SE

Unocal North American
Oil & Gas Division
Unocal Corporation
3300 North Butler Avenue
Suite 200
Farmington, New Mexico 87401
Telephone: (505) 326-7600
Fax: (505) 326-6145

UNOCAL 76

August 20, 1992

Farmington District

New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, New Mexico 87410
Attn: Frank Chavez

SUBJECT:
Requesting Approval for
Surface Commingling of
Condensate Production from
Rincon Unit, Well No. 130-E
Sec 32, T-27-N, R-6-W
Rio Arriba County, New Mexico

Attached is a copy of the revised application sent to David Catanach for his approval. The previous application had a typographical error and should be replaced with this new application.

Very truly yours,

Union Oil Company of California
dba Unocal

Glen O. Papp
District Production Engineer

Unocal North American
Oil & Gas Division
Unocal Corporation
3300 North Butler Avenue
Suite 200
Farmington, New Mexico 87401
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Fax: (505) 326-6145

UNOCAL 76

August 20, 1992

Certified Return Receipt
P-671-272-446

Farmington District

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

SUBJECT:
Revised Request for Approval to
Surface Commingle Condensate
Production from
Rincon Unit, Wells 130-E & 135-E
T-27-N, R-6-W
Rio Arriba County, New Mexico

Union Oil Company of California dba Unocal sent to your office requests for surface commingling of the Rincon Unit Wells No. 135-E and 130-E dated August 17 and August 18 respectively. These requests presented the wells as dual Mesa Verde/Dakota producers, when in fact the wells will be dual Gallup/Dakota producers. Attached are the revised requests with all corrections made. Please replace the previously submitted requests with these revised ones.

Should you have any questions or need any additional information to process these requests, please feel free to contact me at the above letterhead address or phone.

Very truly yours,

Union Oil Company of California
dba Unocal

Glen O. Papp
District Production Engineer

pmh

cc: NMOCD Aztec Office--Frank Chavez
BLM--Ken Townsend
SLO--Pete Martinez

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UNOCAL 76

August 20, 1992

Farmington District

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

SUBJECT:
Requesting Approval for
Surface Commingling of
Condensate Production from
Rincon Unit, Well No. 135-E
Sec 29, T-27-N, R-6-W
Rio Arriba County, New Mexico

Union Oil Company of California, dba Unocal, requests permission to surface commingle condensate from its Rincon Unit, Well No. 135-E, Rio Arriba County, New Mexico. The following describes and demonstrates how Unocal proposes to allocate production under the context of BLM Onshore Oil and Gas orders for commingling, and under the New Mexico Oil Conservation Commission Manual for the Installation and Operation of Commingling Facilities.

The Rincon Unit No. 135-E well is a development gas well scheduled to be drilled by Unocal. The well is to be completed as a dual Dakota/Gallup producer; and it is anticipated that it will be ready for pipeline deliveries September 28, 1992.

Unocal is proposing to surface commingle produced fluids from individual separators into a common stock tank (Exhibit No. 1). Royalties will be paid on the liquid volumes sold from the tank.

The proposed location is within existing Dakota participating area (PA) within the Rincon Unit (Exhibit No. 2). Upon completion of the Gallup formation in this well, Unocal will apply to the Bureau of Land Management (BLM) for expansion of the Gallup PA to include this lease. The royalty in the two formations is the same. The lease is a state lease and is described in Exhibit No. 3.

Unocal is requesting from the New Mexico Oil Conservation Division, approval for surface commingling of the produced condensate and the following method for allocating production. Unocal will conduct initial condensate production tests of equivalent time frames for each of the two zones. The condensate

produced during the test period from each pool will be used to calculate an average daily rate (Exhibit No. 4, Part 1). Each month this rate will be multiplied by the days on production, to yield a volume produced for the month (Exhibit No. 4, Part 3). The corrected volumes will be allocated as per Exhibit 4, Part 5. To ensure the accuracy of the allocation factor, Unocal will retest the zones every six months after the initial test.

Should you have any questions or need any additional information to process this request, please feel free to contact me at the above letterhead address or phone.

Very truly yours,

Union Oil Company of California
dba Unocal

Glen O. Papp
District Production Engineer

pmh

cc: NMOCD Aztec Office--Frank Chavez
BLM--Ken Townsend

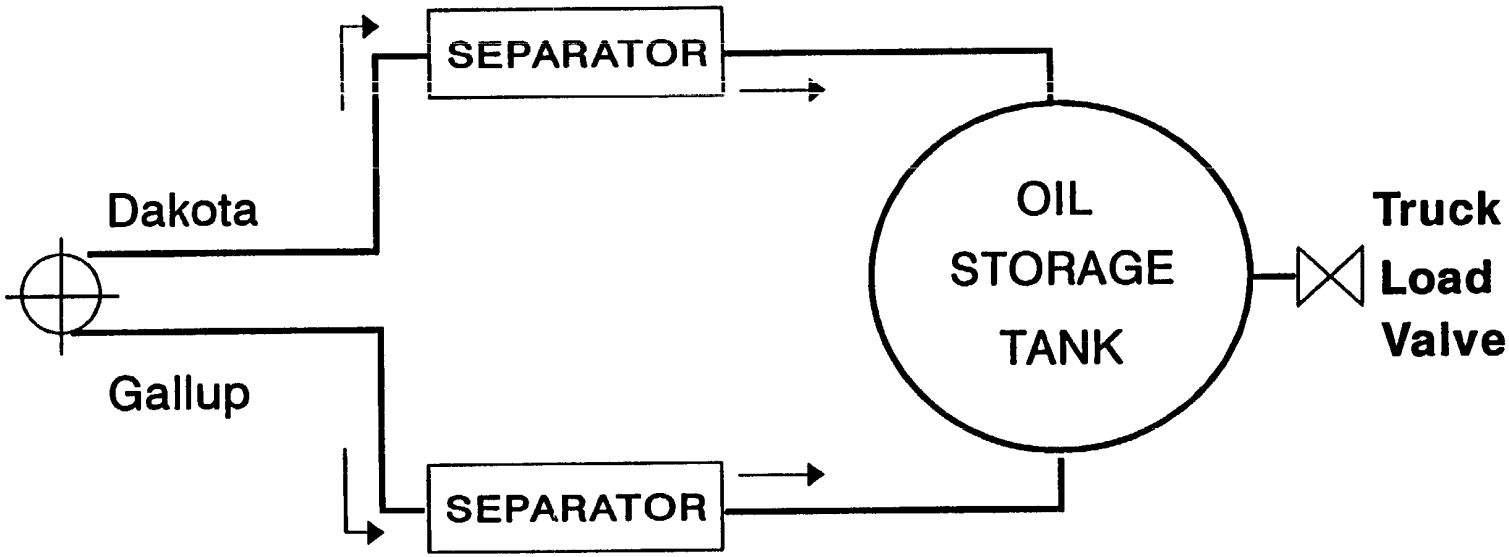
EXHIBIT No. 1

UNOCAL

CONDENSATE ACCOUNTING SCHEMATIC

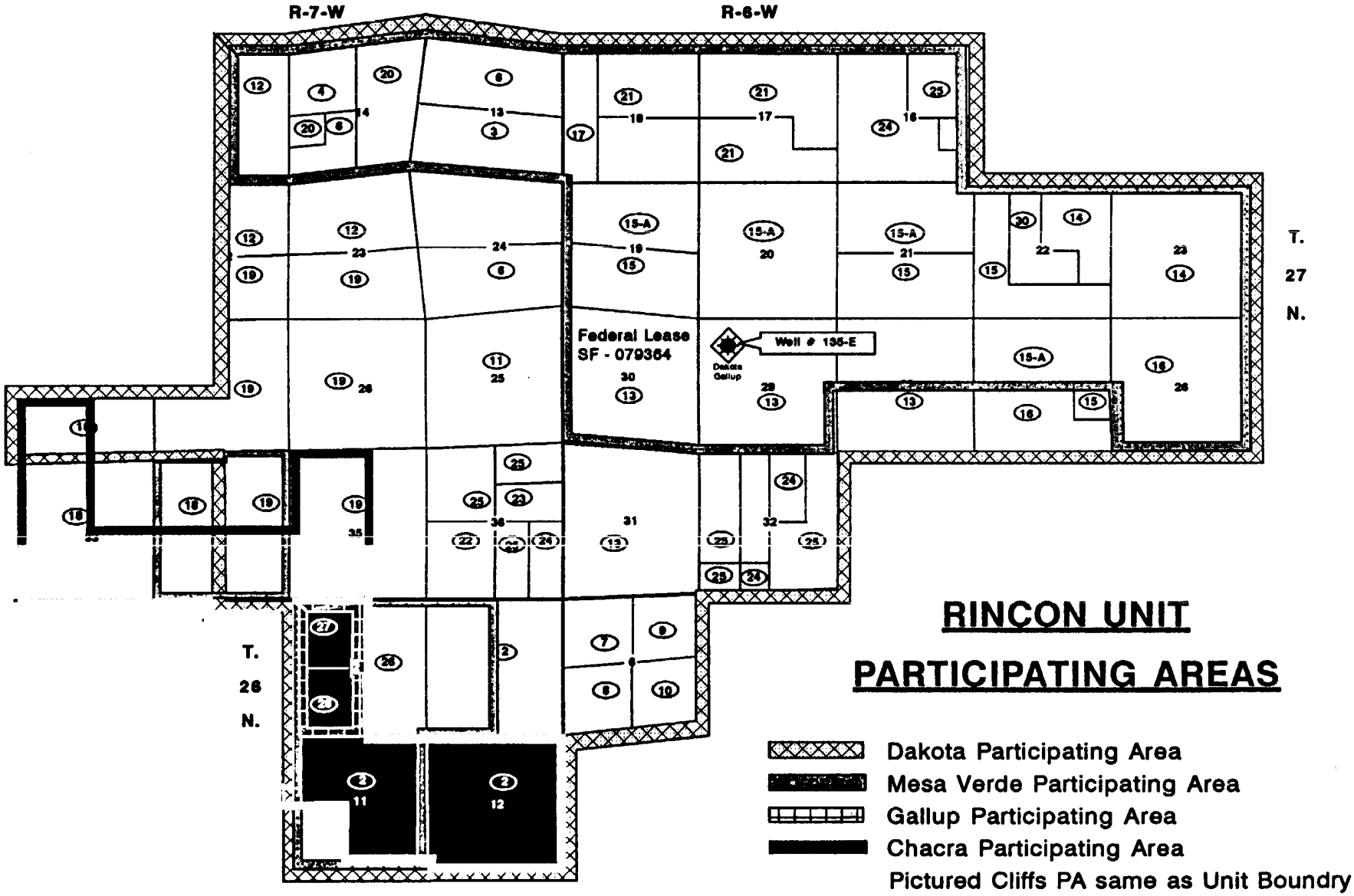
RINCON UNIT # 135-E

RIO ARRIBA COUNTY, NEW MEXICO



OILMAP1

EXHIBIT No. 2



Rio Arriba County, New Mexico

EXHIBIT NO #3
LEASE DISCRIPTION

FEDERAL LEASE	# ACRES	DIESCRIPTION
SF – 079364	2605.33	SEC.s 28, 29, 30, & 31

OTHER WELLS ON LEASE #: SF – 079364

WELL #	PRODUCING ZONE	LOCATION	WELL STATUS
1	DK	990' FSL 990' FEL Sec. 30	Producing
4	PC	1529' FSL 990' FEL Sec. 30	Producing
9	PC	1495' FNL 1640' FWL Sec. 31	Producing
19	PC	1650' FNL 990' FWL Sec. 30	Producing
28	PC	1080' FNL 1650' FEL Sec. 29	P & A
48	PC	800' FNL 1500' FEL Sec. 30	Producing
49	PC	1050' FNL 1650' FEL Sec. 31	Producing
50	PC	620' FSL 990' FWL Sec. 31	Producing
61	PC	1058' FNL 1068' FEL Sec. 30	Producing
62	PC	1024' FSL 990' FEL Sec. 28	Producing
127	DK	1190' FNL 990' FEL Sec. 28	Producing
128	DK	1600' FSL 990' FWL Sec. 28	Producing
128	MV	1600' FSL 990' FWL Sec. 28	Producing
129	DK	1650' FSL 1840' FWL Sec. 29	Producing
129	MV	1650' FSL 1840' FWL Sec. 29	Producing
135–A	DK	1840' FNL 870' FWL Sec. 29	Producing
135–A	PC	1840' FNL 870' FWL Sec. 29	Producing
135	DK	1160' FNL 1750' FEL Sec. 29	Producing
135	MV	1160' FNL 1750' FEL Sec. 29	Producing
145	TD	1650' FSL 1040' FEL Sec. 27	Disconnected
149	DK	1100' FSL 1750' FWL Sec. 30	Producing
149	MV	1100' FSL 1750' FWL Sec. 30	Producing
153	PC	890' FNL 890' FEL Sec. 28	Producing
154	PC	1190' FSL 1750' FEL Sec. 30	Producing
163	PC	1180' FSL 800' FWL Sec. 29	Producing
176	DK	990' FNL 1180' FEL Sec. 31	Producing
183	DK	1697' FSL 1460' FWL Sec. 31	Producing
197	PC	1460' FSL 1760' FWL Sec. 28	Producing
251	FC	605' FNL 2385' FWL Sec. 28	Producing
258	FC	1505' FNL 915' FEL Sec. 17	Producing
265	DK	1380' FNL 1842' FEL Sec. 30	Producing

EXHIBIT #4
CONDENSATE
ALLOCATION CALCULATIONS

1) Production Test completed on both zones, yields:

Gallup Test Rate = R_1 (BPD)

Dakota Test Rate = R_2 (BPD)

2) Days On / Month

Gallup Days On = A

Dakota Days On = B

3) i) Actual Total Monthly Gauge Volume: G (BPM)

ii) Calculated Individual Volumes:

Gallup = $R_1 \times A$

Dakota = $R_2 \times B$

Total Volume = $R_1(A) + R_2(B)$

4) Allocation Factor (AF):

$$AF = \frac{G}{R_1(A) + R_2(B)}$$

5) Corrected Allocation Volumes:

Gallup = $AF_1 \times R$ (A)

Dakota = $AF_2 \times R$ (B)

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August 20, 1992

Farmington District

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

SUBJECT:
Requesting Approval for
Surface Commingling of
Condensate Production from
Rincon Unit, Well No. 130-E
Sec 32, T-27-N, R-6-W
Rio Arriba County, New Mexico

Union Oil Company of California, dba Unocal, requests permission to surface commingle condensate from its Rincon Unit, Well No. 130-E, Rio Arriba County, New Mexico. The following describes and demonstrates how Unocal proposes to allocate production under the context of BLM Onshore Oil and Gas orders for commingling, and under the New Mexico Oil Conservation Commission Manual for the Installation and Operation of Commingling Facilities.

The Rincon Unit No. 130-E well is a development gas well scheduled to be drilled by Unocal. The well is to be completed as a dual Dakota/Gallup producer; and it is anticipated that it will be ready for pipeline deliveries September 28, 1992.

Unocal is proposing to surface commingle produced fluids from individual separators into a common stock tank (Exhibit No. 1). Royalties will be paid on the liquid volumes sold from the tank.

The proposed location is within existing Dakota participating area (PA) within the Rincon Unit (Exhibit No. 2). Upon completion of the Gallup formation in this well, Unocal will apply to the Bureau of Land Management (BLM) for expansion of the Gallup PA to include this lease. The royalty in the two formations is the same. The lease is a state lease and is described in Exhibit No. 3.

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Unocal will conduct initial condensate production tests of equivalent time frames for each of the two zones. The condensate produced during the test period from each pool will be used to calculate an average daily rate (Exhibit No. 4, Part 1). Each month this rate will be multiplied by the days on production, to yield a volume produced for the month (Exhibit No. 4, Part 3). The corrected volumes will be allocated as per Exhibit 4, Part 5. To ensure the accuracy of the allocation factor, Unocal will retest the zones every six months after the initial test.

Should you have any questions or need any additional information to process this request, please feel free to contact me at the above letterhead address or phone.

Very truly yours,

Union Oil Company of California
dba Unocal

Glen O. Papp
District Production Engineer

pmh

cc:NMOCD Aztec Office--Frank Chavez
BLM--Ken Townsend
SLO--Pete Martinez

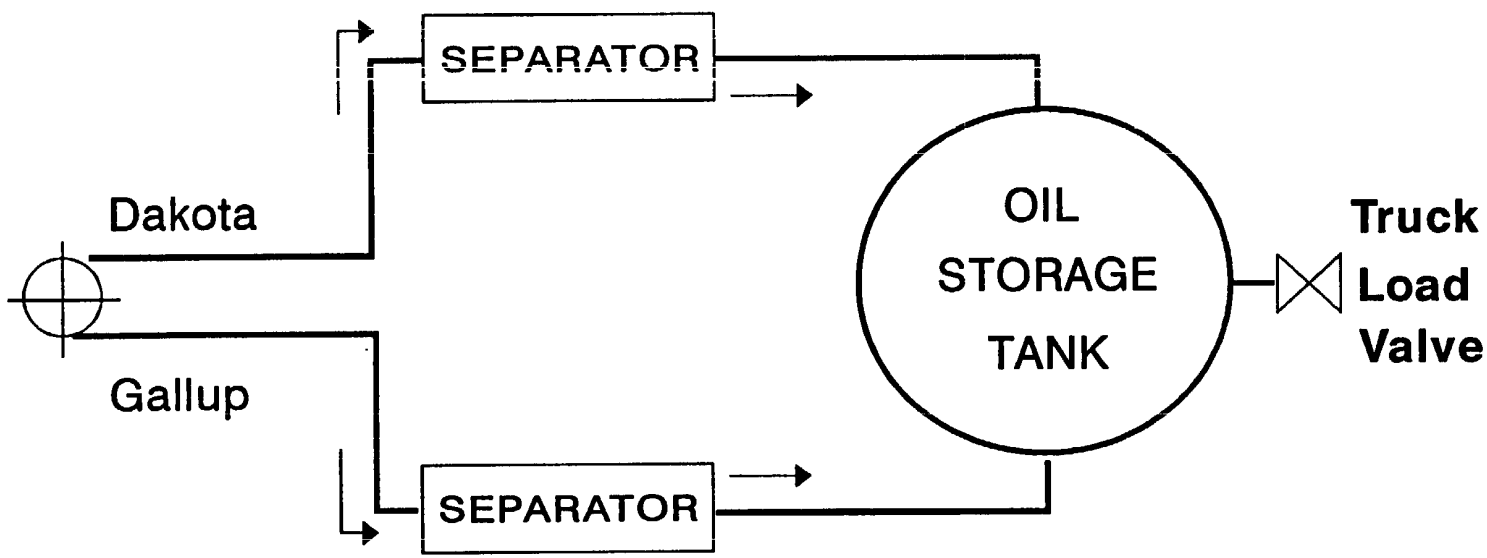
EXHIBIT No. 1

UNOCAL 76

CONDENSATE ACCOUNTING SCHEMATIC

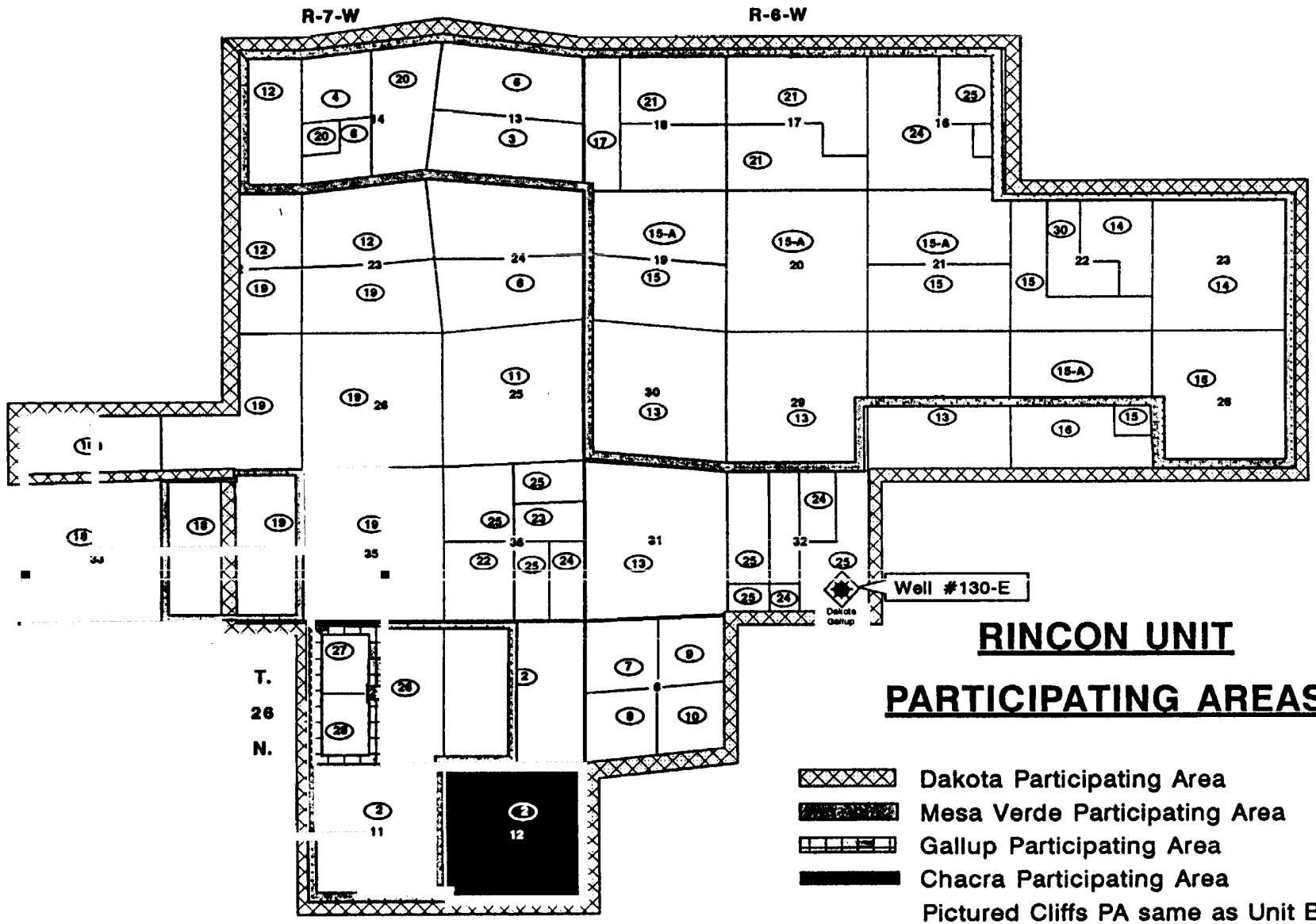
RINCON UNIT # 130-E

RIO ARRIBA COUNTY, NEW MEXICO



OILMAP1

EXHIBIT No. 2



RINCON UNIT

PARTICIPATING AREAS

Dakota Participating Area

Mesa Verde Participating Area

Gallup Participating Area

Chacra Participating Area

Pictured Cliffs PA same as Unit Boundry

Tract Numbers

Rio Arriba County, New Mexico

State Lease No. E 290-28

EXHIBIT NO #3
LEASE DISCRIPTION

STATE LEASE #	# ACRES	DESCRIPTION	
NM E-290-28	1520	RANGE 6 -	SEC 16: W/2, W/2 SE/4, SE/4 SE/4, NE/4 SEC 32: E/2, W/2 NW/4, W/2 SW/4, SE/4 SW/4
		RANGE 7 -	SEC 36: NW/4, SE/4, N/2 NE/4

OTHER WELLS ON LEASE # NM E-290-28

WELL #		PRODUCING ZONE	LOCATION	WELL STATUS
			T-27-N R-6-W	
21		MV	1170' FNL 845' FWL Sec. 16	Producing
179		DK	1490' FNL 1540' FEL Sec. 16	Producing
32		MV	1653' FNL 993' FEL Sec. 16	Producing
194		PC	1850' FNL 1460' FEL Sec. 16	Producing
257		FC	2223' FNL 1837' FEL Sec. 16	Producing
32	A	MV	800' FSL 855' FEL Sec. 16	Producing
21		MV	1650' FSL 1190' FWL Sec. 16	Producing
156		DK	1090' FSL 1050' FWL Sec. 16	Producing
256		FC	780' FSL 1500' FWL Sec. 16	Producing
130		DK	990' FNL 990' FEL Sec. 32	Producing
130		MV	990' FNL 990' FEL Sec. 32	Producing
198		PC	1180' FNL 800' FEL Sec. 32	Producing
260		FC	1566' FNL 1207' FEL Sec. 32	Producing
5		PC	990' FSL 990' FEL Sec. 32	Producing
24		PC	990' FSL 990' FWL Sec. 32	Producing
			T-27-N R-7-W	
10		PC	990' FNL 1650' FWL Sec. 36	Producing
168		DK	190' FNL 1190' FEL Sec. 36	Producing
25		PC	990' FNL 990' FEL Sec. 36	Producing
31		PC	660' FSL 660' FEL Sec. 36	Producing

EXHIBIT #4
CONDENSATE
ALLOCATION CALCULATIONS

1) Production Test completed on both zones, yields:

Gallup Test Rate $= R_1$ (BPD)

Dakota Test Rate $= R_2$ (BPD)

2) Days On / Month

Gallup Days On $= A$

Dakota Days On $= B$

3) i) Actual Total Monthly Gauge Volume: G (BPM)

ii) Calculated Individual Volumes:

Gallup $= R_1 \times A$

Dakota $= R_2 \times B$

Total Volume $= R_1(A) + R_2(B)$

4) Allocation Factor (AF):

$$AF = \frac{G}{R_1(A) + R_2(B)}$$

5) Corrected Allocation Volumes:

Gallup $= AF_1 \times R\ (A)$

Dakota $= AF_2 \times R\ (B)$

OILALGAL