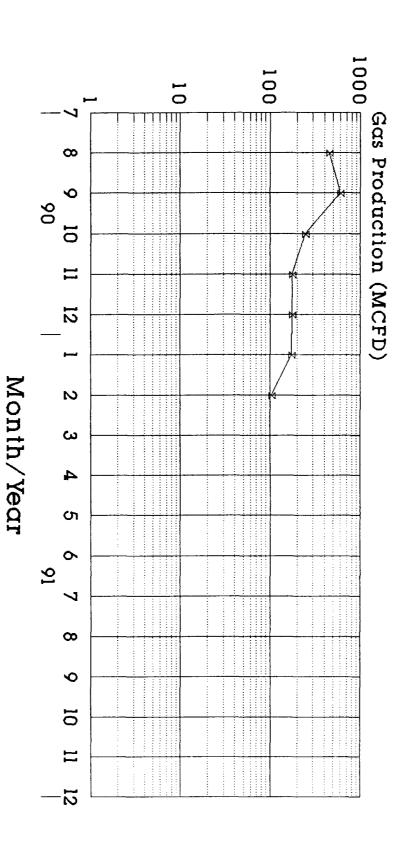
# RINCON UNIT #252 RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

⊸¥ Gαs

### UNOCAL North American Oil & Gas Division Economic Report Summary

REGION: Southwestern

DISTRICT: Farmington

CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #252 - FT TAXCR

LOCATION:

| PROFIT INDICES PRESENT WORTH PROFIT TO INV (P/I): DISCOUNT BTAX  LSE/BLOCK: UNDISCOUNTED 0.17 0.96 RATE (%) (M\$) | FILE  |  |  |  |
|---|---|--|--|--|
| BTAX ATAX  FIELD : BASIN FRUITLAND COAL PROFIT TO INV (P/I): DISCOUNT BTAX  |   |  |  |  |
| FIELD : BASIN FRUITLAND COAL PROFIT TO INV (P/I): DISCOUNT BTAX   |   |  |  |  |
|   | XATA  |  |  |  |
|   | (M\$)   |  |  |  |
| FORMATION: FRUITLAND COAL DISC @ 10.0% -0.33 0.31   |   |  |  |  |
| TOTAL DEPTH: DISC @ 15.0% -0.44 0.15 0.0 57.  | 322.  |  |  |  |
| OPERATOR : Unocal INV EFF RATIO (IER): 5.0 -50.   | 187.  |  |  |  |
| AFE # : UNDISCOUNTED 0.17 1.18 10.0 -109.   | 104.  |  |  |  |
| LIFE (YRS): 24.7 DISC @ 10.0% -0.33 0.38 15.0 -145.   | 48.   |  |  |  |
| DISC & 15.0% -0.44 0.18 20.0 -168.  | 8.  |  |  |  |
|   | -21.  |  |  |  |
| 100.00000 80.99870 80.99870 APR 1990 PAYOUT (YEARS) 15.8 3.8  | -21.  |  |  |  |
|   | 000   |  |  |  |
|   | DISCOUNT DATE : APR 1990 DISCOUNT METHOD: EFFECTIVE MON |  |  |  |
| DISCOUNT PIETNOU: EFFEC   | IIVE MUN  |  |  |  |
| COMMODITY PRICES INVESTMENTS (M\$) CASH FLOW (M\$)  |   |  |  |  |
| BEG END AVG GROSS NET   | NET   |  |  |  |
|   |   |  |  |  |
| OIL (\$/BBL) 0.00 0.00 0.00 LEASEHOLD 0. 0. TOTAL REVENUES  | 601.  |  |  |  |
| GAS (\$/MCF) 1.31 1.42 1.46 DRY HOLE 0. 0. EXPENSES:  |   |  |  |  |
| NGL (\$/BBL) 0.00 0.00 0.00 OPEX (LOE)  | 88.   |  |  |  |
| SULPHUR (\$/TON) 0.00 0.00 0.00 DRILLING 0. 0. WORKOVER   | О.  |  |  |  |
| COMPLETION 0. 0. PLANT  | 0.  |  |  |  |
| \$EQUIV BOE RATIO 6.00 6.00 6.00 PLATFORM 0. 0. SEV & ADVAL TAXES   | 87.   |  |  |  |
| FACILITIES 0. 0. INDIRECT   | 14.   |  |  |  |
| UNIT COST PERFORMANCE PIPELINE 0. 0. OVERHEAD   | 20.   |  |  |  |
| GROSS NET PLANT 0. 0. NET ABAND/SALV  | 0.  |  |  |  |
| GATHERING O. O.   | ٠.  |  |  |  |
| OPEX (\$/BOE) 1.03 1.27 NET INVESTMENTS   | 335.  |  |  |  |
| OPEX (\$/BO\$E) 2.88 3.55 MISC INTAN 235. 235.  | 207.  |  |  |  |
| F&D (\$/BOE) 3.94 4.87 MISC TAN 100. 100. BTAX CASH FLOW  | 57.   |  |  |  |
| F&D (\$/BO\$E) 11.00 13.58 INCOME TAXES PAID  | -265.   |  |  |  |
| ATAX CF (\$/BOE) 4.68 TOTAL 335. 335. ATAX CASH FLOW  | 322.  |  |  |  |
| ATAX CF (\$/B0\$E) 13.07 DISC @ 10.0% 332. 332. ATAX DISC @ 10.0%   | 104.  |  |  |  |
| 13.07 D130 W 10.0% 332. 332. ATAN D130 W 10.0%  | 104.  |  |  |  |
| RESERVES & PRODUCTION ASSUMPTIONS & REMARKS   |   |  |  |  |
| GROSS NET   |   |  |  |  |
| REMAIN ULT REMAIN ULT   |   |  |  |  |
|   |   |  |  |  |
| OIL (MBBLS) 0. 0. 0. 0.   |   |  |  |  |
| GAS (MMCF) 510. 510. 413. 413.  |   |  |  |  |
| NGL (MBBLS) 0. 0. 0. 0.   |   |  |  |  |
| SULPHUR (MTONS) 0. 0. 0.  |   |  |  |  |
|   |   |  |  |  |
| EQUIVALENT RESERVES:  |   |  |  |  |
| BTU (MBOE) 85. 85. 69. 69.  |   |  |  |  |
| VALUE (MBO\$E) 30. 30. 25. 25.  |   |  |  |  |
| INITIAL DATE.   |   |  |  |  |
| INITIAL RATE:   | . •   |  |  |  |
| OIL (BBLS/DAY) 0. GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCA   | L2  |  |  |  |
| GAS (MCF/DAY) 115. ALTKEY: USA  |   |  |  |  |

```
_OBAL FILE: $UNOCAL1
                                    " 04/20/91 09:03:31
 VALUATION #6 IN PROJECT FILE "P.A.
            "30 25
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               APR 1990 APR 1990 AUG 1990
 ) DATES
 NAME
                "RINCON U. #252 - FT TAXCR
 ) FIELD
                "BASIN FRUITLAND COAL
                "NEW MEXICO
 ) CNTYSTATE
                "FRUITLAND COAL
 3 FORMATION
 ) OPERATOR
                "UNOCAL
 ) ECONOMICS
               ELIM
               1. 0.809987
 ) OWNERSHIP
 20 COMMENT
                "PROD DECLINE BASED ON AVG WELL CASE
 30 COMMENT
                 "FIRST 6 MONTHS = ACTUAL PROD.
 40 GPROD
                           MON 3.579 17.902 7.549 5.299 5.43 5.378
 30 GPROD
                           EXP * * * 60. 3.
                           EXP * * * 28. 14.
 50 GPROD
                           EXP * * * 10. 25.
 70 GPROD
                           EXP * * * 7. 36.
 80 GPROD
                           EXP * * * 5.
 90 GPROD
                           MON 100000. 0.
 10 TAN
                     Ī
 20 INTAN
                           MON 235000. 0.
                     I
 40 PRGAS
                     Р
                           MON 1.11 1.6 2. 1.85 1.4
                JAN 1991 CON 1.2
 50 PRGAS
                1.18 PRGAS
 90 FACTOR
                 P CON 300.
 10 LOETOT
                           CON 3.5
 20 AVALPS
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 0 COMMENT
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 0 COMMENT
                          CON 0.
 0 TEMP1
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               1000, TEMP1
 0 FACTOR
0 FACTOR
               1.18 TEMP1
                JAN 1990 CON 0.84
'0 TEMP5
                JAN 2003 CON 0.
30 TEMP5
'O CADD
                TEMP2 TEMP1
 00 CFACTOR
                TEMP5 TEMP2
 10 FACTOR
                0.809987 TEMP2
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370 ULTIMATE
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SLOBAL FILE: \$UNOCAL2



F:P.A. VAL #: 6

### UNOCAL North American Oil & Gas Division Economic Report Summary AS OF APR 1, 1990

DATE: 04/20/91 TIME: 09:03:57 PAGE: 2

AME : RINCON U. #252 - FT TAXCR IELD : BASIN FRUITLAND COAL

NTY, STATE: NEW MEXICO ORMATION : FRUITLAND COAL PERATOR : UNOCAL

|   |  | NET VOLUME  |  |   | NET EQ PROD   |  | NET REV  | EFFECTIVE   | NET GAS  | NET TOTAL  |
|---|--|---|--|---|---|--|--|---|--|--|
|   | OIL + COND   | OIL + COND  | PRODUCTION   | VOLUME  | (RE: BOE)   |  | OIL + COND   | \$/MCF  | REVENUE  | REVENUE  |
| 9MO)1990  | 0.0  |   | 39.8   | 32.2  |   | 0.00   | 0.0  | 1.93  | 62.2   | 62.2   |
| 1991  | 0.0  |   | 50.5   | 40.9  |   | 0.00   | 0.0  | 1.42  | 58.0   | 58.0   |
| 1991  | 0.0  |   | 36.0   | 29.2  |   | 0.00   | 0.0  | 1.42  | 41.3   | 41.3   |
| 1993  | 0.0  |   | 31.5   | 25.5  |   | 0.00   | 0.0  | 1.42  | 36.1   | 36.1   |
| 1994  | 0.0  |   | 28.4   | 23.0  |   | 0.00   | 0.0  | 1.42  | 32.6   | 32.6   |
| 1995  | 0.0  |   | 26.3   | 21.3  |   | 0.00   | 0.0  | 1.42  | 30.2   | 30.2   |
| 1996  | 0.0  |   | 24.4   | 19.8  |   | 0.00   | 0.0  | 1.42  | 28.0   | 28.0   |
| 1997  | 0.0  |   | 22.8   | 18.4  |   | 0.00   | 0.0  | 1.42  | 26.1   | 26.1   |
| 1998  | 0.0  |   | 21.6   | 17.5  |   | 0.00   | 0.0  | 1.42  | 24.7   | 24.7   |
| 1999  | 0.0  |   | 20.5   | 16.6  |   | 0.00   | 0.0  | 1.42  | 23.5   | 23.5   |
| 2000  | 0.0  |   | 19.5   | 15.8  |   | 0.00   | 0.0  | 1.42  | 22.3   | 22.3   |
| 2001  | 0.0  |   | 18.5   | 15.0  |   | 0.00   | 0.0  | 1.42  | 21.2   | 21.2   |
| 2002  | 0.0  |   | 17.6   | 14.2  | 2.4   | 0.00   | 0.0  | 1.42  | 20.1   | 20.1   |
| 2003  | 0.0  | 0.0   | 16.7   | 13.5  | 2.3   | 0.00   | 0.0  | 1.42  | 19.1   | 19.1   |
| 2004  | 0.0  | 0.0   | 15.8   | 12.8  | 2.1   | 0.00   | 0.0  | 1.42  | 18.2   | 18.2   |
| SUB TOTAL   | 0.0  | 0.0   | 389.8  | 315.8   | 52.6  | 0.00   | 0.0  | 1.47  | 463.8  | 463.8  |
| REMAINDER   | 0.0  | 0.0   | 120.0  | 97.2  | 16.2  | 0.00   | 0.0  | 1.42  | 137.7  | 137.7  |
| OT 24.7 YR  | 0.0  | 0.0   | 509.9  | 413.0   | 68.8  | 0.00   | 0.0  | 1.46  | 601.5  | 601.5  |
|   |  |   |  |   |   |  |  |   |  |  |
|   |  |   |  |   |   |  |  |   |  |  |
|   | NET LOE  | NET   | NET TOTAL  |   |   |  |  | INCOME  | ATAX   | CUM ATAX   |
|   | (FIX + VAR)  | WORKOVR EXP   | DIRECT EXP   | TAXES   | EXPENSE   | INVESTMENT   | CASHFLOW   | TAXES PAID  | CASHFLOW   | CASHFLOW   |
|   | (FIX + VAR)  | WORKOVR EXP   | DIRECT EXP   | TAXES   | EXPENSE   | INVESTMENT   | CASHFLOW   | TAXES PAID  | CASHFLOW   | CASHFLOW   |
| ( 9MO)1990  | (FIX + VAR)<br>M\$<br>1.5                                  | WORKOVR EXP   | DIRECT EXP<br>M\$<br>1.5   | TAXES<br>M\$<br>7.5   | EXPENSE<br>M\$<br>0.6   | INVESTMENT<br>M\$<br>335.0   | CASHFLOW<br>M\$<br>-282.4  | TAXES PAIDM\$   | CASHFLOW<br>M\$<br>-200.3  | CASHFLOW<br>M\$<br>-200.3  |
| 1991  | (FIX + VAR)<br>M\$<br>1.5<br>3.6                           | WORKOVR EXP<br>M\$<br>0.0<br>0.0                      | DIRECT EXP<br>M\$<br>1.5<br>3.6  | TAXES<br>M\$<br>7.5<br>8.5  | EXPENSE<br>M\$<br>0.6<br>1.4                                    | INVESTMENT<br>M\$<br>335.0<br>0.0                                    | CASHFLOW<br>M\$<br>-282.4<br>44.4  | TAXES PAID<br>M\$<br>-82.1<br>-38.4   | CASHFLOW<br>M\$<br>-200.3<br>82.8  | CASHFLOW<br>M\$<br>-200.3<br>-117.5  |
| 1991<br>1992  | (FIX + VAR)M\$ 1.5 3.6 3.6                                 | WORKOVR EXP<br>M\$<br>0.0<br>0.0<br>0.0               | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6   | TAXES<br>M\$<br>7.5<br>8.5<br>6.1   | EXPENSE<br>M\$<br>0.6<br>1.4<br>1.4                             | INVESTMENT<br>M\$<br>335.0<br>0.0<br>0.0                             | CASHFLOW<br>M\$<br>-282.4<br>44.4<br>30.2  | TAXES PAID<br>M\$<br>-82.1<br>-38.4<br>-29.5  | CASHFLOW<br>M\$<br>-200.3<br>82.8<br>59.7  | CASHFLOW<br>M\$<br>-200.3<br>-117.5<br>-57.8   |
| 1991<br>1992<br>1993  | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6                             | WORKOVR EXP<br>M\$<br>0.0<br>0.0<br>0.0               | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6  | TAXES<br>M\$<br>7.5<br>8.5<br>6.1<br>5.3                                  | EXPENSE<br>M\$<br>0.6<br>1.4<br>1.4                             | INVESTMENT<br>M\$<br>335.0<br>0.0<br>0.0                             | CASHFLOW<br>M\$<br>-282.4<br>44.4<br>30.2<br>25.8  | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6   | CASHFLOW<br>M\$<br>-200.3<br>82.8<br>59.7<br>51.4  | CASHFLOW<br>M\$<br>-200.3<br>-117.5<br>-57.8<br>-6.4   |
| 1991<br>1992<br>1993<br>1994  | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6                         | WORKOVR EXP<br>M\$<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0 | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6   | TAXES<br>M\$<br>7.5<br>8.5<br>6.1<br>5.3<br>4.8                           | EXPENSE<br>M\$<br>0.6<br>1.4<br>1.4<br>1.4                      | INVESTMENT<br>M\$<br>335.0<br>0.0<br>0.0<br>0.0                      | CASHFLOW<br>M\$<br>-282.4<br>44.4<br>30.2<br>25.8<br>22.8                                    | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9   | CASHFLOW<br>M\$<br>-200.3<br>82.8<br>59.7<br>51.4<br>45.7                                  | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3  |
| 1991<br>1992<br>1993<br>1994<br>1995  | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6                     | WORKOVR EXP<br>M\$<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0 | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6                                    | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4  | EXPENSE<br>M\$<br>0.6<br>1.4<br>1.4<br>1.4                      | INVESTMENT<br>M\$<br>335.0<br>0.0<br>0.0<br>0.0<br>0.0               | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7  | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8   | CASHFLOW<br>M\$<br>-200.3<br>82.8<br>59.7<br>51.4<br>45.7<br>40.5                          | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7   |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996  | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6                 | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0            | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6                             | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4  | EXPENSE<br>M\$<br>0.6<br>1.4<br>1.4<br>1.4<br>1.4               | INVESTMENT<br>M\$<br>335.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0        | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9   | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8   | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7   | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5   |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996  | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6             | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0        | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6                      | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4 4.1 3.8                                  | EXPENSE<br>M\$<br>0.6<br>1.4<br>1.4<br>1.4<br>1.4<br>1.4        | INVESTMENTM\$ 335.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0                      | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9 17.3  | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8 -13.4   | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7 30.7  | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5 145.2   |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996<br>1997  | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6         | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0        | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6               | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4 4.1 3.8 3.6                              | EXPENSE<br>M\$<br>0.6<br>1.4<br>1.4<br>1.4<br>1.4<br>1.4        | 335.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0        | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9 17.3 16.1                                     | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8 -13.4 -11.2   | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7 30.7 27.3                                   | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5 145.2 172.4   |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996<br>1997<br>1998<br>1999  | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0    | DIRECT EXP<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6                      | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4 4.1 3.8 3.6 3.4                          | EXPENSE<br>M\$<br>0.6<br>1.4<br>1.4<br>1.4<br>1.4<br>1.4<br>1.4 | 335.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0 | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9 17.3 16.1 15.0                                | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8 -13.4 -11.2 -10.7                                     | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7 30.7 27.3 25.8                              | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5 145.2 172.4 198.2                                     |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996<br>1997<br>1998<br>1999<br>2000  | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0    | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6        | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4 4.1 3.8 3.6 3.4 3.3                      | EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4          | 335.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0 | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9 17.3 16.1 15.0 14.0                           | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8 -13.4 -11.2 -10.7 -10.3                               | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7 30.7 27.3 25.8 24.3                         | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5 145.2 172.4 198.2 222.5                               |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996<br>1997<br>1998<br>1999<br>2000<br>2001                                      | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0    | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6               | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4 4.1 3.8 3.6 3.4 3.3 3.1                  | EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4          | INVESTMENTM\$ 335.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0              | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9 17.3 16.1 15.0 14.0 13.1                      | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8 -13.4 -11.2 -10.7 -10.3 -9.9                          | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7 30.7 27.3 25.8 24.3 22.9                    | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5 145.2 172.4 198.2 222.5 245.4                         |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996<br>1997<br>1998<br>1999<br>2000<br>2001<br>2002                              | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0    | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6               | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4 4.1 3.8 3.6 3.4 3.3 3.1 3.0              | EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4          | INVESTMENTM\$ 335.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0              | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9 17.3 16.1 15.0 14.0 13.1 12.2                 | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8 -13.4 -11.2 -10.7 -10.3 -9.9 -9.5                     | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7 30.7 27.3 25.8 24.3 22.9 21.6               | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5 145.2 172.4 198.2 222.5 245.4 267.1                   |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996<br>1997<br>1998<br>1999<br>2000<br>2001<br>2002<br>2003                      | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0    | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6 | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4 4.1 3.8 3.6 3.4 3.3 3.1 3.0 2.8          | EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4          | 335.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0<br>0.0 | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9 17.3 16.1 15.0 14.0 13.1 12.2 11.3            | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8 -13.4 -11.2 -10.7 -10.3 -9.9 -9.5 4.3                 | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7 30.7 27.3 25.8 24.3 22.9 21.6 7.0           | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5 145.2 172.4 198.2 222.5 245.4 267.1 274.1             |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996<br>1997<br>1998<br>1999<br>2000<br>2001<br>2002<br>2003<br>2004              | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0    | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6 | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4 4.1 3.8 3.6 3.4 3.3 3.1 3.0 2.8 2.7      | EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4          | INVESTMENT   | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9 17.3 16.1 15.0 14.0 13.1 12.2 11.3 10.5       | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8 -13.4 -11.2 -10.7 -10.3 -9.9 -9.5 4.3 4.0             | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7 30.7 27.3 25.8 24.3 22.9 21.6 7.0 6.5       | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5 145.2 172.4 198.2 222.5 245.4 267.1 274.1 280.6       |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996<br>1997<br>1998<br>1999<br>2000<br>2001<br>2002<br>2003<br>2004<br>SUB TOTAL | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0    | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6 | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4 4.1 3.8 3.6 3.4 3.3 3.1 3.0 2.8 2.7 66.4 | EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4          | INVESTMENT   | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9 17.3 16.1 15.0 14.0 13.1 12.2 11.3 10.5 -10.2 | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8 -13.4 -11.2 -10.7 -10.3 -9.9 -9.5 4.3 4.0 -290.7      | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7 30.7 27.3 25.8 24.3 22.9 21.6 7.0 6.5 280.6 | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5 145.2 172.4 198.2 222.5 245.4 267.1 274.1 280.6 280.6 |
| 1991<br>1992<br>1993<br>1994<br>1995<br>1996<br>1997<br>1998<br>1999<br>2000<br>2001<br>2002<br>2003<br>2004              | (FIX + VAR)M\$ 1.5 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 3.6 | WORKOVR EXPM\$ 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0    | DIRECT EXP<br>M\$<br>1.5<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6<br>3.6 | TAXESM\$ 7.5 8.5 6.1 5.3 4.8 4.4 4.1 3.8 3.6 3.4 3.3 3.1 3.0 2.8 2.7      | EXPENSEM\$ 0.6 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4          | INVESTMENT   | CASHFLOWM\$282.4 44.4 30.2 25.8 22.8 20.7 18.9 17.3 16.1 15.0 14.0 13.1 12.2 11.3 10.5       | TAXES PAIDM\$82.1 -38.4 -29.5 -25.6 -22.9 -19.8 -15.8 -13.4 -11.2 -10.7 -10.3 -9.9 -9.5 4.3 4.0 -290.7 25.7 | CASHFLOWM\$200.3 82.8 59.7 51.4 45.7 40.5 34.7 30.7 27.3 25.8 24.3 22.9 21.6 7.0 6.5       | CASHFLOWM\$200.3 -117.5 -57.8 -6.4 39.3 79.7 114.5 145.2 172.4 198.2 222.5 245.4 267.1 274.1 280.6       |

F:P.A. EVAL #: 6 UNOCAL North American Oil & Gas Division Economic Report Summary AS OF APR 1, 1990 DATE: 04/20/91 TIME: 09:03:58 PAGE: 3

AME : RINCON U. #252 - FT TAXCR

IELD : BASIN FRUITLAND COAL

ONTY, STATE: NEW MEXICO FORMATION : FRUITLAND COAL

PERATOR : UNOCAL

TOT 24.7 YR

|             |           | TOTAL GROSS | NUMBER<br>GROSS WELLS |     |                   |     |     |       | NET TRANS<br>+TREAT+COMP |       |
|-------------|-----------|-------------|-----------------------|-----|-------------------|-----|-----|-------|--------------------------|-------|
|             |           |             |                       |     |                   |     |     |       |                          |       |
| : 9MO)1990  | 335.0     |             |                       |     | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 1991        | 0.0       |             |                       | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 1992        | 0.0       |             | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 1993        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 1994        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 1995        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 1996        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 1997        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 1998        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 1999        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 2000        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 2001        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 2002        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 2003        | 0.0       | 3.6         | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 2004        | 0.0       |             |                       | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| SUB TOTAL   | 335.0     |             |                       | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| REMAINDER   | 0.0       | 35.7        |                       | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| TOT 24.7 YR | 335.0     | 87.6        | 1.0                   | 0.0 | 0.00              | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
|             | NET       | MET         | HET                   | NET | MET               | NET | NET | 747   | TAV                      |       |
|             |           |             | NET                   |     | NET<br>FACILITIES |     |     |       |                          |       |
|             | LEASEHOLD |             | M\$                   |     |                   |     |     |       |                          | AMORT |
| ( 9MO)1990  | 0.0       |             |                       | 0.0 | 0.0               | 0.0 | 0.0 | 14.3  |                          | 5.9   |
| 1991        | 0.0       |             |                       | 0.0 | 0.0               | 0.0 | 0.0 | 24.5  |                          | 14.1  |
| 1992        | 0.0       |             |                       | 0.0 | 0.0               | 0.0 | 0.0 | 17.5  |                          | 14.1  |
| 1993        | 0.0       |             |                       | 0.0 | 0.0               | 0.0 | 0.0 | 12.5  |                          | 14.1  |
| 1994        | 0.0       | 0.0         |                       | 0.0 | 0.0               | 0.0 | 0.0 | 8.9   | 0.0                      | 14.1  |
| 1995        | 0.0       | 0.0         | 0.0                   | 0.0 | 0.0               | 0.0 | 0.0 | 8.9   | 0.0                      | 8.2   |
| 1996        | 0.0       | 0.0         | 0.0                   | 0.0 | 0.0               | 0.0 | 0.0 | 8.9   | 0.0                      | 0.0   |
| 1997        | 0.0       |             |                       | 0.0 | 0.0               | 0.0 | 0.0 | 4.5   |                          | 0.0   |
| 1998        | 0.0       | 0.0         | 0.0                   | 0.0 | 0.0               | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 1999        | 0.0       | 0.0         | 0.0                   | 0.0 | 0.0               | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 2000        | 0.0       | 0.0         | 0.0                   | 0.0 | 0.0               | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 2001        | 0.0       | 0.0         | 0.0                   | 0.0 | 0.0               | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 2002        | 0.0       | 0.0         | 0.0                   | 0.0 | 0.0               | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 2003        | 0.0       | 0.0         |                       | 0.0 | 0.0               | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| 2004        | 0.0       | 0.0         | 0.0                   | 0.0 | 0.0               | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |
| SUB TOTAL   | 0.0       | 0.0         | 0.0                   | 0.0 | 0.0               | 0.0 | 0.0 | 100.0 | 0.0                      | 70.5  |
| REMAINDER   | 0.0       | 0.0         | 0.0                   | 0.0 | 0.0               | 0.0 | 0.0 | 0.0   | 0.0                      | 0.0   |

0.0

0.0 0.0

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0.0

70.5

0.0 0.0 0.0 0.0

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### UNOCAL North American Oil & Gas Division Economic Report Summary AS OF APR 1, 1990

DATE: 04/20/91 TIME: 09:03:59 PAGE: 4

AME : RINCON U. #252 - FT TAXCR : BASIN FRUITLAND COAL

NTY, STATE: NEW MEXICO ORMATION : FRUITLAND COAL

PERATOR : UNOCAL

|             | TEMP            | TEMP  | TEMP  | TEMP  | NET CREDITS |  |
|-------------|-----------------|-------|-------|-------|-------------|--|
|             | #1              | #2    | #5    | #6    | INPUT       |  |
| -           |                 | · · · |       |       | M\$         |  |
| 9MO)1990    | 46915.6         | 31.9  | 0.840 | 0.000 | 31.9        |  |
| 1991        | 59620. <b>3</b> | 40.6  | 0.840 | 0.000 | 40.6        |  |
| 1992        | 42538.9         | 28.9  | 0.840 | 0.000 | 28.9        |  |
| 1993        | 37170.4         | 25.3  | 0.840 | 0.000 | 25.3        |  |
| 1994        | 33545.4         | 22.8  | 0.840 | 0.000 | 22.8        |  |
| 1995        | 31019.2         | 21.1  | 0.840 | 0.000 | 21.1        |  |
| 1996        | 28847.8         | 19.6  | 0.840 | 0.000 | 19.6        |  |
| 1997        | 26876.9         | 18.3  | 0.840 | 0.000 | 18.3        |  |
| 1998        | 25439.1         | 17.3  | 0.840 | 0.000 | 17.3        |  |
| 1999        | 24167.2         | 16.4  | 0.840 | 0.000 | 16.4        |  |
| 2000        | 22958.8         | 15.6  | 0.840 | 0.000 | 15.6        |  |
| 2001        | 21810.9         | 14.8  | 0.840 | 0.000 | 14.8        |  |
| 2002        | 20720.3         | 14.1  | 0.840 | 0.000 | 14.1        |  |
| 2003        | 19684.3         | 0.0   | 0.000 | 0.000 | 0.0         |  |
| 2004        | 18700.1         | 0.0   | 0.000 | 0.000 | 0.0         |  |
| SUB TOTAL   | 460015.1        | 286.9 | 0.840 | 0.000 | 286.9       |  |
| REMAINDER   | 141658.1        | 0.0   | 0.000 | 0.000 | 0.0         |  |
| TOT 24.7 YR | 601673.2        | 286.9 | 0.840 | 0.000 | 286.9       |  |

## APPLICATION TO EXPAND THE BASIN FRUITLAND COAL GAS PARTICIPATING AREA - RINCON UNIT - RIO ARRIBA COUNTY, NEW MEXICO

Duane Spencer Chief of Reservoir Management Bureau of Land Management - Minerals Division 1235 La Plata Highway Farmington, New Mexico 87401

Union Oil Company of California, as unit operator of the Rincon Unit, respectfully submits for your approval the following described lands to constitute expansion to the participating area for the Basin Fruitland Coal Gas producing formation, to wit:

TOWNSHIP 27 NORTH, RANGE 7 WEST, N.M.P.M.

Section 27: South/2

Containing 320 acres, more or less

In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 1) Structure Top Basin Fruitland Coal Gas Formation
- 2) Basin Fruitland Coal Gas Formation Gross Isopach
- 3) Type Log
- 4) Land Map Rincon Unit
- 5) Rincon Unit #287 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #287 Fruitland Coal Gas Economics
- 7) Schedule of Lands and Working Interest Ownership in the expansion to the Basin Fruitland Coal Gas Participating Area (Participation Allocation Formula)
- 8) Applicant's Statement and Affidavit

This application is predicated on six months of actual production history from the Rincon Unit #287 well which first delivered on August 24, 1990.

Applicant respectfully requests your approval of the hereinabove selection of lands to constitute the expansion to the Basin Fruitland Coal Gas Formation participating area, to be effective August 24, 1990.

Dated this 31st day of May, 1991

Bill Hering

District Petroleum Engineer
Union Oil Company of California

### Well Summary

Well Name: Rincon Unit #287

Location: 1056'FSL, 1088'FWL, Sec 27, T27N, R7W

Elevation: 6651' GL Total Depth: 3020'

Lease Number: SF-080385

Pool/Formation: Basin Fruitland Coal Gas

Spud Date: 4-17-90

Completion Date: 5-15-90 1st Delivery Date: 8-24-90

Perf'd Interval: 2935-2940,2954-2968,2840-2844,2863-2865,

2868-2871.

### Geologic Summary

The Fruitland Formation was deposited in a coastal plain environment landward of the Pictured Cliffs strandline. It consists of shales, siltstones, sandstones and coal. The coals were deposited in low-lying areas such as lagoons, swamps and bayous behind the barrier islands, bars, and beaches of the Pictured Cliffs sandstone. The coal is best developed in the basal Fruitland, and extends aerially over the entire basin with the exception of a small region on the eastern margin. Net coal varies from 20 to 80 feet thick with the thickest sections being in the north-central part of the basin. The Rincon Unit coals range in thickness from 30 to 70 feet and in some areas of the unit are split into an upper and a basal coal zone. The coal itself is considered High Volatile C Bituminous in rank. Regional dip is 1 to 2 degrees to the northeast, and structure does not appear to be a factor in natural gas entrapment anywhere in the area of the unit.

### Engineering Summary

The Rincon Unit #287 was drilled and completed by Union Oil Company of California as a Basin Fruitland Coal Gas producer in 1990. Surface pipe measuring 8-5/8" was set at 226 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 3020 feet and cemented in two stages to surface with 725 sacks cement. After drilling out to PBTD of 3019' the lower coal zone was perforated from 2935'-2968' with 4 shots per foot and fracture stimulated with 216,500# 20/40 sand, 6000# 100 mesh sand and 67,560 gallons crosslinked gel water. The upper coal zone was perforated from 2840'-2871' with 4 shots per foot and fracture stimulated with 60,000# 20/40 sand, 234,500 SCF N2, and 8384 gallons cross linked gel water. The recorded initial potential and 24 hour shut-in pressure were 100 MCFD and 420 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on August 24, 1990. The current deliverability for the well against a 150# line pressure is 99 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.29 Bcf.

Net Pay: 38 ft

Drainage area: 160 acres Gas Content: 151 SCF/ton

Tonnage Factor: 1915 tons/acre-feet (from density log)

Recovery Factor: 17 %

**Economics** 

Completion Cost: \$294,000 Royalty Burden: 19.00% Gas Price: \$1.20/MMBTU Operating Cost: \$300/month

Tax Credit: \$0.84/MMBTU constant

Production Rate: Maximum - 170 MCFD, Current - 70 MCFD

No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 9.6 years. Compared with net total revenue this Basin Fruitland Coal Gas well produces in economic quantities above operating costs.

### STATE OF NEW MEXICO

COUNTY OF SAN JUAN

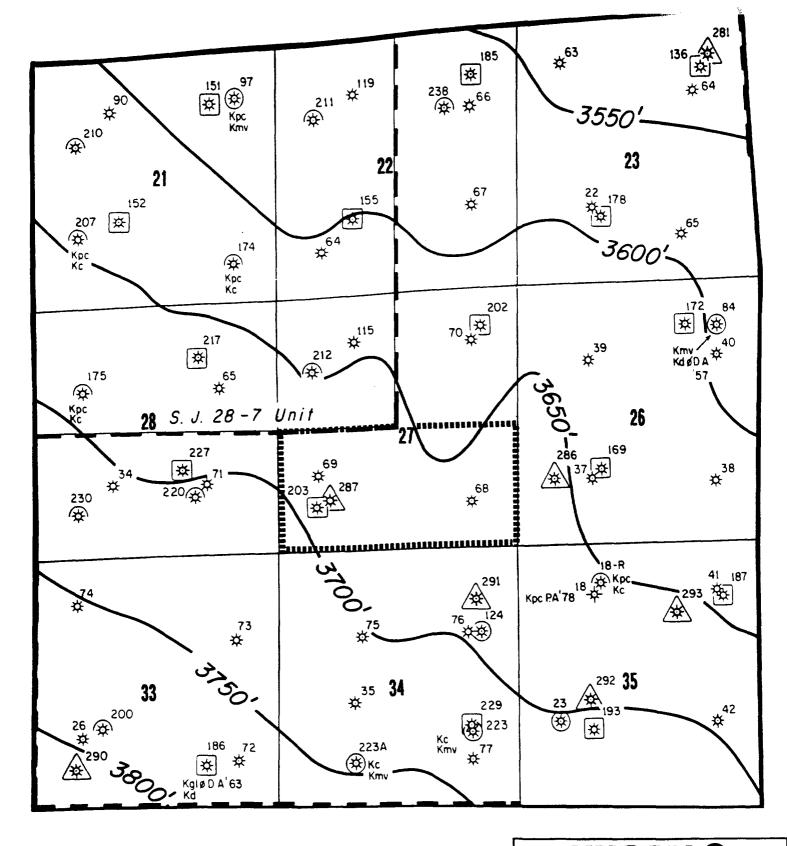
### APPLICANT'S STATEMENT AND AFFIDAVIT

BEFORE ME, the undersigned authority on this day personally appeared Bill Hering, District Petroleum Engineer, known to me to be the person whose name is subscribed to this instrument, who, having been by me first duly sworn, upon oath states as follows:

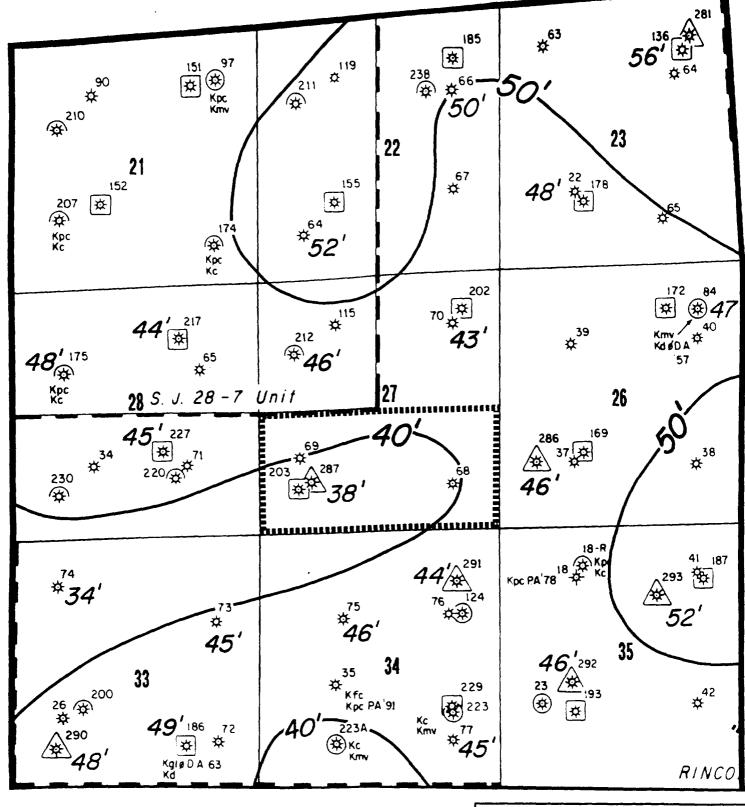
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the S/2 Section 27, T27N-R7W, comprising 320 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied is true.
- 3) That notice of this application has been mailed or delivered to the Rincon Unit working interest owners in accordance with the unit agreement and the unit operating agreement.
- 4) That he certifies that the information and data contained in the application are true and correct and that all copies of records or summaries of such records relied upon in the application are true, correct and authentic copies of documents on file in the offices of Union Oil Company of California.
- 5) That he is of lawful age, that he is a responsible official of Union, that he is duly authorized to make this Statement and Affidavit on behalf of Union, that he has knowledge of the facts contained herein, that this Statement and Affidavit is true and correct, and that he adopts the allegations herein as his sworn statement.

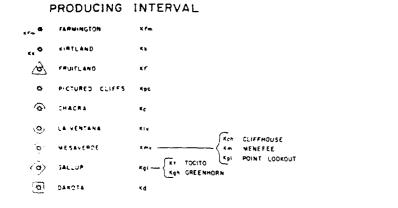
Notary Public in and for San Juan County, New Mexico

My Commission Expires:









# UNOCAL® NORTH AMERICAN DIL & GAS DIVISION SOUTHWESTERN REGION

### **RINCON UNIT**

RIO ARRIBA COUNTY, NEW MEXICO

ISOPACH

FRUITLAND COAL RINCON UNIT # 287