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A Business Unit of Unocal

November 9, 1998

U.S. Department of the Interior  
Bureau of Land Management  
1235 La Plata Highway  
Farmington, NM 87401

Commissioner of Public Lands  
State of New Mexico  
310 Old Santa Fe Trail  
Santa Fe, NM 87504

New Mexico Oil Conservation Division  
District III  
1000 Rio Brazos Road  
Aztec, NM 87505  
Cc: NMOCD, Santa Fe, NM

RECEIVED  
NOV 12 1998  
OIL CON. DIV.  
DIST. 3

7-24-27-7

Re: Amended DHC-913  
Production Allocation  
Rincon Unit 137E: DK/GL

Gentlemen,

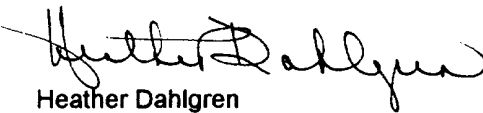
In accordance with **Amended DHC Order-913 (4-14-98)**, Union Oil Company of California (UNOCAL) performed a production test on the Gallup horizon in the Rincon Unit Well No. 137E. Unocal recommends that the allocated percentages remain the same as approved by DHC **Order-913 issued September 17<sup>th</sup>, 1993**. Copies of these orders are provided as attachments.

Based on the above, Unocal's recommends that 19% of the commingled Dakota / Gallup gas volume continue to be allocated to the Gallup horizon. The remaining volume, based upon the approved decline rate for the combined horizons, will comprise the Dakota volume.

If you have any questions, please contact Heather Dahlgren at 915/685-7665.

Sincerely,

**Spirit Energy 76**  
A Business Unit of UNOCAL

  
Heather Dahlgren  
Engineering Technician



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Farmington District Office  
1235 La Plata Highway  
Farmington, New Mexico 87401

IN REPLY REFER TO:  
NMSF079298D (WC)  
3162.7 (07400)

September 4, 1998

Ms. Heather Dahlgren  
Union Oil Company of California (UNOCAL)  
1004 N. Big Spring  
Midland, Texas 79702

RE: Downhole Commingling Allocation

Dear Ms: Dahlgren:

We have received and reviewed your allocation method for the Application to Downhole Commingle that was submitted on the following well:

WELL	Lease	Legal Location	Proposed Commingled Formations
137E Rincon Unit	NMSF079298D	1540' FSL & 1500' FEL Sec. 24, T27N, R7W	Mesaverde, Gallup & Dakota

We are in concurrence with your method of allocating production by extrapolating the decline rate on the Dakota/ Gallup and allocating the remainder of the production volume to the Mesaverde formation. We are also in agreement with your Dakota / Gallup decline rate and yield factors for allocating liquids. We hereby approve your applications for downhole commingling on the above well. The effective date will be the date downhole commingling occurs.

When fixed allocation factors are determined, submit the factors for **approval**.

If you have any questions please contact Wayne Townsend with this office at (505) 599-6359.

Sincerely,

Duane Spencer  
Team Leader, Petroleum Management