

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 6 WEST, N.M.P.M.

Section 20:

Containing 640 acres, more or less

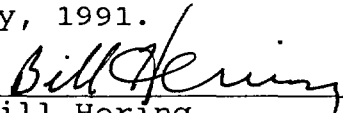
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 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 #255 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #255 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 nine months of actual production history from the Rincon Unit #255 well which first delivered on September 21, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #255
Location: 1185'FSL, 1840'FWL, Sec 20, T27N, R6W
Elevation: 6477' GL
Total Depth: 3058'
Lease Number: SF-079366
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 4-30-90
Completion Date: 5-18-90
1st Delivery Date: 9-21-90
Perf'd Interval: 2963-2965, 2977-2995, 2999-3011

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 aurally 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 #255 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 227 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 3058 feet and cemented in two stages to surface with 745 sacks cement. After drilling out to PBTD of 3056' the lower coal zone was perforated from 2963'-3011' with 4 shots per foot and fracture stimulated with 260,000# 20/40 sand, 1.1 MMSCF N2 and 27,000 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 223 MCFD and 423 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 21, 1990. The current deliverability for the well against a 150# line pressure is 70 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.53 Bcf.

Net Pay: 52 ft
Drainage area: 160 acres
Gas Content: 186 SCF/ton
Tonnage Factor: 2037 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$272,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 244 MCFD, Current - 58 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 8.2 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

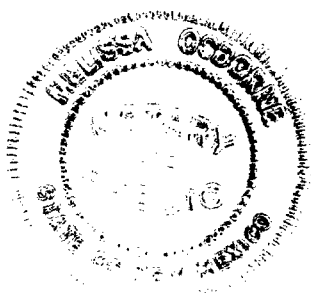
BEFORE ME, the undersigned authority on this day personally appeared Bill Hering, District Petroleum Engineer, known to me to be the person whose name is subscribed to this instrument, who, having been by me first duly sworn, upon oath states as follows:

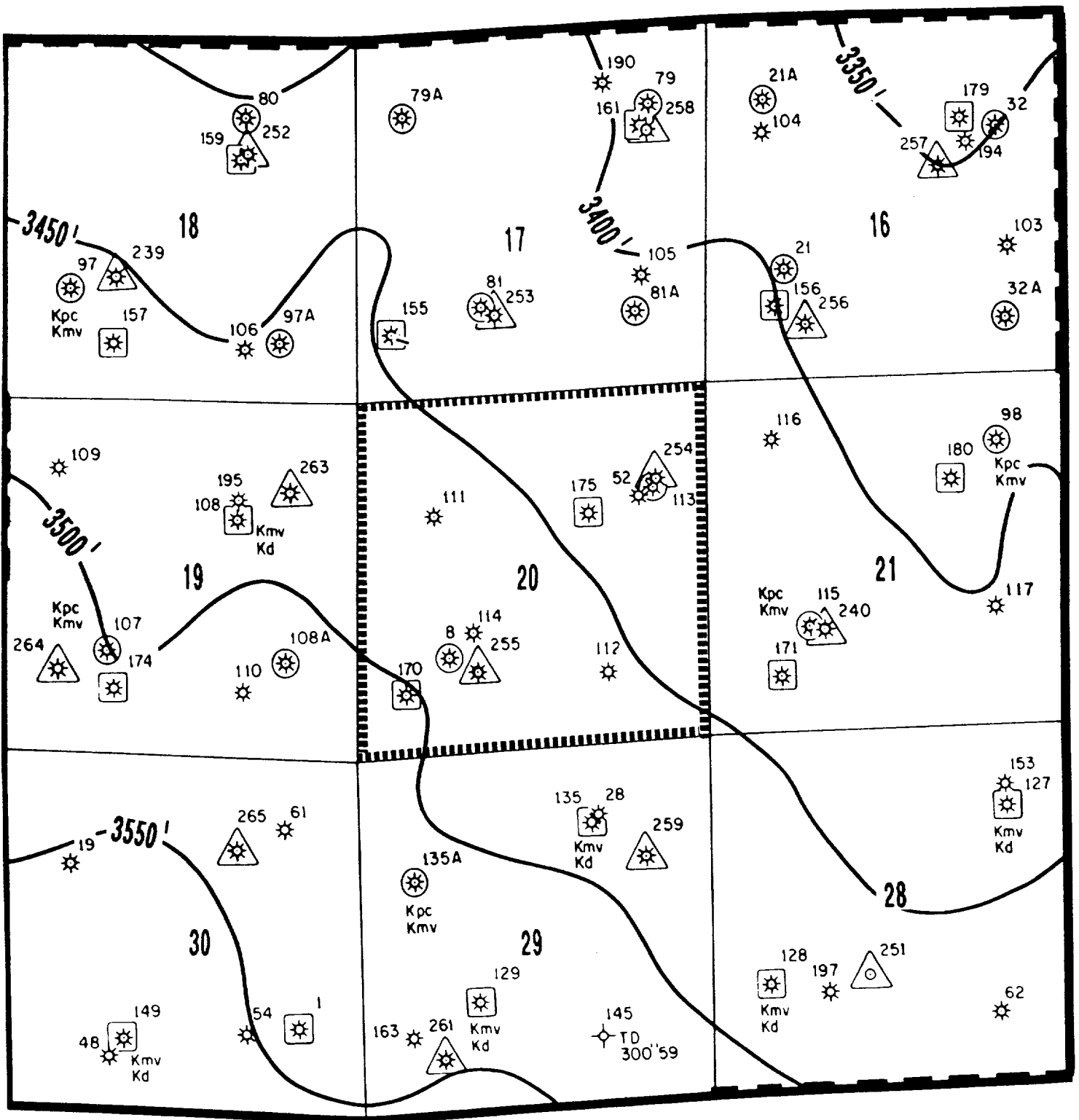
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in Section 20, T27N-R6W, comprising 640 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied is true.
- 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.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Godwin
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:
7/11/92





PRODUCING INTERVAL

★	FARMINGTON	Kfm	
★	KIRTLAND	Kk	
▲	FRUITLAND	Kf	
★	PICTURED CLIFFS	Kpc	
⊙	CHACRA	Kc	
⊙	LA VENTANA	Klv	
⊙	MESAVERDE	Kmv	{ Kpc CLIFFHOUSE Kmv WENEFEE Kd POINT LOOKOUT
⊙	GALLUP	Kg	
⊙	DAKOTA	Kd	

⊙	TOCITO	{ Kpc CLIFFHOUSE Kmv WENEFEE Kd POINT LOOKOUT
⊙	GREENHORN	

UNOCAL

NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT

RIO ARRIBA COUNTY, NEW MEXICO

STRUCTURE

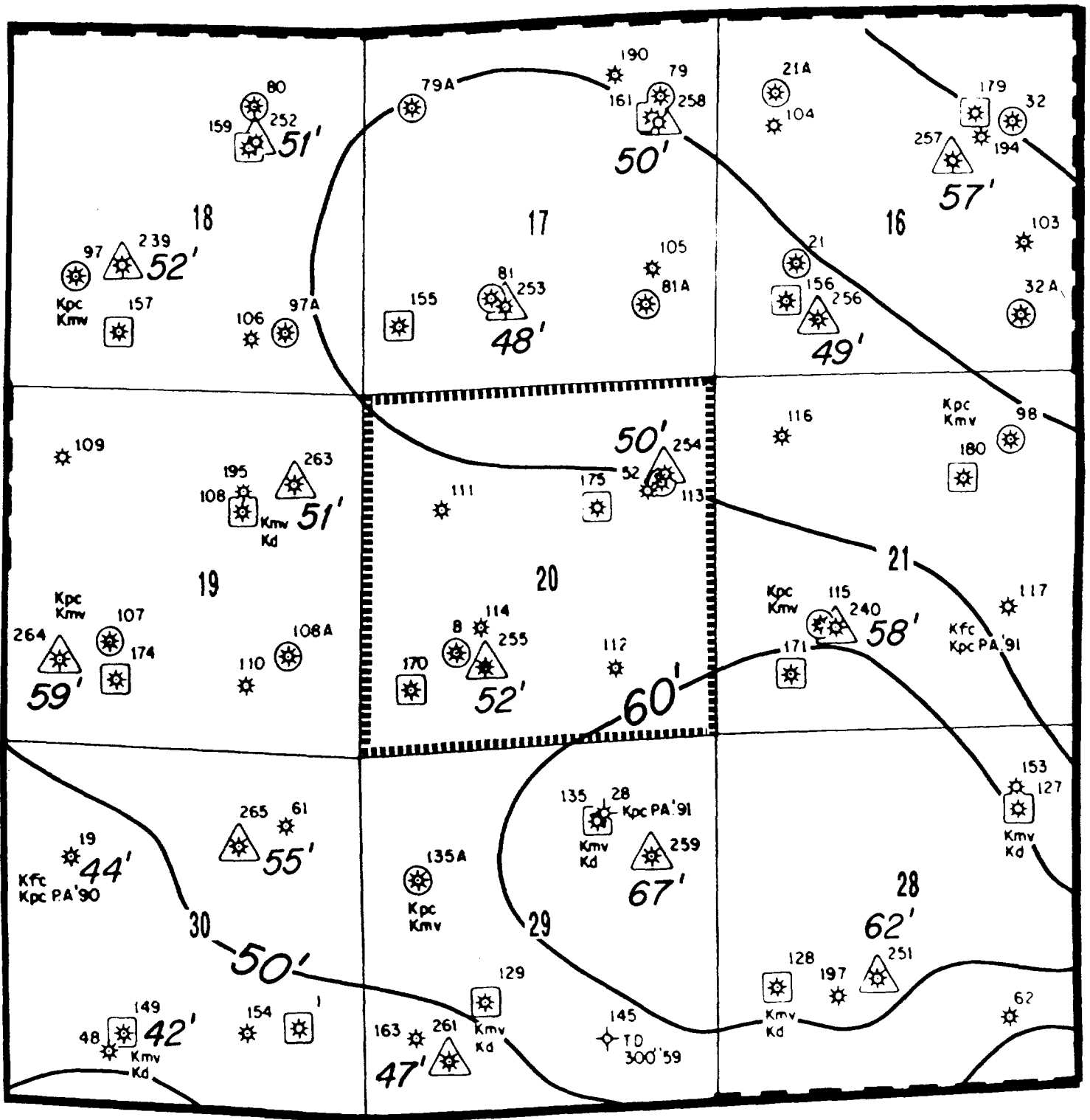
BASE OF FRUITLAND COAL

RINCON UNIT # 255

S 1/4 SEC. 20 -T27N R6W

INTERP BY **D.V.H.** SCALE **2 1/2" = 1 Mi.** E: 50'

DRAFT BY _____ DATE **9-26-90** FILE NO. (A)B.C.



PRODUCING INTERVAL

●	FARMINGTON	Kfm	
○	KIRTLAND	Kk	
⊖	FRUITLAND	Kf	
⊙	PICTURED CLIFFS	Kpc	
⊕	CHACRA	Kc	
⊗	LA VENTANA	Klv	
⊘	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Kch MENEPEE Kch POINT LOOKOUT
⊙	GALLUP	Kg	
⊚	DAKOTA	Kd	

UNOCAL

NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT

RIO ARRIBA COUNTY, NEW MEXICO

ISOPACH

FRUITLAND COAL

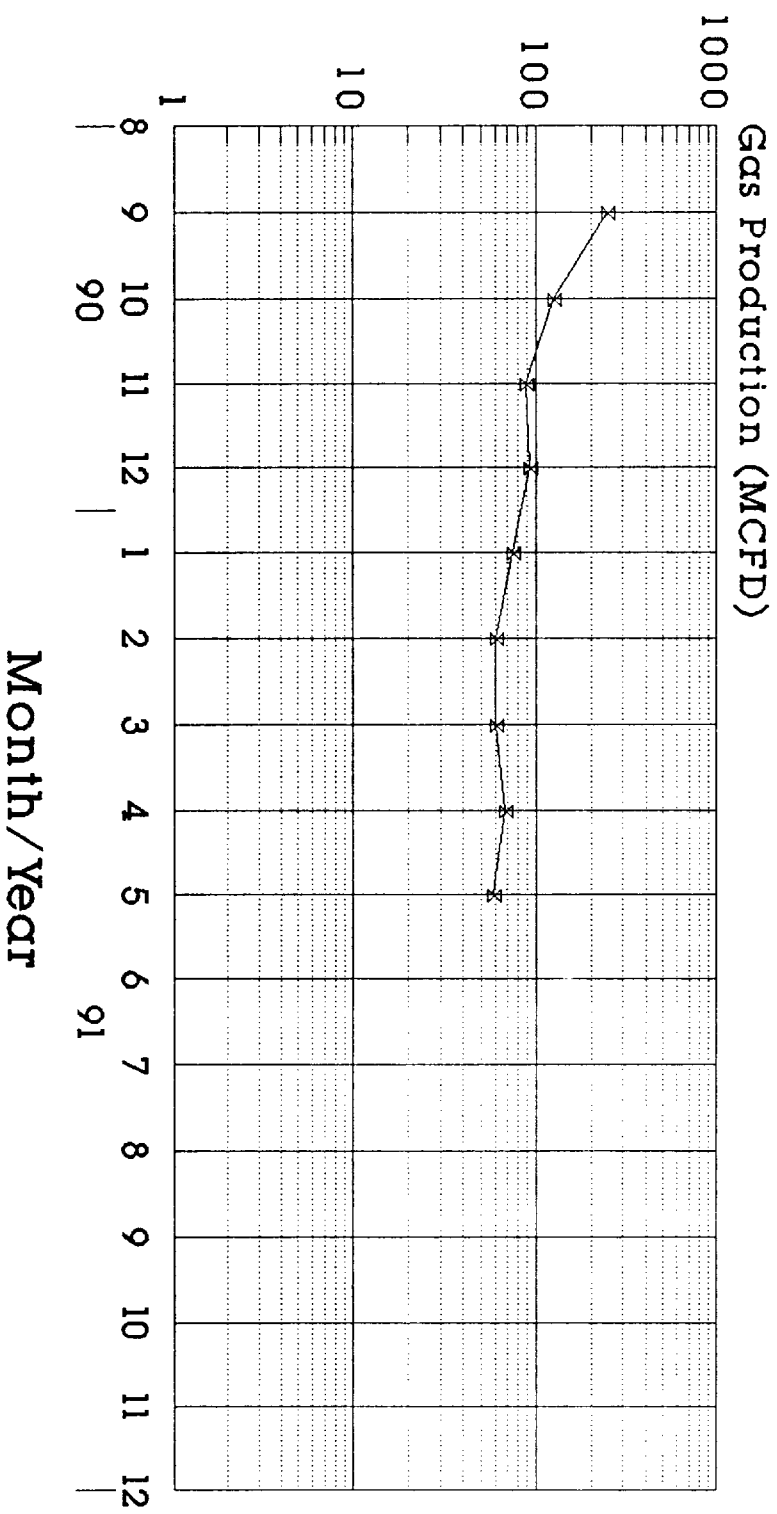
RINCON UNIT # 255

S½ SEC. 20 -T27N R6W

INTERP BY D.V.H.	SCALE 2 1/2" = 1 Mi. 1" = 10'
DRAFT BY	DATE 9-26-90 PREP NO. (A) 101

RINCCON UNIT #255

RIO ARRIIBA COUNTY, NEW MEXICO



Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #255 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE			
FIELD	:	BASIN FRUITLAND COAL			PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:				UNDISCOUNTED	-0.47	0.25	RATE (%)	(M\$)	(M\$)
FORMATION	:	FRUITLAND COAL			DISC @ 10.0%	-0.67	-0.13			
TOTAL DEPTH:					DISC @ 15.0%	-0.72	-0.23	0.0	-118.	62.
OPERATOR	:	Unocal			INV EFF RATIO (IER):			5.0	-149.	6.
AFE #	:				UNDISCOUNTED	-0.47	0.30	10.0	-168.	-32.
LIFE (YRS)	:	29.9			DISC @ 10.0%	-0.67	-0.15	15.0	-180.	-58.
					DISC @ 15.0%	-0.72	-0.28	20.0	-188.	-76.
WI		ORI	GRI	DATE				25.0	-194.	-91.
100.00000		80.99870	80.99870	APR 1990	PAYOUT (YEARS)	*	8.2			
					RATE OF RETURN (%)	-1000.0	5.7			
								DISCOUNT DATE	:	APR 1990
								DISCOUNT METHOD:		EFFECTIVE MON

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		318.
GAS	(\$/MCF)	2.12	1.42	1.46	DRY HOLE	0.	0.	EXPENSES:		
NGL	(\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)		106.
SULPHUR	(\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER		0.
\$EQUIV BOE RATIO		6.00	6.00	6.00	PLATFORM	0.	0.	PLANT		0.
					FACILITIES	0.	0.	SEV & ADVAL TAXES		46.
					PIPELINE	0.	0.	INDIRECT		9.
					PLANT	0.	0.	OVERHEAD		23.
					GATHERING	0.	0.	NET ABAND/SALV		0.
					MISC INTAN	164.	164.	NET INVESTMENTS		252.
OPEX	(\$/BOE)		2.36	2.91	MISC TAN	88.	88.	BTAX CASH FLOW		-118.
OPEX	(\$/BO\$E)		6.18	7.63	TOTAL	252.	252.	INCOME TAXES PAID		-180.
F&D	(\$/BOE)		5.60	6.91	DISC @ 10.0%	250.	250.	ATAX CASH FLOW		62.
F&D	(\$/BO\$E)		14.66	18.09				ATAX DISC @ 10.0%		-32.
ATAX CF	(\$/BOE)			1.71						
ATAX CF	(\$/BO\$E)			4.48						

RESERVES & PRODUCTION					ASSUMPTIONS & REMARKS				
		GROSS				NET			
		REMAIN	ULT			REMAIN	ULT		
OIL	(MBBLS)	0.	0.			0.	0.		
GAS	(MMCF)	270.	270.			219.	219.		
NGL	(MBBLS)	0.	0.			0.	0.		
SULPHUR	(MTONS)	0.	0.			0.	0.		
EQUIVALENT RESERVES:									
BTU	(MBOE)	45.	45.			36.	36.		
VALUE	(MBO\$E)	17.	17.			14.	14.		

INITIAL RATE:
OIL (BBLS/DAY) 0.
GAS (MCF/DAY) 74.
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

DATE: 06/21/91 TIME: 09:35:16 RPT FILE: 4 PG # 1 PRJ FILE: P.A. EVAL # 21

GLOBAL FILE: \$UNOCAL1

EVALUATION #21 IN PROJECT FILE "P.A. " 06/21/91 09:34:41

10 IDENT "30 25 U091205 " " "
20 DATES APR 1990 APR 1990 SEP 1990
30 NAME "RINCON U. #255 - FT TAXCR "
40 FIELD "BASIN FRUITLAND COAL "
50 CNTYSTATE "NEW MEXICO "
60 FORMATION "FRUITLAND COAL "
70 OPERATOR "UNOCAL "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
130 COMMENT "FIRST 9 MONTHS = ACTUAL PROD. "
140 GPROD P MON 2.22 3.86 2.628 2.874 2.322 1.675 1.871 1.685 1.796
160 GPROD * EXP * * * 28. 5.
170 GPROD * EXP * * * 10. 25.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 88000. 0. 0.
220 INTAN I MON 164000. 0.
230 COMMENT "FIRST 9 MONTHS = ACTUAL GAS PRICES "
240 PRGAS P MON 1.8 1.41 1.89 2.09 2.1 1.6 1.34 1.05 1.05
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT "
20 COMMENT "TO 2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
11C FACTOR 0.809987 TEMP2
12C CADD TAXCR TEMP2
13C FACTOR 0.001 TEMP2
*** END OF INSERT FILE

GLOBAL FILE: \$UNOCAL2

NAME : RINCON U. #255 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE \$/BBL	NET REV OIL + COND M\$	EFFECTIVE GAS PRICE \$/MCF	NET GAS REVENUE M\$	NET TOTAL REVENUE M\$
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(9MO)1990	0.0	0.0	11.6	9.4	1.6	0.00	0.0	2.08	19.5	19.5
1991	0.0	0.0	20.8	16.9	2.8	0.00	0.0	1.56	26.3	26.3
1992	0.0	0.0	17.5	14.2	2.4	0.00	0.0	1.42	20.1	20.1
1993	0.0	0.0	15.8	12.8	2.1	0.00	0.0	1.42	18.1	18.1
1994	0.0	0.0	14.5	11.7	2.0	0.00	0.0	1.42	16.6	16.6
1995	0.0	0.0	13.5	10.9	1.8	0.00	0.0	1.42	15.4	15.4
1996	0.0	0.0	12.5	10.1	1.7	0.00	0.0	1.42	14.4	14.4
1997	0.0	0.0	11.8	9.5	1.6	0.00	0.0	1.42	13.5	13.5
1998	0.0	0.0	11.2	9.1	1.5	0.00	0.0	1.42	12.8	12.8
1999	0.0	0.0	10.6	8.6	1.4	0.00	0.0	1.42	12.2	12.2
2000	0.0	0.0	10.1	8.2	1.4	0.00	0.0	1.42	11.6	11.6
2001	0.0	0.0	9.6	7.8	1.3	0.00	0.0	1.42	11.0	11.0
2002	0.0	0.0	9.1	7.4	1.2	0.00	0.0	1.42	10.5	10.5
2003	0.0	0.0	8.7	7.0	1.2	0.00	0.0	1.42	9.9	9.9
2004	0.0	0.0	8.2	6.7	1.1	0.00	0.0	1.42	9.4	9.4
SUB TOTAL	0.0	0.0	185.5	150.2	25.0	0.00	0.0	1.47	221.4	221.4
REMAINDER	0.0	0.0	84.5	68.5	11.4	0.00	0.0	1.42	96.9	96.9
TOT 29.9 YR	0.0	0.0	270.0	218.7	36.4	0.00	0.0	1.46	318.3	318.3

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(9MO)1990	1.2	0.0	1.2	2.3	0.4	252.0	-236.3	-53.0	-183.3	-183.3
1991	3.6	0.0	3.6	3.6	1.1	0.0	18.0	-21.8	39.8	-143.5
1992	3.6	0.0	3.6	2.9	1.1	0.0	12.5	-18.9	31.4	-112.1
1993	3.6	0.0	3.6	2.7	1.1	0.0	10.8	-16.5	27.3	-84.9
1994	3.6	0.0	3.6	2.4	1.1	0.0	9.5	-14.7	24.2	-60.6
1995	3.6	0.0	3.6	2.3	1.1	0.0	8.5	-13.1	21.5	-39.1
1996	3.6	0.0	3.6	2.1	1.1	0.0	7.6	-10.2	17.7	-21.4
1997	3.6	0.0	3.6	2.0	1.1	0.0	6.8	-8.3	15.2	-6.2
1998	3.6	0.0	3.6	1.9	1.1	0.0	6.3	-6.6	12.9	6.7
1999	3.6	0.0	3.6	1.8	1.1	0.0	5.7	-6.4	12.1	18.8
2000	3.6	0.0	3.6	1.7	1.1	0.0	5.2	-6.1	11.3	30.1
2001	3.6	0.0	3.6	1.6	1.1	0.0	4.7	-5.9	10.6	40.7
2002	3.6	0.0	3.6	1.5	1.1	0.0	4.2	-5.7	9.9	50.7
2003	3.6	0.0	3.6	1.5	1.1	0.0	3.8	1.4	2.4	53.0
2004	3.6	0.0	3.6	1.4	1.1	0.0	3.4	1.3	2.1	55.1
SUB TOTAL	51.6	0.0	51.6	31.6	15.5	252.0	-129.4	-184.5	55.1	55.1
REMAINDER	54.6	0.0	54.6	14.2	16.4	0.0	11.7	4.4	7.3	62.4
TOT 29.9 YR	106.2	0.0	106.2	45.9	31.9	252.0	-117.7	-180.1	62.4	62.4

WELL NAME : RINCON U. #255 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 COUNTY, STATE: NEW MEXICO
 FORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL OPER EXP	GROSS NUMBER OF WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	M\$	M\$		MBBLS	\$/BBL	M\$	M-TONS	M\$	M\$	M\$
(9MO)1990	252.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	252.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	54.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 29.9 YR	252.0	106.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
(9MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.6	0.0	3.3
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.6	0.0	9.8
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.4	0.0	9.8
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.0	0.0	9.8
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.9	0.0	9.8
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.9	0.0	6.6
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.9	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9	0.0	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	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	88.0	0.0	49.2
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 29.9 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	88.0	0.0	49.2

PF:P.A.
EVAL #: 21

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

DATE: 06/21/91
TIME: 09:35:19
PAGE: 4

NAME : RINCON U. #255 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(9MO)1990	13666.8	9.3	0.840	0.000	9.3
1991	24599.1	16.7	0.840	0.000	16.7
1992	20683.4	14.1	0.840	0.000	14.1
1993	18617.0	12.7	0.840	0.000	12.7
1994	17072.9	11.6	0.840	0.000	11.6
1995	15877.8	10.8	0.840	0.000	10.8
1996	14767.4	10.0	0.840	0.000	10.0
1997	13902.7	9.5	0.840	0.000	9.5
1998	13207.6	9.0	0.840	0.000	9.0
1999	12547.2	8.5	0.840	0.000	8.5
2000	11919.8	8.1	0.840	0.000	8.1
2001	11323.8	7.7	0.840	0.000	7.7
2002	10757.6	7.3	0.840	0.000	7.3
2003	10219.7	0.0	0.000	0.000	0.0
2004	9708.8	0.0	0.000	0.000	0.0
SUB TOTAL	218871.4	135.4	0.840	0.000	135.4
REMAINDER	99732.2	0.0	0.000	0.000	0.0
TCT 29.9 YR	318603.7	135.4	0.840	0.000	135.4

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 6 WEST, N.M.P.M.

Section 16: 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 #256 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #256 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 nine months of actual production history from the Rincon Unit #256 well which first delivered on September 21, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #256
Location: 790'FSL, 1500'FWL, Sec 16, T27N, R6W
Elevation: 6651' GL
Total Depth: 3320'
Lease Number: E-290-28
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 5-29-90
Completion Date: 6-16-90
1st Delivery Date: 9-21-90
Perf'd Interval: 3167, 3170-3173, 3223-3226, 3228-3230,
3234-3236, 3238-3253, 3256-3268.

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 aeriually 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 #256 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 360 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 3320 feet. A failed DV Tool during the initial cement job required the production casing to be cemented in four stages with a total of 989 sacks of cement. After drilling out to PBTD of 3320' the upper and lower coal zones were perforated from 3167'-3268' with 4 shots per foot and fracture stimulated with 320,000# 20/40 sand, 1.5 MMSCF N2 and 38,300 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 628 MCFD and 310 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 21, 1990. The current deliverability for the well against a 150# line pressure is 110 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.46 Bcf.

Net Pay: 49 ft
Drainage area: 160 acres
Gas Content: 169 SCF/ton
Tonnage Factor: 2077 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$423,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 326 MCFD, Current - 73 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 11.5 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

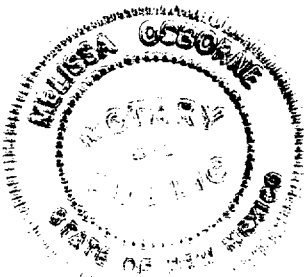
BEFORE ME, the undersigned authority on this day personally appeared Bill Hering, District Petroleum Engineer, known to me to be the person whose name is subscribed to this instrument, who, having been by me first duly sworn, upon oath states as follows:

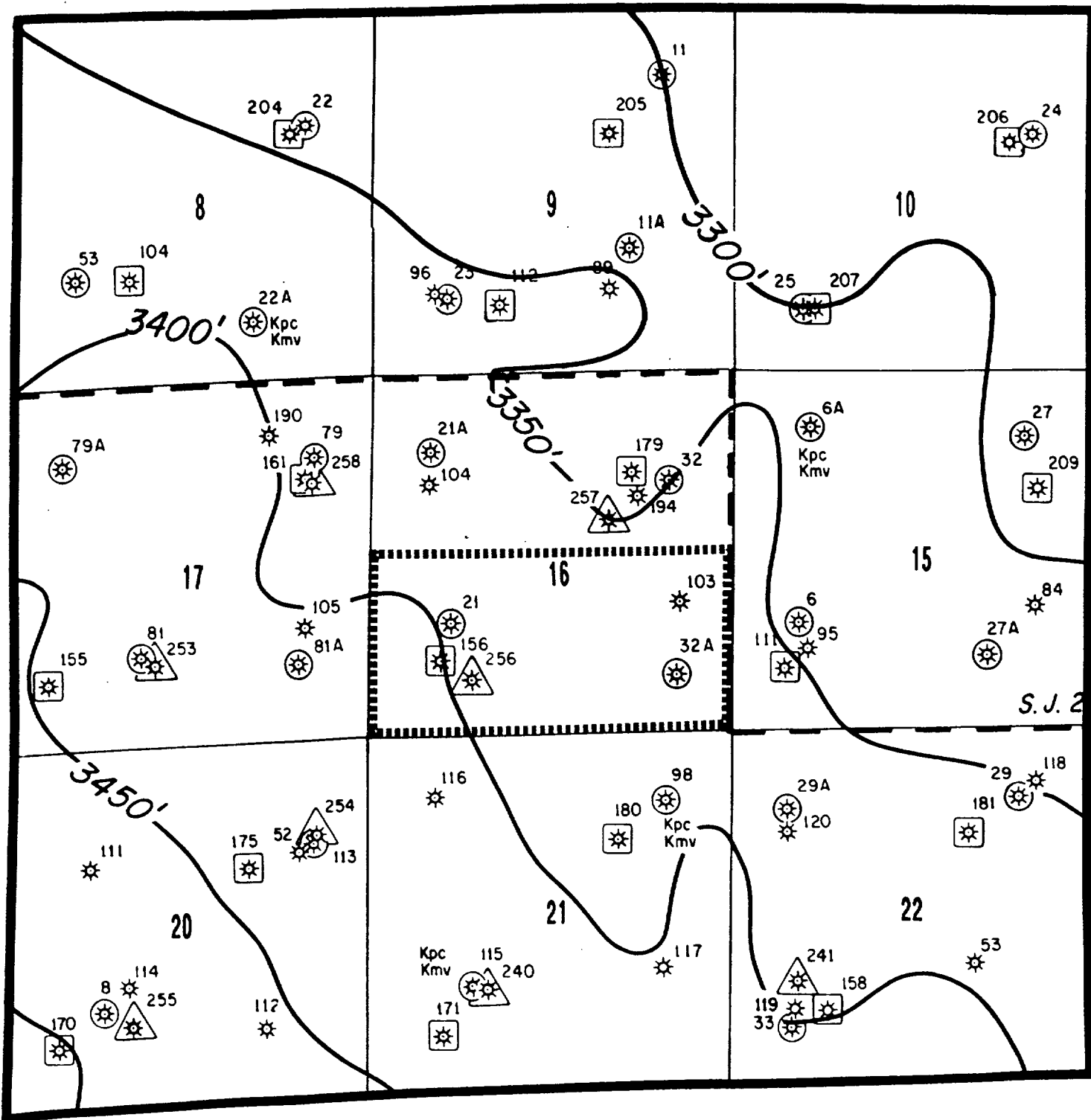
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the S/2 Section 16, T27N-R6W, comprising 320 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied 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.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Osborne
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:
1/1/92





PRODUCING INTERVAL

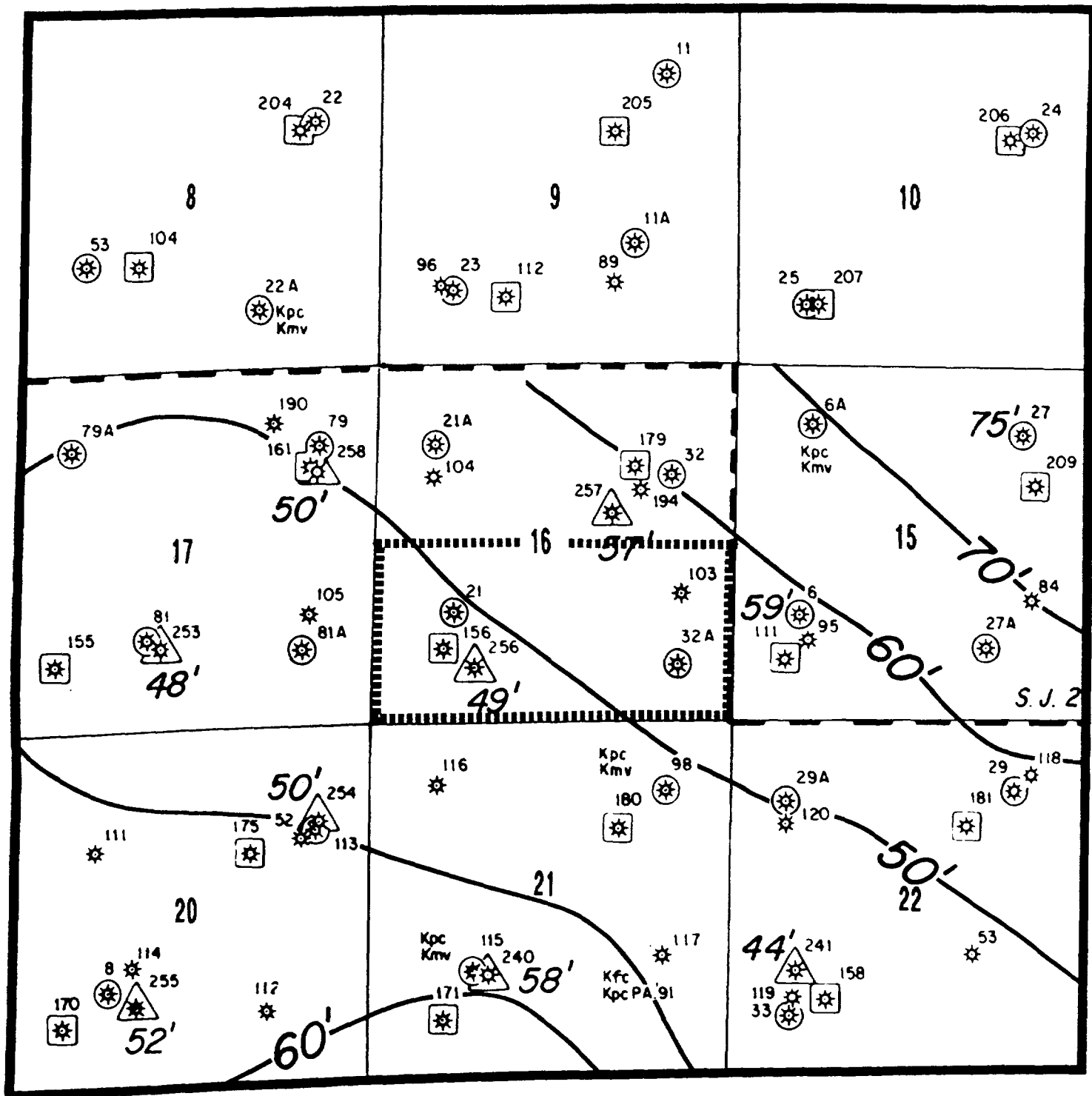
★	FARMINGTON	Kfm		
★	KIRTLAND	Kk		
▲	FRUITLAND	Kf		
★	PICTURED CLIFFS	Kpc		
★	CHACRA	Kc		
★	LA VENTANA	Klv		
★	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Km MENEPEE Kpl POINT LOOKOUT }	
◆	GALLUP	Kgl		{ Kt TOCITO Kgh GREENHORN }
★	DAKOTA	Kd		

UNOCAL

NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT
RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
BASE OF FRUITLAND COAL
RINCON UNIT # 256
S 1/2 SEC. 16 - T27N R6W

INTERP BY D.V.H.	SCALE $2\frac{1}{2}" = 1$ Mi. C.I. 50'
DRAFT BY	DATE 9-26-90 FILE NO. (A) B 4



PRODUCING INTERVAL

☉	FARMINGTON	Kfm	
☉	KIRTLAND	Kk	
△	FRUITLAND	Kf	
☉	PICTURED CLIFFS	Kpc	
☉	CHACRA	Kc	
☉	LA VENTANA	Klv	
☉	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Km MENEFEE Kpl POINT LOOKOUT
☉	SALLUP	Ksl	
☉	OKOTA	Ko	{ Kt TOCITO Kgh GREENHORN

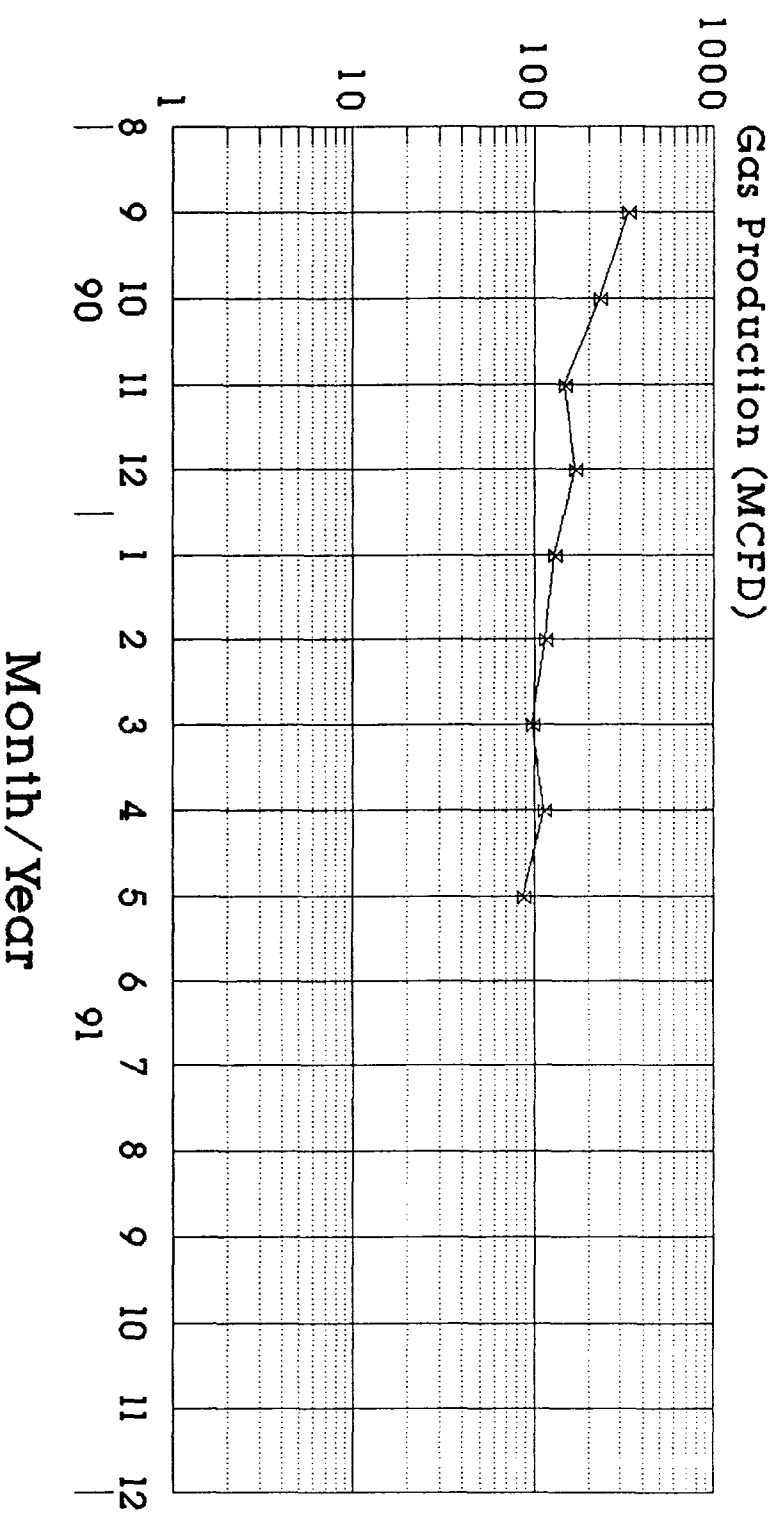
UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
FRUITLAND COAL
RINCON UNIT # 256
½ SEC. 16 -T27N R6W

INTERP BY	D.V.H.	SCALE	2 1/2" = 1 Mi. CI 10'
DRAFT BY	DATE	9-26-90	P&G NO 1A18A

RINCON UNIT #256

RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico
PROJECT NAME: RINCON U. #256 - FT TAXCR LOCATION:
BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE			
FIELD	:	BASIN FRUITLAND COAL			PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:				UNDISCOUNTED	-0.53	0.07	RATE (%)	(M\$)	(M\$)
FORMATION	:	FRUITLAND COAL			DISC @ 10.0%	-0.69	-0.21			
TOTAL DEPTH:					DISC @ 15.0%	-0.73	-0.29	0.0	-214.	30.
OPERATOR	:	Unocal			INV EFF RATIO (IER):			5.0	-254.	-39.
AFE #	:				UNDISCOUNTED	-0.53	0.09	10.0	-278.	-84.
LIFE (YRS)	:	31.8			DISC @ 10.0%	-0.69	-0.25	15.0	-293.	-115.
					DISC @ 15.0%	-0.73	-0.35	20.0	-303.	-138.
								25.0	-310.	-156.
WI		ORI	GRI	DATE	PAYOUT (YEARS)	*	11.5			
100.00000		80.99870	80.99870	JUN 1990	RATE OF RETURN (%)	-1000.0	1.9	DISCOUNT DATE	:	JUN 1990
								DISCOUNT METHOD:		EFFECTIVE MON

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		392.
GAS	(\$/MCF)	2.42	1.42	1.50	DRY HOLE	0.	0.	EXPENSES:		
NGL	(\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)		114.
SULPHUR	(\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER		0.
\$EQUIV BOE RATIO		6.00	6.00	6.00	PLATFORM	0.	0.	PLANT		0.
					FACILITIES	0.	0.	SEV & ADVAL TAXES		55.
					PIPELINE	0.	0.	INDIRECT		9.
					PLANT	0.	0.	OVERHEAD		25.
					GATHERING	0.	0.	NET ABAND/SALV		0.
					MISC INTAN	262.	262.	NET INVESTMENTS		403.
					MISC TAN	141.	141.	BTAX CASH FLOW		-214.
					TOTAL	403.	403.	INCOME TAXES PAID		-244.
					DISC @ 10.0%	400.	400.	ATAX CASH FLOW		30.
								ATAX DISC @ 10.0%		-84.

RESERVES & PRODUCTION					ASSUMPTIONS & REMARKS				
		GROSS				NET			
		REMAIN	ULT			REMAIN	ULT		
OIL	(MBBLS)	0.	0.			0.	0.		
GAS	(MMCF)	323.	323.			262.	262.		
NGL	(MBBLS)	0.	0.			0.	0.		
SULPHUR	(MTONS)	0.	0.			0.	0.		

EQUIVALENT RESERVES:				
BTU	(MBOE)	54.	54.	44.
VALUE	(MBO\$E)	21.	21.	17.

INITIAL RATE:
OIL (BBLS/DAY) 0.
GAS (MCF/DAY) 99.
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

GLOBAL FILE: \$UNOCAL1

EVALUATION #22 IN PROJECT FILE "P.A. " 06/21/91 10:11:05

10 IDENT "30 25 U091205 " " "
20 DATES JUN 1990 JUN 1990 SEP 1990
30 NAME "RINCON U. #256 - FT TAXCR "
40 FIELD "BASIN FRUITLAND COAL "
50 CNTYSTATE "NEW MEXICO "
60 FORMATION "FRUITLAND COAL "
70 OPERATOR "UNOCAL "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
130 COMMENT "FIRST 9 MONTHS = ACTUAL PROD. "
140 GPROD P MON 2.957 7.038 4.227 5.218 3.995 3.226 3.012 2.908 2.66
150 GPROD * EXP * * * 60. 4.
160 GPROD * EXP * * * 28. 5.
170 GPROD * EXP * * * 10. 25.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 141000. 0. 0.
220 INTAN I MON 262000. 0.
230 COMMENT "FIRST 9 MONTHS = ACTUAL GAS PRICES "
240 PRGAS P MON 2.05 1.74 2.07 2.35 2.35 1.74 1.44 1.12 1.12
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT "
20 COMMENT "TO 2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE

GLOBAL FILE: \$UNOCAL2

NAME : RINCON U. #256 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(7MO)1990	0.0	0.0	19.4	15.7	2.6	0.00	0.0	2.39	37.6	37.6
1991	0.0	0.0	30.6	24.8	4.1	0.00	0.0	1.67	41.4	41.4
1992	0.0	0.0	19.9	16.1	2.7	0.00	0.0	1.42	22.8	22.8
1993	0.0	0.0	17.8	14.4	2.4	0.00	0.0	1.42	20.5	20.5
1994	0.0	0.0	16.2	13.1	2.2	0.00	0.0	1.42	18.6	18.6
1995	0.0	0.0	15.0	12.2	2.0	0.00	0.0	1.42	17.3	17.3
1996	0.0	0.0	14.0	11.3	1.9	0.00	0.0	1.42	16.0	16.0
1997	0.0	0.0	13.1	10.6	1.8	0.00	0.0	1.42	15.0	15.0
1998	0.0	0.0	12.4	10.1	1.7	0.00	0.0	1.42	14.3	14.3
1999	0.0	0.0	11.8	9.6	1.6	0.00	0.0	1.42	13.5	13.5
2000	0.0	0.0	11.2	9.1	1.5	0.00	0.0	1.42	12.9	12.9
2001	0.0	0.0	10.7	8.6	1.4	0.00	0.0	1.42	12.2	12.2
2002	0.0	0.0	10.1	8.2	1.4	0.00	0.0	1.42	11.6	11.6
2003	0.0	0.0	9.6	7.8	1.3	0.00	0.0	1.42	11.0	11.0
2004	0.0	0.0	9.1	7.4	1.2	0.00	0.0	1.42	10.5	10.5
SUB TOTAL	0.0	0.0	221.0	179.0	29.8	0.00	0.0	1.54	275.1	275.1
REMAINDER	0.0	0.0	101.9	82.5	13.8	0.00	0.0	1.42	116.9	116.9
TOT 31.8 YR	0.0	0.0	322.9	261.6	43.6	0.00	0.0	1.50	392.0	392.0

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(7MO)1990	1.2	0.0	1.2	4.0	0.4	403.0	-371.0	-82.8	-288.2	-288.2
1991	3.6	0.0	3.6	5.5	1.1	0.0	31.3	-31.8	63.1	-225.1
1992	3.6	0.0	3.6	3.3	1.1	0.0	14.8	-25.7	40.5	-184.7
1993	3.6	0.0	3.6	3.0	1.1	0.0	12.8	-22.1	34.9	-149.8
1994	3.6	0.0	3.6	2.7	1.1	0.0	11.2	-19.5	30.7	-119.1
1995	3.6	0.0	3.6	2.5	1.1	0.0	10.0	-17.0	27.1	-92.0
1996	3.6	0.0	3.6	2.4	1.1	0.0	9.0	-12.6	21.6	-70.4
1997	3.6	0.0	3.6	2.2	1.1	0.0	8.1	-9.8	17.9	-52.5
1998	3.6	0.0	3.6	2.1	1.1	0.0	7.5	-7.1	14.6	-37.9
1999	3.6	0.0	3.6	2.0	1.1	0.0	6.9	-6.9	13.7	-24.1
2000	3.6	0.0	3.6	1.9	1.1	0.0	6.3	-6.6	12.9	-11.2
2001	3.6	0.0	3.6	1.8	1.1	0.0	5.7	-6.4	12.1	0.9
2002	3.6	0.0	3.6	1.7	1.1	0.0	5.2	-6.1	11.4	12.2
2003	3.6	0.0	3.6	1.6	1.1	0.0	4.7	1.8	2.9	15.2
2004	3.6	0.0	3.6	1.5	1.1	0.0	4.3	1.6	2.6	17.8
SUB TOTAL	51.6	0.0	51.6	38.2	15.5	403.0	-233.2	-251.0	17.8	17.8
REMAINDER	62.1	0.0	62.1	17.1	18.7	0.0	19.0	7.2	11.8	29.6
TOT 31.8 YR	113.7	0.0	113.7	55.4	34.2	403.0	-214.3	-243.8	29.6	29.6

NAME : RINCON U. #256 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
COUNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	M\$	M\$		MBBLS	\$/BBL	M\$	M-TONS	M\$	M\$	M\$
(7MO)1990	403.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	403.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	62.1	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 31.8 YR	403.0	113.7	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
(7MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.1	0.0	5.2
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34.5	0.0	15.7
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.7	0.0	15.7
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.6	0.0	15.7
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.6	0.0	15.7
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.6	0.0	10.5
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.6	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	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	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	141.0	0.0	78.6
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 31.8 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	141.0	0.0	78.6

PF:P.A.
EVAL #: 22

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

DATE: 06/21/91
TIME: 10:11:43
PAGE: 4

NAME : RINCON U. #256 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(7MO)1990	22939.2	15.6	0.840	0.000	15.6
1991	36125.0	24.6	0.840	0.000	24.6
1992	23454.6	16.0	0.840	0.000	16.0
1993	21039.9	14.3	0.840	0.000	14.3
1994	19107.4	13.0	0.840	0.000	13.0
1995	17751.0	12.1	0.840	0.000	12.1
1996	16508.5	11.2	0.840	0.000	11.2
1997	15443.6	10.5	0.840	0.000	10.5
1998	14661.4	10.0	0.840	0.000	10.0
1999	13928.4	9.5	0.840	0.000	9.5
2000	13231.9	9.0	0.840	0.000	9.0
2001	12570.3	8.6	0.840	0.000	8.6
2002	11941.8	8.1	0.840	0.000	8.1
2003	11344.7	0.0	0.000	0.000	0.0
2004	10777.5	0.0	0.000	0.000	0.0
SUB TOTAL	260825.3	162.4	0.840	0.000	162.4
REMAINDER	120243.8	0.0	0.000	0.000	0.0
TOT 31.8 YR	381069.1	162.4	0.840	0.000	162.4

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 6 WEST, N.M.P.M.

Section 16: North/2

Containing 320 acres, more or less

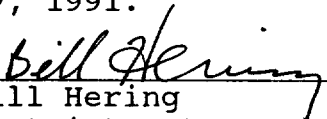
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 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 #257 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #257 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 #257 well which first delivered on September 6, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #257
Location: 2223'FNL, 1837'FEL, Sec 16, T27N, R6W
Elevation: 6528' GL
Total Depth: 3238'
Lease Number: E-290-28
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 4-3-90
Completion Date: 5-18-90
1st Delivery Date: 9-6-90
Perf'd Interval: 3136-3144, 3153-3156, 3162-3183.

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 #257 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 223 feet and cemented with 200 sacks to surface. Production casing measuring 4-1/2" was then set at 3238 feet and cemented in two stages to surface with 820 sacks cement. After drilling out to PBTD of 3237' the lower coal zone was perforated from 3136'- 3183' with 4 shots per foot and fracture stimulated with 240,000# 20/40 sand, 9000# 100 mesh sand, 1.10 MMSCF N2 and 25,210 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 229 MCFD and 363 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 6, 1990. The current deliverability for the well against a 150# line pressure is 73 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.49 Bcf.

Net Pay: 57 ft
Drainage area: 160 acres
Gas Content: 160 SCF/ton
Tonnage Factor: 1996 tons/acre-feet (from density log)
Recovery Factor: 17 %

Economics

Completion Cost: \$289,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 178 MCFD, Current - 65 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 8.4 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

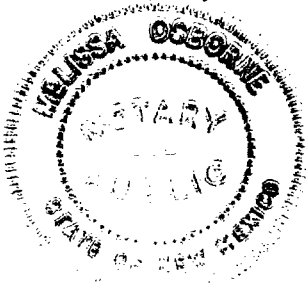
BEFORE ME, the undersigned authority on this day personally appeared Bill Hering, District Petroleum Engineer, known to me to be the person whose name is subscribed to this instrument, who, having been by me first duly sworn, upon oath states as follows:

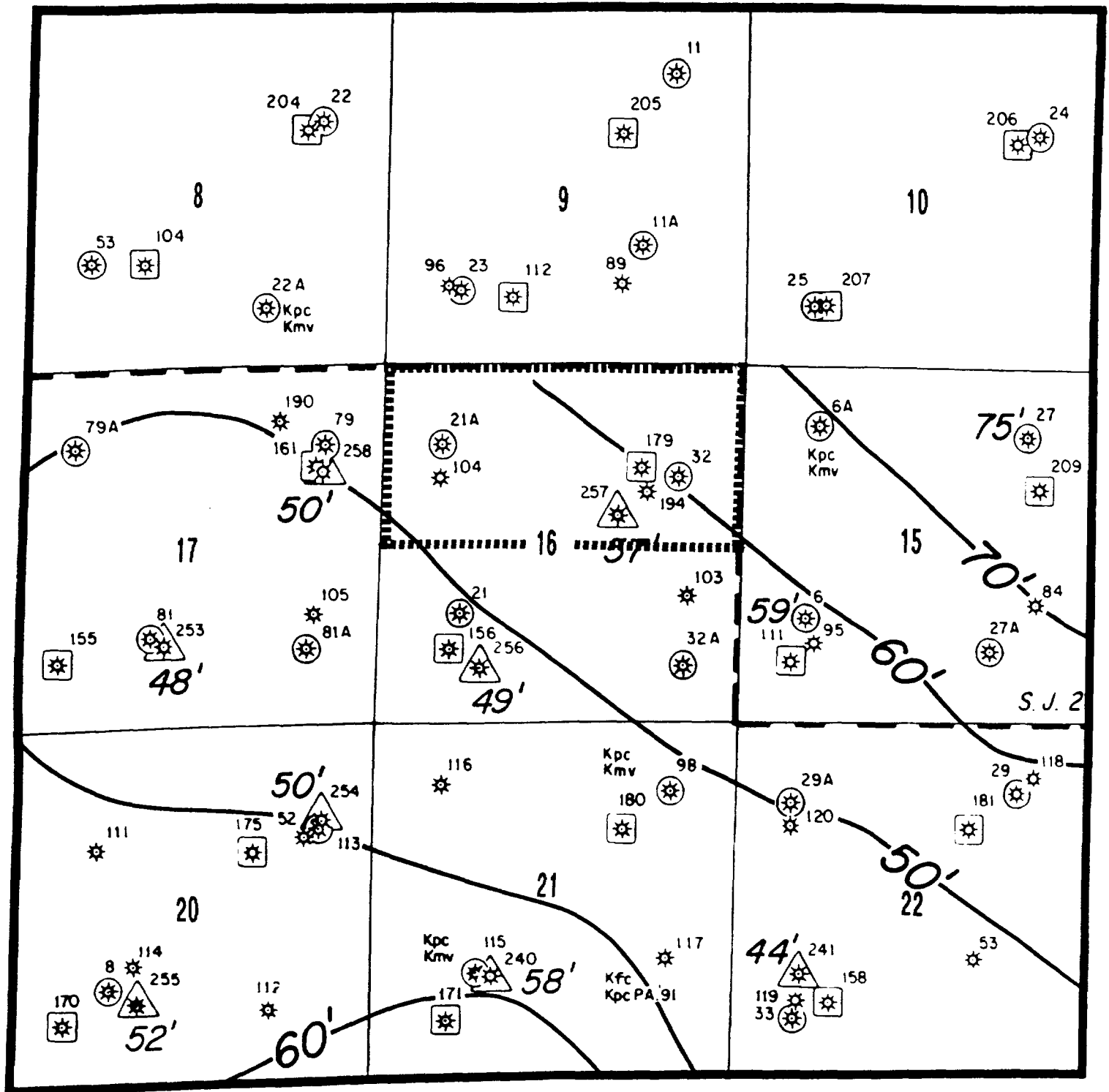
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the N/2 Section 16, T27N-R6W, comprising 320 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied 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.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Osborne
Notary Public in and for
San Juan County, New Mexico

My Commission Expires: 7/1/92





PRODUCING INTERVAL

☉	FARMINGTON	Kfm	
☉	KIRTLAND	Kk	
☉	FRUITLAND	Kf	
☉	PICTURED CLIFFS	Kpc	
☉	CHACRA	Kc	
☉	LA VENTANA	Kiv	
☉	MESAVERDE	Kmv	
☉	SALLUP	Kpl	{ Kch CLIFFHOUSE Km MENESEE Kpl POINT LOOKOUT
☉	DAKOTA	Kd	
			{ Kf TOCITO Kgn GREENHORN

UNOCAL

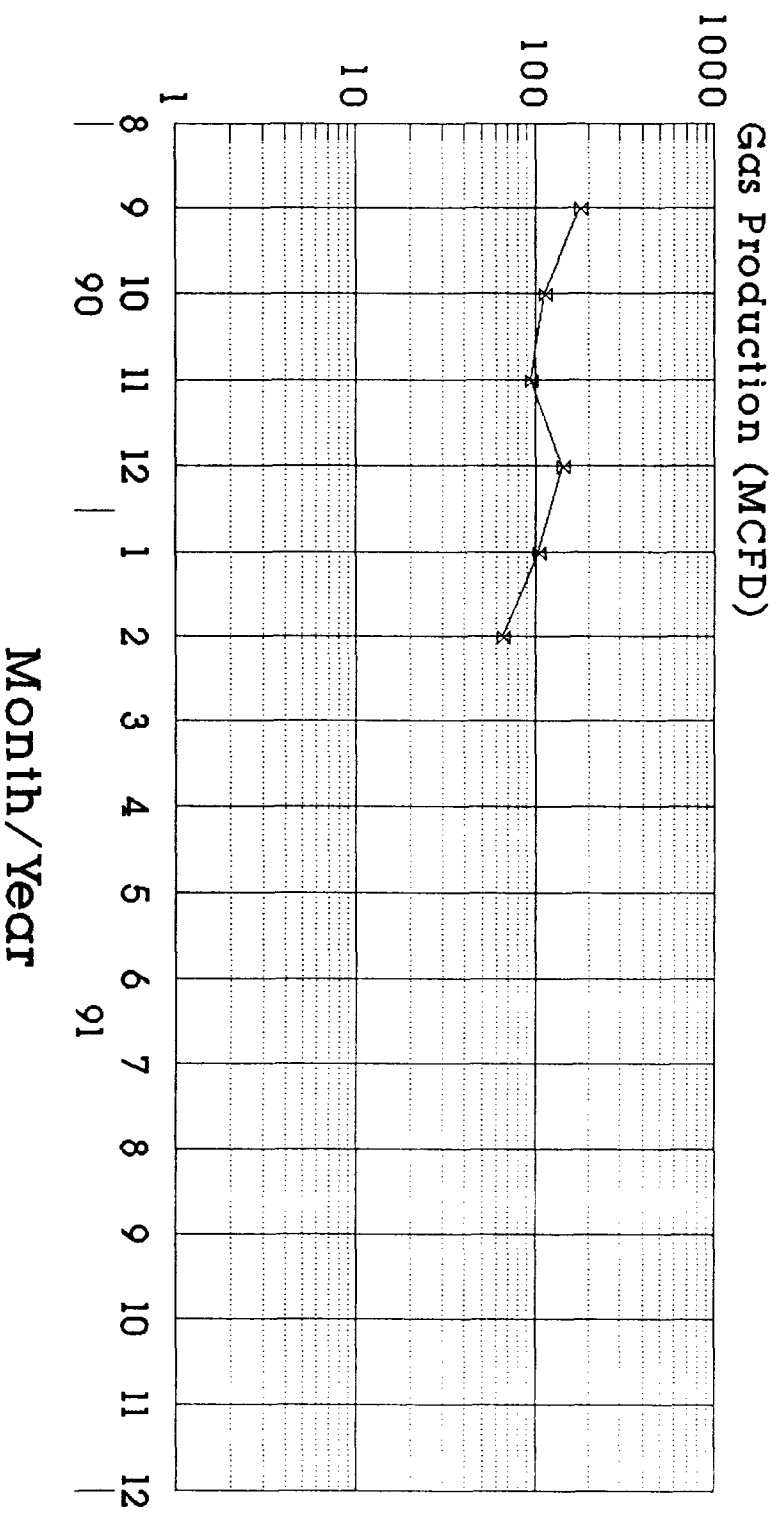
NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT
RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
FRUITLAND COAL
RINCON UNIT # 257
N $\frac{1}{2}$ SEC. 16 -T27N R6W

INTERP BY D.V.H. SCALE 2 1/2" = 1 Mi. (1" = 10')
DRAFT BY DATE 9-26-90 (PAGE NO. 1A-B-C)

RINCCON UNIT #257

RIO ARRIBA COUNTY, NEW MEXICO



—x— Gas

Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #257 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES		PRESENT WORTH PROFILE					
FIELD	LSE/BLOCK	FORMATION	TOTAL DEPTH:	OPERATOR	AFE #	LIFE (YRS)	BTAX	ATAX	DISCOUNT RATE (%)	BTAX (M\$)	ATAX (M\$)
BASIN FRUITLAND COAL		FRUITLAND COAL		Unocal		30.3					
				UNDISCOUNTED	-0.52	0.20			0.0	-149.	57.
				DISC @ 10.0%	-0.68	-0.13			5.0	-178.	0.
				DISC @ 15.0%	-0.73	-0.23			10.0	-196.	-38.
				UNDISCOUNTED	-0.52	0.24			15.0	-208.	-65.
				DISC @ 10.0%	-0.68	-0.16			20.0	-216.	-85.
				DISC @ 15.0%	-0.73	-0.28			25.0	-223.	-100.
WI	ORI	GRI	DATE	PAYOUT (YEARS)	*	8.4			DISCOUNT DATE : APR 1990		
100.00000	80.99870	80.99870	APR 1990	RATE OF RETURN (%)	-1000.0	5.0			DISCOUNT METHOD: EFFECTIVE MON		

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	339.
GAS (\$/MCF)	1.48	1.42	1.44	DRY HOLE	0.	0.	EXPENSES:	
NGL (\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	107.
SULPHUR (\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
\$EQUIV BOE RATIO	6.00	6.00	6.00	PLATFORM	0.	0.	PLANT	0.
				FACILITIES	0.	0.	SEV & ADVAL TAXES	49.
				PIPELINE	0.	0.	INDIRECT	18.
				PLANT	0.	0.	OVERHEAD	25.
				GATHERING	0.	0.	NET ABAND/SALV	0.
				MISC INTAN	202.	202.	NET INVESTMENTS	289.
OPEX (\$/BOE)	2.22	2.74		MISC TAN	87.	87.	BTAX CASH FLOW	-149.
OPEX (\$/BO\$E)	6.40	7.91		TOTAL	289.	289.	INCOME TAXES PAID	-206.
F&D (\$/BOE)	5.97	7.37		DISC @ 10.0%	287.	287.	ATAX CASH FLOW	57.
F&D (\$/BO\$E)	17.23	21.27					ATAX DISC @ 10.0%	-38.
ATAX CF (\$/BOE)		1.45						
ATAX CF (\$/BO\$E)		4.19						

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS				
	GROSS		NET					
	REMAIN	ULT	REMAIN	ULT				
OIL (MBBLS)	0.	0.	0.	0.				
GAS (MMCF)	291.	291.	235.	235.				
NGL (MBBLS)	0.	0.	0.	0.				
SULPHUR (MTONS)	0.	0.	0.	0.				
EQUIVALENT RESERVES:								
BTU (MBOE)	48.	48.	39.	39.				
VALUE (MBO\$E)	17.	17.	14.	14.				

INITIAL RATE:
OIL (BBLS/DAY) 0.
GAS (MCF/DAY) 178.
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

AME : RINCON U. #257 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
NTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MMBLS---	---MMBLS---	---MMCF---	---MMCF---	---EMMBS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
9MO)1990	0.0	0.0	16.0	13.0	2.2	0.00	0.0	1.83	23.7	23.7
1991	0.0	0.0	28.1	22.7	3.8	0.00	0.0	1.44	32.7	32.7
1992	0.0	0.0	19.7	15.9	2.7	0.00	0.0	1.42	22.5	22.5
1993	0.0	0.0	16.8	13.6	2.3	0.00	0.0	1.42	19.3	19.3
1994	0.0	0.0	15.1	12.3	2.0	0.00	0.0	1.42	17.3	17.3
1995	0.0	0.0	13.9	11.3	1.9	0.00	0.0	1.42	16.0	16.0
1996	0.0	0.0	13.0	10.5	1.7	0.00	0.0	1.42	14.9	14.9
1997	0.0	0.0	12.1	9.8	1.6	0.00	0.0	1.42	13.8	13.8
1998	0.0	0.0	11.4	9.2	1.5	0.00	0.0	1.42	13.1	13.1
1999	0.0	0.0	10.8	8.8	1.5	0.00	0.0	1.42	12.4	12.4
2000	0.0	0.0	10.3	8.3	1.4	0.00	0.0	1.42	11.8	11.8
2001	0.0	0.0	9.8	7.9	1.3	0.00	0.0	1.42	11.2	11.2
2002	0.0	0.0	9.3	7.5	1.3	0.00	0.0	1.42	10.6	10.6
2003	0.0	0.0	8.8	7.1	1.2	0.00	0.0	1.42	10.1	10.1
2004	0.0	0.0	8.4	6.8	1.1	0.00	0.0	1.42	9.6	9.6
SUB TOTAL	0.0	0.0	203.3	164.7	27.4	0.00	0.0	1.45	239.0	239.0
REMAINDER	0.0	0.0	87.2	70.7	11.8	0.00	0.0	1.42	100.0	100.0
TOT 30.3 YR	0.0	0.0	290.5	235.3	39.2	0.00	0.0	1.44	339.0	339.0

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
9MO)1990	1.2	0.0	1.2	3.0	0.5	289.0	-269.9	-65.6	-204.3	-204.3
1991	3.6	0.0	3.6	4.7	1.4	0.0	22.9	-26.5	49.4	-154.9
1992	3.6	0.0	3.6	3.3	1.4	0.0	14.2	-20.8	35.0	-119.9
1993	3.6	0.0	3.6	2.8	1.4	0.0	11.4	-17.9	29.3	-90.7
1994	3.6	0.0	3.6	2.5	1.4	0.0	9.8	-16.0	25.8	-64.9
1995	3.6	0.0	3.6	2.3	1.4	0.0	8.6	-13.9	22.5	-42.3
1996	3.6	0.0	3.6	2.2	1.4	0.0	7.7	-10.4	18.1	-24.3
1997	3.6	0.0	3.6	2.0	1.4	0.0	6.8	-8.6	15.4	-8.9
1998	3.6	0.0	3.6	1.9	1.4	0.0	6.1	-6.8	12.9	4.0
1999	3.6	0.0	3.6	1.8	1.4	0.0	5.6	-6.6	12.1	16.2
2000	3.6	0.0	3.6	1.7	1.4	0.0	5.0	-6.3	11.4	27.5
2001	3.6	0.0	3.6	1.6	1.4	0.0	4.5	-6.1	10.6	38.2
2002	3.6	0.0	3.6	1.6	1.4	0.0	4.0	-5.9	10.0	48.1
2003	3.6	0.0	3.6	1.5	1.4	0.0	3.6	1.4	2.2	50.4
2004	3.6	0.0	3.6	1.4	1.4	0.0	3.2	1.2	2.0	52.3
SUB TOTAL	51.6	0.0	51.6	34.5	20.5	289.0	-156.6	-208.9	52.3	52.3
REMAINDER	55.8	0.0	55.8	14.7	22.2	0.0	7.4	2.8	4.6	56.9
TOT 30.3 YR	107.4	0.0	107.4	49.2	42.7	289.0	-149.3	-206.1	56.9	56.9

NAME : RINCON U. #257 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL OPER EXP	GROSS NUMBER WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ASAND & SALVAGE
	M\$	M\$		MBBLS	\$/BBL	M\$	M-TONS	M\$	M\$	M\$
(9MO)1990	289.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	289.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	55.8	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 30.3 YR	289.0	107.4	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
(9MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.4	0.0	4.0
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.3	0.0	12.1
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.2	0.0	12.1
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.9	0.0	12.1
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.8	0.0	12.1
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.8	0.0	8.1
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.8	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9	0.0	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	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	87.0	0.0	60.6
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 30.3 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	87.0	0.0	60.6

OFF: P.A.
EVAL #: 13

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

DATE: 04/22/91
TIME: 13:35:37
PAGE: 12

NAME : RINCON U. #257 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(9MO)1990	18883.5	12.8	0.840	0.000	12.8
1991	33119.2	22.5	0.840	0.000	22.5
1992	23194.4	15.8	0.840	0.000	15.8
1993	19811.4	13.5	0.840	0.000	13.5
1994	17847.8	12.1	0.840	0.000	12.1
1995	16442.7	11.2	0.840	0.000	11.2
1996	15291.7	10.4	0.840	0.000	10.4
1997	14230.5	9.7	0.840	0.000	9.7
1998	13437.1	9.1	0.840	0.000	9.1
1999	12765.2	8.7	0.840	0.000	8.7
2000	12127.0	8.3	0.840	0.000	8.3
2001	11520.6	7.8	0.840	0.000	7.8
2002	10944.6	7.4	0.840	0.000	7.4
2003	10397.4	0.0	0.000	0.000	0.0
2004	9877.5	0.0	0.000	0.000	0.0
SUB TOTAL	239890.7	149.4	0.840	0.000	149.4
REMAINDER	102927.1	0.0	0.000	0.000	0.0
TOT 30.3 YR	342817.8	149.4	0.840	0.000	149.4

GLOBAL FILE: \$UNOCAL1

VALUATION #13 IN PROJECT FILE "P.A. " 04/22/91 13:35:07

0 IDENT "30 25 U091205 " "
0 DATES APR 1990 APR 1990 SEP 1990
0 NAME "RINCON U. #257 - FT TAXCR "
0 FIELD "BASIN FRUITLAND COAL "
0 CNTYSTATE "NEW MEXICO "
0 FORMATION "FRUITLAND COAL "
0 OPERATOR "UNOCAL "
0 ECONOMICS ELIM
0 OWNERSHIP 1. 0.809987
20 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
30 COMMENT "FIRST 6 MONTHS = ACTUAL PROD. "
40 GPROD P MON 5.344 3.48 2.8 4.379 3.217 1.978
50 GPROD * EXP 3.04 * * 60. 4.
60 GPROD * EXP * * * 28. 14.
70 GPROD * EXP * * * 10. 25.
80 GPROD * EXP * * * 7. 36.
90 GPROD * EXP * * * 5.
100 TAN I MON 87000. 0. 0.
110 INTAN I MON 202000. 0.
120 PRGAS P MON 1.25 1.5 1.86 1.76 1.35
130 PRGAS * CON 1.2
140 FACTOR 1.18 PRGAS
150 LOETOT P CON 300.
160 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT "
20 COMMENT "TO 2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE
370 ULTIMATE GPROD 490.

GLOBAL FILE: \$UNOCAL2

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 6 WEST, N.M.P.M.

Section 17: North/2

Containing 320 acres, more or less

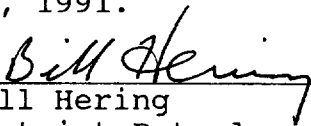
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 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 #258 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #258 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 nine months of actual production history from the Rincon Unit #258 well which first delivered on September 21, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #258
Location: 1505'FNL, 915'FEL, Sec 17, T27N, R6W
Elevation: 6570' GL
Total Depth: 3254'
Lease Number: NM-013654
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 5-23-90
Completion Date: 6-6-90
1st Delivery Date: 9-21-90
Perf'd Interval: 3100-3105, 3107, 3110-3113, 3147-3150,
3153, 3160, 3163-3167, 3169-3175, 3179,
3181-3193.

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 #258 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 360 feet and cemented with 350 sacks to surface. Production casing measuring 4-1/2" was then set at 3253 feet and cemented in two stages to surface with 925 sacks cement. After drilling out to PBTD of 3250' the upper and lower coal zones were perforated from 3100'-3193' with 4 shots per foot and fracture stimulated with 253,000# 20/40 sand, 1.02 MMSCF N₂ and 26,700 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 411 MCFD and 380 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 21, 1990. The current deliverability for the well against a 150# line pressure is 100 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.44 Bcf.

Net Pay: 50 ft
Drainage area: 160 acres
Gas Content: 152 SCF/ton
Tonnage Factor: 2145 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$283,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 253 MCFD, Current - 69 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 7.2 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:

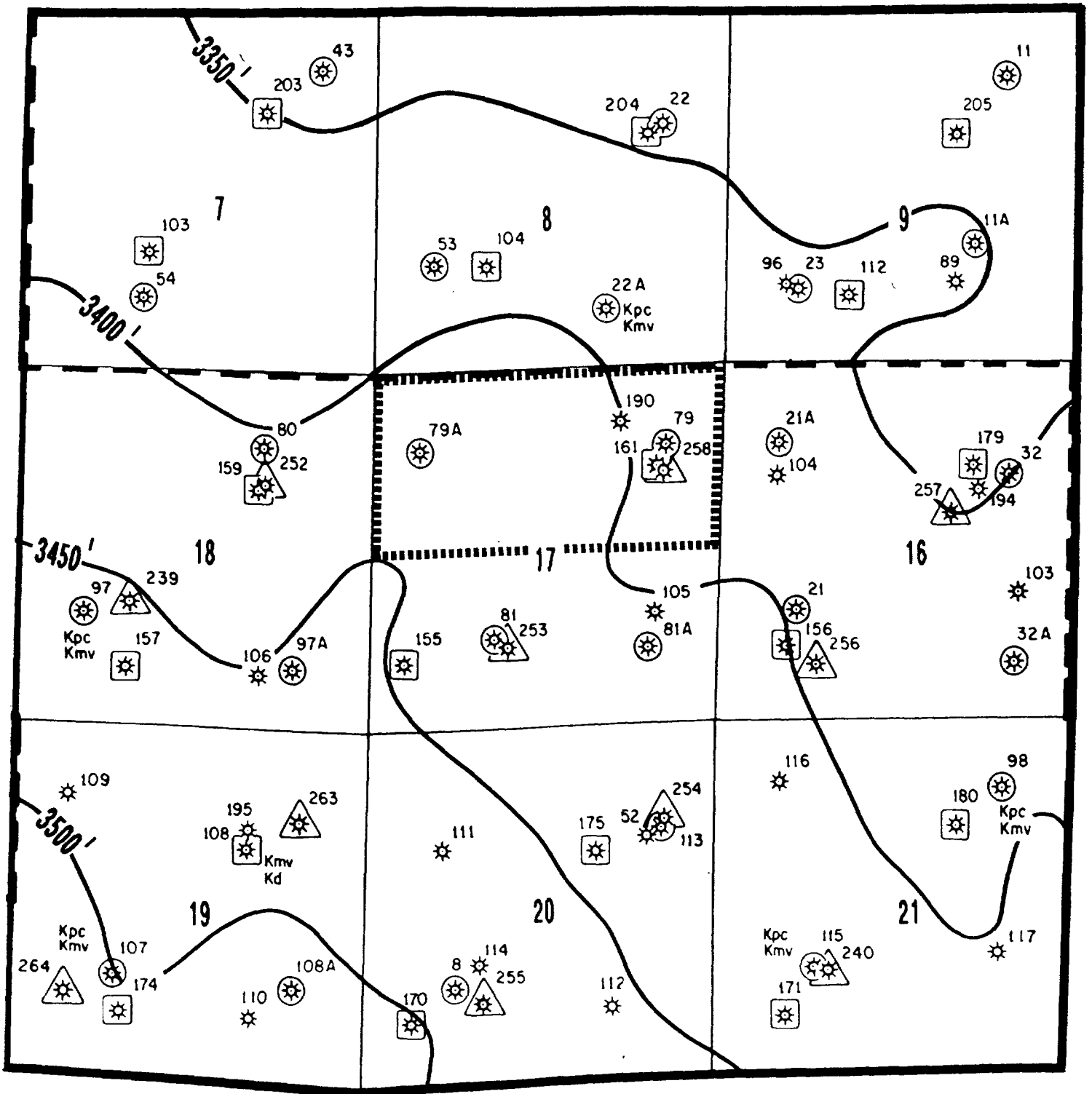
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the N/2 Section 17, T27N-R6W, comprising 320 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied 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.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Osborne
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:
1/11/92





PRODUCING INTERVAL

Kfm	FARMINGTON	Kfm	
Krt	KIRTLAND	Krt	
Kfr	FRUITLAND	Kfr	
Kpc	PICTURED CLIFFS	Kpc	
Kc	CHACRA	Kc	
Kiv	LA VENTANA	Kiv	
Kmv	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Ksh MENEFEE Kpl POINT LOOKOUT
Kgl	{ K1 TOCITO K2 GREENHORN	Kgl	
Kd		DAKOTA	Kd

UNOCAL 76

NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT

RIO ARRIBA COUNTY, NEW MEXICO

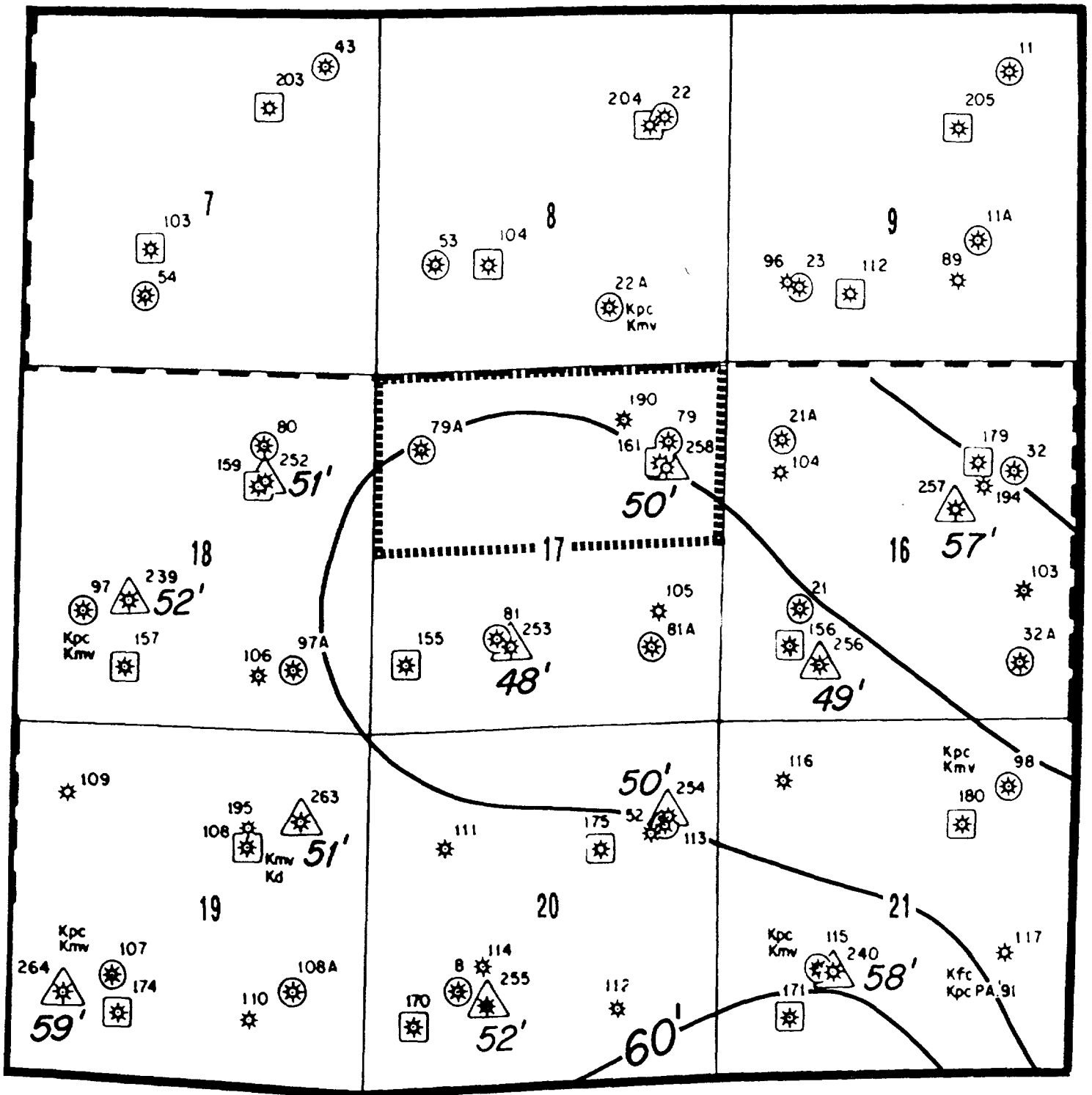
STRUCTURE

BASE OF FRUITLAND COAL

RINCON UNIT # 258

N 1/2 SEC. 17 -T27N R6W

INTERP BY D.V.H. SCALE 2 1/2" = 1 Mi. E: 50'
DRAFT BY DATE 9-26-90 FILE NO. 14184



PRODUCING INTERVAL

- FARMINGTON Kfm
- KIRTLAND Kk
- △ FRUITLAND Kf
- PICTURED CLIFFS Kpc
- ⊙ CHACRA Kc
- ⊙ LA VENTANA Klv
- ⊙ MESAVERDE Kmv
 - Kch CLIFFHOUSE
 - Km MENEPEE
 - Kpl POINT LOOKOUT
- ⊙ GALLUP Kgl
 - Kt TOCITO
 - Kgh GREENHORN
- ⊙ DAKOTA Kd

UNOCAL

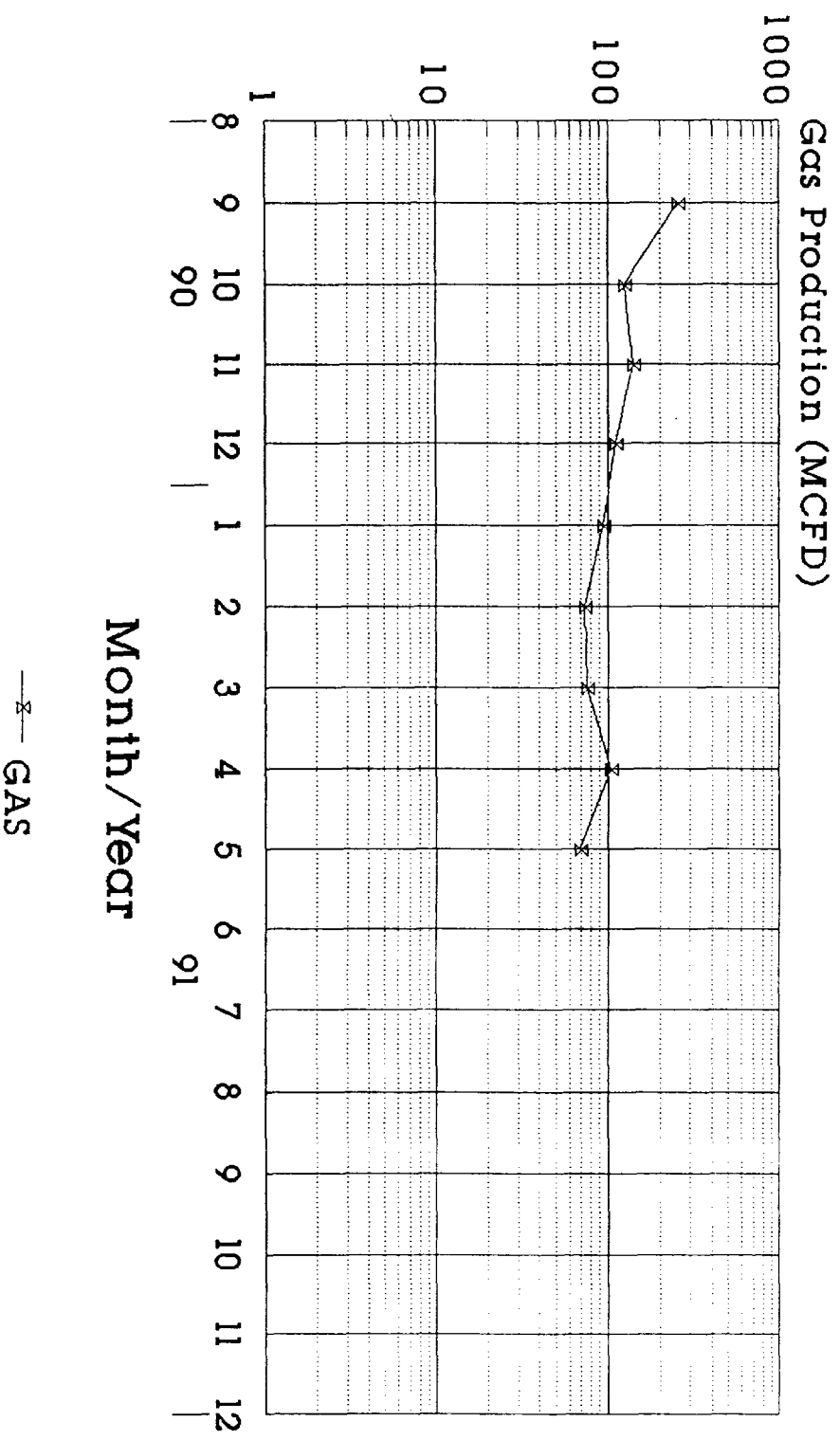
NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT
RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
FRUITLAND COAL
RINCON UNIT # 258
N½ SEC. 17 - T27N R6W

INTERP BY D.V.H. SCALE 2 1/2" = 1 Mi. E. 10'

DRAFT BY DATE 9-26-90 REV NO 1A2B

RINCON UNIT #258 RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #258 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES		PRESENT WORTH PROFILE			
FIELD	:	BASIN FRUITLAND COAL		PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:			UNDISCOUNTED	-0.41	0.30	RATE (%)	(M\$)	(M\$)
FORMATION	:	FRUITLAND COAL		DISC @ 10.0%	-0.63	-0.07	-----	-----	-----
TOTAL DEPTH:	:			DISC @ 15.0%	-0.68	-0.18	0.0	-107.	79.
OPERATOR	:	Unocal		INV EFF RATIO (IER):			5.0	-141.	20.
AFE #	:			UNDISCOUNTED	-0.41	0.37	10.0	-162.	-19.
LIFE (YRS)	:	30.5		DISC @ 10.0%	-0.63	-0.09	15.0	-175.	-46.
				DISC @ 15.0%	-0.68	-0.21	20.0	-184.	-65.
							25.0	-191.	-80.
WI	ORI	GRI	DATE	PAYOUT (YEARS)	*	7.2	DISCOUNT DATE : JUN 1990		
100.00000	80.99870	80.99870	JUN 1990	RATE OF RETURN (%)	-1000.0	7.4	DISCOUNT METHOD: EFFECTIVE MON		

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	345.
GAS	(\$/MCF)	2.29	1.42	1.47	DRY HOLE	0.	0.	EXPENSES:	
NGL	(\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	109.
SULPHUR	(\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
					PLATFORM	0.	0.	PLANT	0.
\$EQUIV BOE RATIO		6.00	6.00	6.00	FACILITIES	0.	0.	SEV & ADVAL TAXES	49.
					PIPELINE	0.	0.	INDIRECT	9.
					PLANT	0.	0.	OVERHEAD	24.
					GATHERING	0.	0.	NET ABAND/SALV	0.
								NET INVESTMENTS	261.
					MISC INTAN	170.	170.	BTAX CASH FLOW	-107.
OPEX	(\$/BOE)	2.26	2.78		MISC TAN	91.	91.	INCOME TAXES PAID	-186.
OPEX	(\$/BO\$E)	5.86	7.23		TOTAL	261.	261.	ATAX CASH FLOW	79.
F&D	(\$/BOE)	5.41	6.67		DISC @ 10.0%	259.	259.	ATAX DISC @ 10.0%	-19.
F&D	(\$/BO\$E)	14.04	17.33						
ATAX CF	(\$/BOE)		2.02						
ATAX CF	(\$/BO\$E)		5.26						

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
		GROSS		NET			
		REMAIN	ULT	REMAIN	ULT		
OIL	(MBBLS)	0.	0.	0.	0.		
GAS	(MMCF)	290.	290.	235.	235.		
NGL	(MSBLS)	0.	0.	0.	0.		
SULPHUR	(MTONS)	0.	0.	0.	0.		

EQUIVALENT RESERVES:					
BTU	(MBOE)	48.	48.	39.	39.
VALUE	(MBO\$E)	19.	19.	15.	15.

INITIAL RATE:
OIL (BBLS/DAY) 0.
GAS (MCF/DAY) 77.

GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

GLOBAL FILE: \$UNOCAL1

EVALUATION #23 IN PROJECT FILE "P.A. " 06/21/91 10:43:10

10 IDENT "30 25 U091205 " " "
20 DATES JUN 1990 JUN 1990 SEP 1990 " "
30 NAME "RINCON U. #258 - FT TAXCR " "
40 FIELD "BASIN FRUITLAND COAL " "
50 CNTYSTATE "NEW MEXICO " "
60 FORMATION "FRUITLAND COAL " "
70 OPERATOR "UNOCAL " "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE " "
130 COMMENT "FIRST 9 MONTHS = ACTUAL PROD. " "
140 GPROD P MON 2.296 3.858 3.621 3.092 2.903 2.032 2.362 2.263 2.144
160 GPROD * EXP * * * 28. 11.
170 GPROD * EXP * * * 10. 25.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 91000. 0. 0. 0.
220 INTAN I MON 170000. 0.
230 COMMENT "FIRST 9 MONTHS = ACTUAL GAS PRICES " "
240 PRGAS P MON 1.94 1.62 1.94 2.27 2.23 1.7 1.36 1.05 1.06
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT " "
20 COMMENT "TO 2003 " "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE

GLOBAL FILE: \$UNOCAL2

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

NAME : RINCON U. #258 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND ---MMBLS---	NET VOLUME OIL + COND ---MMBLS---	GROSS GAS PRODUCTION ---MMCF---	NET GAS VOLUME ---MMCF---	NET EQ PROD (RE: BOE) ---EMMBS---	EFFECTIVE O+C PRICE ---\$/BBL---	NET REV OIL + COND ---M\$---	EFFECTIVE GAS PRICE ---\$/MCF---	NET GAS REVENUE ---M\$---	NET TOTAL REVENUE ---M\$---
(7MO)1990	0.0	0.0	12.9	10.4	1.7	0.00	0.0	2.27	23.7	23.7
1991	0.0	0.0	25.4	20.5	3.4	0.00	0.0	1.59	32.7	32.7
1992	0.0	0.0	19.0	15.4	2.6	0.00	0.0	1.42	21.7	21.7
1993	0.0	0.0	16.8	13.6	2.3	0.00	0.0	1.42	19.3	19.3
1994	0.0	0.0	15.2	12.3	2.1	0.00	0.0	1.42	17.5	17.5
1995	0.0	0.0	14.1	11.4	1.9	0.00	0.0	1.42	16.2	16.2
1996	0.0	0.0	13.1	10.6	1.8	0.00	0.0	1.42	15.1	15.1
1997	0.0	0.0	12.3	9.9	1.7	0.00	0.0	1.42	14.1	14.1
1998	0.0	0.0	11.6	9.4	1.6	0.00	0.0	1.42	13.3	13.3
1999	0.0	0.0	11.1	9.0	1.5	0.00	0.0	1.42	12.7	12.7
2000	0.0	0.0	10.5	8.5	1.4	0.00	0.0	1.42	12.0	12.0
2001	0.0	0.0	10.0	8.1	1.3	0.00	0.0	1.42	11.4	11.4
2002	0.0	0.0	9.5	7.7	1.3	0.00	0.0	1.42	10.9	10.9
2003	0.0	0.0	9.0	7.3	1.2	0.00	0.0	1.42	10.3	10.3
2004	0.0	0.0	8.6	6.9	1.2	0.00	0.0	1.42	9.8	9.8
SUB TOTAL	0.0	0.0	199.0	161.2	26.9	0.00	0.0	1.49	240.7	240.7
REMAINDER	0.0	0.0	90.7	73.4	12.2	0.00	0.0	1.42	104.0	104.0
TOT 30.5 YR	0.0	0.0	289.7	234.6	39.1	0.00	0.0	1.47	344.7	344.7

	NET LOE (FIX + VAR) ---M\$---	NET WORKOVR ---M\$---	NET TOTAL DIRECT EXP ---M\$---	NET TOTAL TAXES ---M\$---	NET ADMIN EXPENSE ---M\$---	NET TOTAL INVESTMENT ---M\$---	BTAX CASHFLOW ---M\$---	INCOME TAXES PAID ---M\$---	ATAX CASHFLOW ---M\$---	CUM ATAX CASHFLOW ---M\$---
(7MO)1990	1.2	0.0	1.2	2.6	0.4	261.0	-241.5	-54.4	-187.1	-187.1
1991	3.6	0.0	3.6	4.4	1.1	0.0	23.5	-23.8	47.3	-139.8
1992	3.6	0.0	3.6	3.2	1.1	0.0	13.9	-19.9	33.8	-106.1
1993	3.6	0.0	3.6	2.8	1.1	0.0	11.8	-17.2	29.0	-77.0
1994	3.6	0.0	3.6	2.6	1.1	0.0	10.2	-15.3	25.5	-51.5
1995	3.6	0.0	3.6	2.4	1.1	0.0	9.1	-13.5	22.7	-28.8
1996	3.6	0.0	3.6	2.2	1.1	0.0	8.2	-10.5	18.7	-10.1
1997	3.6	0.0	3.6	2.1	1.1	0.0	7.3	-8.6	15.9	5.8
1998	3.6	0.0	3.6	2.0	1.1	0.0	6.7	-6.8	13.5	19.3
1999	3.6	0.0	3.6	1.9	1.1	0.0	6.1	-6.5	12.7	32.0
2000	3.6	0.0	3.6	1.8	1.1	0.0	5.6	-6.3	11.9	43.9
2001	3.6	0.0	3.6	1.7	1.1	0.0	5.1	-6.1	11.2	55.1
2002	3.6	0.0	3.6	1.6	1.1	0.0	4.6	-5.9	10.5	65.5
2003	3.6	0.0	3.6	1.5	1.1	0.0	4.1	1.6	2.6	68.1
2004	3.6	0.0	3.6	1.4	1.1	0.0	3.7	1.4	2.3	70.4
SUB TOTAL	51.6	0.0	51.6	34.1	15.5	261.0	-121.5	-191.8	70.4	70.4
REMAINDER	57.3	0.0	57.3	15.3	17.2	0.0	14.2	5.4	8.8	79.2
TOT 30.5 YR	108.9	0.0	108.9	49.3	32.7	261.0	-107.3	-186.5	79.2	79.2

NAME : RINCON U. #258 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 CNTY, STATE: NEW MEXICO
 FORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M\$-----	-----M\$-----		-----MBBLS-----	-----\$/BBL-----	-----M\$-----	-----M-TONS-----	-----M\$-----	-----M\$-----	-----M\$-----
(7MO)1990	261.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	261.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	57.3	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 30.5 YR	261.0	108.9	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
(7MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.0	0.0	3.4
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.3	0.0	10.2
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.9	0.0	10.2
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.4	0.0	10.2
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.1	0.0	10.2
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.1	0.0	6.8
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.1	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.1	0.0	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	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	91.0	0.0	51.0
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 30.5 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	91.0	0.0	51.0

PF:P.A.
EVAL #: 23

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

DATE: 06/21/91
TIME: 10:43:53
PAGE: 4

NAME : RINCON U. #258 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
(7MO)1990	15183.1	10.3	0.840	0.000	10.3
1991	29926.7	20.4	0.840	0.000	20.4
1992	22376.7	15.2	0.840	0.000	15.2
1993	19875.9	13.5	0.840	0.000	13.5
1994	17985.5	12.2	0.840	0.000	12.2
1995	16677.6	11.3	0.840	0.000	11.3
1996	15510.2	10.6	0.840	0.000	10.6
1997	14475.7	9.8	0.840	0.000	9.8
1998	13726.0	9.3	0.840	0.000	9.3
1999	13039.7	8.9	0.840	0.000	8.9
2000	12387.7	8.4	0.840	0.000	8.4
2001	11768.4	8.0	0.840	0.000	8.0
2002	11179.9	7.6	0.840	0.000	7.6
2003	10621.0	0.0	0.000	0.000	0.0
2004	10089.9	0.0	0.000	0.000	0.0
SUB TOTAL	234824.0	145.7	0.840	0.000	145.7
REMAINDER	106970.8	0.0	0.000	0.000	0.0
TOT 30.5 YR	341794.8	145.7	0.840	0.000	145.7

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 6 WEST, N.M.P.M.

Section 29: North/2

Containing 320 acres, more or less

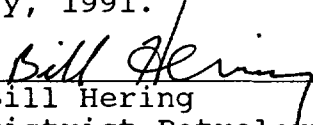
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 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 #259 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #259 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 #259 well which first delivered on September 6, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #259

Location: 1708'FNL, 957'FEL, Sec 29, T27N, R6W

Elevation: 6658' GL

Total Depth: 3232'

Lease Number: SF-079364

Pool/Formation: Basin Fruitland Coal Gas

Spud Date: 7-3-90

Completion Date: 8-5-90

1st Delivery Date: 9-6-90

Perf'd Interval: 3065-3073, 3077-3081, 3083-3089, 3094-3100,
3128-3135, 3139-3155, 3157-3177.

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 aurally 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 #259 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 355 feet and cemented with 350 sacks to surface. Production casing measuring 4-1/2" was then set at 3231 feet and cemented in two stages to surface with 820 sacks cement. After drilling out to PBTD of 3226' the upper and lower coal zones were perforated from 3065'-3177' with 4 shots per foot and fracture stimulated with 320,000# 20/40 sand, 1.33 MMSCF N2 and 32,550 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 804 MCFD and 575 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 6, 1990. The current deliverability for the well against a 150# line pressure is 109 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.52 Bcf.

Net Pay: 67 ft
Drainage area: 160 acres
Gas Content: 137 SCF/ton
Tonnage Factor: 2105 tons/acre-feet (from density log)
Recovery Factor: 17 %

Economics

Completion Cost: \$285,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 444 MCFD, Current - 122 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 6.3 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

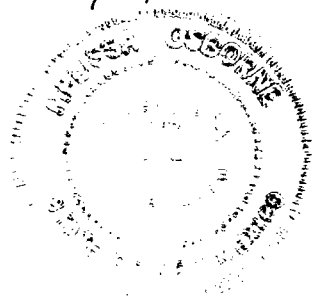
BEFORE ME, the undersigned authority on this day personally appeared Bill Hering, District Petroleum Engineer, known to me to be the person whose name is subscribed to this instrument, who, having been by me first duly sworn, upon oath states as follows:

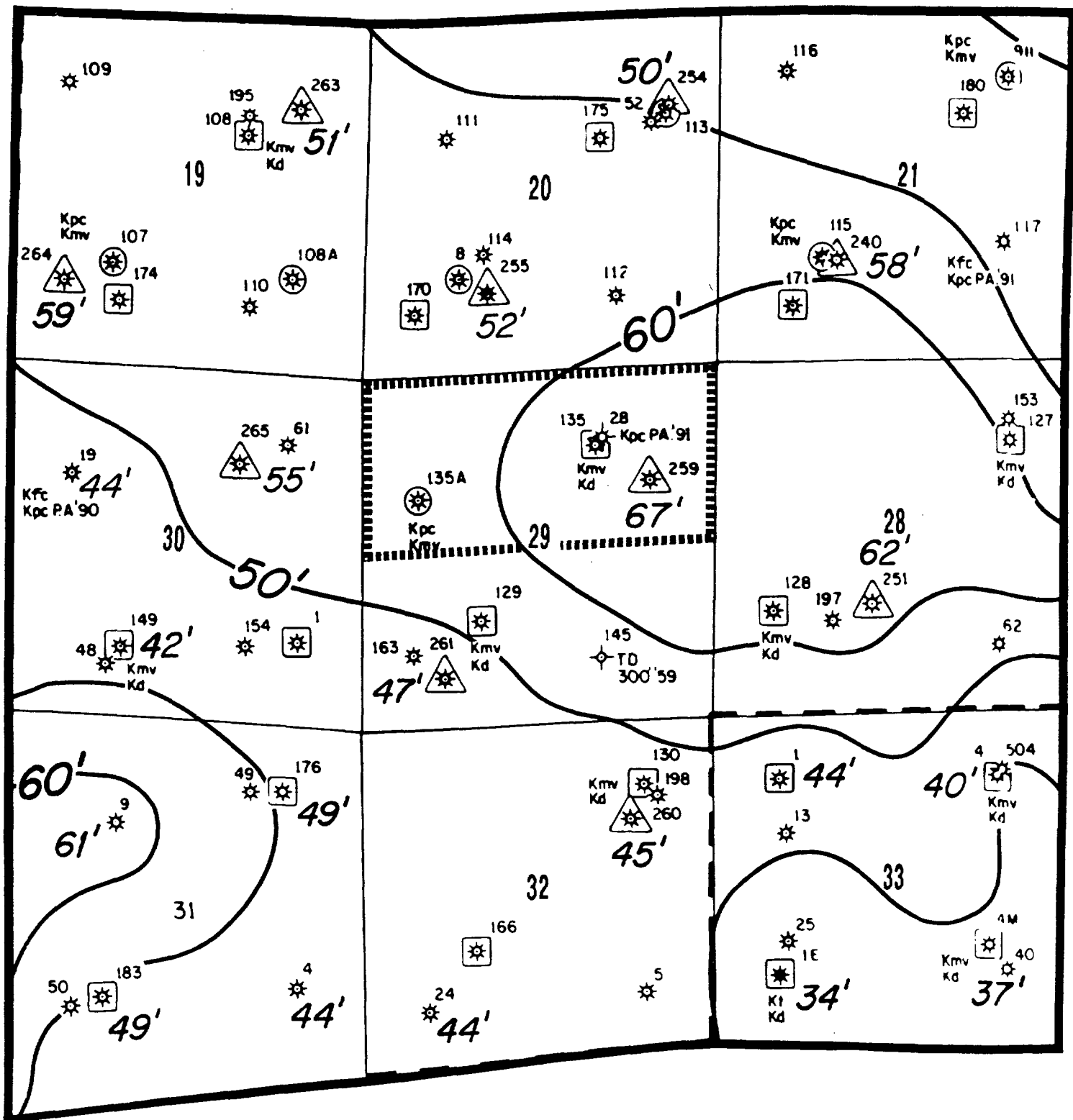
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the N/2 Section 29, T27N-R6W, comprising 320 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied 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.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Osborne
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:
7/11/92





PRODUCING INTERVAL

- FARMINGTON Kfm
- KIRTLAND Kk
- FRUITLAND Kf
- PICTURED CLIFFS Kpc
- CHACRA Kc
- LA VENTANA Klv
- MESAVERDE Kmv
 - Kch CLIFFHOUSE
 - Km MENELEE
 - Kpl POINT LOOKOUT
- GALLUP Kgl
 - Kx TOCITO
 - Kgn GREENHORN
- DAKOTA Kd

UNOCAL

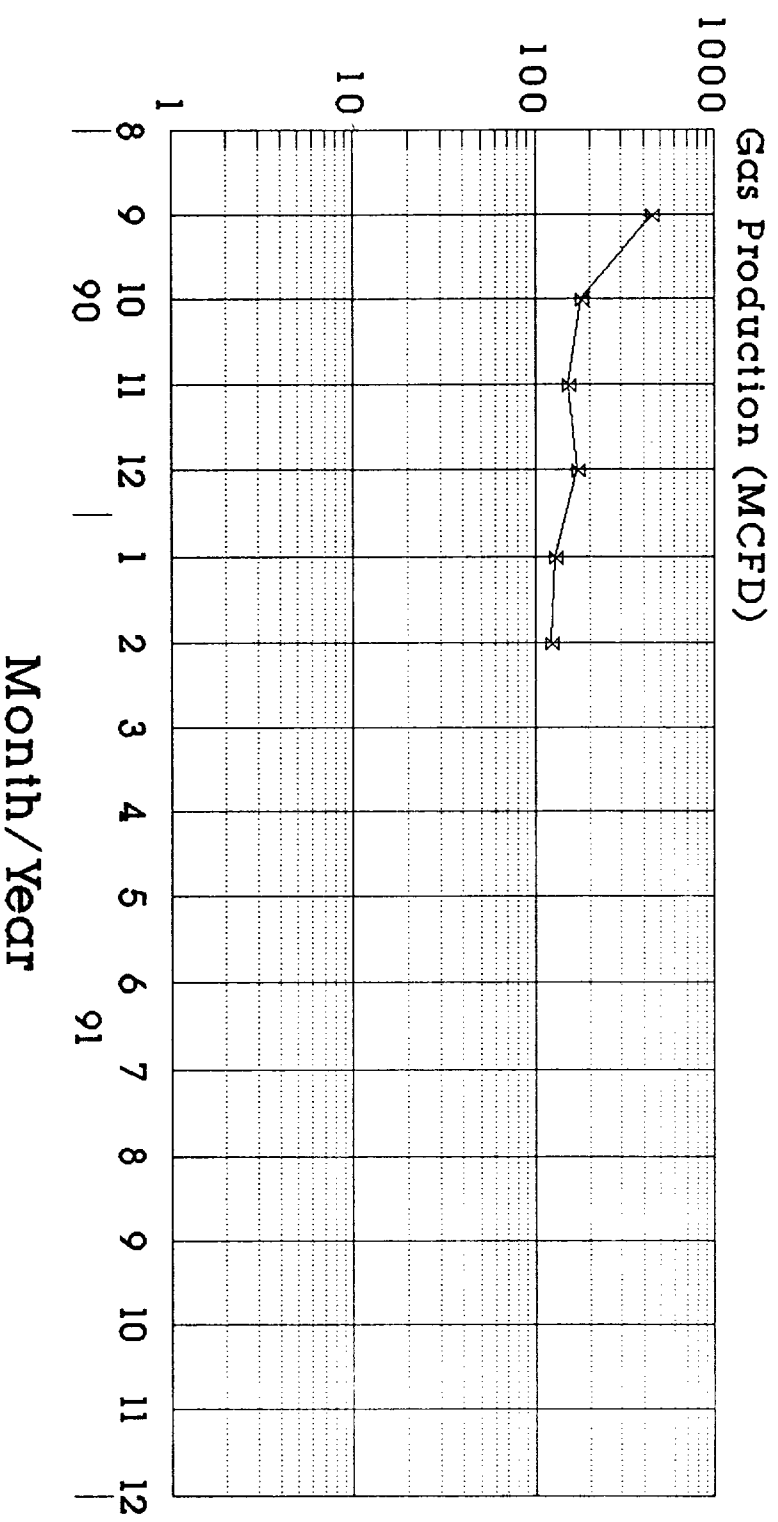
NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT
RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
FRUITLAND COAL
RINCON UNIT # 259
N½ SEC. 29 -T27N R6W

INTERP BY D.V.H. SCALE 2 1/2" = 1 Mi. C.I. 10'
DRAFT BY _____ DATE 9-26-90 (REV. NO. 1A1R4)

RINCON UNIT #259

RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #259 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES		PRESENT WORTH PROFILE		
FIELD	:	BASIN FRUITLAND COAL	PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:		UNDISCOUNTED	-0.45	0.28	RATE (%)	(M\$)	(M\$)
FORMATION	:	FRUITLAND COAL	DISC @ 10.0%	-0.60	-0.03			
TOTAL DEPTH:			DISC @ 15.0%	-0.64	-0.12	0.0	-128.	81.
OPERATOR	:	Unocal	INV EFF RATIO (IER):			5.0	-153.	29.
AFE #	:		UNDISCOUNTED	-0.45	0.35	10.0	-170.	-7.
LIFE (YRS)	:	29.5	DISC @ 10.0%	-0.60	-0.03	15.0	-182.	-33.
			DISC @ 15.0%	-0.64	-0.14	20.0	-190.	-52.
						25.0	-196.	-67.
WI	ORI	GRI	DATE	PAYOUT (YEARS)	*	6.3	DISCOUNT DATE : JUL 1990	
100.00000	80.99870	80.99870	JUL 1990	RATE OF RETURN (%)	-1000.0	8.8	DISCOUNT METHOD: EFFECTIVE MON	

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	356.
GAS (\$/MCF)		1.68	1.42	1.47	DRY HOLE	0.	0.	EXPENSES:	
NGL (\$/BBL)		0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	106.
SULPHUR (\$/TON)		0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
\$EQUIV BOE RATIO		6.00	6.00	6.00	PLATFORM	0.	0.	PLANT	0.
					FACILITIES	0.	0.	SEV & ADVAL TAXES	51.
					PIPELINE	0.	0.	INDIRECT	17.
					PLANT	0.	0.	OVERHEAD	25.
					GATHERING	0.	0.	NET ABAND/SALV	0.
								NET INVESTMENTS	285.
					MISC INTAN	199.	199.	BTAX CASH FLOW	-128.
					MISC TAN	86.	86.	INCOME TAXES PAID	-209.
					TOTAL	285.	285.	ATAX CASH FLOW	81.
					DISC @ 10.0%	283.	283.	ATAX DISC @ 10.0%	-7.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
		GROSS		NET			
		REMAIN	ULT	REMAIN	ULT		
OIL (MBBLS)		0.	0.	0.	0.		
GAS (MMCF)		300.	300.	243.	243.		
NGL (MBBLS)		0.	0.	0.	0.		
SULPHUR (MTONS)		0.	0.	0.	0.		
EQUIVALENT RESERVES:							
BTU (MBOE)		50.	50.	40.	40.		
VALUE (MBO\$E)		18.	18.	15.	15.		
INITIAL RATE:							
OIL (BBLS/DAY)		0.				GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2	
GAS (MCF/DAY)		444.				ALTKEY: USA	

NAME : RINCON U. #259 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(6MO)1990	0.0	0.0	28.4	23.0	3.8	0.00	0.0	1.91	43.9	43.9
1991	0.0	0.0	32.1	26.0	4.3	0.00	0.0	1.44	37.5	37.5
1992	0.0	0.0	19.9	16.1	2.7	0.00	0.0	1.42	22.8	22.8
1993	0.0	0.0	16.5	13.4	2.2	0.00	0.0	1.42	18.9	18.9
1994	0.0	0.0	14.8	12.0	2.0	0.00	0.0	1.42	17.0	17.0
1995	0.0	0.0	13.6	11.0	1.8	0.00	0.0	1.42	15.6	15.6
1996	0.0	0.0	12.7	10.3	1.7	0.00	0.0	1.42	14.5	14.5
1997	0.0	0.0	11.8	9.5	1.6	0.00	0.0	1.42	13.5	13.5
1998	0.0	0.0	11.1	9.0	1.5	0.00	0.0	1.42	12.7	12.7
1999	0.0	0.0	10.5	8.5	1.4	0.00	0.0	1.42	12.1	12.1
2000	0.0	0.0	10.0	8.1	1.4	0.00	0.0	1.42	11.5	11.5
2001	0.0	0.0	9.5	7.7	1.3	0.00	0.0	1.42	10.9	10.9
2002	0.0	0.0	9.0	7.3	1.2	0.00	0.0	1.42	10.4	10.4
2003	0.0	0.0	8.6	6.9	1.2	0.00	0.0	1.42	9.8	9.8
2004	0.0	0.0	8.1	6.6	1.1	0.00	0.0	1.42	9.3	9.3
SUB TOTAL	0.0	0.0	216.6	175.4	29.2	0.00	0.0	1.48	260.4	260.4
REMAINDER	0.0	0.0	83.1	67.3	11.2	0.00	0.0	1.42	95.3	95.3
TOT 29.5 YR	0.0	0.0	299.7	242.7	40.5	0.00	0.0	1.47	355.7	355.7

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(6MO)1990	1.2	0.0	1.2	5.3	0.5	285.0	-248.1	-67.9	-180.2	-180.2
1991	3.6	0.0	3.6	5.4	1.4	0.0	27.0	-28.0	55.0	-125.2
1992	3.6	0.0	3.6	3.3	1.4	0.0	14.4	-20.7	35.1	-90.1
1993	3.6	0.0	3.6	2.8	1.4	0.0	11.1	-17.6	28.7	-61.3
1994	3.6	0.0	3.6	2.5	1.4	0.0	9.5	-15.8	25.3	-36.1
1995	3.6	0.0	3.6	2.3	1.4	0.0	8.3	-13.7	22.0	-14.1
1996	3.6	0.0	3.6	2.1	1.4	0.0	7.4	-10.3	17.6	3.6
1997	3.6	0.0	3.6	2.0	1.4	0.0	6.5	-8.4	14.9	18.5
1998	3.6	0.0	3.6	1.9	1.4	0.0	5.8	-6.7	12.5	31.0
1999	3.6	0.0	3.6	1.8	1.4	0.0	5.3	-6.5	11.7	42.7
2000	3.6	0.0	3.6	1.7	1.4	0.0	4.8	-6.2	11.0	53.7
2001	3.6	0.0	3.6	1.6	1.4	0.0	4.3	-6.0	10.3	64.0
2002	3.6	0.0	3.6	1.5	1.4	0.0	3.8	-5.8	9.6	73.6
2003	3.6	0.0	3.6	1.4	1.4	0.0	3.4	1.3	2.1	75.7
2004	3.6	0.0	3.6	1.4	1.4	0.0	2.9	1.1	1.8	77.5
SUB TOTAL	51.6	0.0	51.6	37.0	20.5	285.0	-133.8	-211.3	77.5	77.5
REMAINDER	54.0	0.0	54.0	14.0	21.5	0.0	5.8	2.2	3.6	81.1
TOT 29.5 YR	105.6	0.0	105.6	51.0	42.0	285.0	-127.9	-209.1	81.1	81.1

NAME : RINCON U. #259 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 COUNTY, STATE: NEW MEXICO
 FORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M\$-----	-----M\$-----		-----MBBLS-----	-----\$/BBL-----	-----M\$-----	-----M-TONS-----	-----M\$-----	-----M\$-----	-----M\$-----
(6MO)1990	285.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	285.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	54.0	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 29.5 YR	285.0	105.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
(6MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.3	0.0	4.0
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.1	0.0	11.9
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.0	0.0	11.9
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.7	0.0	11.9
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7	0.0	11.9
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7	0.0	8.0
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	0.0	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	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	86.0	0.0	59.7
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 29.5 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	86.0	0.0	59.7

F.P.A.
VAL #: 12

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

DATE: 04/22/91
TIME: 13:35:07
PAGE: 8

NAME : RINCON U. #259 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(6MO)1990	33484.9	22.8	0.840	0.000	22.8
1991	37835.2	25.7	0.840	0.000	25.7
1992	23447.6	16.0	0.840	0.000	16.0
1993	19458.8	13.2	0.840	0.000	13.2
1994	17514.8	11.9	0.840	0.000	11.9
1995	16062.1	10.9	0.840	0.000	10.9
1996	14937.8	10.2	0.840	0.000	10.2
1997	13893.1	9.5	0.840	0.000	9.5
1998	13079.6	8.9	0.840	0.000	8.9
1999	12425.6	8.5	0.840	0.000	8.5
2000	11804.3	8.0	0.840	0.000	8.0
2001	11214.1	7.6	0.840	0.000	7.6
2002	10653.4	7.2	0.840	0.000	7.2
2003	10120.7	0.0	0.000	0.000	0.0
2004	9614.7	0.0	0.000	0.000	0.0
SUB TOTAL	255546.6	160.4	0.840	0.000	160.4
REMAINDER	98045.5	0.0	0.000	0.000	0.0
TOT 29.5 YR	353592.0	160.4	0.840	0.000	160.4

GLOBAL FILE: \$UNOCAL1

EVALUATION #12 IN PROJECT FILE "P.A. " 04/22/91 13:34:23

10 IDENT "30 25 U091205
20 DATES JUL 1990 JUL 1990 SEP 1990
30 NAME "RINCON U. #259 - FT TAXCR "
40 FIELD "BASIN FRUITLAND COAL "
50 CNTYSTATE "NEW MEXICO "
60 FORMATION "FRUITLAND COAL "
70 OPERATOR "UNOCAL "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
130 COMMENT "FIRST 6 MONTHS = ACTUAL PROD. "
140 GPROD P MON 13.321 5.51 4.428 5.118 4.003 3.418
150 GPROD * EXP * * * 60. 6.
160 GPROD * EXP * * * 28. 14.
170 GPROD * EXP * * * 10. 25.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 86000. 0. 0.
220 INTAN I MON 199000. 0.
240 PRGAS P MON 1.42 1.68 1.82 1.89 1.38
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT "
20 COMMENT "TO 2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE
370 ULTIMATE GPROD 520.

GLOBAL FILE: \$UNOCAL2

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 6 WEST, N.M.P.M.

Section 19: North/2

Containing 320 acres, more or less

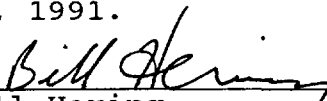
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 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 #263 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #263 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 nine months of actual production history from the Rincon Unit #263 well which first delivered on September 21, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #263
Location: 1369'FNL, 1015'FEL, Sec 19, T27N, R6W
Elevation: 6481' GL
Total Depth: 3078'
Lease Number: SF-079366
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 6-28-90
Completion Date: 7-14-90
1st Delivery Date: 9-21-90
Perf'd Interval: 2873-2876, 2887-2890, 2897-2902, 2904-2906,
2978-2982, 2984-2987, 2989-2999, 3001-3014.

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 aurally 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 #263 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 360 feet and cemented with 350 sacks to surface. Production casing measuring 4-1/2" was then set at 3077 feet and cemented in two stages to surface with 800 sacks cement. After drilling out to PBTD of 3075' the upper and lower coal zones were perforated from 2873'-3014' with 4 shots per foot and fracture stimulated with 260,000# 20/40 sand, 1.08 MMSCF N₂ and 25,434 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 265 MCFD and 360 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 21, 1990. The current deliverability for the well against a 150# line pressure is 60 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.45 Bcf.

Net Pay: 51 ft
Drainage area: 160 acres
Gas Content: 161 SCF/ton
Tonnage Factor: 2037 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$276,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 219 MCFD, Current - 41 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 11.4 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:

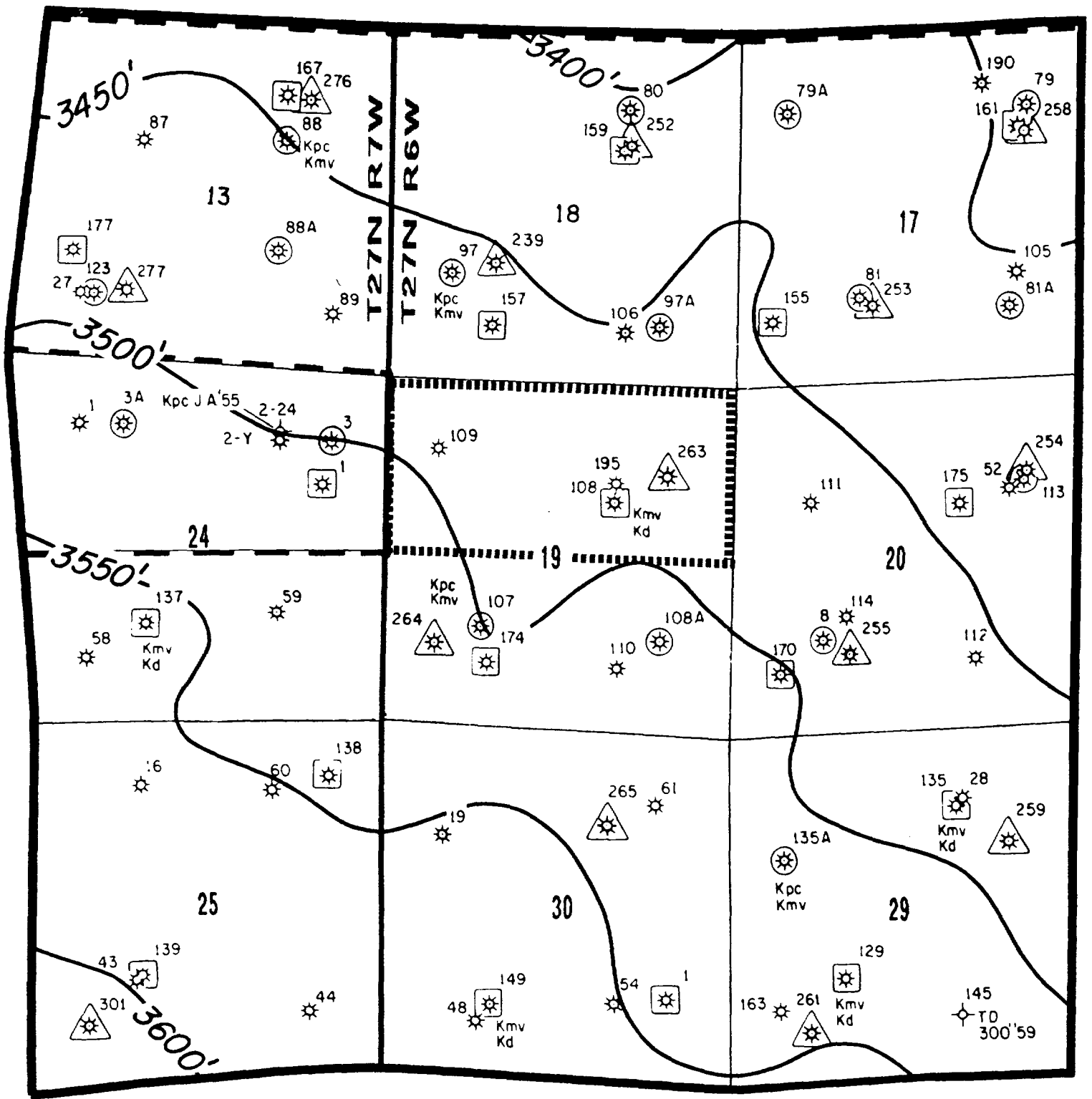
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the N/2 Section 19, T27N-R6W, comprising 320 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied 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.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Abene
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:
7/1/92





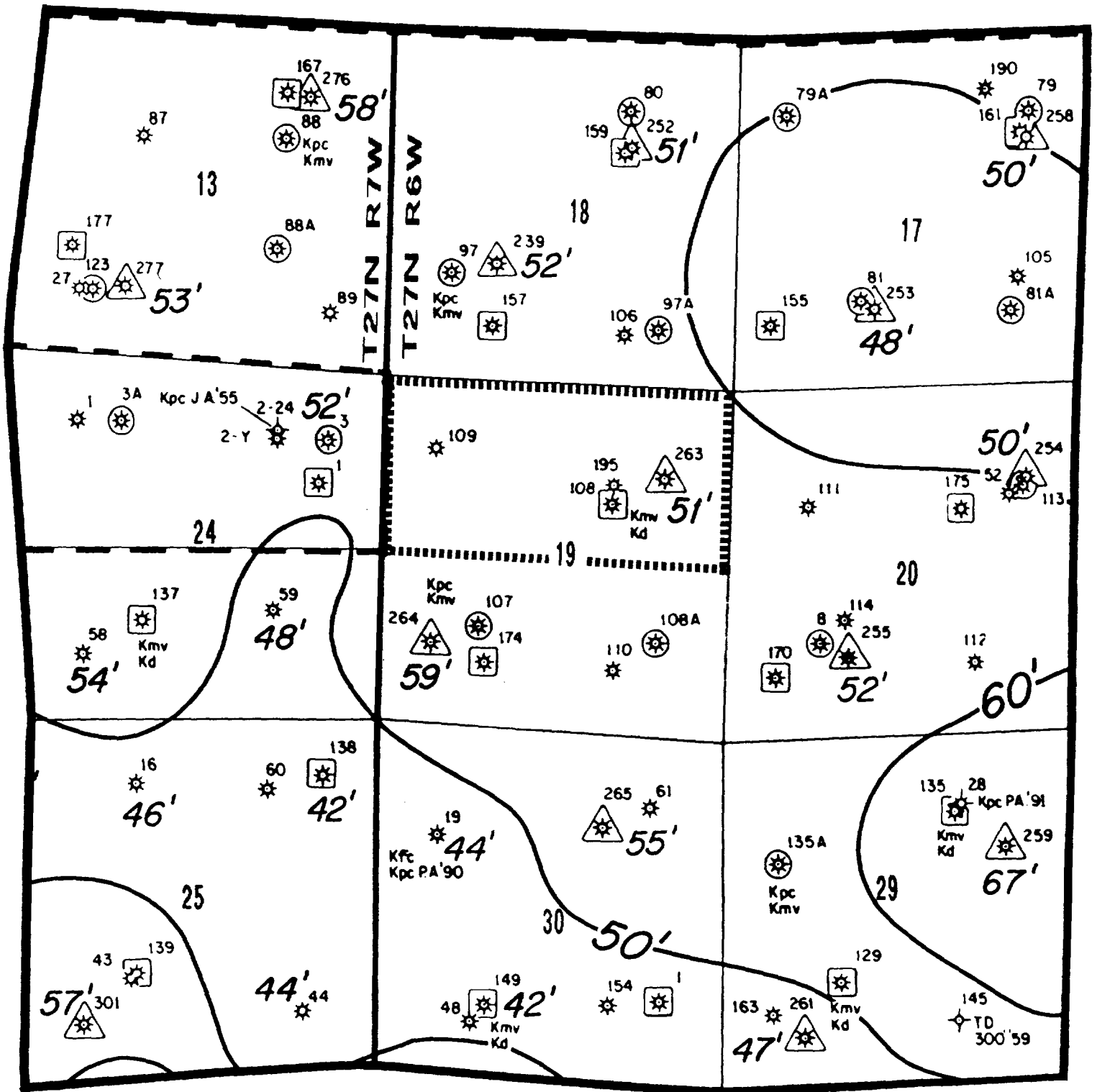
PRODUCING INTERVAL

Kfm	FARMINGTON	Kfm	
Kk	KIRTLAND	Kk	
Kf	FRUITLAND	Kf	
Kpc	PICTURED CLIFFS	Kpc	
Kc	CHACRA	Kc	
Kiv	LA VENTANA	Kiv	
Kmv	MESAVERDE	Kmv	Kch CLIFFHOUSE Km MENEPEE Kpl POINT LOOKOUT
Kgi	GALLUP	Kgi	
Kq	DAKOTA	Kq	Kt TOCITO Kgn GREENHORN

UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
 BASE OF FRUITLAND COAL
 RINCON UNIT # 263
 N 1/2 SEC. 19 - T27N R6W

INTERP BY	D.V.H.	SCALE	2 1/2" = 1 Mi. 1" = 50'
DRAFT BY		DATE	9-26-90 PAT NO. 14184



PRODUCING INTERVAL

☉	FARMINGTON	Kfm	
☉	KIRTLAND	Kk	
☉	FRUITLAND	Kf	
☉	PICTURED CLIFFS	Kpc	
☉	CHACRA	Kc	
☉	LA VENTANA	Klv	
☉	MESAVERDE	Kmv	} Kch CLIFFHOUSE } Km MENEPEE } Kpl POINT LOOKOUT
☉	GALLUP	Kgl	
☉	DAKOTA	Kd	

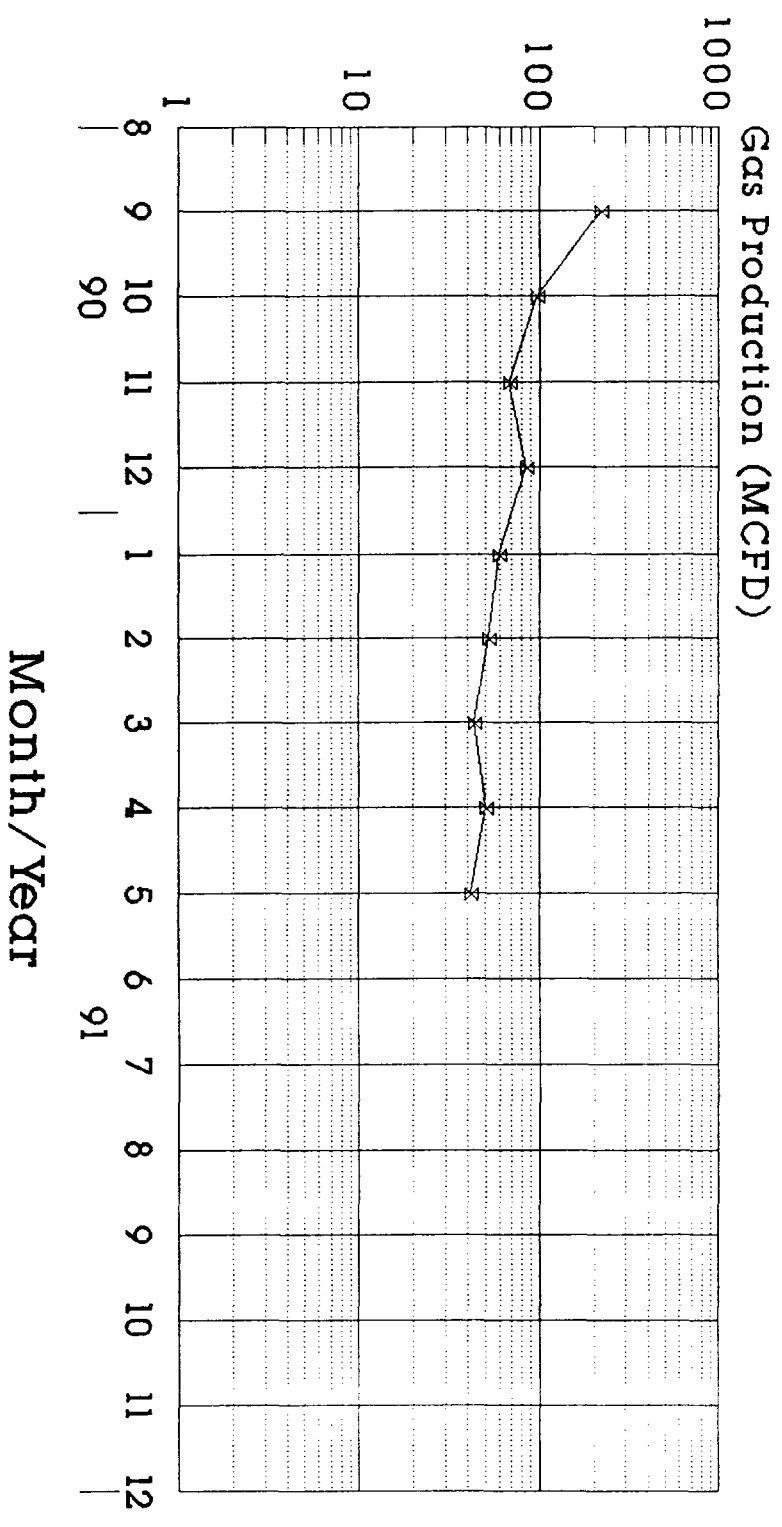
UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
FRUITLAND COAL
RINCON UNIT # 263
N½ SEC. 19 -T27N R6W

INTERP BY D.V.H.	SCALE 2 1/2" = 1 Mi. K: 10'
DRAFT BY	DATE 9-26-90 FILE NO. 1A184

RINCCON UNIT #263

RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #263 - FT TAXCR

LOCATION:

BUDGET CATEGORY:
BUDGET PRIORITY:

EFFECTIVE DATE: FEB 0
PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE		
					BTAX	ATAX			
FIELD :	BASIN FRUITLAND COAL			PROFIT TO INV (P/I):	----	----	DISCOUNT	BTAX	ATAX
LSE/BLOCK :				UNDISCOUNTED	-0.61	0.06	RATE (%)	(M\$)	(M\$)
FORMATION :	FRUITLAND COAL			DISC @ 10.0%	-0.75	-0.23	-----		
TOTAL DEPTH:				DISC @ 15.0%	-0.79	-0.31	0.0	-160.	16.
OPERATOR :	Unocal			INV EFF RATIO (IER):			5.0	-180.	-29.
AFE # :				UNDISCOUNTED	-0.61	0.07	10.0	-193.	-59.
LIFE (YRS) :	27.4			DISC @ 10.0%	-0.75	-0.28	15.0	-202.	-80.
				DISC @ 15.0%	-0.79	-0.38	20.0	-208.	-96.
							25.0	-212.	-107.
WI	ORI	GRI	DATE	PAYOUT (YEARS)	*	11.4	DISCOUNT DATE : JUL 1990		
100.00000	80.99870	80.99870	JUL 1990	RATE OF RETURN (%)	-1000.0	1.6	DISCOUNT METHOD: EFFECTIVE MON		

COMMODITY PRICES				INVESTMENTS (M\$)			CASH FLOW (M\$)	
					GROSS	NET		
							NET	
	BEG	END	AVG					
OIL (\$/BBL)	0.00	0.00	0.00	LEASEHOLD	0.	0.	TOTAL REVENUES	266.
GAS (\$/MCF)	1.88	1.42	1.46	DRY HOLE	0.	0.	EXPENSES:	
NGL (\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	98.
SULPHUR (\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
				PLATFORM	0.	0.	PLANT	0.
\$EQUIV BOE RATIO	6.00	6.00	6.00	FACILITIES	0.	0.	SEV & ADVAL TAXES	38.
				PIPELINE	0.	0.	INDIRECT	8.
				PLANT	0.	0.	OVERHEAD	21.
				GATHERING	0.	0.	NET ABAND/SALV	0.
							NET INVESTMENTS	260.
				MISC INTAN	169.	169.	BTAX CASH FLOW	-160.
				MISC TAN	91.	91.	INCOME TAXES PAID	-175.
				TOTAL	260.	260.	ATAX CASH FLOW	16.
				DISC @ 10.0%	258.	258.	ATAX DISC @ 10.0%	-59.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
				GROSS		NET	
				REMAIN	ULT	REMAIN	ULT
OIL (MBBLS)	0.	0.		0.	0.		
GAS (MMCF)	225.	225.		183.	183.		
NGL (MBBLS)	0.	0.		0.	0.		
SULPHUR (MTONS)	0.	0.		0.	0.		
EQUIVALENT RESERVES:							
BTU (MBOE)	38.	38.		30.	30.		
VALUE (MBO\$E)	14.	14.		12.	12.		

INITIAL RATE:
OIL (BBLS/DAY) 0.
GAS (MCF/DAY) 67.

GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

GLOBAL FILE: \$UNOCAL1

VALUATION #26 IN PROJECT FILE "P.A. " 06/25/91 14:49:04

10 IDENT "30 25 U091205 " "
20 DATES JUL 1990 JUL 1990 SEP 1990
30 NAME "RINCON U. #263 - FT TAXCR "
40 FIELD "BASIN FRUITLAND COAL "
50 CNTYSTATE "NEW MEXICO "
60 FORMATION "FRUITLAND COAL "
70 OPERATOR "UNOCAL "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
130 COMMENT "FIRST 9 MONTHS = ACTUAL PROD. "
140 GPROD P MON 1.997 3.007 2.018 2.502 1.846 1.313 1.333 1.207 1.283
170 GPROD * EXP * * * 10. 2.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 91000. 0. 0. 0.
220 INTAN I MON 169000. 0.
230 COMMENT "FIRST 9 MONTHS = ACTUAL GAS PRICES "
240 PRGAS P MON 1.59 1.59 1.88 2.26 2.2 1.66 1.34 1.04 1.04
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT "
20 COMMENT "TO 2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE

GLOBAL FILE: \$UNOCAL2

AME : RINCON U. #263 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
COUNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(6MO)1990	0.0	0.0	9.5	7.7	1.3	0.00	0.0	2.16	16.6	16.6
1991	0.0	0.0	15.7	12.7	2.1	0.00	0.0	1.58	20.2	20.2
1992	0.0	0.0	14.2	11.5	1.9	0.00	0.0	1.42	16.2	16.2
1993	0.0	0.0	13.2	10.7	1.8	0.00	0.0	1.42	15.1	15.1
1994	0.0	0.0	12.3	9.9	1.7	0.00	0.0	1.42	14.1	14.1
1995	0.0	0.0	11.6	9.4	1.6	0.00	0.0	1.42	13.3	13.3
1996	0.0	0.0	11.0	8.9	1.5	0.00	0.0	1.42	12.7	12.7
1997	0.0	0.0	10.5	8.5	1.4	0.00	0.0	1.42	12.0	12.0
1998	0.0	0.0	10.0	8.1	1.3	0.00	0.0	1.42	11.4	11.4
1999	0.0	0.0	9.5	7.7	1.3	0.00	0.0	1.42	10.8	10.8
2000	0.0	0.0	9.0	7.3	1.2	0.00	0.0	1.42	10.3	10.3
2001	0.0	0.0	8.5	6.9	1.2	0.00	0.0	1.42	9.8	9.8
2002	0.0	0.0	8.1	6.6	1.1	0.00	0.0	1.42	9.3	9.3
2003	0.0	0.0	7.7	6.2	1.0	0.00	0.0	1.42	8.8	8.8
2004	0.0	0.0	7.3	5.9	1.0	0.00	0.0	1.42	8.4	8.4
SUB TOTAL	0.0	0.0	158.0	128.0	21.3	0.00	0.0	1.48	189.1	189.1
REMAINDER	0.0	0.0	67.4	54.6	9.1	0.00	0.0	1.42	77.3	77.3
TOT 27.4 YR	0.0	0.0	225.4	182.6	30.4	0.00	0.0	1.46	266.4	266.4

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(6MO)1990	1.2	0.0	1.2	1.9	0.4	260.0	-246.8	-53.8	-193.0	-193.0
1991	3.6	0.0	3.6	2.8	1.1	0.0	12.8	-20.1	32.9	-160.1
1992	3.6	0.0	3.6	2.4	1.1	0.0	9.2	-17.8	27.0	-133.2
1993	3.6	0.0	3.6	2.2	1.1	0.0	8.2	-15.6	23.8	-109.3
1994	3.6	0.0	3.6	2.1	1.1	0.0	7.3	-14.0	21.3	-88.0
1995	3.6	0.0	3.6	2.0	1.1	0.0	6.7	-12.4	19.1	-68.9
1996	3.6	0.0	3.6	1.9	1.1	0.0	6.1	-9.6	15.7	-53.2
1997	3.6	0.0	3.6	1.8	1.1	0.0	5.6	-7.8	13.4	-39.8
1998	3.6	0.0	3.6	1.7	1.1	0.0	5.1	-6.1	11.1	-28.6
1999	3.6	0.0	3.6	1.6	1.1	0.0	4.6	-5.9	10.4	-18.2
2000	3.6	0.0	3.6	1.5	1.1	0.0	4.1	-5.7	9.8	-8.4
2001	3.6	0.0	3.6	1.4	1.1	0.0	3.7	-5.5	9.1	0.7
2002	3.6	0.0	3.6	1.4	1.1	0.0	3.3	-5.3	8.5	9.2
2003	3.6	0.0	3.6	1.3	1.1	0.0	2.9	1.1	1.8	11.0
2004	3.6	0.0	3.6	1.2	1.1	0.0	2.5	0.9	1.5	12.5
SUB TOTAL	51.6	0.0	51.6	27.0	15.5	260.0	-165.0	-177.5	12.5	12.5
REMAINDER	46.5	0.0	46.5	11.3	14.0	0.0	5.4	2.1	3.4	15.9
TOT 27.4 YR	98.1	0.0	98.1	38.3	29.5	260.0	-159.5	-175.4	15.9	15.9

AME : RINCON U. #263 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
COUNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	---M\$---	---M\$---		---MBBLS---	---\$/BBL---	---M\$---	---M-TONS---	---M\$---	---M\$---	---M\$---
(6MO)1990	260.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	260.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	46.5	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 27.4 YR	260.0	98.1	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(6MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.0	0.0	3.4
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.3	0.0	10.1
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.9	0.0	10.1
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.4	0.0	10.1
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.1	0.0	10.1
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.1	0.0	6.8
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.1	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.1	0.0	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	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	91.0	0.0	50.7
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 27.4 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	91.0	0.0	50.7

PF:P.A.
EVAL #: 26

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

DATE: 06/25/91
TIME: 14:49:41
PAGE: 4

NAME : RINCON U. #263 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(6MO)1990	11238.3	7.6	0.840	0.000	7.6
1991	18566.8	12.6	0.840	0.000	12.6
1992	16705.8	11.4	0.840	0.000	11.4
1993	15536.4	10.6	0.840	0.000	10.6
1994	14475.0	9.8	0.840	0.000	9.8
1995	13700.6	9.3	0.840	0.000	9.3
1996	13015.6	8.9	0.840	0.000	8.9
1997	12364.8	8.4	0.840	0.000	8.4
1998	11746.6	8.0	0.840	0.000	8.0
1999	11159.2	7.6	0.840	0.000	7.6
2000	10601.3	7.2	0.840	0.000	7.2
2001	10071.2	6.9	0.840	0.000	6.9
2002	9567.7	6.5	0.840	0.000	6.5
2003	9089.3	0.0	0.000	0.000	0.0
2004	8634.8	0.0	0.000	0.000	0.0
SUB TOTAL	186473.4	114.8	0.840	0.000	114.8
REMAINDER	79481.0	0.0	0.000	0.000	0.0
TOT 27.4 YR	265954.3	114.8	0.840	0.000	114.8

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 6 WEST, N.M.P.M.

Section 19: 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 #264 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #264 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 #264 well which first delivered on September 7, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #264
Location: 1200'FSL, 798'FWL, Sec 19, T27N, R6W
Elevation: 6575' GL
Total Depth: 3122'
Lease Number: SF-079366
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 6-18-90
Completion Date: 7-14-90
1st Delivery Date: 9-7-90
Perf'd Interval: 2939-2945, 2949-2953, 2956-2960, 2961-2963,
2964-2968, 2997-3002, 3024-3043, 3045-3060.

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 aurally 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 #264 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 358 feet and cemented with 350 sacks to surface. Production casing measuring 4-1/2" was then set at 3119 feet and cemented in two stages to surface with 788 sacks cement. After drilling out to PBTD of 3114' the upper and lower coal zones were perforated from 2939'-3060' with 4 shots per foot and fracture stimulated with 304,000# 20/40 sand, 1.27 MMSCF N2 and 30,150 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 219 MCFD and 505 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 7, 1990. The current deliverability for the well against a 150# line pressure is 40 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.48 Bcf.

Net Pay: 59 ft
Drainage area: 160 acres
Gas Content: 150 SCF/ton
Tonnage Factor: 2023 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$268,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 82 MCFD, Current - 38 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 11.4 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 19, T27N-R6W, comprising 320.00 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.

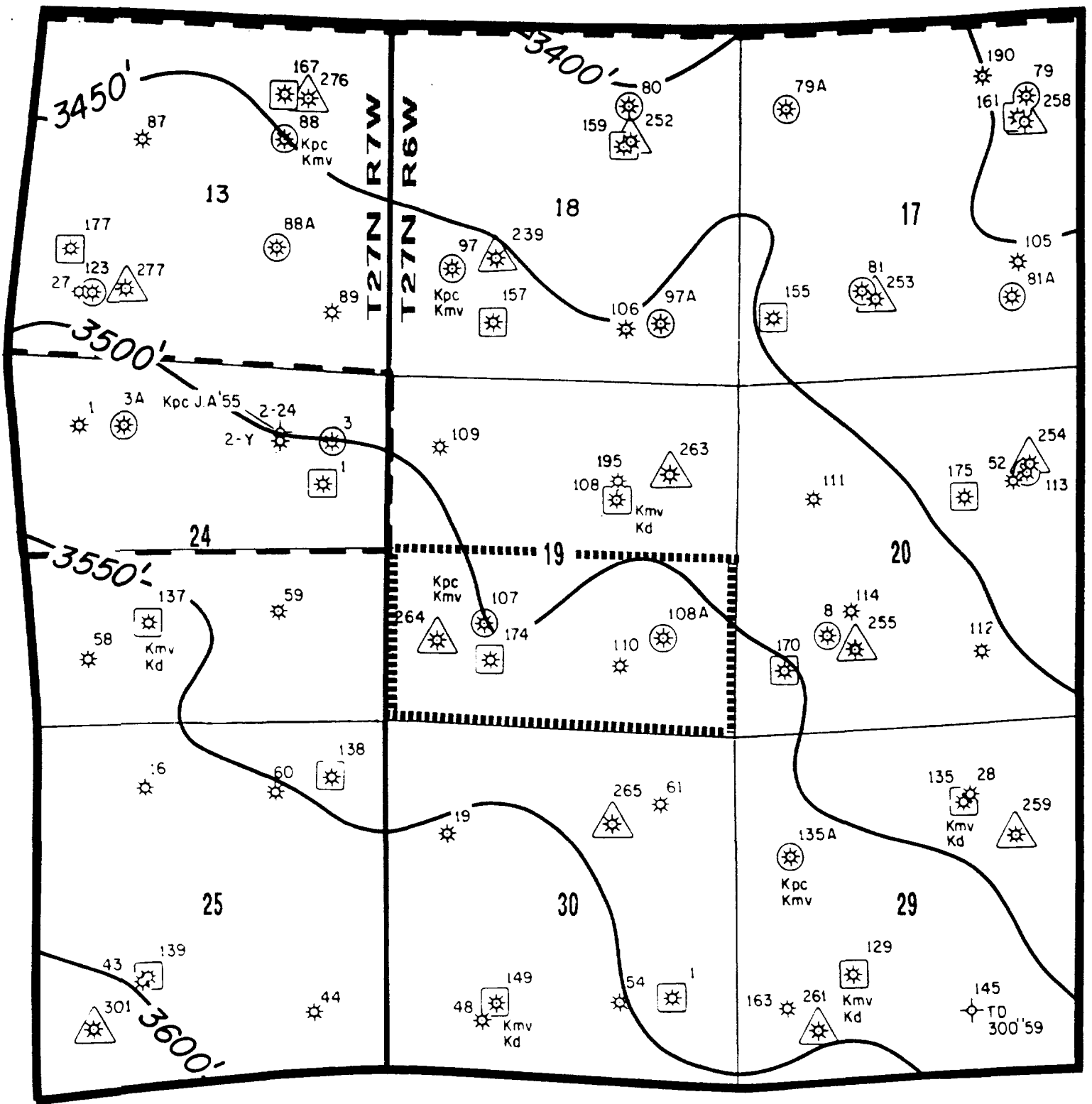
SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melvin Osborn
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:

7/1/92





PRODUCING INTERVAL

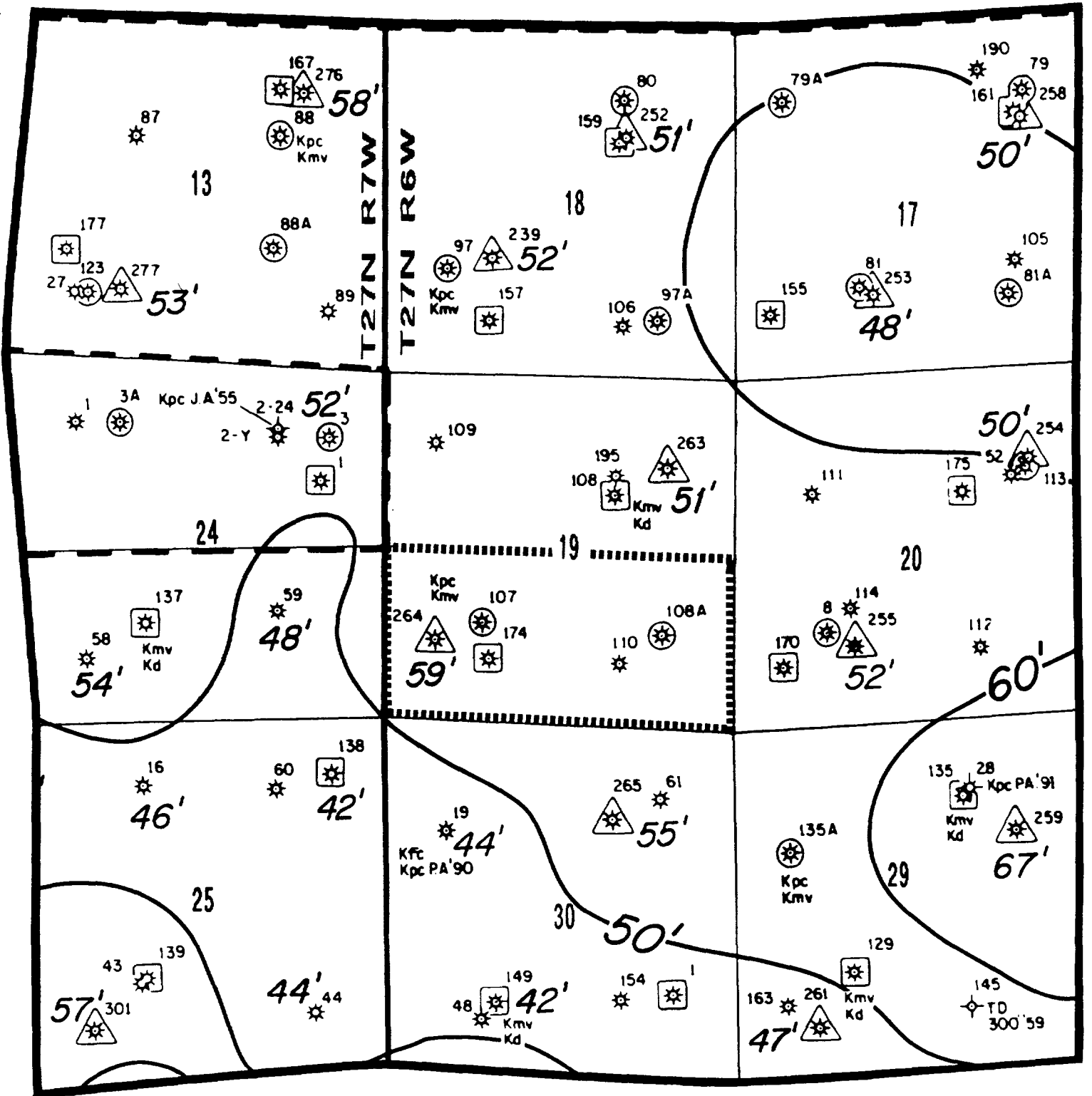
	FARMINGTON	Kfm		
	KIRTLAND	Kk		
	FRUITLAND	Kf		
	PICTURED CLIFFS	Kpc		
	CHACRA	Kc		
	LA VENTANA	Klv		
	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Km MENEFEE Kpl POINT LOCKOUT	
	SALLUP	Kgi		{ Kt TOCITO Kgh GREENHORN
	DAROTA	Kd		

UNOCAL

NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT
RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
BASE OF FRUITLAND COAL
RINCON UNIT # 264
S 1/2 SEC. 19 - T27N R6W

INTERP BY DV.H SCALE 2 1/2" = 1 Mi. CI 50'
DRAFT BY DATE 9-25-90 IRE NO. (A)R-4



PRODUCING INTERVAL

☼	FARMINGTON	Kfm	
☼	KIRTLAND	Kk	
△	FRUITLAND	Kf	
☼	PICTURED CLIFFS	Kpc	
⊙	CHACRA	Kc	
☼	LA VENTANA	Klv	
⊙	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Km MENEFEE Kgl POINT LOOKOUT
⊙	GALLUP	Kgl	
⊙	DAKOTA	Kd	

UNOCAL

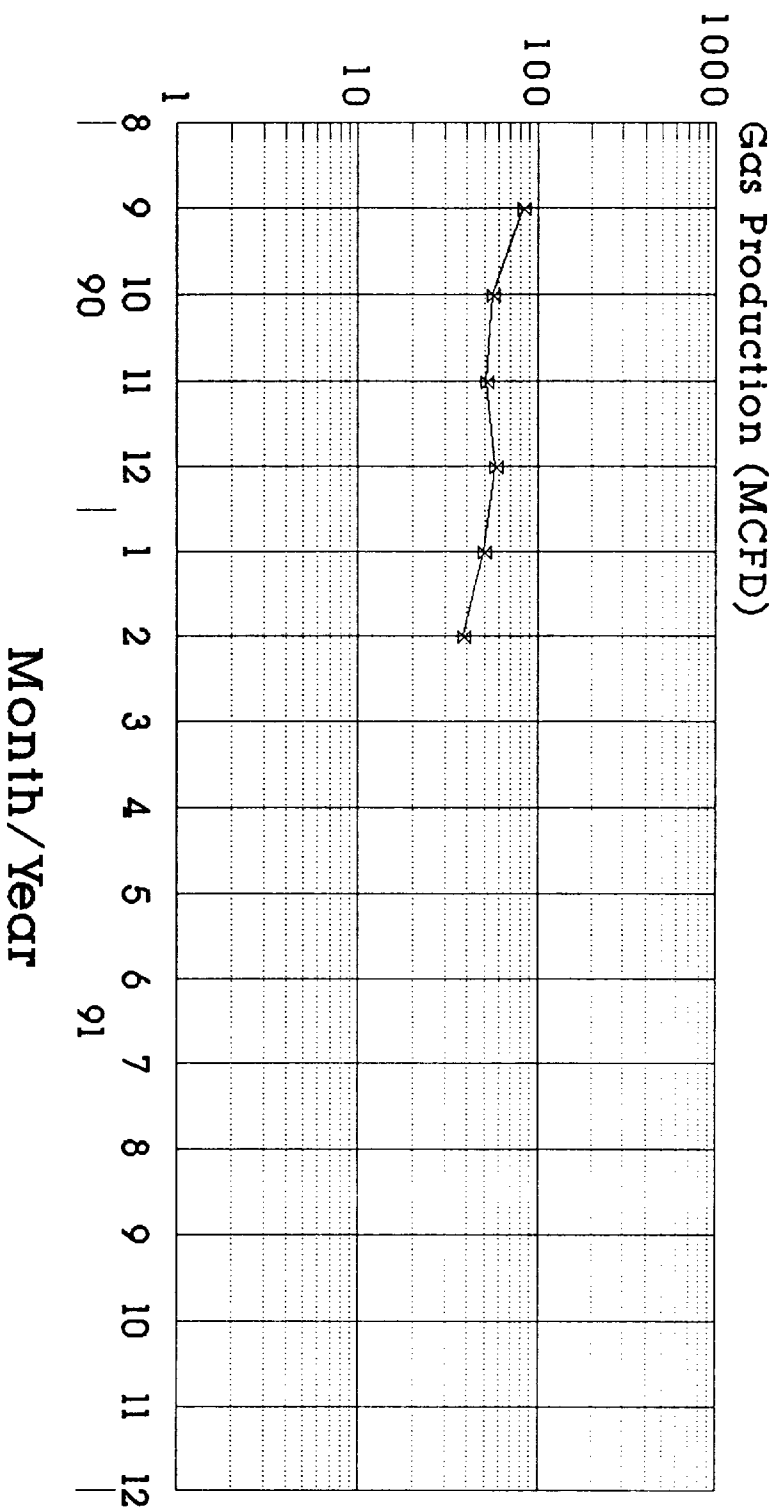
NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT
RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
FRUITLAND COAL
RINCON UNIT # 264
S 1/2 SEC. 19 -T27N R6W

INTERP BY **D.V.H.** SCALE **2 1/2" = 1 Mi. (1" = 10')**
 DRAFT BY _____ DATE **12-26-90** FILE NO. **1A1K.4**

RINCON UNIT #264

RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #264 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE		
FIELD :	BASIN FRUITLAND COAL	PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX		
LSE/BLOCK :		UNDISCOUNTED	-0.63	0.06	RATE (%)	(M\$)	(M\$)		
FORMATION :	FRUITLAND COAL	DISC @ 10.0%	-0.77	-0.24					
TOTAL DEPTH:		DISC @ 15.0%	-0.81	-0.32	0.0	-169.	17.		
OPERATOR :	Unocal	INV EFF RATIO (IER):			5.0	-190.	-31.		
AFE # :		UNDISCOUNTED	-0.63	0.08	10.0	-204.	-63.		
LIFE (YRS) :	28.9	DISC @ 10.0%	-0.77	-0.29	15.0	-213.	-85.		
		DISC @ 15.0%	-0.81	-0.40	20.0	-220.	-102.		
					25.0	-224.	-114.		
WI	ORI	GRI	DATE	PAYOUT (YEARS)	*	11.4			
100.00000	80.99870	80.99870	JUN 1990	RATE OF RETURN (%)	-1000.0	1.6			
							DISCOUNT DATE :	JUN 1990	
							DISCOUNT METHOD:	EFFECTIVE MON	

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	285.
GAS (\$/MCF)		1.53	1.42	1.43	DRY HOLE	0.	0.	EXPENSES:	
NGL (\$/BBL)		0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	103.
SULPHUR (\$/TON)		0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
					PLATFORM	0.	0.	PLANT	0.
\$EQUIV BOE RATIO	6.00	6.00	6.00		FACILITIES	0.	0.	SEV & ADVAL TAXES	42.
					PIPELINE	0.	0.	INDIRECT	17.
					PLANT	0.	0.	OVERHEAD	24.
					GATHERING	0.	0.	NET ABAND/SALV	0.
								NET INVESTMENTS	268.
					MISC INTAN	188.	188.	BTAX CASH FLOW	-169.
					MISC TAN	80.	80.	INCOME TAXES PAID	-186.
					TOTAL	268.	268.	ATAX CASH FLOW	17.
					DISC @ 10.0%	266.	266.	ATAX DISC @ 10.0%	-63.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
		GROSS		NET			
		REMAIN	ULT	REMAIN	ULT		
OIL (MBBLS)		0.	0.	0.	0.		
GAS (MMCF)		246.	246.	199.	199.		
NGL (MBBLS)		0.	0.	0.	0.		
SULPHUR (MTONS)		0.	0.	0.	0.		
EQUIVALENT RESERVES:							
BTU (MBOE)		41.	41.	33.	33.		
VALUE (MBO\$E)		14.	14.	11.	11.		

INITIAL RATE:
OIL (BBLS/DAY) 0.
GAS (MCF/DAY) 82.
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

NAME : RINCON U. #264 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 COUNTY, STATE: NEW MEXICO
 INFORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MMBLS---	---MMBLS---	---MMCF---	---MMCF---	---EMMBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(7MO)1990	0.0	0.0	7.5	6.1	1.0	0.00	0.0	1.88	11.4	11.4
1991	0.0	0.0	16.6	13.5	2.2	0.00	0.0	1.43	19.3	19.3
1992	0.0	0.0	15.4	12.5	2.1	0.00	0.0	1.42	17.7	17.7
1993	0.0	0.0	14.3	11.6	1.9	0.00	0.0	1.42	16.5	16.5
1994	0.0	0.0	13.3	10.8	1.8	0.00	0.0	1.42	15.3	15.3
1995	0.0	0.0	12.5	10.1	1.7	0.00	0.0	1.42	14.4	14.4
1996	0.0	0.0	11.9	9.6	1.6	0.00	0.0	1.42	13.6	13.6
1997	0.0	0.0	11.3	9.2	1.5	0.00	0.0	1.42	13.0	13.0
1998	0.0	0.0	10.7	8.7	1.4	0.00	0.0	1.42	12.3	12.3
1999	0.0	0.0	10.2	8.3	1.4	0.00	0.0	1.42	11.7	11.7
2000	0.0	0.0	9.7	7.8	1.3	0.00	0.0	1.42	11.1	11.1
2001	0.0	0.0	9.2	7.5	1.2	0.00	0.0	1.42	10.6	10.6
2002	0.0	0.0	8.7	7.1	1.2	0.00	0.0	1.42	10.0	10.0
2003	0.0	0.0	8.3	6.7	1.1	0.00	0.0	1.42	9.5	9.5
2004	0.0	0.0	7.9	6.4	1.1	0.00	0.0	1.42	9.0	9.0
SUB TOTAL	0.0	0.0	167.7	135.8	22.6	0.00	0.0	1.44	195.4	195.4
REMAINDER	0.0	0.0	78.0	63.2	10.5	0.00	0.0	1.42	89.5	89.5
TOT 28.9 YR	0.0	0.0	245.7	199.0	33.2	0.00	0.0	1.43	284.9	284.9

	NET LOE (FIX + VAR)	NET WORKOVR EXP	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(7MO)1990	1.2	0.0	1.2	1.4	0.5	268.0	-259.7	-58.6	-201.0	-201.0
1991	3.6	0.0	3.6	2.8	1.4	0.0	11.5	-20.7	32.2	-168.8
1992	3.6	0.0	3.6	2.6	1.4	0.0	10.1	-18.2	28.2	-140.6
1993	3.6	0.0	3.6	2.4	1.4	0.0	9.0	-16.2	25.2	-115.4
1994	3.6	0.0	3.6	2.2	1.4	0.0	8.0	-14.7	22.7	-92.7
1995	3.6	0.0	3.6	2.1	1.4	0.0	7.2	-12.9	20.1	-72.6
1996	3.6	0.0	3.6	2.0	1.4	0.0	6.6	-9.8	16.4	-56.2
1997	3.6	0.0	3.6	1.9	1.4	0.0	6.0	-8.1	14.2	-42.1
1998	3.6	0.0	3.6	1.8	1.4	0.0	5.5	-6.5	12.0	-30.1
1999	3.6	0.0	3.6	1.7	1.4	0.0	4.9	-6.3	11.3	-18.8
2000	3.6	0.0	3.6	1.6	1.4	0.0	4.4	-6.1	10.5	-8.3
2001	3.6	0.0	3.6	1.5	1.4	0.0	4.0	-5.9	9.9	1.6
2002	3.6	0.0	3.6	1.5	1.4	0.0	3.5	-5.7	9.2	10.8
2003	3.6	0.0	3.6	1.4	1.4	0.0	3.1	1.2	1.9	12.7
2004	3.6	0.0	3.6	1.3	1.4	0.0	2.7	1.0	1.7	14.3
SUB TOTAL	51.6	0.0	51.6	28.4	20.5	268.0	-173.1	-187.4	14.3	14.3
REMAINDER	51.6	0.0	51.6	13.1	20.5	0.0	4.2	1.6	2.6	17.0
TOT 28.9 YR	103.2	0.0	103.2	41.5	41.1	268.0	-168.8	-185.8	17.0	17.0

NAME : RINCON U. #264 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-\$-	-\$-		---MBBLS---	---\$/BBL---	-\$-	---M-TONS---	-\$-	-\$-	-\$-
(7MO)1990	268.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	268.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 28.9 YR	268.0	103.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-\$-	-\$-	-\$-	-\$-	-\$-	-\$-	-\$-	-\$-	-\$-	-\$-
(7MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.4	0.0	3.8
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.6	0.0	11.3
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.0	0.0	11.3
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	0.0	11.3
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1	0.0	11.3
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1	0.0	7.5
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6	0.0	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	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	80.0	0.0	56.4
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 28.9 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	80.0	0.0	56.4

F:P.A.
VAL #: 17

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

DATE: 04/22/91
TIME: 13:38:06
PAGE: 28

AME : RINCON U. #264 - FT TAXCR
IELD : BASIN FRUITLAND COAL
NTY, STATE: NEW MEXICO
ORMATION : FRUITLAND COAL
PERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----MS-----				
7MO)1990	8840.6	6.0	0.840	0.000	6.0
1991	19645.6	13.4	0.840	0.000	13.4
1992	18204.9	12.4	0.840	0.000	12.4
1993	16928.6	11.5	0.840	0.000	11.5
1994	15743.6	10.7	0.840	0.000	10.7
1995	14771.4	10.1	0.840	0.000	10.1
1996	14031.8	9.5	0.840	0.000	9.5
1997	13330.2	9.1	0.840	0.000	9.1
1998	12663.7	8.6	0.840	0.000	8.6
1999	12030.5	8.2	0.840	0.000	8.2
2000	11429.0	7.8	0.840	0.000	7.8
2001	10857.5	7.4	0.840	0.000	7.4
2002	10314.6	7.0	0.840	0.000	7.0
2003	9798.9	0.0	0.000	0.000	0.0
2004	9309.0	0.0	0.000	0.000	0.0
SUB TOTAL	197899.7	121.6	0.840	0.000	121.6
REMAINDER	92077.3	0.0	0.000	0.000	0.0
TOT 28.9 YR	289977.0	121.6	0.840	0.000	121.6

GLOBAL FILE: \$UNOCAL1

EVALUATION #17 IN PROJECT FILE "P.A. " 04/22/91 13:37:37

10 IDENT "30 25 U091205 " " "
20 DATES JUN 1990 JUN 1990 SEP 1990
30 NAME "RINCON U. #264 - FT TAXCR "
40 FIELD "BASIN FRUITLAND COAL "
50 CNTYSTATE "NEW MEXICO "
60 FORMATION "FRUITLAND COAL "
70 OPERATOR "UNOCAL "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
130 COMMENT "FIRST 6 MONTHS = ACTUAL PROD. "
140 GPROD P MON 2.468 1.716 1.534 1.774 1.525 1.156
150 GPROD * EXP 1.459 * * 10. 11.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 80000. 0. 0.
220 INTAN I MON 188000. 0.
240 PRGAS P MON 1.3 1.56 1.86 1.81 1.37
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT "
20 COMMENT "TO 2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE
370 ULTIMATE GPROD 640.

GLOBAL FILE: \$UNOCAL2

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 26 NORTH, RANGE 7 WEST, N.M.P.M.

Section 12: North/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 #270 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #270 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 #270 well which first delivered on September 7, 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 September 1, 1990.

Dated this 22nd day of July, 1991



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #270
Location: 1658'FNL, 2311'FEL, Sec 12, T26N, R7W
Elevation: 6464' GL
Total Depth: 2790'
Lease Number: SF-079160
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 4-26-90
Completion Date: 5-26-90
1st Delivery Date: 9-7-90
Perf'd Interval: 2627-2631, 2685-2688, 2726-2738.

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 aurally 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 #270 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 218 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 2790 feet and cemented in two stages to surface with 670 sacks cement. After drilling out to PBD of 2778' the upper and lower coal zones were perforated from 2627'-2738' with 4 shots per foot and fracture stimulated with 191,500# 20/40 sand, sand tagged with 45 MC Iridium 192, and 50,000 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 325 MCFD and 310 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 7, 1990. The current deliverability for the well against a 150# line pressure is 182 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.33 Bcf.

Net Pay: 30 ft
Drainage area: 160 acres
Gas Content: 198 SCF/ton
Tonnage Factor: 2037 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$249,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 207 MCFD, Current - 111 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 5.7 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

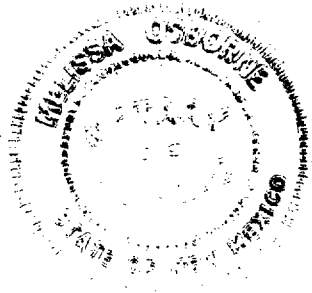
BEFORE ME, the undersigned authority on this day personally appeared Bill Hering, District Petroleum Engineer, known to me to be the person whose name is subscribed to this instrument, who, having been by me first duly sworn, upon oath states as follows:

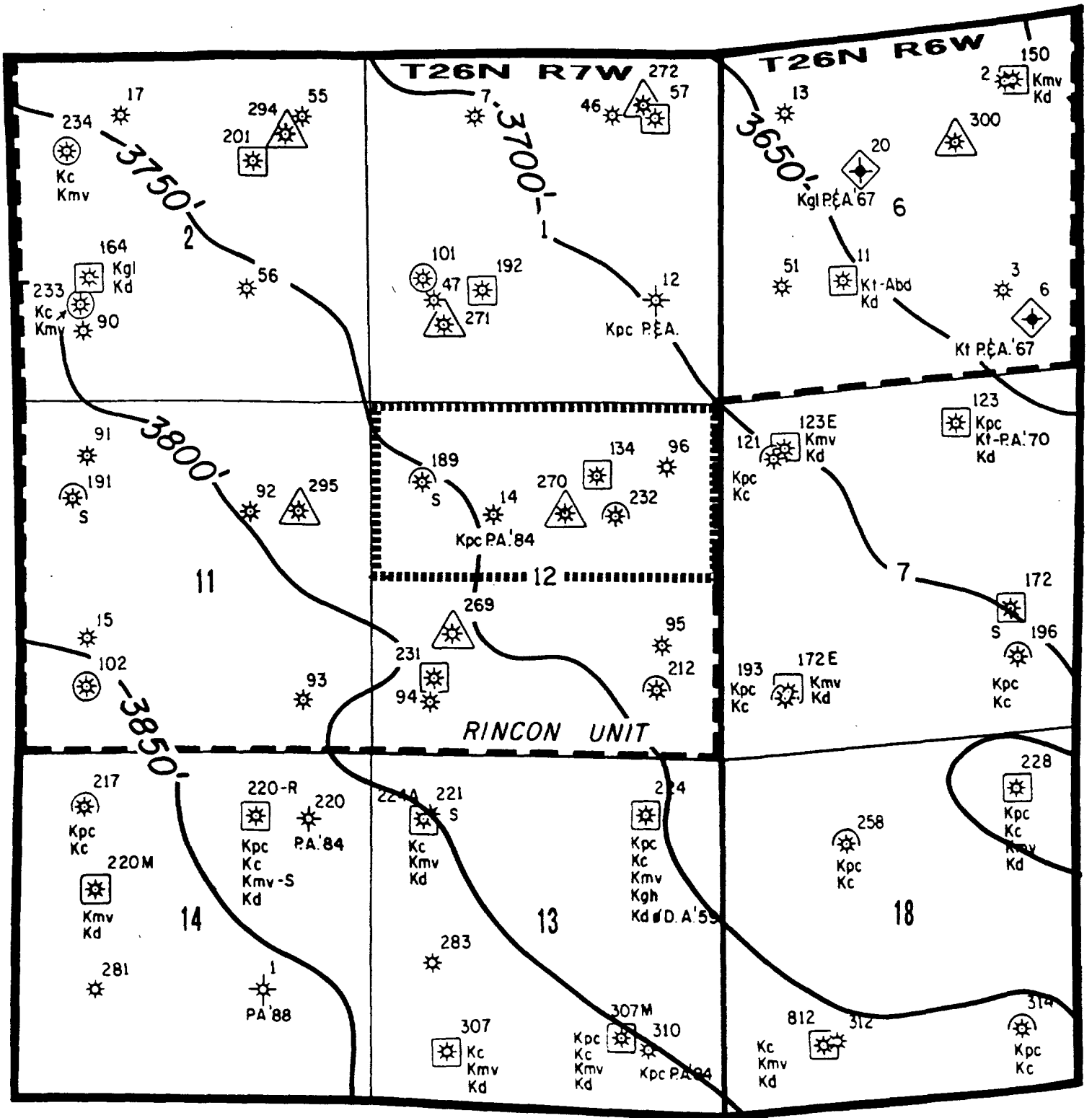
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the N/2 Section 12, T26N-R7W, comprising 320.00 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied 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.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Brown
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:
7/11/92





PRODUCING INTERVAL

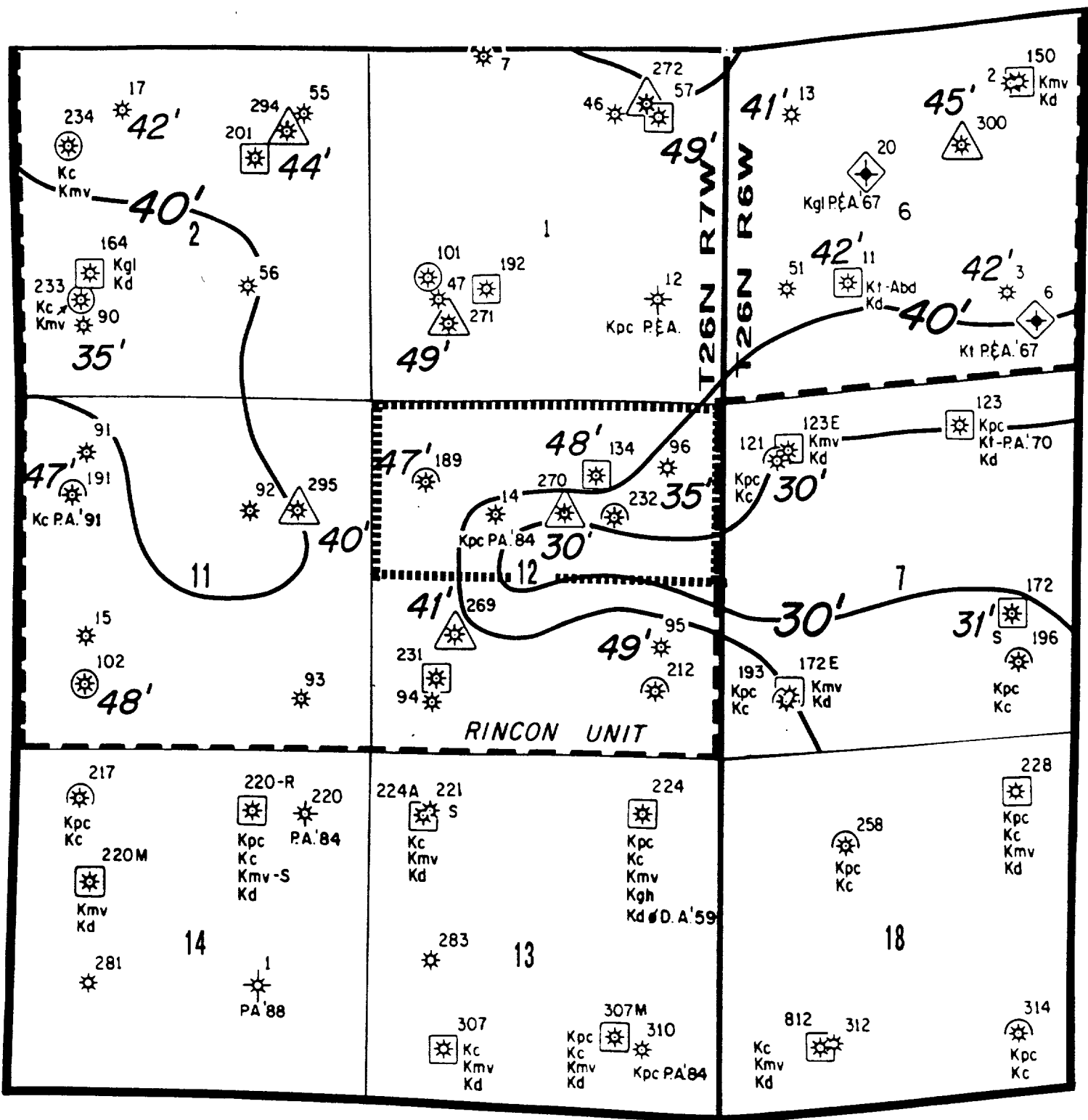
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Kk	KIRTLAND	Kk	
Kf	FRUITLAND	Kf	
Kpc	PICTURED CLIFFS	Kpc	
Kc	CHACRA	Kc	
Kiv	LA VENTANA	Kiv	
Kmv	MESAVERDE	Kmv	{ Kgh CLIFFHOUSE Ksh MENEPEE Kpl POINT LOOKOUT
Kgl	K1 TOCITO Kgh GREENHORN	Kgh	
Kd		DAKOTA	Kd

UNOCAL

NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT
RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
BASE OF FRUITLAND COAL
RINCON UNIT # 270
N½ SEC. 12 - T26N R7W

INTERP BY **D.V.H.** SCALE $2\frac{1}{2}" = 1 \text{ Mi.}$ 1" = 50'
DRAFT BY _____ DATE 9-25-90 FILE NO. 1418.4



PRODUCING INTERVAL

☉	FARMINGTON	Kfm	
☉	KIRTLAND	Kk	
☉	FRUITLAND	Kf	
☉	PICTURED CLIFFS	Kpc	
☉	CHACRA	Kc	
☉	LA VENTANA	Klv	
☉	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Kxm MENEFEE Kpl POINT LOOKOUT
☉	GALLUP	Kgl	
☉	DAKOTA	Kd	{ Kxi TOCITO Kxh GREENHORN

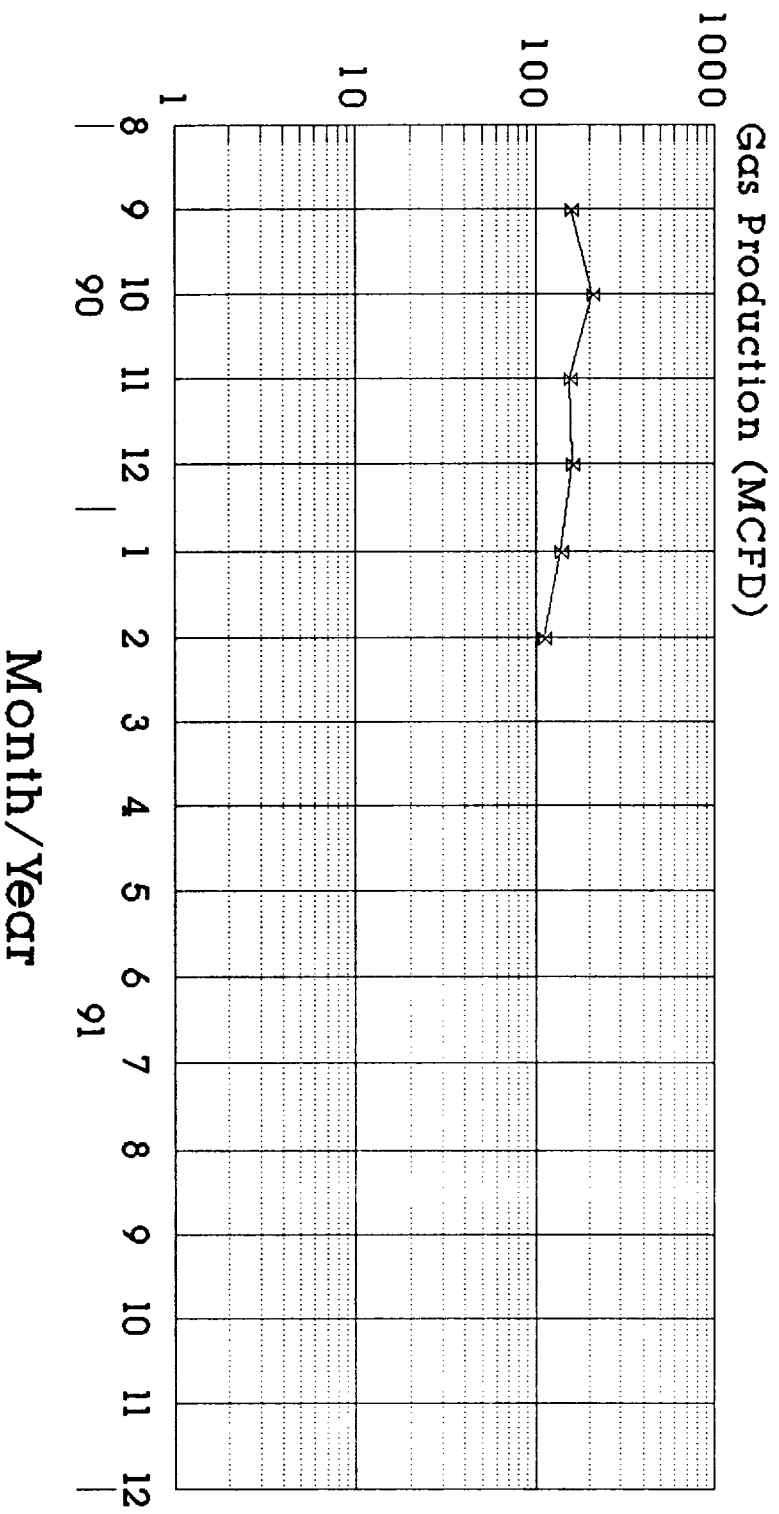
UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
 FRUITLAND COAL
 RINCON UNIT # 270
 N½ SEC. 12 T26N R7W

INTERP BY D.V.H. SCALE 2 1/2" = 1 Mi. | CI 10'
 DRAFT BY DATE 9-26-90 FILE NO. 1A1B*

RINCON UNIT #270

RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #270 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE			
FIELD	:	BASIN FRUITLAND COAL			PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:				UNDISCOUNTED	-0.37	0.42	RATE (%)	(M\$)	(M\$)
FORMATION	:	FRUITLAND COAL			DISC @ 10.0%	-0.58	0.03	-----		
TOTAL DEPTH:	:				DISC @ 15.0%	-0.64	-0.09	0.0	-93.	104.
OPERATOR	:	Unocal			INV EFF RATIO (IER):			5.0	-124.	46.
AFE #	:				UNDISCOUNTED	-0.37	0.51	10.0	-144.	6.
LIFE (YRS)	:	30.9			DISC @ 10.0%	-0.58	0.03	15.0	-157.	-21.
					DISC @ 15.0%	-0.64	-0.11	20.0	-166.	-42.
								25.0	-173.	-57.
WI		ORI	GRI	DATE	PAYOUT (YEARS)	*	5.7	DISCOUNT DATE : MAY 1990		
100.00000		80.99870	80.99870	MAY 1990	RATE OF RETURN (%)	-1000.0	11.0	DISCOUNT METHOD: EFFECTIVE MON		

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		363.
GAS	(\$/MCF)	1.32	1.42	1.44	DRY HOLE	0.	0.	EXPENSES:		
NGL	(\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)		110.
SULPHUR	(\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER		0.
					PLATFORM	0.	0.	PLANT		0.
\$EQUIV BOE RATIO		6.00	6.00	6.00	FACILITIES	0.	0.	SEV & ADVAL TAXES		53.
					PIPELINE	0.	0.	INDIRECT		18.
					PLANT	0.	0.	OVERHEAD		26.
					GATHERING	0.	0.	NET ABAND/SALV		0.
								NET INVESTMENTS		249.
					MISC INTAN	174.	174.	BTAX CASH FLOW		-93.
OPEX	(\$/BOE)	2.12	2.61		MISC TAN	75.	75.	INCOME TAXES PAID		-197.
OPEX	(\$/BOE\$)	6.11	7.54		TOTAL	249.	249.	ATAX CASH FLOW		104.
F&D	(\$/BOE)	4.79	5.91		DISC @ 10.0%	247.	247.	ATAX DISC @ 10.0%		6.
F&D	(\$/BOE\$)	13.82	17.06							
ATAX CF	(\$/BOE)		2.47							
ATAX CF	(\$/BOE\$)		7.12							

RESERVES & PRODUCTION					ASSUMPTIONS & REMARKS	
		GROSS		NET		
		REMAIN	ULT	REMAIN	ULT	
		-----	-----	-----	-----	
OIL	(MBBLS)	0.	0.	0.	0.	
GAS	(MMCF)	312.	312.	253.	253.	
NGL	(MBBLS)	0.	0.	0.	0.	
SULPHUR	(MTONS)	0.	0.	0.	0.	
EQUIVALENT RESERVES:						
	BTU (MBOE)	52.	52.	42.	42.	
	VALUE (MBOE\$)	18.	18.	15.	15.	
INITIAL RATE:						
	OIL (BBLS/DAY)	0.				GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
	GAS (MCF/DAY)	156.				ALTKEY: USA

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

AME : RINCON U. #270 - FT TAXCR
IELD : BASIN FRUITLAND COAL
NTY, STATE: NEW MEXICO
ORMATION : FRUITLAND COAL
PERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
8MO)1990	0.0	0.0	20.7	16.8	2.8	0.00	0.0	1.71	28.7	28.7
1991	0.0	0.0	32.5	26.3	4.4	0.00	0.0	1.43	37.6	37.6
1992	0.0	0.0	20.7	16.8	2.8	0.00	0.0	1.42	23.8	23.8
1993	0.0	0.0	17.5	14.2	2.4	0.00	0.0	1.42	20.0	20.0
1994	0.0	0.0	15.7	12.7	2.1	0.00	0.0	1.42	18.0	18.0
1995	0.0	0.0	14.5	11.7	2.0	0.00	0.0	1.42	16.6	16.6
1996	0.0	0.0	13.5	10.9	1.8	0.00	0.0	1.42	15.4	15.4
1997	0.0	0.0	12.5	10.1	1.7	0.00	0.0	1.42	14.4	14.4
1998	0.0	0.0	11.8	9.6	1.6	0.00	0.0	1.42	13.5	13.5
1999	0.0	0.0	11.2	9.1	1.5	0.00	0.0	1.42	12.9	12.9
2000	0.0	0.0	10.6	8.6	1.4	0.00	0.0	1.42	12.2	12.2
2001	0.0	0.0	10.1	8.2	1.4	0.00	0.0	1.42	11.6	11.6
2002	0.0	0.0	9.6	7.8	1.3	0.00	0.0	1.42	11.0	11.0
2003	0.0	0.0	9.1	7.4	1.2	0.00	0.0	1.42	10.5	10.5
2004	0.0	0.0	8.7	7.0	1.2	0.00	0.0	1.42	9.9	9.9
SUB TOTAL	0.0	0.0	218.8	177.2	29.5	0.00	0.0	1.45	256.1	256.1
REMAINDER	0.0	0.0	93.2	75.5	12.6	0.00	0.0	1.42	106.9	106.9
TOT 30.9 YR	0.0	0.0	311.9	252.7	42.1	0.00	0.0	1.44	363.0	363.0

	NET LOE (FIX + VAR)	NET WORKOVR EXP	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
8MO)1990	1.2	0.0	1.2	3.7	0.5	249.0	-225.7	-59.5	-166.3	-166.3
1991	3.6	0.0	3.6	5.5	1.4	0.0	27.1	-26.8	53.8	-112.4
1992	3.6	0.0	3.6	3.5	1.4	0.0	15.3	-19.8	35.1	-77.4
1993	3.6	0.0	3.6	2.9	1.4	0.0	12.1	-17.0	29.0	-48.3
1994	3.6	0.0	3.6	2.6	1.4	0.0	10.4	-15.2	25.6	-22.8
1995	3.6	0.0	3.6	2.4	1.4	0.0	9.1	-13.3	22.5	-0.3
1996	3.6	0.0	3.6	2.3	1.4	0.0	8.1	-10.3	18.4	18.1
1997	3.6	0.0	3.6	2.1	1.4	0.0	7.2	-8.6	15.8	33.9
1998	3.6	0.0	3.6	2.0	1.4	0.0	6.5	-7.0	13.5	47.4
1999	3.6	0.0	3.6	1.9	1.4	0.0	5.9	-6.7	12.7	60.1
2000	3.6	0.0	3.6	1.8	1.4	0.0	5.4	-6.5	11.9	71.9
2001	3.6	0.0	3.6	1.7	1.4	0.0	4.9	-6.3	11.1	83.1
2002	3.6	0.0	3.6	1.6	1.4	0.0	4.4	-6.1	10.4	93.5
2003	3.6	0.0	3.6	1.5	1.4	0.0	3.9	1.5	2.4	95.9
2004	3.6	0.0	3.6	1.5	1.4	0.0	3.5	1.3	2.1	98.1
SUB TOTAL	51.6	0.0	51.6	37.1	20.5	249.0	-102.1	-200.1	98.1	98.1
REMAINDER	58.5	0.0	58.5	15.7	23.3	0.0	9.4	3.6	5.8	103.9
TOT 30.9 YR	110.1	0.0	110.1	52.7	43.8	249.0	-92.6	-196.5	103.9	103.9

NAME : RINCON U. #270 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-M\$-	-M\$-		-MBBLS-	\$/BBL-	-M\$-	-M-TONS-	-M\$-	-M\$-	-M\$-
(8MO)1990	249.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	249.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	58.5	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 30.9 YR	249.0	110.1	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-	-M\$-
(8MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.7	0.0	3.5
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.4	0.0	10.4
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.1	0.0	10.4
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.4	0.0	10.4
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.7	0.0	10.4
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.7	0.0	7.0
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.7	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3	0.0	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	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	75.0	0.0	52.2
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 30.9 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	75.0	0.0	52.2

OP:P.A.
EVAL #: 16

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

DATE: 04/22/91
TIME: 13:37:36
PAGE: 24

NAME : RINCON U. #270 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(8MO)1990	24427.2	16.6	0.840	0.000	16.6
1991	38356.7	26.1	0.840	0.000	26.1
1992	24471.3	16.6	0.840	0.000	16.6
1993	20618.2	14.0	0.840	0.000	14.0
1994	18564.5	12.6	0.840	0.000	12.6
1995	17065.7	11.6	0.840	0.000	11.6
1996	15871.1	10.8	0.840	0.000	10.8
1997	14764.3	10.0	0.840	0.000	10.0
1998	13921.5	9.5	0.840	0.000	9.5
1999	13225.4	9.0	0.840	0.000	9.0
2000	12564.1	8.5	0.840	0.000	8.5
2001	11935.9	8.1	0.840	0.000	8.1
2002	11339.1	7.7	0.840	0.000	7.7
2003	10772.2	0.0	0.000	0.000	0.0
2004	10233.6	0.0	0.000	0.000	0.0
SUB TOTAL	258130.8	161.3	0.840	0.000	161.3
REMAINDER	109950.9	0.0	0.000	0.000	0.0
TOT 30.9 YR	368081.8	161.3	0.840	0.000	161.3

GLOBAL FILE: \$UNOCAL1

EVALUATION #16 IN PROJECT FILE "P.A. " 04/22/91 13:36:52

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0 IDENT      "30 25 U091205
0 DATES      MAY 1990 MAY 1990 SEP 1990
0 NAME       "RINCON U. #270 - FT TAXCR  "
0 FIELD      "BASIN FRUITLAND COAL      "
0 CNTYSTATE  "NEW MEXICO                 "
0 FORMATION  "FRUITLAND COAL            "
0 OPERATOR   "UNOCAL                     "
0 ECONOMICS  ELIM
0 OWNERSHIP  1. 0.809987
0 COMMENT    "PROD DECLINE BASED ON AVG WELL CASE  "
0 COMMENT    "FIRST 6 MONTHS = ACTUAL PROD.        "
040 GPROD    P    MON 4.678 6.437 4.652 4.934 4.254 3.385
050 GPROD    *    EXP * * * 60. 5.
060 GPROD    *    EXP * * * 28. 14.
070 GPROD    *    EXP * * * 10. 25.
080 GPROD    *    EXP * * * 7. 36.
090 GPROD    *    EXP * * * 5.
100 TAN      I    MON 75000. 0. 0.
120 INTAN    I    MON 174000. 0.
140 PRGAS    P    MON 1.12 1.36 1.71 1.63 1.28
160 PRGAS    *    CON 1.2
190 FACTOR   1.18 PRGAS
210 LOETOT   P    CON 300.
220 AVALPS   *    CON 3.5
*** START OF INSERT FILE C-TAX
0 COMMENT    "ASSUMES CONSTANT $.84 TAX CREDIT  "
0 COMMENT    "TO 2003                            "
0 TEMP1     *    CON 0.
040 CADD     TEMP1 GPROD
050 FACTOR   1000. TEMP1
060 FACTOR   1.18 TEMP1
070 TEMP5    JAN 1990 CON 0.84
080 TEMP5    JAN 2003 CON 0.
090 CADD     TEMP2 TEMP1
100 CFACTOR  TEMP5 TEMP2
110 FACTOR   0.809987 TEMP2
120 CADD     TAXCR TEMP2
130 FACTOR   0.001 TEMP2
*** END OF INSERT FILE
370 ULTIMATE GPROD 330.
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GLOBAL FILE: \$UNOCAL2

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 26 NORTH, RANGE 7 WEST, N.M.P.M.

Section 1: South/2

Containing 320 acres, more or less

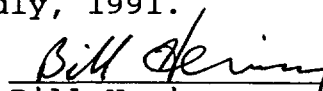
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 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 #271 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #271 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 #271 well which first delivered on September 7, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #271

Location: 1155'FSL, 1155'FWL, Sec 1, T26N, R7W

Elevation: 6469' GL

Total Depth: 2800'

Lease Number: SF-079160

Pool/Formation: Basin Fruitland Coal Gas

Spud Date: 6-3-90

Completion Date: 6-24-90

1st Delivery Date: 9-7-90

Perf'd Interval: 2636-2639, 2649, 2658-2668, 2703, 2706, 2708-2710,
2713-2721, 2728-2742.

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 aurally 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 #271 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 360 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 2799 feet and cemented in two stages to surface with 700 sacks cement. After drilling out to PBTD of 2794' the upper and lower coal zones were perforated from 2636'-2742' with 4 shots per foot and fracture stimulated with 240,000# 20/40 sand, 1.09 MMSCF N₂ and 24,000 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 101 MCFD and 450 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 7, 1990. The current deliverability for the well against a 150# line pressure is 45 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.33 Bcf.

Net Pay: 49 ft
Drainage area: 160 acres
Gas Content: 123 SCF/ton
Tonnage Factor: 2023 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$236,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 96 MCFD, Current -35 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 8.2 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:

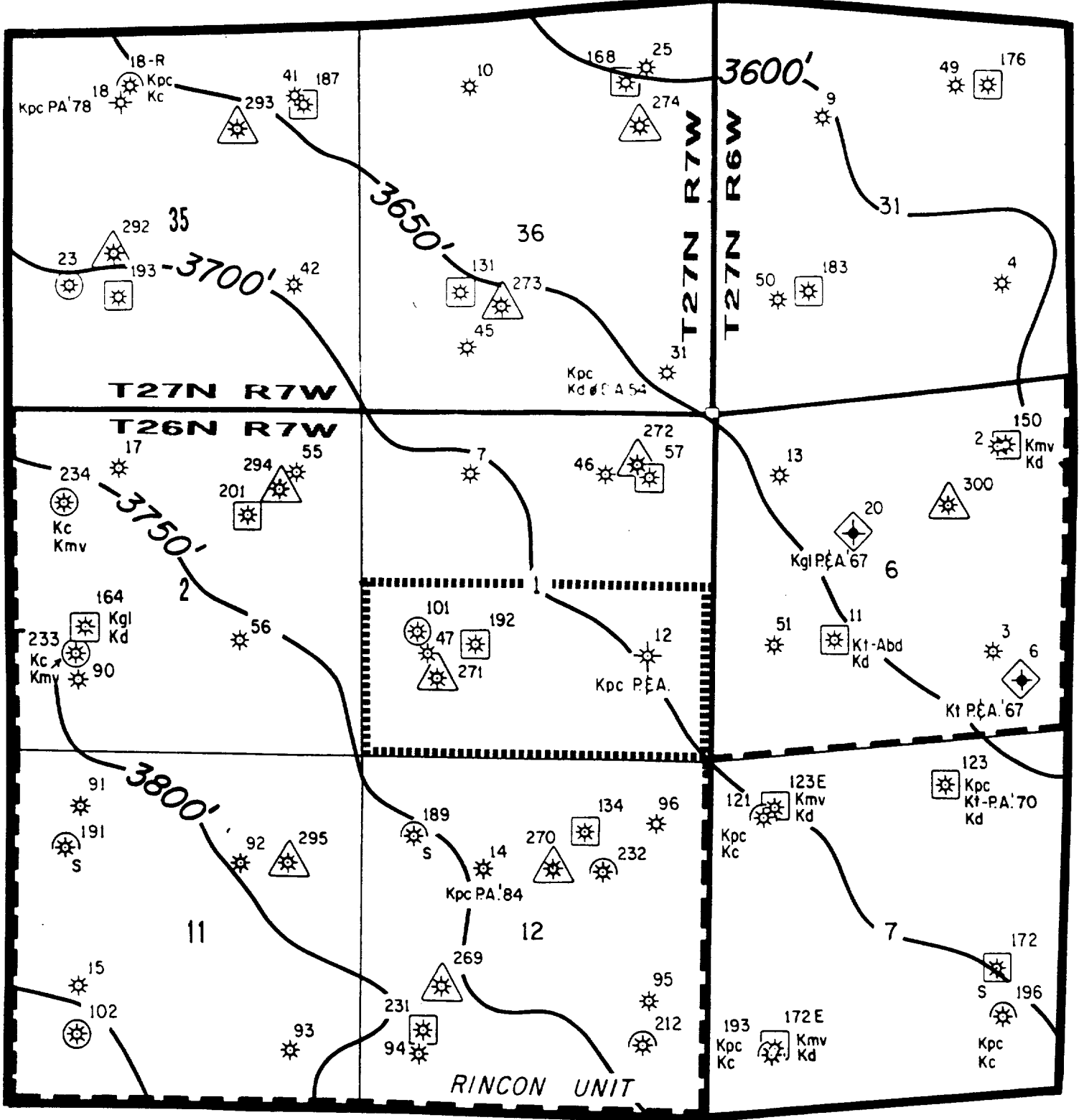
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the S/2 Section 1, T26N-R7W, comprising 320.00 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied 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.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Osborne
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:
7/11/92





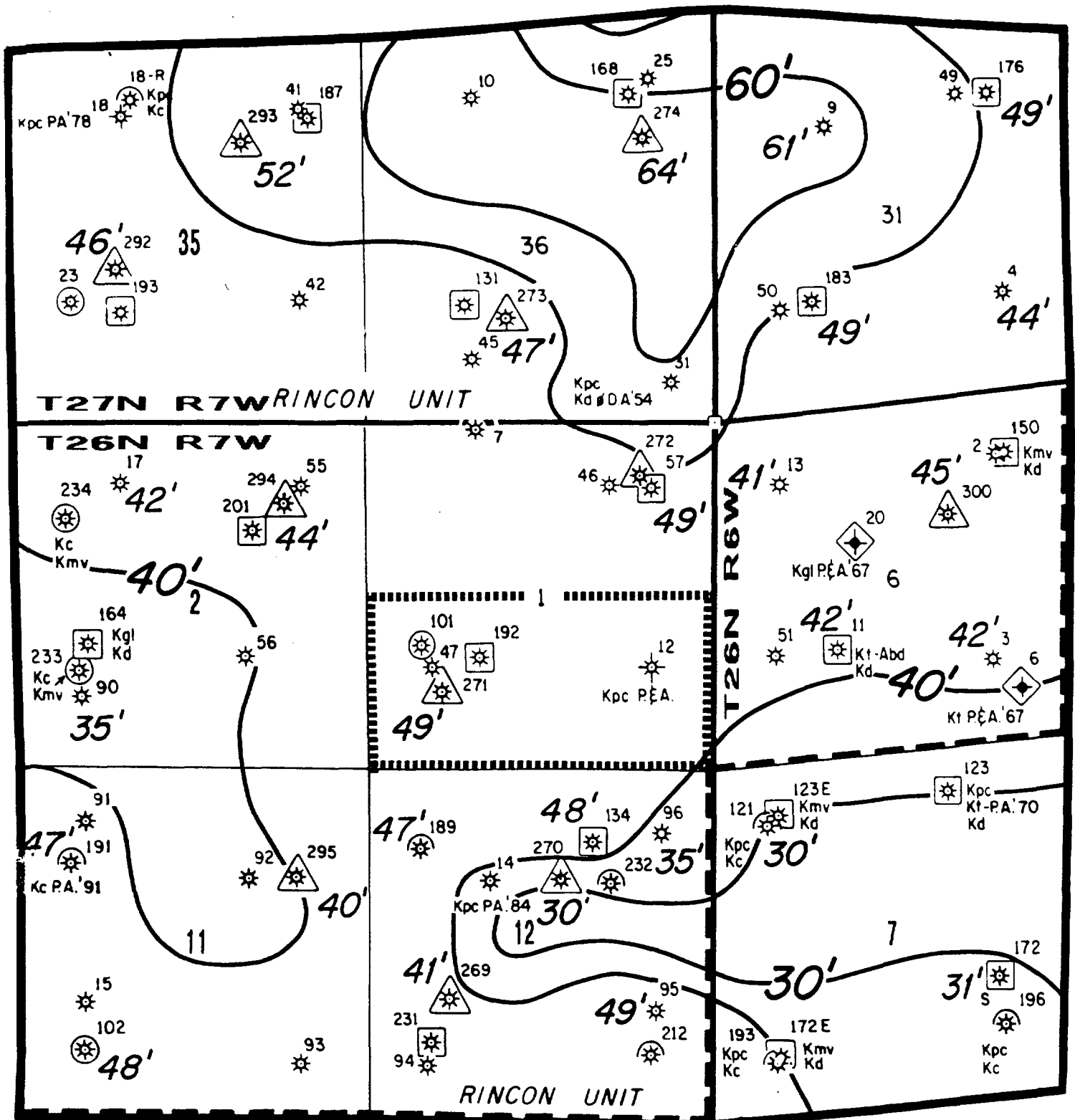
PRODUCING INTERVAL

- | | | |
|--|-----------------|-----|
| | FARMINGTON | Kfm |
| | KIRTLAND | Kk |
| | FRUITLAND | Kf |
| | PICTURED CLIFFS | Kpc |
| | CHACRA | Kc |
| | LA VENTANA | Klv |
| | MESAVERDE | Kmv |
| | GALLUP | Kgl |
| | DAKOTA | Kd |
-
- | | | |
|--|-----------------------|---------------|
| | { Kch
Kcm
Kcl } | CLIFFHOUSE |
| | | MENESEE |
| | | POINT LOOKOUT |
| | { K1
K2 } | TOCITO |
| | | GREENHORN |

UNOCAL
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
 BASE OF FRUITLAND COAL
 RINCON UNIT # 271
 S 1/2 SEC. 1 - T26N R7W

DRAWN BY	D.V.H.	SCALE	2 1/2" = 1 Mi. 1" = 50'
DRAFT BY	DATE	9-26-90	FILE NO. (A) B-4



PRODUCING INTERVAL

- ◻ FARMINGTON Kfm
- ◻ KIRTLAND Kk
- △ FRUITLAND Kf
- ◻ PICTURED CLIFFS Kpc
- ◻ CHACRA Kc
- ◻ LA VENTANA Klv
- ◻ MESAVERDE Kmv — { Kch CLIFFHOUSE, Km MENEFEE, Kpl POINT LOOKOUT
- ◻ GALLUP Kgl — { Kt TOCITO, Kgh GREENHORN
- ◻ DAKOTA Kd

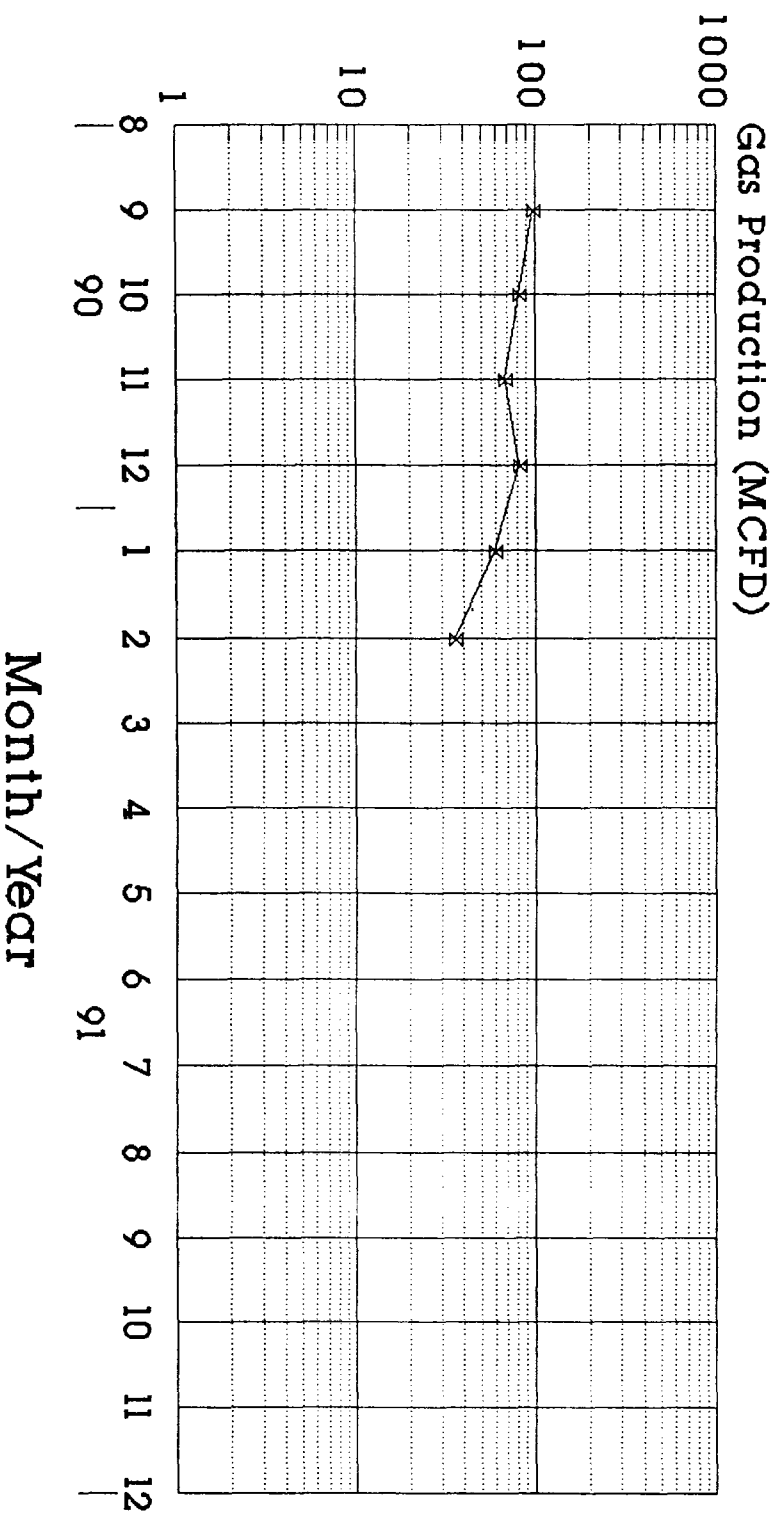
UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
 FRUITLAND COAL
 RINCON UNIT # 271
 S½ SEC. 1 T26N R7W

INTERP BY D.V.H. SCALE 2 1/2" = 1 Mi. C: 10'
 DRAFT BY DATE 9-26-90 FILE NO. 14184

RINCON UNIT #271

RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #271 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE			
FIELD	:	BASIN FRUITLAND COAL			PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:				UNDISCOUNTED	-0.51	0.24	RATE (%)	(M\$)	(M\$)
FORMATION	:	FRUITLAND COAL			DISC @ 10.0%	-0.70	-0.12			
TOTAL DEPTH:					DISC @ 15.0%	-0.75	-0.23	0.0	-121.	58.
OPERATOR	:	Unocal			INV EFF RATIO (IER):			5.0	-147.	6.
AFE #	:				UNDISCOUNTED	-0.51	0.30	10.0	-163.	-28.
LIFE (YRS)	:	30.0			DISC @ 10.0%	-0.70	-0.15	15.0	-174.	-53.
					DISC @ 15.0%	-0.75	-0.28	20.0	-182.	-70.
								25.0	-187.	-83.
WI	ORI	GRI	DATE		PAYOUT (YEARS)	*	8.2			
100.00000	80.99870	80.99870	JUN 1990		RATE OF RETURN (%)	-1000.0	5.8			
									DISCOUNT DATE	: JUN 1990
									DISCOUNT METHOD:	EFFECTIVE MON

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	310.
GAS	(\$/MCF)	1.31	1.42	1.43	DRY HOLE	0.	0.	EXPENSES:	
NGL	(\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	107.
SULPHUR	(\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
					PLATFORM	0.	0.	PLANT	0.
\$EQUIV BOE RATIO		6.00	6.00	6.00	FACILITIES	0.	0.	SEV & ADVAL TAXES	45.
					PIPELINE	0.	0.	INDIRECT	18.
					PLANT	0.	0.	OVERHEAD	25.
					GATHERING	0.	0.	NET ABAND/SALV	0.
					MISC INTAN	165.	165.	NET INVESTMENTS	236.
					MISC TAN	71.	71.	BTAX CASH FLOW	-121.
					TOTAL	236.	236.	INCOME TAXES PAID	-178.
					DISC @ 10.0%	234.	234.	ATAX CASH FLOW	58.
								ATAX DISC @ 10.0%	-28.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
		GROSS		NET			
		REMAIN	ULT	REMAIN	ULT		
OIL	(MBBLS)	0.	0.	0.	0.		
GAS	(MMCF)	269.	269.	218.	218.		
NGL	(MBBLS)	0.	0.	0.	0.		
SULPHUR	(MTONS)	0.	0.	0.	0.		
EQUIVALENT RESERVES:							
BTU	(MBOE)	45.	45.	36.	36.		
VALUE	(MBO\$E)	15.	15.	12.	12.		

INITIAL RATE:
OIL (BBLS/DAY) 0.
GAS (MCF/DAY) 96.
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

AME : RINCON U. #271 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
COUNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
7MO)1990	0.0	0.0	9.9	8.0	1.3	0.00	0.0	1.67	13.5	13.5
1991	0.0	0.0	18.6	15.1	2.5	0.00	0.0	1.42	21.5	21.5
1992	0.0	0.0	17.1	13.9	2.3	0.00	0.0	1.42	19.6	19.6
1993	0.0	0.0	15.6	12.6	2.1	0.00	0.0	1.42	17.8	17.8
1994	0.0	0.0	14.5	11.7	2.0	0.00	0.0	1.42	16.6	16.6
1995	0.0	0.0	13.4	10.9	1.8	0.00	0.0	1.42	15.4	15.4
1996	0.0	0.0	12.6	10.2	1.7	0.00	0.0	1.42	14.4	14.4
1997	0.0	0.0	11.9	9.7	1.6	0.00	0.0	1.42	13.7	13.7
1998	0.0	0.0	11.3	9.2	1.5	0.00	0.0	1.42	13.0	13.0
1999	0.0	0.0	10.8	8.7	1.5	0.00	0.0	1.42	12.4	12.4
2000	0.0	0.0	10.2	8.3	1.4	0.00	0.0	1.42	11.7	11.7
2001	0.0	0.0	9.7	7.9	1.3	0.00	0.0	1.42	11.2	11.2
2002	0.0	0.0	9.2	7.5	1.2	0.00	0.0	1.42	10.6	10.6
2003	0.0	0.0	8.8	7.1	1.2	0.00	0.0	1.42	10.1	10.1
2004	0.0	0.0	8.3	6.8	1.1	0.00	0.0	1.42	9.6	9.6
SUB TOTAL	0.0	0.0	182.1	147.5	24.6	0.00	0.0	1.43	211.0	211.0
REMAINDER	0.0	0.0	86.6	70.1	11.7	0.00	0.0	1.42	99.3	99.3
TOT 30.0 YR	0.0	0.0	268.6	217.6	36.3	0.00	0.0	1.43	310.3	310.3

	NET LOE (FIX + VAR)	NET WORKOVR EXP	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
7MO)1990	1.2	0.0	1.2	1.8	0.5	236.0	-226.0	-53.2	-172.8	-172.8
1991	3.6	0.0	3.6	3.1	1.4	0.0	13.3	-20.3	33.6	-139.3
1992	3.6	0.0	3.6	2.9	1.4	0.0	11.7	-17.8	29.5	-109.7
1993	3.6	0.0	3.6	2.6	1.4	0.0	10.2	-15.7	25.9	-83.8
1994	3.6	0.0	3.6	2.4	1.4	0.0	9.1	-14.3	23.4	-60.4
1995	3.6	0.0	3.6	2.3	1.4	0.0	8.1	-12.6	20.7	-39.6
1996	3.6	0.0	3.6	2.1	1.4	0.0	7.3	-9.7	17.0	-22.6
1997	3.6	0.0	3.6	2.0	1.4	0.0	6.6	-8.3	14.9	-7.7
1998	3.6	0.0	3.6	1.9	1.4	0.0	6.1	-6.8	12.9	5.1
1999	3.6	0.0	3.6	1.8	1.4	0.0	5.5	-6.6	12.1	17.2
2000	3.6	0.0	3.6	1.7	1.4	0.0	5.0	-6.3	11.3	28.5
2001	3.6	0.0	3.6	1.6	1.4	0.0	4.5	-6.1	10.6	39.1
2002	3.6	0.0	3.6	1.6	1.4	0.0	4.0	-5.9	9.9	49.0
2003	3.6	0.0	3.6	1.5	1.4	0.0	3.6	1.4	2.2	51.2
2004	3.6	0.0	3.6	1.4	1.4	0.0	3.1	1.2	1.9	53.1
SUB TOTAL	51.6	0.0	51.6	30.7	20.5	236.0	-127.9	-181.0	53.1	53.1
REMAINDER	55.5	0.0	55.5	14.6	22.1	0.0	7.1	2.7	4.4	57.6
TOT 30.0 YR	107.1	0.0	107.1	45.3	42.6	236.0	-120.8	-178.3	57.6	57.6

NAME : RINCON U. #271 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL OPER EXP	GROSS NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M\$-----	-----M\$-----	-----	-----MBBLS-----	-----\$/BBL-----	-----M\$-----	-----M-TONS-----	-----M\$-----	-----M\$-----	-----M\$-----
(7MO)1990	236.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	236.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	55.5	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 30.0 YR	236.0	107.1	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
(7MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.1	0.0	3.3
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.4	0.0	9.9
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.4	0.0	9.9
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	0.0	9.9
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	9.9
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	6.6
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	0.0	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	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	71.0	0.0	49.5
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 30.0 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	71.0	0.0	49.5

REF: P.A.
EVAL #: 19

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

DATE: 04/22/91
TIME: 13:39:20
PAGE: 36

NAME : RINCON U. #271 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
COUNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(7MO)1990	11719.8	8.0	0.840	0.000	8.0
1991	21969.0	14.9	0.840	0.000	14.9
1992	20212.8	13.8	0.840	0.000	13.8
1993	18356.3	12.5	0.840	0.000	12.5
1994	17053.2	11.6	0.840	0.000	11.6
1995	15859.6	10.8	0.840	0.000	10.8
1996	14836.5	10.1	0.840	0.000	10.1
1997	14085.1	9.6	0.840	0.000	9.6
1998	13380.8	9.1	0.840	0.000	9.1
1999	12711.8	8.6	0.840	0.000	8.6
2000	12076.2	8.2	0.840	0.000	8.2
2001	11472.4	7.8	0.840	0.000	7.8
2002	10898.8	7.4	0.840	0.000	7.4
2003	10353.8	0.0	0.000	0.000	0.0
2004	9836.1	0.0	0.000	0.000	0.0
SUB TOTAL	214822.1	132.4	0.840	0.000	132.4
REMAINDER	102134.5	0.0	0.000	0.000	0.0
TOT 30.0 YR	316956.5	132.4	0.840	0.000	132.4

GLOBAL FILE: \$UNOCAL1

EVALUATION #19 IN PROJECT FILE "P.A. " 04/22/91 13:38:51

0 IDENT "30 25 U091205 " " "
0 DATES JUN 1990 JUN 1990 SEP 1990 " " "
0 NAME "RINCON U. #271 - FT TAXCR " " "
0 FIELD "BASIN FRUITLAND COAL " " "
0 CNTYSTATE "NEW MEXICO " " "
0 FORMATION "FRUITLAND COAL " " "
0 OPERATOR "UNOCAL " " "
0 ECONOMICS ELIM " " "
0 OWNERSHIP 1. 0.809987 " " "
20 COMMENT "PROD DECLINE BASED ON AVG WELL CASE " " "
30 COMMENT "FIRST 6 MONTHS = ACTUAL PROD. " " "
40 GPROD P MON 2.89 2.489 2.039 2.514 1.823 1.075 " " "
50 GPROD * EXP 1.642 * * 10. 25. " " "
60 GPROD * EXP * * * 7. 36. " " "
90 GPROD * EXP * * * 5. " " "
210 TAN I MON 71000. 0. 0. " " "
220 INTAN I MON 165000. 0. " " "
240 PRGAS P MON 1.11 1.33 1.74 1.6 1.27 " " "
260 PRGAS * CON 1.2 " " "
290 FACTOR 1.18 PRGAS " " "
310 LOETOT P CON 300. " " "
320 AVALPS * CON 3.5 " " "
*** START OF INSERT FILE C-TAX " " "
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT " " "
20 COMMENT "TO 2003 " " "
30 TEMP1 * CON 0. " " "
40 CADD TEMP1 GPROD " " "
50 FACTOR 1000. TEMP1 " " "
50 FACTOR 1.18 TEMP1 " " "
70 TEMP5 JAN 1990 CON 0.84 " " "
80 TEMP5 JAN 2003 CON 0. " " "
90 CADD TEMP2 TEMP1 " " "
100 CFACTOR TEMP5 TEMP2 " " "
110 FACTOR 0.809987 TEMP2 " " "
120 CADD TAXCR TEMP2 " " "
130 FACTOR 0.001 TEMP2 " " "
*** END OF INSERT FILE " " "
370 ULTIMATE GPROD 330. " " "

GLOBAL FILE: \$UNOCAL2

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 26 NORTH, RANGE 7 WEST, N.M.P.M.

Section 1: North/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 #272 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #272 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 nine months of actual production history from the Rincon Unit #272 well which first delivered on September 21, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #272
Location: 790'FNL, 1200'FEL, Sec 1, T26N, R7W
Elevation: 6585' GL
Total Depth: 2972'
Lease Number: SF-079160
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 7-9-90
Completion Date: 7-22-90
1st Delivery Date: 9-21-90
Perf'd Interval: 2814-2830, 2851-2857, 2875-2896, 2902-2918.

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 aurally 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 #272 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 356 feet and cemented with 350 sacks to surface. Production casing measuring 4-1/2" was then set at 2971 feet. Due to lost returns during the initial cement job the production casing was cemented in three stages with a total of 460 sacks cement. After drilling out to PBD of 2965' the upper and lower coal zones were perforated from 2814'-2918' with 4 shots per foot and fracture stimulated with 210,000# 20/40 sand, 1.04 MMSCF N₂ and 23,300 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 323 MCFD and 275 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 21, 1990. The current deliverability for the well against a 150# line pressure is 70 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.39 Bcf.

Net Pay: 49 ft
Drainage area: 160 acres
Gas Content: 150 SCF/ton
Tonnage Factor: 1982 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$276,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 102 MCFD, Current - 71 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 9.9 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:

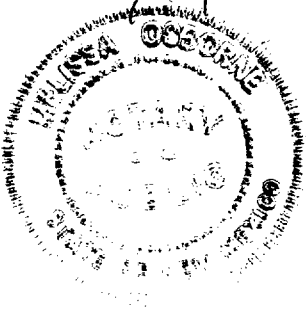
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the N/2 Section 1, T26N-R7W, comprising 320 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied 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.

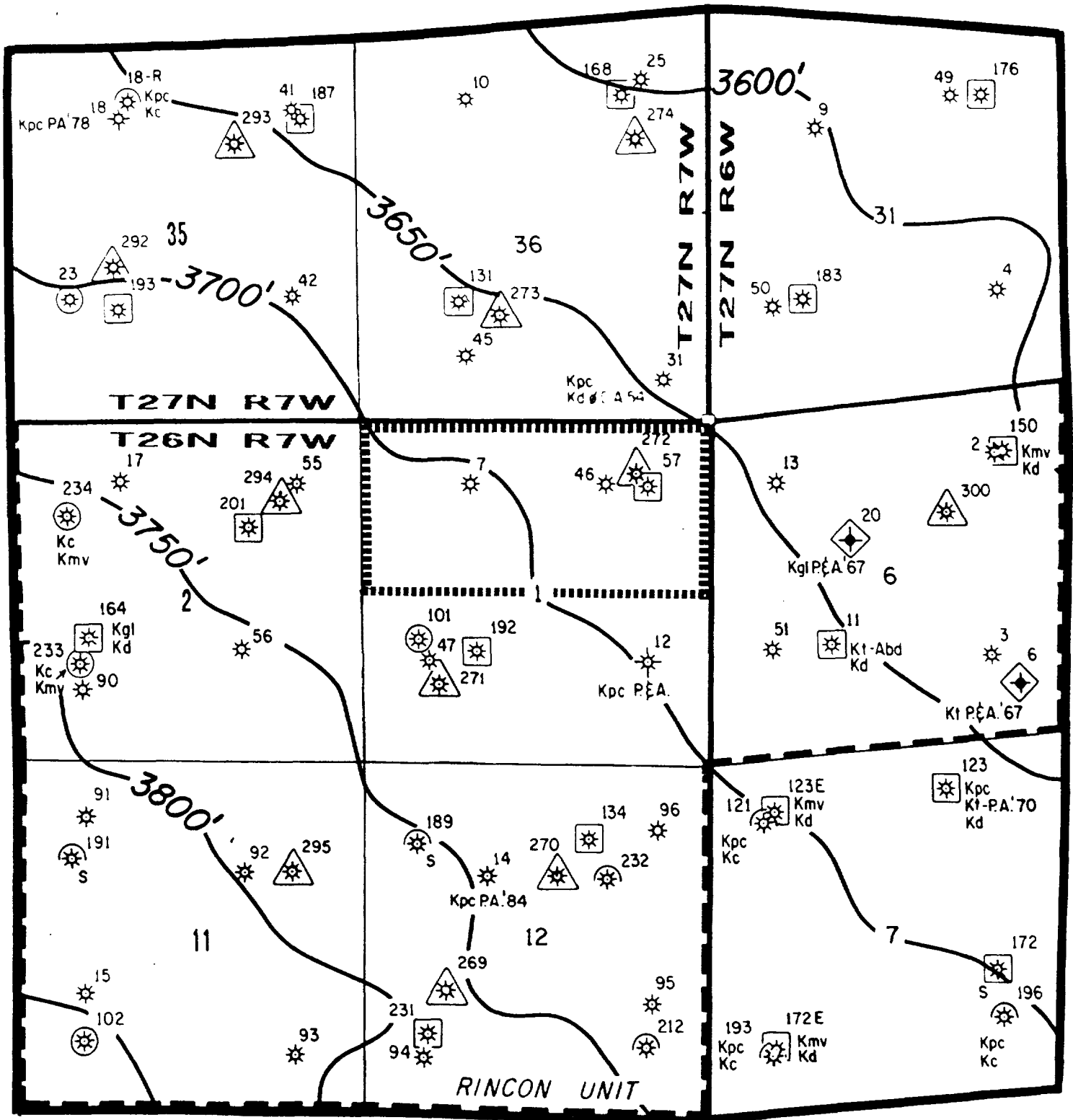
SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd, 1991.

Melissa Obregon
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:

1/14/92





PRODUCING INTERVAL

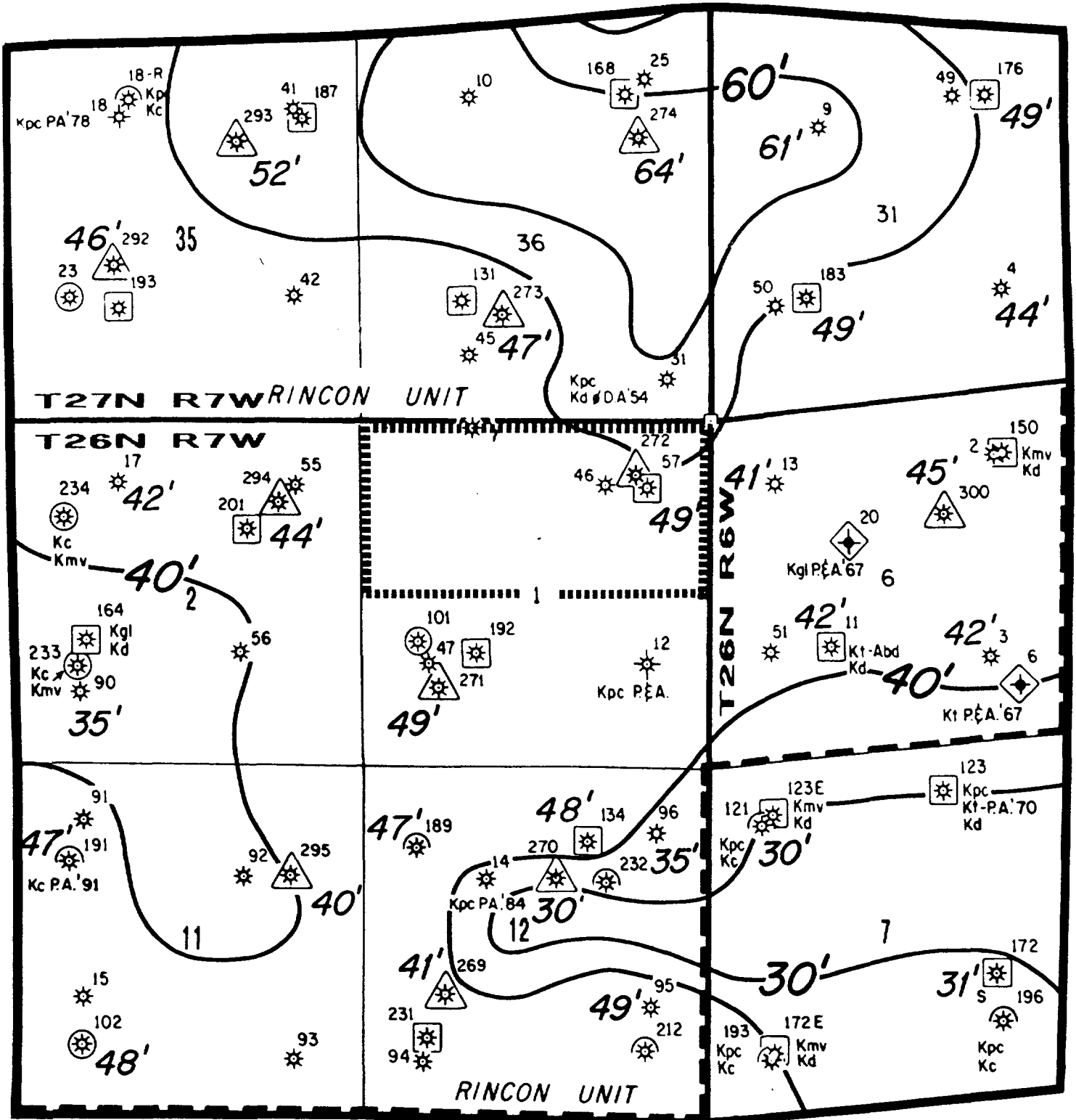
Kfm	* FARMINGTON	Kfm	
Kl	* KIRTLAND	Kl	
△	FRUITLAND	Kf	
☆	PICTURED CLIFFS	Kpc	
⊙	CHACRA	Kc	
⊕	LA VENTANA	Klv	
⊗	MESAVERDE	Kmv	
◇	GALLUP	Kgl	{ Kgl CLIFFHOUSE Kgl MENEFEE Kgl POINT LOOKOUT }
		{ Kgl TOCITO Kgl GREENHORN }	
⊠	DAKOTA	Kd	

UNOCAL⁷⁶
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
 BASE OF FRUITLAND COAL
 RINCON UNIT # 272
 N½ SEC. 1 - T26N R7W

INTERP BY **D.V.H.** SCALE 2 1/2" = 1 Mi. 1" = 50'

DRAFT BY _____ DATE **9-26-90** FILE NO. (A)B-C



PRODUCING INTERVAL

○	FARMINGTON	Kfm	
●	KIRTLAND	Kk	
△	FRUITLAND	Kf	
⊙	PICTURED CLIFFS	Kpc	
⊕	CHACRA	Kc	
⊗	LA VENTANA	Klv	
⊛	MESAVERDE	Kmv	Kch CLIFFHOUSE Kmf MENEFEE Kpl POINT LOOKOUT
⊠	GALLUP	Kgl	
⊡	DAKOTA	Kd	

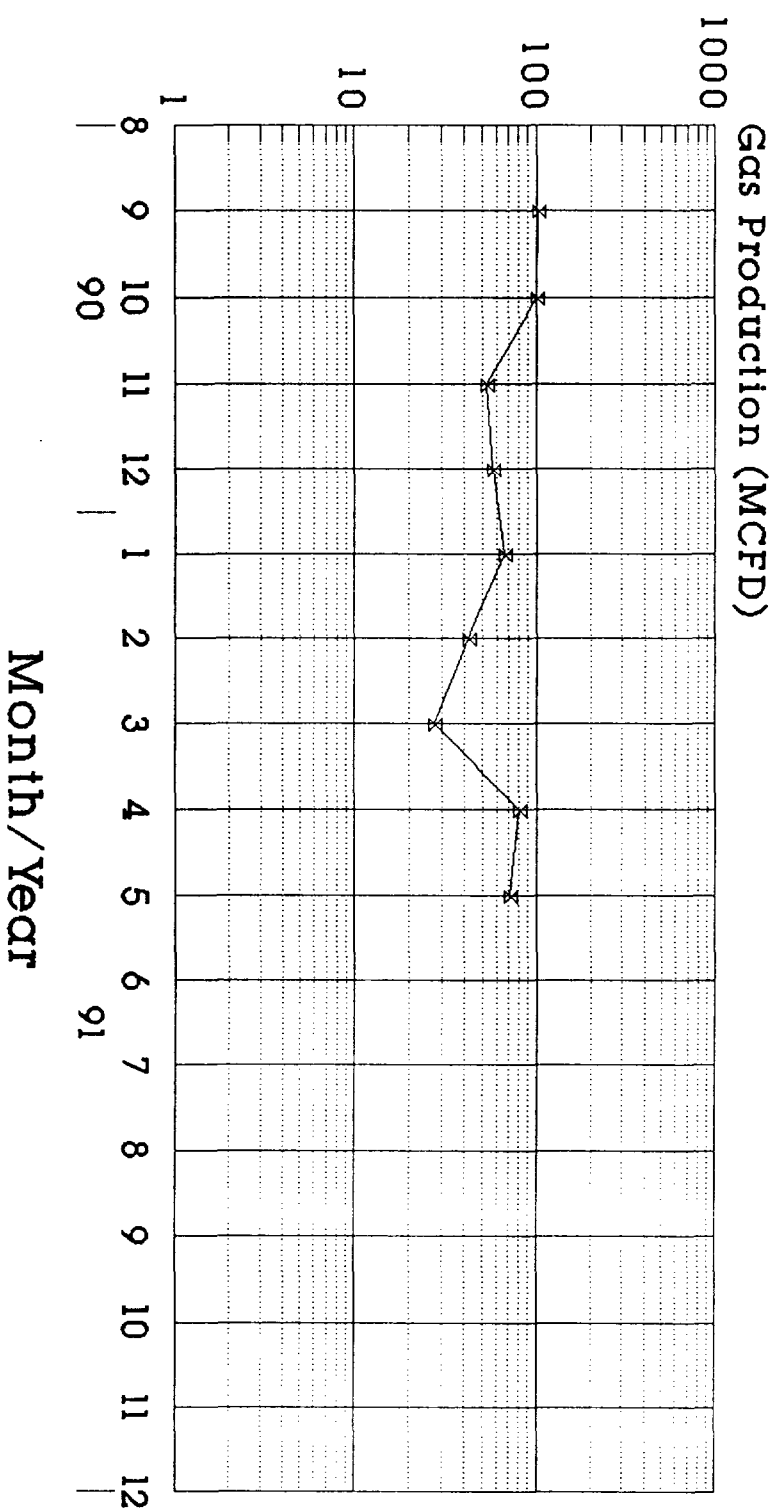
UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
FRUITLAND COAL
RINCON UNIT # 272
N½ SEC. 1 T26N R7W

INTERP BY D.V.H.	SCALE 2 1/2" = 1 Mi. 1" = 10'
DRAFT BY	DATE 9-26-90 P&I NO. 1A181

RINCON UNIT #272

RIO ARRIBA COUNTY, NEW MEXICO



—x— GAS

Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #272 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

----- IDENTIFICATION -----				----- PROFIT INDICES -----		----- PRESENT WORTH PROFILE -----				
FIELD	:	BASIN FRUITLAND COAL			PROFIT TO INV (P/I):	BTAX	ATAX			
LSE/BLOCK	:				UNDISCOUNTED	-0.57	0.14	DISCOUNT	BTAX	ATAX
FORMATION	:	FRUITLAND COAL			DISC @ 10.0%	-0.73	-0.19	RATE (%)	(M\$)	(M\$)
TOTAL DEPTH:					DISC @ 15.0%	-0.78	-0.29	-----	-----	-----
OPERATOR	:	Unocal			INV EFF RATIO (IER):			0.0	-139.	33.
AFE #	:				UNDISCOUNTED	-0.57	0.16	5.0	-163.	-15.
LIFE (YRS)	:	28.5			DISC @ 10.0%	-0.73	-0.23	10.0	-178.	-47.
					DISC @ 15.0%	-0.78	-0.35	15.0	-188.	-69.
								20.0	-195.	-86.
								25.0	-199.	-98.
WI		ORI	GRI	DATE	PAYOUT (YEARS)	*	9.9	DISCOUNT DATE : JUL 1990		
100.00000		80.99870	80.99870	JUL 1990	RATE OF RETURN (%)	-1000.0	3.2	DISCOUNT METHOD: EFFECTIVE MON		

----- 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		279.
GAS	(\$/MCF)	1.57	1.42	1.44	DRY HOLE	0.	0.	EXPENSES:		
NGL	(\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)		102.
SULPHUR	(\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER		0.
\$EQUIV BOE RATIO		6.00	6.00	6.00	PLATFORM	0.	0.	PLANT		0.
					FACILITIES	0.	0.	SEV & ADVAL TAXES		41.
					PIPELINE	0.	0.	INDIRECT		8.
					PLANT	0.	0.	OVERHEAD		22.
					GATHERING	0.	0.	NET ABAND/SALV		0.
								NET INVESTMENTS		245.
					MISC INTAN	159.	159.	BTAX CASH FLOW		-139.
					MISC TAN	86.	86.	INCOME TAXES PAID		-172.
					TOTAL	245.	245.	ATAX CASH FLOW		33.
					DISC @ 10.0%	243.	243.	ATAX DISC @ 10.0%		-47.

----- RESERVES & PRODUCTION -----				----- ASSUMPTIONS & REMARKS -----			
		GROSS		NET			
		REMAIN	ULT	REMAIN	ULT		
OIL	(MBBLS)	0.	0.	0.	0.		
GAS	(MMCF)	240.	240.	194.	194.		
NGL	(MBBLS)	0.	0.	0.	0.		
SULPHUR	(MTONS)	0.	0.	0.	0.		

EQUIVALENT RESERVES:			
BTU	(MBOE)	40.	40.
VALUE	(MBO\$E)	15.	15.

INITIAL RATE:
OIL (BBLS/DAY) 0.
GAS (MCF/DAY) 31.

GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

DATE: 06/25/91 TIME: 15:35:26 RPT FILE: 4 PG # 1 PRJ FILE: P.A. EVAL # 27

GLOBAL FILE: \$UNOCAL1

EVALUATION #27 IN PROJECT FILE "P.A. " 06/25/91 15:34:51

```
"
10 IDENT      "30 25 U091205
20 DATES      JUL 1990 JUL 1990 SEP 1990
30 NAME       "RINCON U. #272 - FT TAXCR  "
40 FIELD      "BASIN FRUITLAND COAL      "
50 CNTYSTATE  "NEW MEXICO                 "
60 FORMATION  "FRUITLAND COAL           "
70 OPERATOR   "UNOCAL                     "
80 ECONOMICS  ELIM
90 OWNERSHIP  1. 0.809987
120 COMMENT   "PROD DECLINE BASED ON AVG WELL CASE  "
130 COMMENT   "FIRST 9 MONTHS = ACTUAL PROD.          "
140 GPROD     P   MON 0.937 3.131 1.599 1.762 2.054 1.04 0.827 1.89 1.368
170 GPROD     *   EXP * * * 10. 4.
180 GPROD     *   EXP * * * 7. 36.
190 GPROD     *   EXP * * * 5.
210 TAN       I   MON 86000. 0. 0. 0.
220 INTAN     I   MON 159000. 0.
230 COMMENT   "FIRST 9 MONTHS = ACTUAL GAS PRICES  "
240 PRGAS     P   MON 1.33 1.33 1.88 2.19 2.11 1.58 1.23 0.96 0.96
260 PRGAS     *   CON 1.2
290 FACTOR    1.18 PRGAS
310 LOETOT    P   CON 300.
320 AVALPS    *   CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT    "ASSUMES CONSTANT $.84 TAX CREDIT  "
20 COMMENT    "TO 2003                                  "
30 TEMP1      *   CON 0.
40 CADD       TEMP1 GPROD
50 FACTOR     1000. TEMP1
60 FACTOR     1.18 TEMP1
70 TEMP5      JAN 1990 CON 0.84
80 TEMP5      JAN 2003 CON 0.
90 CADD       TEMP2 TEMP1
100 CFACTOR   TEMP5 TEMP2
110 FACTOR    0.809987 TEMP2
120 CADD      TAXCR TEMP2
130 FACTOR    0.001 TEMP2
*** END OF INSERT FILE
```

GLOBAL FILE: \$UNOCAL2

NAME : RINCON U. #272 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 CNTY, STATE: NEW MEXICO
 FORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(6MO)1990	0.0	0.0	7.4	6.0	1.0	0.00	0.0	1.95	11.7	11.7
1991	0.0	0.0	16.5	13.4	2.2	0.00	0.0	1.52	20.3	20.3
1992	0.0	0.0	15.0	12.2	2.0	0.00	0.0	1.42	17.2	17.2
1993	0.0	0.0	14.0	11.3	1.9	0.00	0.0	1.42	16.0	16.0
1994	0.0	0.0	13.0	10.5	1.8	0.00	0.0	1.42	14.9	14.9
1995	0.0	0.0	12.3	9.9	1.7	0.00	0.0	1.42	14.1	14.1
1996	0.0	0.0	11.7	9.4	1.6	0.00	0.0	1.42	13.4	13.4
1997	0.0	0.0	11.1	9.0	1.5	0.00	0.0	1.42	12.7	12.7
1998	0.0	0.0	10.5	8.5	1.4	0.00	0.0	1.42	12.1	12.1
1999	0.0	0.0	10.0	8.1	1.3	0.00	0.0	1.42	11.5	11.5
2000	0.0	0.0	9.5	7.7	1.3	0.00	0.0	1.42	10.9	10.9
2001	0.0	0.0	9.0	7.3	1.2	0.00	0.0	1.42	10.3	10.3
2002	0.0	0.0	8.6	6.9	1.2	0.00	0.0	1.42	9.8	9.8
2003	0.0	0.0	8.1	6.6	1.1	0.00	0.0	1.42	9.3	9.3
2004	0.0	0.0	7.7	6.3	1.0	0.00	0.0	1.42	8.9	8.9
SUB TOTAL	0.0	0.0	164.3	133.1	22.2	0.00	0.0	1.45	193.1	193.1
REMAINDER	0.0	0.0	75.3	61.0	10.2	0.00	0.0	1.42	86.3	86.3
TOT 28.5 YR	0.0	0.0	239.6	194.1	32.3	0.00	0.0	1.44	279.5	279.5

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(6MO)1990	1.2	0.0	1.2	1.4	0.4	245.0	-236.2	-50.8	-185.4	-185.4
1991	3.6	0.0	3.6	2.8	1.1	0.0	12.8	-20.0	32.8	-152.6
1992	3.6	0.0	3.6	2.5	1.1	0.0	10.0	-17.6	27.6	-125.0
1993	3.6	0.0	3.6	2.3	1.1	0.0	9.0	-15.5	24.5	-100.5
1994	3.6	0.0	3.6	2.2	1.1	0.0	8.0	-13.9	22.0	-78.6
1995	3.6	0.0	3.6	2.1	1.1	0.0	7.3	-12.4	19.7	-58.9
1996	3.6	0.0	3.6	2.0	1.1	0.0	6.7	-9.7	16.4	-42.4
1997	3.6	0.0	3.6	1.9	1.1	0.0	6.2	-8.0	14.2	-28.2
1998	3.6	0.0	3.6	1.8	1.1	0.0	5.6	-6.3	11.9	-16.3
1999	3.6	0.0	3.6	1.7	1.1	0.0	5.1	-6.1	11.2	-5.1
2000	3.6	0.0	3.6	1.6	1.1	0.0	4.6	-5.9	10.5	5.3
2001	3.6	0.0	3.6	1.5	1.1	0.0	4.1	-5.7	9.8	15.2
2002	3.6	0.0	3.6	1.4	1.1	0.0	3.7	-5.5	9.2	24.3
2003	3.6	0.0	3.6	1.4	1.1	0.0	3.3	1.2	2.0	26.4
2004	3.6	0.0	3.6	1.3	1.1	0.0	2.9	1.1	1.8	28.2
SUB TOTAL	51.6	0.0	51.6	27.9	15.5	245.0	-146.9	-175.0	28.2	28.2
REMAINDER	50.4	0.0	50.4	12.7	15.2	0.0	8.1	3.1	5.0	33.2
TOT 28.5 YR	102.0	0.0	102.0	40.5	30.7	245.0	-138.7	-171.9	33.2	33.2

NAME : RINCON U. #272 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 COUNTY, STATE: NEW MEXICO
 FORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL OPER EXP	GROSS NUMBER OF WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M\$-----	-----M\$-----	-----	-----MBBLS-----	-----\$/BBL-----	-----M\$-----	-----M-TONS-----	-----M\$-----	-----M\$-----	-----M\$-----
(6MO)1990	245.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	245.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	50.4	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 28.5 YR	245.0	102.0	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
(6MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.3	0.0	3.2
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.1	0.0	9.5
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.0	0.0	9.5
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.7	0.0	9.5
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7	0.0	9.5
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7	0.0	6.4
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	0.0	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	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	86.0	0.0	47.7
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 28.5 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	86.0	0.0	47.7

OFFICE: P.A.
 EVAL #: 27

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

DATE: 06/25/91
 TIME: 15:35:29
 PAGE: 4

NAME : RINCON U. #272 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 COUNTY, STATE: NEW MEXICO
 FORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(6MO)1990	8766.2	6.0	0.840	0.000	6.0
1991	19449.6	13.2	0.840	0.000	13.2
1992	17715.5	12.1	0.840	0.000	12.1
1993	16475.5	11.2	0.840	0.000	11.2
1994	15332.0	10.4	0.840	0.000	10.4
1995	14477.3	9.9	0.840	0.000	9.9
1996	13753.4	9.4	0.840	0.000	9.4
1997	13065.7	8.9	0.840	0.000	8.9
1998	12412.4	8.4	0.840	0.000	8.4
1999	11791.8	8.0	0.840	0.000	8.0
2000	11202.2	7.6	0.840	0.000	7.6
2001	10642.1	7.2	0.840	0.000	7.2
2002	10110.0	6.9	0.840	0.000	6.9
2003	9604.5	0.0	0.000	0.000	0.0
2004	9124.3	0.0	0.000	0.000	0.0
SUB TOTAL	193922.5	119.2	0.840	0.000	119.2
REMAINDER	88817.3	0.0	0.000	0.000	0.0
TOT 28.5 YR	282739.8	119.2	0.840	0.000	119.2

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 14: South/2

Containing 320 acres, more or less

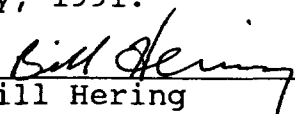
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 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 #279 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #279 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 #279 well which first delivered on September 6, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #279
Location: 1735'FSL, 1456'FWL, Sec 14, T27N, R7W
Elevation: 6725' GL
Total Depth: 3294'
Lease Number: SF-079298-D
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 5-11-90
Completion Date: 5-27-90
1st Delivery Date: 9-6-90
Perf'd Interval: 3124-3129, 3155-3157, 3163-3168, 3197-3199,
3207-3213, 3224-3239.

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 aurally 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 #279 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 362 feet and cemented with 450 sacks to surface. Production casing measuring 4-1/2" was then set at 3293 feet and cemented in two stages to surface with 770 sacks cement. After drilling out to PBTD of 3290' the upper and lower coal zones were perforated from 3124'-3239' with 4 shots per foot and fracture stimulated with 300,000# 20/40 sand, 1.2 MMSCF N2 and 31,800 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 160 MCFD and 460 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 6, 1990. The current deliverability for the well against a 150# line pressure is 61 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.43 Bcf.

Net Pay: 54 ft
Drainage area: 160 acres
Gas Content: 145 SCF/ton
Tonnage Factor: 2023 tons/acre-feet (from density log)
Recovery Factor: 17 %

Economics

Completion Cost: \$267,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 127 MCFD, Current - 62 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 9.5 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:

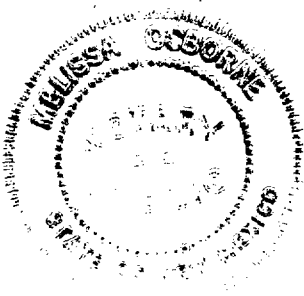
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the S/2 Section 14, T27N-R7W, comprising 320.00 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied 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.

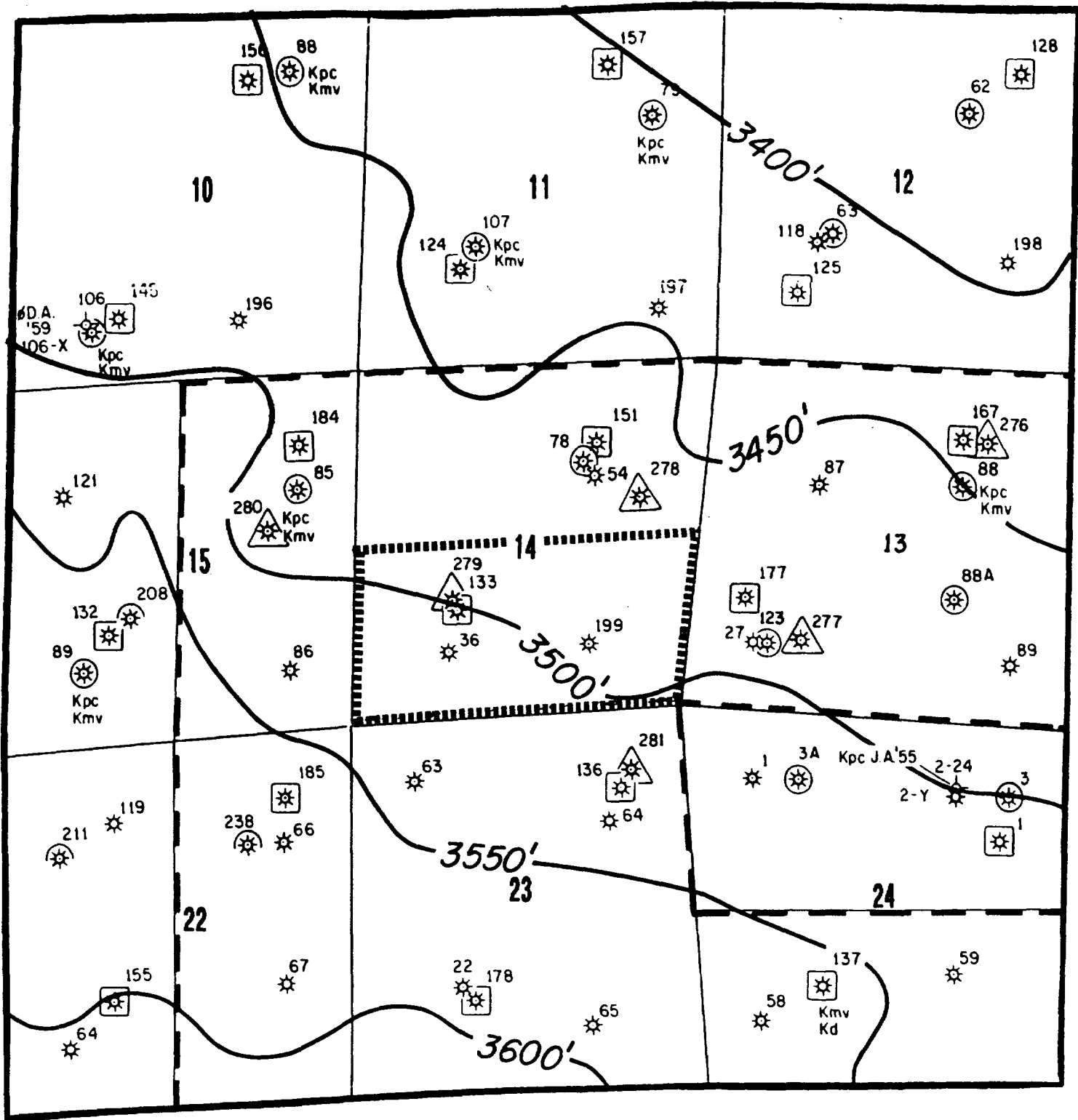
SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Osborne
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:

7/11/92





PRODUCING INTERVAL

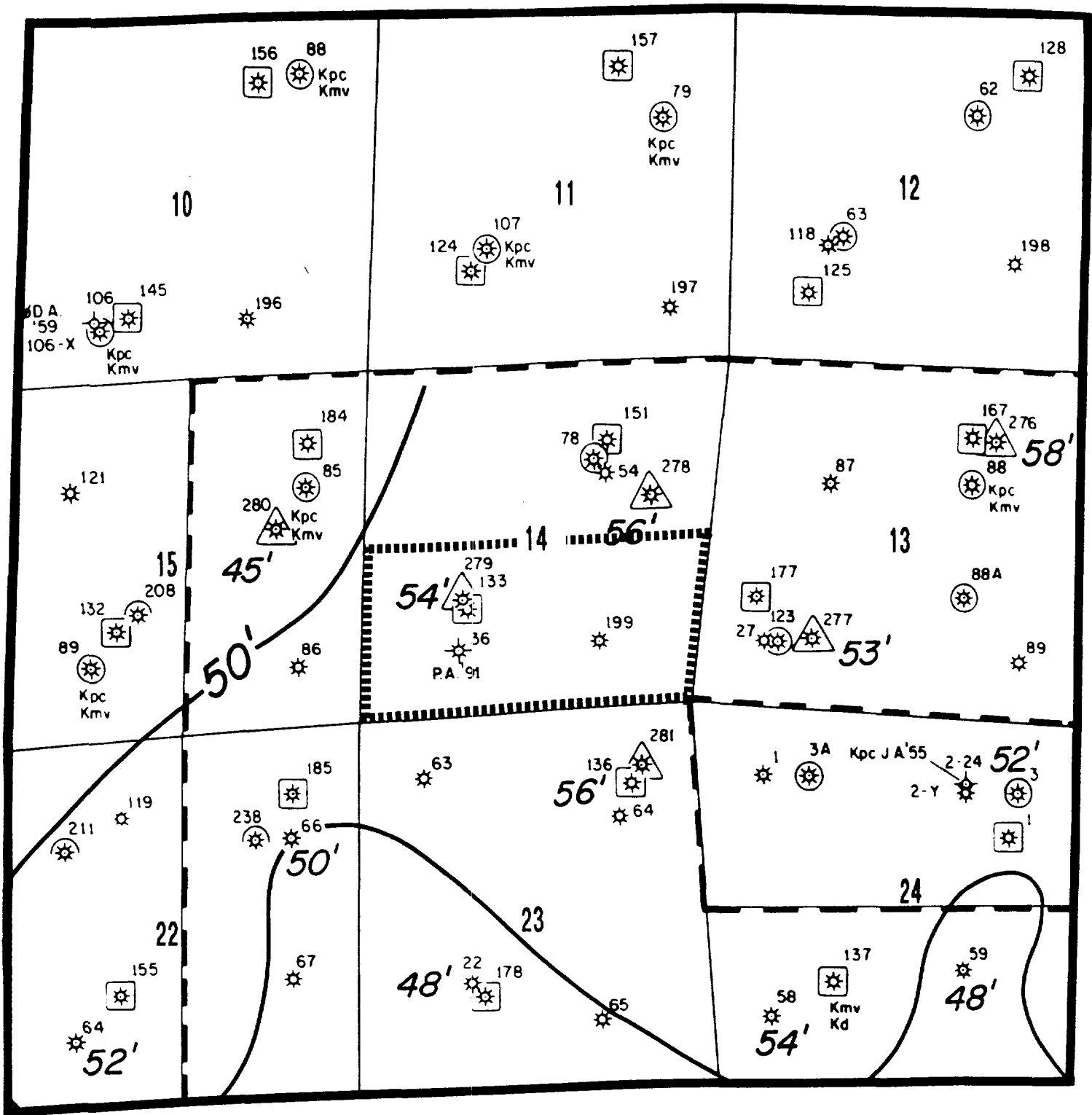
Kfm	FARMINGTON	Kfm	
Kl	KIRTLAND	Kl	
△	FRUITLAND	Kf	
⊠	PICTURED CLIFFS	Kpc	
⊙	CHACRA	Kc	
⊕	LA VENTANA	Kiv	
⊗	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Km MENEFEE Kpl POINT LOOKOUT
⊛	GALLUP	Kgl	
⊞	DAKOTA	Kd	

UNOCAL

NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT
RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
BASE OF FRUITLAND COAL
RINCON UNIT # 279
S $\frac{1}{2}$ SEC. 14 -T27N R7W

INTERP BY D.V.H	SCALE 2 1/2" = 1 Mi. 1" = 50'
DRAFT BY	DATE 9-26-90 FILE NO. 1A184



PRODUCING INTERVAL

☉	FARMINGTON	Kfm		
☉	KIRTLAND	Kk		
☉	FRUITLAND	Kf		
☉	PICTURED CLIFFS	Kpc		
☉	CHACRA	Kc		
☉	LA VENTANA	Klv		
☉	MESAVERDE	Kmv	{ Kph CLIFFHOUSE Km MENESEE Kpl POINT LOOKOUT	
☉	GALLUP	Kgl		{ Kl TOCITO Kgn GREENHORN
☉	DAKOTA	Kd		

UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

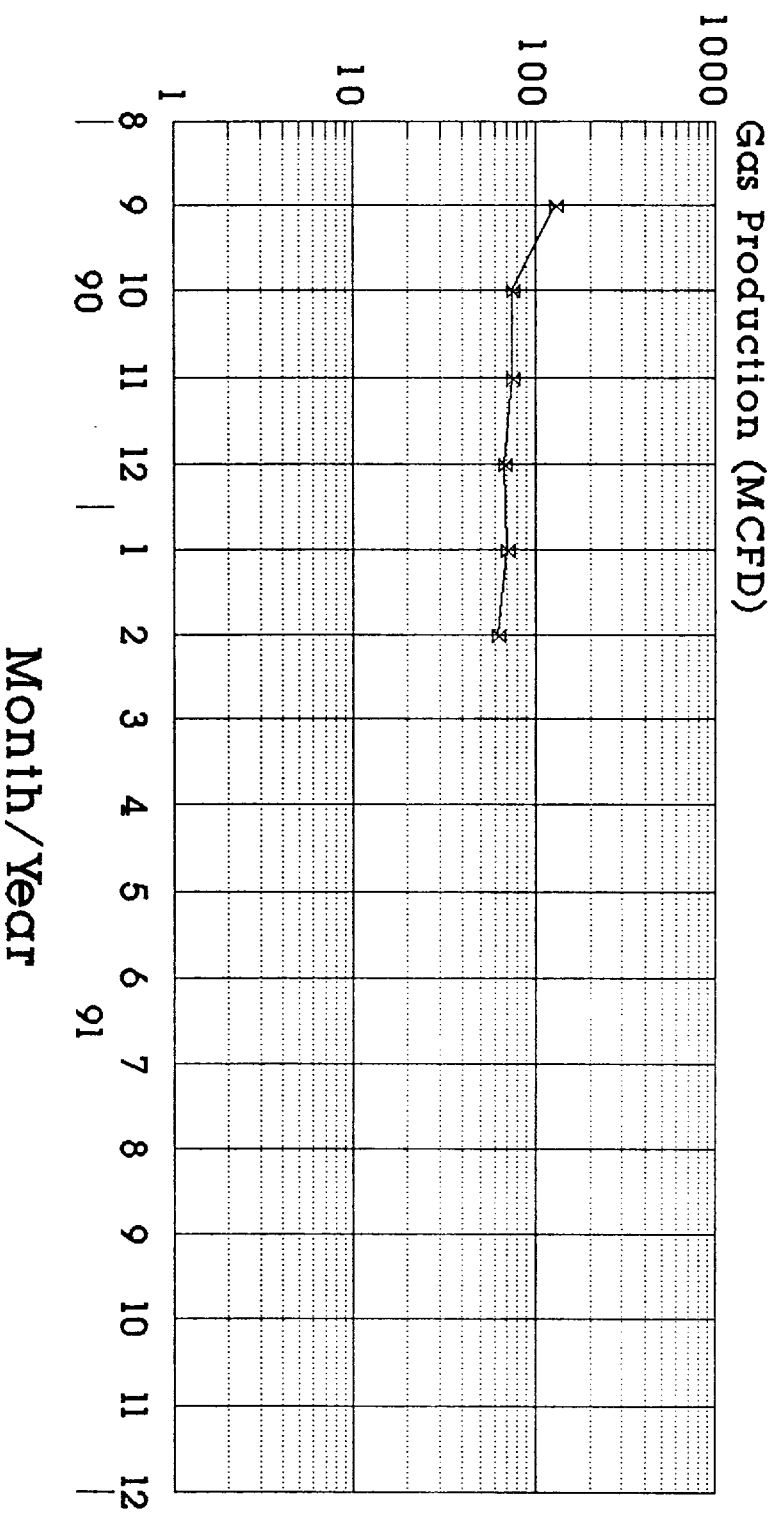
RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
FRUITLAND COAL
RINCON UNIT # 279
S 1/2 SEC. 14 T27N R7W

INTERP BY D.V.H. SCALE 2 1/2" = 1 Mi. | 1" = 10'

DRAFT BY DATE 12-26-90 FILE NO. (A) 14

RINCON UNIT #279

RIO ARRIBA COUNTY, NEW MEXICO



—x— Gas

Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #279 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES		PRESENT WORTH PROFILE			
FIELD	:	BASIN FRUITLAND COAL		PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:			UNDISCOUNTED	-0.56	0.15	RATE (%)	(M\$)	(M\$)
FORMATION	:	FRUITLAND COAL		DISC @ 10.0%	-0.72	-0.18	-----	-----	-----
TOTAL DEPTH:				DISC @ 15.0%	-0.77	-0.27	0.0	-150.	40.
OPERATOR	:	Unocal		INV EFF RATIO (IER):			5.0	-176.	-11.
AFE #	:			UNDISCOUNTED	-0.56	0.19	10.0	-192.	-47.
LIFE (YRS)	:	29.8		DISC @ 10.0%	-0.72	-0.22	15.0	-203.	-71.
				DISC @ 15.0%	-0.77	-0.33	20.0	-210.	-89.
							25.0	-215.	-103.
WI		ORI	GRI	DATE					
100.00000		80.99870	80.99870	MAY 1990	PAYOUT (YEARS)	*	9.5		
					RATE OF RETURN (%)	-1000.0	3.7	DISCOUNT DATE	: MAY 1990
								DISCOUNT METHOD:	EFFECTIVE MON

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	310.
GAS	(\$/MCF)	1.45	1.42	1.43	DRY HOLE	0.	0.	EXPENSES:	
NGL	(\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	106.
SULPHUR	(\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
\$EQUIV BOE RATIO		6.00	6.00	6.00	PLATFORM	0.	0.	PLANT	0.
					FACILITIES	0.	0.	SEV & ADVAL TAXES	45.
					PIPELINE	0.	0.	INDIRECT	17.
					PLANT	0.	0.	OVERHEAD	25.
					GATHERING	0.	0.	NET ABAND/SALV	0.
					MISC INTAN	187.	187.	NET INVESTMENTS	267.
					MISC TAN	80.	80.	BTAX CASH FLOW	-150.
					TOTAL	267.	267.	INCOME TAXES PAID	-191.
					DISC @ 10.0%	265.	265.	ATAX CASH FLOW	40.
								ATAX DISC @ 10.0%	-47.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
		GROSS		NET			
		REMAIN	ULT	REMAIN	ULT		
OIL	(MBBLS)	0.	0.	0.	0.		
GAS	(MMCF)	267.	267.	216.	216.		
NGL	(MBBLS)	0.	0.	0.	0.		
SULPHUR	(MTONS)	0.	0.	0.	0.		

EQUIVALENT RESERVES:					
BTU	(MBOE)	45.	45.	36.	36.
VALUE	(MBOE)	15.	15.	12.	12.

INITIAL RATE:
OIL (BBLS/DAY) 0.
GAS (MCF/DAY) 128.
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

WELL NAME : RINCON U. #279 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 COUNTY, STATE: NEW MEXICO
 FORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(8MO)1990	0.0	0.0	10.4	8.5	1.4	0.00	0.0	1.77	14.9	14.9
1991	0.0	0.0	20.8	16.8	2.8	0.00	0.0	1.43	24.1	24.1
1992	0.0	0.0	17.4	14.1	2.3	0.00	0.0	1.42	19.9	19.9
1993	0.0	0.0	15.6	12.7	2.1	0.00	0.0	1.42	17.9	17.9
1994	0.0	0.0	14.4	11.6	1.9	0.00	0.0	1.42	16.5	16.5
1995	0.0	0.0	13.4	10.8	1.8	0.00	0.0	1.42	15.3	15.3
1996	0.0	0.0	12.4	10.1	1.7	0.00	0.0	1.42	14.3	14.3
1997	0.0	0.0	11.7	9.5	1.6	0.00	0.0	1.42	13.5	13.5
1998	0.0	0.0	11.1	9.0	1.5	0.00	0.0	1.42	12.8	12.8
1999	0.0	0.0	10.6	8.6	1.4	0.00	0.0	1.42	12.1	12.1
2000	0.0	0.0	10.1	8.1	1.4	0.00	0.0	1.42	11.5	11.5
2001	0.0	0.0	9.6	7.7	1.3	0.00	0.0	1.42	11.0	11.0
2002	0.0	0.0	9.1	7.4	1.2	0.00	0.0	1.42	10.4	10.4
2003	0.0	0.0	8.6	7.0	1.2	0.00	0.0	1.42	9.9	9.9
2004	0.0	0.0	8.2	6.6	1.1	0.00	0.0	1.42	9.4	9.4
SUB TOTAL	0.0	0.0	183.4	148.6	24.8	0.00	0.0	1.44	213.6	213.6
REMAINDER	0.0	0.0	83.8	67.9	11.3	0.00	0.0	1.42	96.2	96.2
TOT 29.8 YR	0.0	0.0	267.3	216.5	36.1	0.00	0.0	1.43	309.8	309.8

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(8MO)1990	1.2	0.0	1.2	1.9	0.5	267.0	-255.6	-59.6	-196.1	-196.1
1991	3.6	0.0	3.6	3.5	1.4	0.0	15.6	-22.5	38.0	-158.0
1992	3.6	0.0	3.6	2.9	1.4	0.0	12.0	-19.0	31.0	-127.1
1993	3.6	0.0	3.6	2.6	1.4	0.0	10.3	-16.7	27.0	-100.1
1994	3.6	0.0	3.6	2.4	1.4	0.0	9.0	-15.1	24.1	-76.0
1995	3.6	0.0	3.6	2.3	1.4	0.0	8.1	-13.2	21.3	-54.7
1996	3.6	0.0	3.6	2.1	1.4	0.0	7.1	-10.0	17.1	-37.5
1997	3.6	0.0	3.6	2.0	1.4	0.0	6.4	-8.3	14.8	-22.8
1998	3.6	0.0	3.6	1.9	1.4	0.0	5.9	-6.7	12.6	-10.2
1999	3.6	0.0	3.6	1.8	1.4	0.0	5.3	-6.5	11.8	1.6
2000	3.6	0.0	3.6	1.7	1.4	0.0	4.8	-6.2	11.1	12.7
2001	3.6	0.0	3.6	1.6	1.4	0.0	4.3	-6.0	10.3	23.0
2002	3.6	0.0	3.6	1.5	1.4	0.0	3.9	-5.8	9.7	32.7
2003	3.6	0.0	3.6	1.5	1.4	0.0	3.4	1.3	2.1	34.8
2004	3.6	0.0	3.6	1.4	1.4	0.0	3.0	1.1	1.9	36.7
SUB TOTAL	51.6	0.0	51.6	31.0	20.5	267.0	-156.6	-193.2	36.7	36.7
REMAINDER	54.3	0.0	54.3	14.1	21.6	0.0	6.2	2.3	3.8	40.5
TOT 29.8 YR	105.9	0.0	105.9	45.1	42.1	267.0	-150.4	-190.9	40.5	40.5

NAME : RINCON U. #279 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
COUNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M\$-----	-----M\$-----	-----	-----MBBLS-----	-----\$/BBL-----	-----M\$-----	-----M-TONS-----	-----M\$-----	-----M\$-----	-----M\$-----
(8MO)1990	267.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	267.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	54.3	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 29.8 YR	267.0	105.9	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
(8MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.4	0.0	3.7
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.6	0.0	11.2
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.0	0.0	11.2
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	0.0	11.2
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1	0.0	11.2
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1	0.0	7.5
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6	0.0	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	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	80.0	0.0	56.1
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 29.8 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	80.0	0.0	56.1

PF:P.A.
EVAL #: 20

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

DATE: 04/22/91
TIME: 13:40:05
PAGE: 40

NAME : RINCON U. #279 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(8MO)1990	12316.8	8.4	0.840	0.000	8.4
1991	24524.5	16.7	0.840	0.000	16.7
1992	20501.7	13.9	0.840	0.000	13.9
1993	18459.6	12.6	0.840	0.000	12.6
1994	16969.3	11.5	0.840	0.000	11.5
1995	15781.4	10.7	0.840	0.000	10.7
1996	14681.0	10.0	0.840	0.000	10.0
1997	13842.8	9.4	0.840	0.000	9.4
1998	13150.7	8.9	0.840	0.000	8.9
1999	12493.2	8.5	0.840	0.000	8.5
2000	11868.5	8.1	0.840	0.000	8.1
2001	11275.1	7.7	0.840	0.000	7.7
2002	10711.3	7.3	0.840	0.000	7.3
2003	10175.8	0.0	0.000	0.000	0.0
2004	9667.0	0.0	0.000	0.000	0.0
SUB TOTAL	216418.6	133.7	0.840	0.000	133.7
REMAINDER	98941.6	0.0	0.000	0.000	0.0
TOT 29.8 YR	315360.2	133.7	0.840	0.000	133.7

GLOBAL FILE: \$UNOCAL1

EVALUATION #20 IN PROJECT FILE "P.A. " 04/22/91 13:39:21

0 IDENT "30 25 U091205 " " "
0 DATES MAY 1990 MAY 1990 SEP 1990
0 NAME "RINCON U. #279 - FT TAXCR "
0 FIELD "BASIN FRUITLAND COAL "
0 CNTYSTATE "NEW MEXICO "
0 FORMATION "FRUITLAND COAL "
0 OPERATOR "UNOCAL "
0 ECONOMICS ELIM
0 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE " "
130 COMMENT "FIRST 6 MONTHS = ACTUAL PROD. " "
140 GPROD P MON 3.834 2.308 2.218 2.078 2.165 1.897
160 GPROD * EXP * * * 28. 7.
170 GPROD * EXP * * * 10. 25.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 80000. 0. 0.
220 INTAN I MON 187000. 0.
240 PRGAS P MON 1.23 1.43 1.64 1.91 1.33
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT " "
20 COMMENT "TO 2003 " "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE
370 ULTIMATE GPROD 430.

GLOBAL FILE: \$UNOCAL2

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 34:

Containing 640 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 #291 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #291 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 #291 well which first delivered on September 6, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #291
Location: 1085'FNL, 921'FEL, Sec 34, T27N, R7W
Elevation: 6717' GL
Total Depth: 3086'
Lease Number: SF-080385
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 6-29-90
Completion Date: 7-28-90
1st Delivery Date: 9-6-90
Perf'd Interval: 2917-2921, 2943-2955, 2987-2993, 3017-3039.

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 aurally 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 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 #291 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 360 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 3085 feet and cemented in two stages to surface with 700 sacks cement. After drilling out to PBSD of 3084' the upper and lower coal zones were perforated from 2917'-3039' with 4 shots per foot and fracture stimulated with 220,000# 20/40 sand, 0.99 MMSCF N₂ and 22,790 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 313 MCFD and 520 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 6, 1990. The current deliverability for the well against a 150# line pressure is 101 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.42 Bcf.

Net Pay: 44 ft
Drainage area: 160 acres
Gas Content: 173 SCF/ton
Tonnage Factor: 2037 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$261,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 175 MCFD, Current - 104 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 6.8 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:

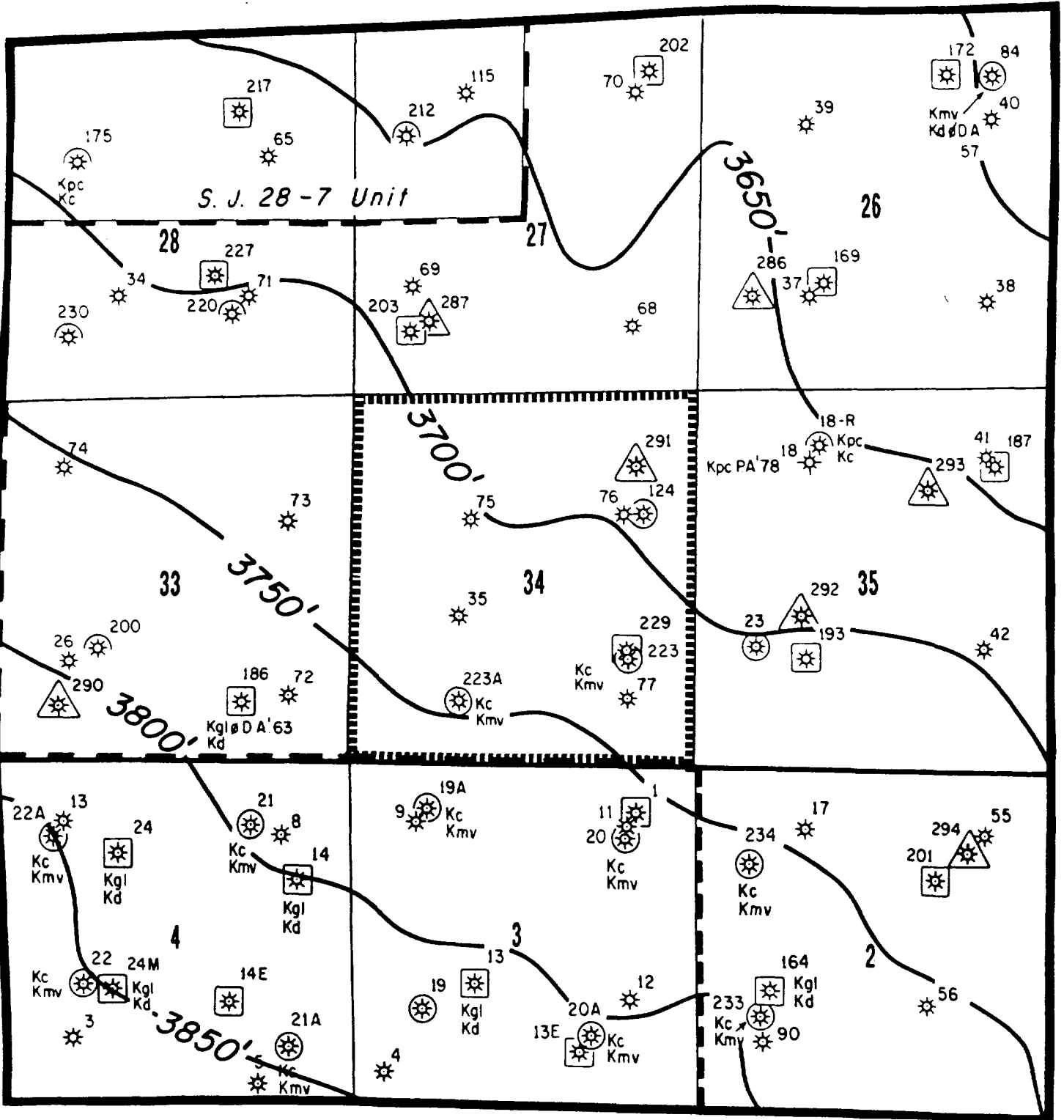
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in Section 34, T27N-R7W, comprising 640 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied is true.
- 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.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Osborne
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:
7/11/92





PRODUCING INTERVAL

★	FARMINGTON	Kfm	
★	KIRTLAND	Kk	
▲	FRUITLAND	Kf	
★	PICTURED CLIFFS	Kpc	
⊗	CHACRA	Kc	
⊕	LA VENTANA	Klv	
⊗	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Km MENEFE Kpl POINT LOOKOUT
⊕	GALLUP	Kgl	
⊗	DAKOTA	Kd	

UNOCAL 76

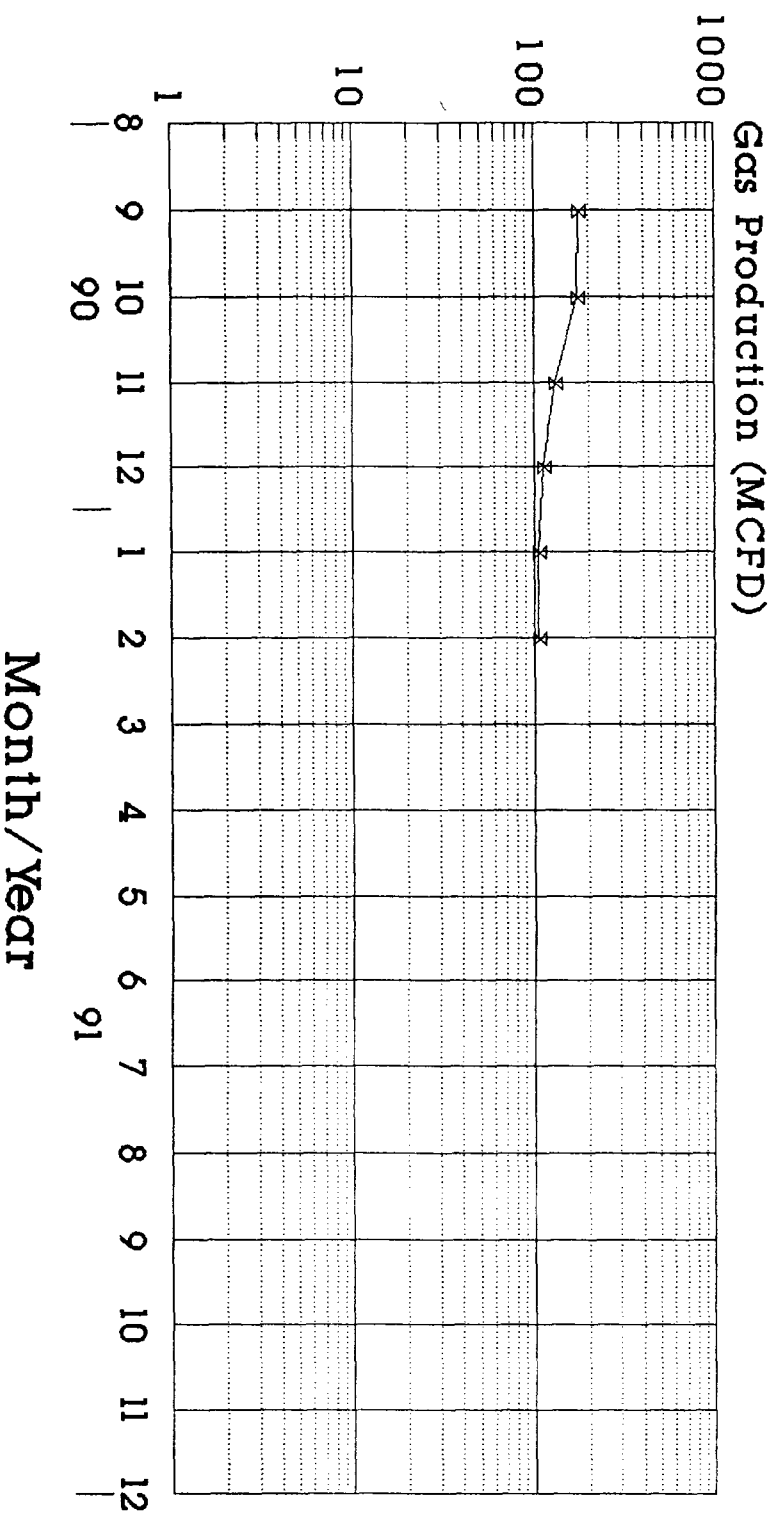
NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT
RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
BASE OF FRUITLAND COAL
RINCON UNIT # 291
N 1/2 SEC. 34 -T27N R7W

INTERP BY D.V.H. SCALE 2 1/2" = 1 Mi. CI 50'
DRAFT BY DATE 9-26-90 PRE NO 1A784

RINCCON UNIT #291

RIO ARRIBA COUNTY, NEW MEXICO



—x— Gas

Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #291 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE		
FIELD	LSE/BLOCK	FORMATION	TOTAL DEPTH:	PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT RATE (%)	BTAX (M\$)	ATAX (M\$)
BASIN FRUITLAND COAL		FRUITLAND COAL		UNDISCOUNTED	-0.49	0.27	0.0	-127.	72.
OPERATOR : Unocal				DISC @ 10.0%	-0.65	-0.06	5.0	-152.	20.
AFE # :				DISC @ 15.0%	-0.70	-0.16	10.0	-168.	-15.
LIFE (YRS) : 29.6				INV EFF RATIO (IER):			15.0	-180.	-40.
				UNDISCOUNTED	-0.49	0.34	20.0	-188.	-59.
				DISC @ 10.0%	-0.65	-0.07	25.0	-193.	-73.
				DISC @ 15.0%	-0.70	-0.19			
WI	ORI	GRI	DATE	PAYOUT (YEARS)	*	6.8			
100.00000	80.99870	80.99870	JUL 1990	RATE OF RETURN (%)	-1000.0	7.6			
								DISCOUNT DATE : JUL 1990	
								DISCOUNT METHOD: EFFECTIVE MON	

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		331.
GAS (\$/MCF)	1.42	1.42	1.42	DRY HOLE	0.	0.	EXPENSES:		
NGL (\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)		106.
SULPHUR (\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER		0.
\$EQUIV BOE RATIO	6.00	6.00	6.00	PLATFORM	0.	0.	SEV & ADVAL TAXES		48.
				FACILITIES	0.	0.	INDIRECT		17.
				PIPELINE	0.	0.	OVERHEAD		25.
				PLANT	0.	0.	NET ABAND/SALV		0.
				GATHERING	0.	0.	NET INVESTMENTS		261.
				MISC INTAN	183.	183.	BTAX CASH FLOW		-127.
				MISC TAN	78.	78.	INCOME TAXES PAID		-198.
				TOTAL	261.	261.	ATAX CASH FLOW		72.
				DISC @ 10.0%	259.	259.	ATAX DISC @ 10.0%		-15.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
	GROSS		NET				
	REMAIN	ULT	REMAIN	ULT			
OIL (MBBLS)	0.	0.	0.	0.			
GAS (MMCF)	288.	288.	233.	233.			
NGL (MBBLS)	0.	0.	0.	0.			
SULPHUR (MTONS)	0.	0.	0.	0.			
EQUIVALENT RESERVES:							
BTU (MBOE)	48.	48.	39.	39.			
VALUE (MBO\$E)	16.	16.	13.	13.			
INITIAL RATE:							
OIL (BBLS/DAY)	0.						
GAS (MCF/DAY)	176.						

GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

NAME : RINCON U. #291 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND ---MBBLS---	NET VOLUME OIL + COND ---MBBLS---	GROSS GAS PRODUCTION ---MMCF---	NET GAS VOLUME ---MMCF---	NET EQ PROD (RE: BOE) ---EMBBLS---	EFFECTIVE O+C PRICE ---\$/BBL---	NET REV OIL + COND ---M\$---	EFFECTIVE GAS PRICE ---\$/MCF---	NET GAS REVENUE ---M\$---	NET TOTAL REVENUE ---M\$---
(6MO)1990	0.0	0.0	18.0	14.6	2.4	0.00	0.0	1.49	21.7	21.7
1991	0.0	0.0	29.9	24.2	4.0	0.00	0.0	1.41	34.1	34.1
1992	0.0	0.0	19.5	15.8	2.6	0.00	0.0	1.42	22.4	22.4
1993	0.0	0.0	16.5	13.3	2.2	0.00	0.0	1.42	18.9	18.9
1994	0.0	0.0	14.8	12.0	2.0	0.00	0.0	1.42	17.0	17.0
1995	0.0	0.0	13.6	11.0	1.8	0.00	0.0	1.42	15.6	15.6
1996	0.0	0.0	12.7	10.3	1.7	0.00	0.0	1.42	14.5	14.5
1997	0.0	0.0	11.8	9.6	1.6	0.00	0.0	1.42	13.5	13.5
1998	0.0	0.0	11.1	9.0	1.5	0.00	0.0	1.42	12.8	12.8
1999	0.0	0.0	10.6	8.6	1.4	0.00	0.0	1.42	12.1	12.1
2000	0.0	0.0	10.0	8.1	1.4	0.00	0.0	1.42	11.5	11.5
2001	0.0	0.0	9.5	7.7	1.3	0.00	0.0	1.42	10.9	10.9
2002	0.0	0.0	9.1	7.3	1.2	0.00	0.0	1.42	10.4	10.4
2003	0.0	0.0	8.6	7.0	1.2	0.00	0.0	1.42	9.9	9.9
2004	0.0	0.0	8.2	6.6	1.1	0.00	0.0	1.42	9.4	9.4
SUB TOTAL	0.0	0.0	203.9	165.2	27.5	0.00	0.0	1.42	234.9	234.9
REMAINDER	0.0	0.0	83.7	67.8	11.3	0.00	0.0	1.42	96.0	96.0
TOT 29.6 YR	0.0	0.0	287.6	233.0	38.8	0.00	0.0	1.42	330.8	330.8

	NET LOE (FIX + VAR) ---M\$---	NET WORKOVR ---M\$---	NET TOTAL DIRECT EXP ---M\$---	NET TOTAL TAXES ---M\$---	NET ADMIN EXPENSE ---M\$---	NET TOTAL INVESTMENT ---M\$---	BTAX CASHFLOW ---M\$---	INCOME TAXES PAID ---M\$---	ATAX CASHFLOW ---M\$---	CUM ATAX CASHFLOW ---M\$---
(6MO)1990	1.2	0.0	1.2	3.1	0.5	261.0	-244.0	-62.3	-181.7	-181.7
1991	3.6	0.0	3.6	5.0	1.4	0.0	24.1	-26.3	50.4	-131.4
1992	3.6	0.0	3.6	3.3	1.4	0.0	14.1	-19.7	33.8	-97.6
1993	3.6	0.0	3.6	2.8	1.4	0.0	11.1	-16.9	28.0	-69.6
1994	3.6	0.0	3.6	2.5	1.4	0.0	9.5	-15.1	24.6	-45.0
1995	3.6	0.0	3.6	2.3	1.4	0.0	8.3	-13.2	21.5	-23.5
1996	3.6	0.0	3.6	2.1	1.4	0.0	7.4	-10.0	17.4	-6.1
1997	3.6	0.0	3.6	2.0	1.4	0.0	6.5	-8.3	14.8	8.8
1998	3.6	0.0	3.6	1.9	1.4	0.0	5.9	-6.7	12.6	21.3
1999	3.6	0.0	3.6	1.8	1.4	0.0	5.3	-6.5	11.8	33.1
2000	3.6	0.0	3.6	1.7	1.4	0.0	4.8	-6.2	11.0	44.1
2001	3.6	0.0	3.6	1.6	1.4	0.0	4.3	-6.0	10.3	54.4
2002	3.6	0.0	3.6	1.5	1.4	0.0	3.8	-5.8	9.6	64.1
2003	3.6	0.0	3.6	1.4	1.4	0.0	3.4	1.3	2.1	66.2
2004	3.6	0.0	3.6	1.4	1.4	0.0	3.0	1.1	1.8	68.0
SUB TOTAL	51.6	0.0	51.6	34.4	20.5	261.0	-132.6	-200.7	68.0	68.0
REMAINDER	54.3	0.0	54.3	14.1	21.6	0.0	6.0	2.3	3.7	71.7
TOT 29.6 YR	105.9	0.0	105.9	48.4	42.1	261.0	-126.6	-198.4	71.7	71.7

AME : RINCON U. #291 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
COUNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	---M\$---	---M\$---		---MBBLS---	---\$/BBL---	---M\$---	---M-TONS---	---M\$---	---M\$---	---M\$---
(6MO)1990	261.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	261.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	54.3	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 29.6 YR	261.0	105.9	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(6MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.1	0.0	3.7
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.1	0.0	11.0
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.6	0.0	11.0
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.7	0.0	11.0
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0	11.0
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0	7.3
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	0.0	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	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	78.0	0.0	54.9
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 29.6 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	78.0	0.0	54.9

>F:P.A.
EVAL #: 11

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

DATE: 04/22/91
TIME: 13:34:22
PAGE: 4

WELL NAME : RINCON U. #291 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
(6MO)1990	21218.8	14.4	0.840	0.000	14.4
1991	35289.7	24.0	0.840	0.000	24.0
1992	23068.8	15.7	0.840	0.000	15.7
1993	19436.6	13.2	0.840	0.000	13.2
1994	17500.5	11.9	0.840	0.000	11.9
1995	16087.6	10.9	0.840	0.000	10.9
1996	14961.5	10.2	0.840	0.000	10.2
1997	13918.2	9.5	0.840	0.000	9.5
1998	13123.6	8.9	0.840	0.000	8.9
1999	12467.5	8.5	0.840	0.000	8.5
2000	11844.1	8.1	0.840	0.000	8.1
2001	11251.9	7.7	0.840	0.000	7.7
2002	10689.3	7.3	0.840	0.000	7.3
2003	10154.8	0.0	0.000	0.000	0.0
2004	9647.1	0.0	0.000	0.000	0.0
SUB TOTAL	240659.8	150.3	0.840	0.000	150.3
REMAINDER	98737.8	0.0	0.000	0.000	0.0
TOT 29.6 YR	339397.6	150.3	0.840	0.000	150.3

GLOBAL FILE: \$UNOCAL1

EVALUATION #11 IN PROJECT FILE "P.A. " 04/22/91 13:33:39

10 IDENT "30 25 U091205 " "
20 DATES JUL 1990 JUL 1990 SEP 1990
30 NAME "RINCON U. #291 - FT TAXCR "
40 FIELD "BASIN FRUITLAND COAL "
50 CNTYSTATE "NEW MEXICO "
60 FORMATION "FRUITLAND COAL "
70 OPERATOR "UNOCAL "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
130 COMMENT "FIRST 6 MONTHS = ACTUAL PROD. "
140 GPROD P MON 5.269 5.331 3.888 3.494 3.274 3.191
150 GPROD * EXP * * * 60. 5.
160 GPROD * EXP * * * 28. 14.
170 GPROD * EXP * * * 10. 25.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 78000. 0. 0.
220 INTAN I MON 183000. 0.
240 PRGAS P MON 1.2 1.08 1.52 1.36 1.15
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT "
20 COMMENT "TO 2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE
370 ULTIMATE GPROD 420.

GLOBAL FILE: \$UNOCAL2

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 35: South/2

Containing 320 acres, more or less

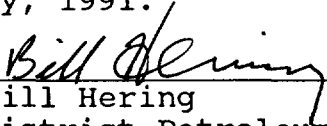
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 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 #292 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #292 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 #292 well which first delivered on September 6, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #292
Location: 2265'FSL, 1555'FWL, Sec 35, T27N, R7W
Elevation: 6586' GL
Total Depth: 2949'
Lease Number: SF-080385
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 4-22-90
Completion Date: 5-12-90
1st Delivery Date: 9-6-90
Perf'd Interval: 2866-2873, 2880-2895.

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 #292 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 227 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 2949 feet and cemented in two stages to surface with 720 sacks cement. After drilling out to PBTD of 2944' the lower coal zone was perforated from 2866'- 2895' with 4 shots per foot and fracture stimulated with 206,140# 20/40 sand, 6700# 100 mesh sand and 56,700 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 376 MCFD and 580 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 6, 1990. The current deliverability for the well against a 150# line pressure is 119 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.39 Bcf.

Net Pay: 46 ft
Drainage area: 160 acres
Gas Content: 158 SCF/ton
Tonnage Factor: 1982 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$228,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 256 MCFD, Current - 105 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 4.9 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:

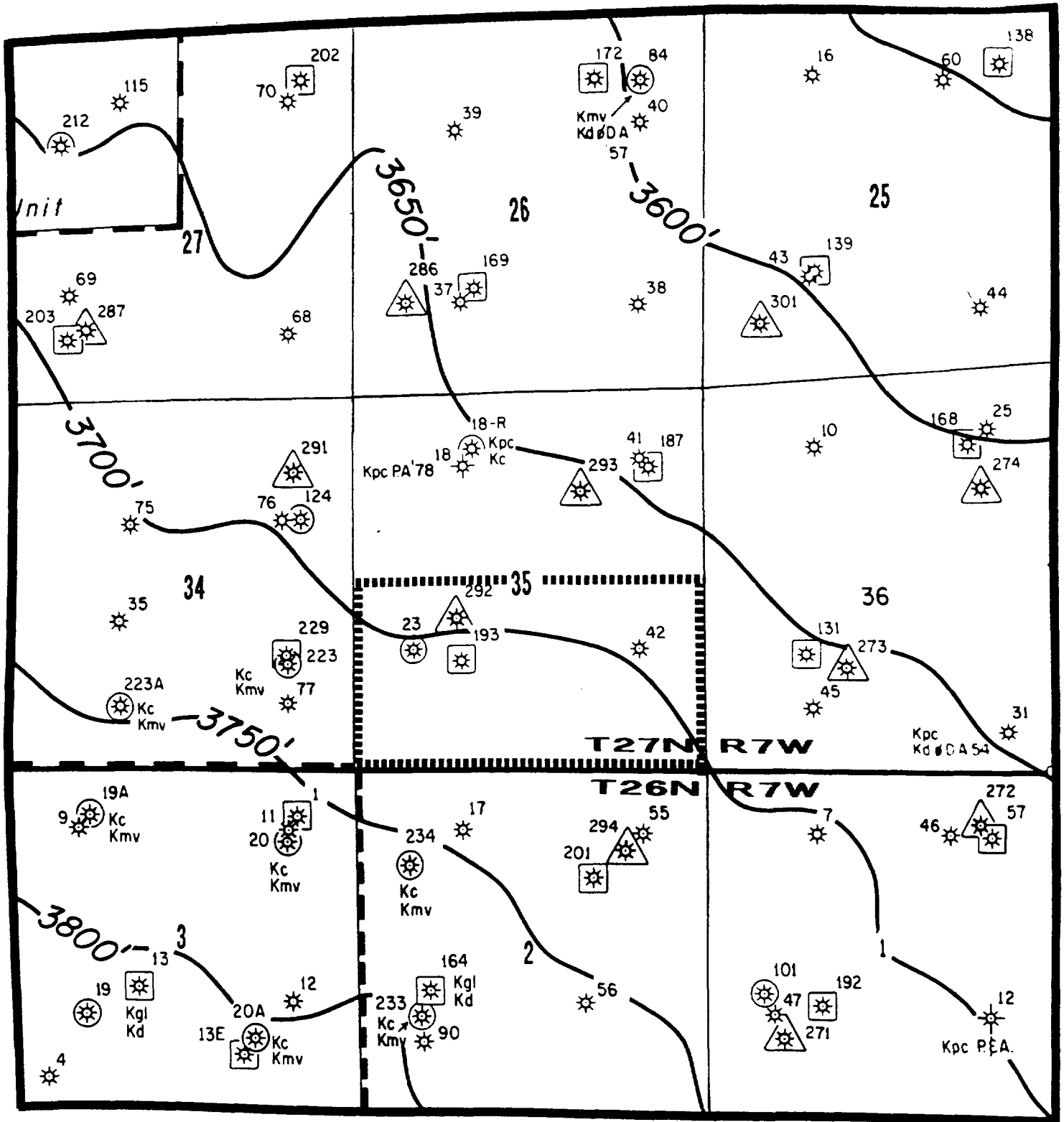
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in the S/2 Section 35, T27N-R7W, comprising 320 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied 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.

SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Brown
Notary Public in and for
San Juan County, New Mexico

My Commission Expires: 7/11/92





PRODUCING INTERVAL

Kfm *	FARMINGTON	Kfm
Kl *	KIRTLAND	Kl
Kf *	FRUITLAND	Kf
Kpc *	PICTURED CLIFFS	Kpc
Kc *	CHACRA	Kc
Kiv *	LA VENTANA	Kiv
Kmv *	MESAVERDE	Kmv
Kgl *	GALLUP	Kgl
Kd *	DAKOTA	Kd

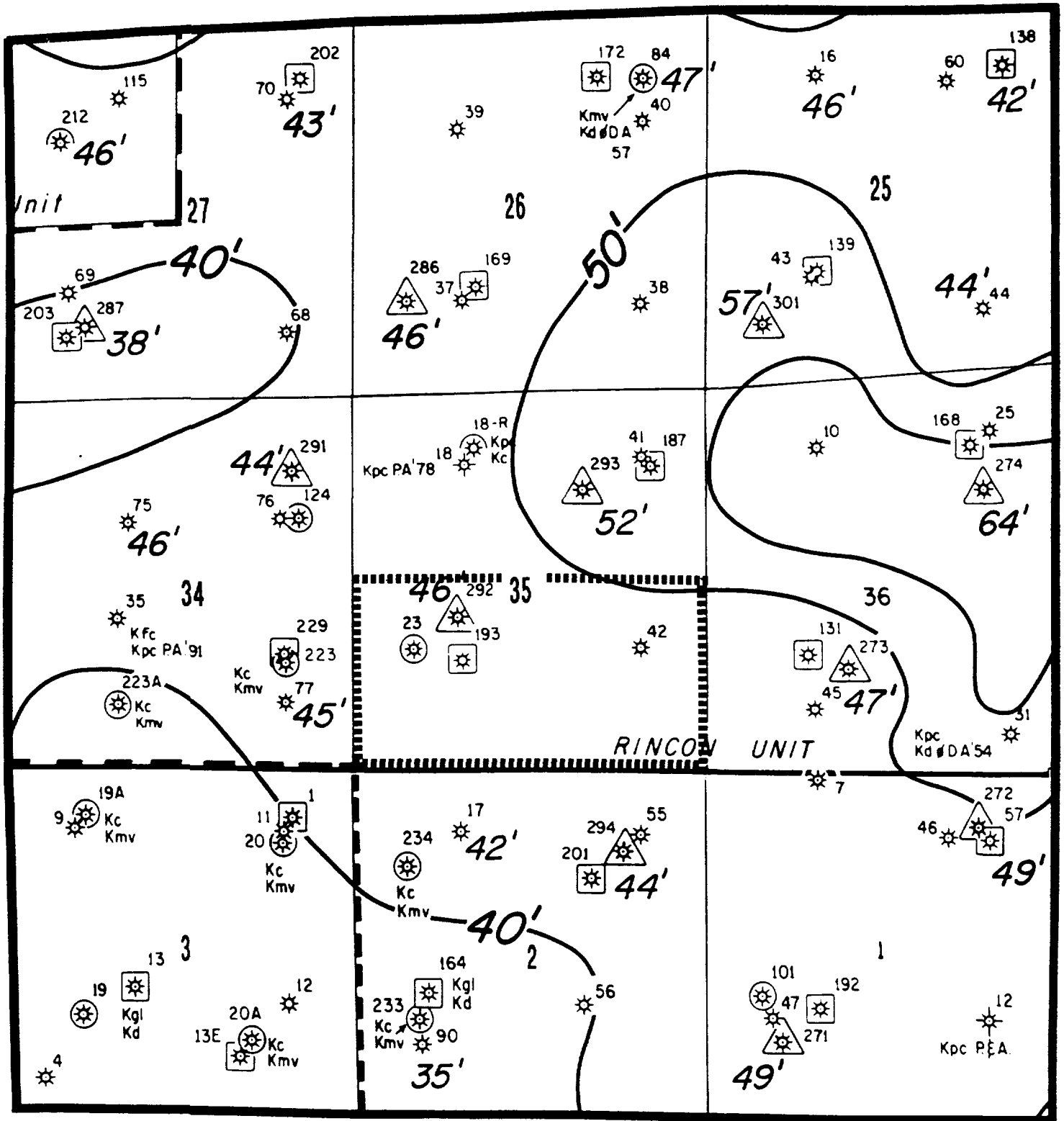
Kch	CLIFFHOUSE
Km	MENESEE
Kpl	POINT LOOKOUT

Kt	TOCITO
Kq	GREENHORN

UNOCAL 76
NORTH AMERICAN OIL & GAS DIVISION
SOUTHWESTERN REGION

RINCON UNIT
RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
BASE OF FRUITLAND COAL
RINCON UNIT # 292
S½ SEC. 35 -T27N R7W

INTERP BY	D.V.H.	SCALE	2 1/2" = 1 Mi. 1" = 50'
DRAFT BY		DATE	6-26-90 FILE NO. (A) 8-4



PRODUCING INTERVAL

☉	FARMINGTON	Kfm	
☉	KIRTLAND	Kk	
☉	FRUITLAND	Kf	
☉	PICTURED CLIFFS	Kpc	
☉	CHACRA	Kc	
☉	LA VENTANA	Klv	
☉	MESAVERDE	Kmv	{ Kch CLIFFHOUSE Km MENEFEE Kpl POINT LOOKOUT
☉	GALLUP	Kgl	
☉	DAKOTA	Kd	

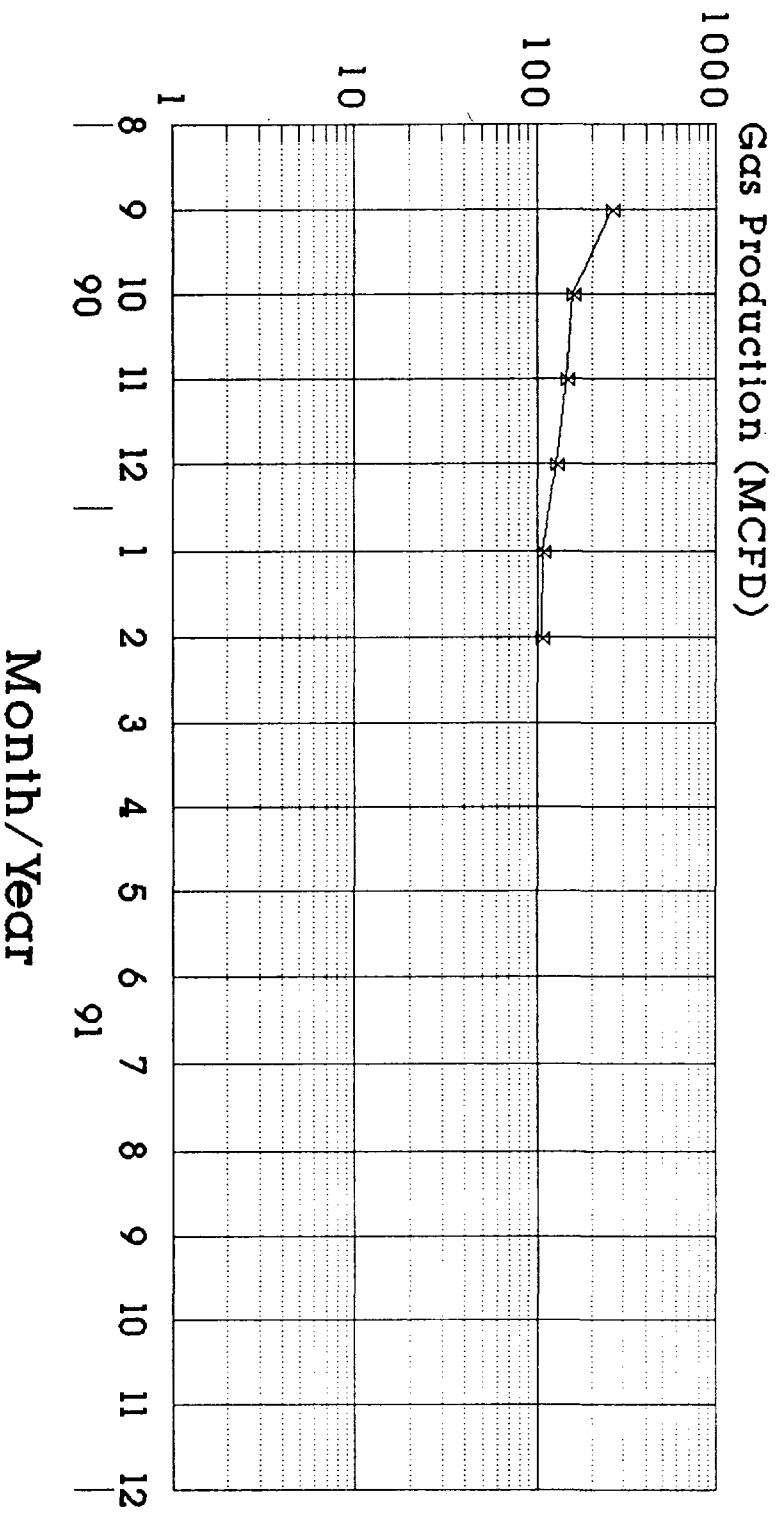
UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
FRUITLAND COAL
RINCON UNIT # 292
S 1/2 SEC. 35 T27N R7W

INTERP BY **D.V.H.** SCALE **2 1/2" = 1 Mi. | 10'**
 DRAFT BY _____ DATE **9-26-90** PRE NO. (A)B.C.

RINCON UNIT #292

RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #292 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE		
FIELD	LSE/BLOCK	FORMATION	TOTAL DEPTH:	UNDISCOUNTED	BTAX	ATAX	DISCOUNT RATE (%)	BTAX (M\$)	ATAX (M\$)
BASIN FRUITLAND COAL		FRUITLAND COAL		-0.30	-0.30	0.52			
OPERATOR : Unocal				DISC @ 10.0%	-0.53	0.10			
AFE # :				DISC @ 15.0%	-0.59	-0.02	0.0	-68.	120.
LIFE (YRS) : 31.2				INV EFF RATIO (IER):			5.0	-100.	62.
				UNDISCOUNTED	-0.30	0.65	10.0	-120.	23.
				DISC @ 10.0%	-0.53	0.12	15.0	-134.	-5.
				DISC @ 15.0%	-0.59	-0.03	20.0	-143.	-25.
WI	ORI	GRI	DATE				25.0	-150.	-40.
100.00000	80.99870	80.99870	JUN 1990	PAYOUT (YEARS)	*	4.9			
				RATE OF RETURN (%)	-1000.0	14.0			
									DISCOUNT DATE : JUN 1990
									DISCOUNT METHOD: EFFECTIVE MON

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		370.
GAS (\$/MCF)	1.52	1.42	1.45	DRY HOLE	0.	0.	EXPENSES:		
NGL (\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)		111.
SULPHUR (\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER		0.
\$EQUIV BOE RATIO	6.00	6.00	6.00	PLATFORM	0.	0.	PLANT		0.
				FACILITIES	0.	0.	SEV & ADVAL TAXES		53.
				PIPELINE	0.	0.	INDIRECT		18.
				PLANT	0.	0.	OVERHEAD		26.
				GATHERING	0.	0.	NET ABAND/SALV		0.
							NET INVESTMENTS		228.
				MISC INTAN	160.	160.	BTAX CASH FLOW		-68.
				MISC TAN	68.	68.	INCOME TAXES PAID		-187.
				TOTAL	228.	228.	ATAX CASH FLOW		120.
				DISC @ 10.0%	226.	226.	ATAX DISC @ 10.0%		23.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
	GROSS		NET				
	REMAIN	ULT	REMAIN	ULT			
OIL (MBBLS)	0.	0.	0.	0.			
GAS (MMCF)	315.	315.	255.	255.			
NGL (MBBLS)	0.	0.	0.	0.			
SULPHUR (MTONS)	0.	0.	0.	0.			
EQUIVALENT RESERVES:							
BTU (MBOE)	53.	53.	43.	43.			
VALUE (MBO\$E)	18.	18.	15.	15.			
INITIAL RATE:							
OIL (BBLS/DAY)	0.						GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
GAS (MCF/DAY)	256.						ALTKEY: USA

DATE: 04/22/91 TIME: 13:36:19 RPT FILE: 4 PG # 13 PRJ FILE: P.A. EVAL # 14

NAME : RINCON U. #292 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND ---MBBLS---	NET VOLUME OIL + COND ---MBBLS---	GROSS GAS PRODUCTION ---MMCF---	NET GAS VOLUME ---MMCF---	NET EQ PROD (RE: BOE) ---EMBLS---	EFFECTIVE O+C PRICE ---\$/BBL---	NET REV OIL + COND ---M\$---	EFFECTIVE GAS PRICE ---\$/MCF---	NET GAS REVENUE ---M\$---	NET TOTAL REVENUE ---M\$---
(7MO)1990	0.0	0.0	20.8	16.8	2.8	0.00	0.0	1.85	31.2	31.2
1991	0.0	0.0	30.7	24.8	4.1	0.00	0.0	1.44	35.7	35.7
1992	0.0	0.0	20.7	16.8	2.8	0.00	0.0	1.42	23.8	23.8
1993	0.0	0.0	17.7	14.3	2.4	0.00	0.0	1.42	20.3	20.3
1994	0.0	0.0	15.9	12.9	2.2	0.00	0.0	1.42	18.3	18.3
1995	0.0	0.0	14.7	11.9	2.0	0.00	0.0	1.42	16.8	16.8
1996	0.0	0.0	13.7	11.1	1.8	0.00	0.0	1.42	15.7	15.7
1997	0.0	0.0	12.7	10.3	1.7	0.00	0.0	1.42	14.6	14.6
1998	0.0	0.0	12.0	9.7	1.6	0.00	0.0	1.42	13.8	13.8
1999	0.0	0.0	11.4	9.2	1.5	0.00	0.0	1.42	13.1	13.1
2000	0.0	0.0	10.8	8.8	1.5	0.00	0.0	1.42	12.4	12.4
2001	0.0	0.0	10.3	8.3	1.4	0.00	0.0	1.42	11.8	11.8
2002	0.0	0.0	9.8	7.9	1.3	0.00	0.0	1.42	11.2	11.2
2003	0.0	0.0	9.3	7.5	1.3	0.00	0.0	1.42	10.7	10.7
2004	0.0	0.0	8.8	7.1	1.2	0.00	0.0	1.42	10.1	10.1
SUB TOTAL	0.0	0.0	219.3	177.6	29.6	0.00	0.0	1.46	259.4	259.4
REMAINDER	0.0	0.0	96.0	77.8	13.0	0.00	0.0	1.42	110.1	110.1
TOT 31.2 YR	0.0	0.0	315.3	255.4	42.6	0.00	0.0	1.45	369.5	369.5

	NET LOE (FIX + VAR) ---M\$---	NET WORKOVR ---M\$---	NET TOTAL DIRECT EXP ---M\$---	NET TOTAL TAXES ---M\$---	NET ADMIN EXPENSE ---M\$---	NET TOTAL INVESTMENT ---M\$---	BTAX CASHFLOW ---M\$---	INCOME TAXES PAID ---M\$---	ATAX CASHFLOW ---M\$---	CUM ATAX CASHFLOW ---M\$---
(7MO)1990	1.2	0.0	1.2	3.9	0.5	228.0	-202.3	-54.4	-147.9	-147.9
1991	3.6	0.0	3.6	5.2	1.4	0.0	25.5	-24.9	50.4	-97.5
1992	3.6	0.0	3.6	3.5	1.4	0.0	15.2	-19.0	34.3	-63.3
1993	3.6	0.0	3.6	3.0	1.4	0.0	12.3	-16.4	28.7	-34.6
1994	3.6	0.0	3.6	2.7	1.4	0.0	10.6	-14.7	25.3	-9.3
1995	3.6	0.0	3.6	2.5	1.4	0.0	9.3	-13.0	22.3	13.0
1996	3.6	0.0	3.6	2.3	1.4	0.0	8.3	-10.1	18.4	31.5
1997	3.6	0.0	3.6	2.1	1.4	0.0	7.4	-8.5	15.9	47.4
1998	3.6	0.0	3.6	2.0	1.4	0.0	6.7	-7.1	13.8	61.2
1999	3.6	0.0	3.6	1.9	1.4	0.0	6.1	-6.8	13.0	74.2
2000	3.6	0.0	3.6	1.8	1.4	0.0	5.6	-6.6	12.1	86.3
2001	3.6	0.0	3.6	1.7	1.4	0.0	5.0	-6.3	11.4	97.7
2002	3.6	0.0	3.6	1.6	1.4	0.0	4.5	-6.1	10.7	108.4
2003	3.6	0.0	3.6	1.6	1.4	0.0	4.1	1.5	2.5	110.9
2004	3.6	0.0	3.6	1.5	1.4	0.0	3.6	1.4	2.2	113.1
SUB TOTAL	51.6	0.0	51.6	37.3	20.5	228.0	-78.0	-191.2	113.1	113.1
REMAINDER	59.7	0.0	59.7	16.2	23.8	0.0	10.5	4.0	6.5	119.6
TOT 31.2 YR	111.3	0.0	111.3	53.4	44.3	228.0	-67.5	-187.2	119.6	119.6

NAME : RINCON U. #292 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 COUNTY, STATE: NEW MEXICO
 FORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL OPER EXP	GROSS NUMBER WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	---M\$---	---M\$---		---MBBLS---	---\$/BBL---	---M\$---	---M-TONS---	---M\$---	---M\$---	---M\$---
(7MO)1990	228.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	228.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	59.7	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 31.2 YR	228.0	111.3	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(7MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.7	0.0	3.2
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.7	0.0	9.6
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.9	0.0	9.6
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.5	0.0	9.6
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	0.0	9.6
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	0.0	6.4
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0	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	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	68.0	0.0	48.0
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 31.2 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	68.0	0.0	48.0

OFF: P.A.
EVAL #: 14

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

DATE: 04/22/91
TIME: 13:36:22
PAGE: 16

WELL NAME : RINCON U. #292 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
COUNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
(7MO)1990	24545.2	16.7	0.840	0.000	16.7
1991	36172.9	24.6	0.840	0.000	24.6
1992	24445.7	16.6	0.840	0.000	16.6
1993	20880.1	14.2	0.840	0.000	14.2
1994	18810.6	12.8	0.840	0.000	12.8
1995	17329.8	11.8	0.840	0.000	11.8
1996	16116.7	11.0	0.840	0.000	11.0
1997	14998.2	10.2	0.840	0.000	10.2
1998	14162.0	9.6	0.840	0.000	9.6
1999	13453.9	9.2	0.840	0.000	9.2
2000	12781.2	8.7	0.840	0.000	8.7
2001	12142.2	8.3	0.840	0.000	8.3
2002	11535.1	7.8	0.840	0.000	7.8
2003	10958.3	0.0	0.000	0.000	0.0
2004	10410.4	0.0	0.000	0.000	0.0
SUB TOTAL	258742.1	161.5	0.840	0.000	161.5
REMAINDER	113307.5	0.0	0.000	0.000	0.0
TOT 31.2 YR	372049.7	161.5	0.840	0.000	161.5

GLOBAL FILE: \$UNOCAL1

EVALUATION #14 IN PROJECT FILE "P.A. " 04/22/91 13:35:38

10 IDENT "30 25 U091205 " " "
10 DATES JUN 1990 JUN 1990 SEP 1990
10 NAME "RINCON U. #292 - FT TAXCR "
10 FIELD "BASIN FRUITLAND COAL "
10 CNTYSTATE "NEW MEXICO "
10 FORMATION "FRUITLAND COAL "
10 OPERATOR "UNOCAL "
10 ECONOMICS ELIM
10 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
130 COMMENT "FIRST 6 MONTHS = ACTUAL PROD. "
140 GPROD P MON 7.691 4.876 4.347 3.887 3.345 3.204
150 GPROD * EXP * * * 60. 4.
160 GPROD * EXP * * * 28. 14.
170 GPROD * EXP * * * 10. 25.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 68000. 0. 0.
220 INTAN I MON 160000. 0.
240 PRGAS P MON 1.29 1.54 1.89 1.8 1.37
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT "
20 COMMENT "TO 2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE
370 ULTIMATE GPROD 390.

GLOBAL FILE: \$UNOCAL2

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 26 NORTH, RANGE 7 WEST, N.M.P.M.

Section 2:

Containing 640 acres, more or less

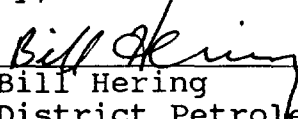
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 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 #294 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #294 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 #294 well which first delivered on September 6, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #294
Location: 1219'FNL, 1246'FEL, Sec 2, T26N, R7W
Elevation: 6640' GL
Total Depth: 2969'
Lease Number: E-291-3
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 6-19-90
Completion Date: 7-22-90
1st Delivery Date: 9-6-90
Perf'd Interval: 2822, 2830-2838, 2888-2890, 2892-2896, 2898-2901,
2905-2920.

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 #294 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 360 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 2969 feet and cemented in two stages to surface with 750 sacks cement. After drilling out to PBD of 2964' the upper and lower coal zones were perforated from 2822'-2920' with 4 shots per foot and fracture stimulated with 120,000# 20/40 sand, .75 MMSCF N₂ and 24,000 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 300 MCFD and 605 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 6, 1990. The current deliverability for the well against a 150# line pressure is 107 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.48 Bcf.

Net Pay: 44 ft
Drainage area: 160 acres
Gas Content: 198 SCF/ton
Tonnage Factor: 2037 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$239,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 161 MCFD, Current - 93 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 6.3 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 Section 2, T26N-R7W, comprising 640 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.

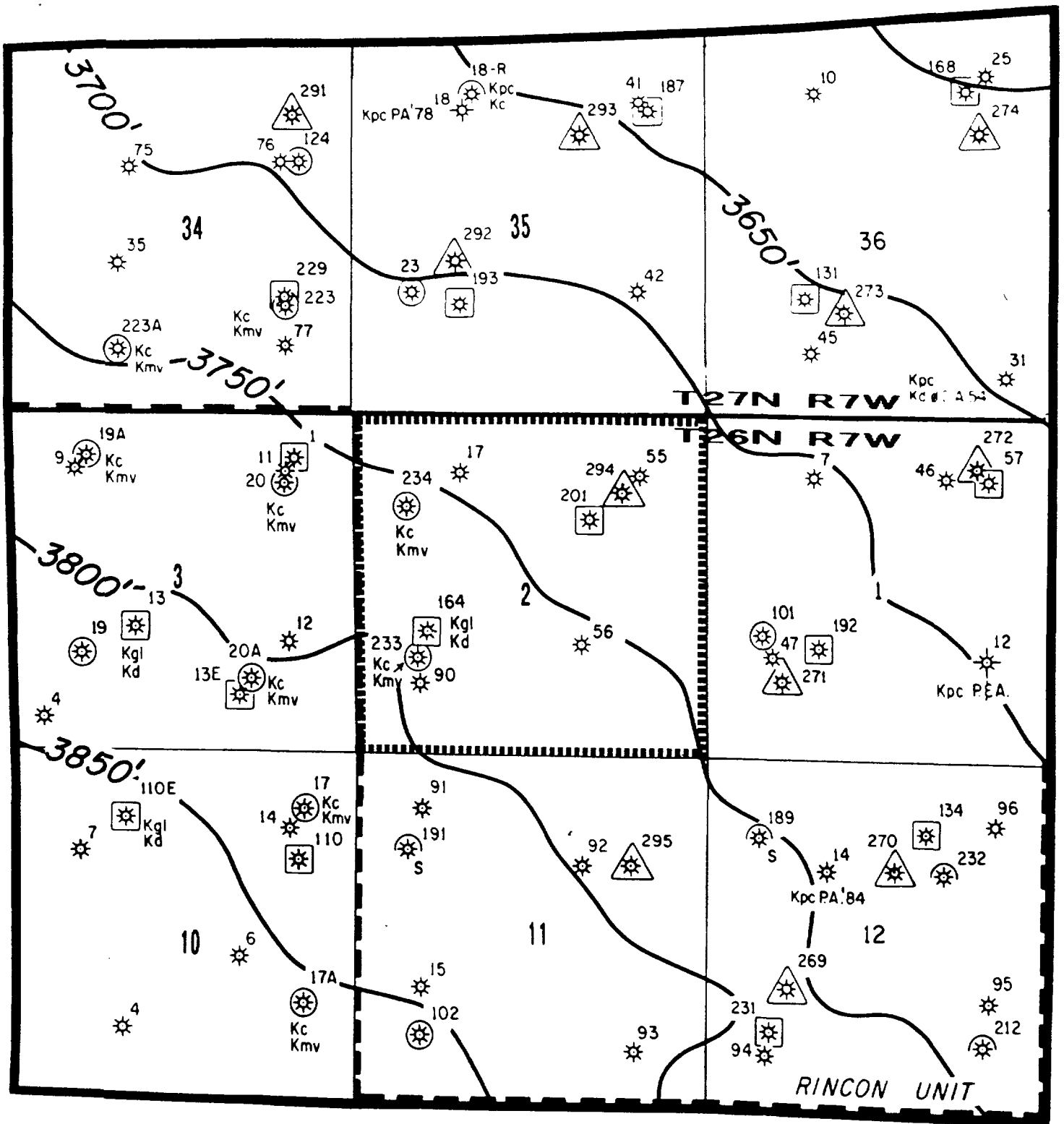
SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Osborne
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:

7/1/92





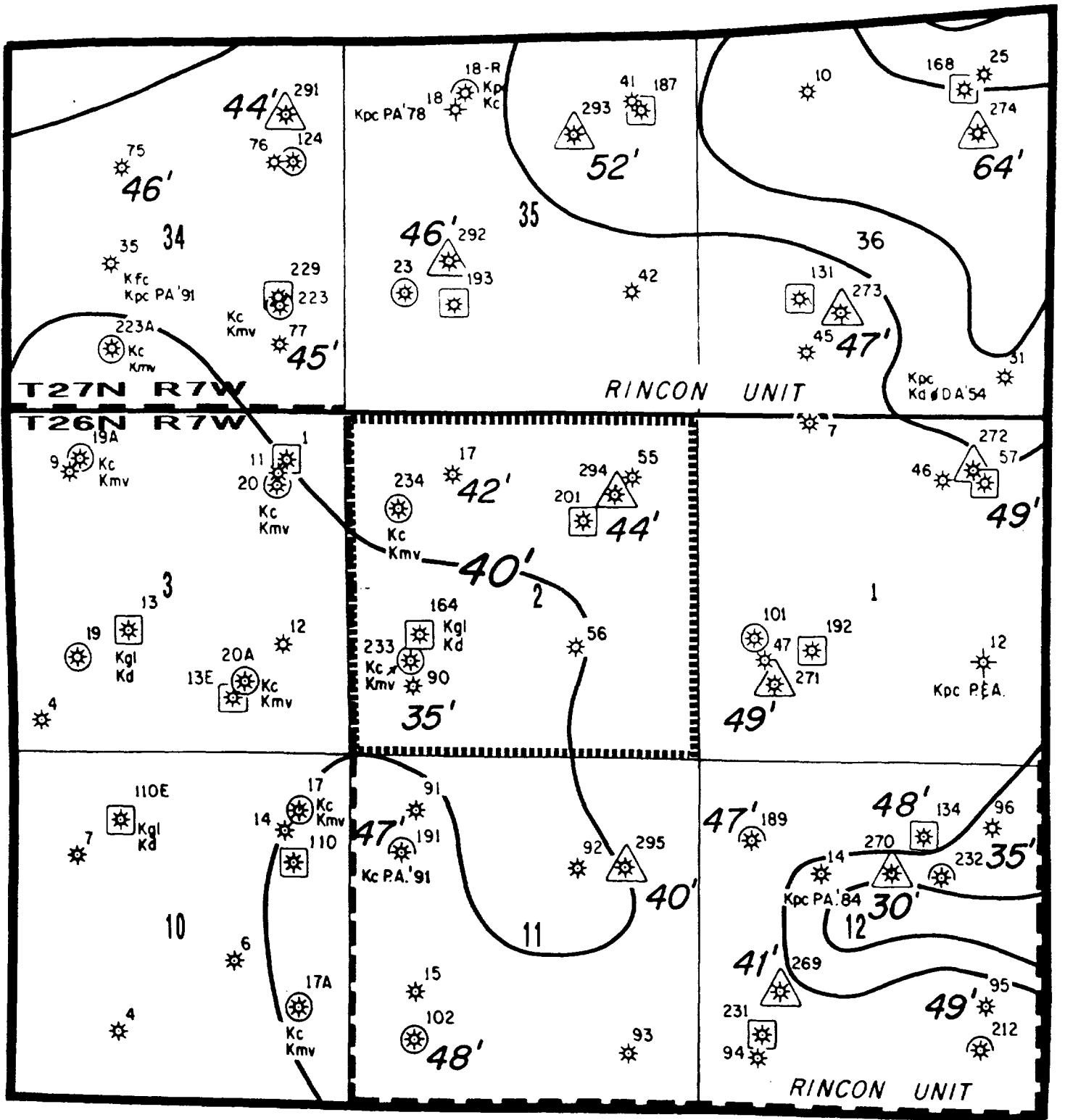
PRODUCING INTERVAL

Kfm	FARMINGTON	Kfm	
Kl	KIRTLAND	Kl	
Kf	FRUITLAND	Kf	
Kpc	PICTURED CLIFFS	Kpc	
Kc	CHACRA	Kc	
Klv	LA VENTANA	Klv	
Kmv	MESAVERDE	Kmv	{ Kph CLIFFHOUSE Km MENEPEE Kpl POINT LOOKOUT
Kgl	GALLUP	Kgl	
		{ Kt TOCITO Kgh GREENHORN	
Kd	DAKOTA	Kd	

UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
 BASE OF FRUITLAND COAL
 RINCON UNIT # 294
 N½ SEC. 2 -T26N R7W

INTERD BY DV.H SCALE 2 1/2" = 1 Mi. 1" = 50'
 DRAFT BY DATE 9-26-90 FILE NO. 1A18-4



PRODUCING INTERVAL

- | | | | |
|---|-----------------|-----|--|
| ☉ | FARMINGTON | Kfm | |
| ☉ | FIRTLAND | Kf | |
| ☉ | FRUITLAND | Kf | |
| ☉ | PICTURED CLIFFS | Kpc | |
| ☉ | CHACRA | Kc | |
| ☉ | LA VENTANA | Klv | |
| ☉ | MESAVERDE | Kmv | { Kch CLIFFHOUSE
Kmf MENELEE
Kpl POINT LOOKOUT } |
| ☉ | GALLUP | Kgl | |
| ☉ | DAKOTA | Kd | |

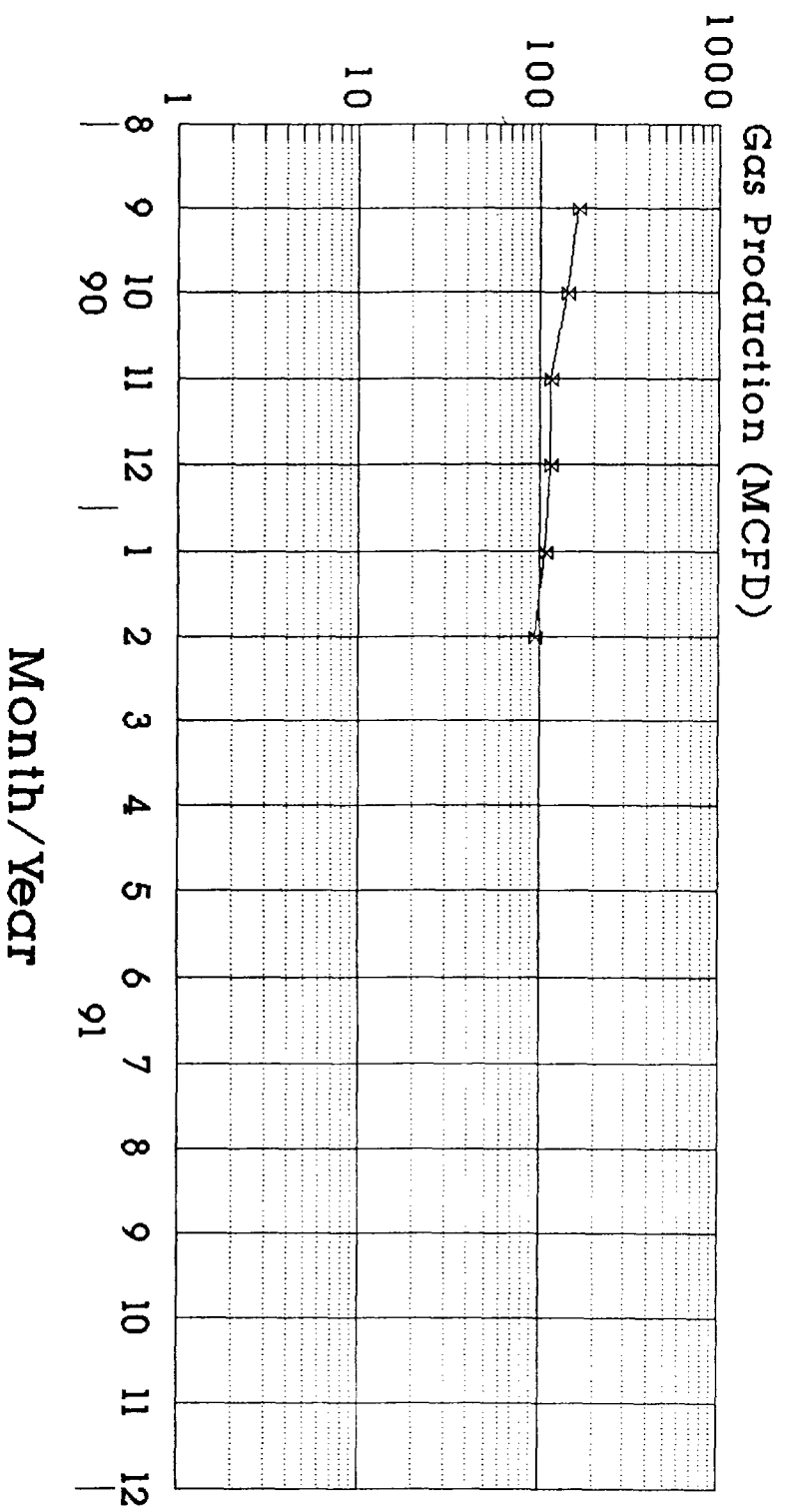
UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
ISOPACH
FRUITLAND COAL
RINCON UNIT # 294
N½ SEC. 2 T26N R7W

INTERP BY **D.V.H.** SCALE 2 1/2" = 1 Mi. 1" = 10'
 DRAFT BY _____ DATE 9-26-90 P&E NO. (A)B*

RINCCON UNIT #294

RIO ARRIBA COUNTY, NEW MEXICO



—x— Gas

Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #294 - FT TAXCR

LOCATION:

BUDGET CATEGORY:
BUDGET PRIORITY:

EFFECTIVE DATE: FEB 0
PROPOSED BY :

IDENTIFICATION				PROFIT INDICES			PRESENT WORTH PROFILE		
				BTAX	ATAX				
FIELD	: BASIN FRUITLAND COAL			PROFIT TO INV (P/I):	----	----	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:			UNDISCOUNTED	-0.42	0.36	RATE (%)	(M\$)	(M\$)
FORMATION	: FRUITLAND COAL			DISC @ 10.0%	-0.62	-0.01	-----	-----	-----
TOTAL DEPTH:				DISC @ 15.0%	-0.67	-0.12	0.0	-101.	87.
OPERATOR	: Unocal			INV EFF RATIO (IER):			5.0	-129.	33.
AFE #	:			UNDISCOUNTED	-0.42	0.45	10.0	-147.	-3.
LIFE (YRS)	: 30.2			DISC @ 10.0%	-0.62	-0.02	15.0	-159.	-29.
				DISC @ 15.0%	-0.67	-0.15	20.0	-167.	-48.
WI	ORI	GRI	DATE				25.0	-173.	-62.
100.00000	80.99870	80.99870	JUN 1990	PAYOUT (YEARS)	*	6.3			
				RATE OF RETURN (%)	-1000.0	9.4			
							DISCOUNT DATE	: JUN 1990	
							DISCOUNT METHOD:	EFFECTIVE MON	

COMMODITY PRICES				INVESTMENTS (M\$)		CASH FLOW (M\$)		
				GROSS	NET			
						NET		
	BEG	END	AVG					
OIL (\$/BBL)	0.00	0.00	0.00	LEASEHOLD	0.	0.	TOTAL REVENUES	337.
GAS (\$/MCF)	1.30	1.42	1.43	DRY HOLE	0.	0.	EXPENSES:	
NGL (\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	108.
SULPHUR (\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
\$EQUIV BOE RATIO	6.00	6.00	6.00	PLATFORM	0.	0.	PLANT	0.
				FACILITIES	0.	0.	SEV & ADVAL TAXES	49.
				PIPELINE	0.	0.	INDIRECT	18.
				PLANT	0.	0.	OVERHEAD	25.
				GATHERING	0.	0.	NET ABAND/SALV	0.
				MISC INTAN	167.	167.	NET INVESTMENTS	239.
				MISC TAN	72.	72.	BTAX CASH FLOW	-101.
				TOTAL	239.	239.	INCOME TAXES PAID	-188.
				DISC @ 10.0%	237.	237.	ATAX CASH FLOW	87.
							ATAX DISC @ 10.0%	-3.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
				GROSS		NET	
				REMAIN	ULT	REMAIN	ULT
OIL (MBBLS)		0.	0.	0.	0.	0.	0.
GAS (MMCF)		291.	291.	236.	236.		
NGL (MBBLS)		0.	0.	0.	0.		
SULPHUR (MTONS)		0.	0.	0.	0.		
EQUIVALENT RESERVES:							
BTU (MBOE)		49.	49.	39.	39.		
VALUE (MBO\$E)		17.	17.	13.	13.		

INITIAL RATE:
OIL (BBL/DAY) 0.
GAS (MCF/DAY) 162.
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

NAME : RINCON U. #294 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MBBLS---	---MBBLS---	---MMCF---	---MMCF---	---EMBBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(7MO)1990	0.0	0.0	16.2	13.1	2.2	0.00	0.0	1.63	21.4	21.4
1991	0.0	0.0	28.1	22.8	3.8	0.00	0.0	1.44	32.7	32.7
1992	0.0	0.0	19.4	15.7	2.6	0.00	0.0	1.42	22.2	22.2
1993	0.0	0.0	16.8	13.6	2.3	0.00	0.0	1.42	19.2	19.2
1994	0.0	0.0	15.1	12.2	2.0	0.00	0.0	1.42	17.3	17.3
1995	0.0	0.0	13.9	11.3	1.9	0.00	0.0	1.42	16.0	16.0
1996	0.0	0.0	13.0	10.5	1.8	0.00	0.0	1.42	14.9	14.9
1997	0.0	0.0	12.1	9.8	1.6	0.00	0.0	1.42	13.9	13.9
1998	0.0	0.0	11.4	9.2	1.5	0.00	0.0	1.42	13.1	13.1
1999	0.0	0.0	10.8	8.8	1.5	0.00	0.0	1.42	12.4	12.4
2000	0.0	0.0	10.3	8.3	1.4	0.00	0.0	1.42	11.8	11.8
2001	0.0	0.0	9.8	7.9	1.3	0.00	0.0	1.42	11.2	11.2
2002	0.0	0.0	9.3	7.5	1.3	0.00	0.0	1.42	10.7	10.7
2003	0.0	0.0	8.8	7.2	1.2	0.00	0.0	1.42	10.1	10.1
2004	0.0	0.0	8.4	6.8	1.1	0.00	0.0	1.42	9.6	9.6
SUB TOTAL	0.0	0.0	203.5	164.8	27.5	0.00	0.0	1.44	236.6	236.6
REMAINDER	0.0	0.0	87.8	71.1	11.8	0.00	0.0	1.42	100.7	100.7
TOT 30.2 YR	0.0	0.0	291.2	235.9	39.3	0.00	0.0	1.43	337.3	337.3

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(7MO)1990	1.2	0.0	1.2	2.9	0.5	239.0	-222.1	-56.2	-165.9	-165.9
1991	3.6	0.0	3.6	4.8	1.4	0.0	22.9	-24.4	47.3	-118.6
1992	3.6	0.0	3.6	3.3	1.4	0.0	13.9	-18.9	32.8	-85.8
1993	3.6	0.0	3.6	2.8	1.4	0.0	11.4	-16.4	27.7	-58.1
1994	3.6	0.0	3.6	2.5	1.4	0.0	9.8	-14.7	24.4	-33.7
1995	3.6	0.0	3.6	2.3	1.4	0.0	8.6	-12.9	21.5	-12.1
1996	3.6	0.0	3.6	2.2	1.4	0.0	7.7	-9.9	17.6	5.5
1997	3.6	0.0	3.6	2.0	1.4	0.0	6.8	-8.3	15.1	20.6
1998	3.6	0.0	3.6	1.9	1.4	0.0	6.1	-6.8	13.0	33.6
1999	3.6	0.0	3.6	1.8	1.4	0.0	5.6	-6.6	12.2	45.7
2000	3.6	0.0	3.6	1.7	1.4	0.0	5.1	-6.4	11.4	57.1
2001	3.6	0.0	3.6	1.6	1.4	0.0	4.5	-6.1	10.7	67.8
2002	3.6	0.0	3.6	1.6	1.4	0.0	4.1	-5.9	10.0	77.8
2003	3.6	0.0	3.6	1.5	1.4	0.0	3.6	1.4	2.2	80.0
2004	3.6	0.0	3.6	1.4	1.4	0.0	3.2	1.2	2.0	82.0
SUB TOTAL	51.6	0.0	51.6	34.4	20.5	239.0	-108.9	-190.9	82.0	82.0
REMAINDER	56.1	0.0	56.1	14.8	22.3	0.0	7.5	2.8	4.6	86.6
TOT 30.2 YR	107.7	0.0	107.7	49.2	42.9	239.0	-101.4	-188.1	86.6	86.6

NAME : RINCON U. #294 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M\$-----	-----M\$-----		-----MBBLS-----	-----\$/BBL-----	-----M\$-----	-----M-TONS-----	-----M\$-----	-----M\$-----	-----M\$-----
(7MO)1990	239.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	239.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	56.1	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 30.2 YR	239.0	107.7	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
(7MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.3	0.0	3.3
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.6	0.0	10.0
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.6	0.0	10.0
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.0	0.0	10.0
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	10.0
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	6.7
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	0.0	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	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	72.0	0.0	50.1
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 30.2 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	72.0	0.0	50.1

NAME : RINCON U. #294 - FT TAXCR
 FIELD : BASIN FRUITLAND COAL
 COUNTY, STATE: NEW MEXICO
 FORMATION : FRUITLAND COAL
 OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
7MO)1990	19138.4	13.0	0.840	0.000	13.0
1991	33188.8	22.6	0.840	0.000	22.6
1992	22871.1	15.6	0.840	0.000	15.6
1993	19774.1	13.5	0.840	0.000	13.5
1994	17827.9	12.1	0.840	0.000	12.1
1995	16456.7	11.2	0.840	0.000	11.2
1996	15304.7	10.4	0.840	0.000	10.4
1997	14249.8	9.7	0.840	0.000	9.7
1998	13472.4	9.2	0.840	0.000	9.2
1999	12798.7	8.7	0.840	0.000	8.7
2000	12158.8	8.3	0.840	0.000	8.3
2001	11550.9	7.9	0.840	0.000	7.9
2002	10973.3	7.5	0.840	0.000	7.5
2003	10424.7	0.0	0.000	0.000	0.0
2004	9903.4	0.0	0.000	0.000	0.0
SUB TOTAL	240093.5	149.5	0.840	0.000	149.5
REMAINDER	103559.6	0.0	0.000	0.000	0.0
TOT 30.2 YR	343653.1	149.5	0.840	0.000	149.5

GLOBAL FILE: \$UNOCAL1

EVALUATION #15 IN PROJECT FILE "P.A. " 04/22/91 13:36:23

10 IDENT "30 25 U091205 " " "
20 DATES JUN 1990 JUN 1990 SEP 1990
30 NAME "RINCON U. #294 - FT TAXCR "
40 FIELD "BASIN FRUITLAND COAL "
50 CNTYSTATE "NEW MEXICO "
60 FORMATION "FRUITLAND COAL "
70 OPERATOR "UNOCAL "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE " "
130 COMMENT "FIRST 6 MONTHS = ACTUAL PROD. " "
140 GPROD P MON 4.848 4.367 3.452 3.552 3.319 2.836
150 GPROD * EXP * * * 60. 3.
160 GPROD * EXP * * * 28. 14.
170 GPROD * EXP * * * 10. 25.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 72000. 0. 0.
220 INTAN I MON 167000. 0.
240 PRGAS P MON 1.1 1.33 1.65 1.57 1.34
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT " "
20 COMMENT "TO 2003 " "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE
370 ULTIMATE GPROD 480.

GLOBAL FILE: \$UNOCAL2

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 26 NORTH, RANGE 7 WEST, N.M.P.M.

Section 11:

Containing 640 acres, more or less

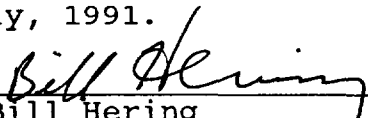
In support of this application, and in addition to the geologic and engineering reports, the following are attached:

- 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 #295 Fruitland Coal Gas Production Decline Curve
- 6) Rincon Unit #295 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 nine of actual production history from the Rincon Unit #295 well which first delivered on September 21, 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 September 1, 1990.

Dated this 22nd day of July, 1991.



Bill Hering
District Petroleum Engineer
Union Oil Company of California

Well Summary

Well Name: Rincon Unit #295
Location: 1645'FNL, 1125'FEL, Sec 11, T26N, R7W
Elevation: 6516' GL
Total Depth: 2800'
Lease Number: SF-079160
Pool/Formation: Basin Fruitland Coal Gas
Spud Date: 6-14-90
Completion Date: 8-06-90
1st Delivery Date: 9-21-90
Perf'd Interval: 2607-2610, 2629, 2635, 2639-2647, 2710-2714,
2724-2738.

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 #295 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 361 feet and cemented with 300 sacks to surface. Production casing measuring 4-1/2" was then set at 2799 feet and cemented in two stages to surface with 650 sacks cement. After drilling out to PBTD of 2794' the upper and lower coal zones were perforated from 2607'-2738' with 4 shots per foot and fracture stimulated with 170,000# 20/40 sand, 637,577 SCF N2 and 19,259 gallons cross-linked gel water. The recorded initial potential and 24 hour shut-in pressure were 146 MCFD and 300 psi, respectively. The well was first delivered to the El Paso Natural Gas pipeline system on September 21, 1990. The current deliverability for the well against a 150# line pressure is 70 MCFD.

Volumetrics calculated on the below-listed parameters yields a recoverable gas volume of 0.30 Bcf.

Net Pay: 40 ft
Drainage area: 160 acres
Gas Content: 150 SCF/ton
Tonnage Factor: 1860 tons/acre-feet (from density log)
Recovery Factor: 17%

Economics

Completion Cost: \$222,000
Royalty Burden: 19.00%
Gas Price: \$1.20/MMBTU
Operating Cost: \$300/month
Tax Credit: \$0.84/MMBTU constant
Production Rate: Maximum - 130 MCFD, Current - 55 MCFD,
No associated water production

Economics based on the above are attached. Given the investment cost to complete this well payout should occur in 6.2 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:

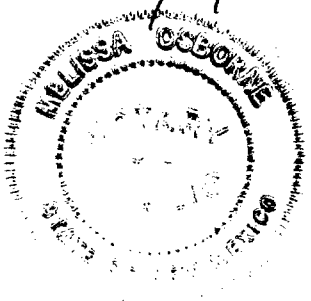
- 1) That this Statement and Affidavit is made concerning this application for expansion to the Basin Fruitland Coal Gas participating area in the Rincon Unit, in Section 11, T26N-R7W, comprising 640 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied is true.
- 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.

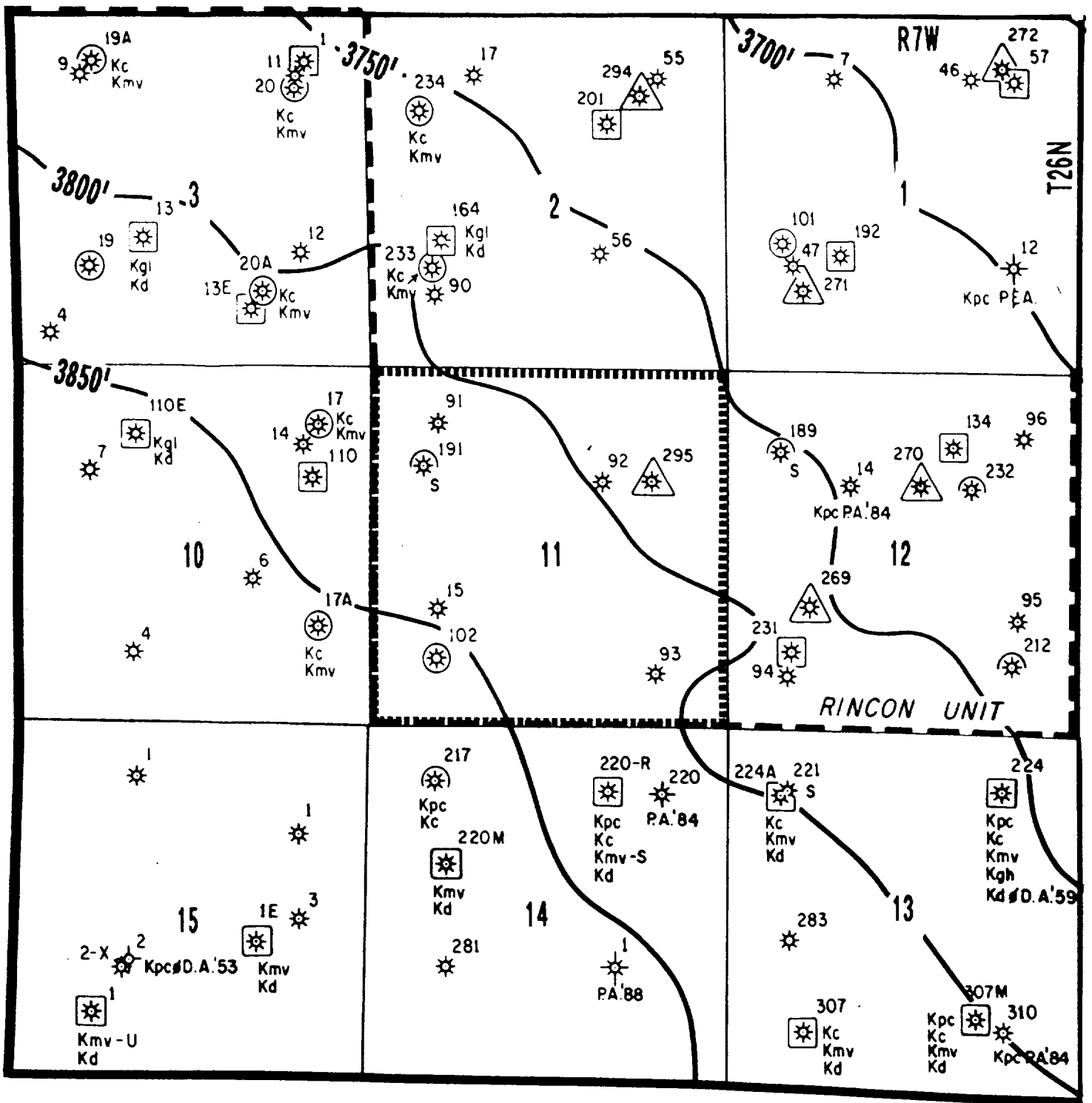
SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this day of July 22nd 1991.

Melissa Osborne
Notary Public in and for
San Juan County, New Mexico

My Commission Expires:

7/11/92





PRODUCING INTERVAL

	FARMINGTON	Kfm	
	KIRTLAND	Kk	
	FRUITLAND	Kf	
	PICTURED CLIFFS	Kpc	
	CHACRA	Kc	
	LA VENTANA	Klv	
	MESAVERDE	Kmv	{ Kgh CLIFFHOUSE Km MENEFEE Kgl POINT LOOKOUT
	GALLUP	Kgl	
	DAKOTA	Kd	

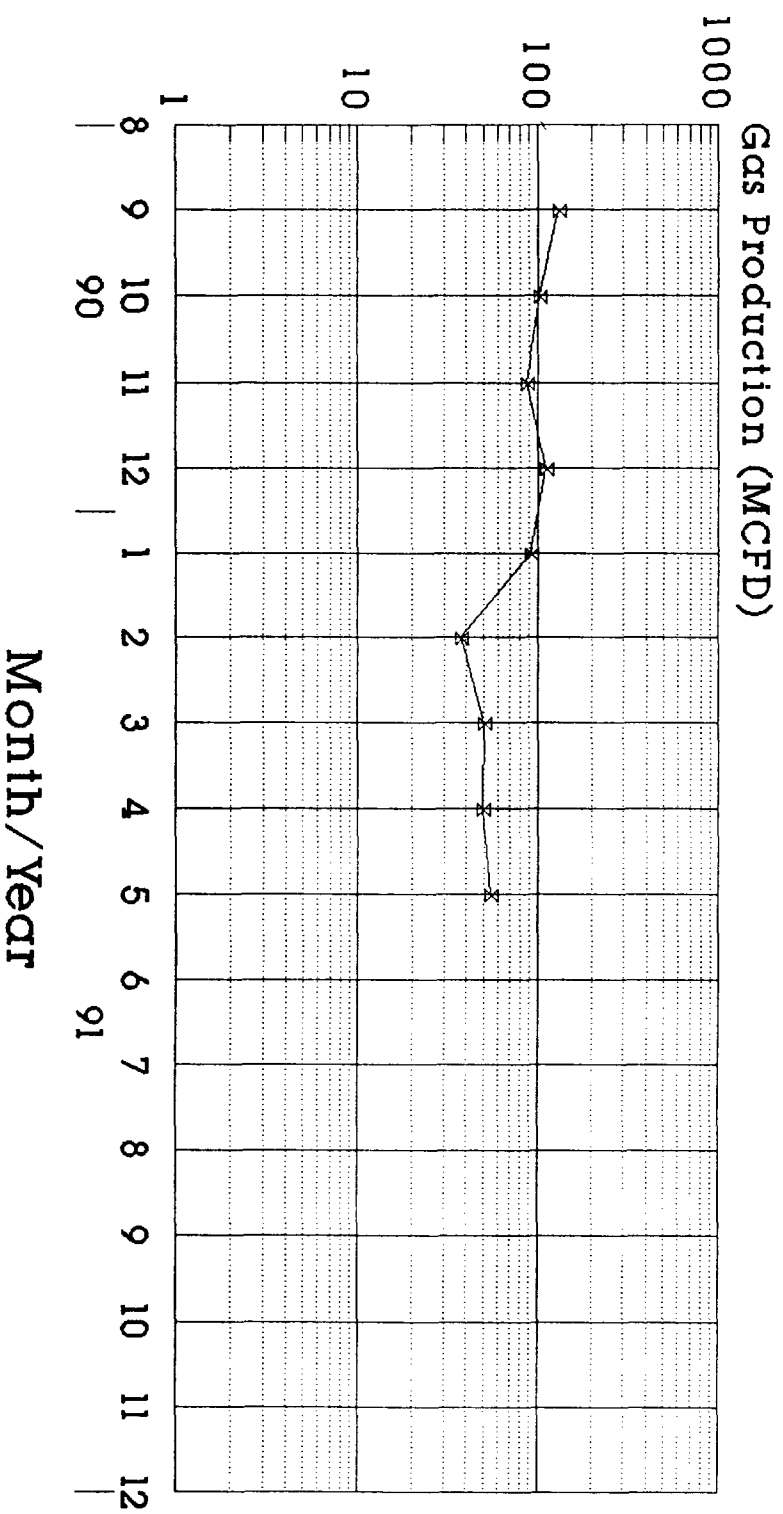
UNOCAL 76
 NORTH AMERICAN OIL & GAS DIVISION
 SOUTHWESTERN REGION

RINCON UNIT
 RIO ARRIBA COUNTY, NEW MEXICO
STRUCTURE
 BASE OF FRUITLAND COAL
 RINCON UNIT # 295
 N½ SEC. 11 - T26N R7W

INTERP BY **D.V.H.** SCALE 2 1/2" = 1 Mi. 1" = 50'
 DRAFT BY _____ DATE 9-26-90 P&E NO. 1A184

RINCON UNIT #295

RIO ARRIBA COUNTY, NEW MEXICO



Production based on actual days on

UNOCAL North American Oil & Gas Division
Economic Report Summary

REGION: Southwestern DISTRICT: Farmington CNTYSTATE: New Mexico

PROJECT NAME: RINCON U. #295 - FT TAXCR LOCATION:

BUDGET CATEGORY: EFFECTIVE DATE: FEB 0
BUDGET PRIORITY: PROPOSED BY :

IDENTIFICATION				PROFIT INDICES		PRESENT WORTH PROFILE			
FIELD	:	BASIN FRUITLAND COAL		PROFIT TO INV (P/I):	BTAX	ATAX	DISCOUNT	BTAX	ATAX
LSE/BLOCK	:			UNDISCOUNTED	-0.33	0.46	RATE (%)	(M\$)	(M\$)
FORMATION	:	FRUITLAND COAL		DISC @ 10.0%	-0.59	0.01	-----	-----	-----
TOTAL DEPTH:				DISC @ 15.0%	-0.66	-0.12	0.0	-70.	98.
OPERATOR	:	Unocal		INV EFF RATIO (IER):			5.0	-105.	39.
AFE #	:			UNDISCOUNTED	-0.33	0.55	10.0	-126.	1.
LIFE (YRS)	:	30.8		DISC @ 10.0%	-0.59	0.01	15.0	-139.	-25.
				DISC @ 15.0%	-0.66	-0.14	20.0	-148.	-44.
							25.0	-155.	-58.
WI	ORI	GRI	DATE	PAYOUT (YEARS)	*	6.2	DISCOUNT DATE : JUN 1990		
100.00000	80.99870	80.99870	JUN 1990	RATE OF RETURN (%)	-1000.0	10.2	DISCOUNT METHOD: EFFECTIVE MON		

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	336.
GAS	(\$/MCF)	1.57	1.42	1.44	DRY HOLE	0.	0.	EXPENSES:	
NGL	(\$/BBL)	0.00	0.00	0.00	DRILLING	0.	0.	OPEX (LOE)	110.
SULPHUR	(\$/TON)	0.00	0.00	0.00	COMPLETION	0.	0.	WORKOVER	0.
					PLATFORM	0.	0.	PLANT	0.
\$EQUIV BOE RATIO		6.00	6.00	6.00	FACILITIES	0.	0.	SEV & ADVAL TAXES	49.
					PIPELINE	0.	0.	INDIRECT	9.
					PLANT	0.	0.	OVERHEAD	24.
					GATHERING	0.	0.	NET ABAND/SALV	0.
					MISC INTAN	139.	139.	NET INVESTMENTS	214.
					MISC TAN	75.	75.	BTAX CASH FLOW	-70.
					TOTAL	214.	214.	INCOME TAXES PAID	-168.
					DISC @ 10.0%	212.	212.	ATAX CASH FLOW	98.
								ATAX DISC @ 10.0%	1.

RESERVES & PRODUCTION				ASSUMPTIONS & REMARKS			
		GROSS		NET			
		REMAIN	ULT	REMAIN	ULT		
OIL	(MBBLS)	0.	0.	0.	0.		
GAS	(MMCF)	287.	287.	233.	233.		
NGL	(MBBLS)	0.	0.	0.	0.		
SULPHUR	(MTONS)	0.	0.	0.	0.		

EQUIVALENT RESERVES:					
BTU	(MBOE)	48.	48.	39.	39.
VALUE	(MBO\$E)	18.	18.	15.	15.

INITIAL RATE:
OIL (BBL/DAY) 0.
GAS (MCF/DAY) 121.
GLOBAL FILES: 1= \$UNOCAL1 2= \$UNOCAL2
ALTKEY: USA

GLOBAL FILE: \$UNOCAL1

EVALUATION #28 IN PROJECT FILE "P.A. " 06/25/91 15:51:41

10 IDENT "30 25 U091205 " "
20 DATES JUN 1990 JUN 1990 SEP 1990 "
30 NAME "RINCON U. #295 - FT TAXCR "
40 FIELD "BASIN FRUITLAND COAL "
50 CNTYSTATE "NEW MEXICO "
60 FORMATION "FRUITLAND COAL "
70 OPERATOR "UNOCAL "
80 ECONOMICS ELIM
90 OWNERSHIP 1. 0.809987
120 COMMENT "PROD DECLINE BASED ON AVG WELL CASE "
130 COMMENT "FIRST 9 MONTHS = ACTUAL PROD. "
140 GPROD P MON 3.637 3.168 2.611 3.443 2.827 1.039 1.548 1.375 1.692
170 GPROD * EXP * * * 10. 25.
180 GPROD * EXP * * * 7. 36.
190 GPROD * EXP * * * 5.
210 TAN I MON 75000. 0. 0. 0.
220 INTAN I MON 139000. 0.
230 COMMENT "FIRST 9 MONTHS = ACTUAL GAS PRICES "
240 PRGAS P MON 1.33 1.33 1.65 2.03 1.97 1.54 1.18 0.92 0.91
260 PRGAS * CON 1.2
290 FACTOR 1.18 PRGAS
310 LOETOT P CON 300.
320 AVALPS * CON 3.5
*** START OF INSERT FILE C-TAX
10 COMMENT "ASSUMES CONSTANT \$.84 TAX CREDIT "
20 COMMENT "TO 2003 "
30 TEMP1 * CON 0.
40 CADD TEMP1 GPROD
50 FACTOR 1000. TEMP1
60 FACTOR 1.18 TEMP1
70 TEMP5 JAN 1990 CON 0.84
80 TEMP5 JAN 2003 CON 0.
90 CADD TEMP2 TEMP1
100 CFACTOR TEMP5 TEMP2
110 FACTOR 0.809987 TEMP2
120 CADD TAXCR TEMP2
130 FACTOR 0.001 TEMP2
*** END OF INSERT FILE

GLOBAL FILE: \$UNOCAL2

NAME : RINCON U. #295 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS PROD OIL + COND	NET VOLUME OIL + COND	GROSS GAS PRODUCTION	NET GAS VOLUME	NET EQ PROD (RE: BOE)	EFFECTIVE O+C PRICE	NET REV OIL + COND	EFFECTIVE GAS PRICE	NET GAS REVENUE	NET TOTAL REVENUE
	---MMBLS---	---MMBLS---	---MMCF---	---MMCF---	---EMMBLS---	---\$/BBL---	---M\$---	---\$/MCF---	---M\$---	---M\$---
(7MO)1990	0.0	0.0	12.9	10.4	1.7	0.00	0.0	1.87	19.4	19.4
1991	0.0	0.0	20.0	16.2	2.7	0.00	0.0	1.51	24.5	24.5
1992	0.0	0.0	18.1	14.7	2.4	0.00	0.0	1.42	20.8	20.8
1993	0.0	0.0	16.4	13.3	2.2	0.00	0.0	1.42	18.8	18.8
1994	0.0	0.0	15.2	12.3	2.0	0.00	0.0	1.42	17.4	17.4
1995	0.0	0.0	14.1	11.4	1.9	0.00	0.0	1.42	16.2	16.2
1996	0.0	0.0	13.2	10.7	1.8	0.00	0.0	1.42	15.1	15.1
1997	0.0	0.0	12.5	10.1	1.7	0.00	0.0	1.42	14.3	14.3
1998	0.0	0.0	11.8	9.6	1.6	0.00	0.0	1.42	13.6	13.6
1999	0.0	0.0	11.2	9.1	1.5	0.00	0.0	1.42	12.9	12.9
2000	0.0	0.0	10.7	8.7	1.4	0.00	0.0	1.42	12.3	12.3
2001	0.0	0.0	10.1	8.2	1.4	0.00	0.0	1.42	11.6	11.6
2002	0.0	0.0	9.6	7.8	1.3	0.00	0.0	1.42	11.1	11.1
2003	0.0	0.0	9.2	7.4	1.2	0.00	0.0	1.42	10.5	10.5
2004	0.0	0.0	8.7	7.0	1.2	0.00	0.0	1.42	10.0	10.0
SUB TOTAL	0.0	0.0	193.6	156.8	26.1	0.00	0.0	1.46	228.3	228.3
REMAINDER	0.0	0.0	93.5	75.7	12.6	0.00	0.0	1.42	107.2	107.2
TOT 30.8 YR	0.0	0.0	287.1	232.5	38.8	0.00	0.0	1.44	335.5	335.5

	NET LOE (FIX + VAR)	NET WORKOVR	NET TOTAL DIRECT EXP	NET TOTAL TAXES	NET ADMIN EXPENSE	NET TOTAL INVESTMENT	BTAX CASHFLOW	INCOME TAXES PAID	ATAX CASHFLOW	CUM ATAX CASHFLOW
	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
(7MO)1990	1.2	0.0	1.2	2.4	0.4	214.0	-198.5	-46.5	-152.0	-152.0
1991	3.6	0.0	3.6	3.4	1.1	0.0	16.3	-20.0	36.3	-115.7
1992	3.6	0.0	3.6	3.0	1.1	0.0	13.1	-17.7	30.8	-84.9
1993	3.6	0.0	3.6	2.8	1.1	0.0	11.3	-15.6	26.9	-58.0
1994	3.6	0.0	3.6	2.6	1.1	0.0	10.2	-14.0	24.2	-33.8
1995	3.6	0.0	3.6	2.4	1.1	0.0	9.1	-12.5	21.6	-12.1
1996	3.6	0.0	3.6	2.2	1.1	0.0	8.2	-10.0	18.2	6.0
1997	3.6	0.0	3.6	2.1	1.1	0.0	7.5	-8.4	15.9	22.0
1998	3.6	0.0	3.6	2.0	1.1	0.0	6.9	-6.9	13.8	35.8
1999	3.6	0.0	3.6	1.9	1.1	0.0	6.3	-6.6	12.9	48.7
2000	3.6	0.0	3.6	1.8	1.1	0.0	5.8	-6.4	12.2	60.9
2001	3.6	0.0	3.6	1.7	1.1	0.0	5.2	-6.2	11.4	72.3
2002	3.6	0.0	3.6	1.6	1.1	0.0	4.8	-5.9	10.7	82.9
2003	3.6	0.0	3.6	1.5	1.1	0.0	4.3	1.6	2.7	85.6
2004	3.6	0.0	3.6	1.5	1.1	0.0	3.8	1.5	2.4	88.0
SUB TOTAL	51.6	0.0	51.6	32.9	15.5	214.0	-85.7	-173.7	88.0	88.0
REMAINDER	58.5	0.0	58.5	15.7	17.6	0.0	15.4	5.8	9.5	97.5
TOT 30.8 YR	110.1	0.0	110.1	48.6	33.1	214.0	-70.3	-167.8	97.5	97.5

NAME : RINCON U. #295 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
CNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	GROSS TOTAL INVESTMENT	TOTAL GROSS OPER EXP	NUMBER GROSS WELLS	NET NGL VOLUME	EFFECTIVE NGL PRICE	NET NGL REVENUE	NET SULPHUR	NET PLANT OPER EXP	NET TRANS +TREAT+COMP	NET ABAND & SALVAGE
	-----M\$-----	-----M\$-----		-----MBBLS-----	-----\$/BBL-----	-----M\$-----	-----M-TONS-----	-----M\$-----	-----M\$-----	-----M\$-----
(7MO)1990	214.0	1.2	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1991	0.0	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
1992	0.0	3.6	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	3.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
SUB TOTAL	214.0	51.6	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
REMAINDER	0.0	58.5	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0
TOT 30.8 YR	214.0	110.1	1.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

	NET LEASEHOLD	NET DRY HOLE	NET DRILLING	NET COMPLETION	NET FACILITIES	NET PLATFORM	NET PIPELINE	TAX DEPREC	TAX DEPLETION	IDC AMORT
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
(7MO)1990	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.7	0.0	2.8
1991	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.4	0.0	8.3
1992	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.1	0.0	8.3
1993	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.4	0.0	8.3
1994	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.7	0.0	8.3
1995	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.7	0.0	5.6
1996	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.7	0.0	0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3	0.0	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	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	75.0	0.0	41.7
REMAINDER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOT 30.8 YR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	75.0	0.0	41.7

F:P.A.
VAL #: 28

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

DATE: 06/25/91
TIME: 15:52:18
PAGE: 4

AME : RINCON U. #295 - FT TAXCR
FIELD : BASIN FRUITLAND COAL
COUNTY, STATE: NEW MEXICO
FORMATION : FRUITLAND COAL
OPERATOR : UNOCAL

	TEMP #1	TEMP #2	TEMP #5	TEMP #6	NET CREDITS INPUT
	-----M\$-----				
7MO)1990	15173.6	10.3	0.840	0.000	10.3
1991	23562.7	16.0	0.840	0.000	16.0
1992	21384.3	14.5	0.840	0.000	14.5
1993	19322.4	13.1	0.840	0.000	13.1
1994	17894.3	12.2	0.840	0.000	12.2
1995	16641.7	11.3	0.840	0.000	11.3
1996	15517.1	10.6	0.840	0.000	10.6
1997	14701.3	10.0	0.840	0.000	10.0
1998	13966.2	9.5	0.840	0.000	9.5
1999	13267.9	9.0	0.840	0.000	9.0
2000	12604.5	8.6	0.840	0.000	8.6
2001	11974.3	8.1	0.840	0.000	8.1
2002	11375.6	7.7	0.840	0.000	7.7
2003	10806.8	0.0	0.000	0.000	0.0
2004	10266.5	0.0	0.000	0.000	0.0
SUB TOTAL	228459.0	141.1	0.840	0.000	141.1
REMAINDER	110304.3	0.0	0.000	0.000	0.0
TOT 30.8 YR	338763.3	141.1	0.840	0.000	141.1