

FEB. 07 1994

Rincon Unit (GC)
3186.1 (07327)

Ms. Dana Delventhal
Unocal Oil & Gas Division
Unocal Corporation
3300 North Butler Avenue, Suite 200
Farmington, NM 87401

DAC-967

Re: No. 127 Rincon Unit
Federal Lease SF-079364
1190' FNL and 890' FEL
Sec. 28, T. 27 N., R. 6 W.
Rio Arriba County, New Mexico

Dear Ms. Delventhal:

The Farmington District Office (FDO) of the Bureau of Land Management has evaluated your application date January 20, 1994, for downhole commingling of the Blanco Mesaverde and Basin Dakota Formations in the above referenced well.

We have reviewed the analysis presented in your application and agree that downhole commingling is a viable alternative to not developing the Blanco Mesaverde.

We hereby approve downhole commingling of the Blanco Mesaverde and Basin Dakota Formations using the following allocation formulas:

Gas Production: Mesaverde Rate = 20% of total production.

Dakota Rate = 80% of total production.

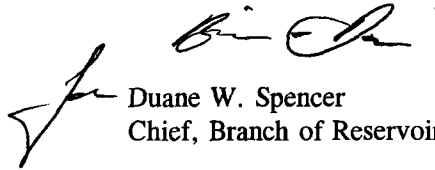
Oil Production: Mesaverde Rate = 0% of total production.

Dakota Rate = 100% of total production.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders 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 orders 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 further questions regarding this matter, please contact Brian W. Davis at (505) 599-6367 or (505) 599-8900.

Sincerely,

A handwritten signature in black ink, appearing to read "Duane W. Spencer". The signature is stylized with a large, sweeping "D" and a cursive "W".

Duane W. Spencer
Chief, Branch of Reservoir Management

cc:

MMS, RMP, MS-3240, Denver, CO

NMOCD, Santa Fe

NMOCD, Aztec