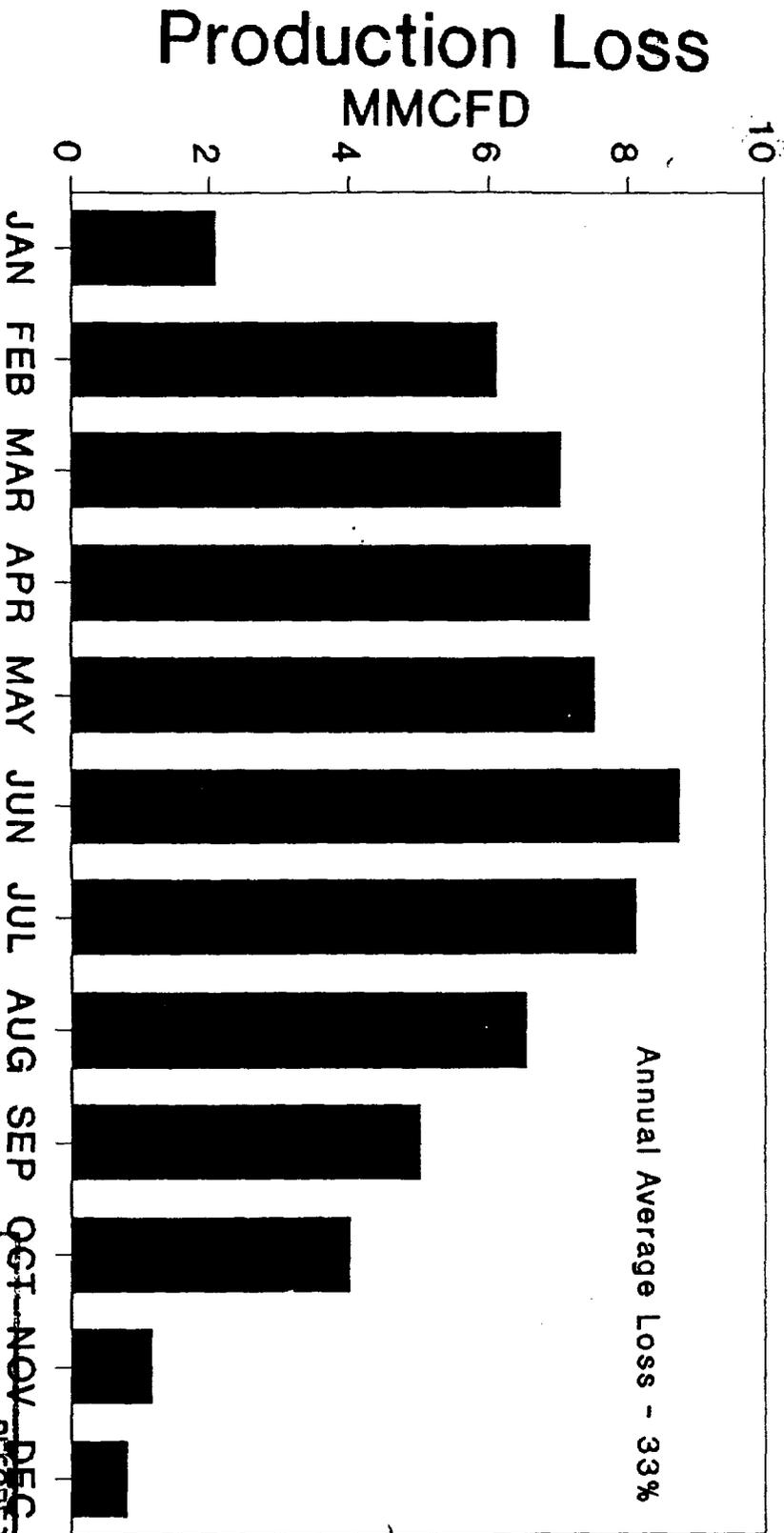


UNOCAL SAN JUAN BASIN

Incremental Loss of Production

6-Times Versus 12-Times Over-Production



1989

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

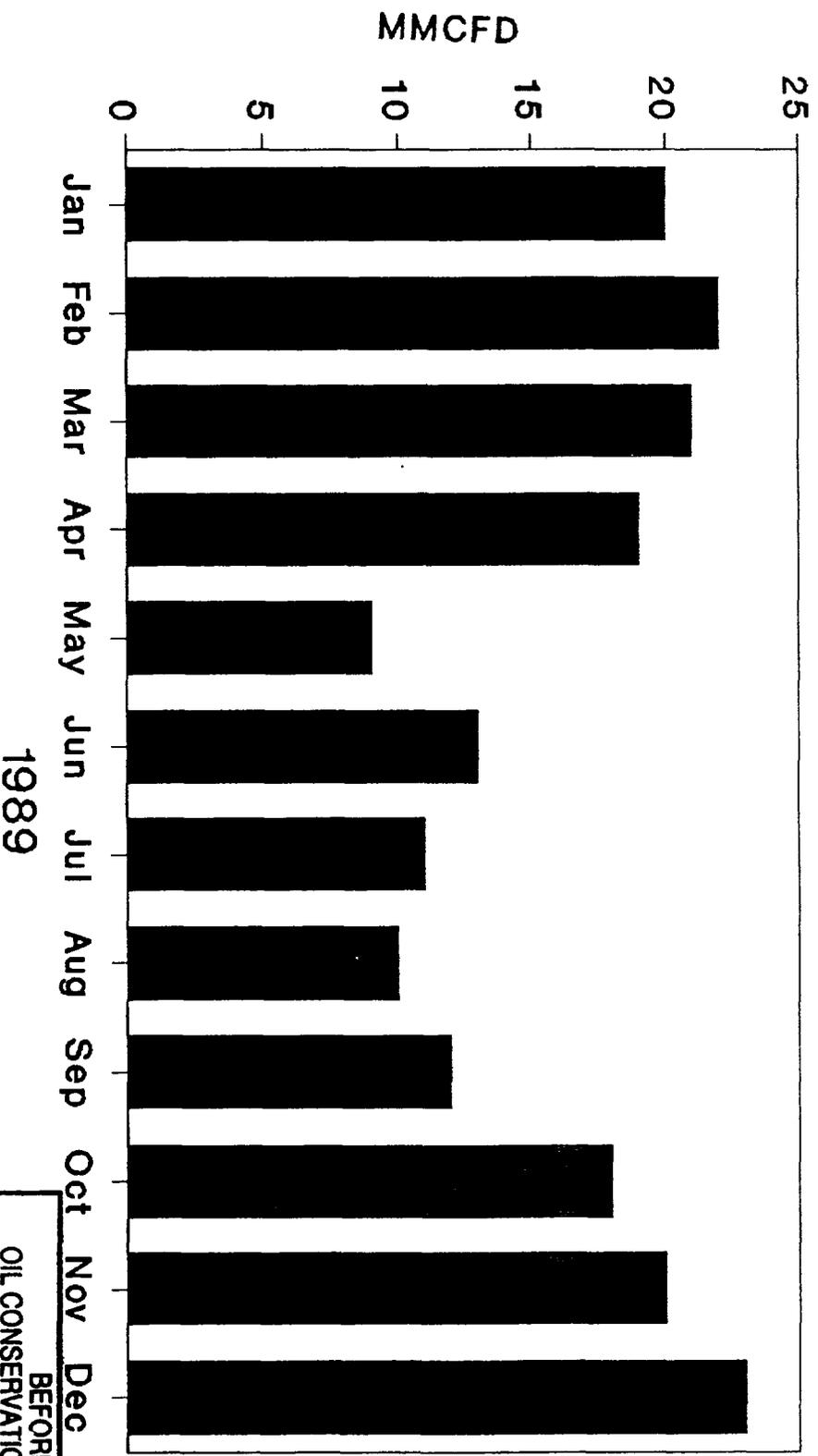
Case No. 9018 Exhibit No. 1

Submitted by UNOCAL

Hearing Date 5/24/90

UNOCAL SAN JUAN BASIN

Sales From Prorated Pools



1989

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. 9018 Exhibit No. 2

Submitted by UNOCAL

Hearing Date 5/24/90

ADVANTAGES OF 12-TIMES OVERPRODUCTION

- PROVIDES FLEXIBILITY
 - OPPORTUNITY TO FLUCTUATE DELIVERIES WITH SEASONAL DEMANDS
 - PROVIDES BUFFER NEEDED DUE TO COMPLEXITIES OF OVERPRODUCTION DETERMINATION

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9018</u>	Exhibit No. <u>3</u>
Submitted by <u>UNOCAL</u>	
Hearing Date <u>5/24/90</u>	

IMPACTS OF REDUCING OVERPRODUCTION
ALLOWANCE

- **REDUCED PRODUCTION LEVELS**

- **SEVERE PRODUCTION LOSS FIRST YEAR
AFTER IMPOSED REDUCTION**

- **RISK OF LOSING MARKET SHARE**

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9018</u>	Exhibit No. <u>4</u>
Submitted by <u>UNOCAL</u>	
Hearing Date <u>5/24/90</u>	

RECOMMENDATIONS

- LEAVE OVERPRODUCTION ALLOWANCE
CONSTANT (12-TIMES)

- CHANGE THE PRORATION SYSTEM; NOT
THE AMOUNTS OF OVERPRODUCTION

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9018</u>	Exhibit No. <u>5</u>
Submitted by <u>UNOCAL</u>	
Hearing Date <u>5/24/90</u>	

UNOCAL WELL STATISTICS

PRORATED NON-MARGINAL WELLS 166

NUMBER OF WELLS

CURTAILED IN 1989

DUE TO OVERPRODUCTION 17 10%

ADDITIONAL WELLS

CURTAILED IF 6-TIMES

OVERPRODUCTION

ALLOWANCE 74 45%

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>9018</u>	Exhibit No. <u>2A</u>
Submitted by <u>UNOCAL</u>	
Hearing Date <u>5/24/90</u>	