

RECEIVED
OCT 12 1994

OIL CON. DIV.
DIST. 3

Rincon Unit (GC)
3162.3-2 (07327)

OCT 11 1994

Mr Bob Caine
UNOCAL Oil and Gas Division
UNOCAL Corporation
P. O. Box 850
Bloomfield, NM 87413

Dear Mr. Caine:

Union Oil Company of California (UNOCAL) submitted an application to downhole commingle production from the Dakota and Mesaverde formations for the following wells located in the Rincon Unit, Rio Arriba County, New Mexico:

No. 138E Rincon Unit	790' FSL, 790' FEL	Sec. 25, T. 27 N., R. 7 W.
No. 133E Rincon Unit	790' FNL, 445' FWL	Sec. 14, T. 27 N., R. 7 W.
No. 128M Rincon Unit	1175' FSL, 1885' FEL	Sec. 28, T. 27 N., R. 6 W.
No. 139E Rincon Unit	1980' FNL, 1980' FWL	Sec. 25, T. 27 N., R. 7 W.
No. 178E Rincon Unit	1500' FSL, 1290' FEL	Sec. 23, T. 27 N., R. 7 W.
No. 131E Rincon Unit	1145' FNL, 1525' FWL	Sec. 36, T. 27 N., R. 7 W.
No. 185E Rincon Unit	2100' FSL, 1610' FEL	Sec. 22, T. 27 N., R. 7 W.
No. 149E Rincon Unit	1900' FNL, 1365' FWL	Sec. 30, T. 27 N., R. 7 W.

There was no data specific to the wells listed above submitted with the application. UNOCAL proposed to use allocation factors derived from average production, pressure, and BTU values for 22 previously approved commingling applications submitted to New Mexico Oil Conservation Division (NMOCD) and the Bureau of Land Management (BLM).

We have reviewed the data from the 22 previously submitted applications (which were approved on a well-by-well basis) and determined that factors affecting allocation are inconsistent, resulting in differences in allocation factors as high as 62% between wells. Your application to commingle based on averages from previously approved applications is hereby denied. You may re-submit your application based on data acquired through testing of the individual formations in each well.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions regarding our denial, please contact Ray Hager at (505) 599-6366 or Duane Spencer at (505) 599-6350.

Sincerely,

/s/ Duane Spencer

Duane Spencer
Chief, Branch of Reservoir Management

cc:

NMOCD, Santa Fe, NM
NMOCD, Aztec, NM