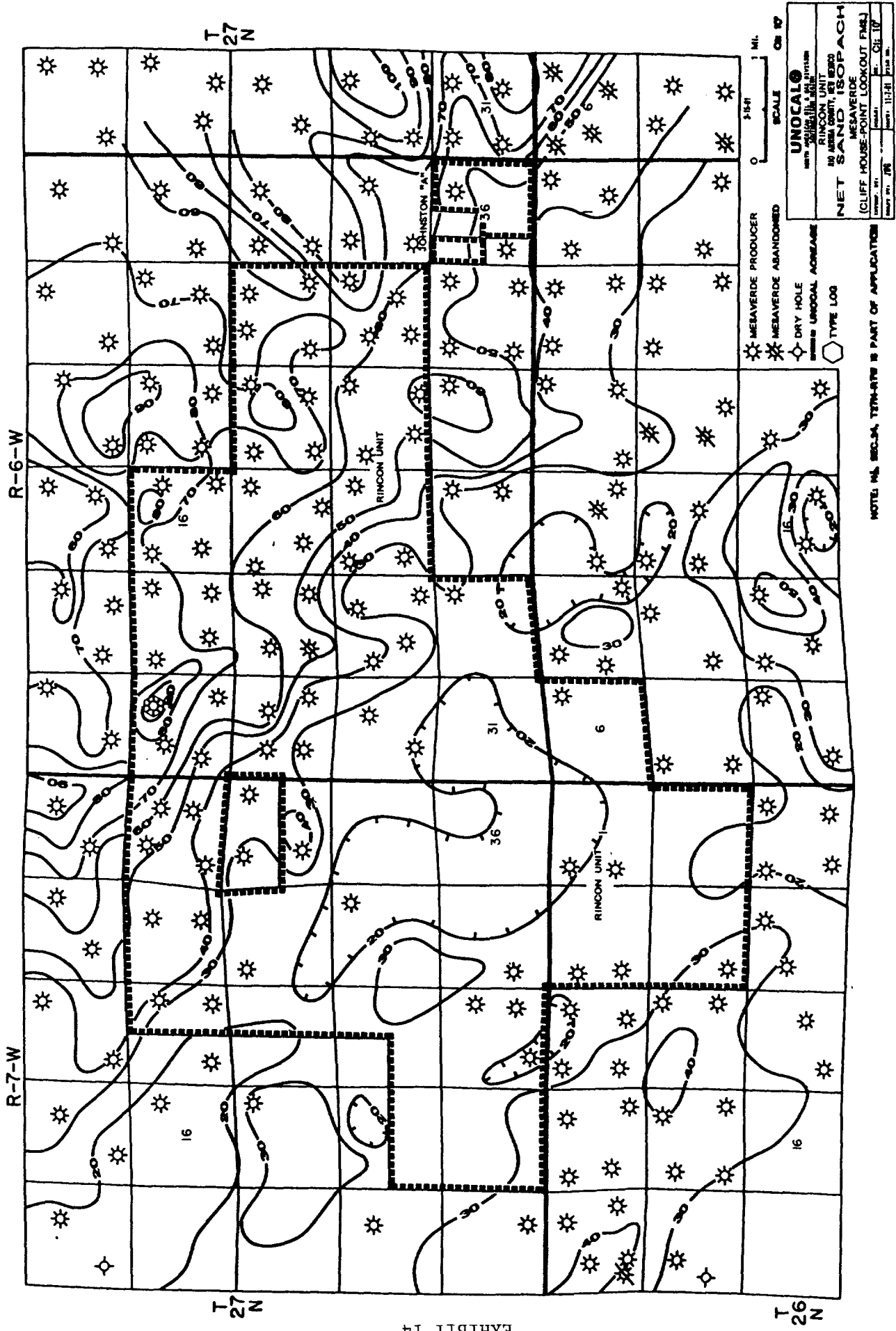


EXHIBIT 14

NOTE: THIS SECTION, T27N-R7W IS PART OF APPLICATION

UNOCAL
 with the U.S. GEOLOGICAL SURVEY
 RINCON UNIT
 100 ACRES UNIT, NET SAND
 NET SAND ISOPACH
 MEVAVERDE
 (CLIFF HOUSE-POINT LOOKOUT FMS)
 SHEET NO. 10
 SHEET NO. 11

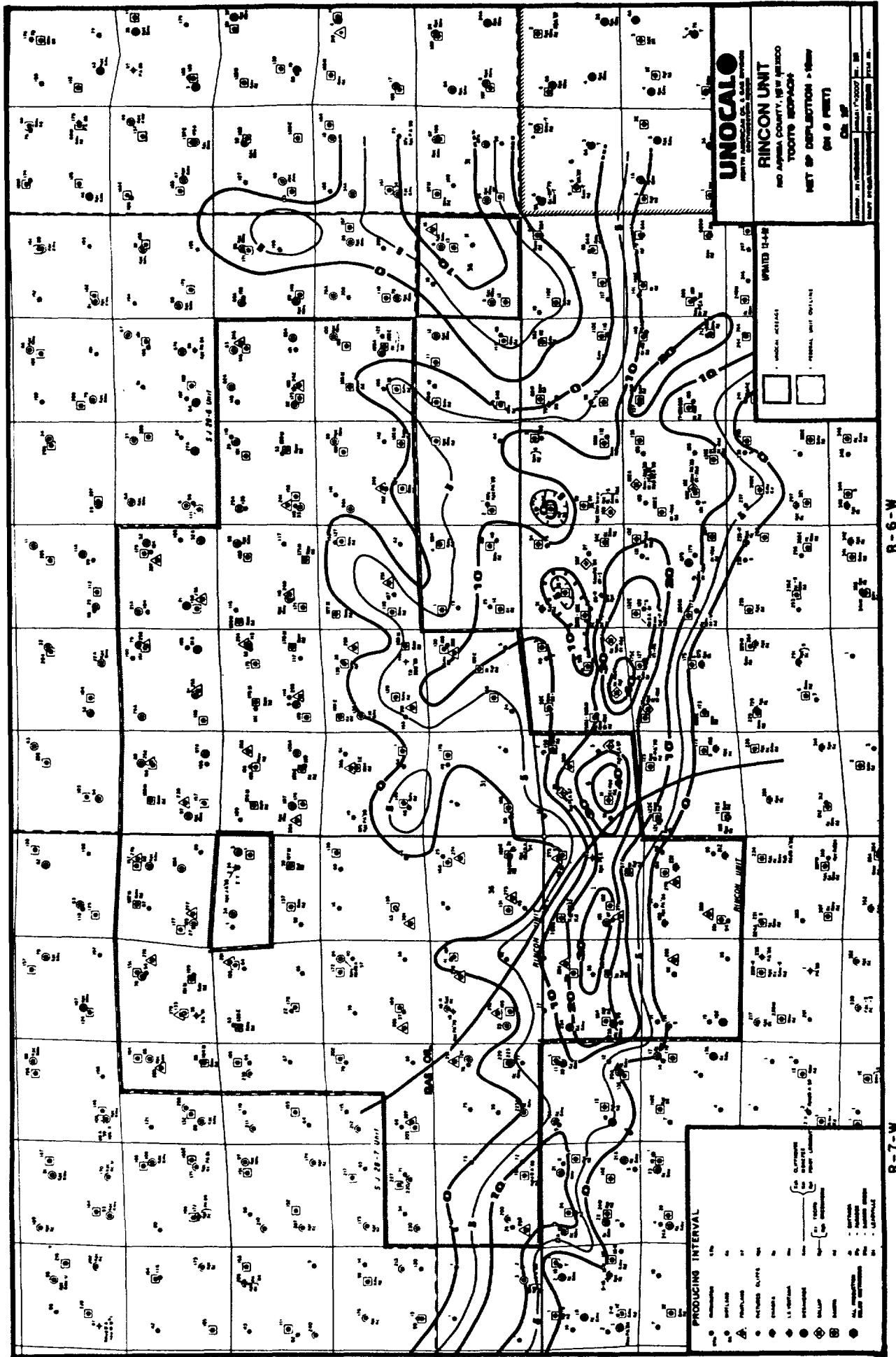
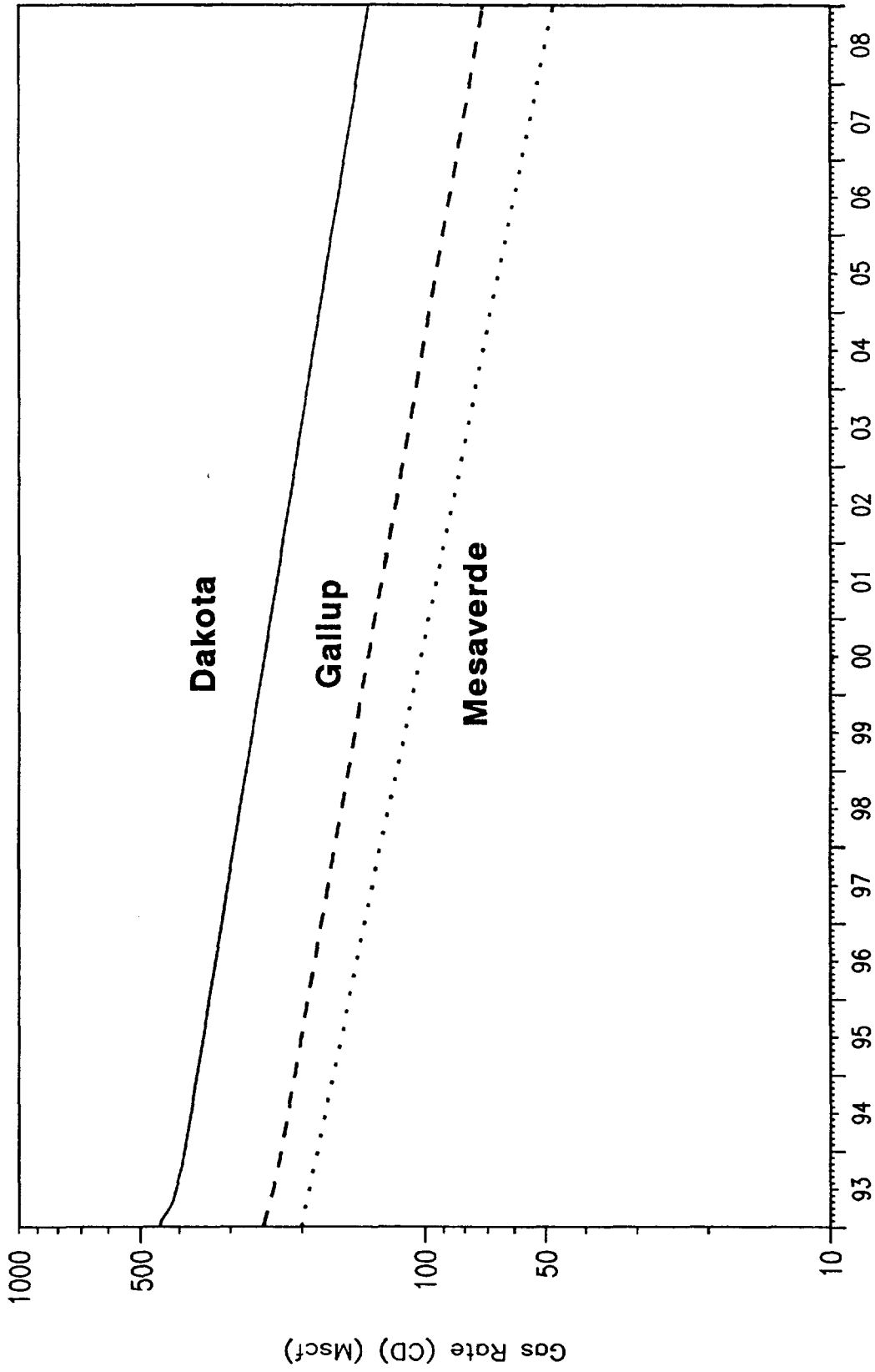


EXHIBIT 15

T 26 N

T 27 N

PRODUCTION TYPE CURVES



WELL: RINCON IIT 100A:MV
SECTION : 26 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM

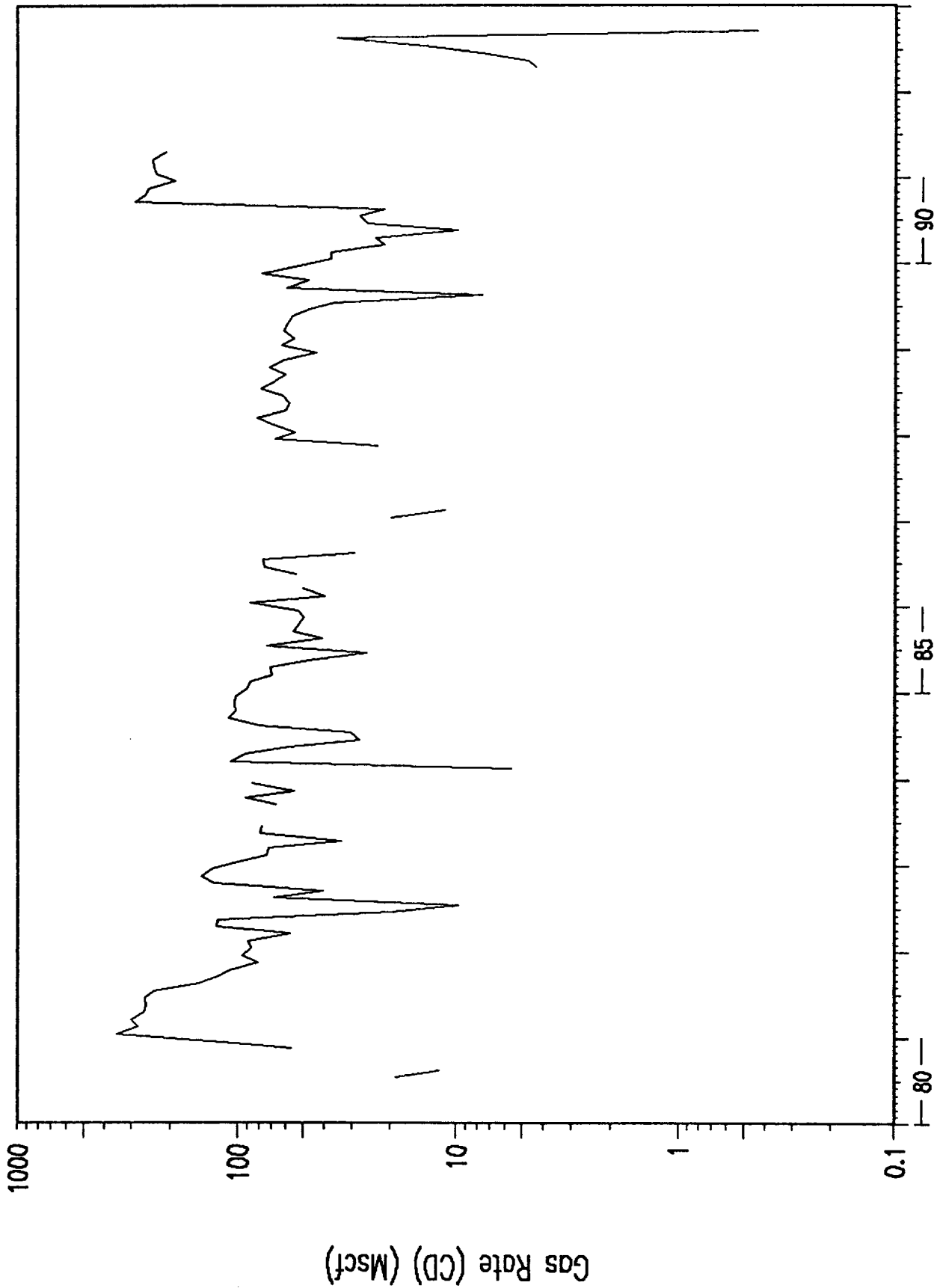
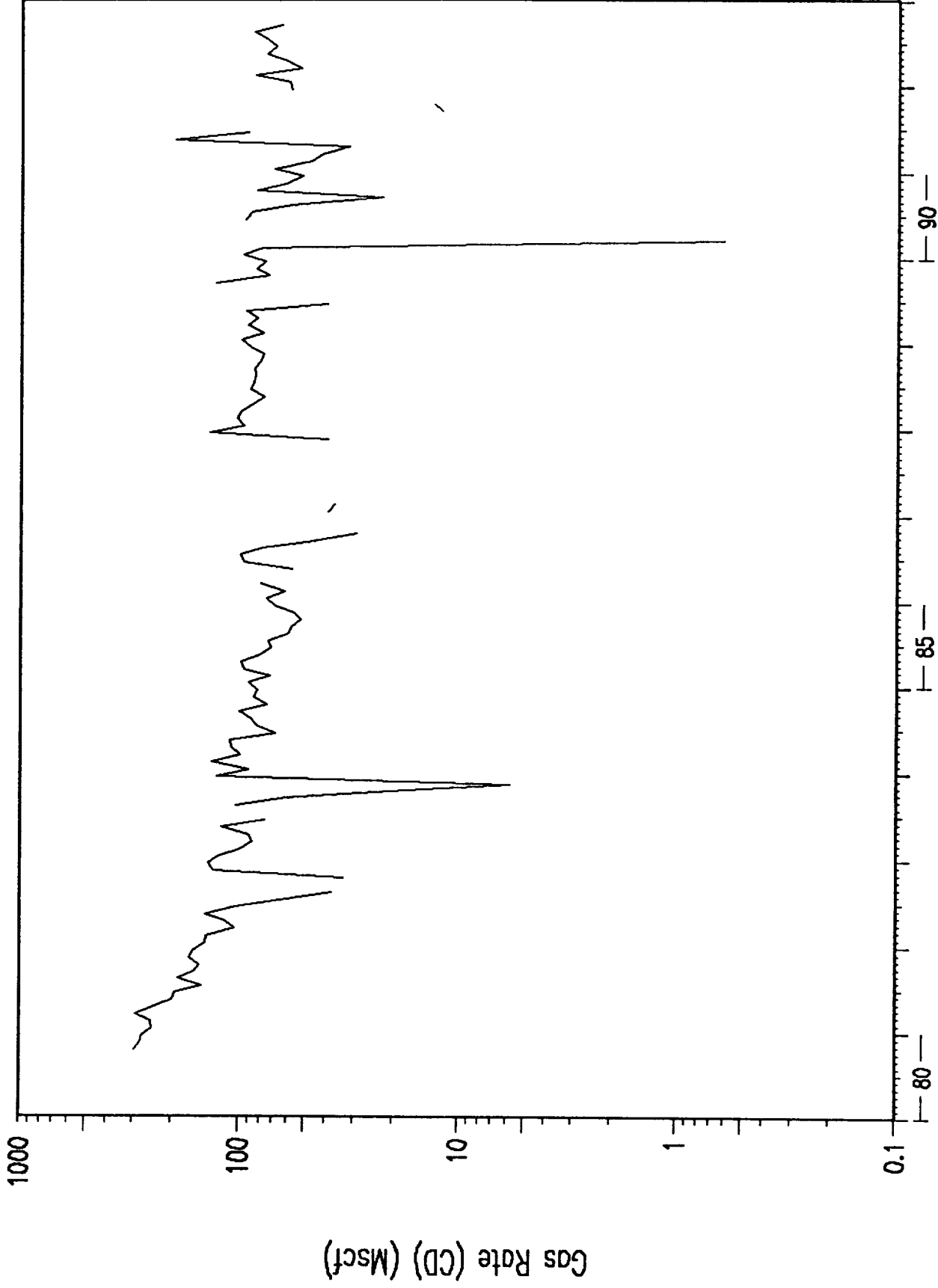
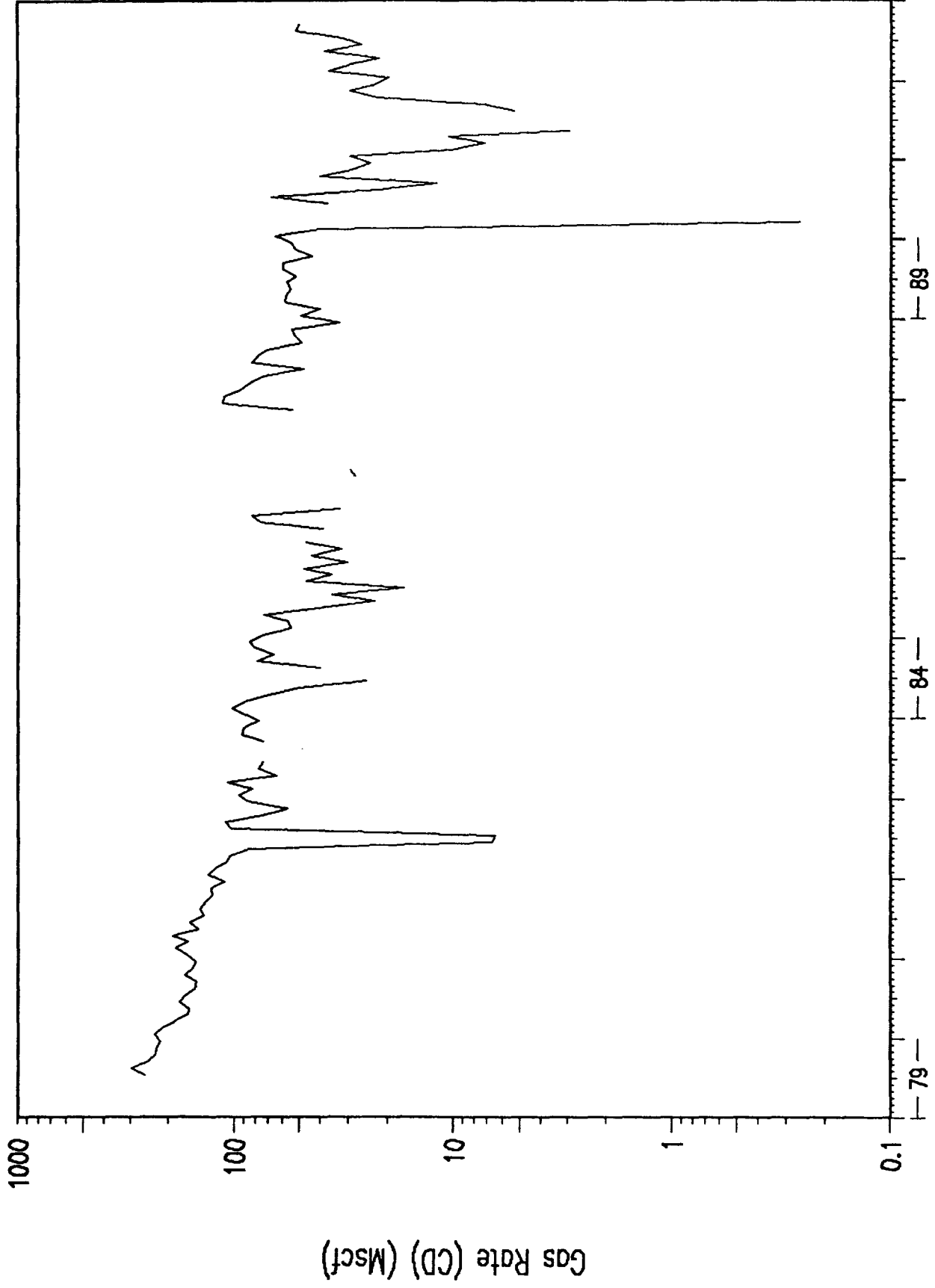


EXHIBIT 17

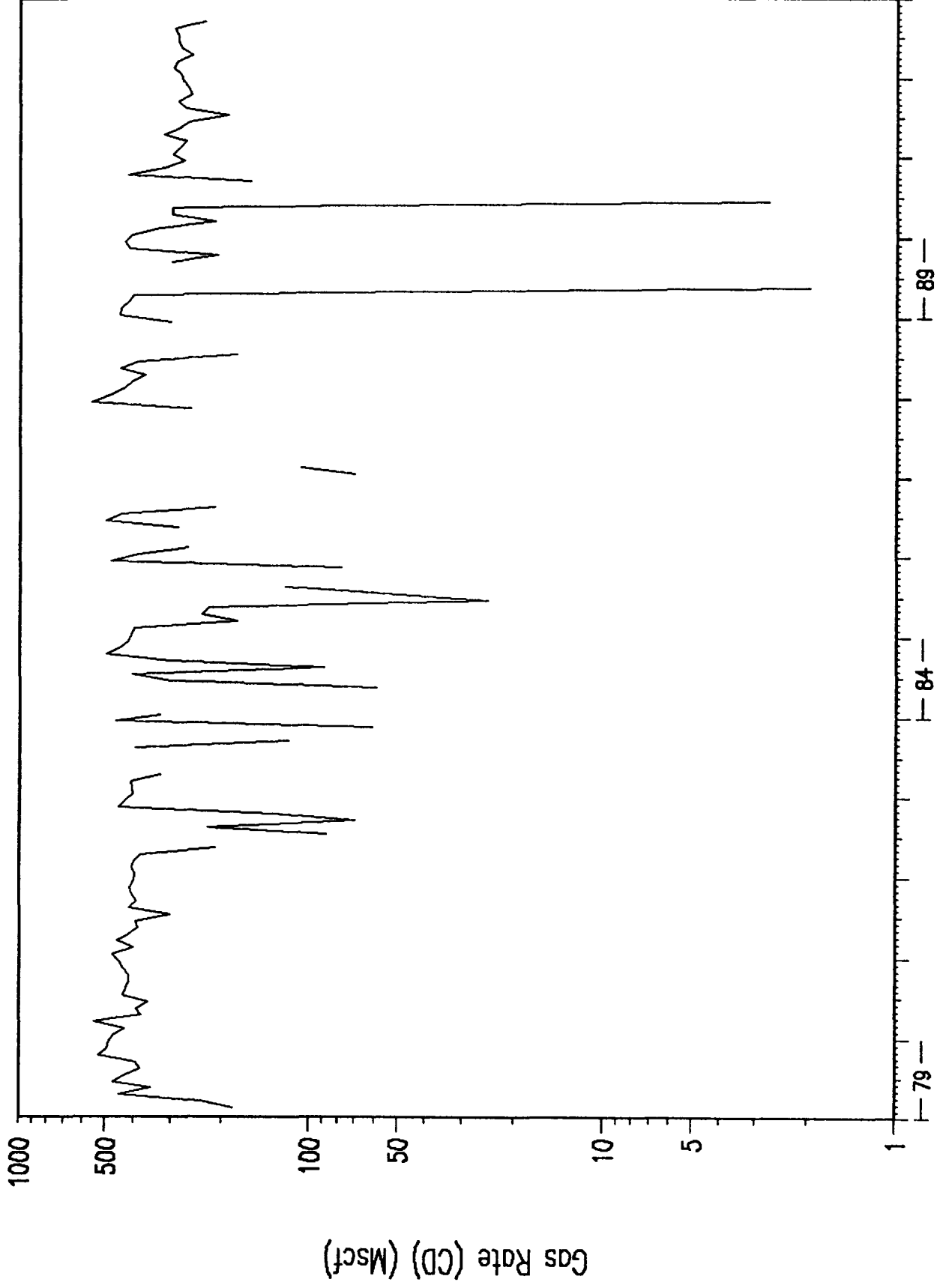
WELL: RINCO/ NIT 82A:MV
SECTION : 23 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



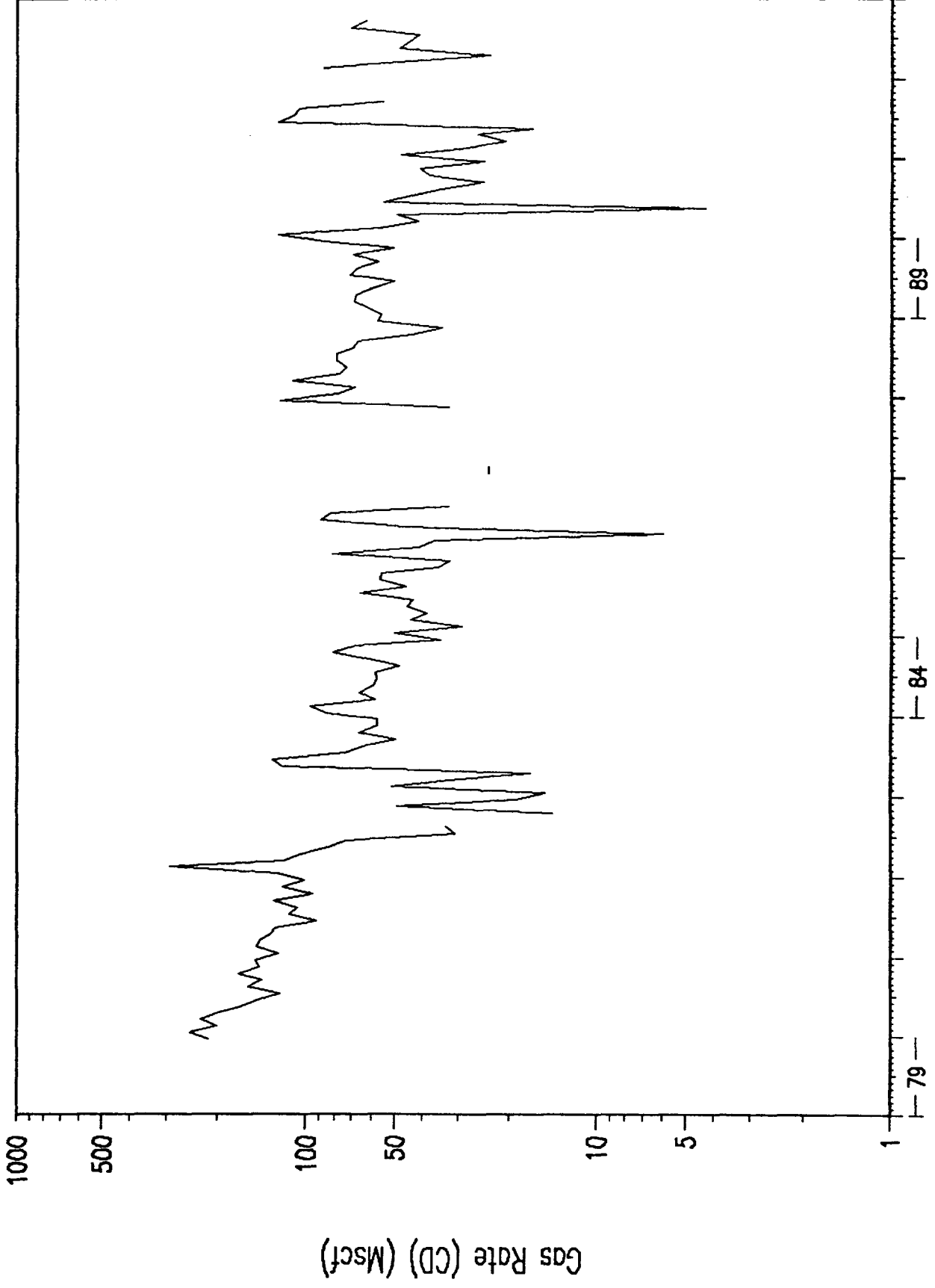
WELL: RINCO1 NIT 83A: MV
SECTION : 23 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



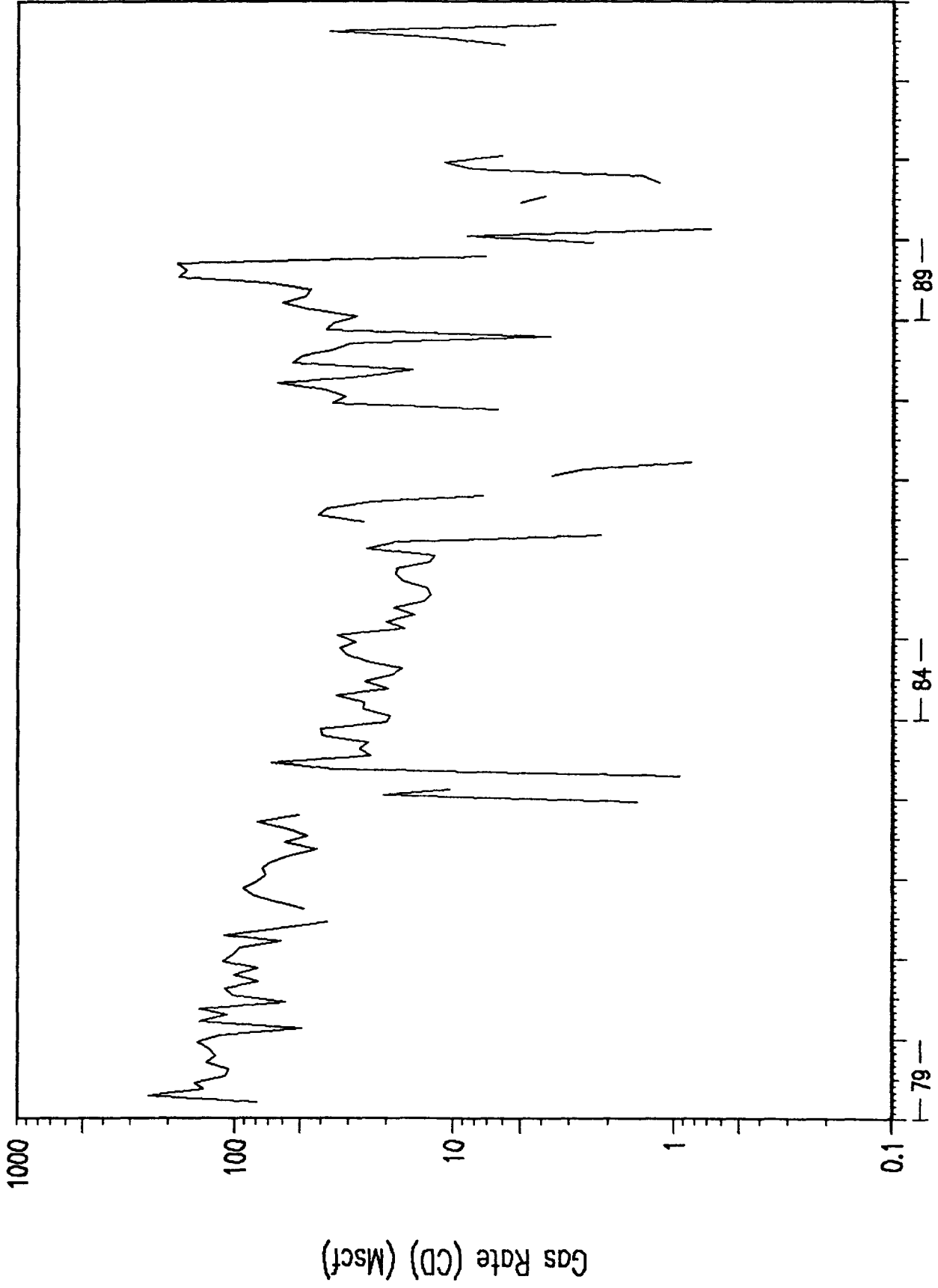
WELL: RINCON JIT 29A:MV
SECTION : 22 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



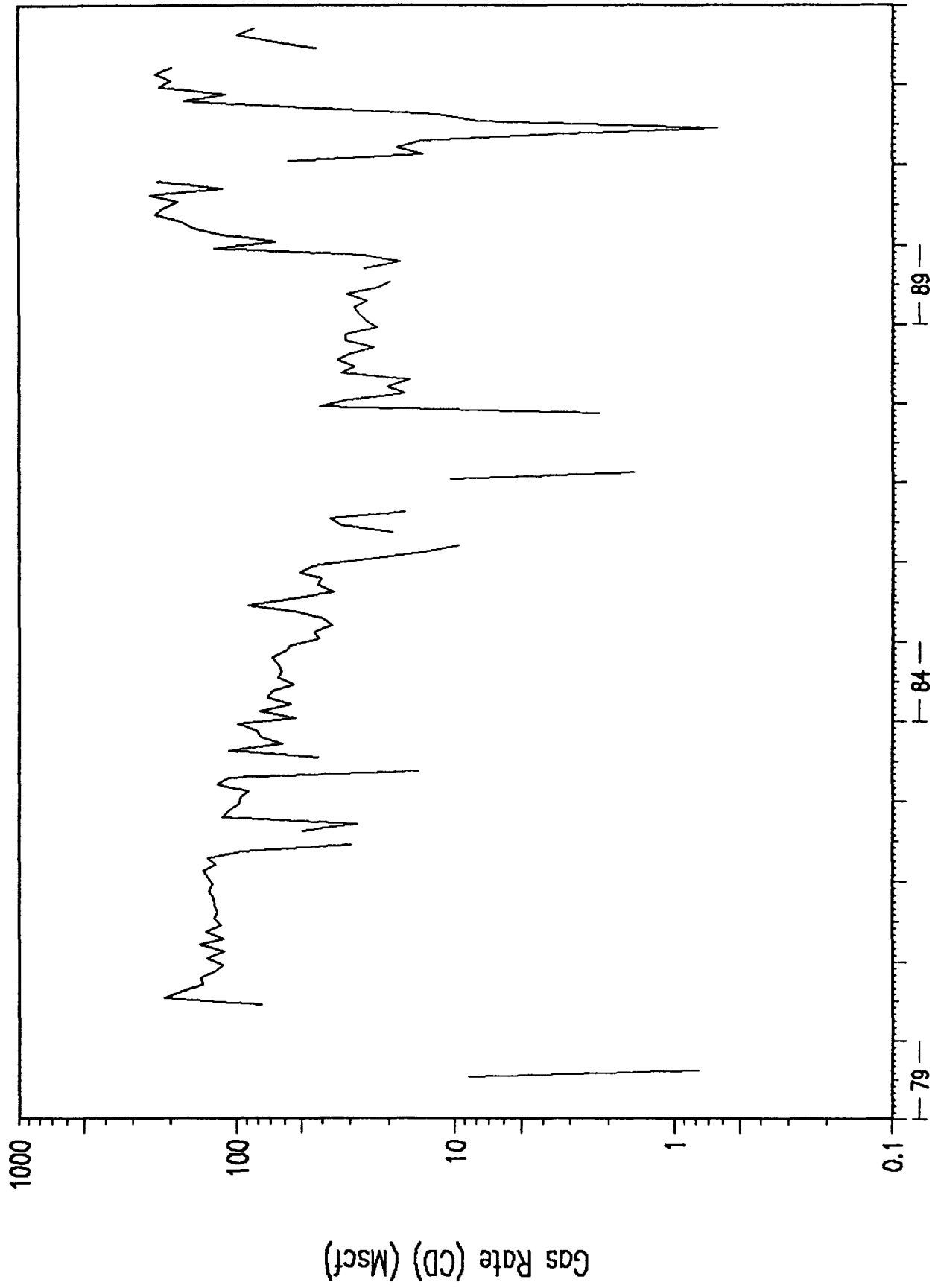
WELL: RINCON IT 108A:MV
SECTION : 19 TOWN : 27N RANGE : 06W
COUNTY : RIO ARriba STATE : NM



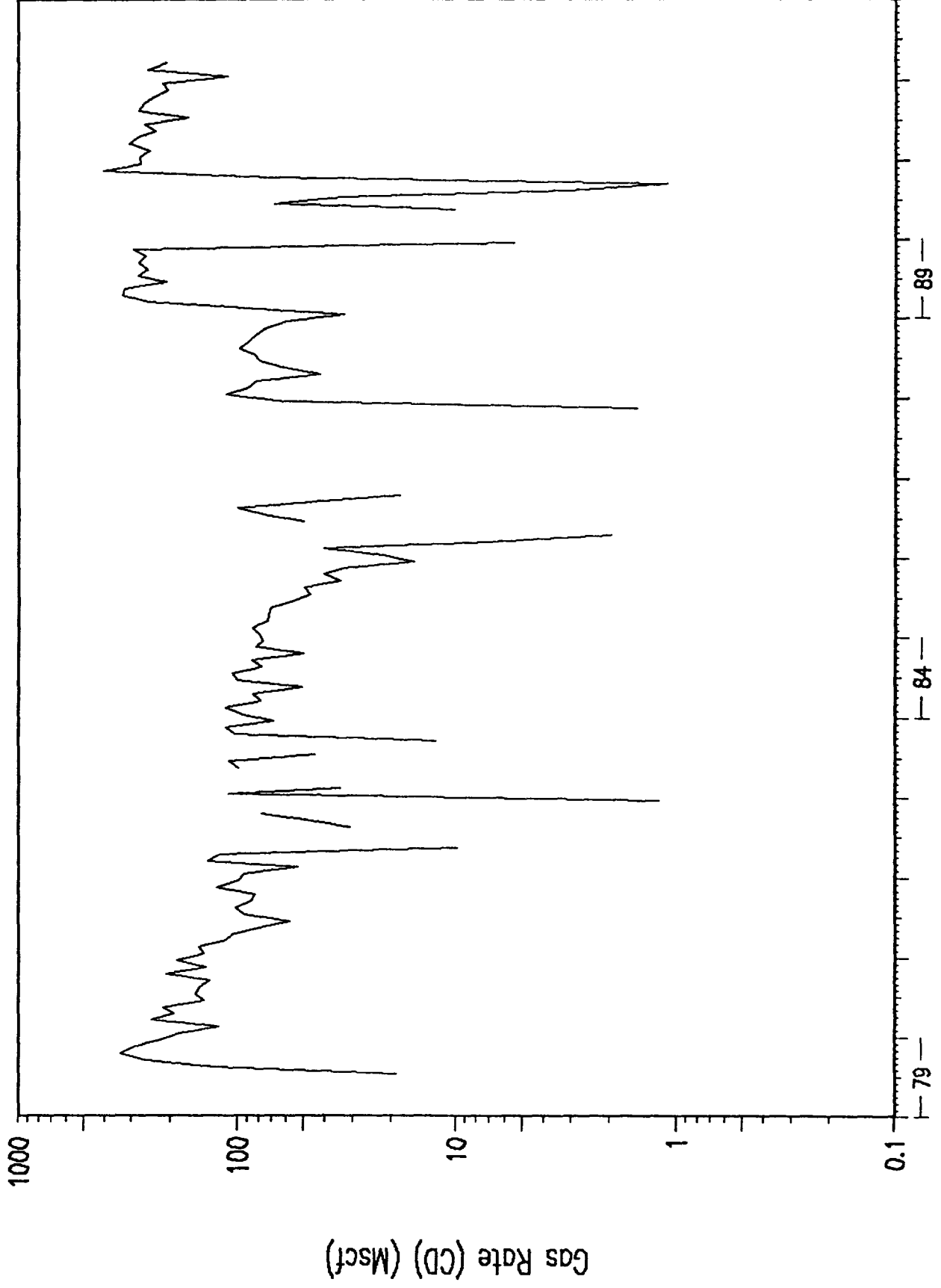
WELL: RINCOL NIT 97A:MV
SECTION : 18 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



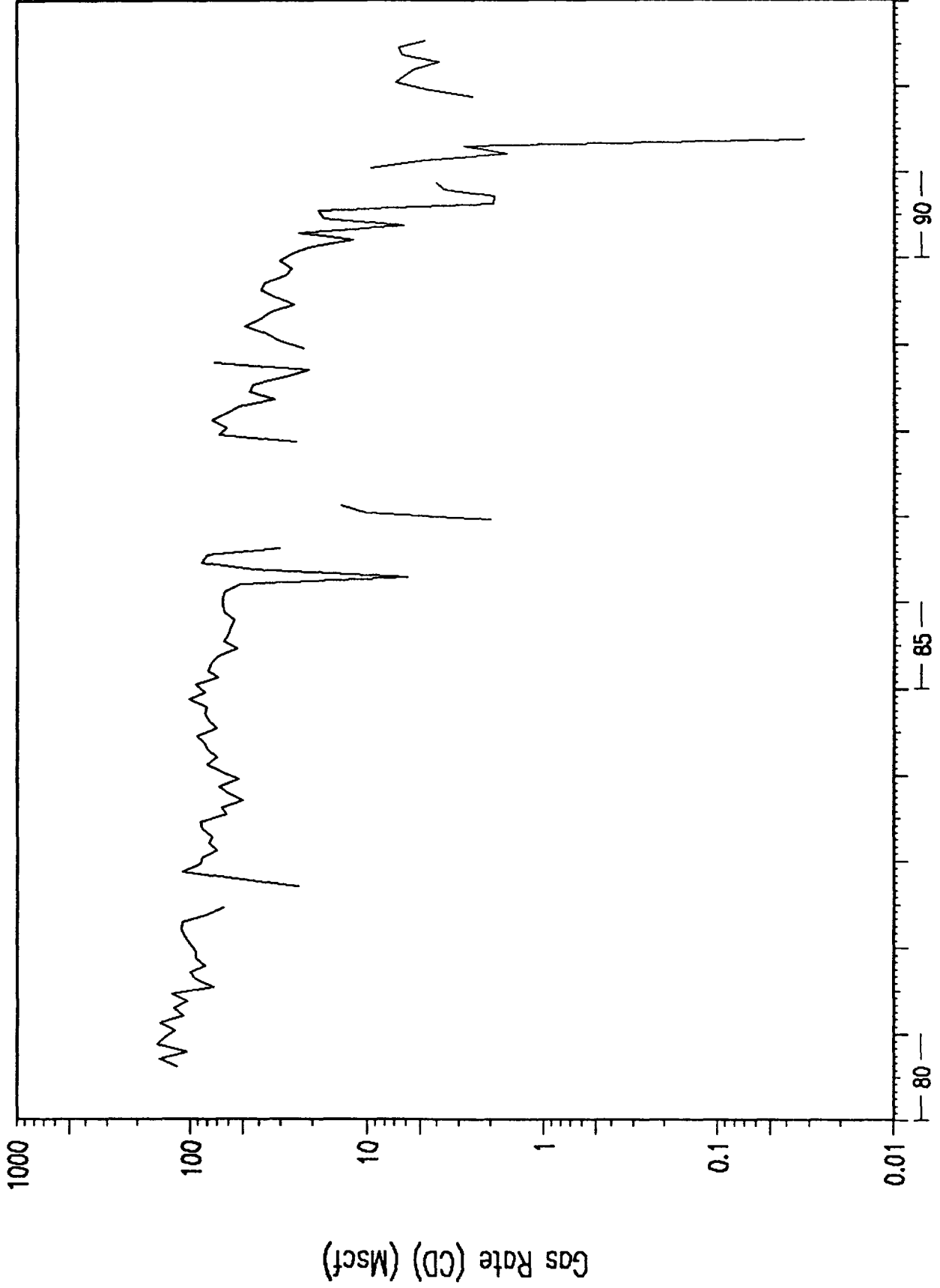
WELL: RINCOPI NIT 81A:MV
SECTION : 17 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



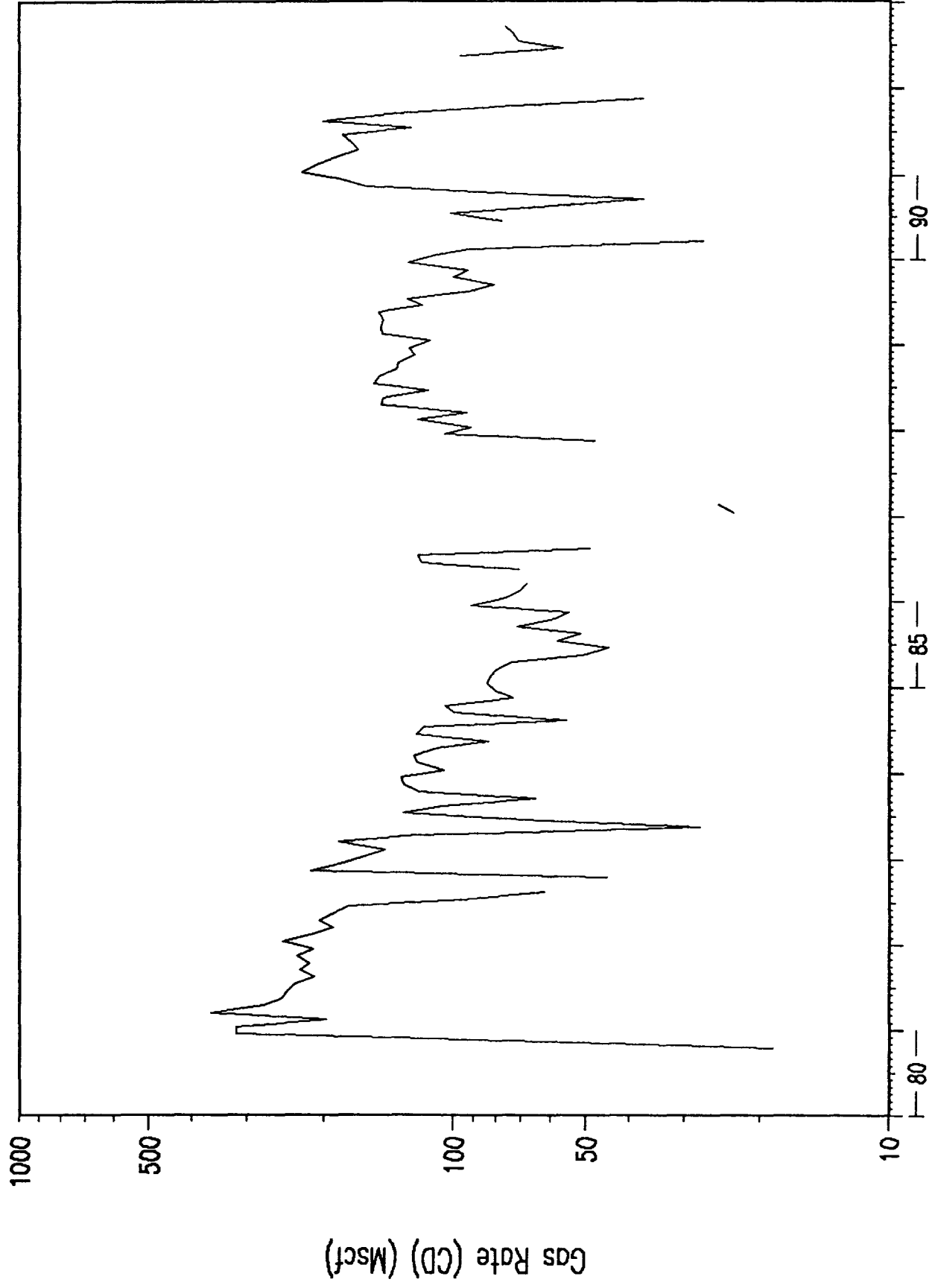
WELL: RINCO, NIT 79A:MV
SECTION : 17 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



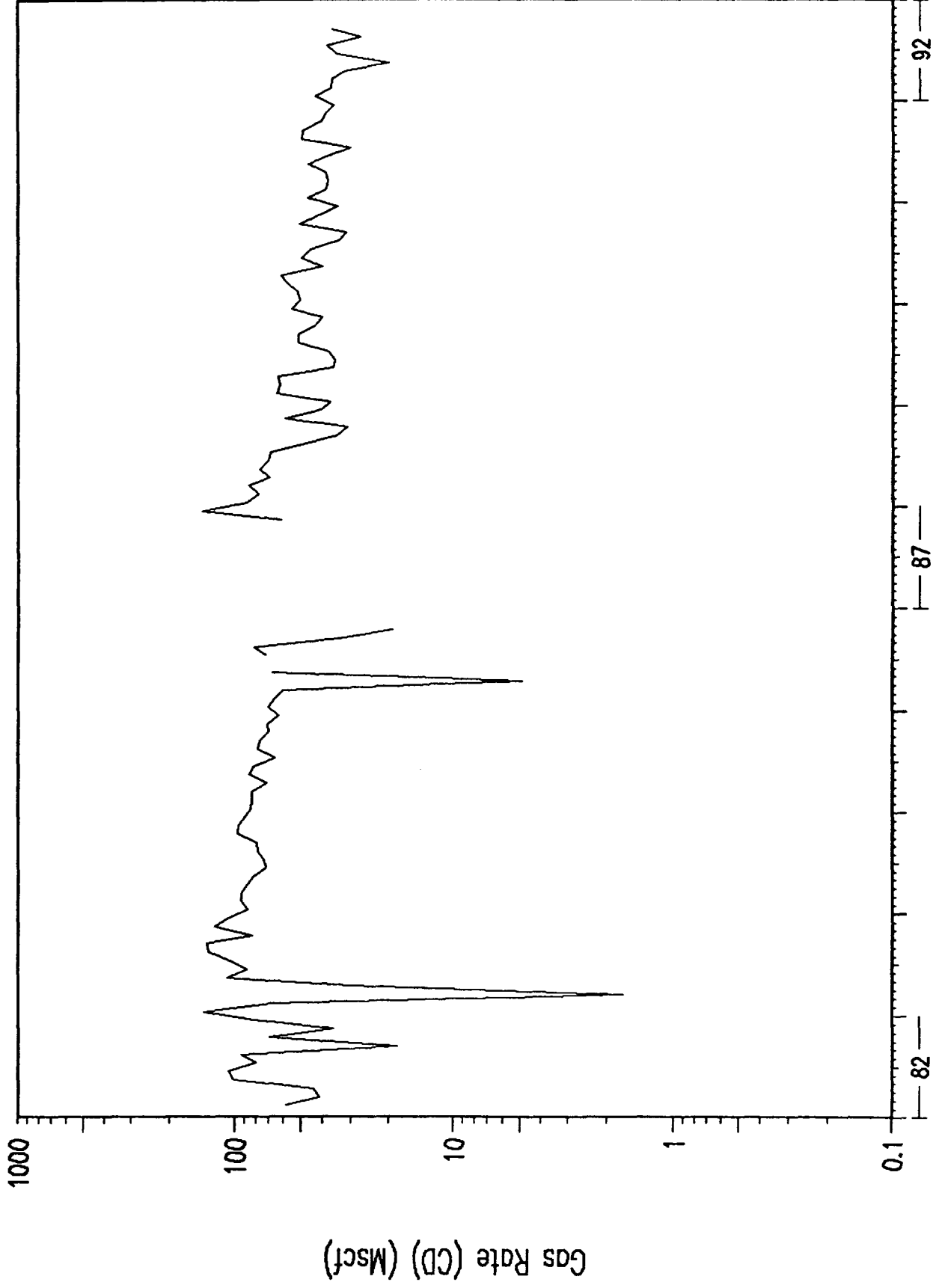
WELL: RINCON J1T 32A:MV
SECTION : 16 TOWN : 27N RANGE : 06W
COUNTY : RIO ARriba STATE : NM



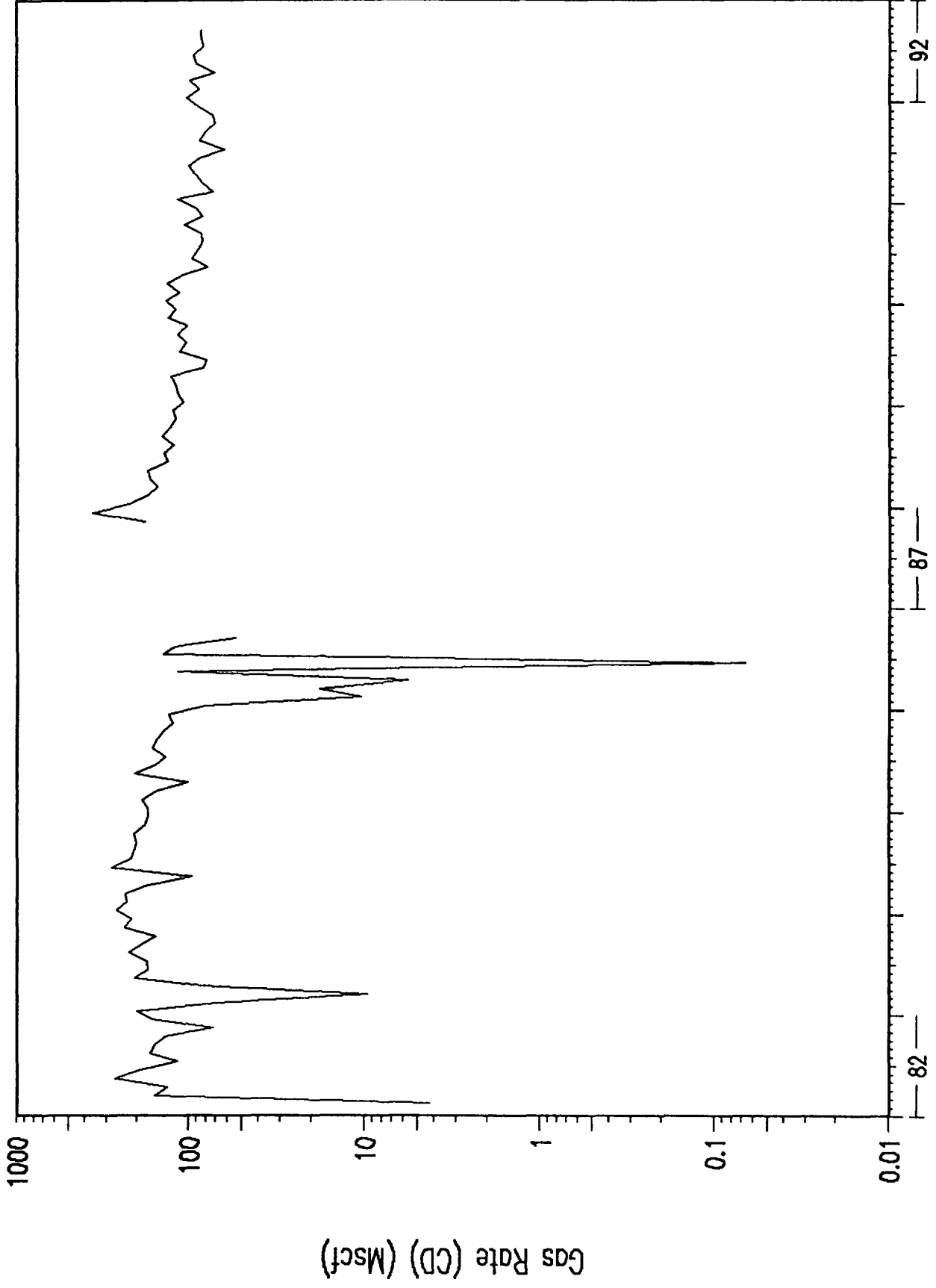
WELL: RINCO: NIT 21A:MV
SECTION : 16 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



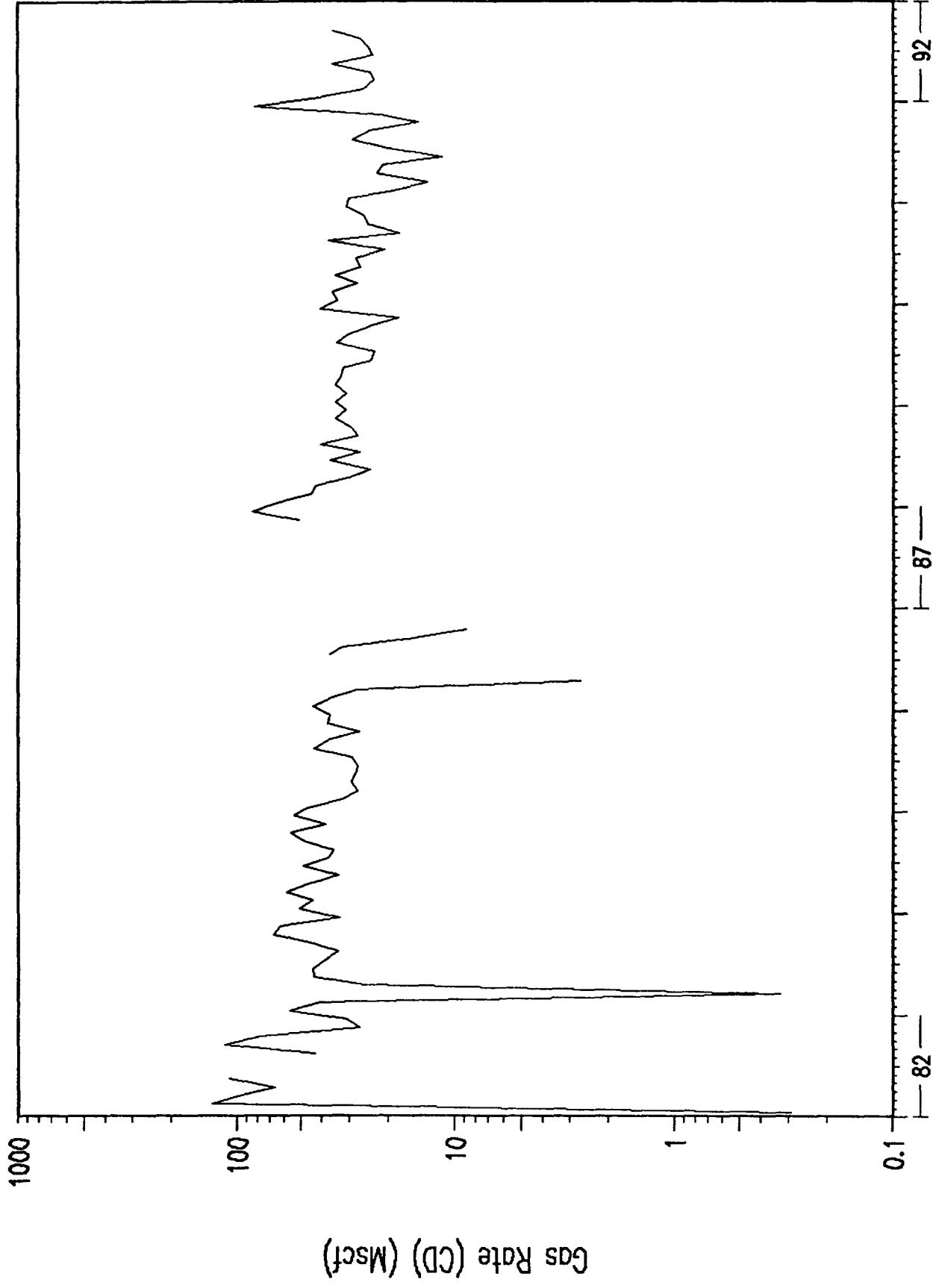
WELL: RINCOI NIT 234:MV
SECTION : 02 TOWN : 26N RANGE : 07W
COUNTY : RIO ARRIBA STATE : NM



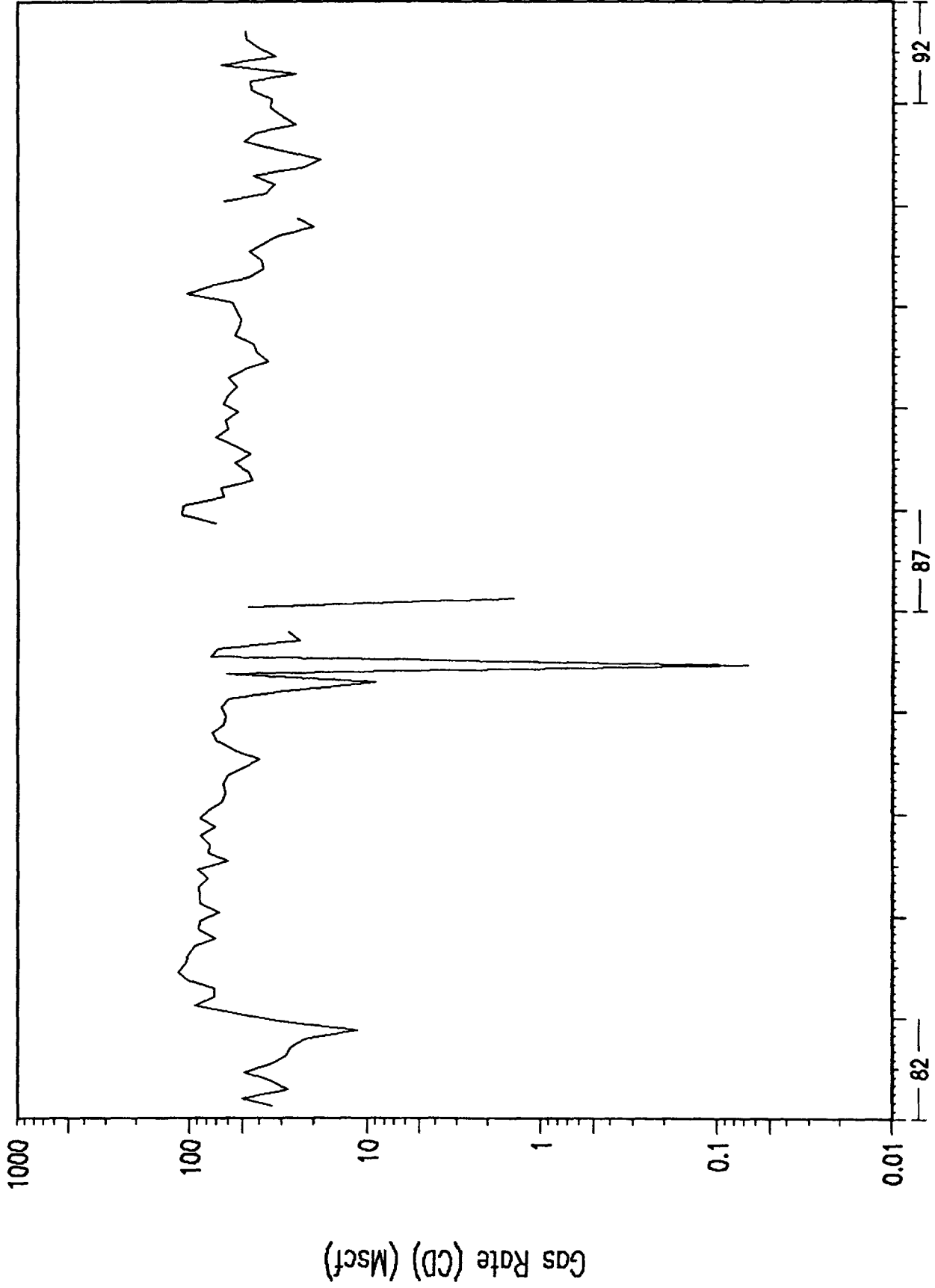
WELL: RINCO1 MIT 233:MV
SECTION : 02 TOWN : 26N RANGE : 07W
COUNTY : RIO ARRIBA STATE : NM



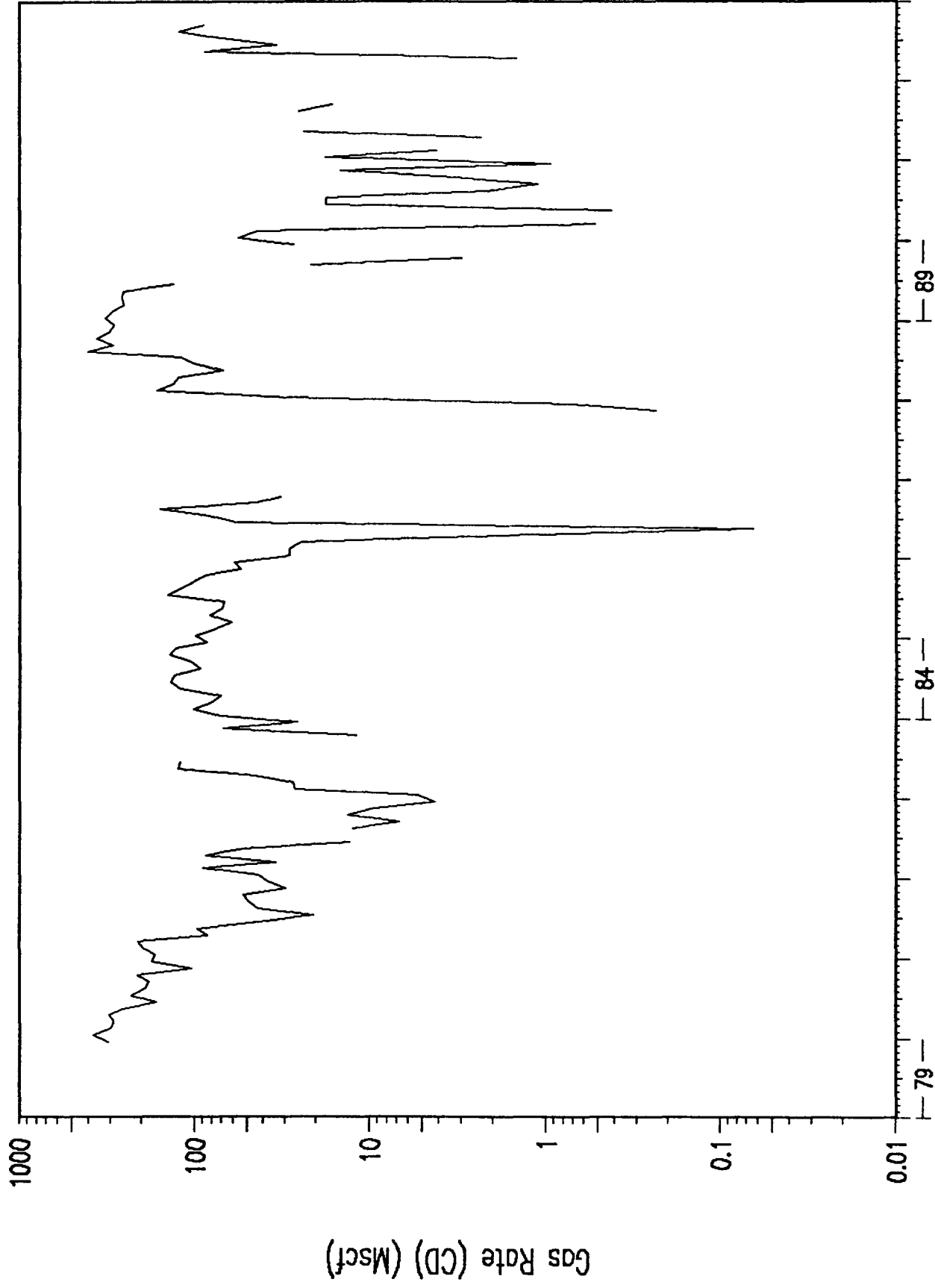
WELL: RINCO1 NIT 223:MV
SECTION : 34 TOWN : 27N RANGE : 07W
COUNTY : RIO ARriba STATE : NM



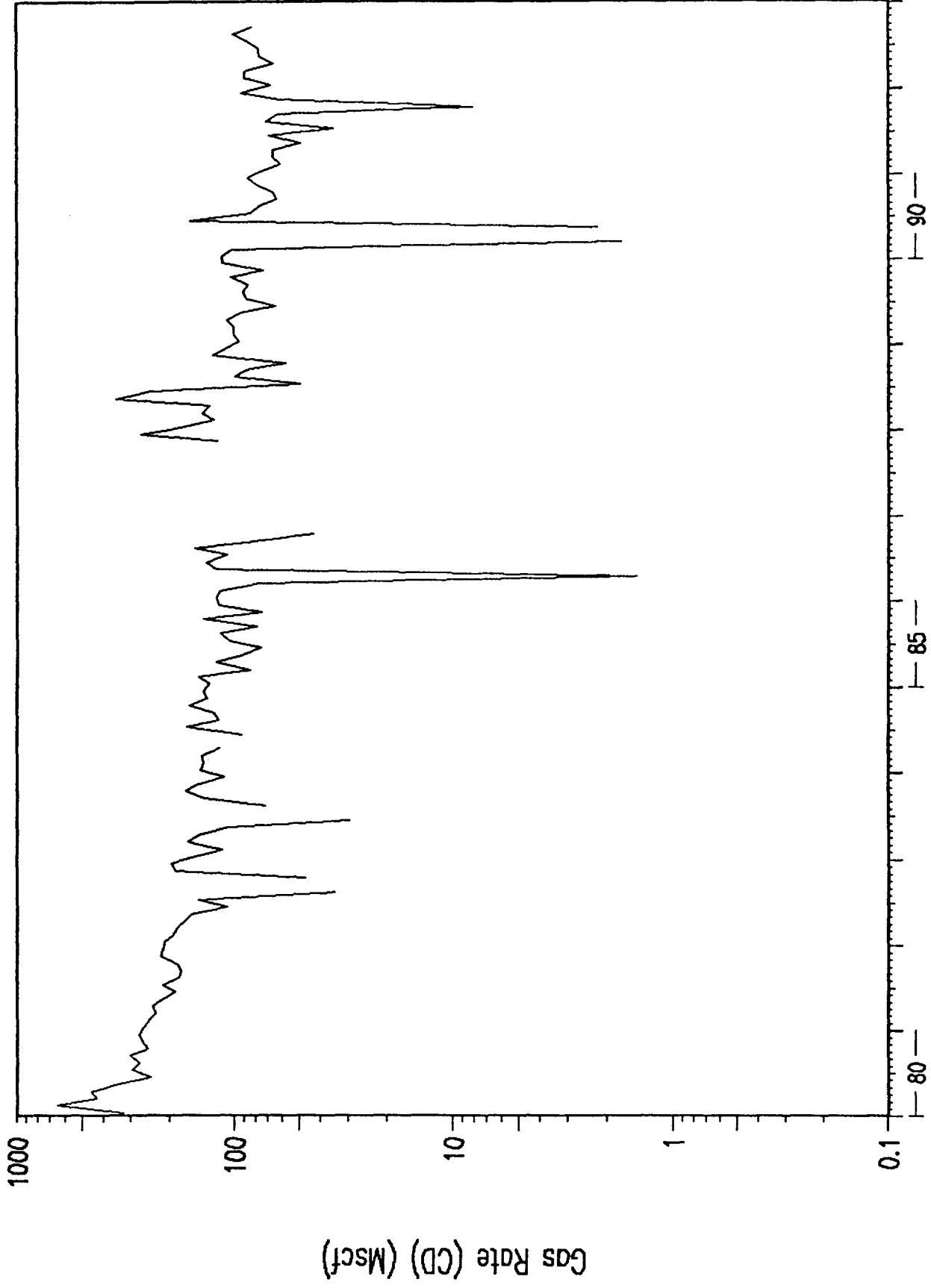
WELL: RINCON JIT 223A:MV
SECTION : 34 TOWN : 27N RANGE : 07W
COUNTY : RIO ARRIBA STATE : NM



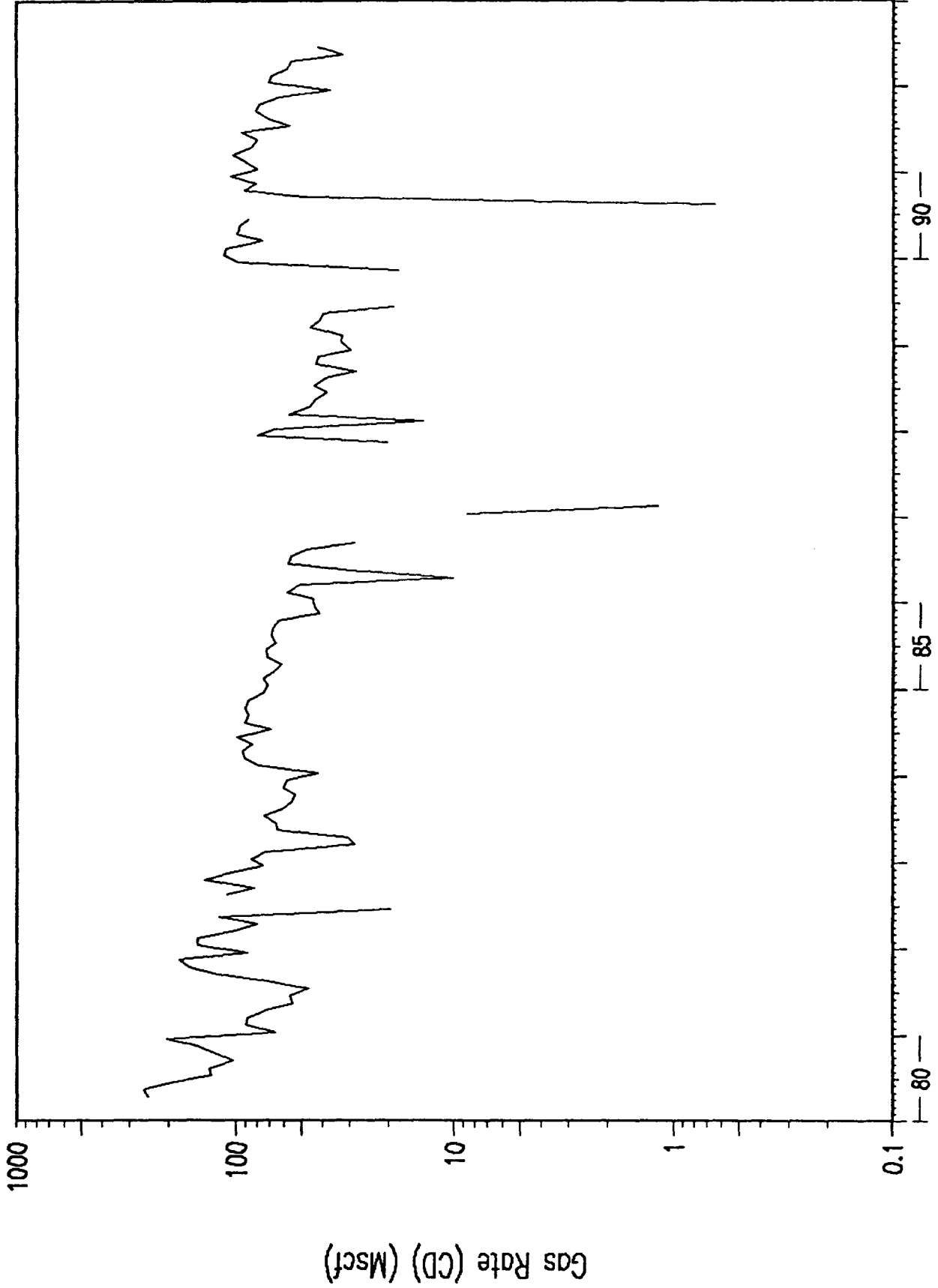
WELL: RINCO/ NIT 88A: MV
SECTION : 13 TOWN : 27N RANGE : 07W
COUNTY : RIO ARRIBA STATE : NM



WELL: RINCOI NIT 135A:MV
SECTION : 29 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



WELL: RINCC UNIT 99A:MV
SECTION : 27 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



WELL: RINCON UNIT 201E:DK
SECTION : 02 TOWN : 26N RANGE : 07W
COUNTY : RIO ARRIBA STATE : NM

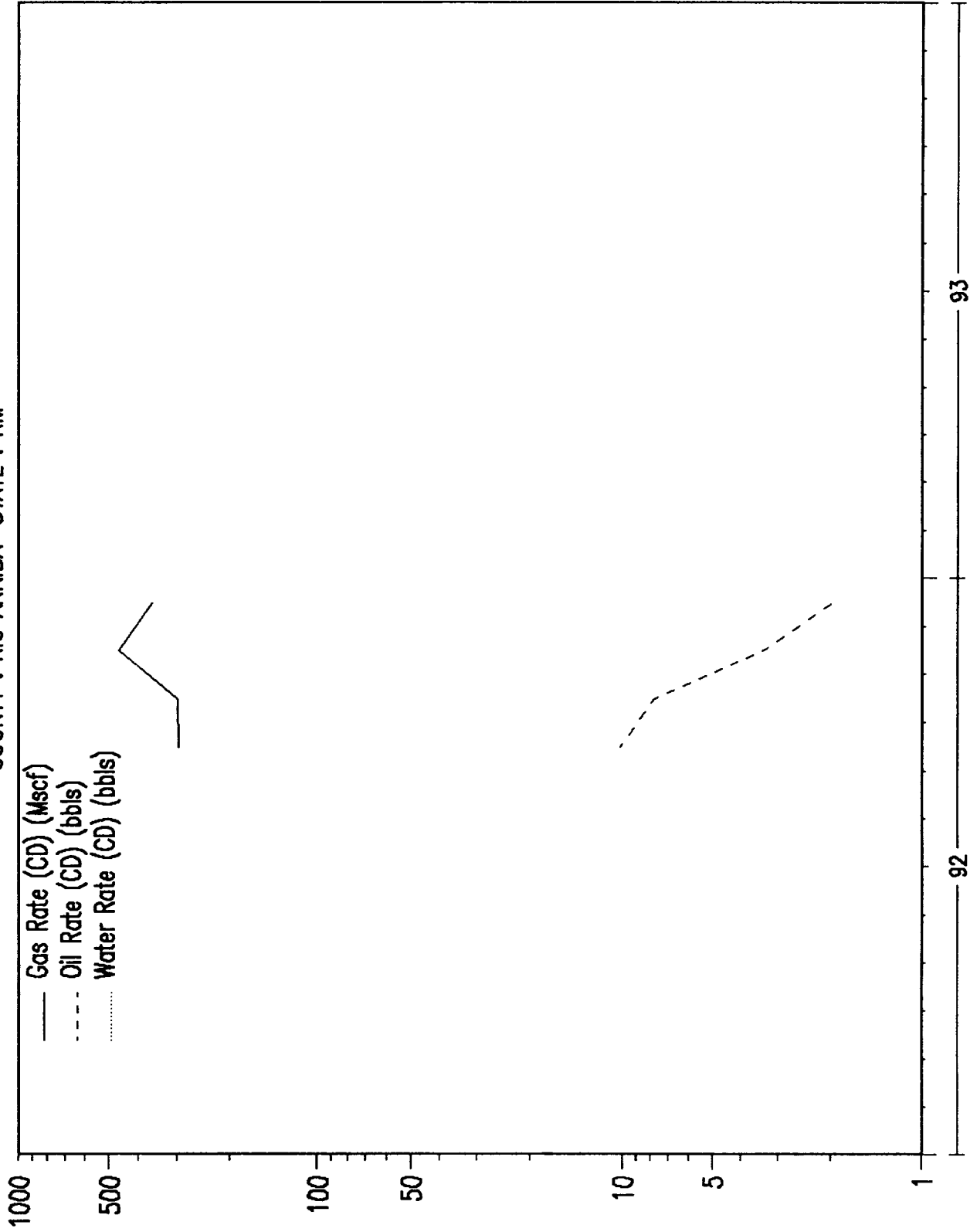
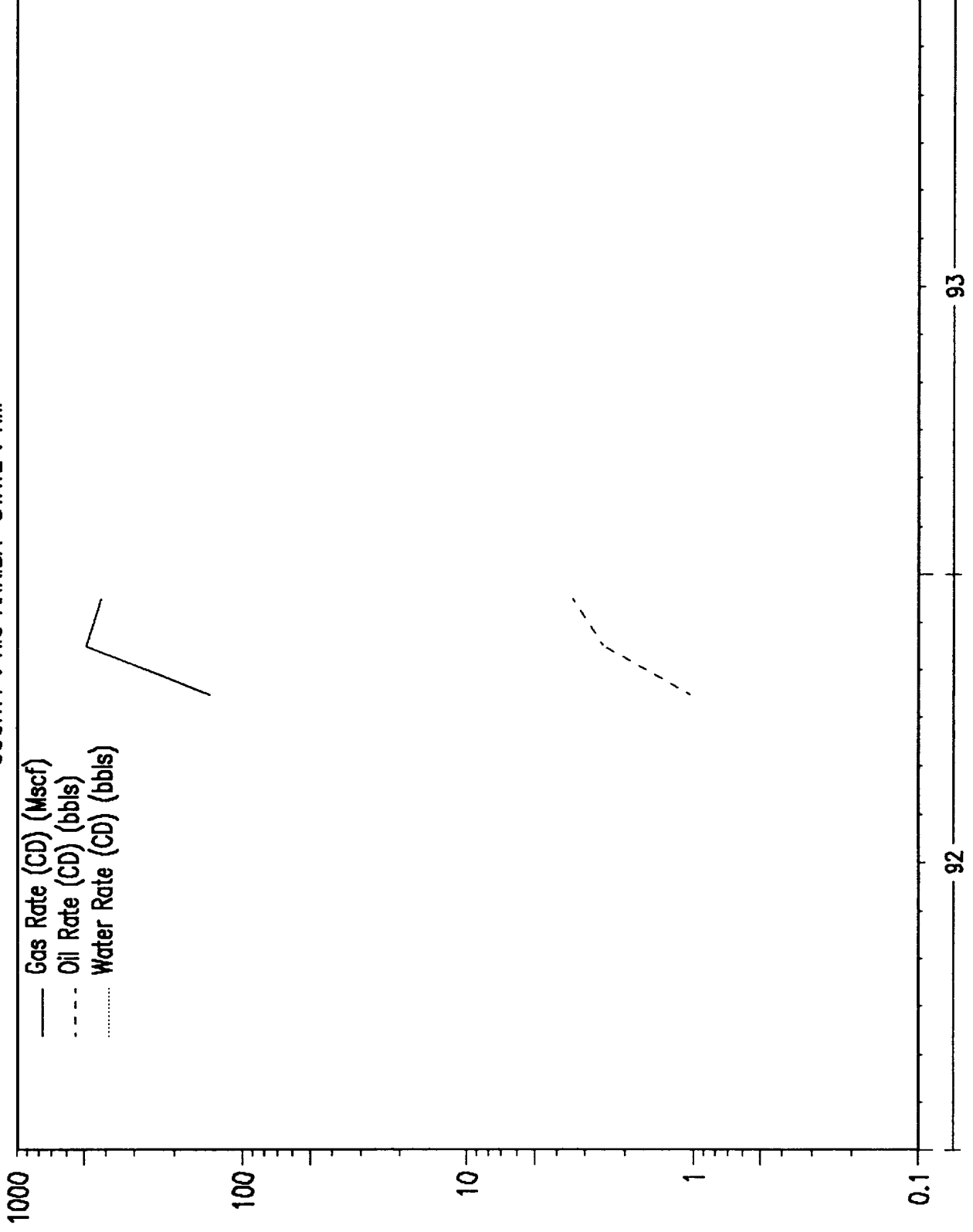
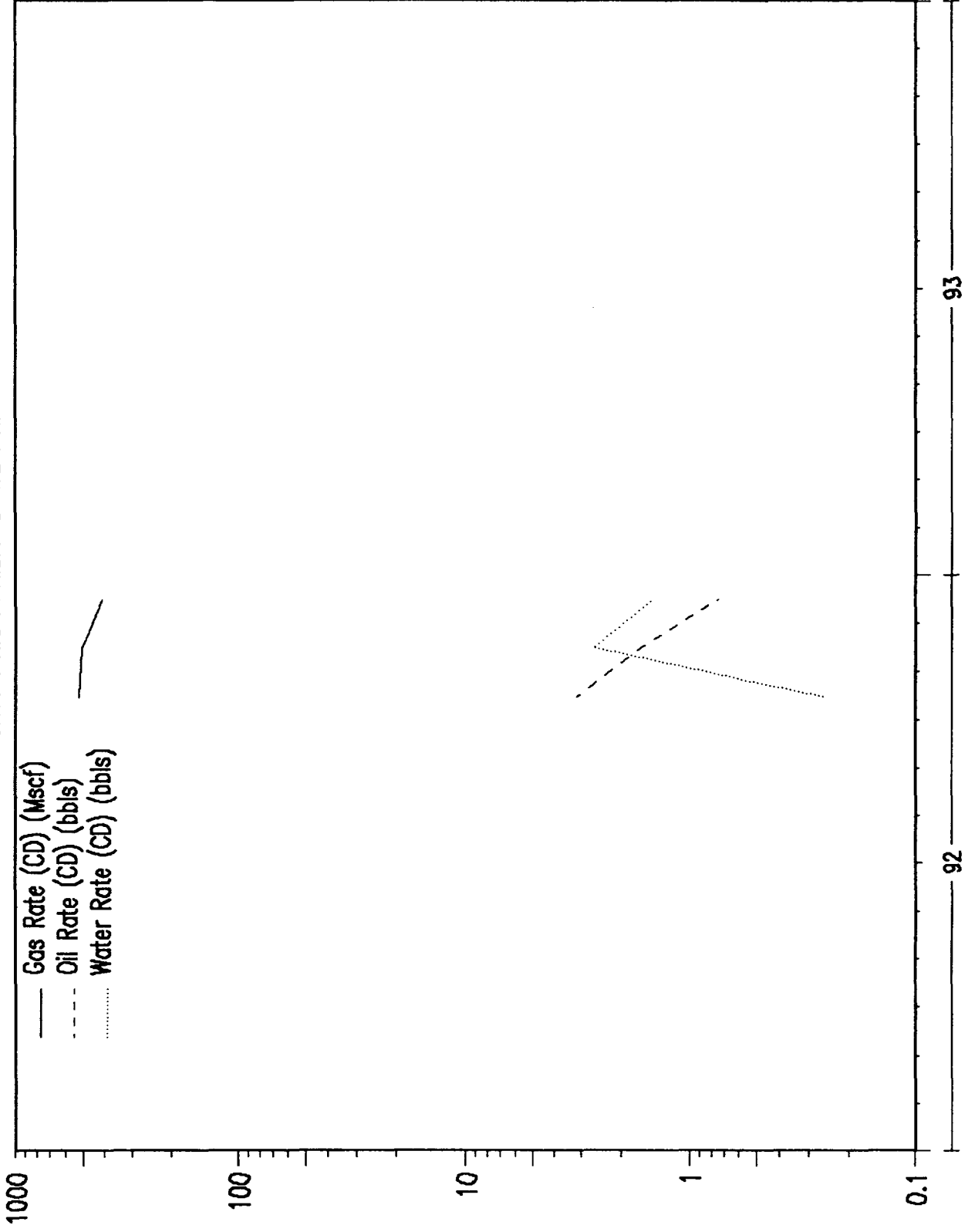


EXHIBIT 18

WELL: RINCON JIT 175M:DK
SECTION : 20 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



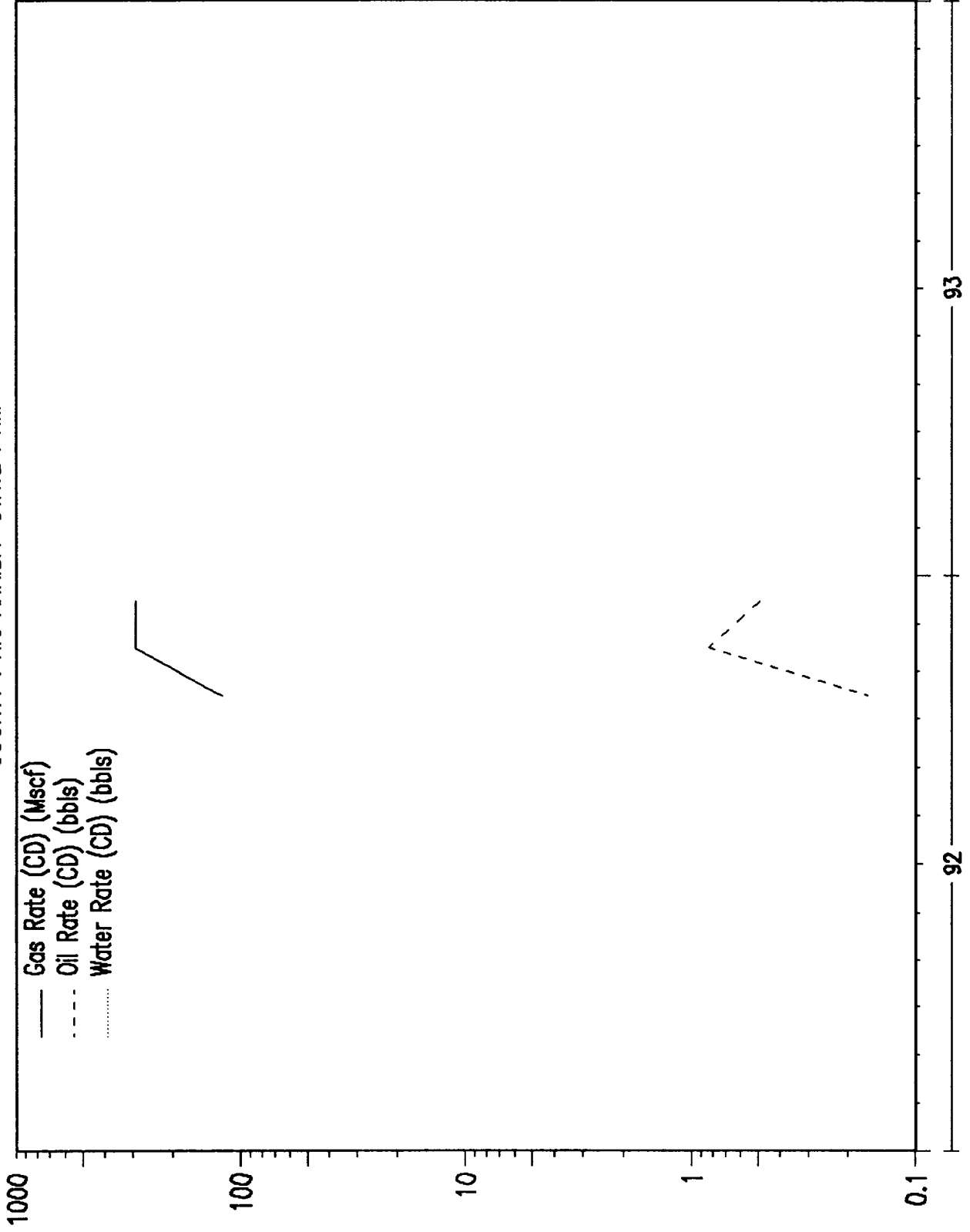
WELL: RINCON UNIT 167M:DK
SECTION : 13 TOWN : 27N RANGE : 07W
COUNTY : RIO ARRIBA STATE : NM



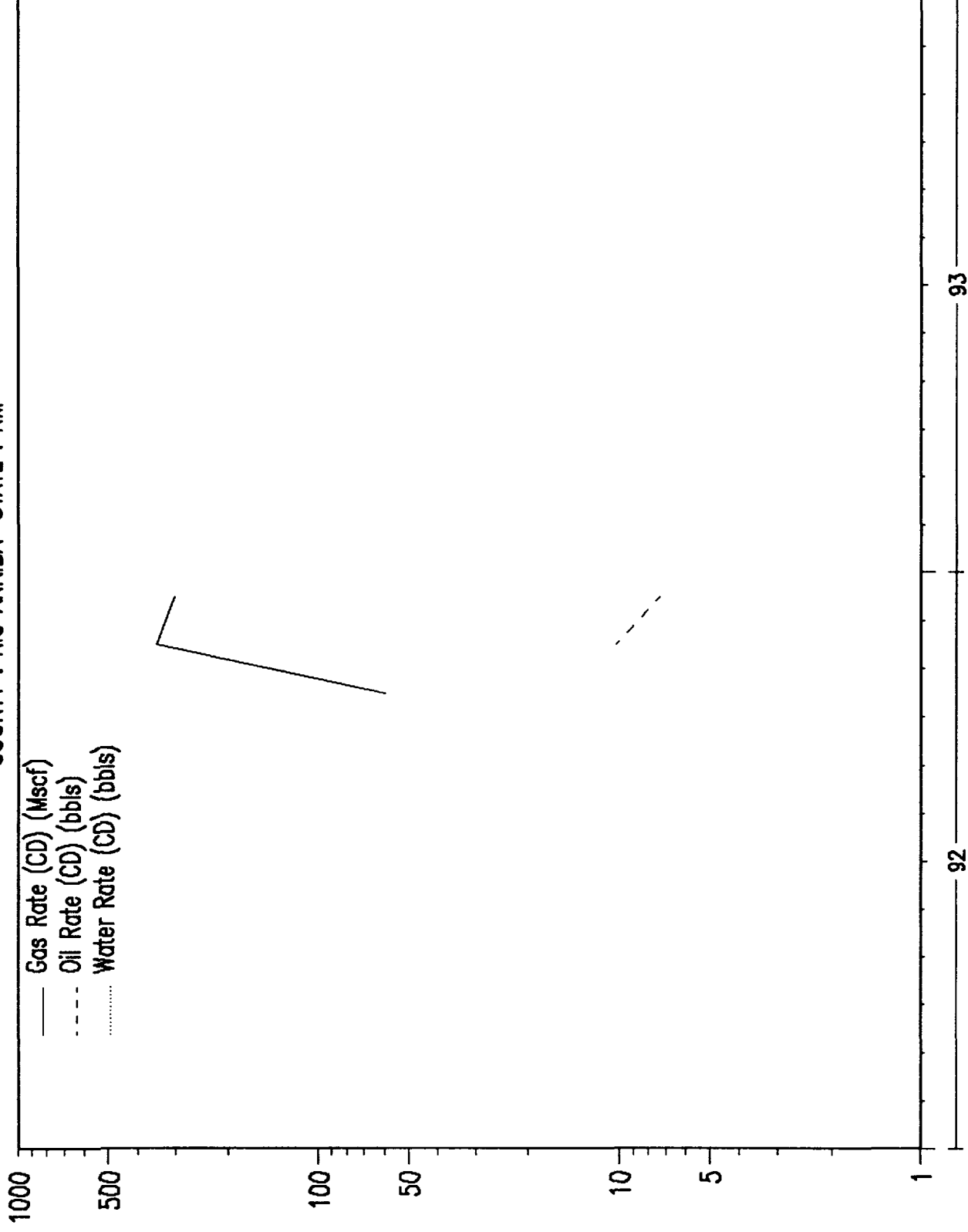
WELL: RINCON UNIT 159M:DK

SECTION : 18 TOWN : 27N RANGE : 06W

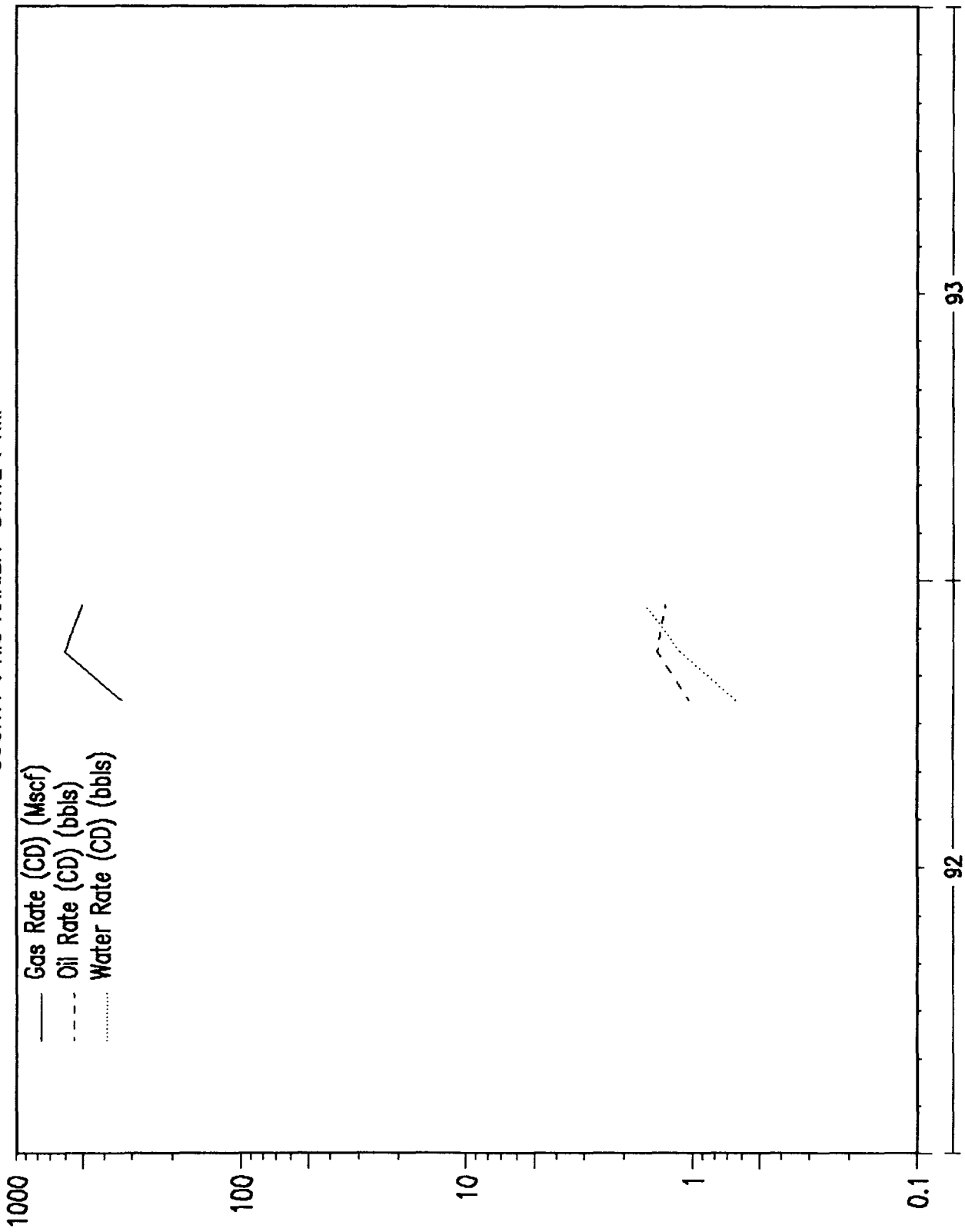
COUNTY : RIO ARRIBA STATE : NM



WELL: RINCON NIT 57E:DK
SECTION : 01 TOWN : 26N RANGE : 07W
COUNTY : RIO ARRIBA STATE : NM



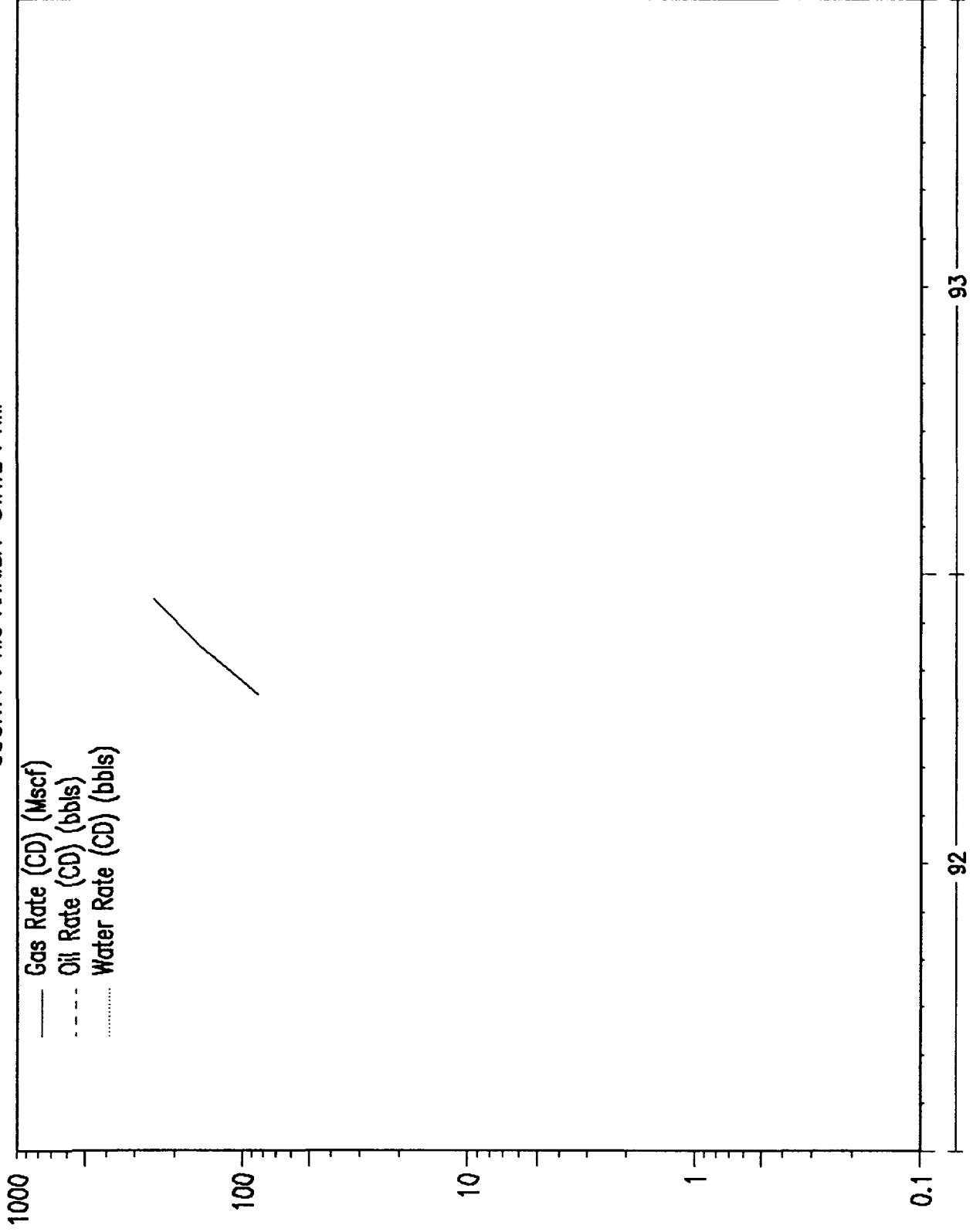
WELL: RINCON, UNIT 1E:DK
SECTION : 30 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



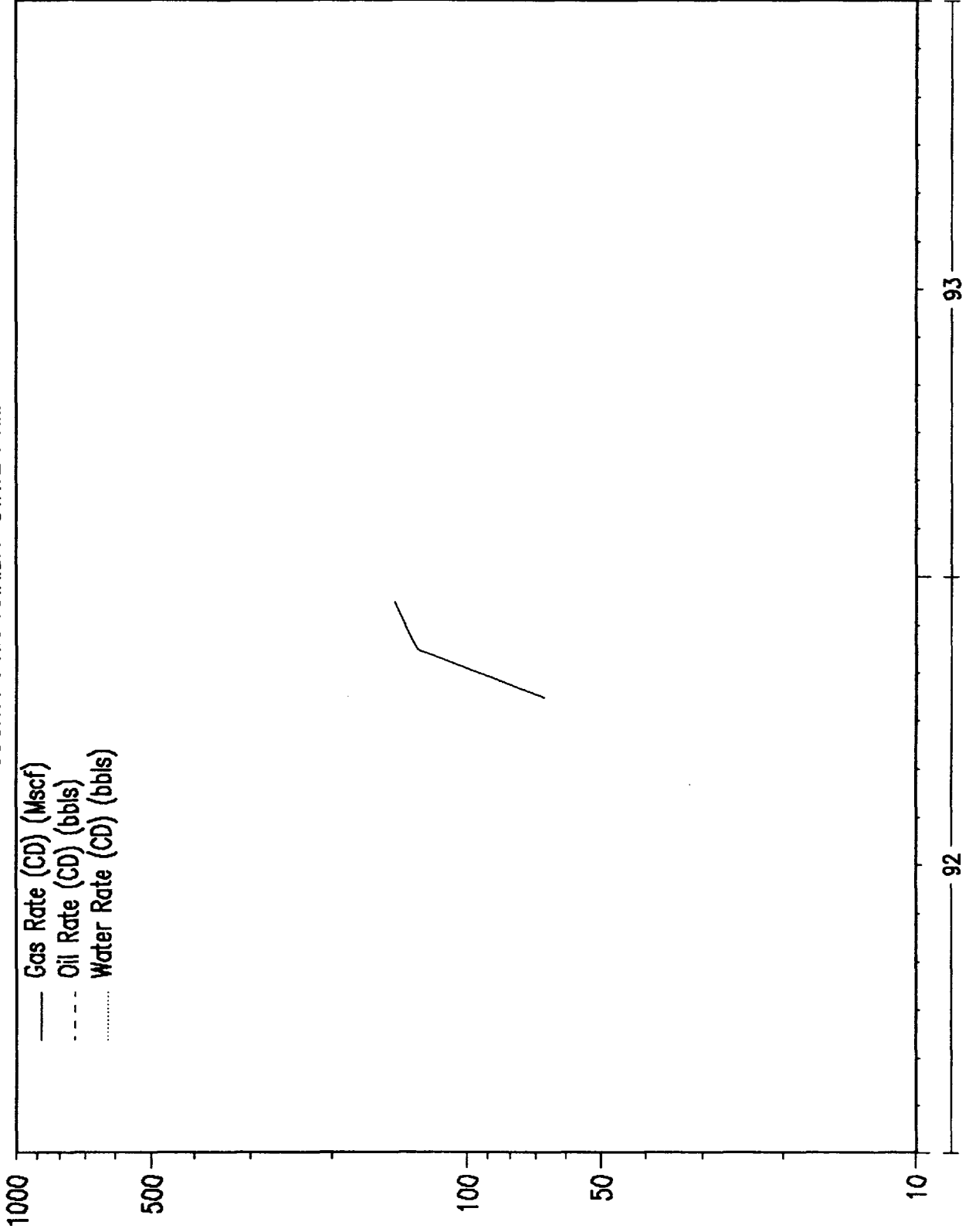
WELL: RINCON UNIT 180M:MV

SECTION : 21 TOWN : 27N RANGE : 06W

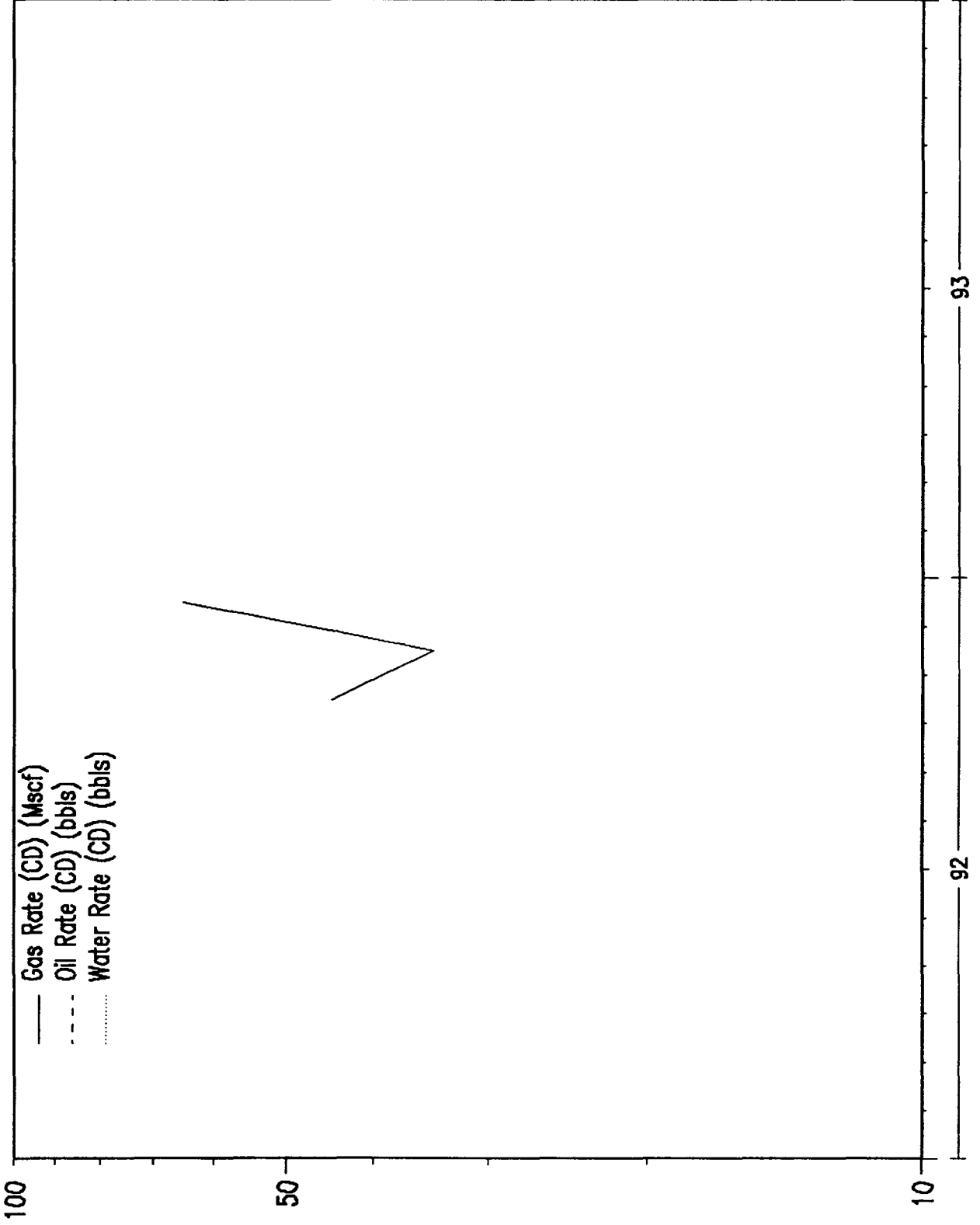
COUNTY : RIO ARRIBA STATE : NM



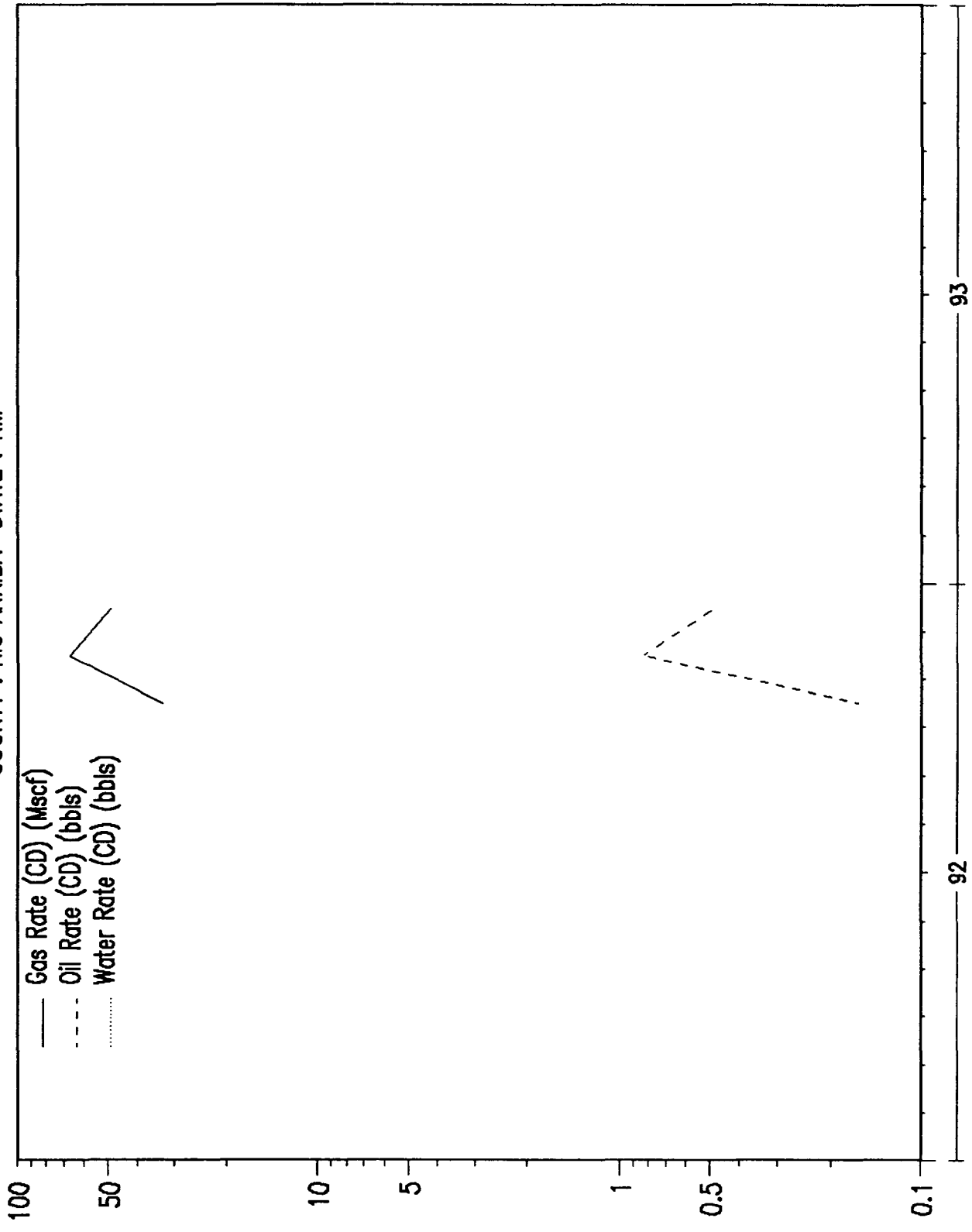
WELL: RINCON UNIT 175M:MV
SECTION : 20 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



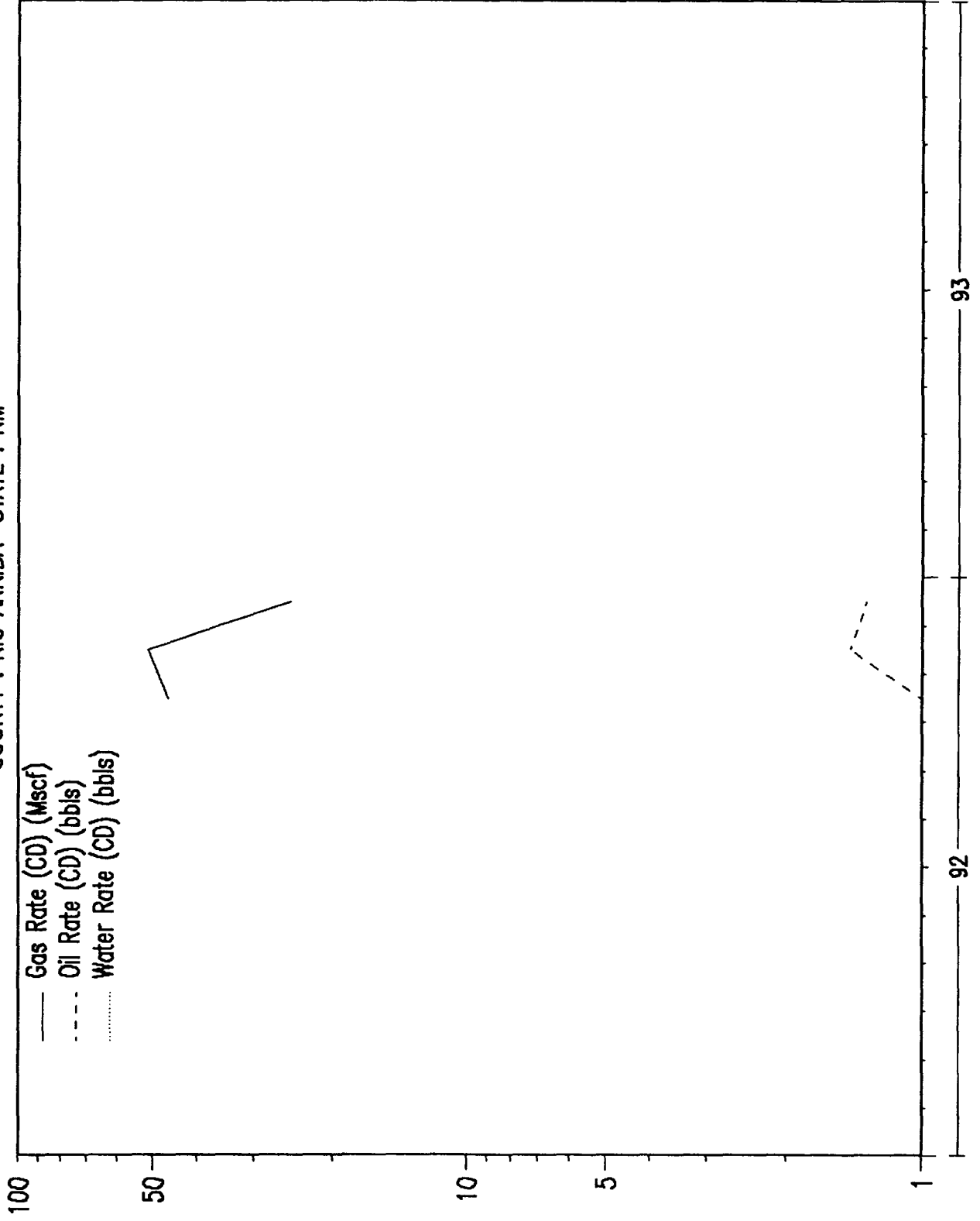
WELL: RINCON UNIT 167M:MV
SECTION : 13 TOWIN : 27N RANGE : 07W
COUNTY : RIO ARRIBA STATE : NM



WELL: RINCON UNIT 159M:MV
SECTION : 18 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NIM



WELL: RINCO, UNIT 1E:MV
SECTION : 30 TOWN : 27N RANGE : 06W
COUNTY : RIO ARRIBA STATE : NM



ECONOMICS SUMMARY

	<u>Single Well</u>	<u>Dual Well</u>	<u>Commingled Well</u>
Well Cost (\$)	\$550,000	\$950,000	\$750,000
Ave. Gas Price (\$/MCF)	1.40	1.40	1.40
Initial Total Rate (MCFD)	200	650	650
Recoverable Reserves (BCF)	0.704	2.527	2.550
ROR (%)	1.2	13.9	20.7
Payout (Yrs)	15.6	5.4	4.2

EXHIBIT 19

SAMPLE ALLOCATION FORMULA
(BASED ON C-116)

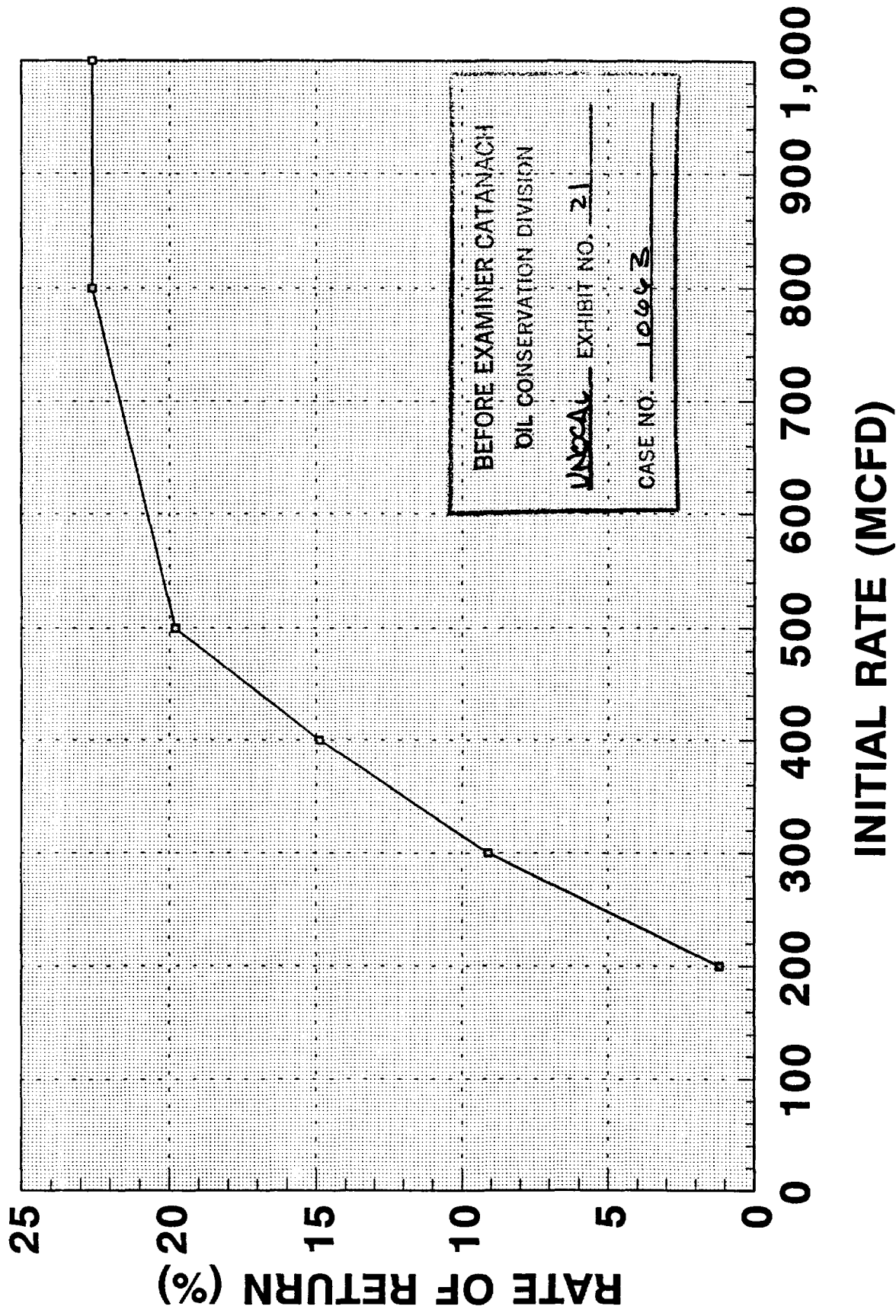
<u>GAS PRODUCTION:</u>	Mesaverde Rate	137 MCFD
	Dakota Rate	<u>524</u> MCFD
	Total Rate	<u>661</u> MCFD

Therefore,	Mesaverde	21%
	Dakota	79%

<u>OIL PRODUCTION:</u>	Mesaverde Rate	0 BOPD
	Dakota Rate	<u>4</u> BOPD
	Total Rate	<u>4</u> BOPD

Therefore,	Mesaverde	0%
	Dakota	100%

RATE OF RETURN SENSITIVITY



Assumes \$550,000 well cost