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OCT - 1 1999

September 28, 1999

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

New Mexico Oil Conservation Division
Attn.: Mark Ashley
2040 S. Pacheco Street
Santa Fe, NM 87505
CC: Ernie Bush, NMOCD
Aztec, NM

Re: Revised Commingle Production Forecast
Rincon Unit 137E Basin Dakota/Gallup
J 24-27N-7W
Rio Arriba Co., New Mexico

Gentlemen,

Enclosed please find the documentation revising the Rincon Unit 137E Dakota/Gallup production forecast, originally approved April 14, 1998 by order number **DHC-913**. The revision is required to accommodate the delayed commingling and greater than forecasted flush volumes resulting from an extended Dakota shut-in from October 1998 through March 1999. (See Chart 1)

The approved Dakota/Gallup decline of 11.44% will remain the same. However, the original forecast has been revised to begin at a lower initial rate and the volume of the flush production has increased significantly from the original projection. (See Chart 3). This flush volume was derived by subtracting Mesaverde projected volumes from the commingled production. The Mesaverde projected volumes were determined by comparing the early production profile on the 137E Mesaverde to a 6 well average of recently completed non-commingled Mesaverde completions. (See Chart 2) While the duration of the flush production is difficult to determine, the revised forecast presents a reasonable production profile. The Dakota is forecasted to resume production on trend in the fifth month.

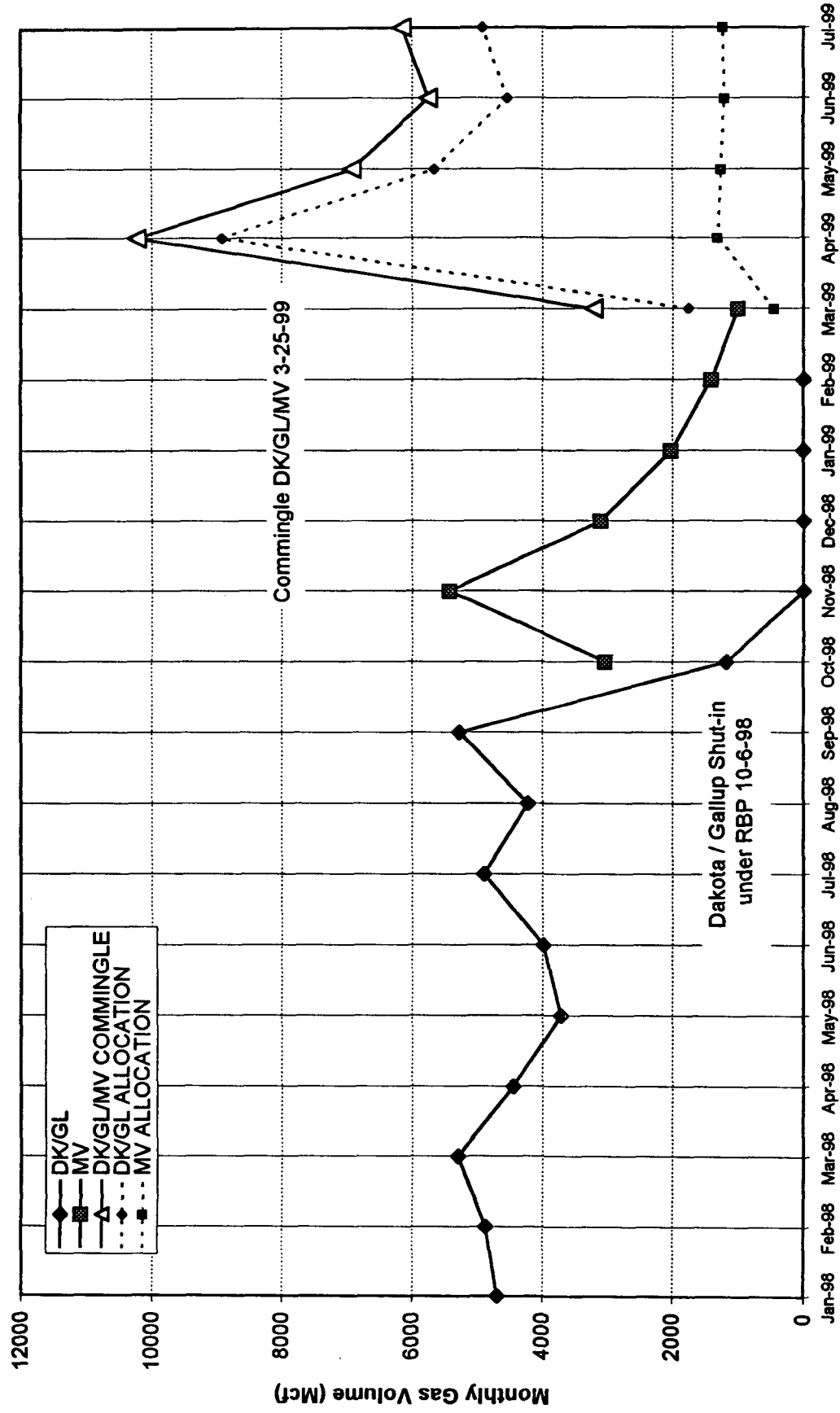
Production volumes will be amended as per the revised 24 month forecast. Please be advised that the reported volumes may vary slightly from the volumes used in the enclosed tabular data. If you have questions concerning this revision please contact me as soon as possible at (915) 685-7665.

Sincerely,

Spirit Energy 76
A Business Unit of UNOCAL

Heather Dahlgren
Senior Engineering Technician

RINCON UNIT 137E DAKOTA/ GALLUP, MESASVERDE & COMMINGLED VOLUMES

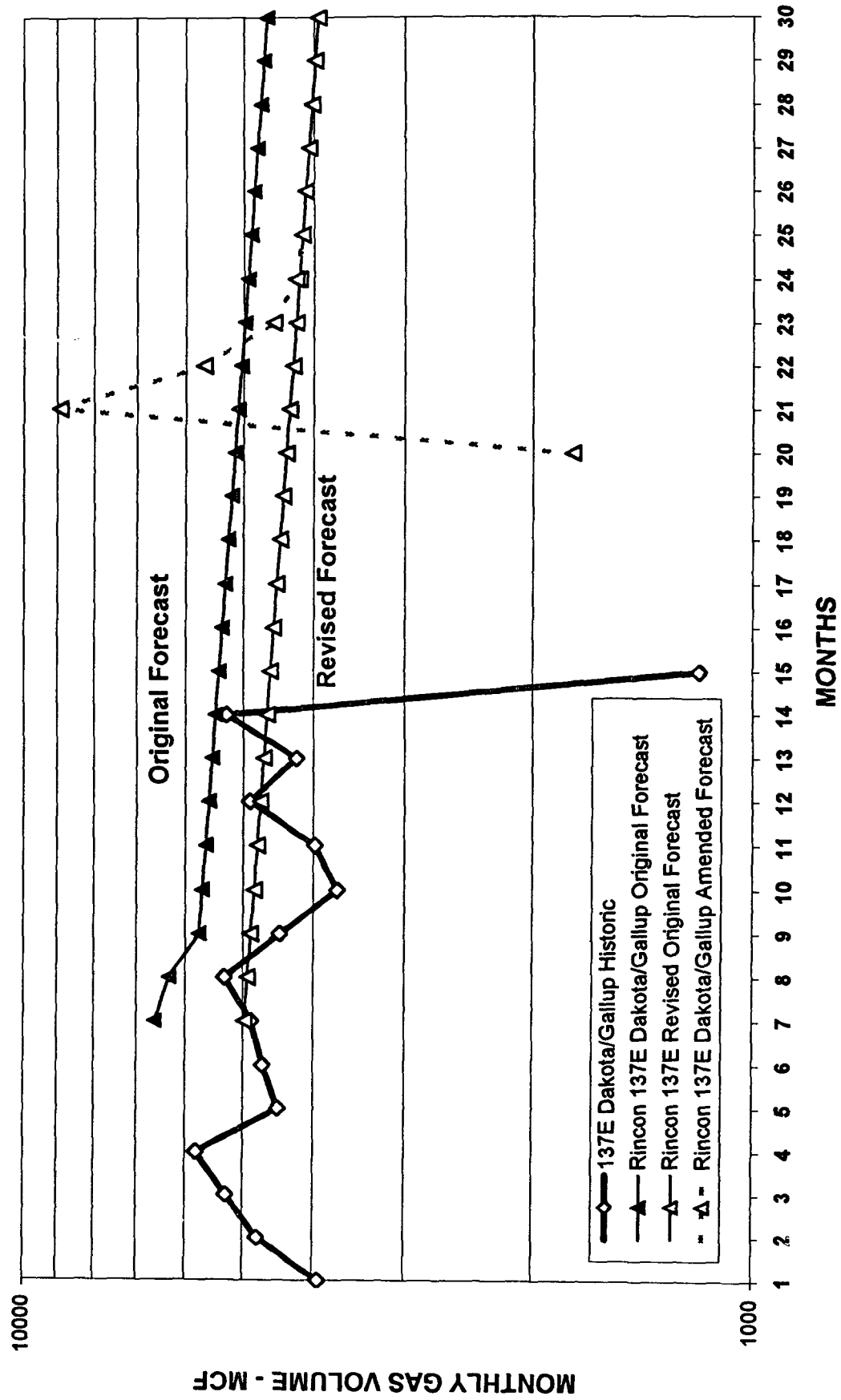


RINCON UNIT #137E PRODUCTION HISTORY

Month	DK/GL (Mcf)	MV (Mcf)	DK/GL/MV (Mcf)	DK/GL (Mcf)	MV (Mcf)
Jan-98	4695				
Feb-98	4870				
Mar-98	5298				
Apr-98	4448				
May-98	3706				
Jun-98	3980				
Jul-98	4896				
Aug-98	4224				
Sep-98	5274				
Oct-98	1180	3030			
Nov-98	0	5423			
Dec-98	0	3104			
Jan-99	0	2015			
Feb-99	0	1413			
Mar-99		1000	3214	1763	451
Apr-99			10224	8914	1310
May-99			6914	5656	1258
Jun-99			5748	4541	1207
Jul-99			6152	4916	1236

Commingled volume may vary from amended production report

RINCON UNIT 137E Dakota/Gallup Commingle ORIGINAL & REVISED FORECAST



RU 137E DKGL Revised Forecast

Well	RU 137E
Existing Completion Prior to DHC	DK/GL
Annual Decline	11.44%
Annual Decline Factor (Annual Decline/12)	0.9535
Average monthly volume (Mcf) prior to DHC	4600
Average Yield (bbls/mcf) Oil	0.007
Average Yield (bbls/mcf) Water	0.0066
Volume Prior to DHC (Mcf) - Sept. 1998	5274
	Jan 98-Sept 98
	97 annual average
	97 annual average
	*Dakota/Gallup SI for 5 months
	*DHC 3-25-99

Forecasted volumes to be adjusted for actual days on production

Month	MCFD	DK/GL Forecast (Mcf)	DK Forecast (Bbls-Oil)	DK Forecast (Bbls-Water)	
1	300	9109	63.8	60.1	+ DK/GL flush volume
2	293	8914	62.4	58.8	+ DK/GL flush volume
3	186	5656	39.6	37.3	+ DK/GL flush volume
4	149	4542	31.8	30.0	+ DK/GL flush volume
5	139	4236	29.7	28.0	+ DK/GL flush volume
6	136	4146	29.0	27.4	+ DK/GL flush volume
7	135	4104	28.7	27.1	
8	134	4063	28.4	26.8	
9	132	4022	28.2	26.5	
10	131	3981	27.9	26.3	
11	130	3941	27.6	26.0	
12	128	3904	27.3	25.8	
13	127	3865	27.1	25.5	
14	126	3826	26.8	25.3	
15	125	3788	26.5	25.0	
16	123	3749	26.2	24.7	
17	122	3712	26.0	24.5	
18	121	3674	25.7	24.2	
19	120	3637	25.5	24.0	
20	118	3601	25.2	23.8	
21	117	3564	25.0	23.5	
22	116	3528	24.7	23.3	
23	115	3493	24.4	23.1	
24	114	3458	24.2	22.8	

RECENT RINCON MESAVERDE RECOMPLETIONS (NON COMMINGLED PRODUCTION) COMPARED TO RINCON 137E MESAVERDE

