

**SPIRIT
ENERGY**

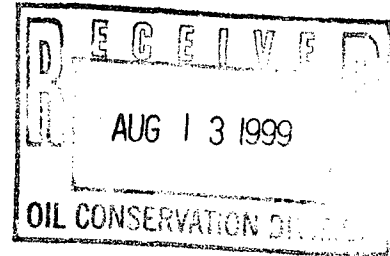
76

New Name. Same Spirit.

A Business Unit of Unocal

August 10, 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 131 Basin Dakota
K 36-27N-7W
Rio Arriba Co., New Mexico

Gentlemen,

Enclosed please find the documentation revising the Rincon Unit 131 Dakota production forecast, originally approved April 14, 1998 by order number **DHC-1906**. The revision is required to accommodate the delayed commingling and greater than forecasted flush volumes resulting from an extended Dakota shut-in from September 1998 through March 1999. (See Chart 1)

The approved Dakota decline from the original forecast will remain the same at 6.22%. However, the first four months of Dakota production will increase significantly from the original projection. (See Chart 3). This flush volume was derived by subtracting Mesaverde projected volumes from the commingled production. (See Chart 2) The Mesaverde projected volumes were determined by comparing the early production profile on the 131 Mesaverde to a 6 well average of recently completed non commingled Mesaverde completions. 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.

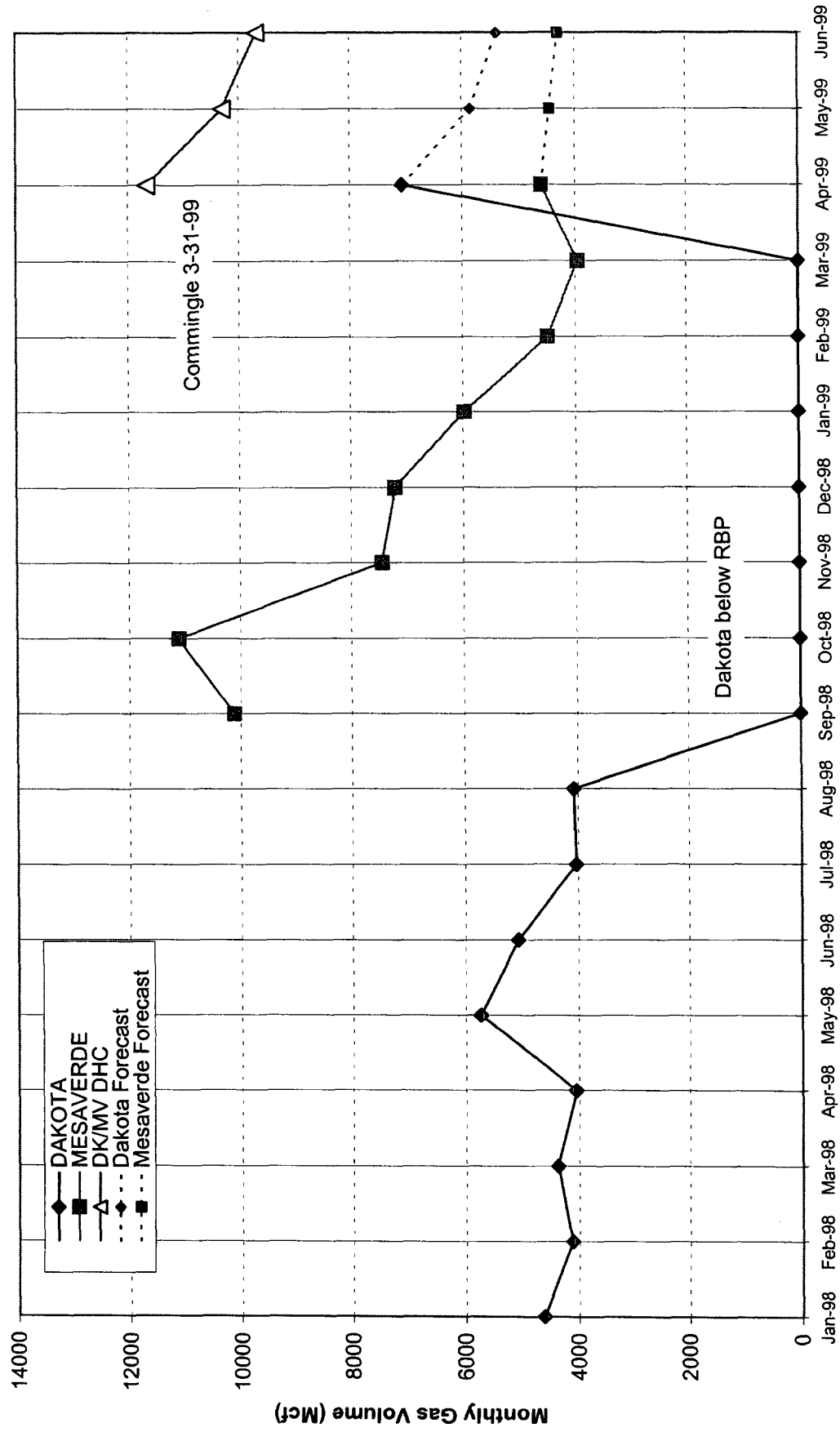
Production volumes will be amended as per the revised 24 month forecast. If you have an objection or questions concerning this revision please contact me as soon as possible at (915) 685-7665.

Sincerely,

Spirit Energy 76
A Business Unit of UNOCAL

Heather Dahlgren
Senior Engineering Technician

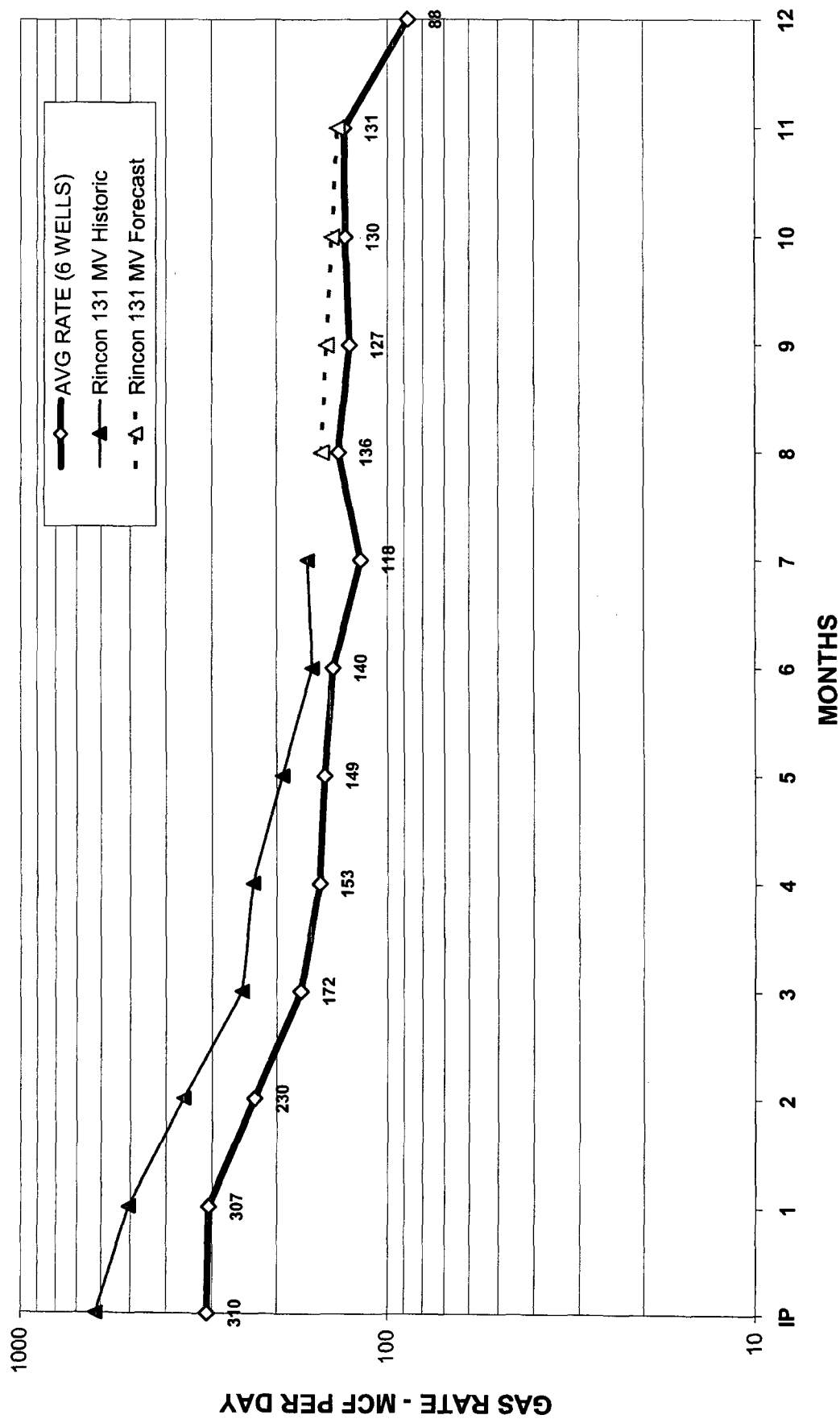
RINCON UNIT 131 DAKOTA, MESAVERDE & COMMINGLED VOLUMES



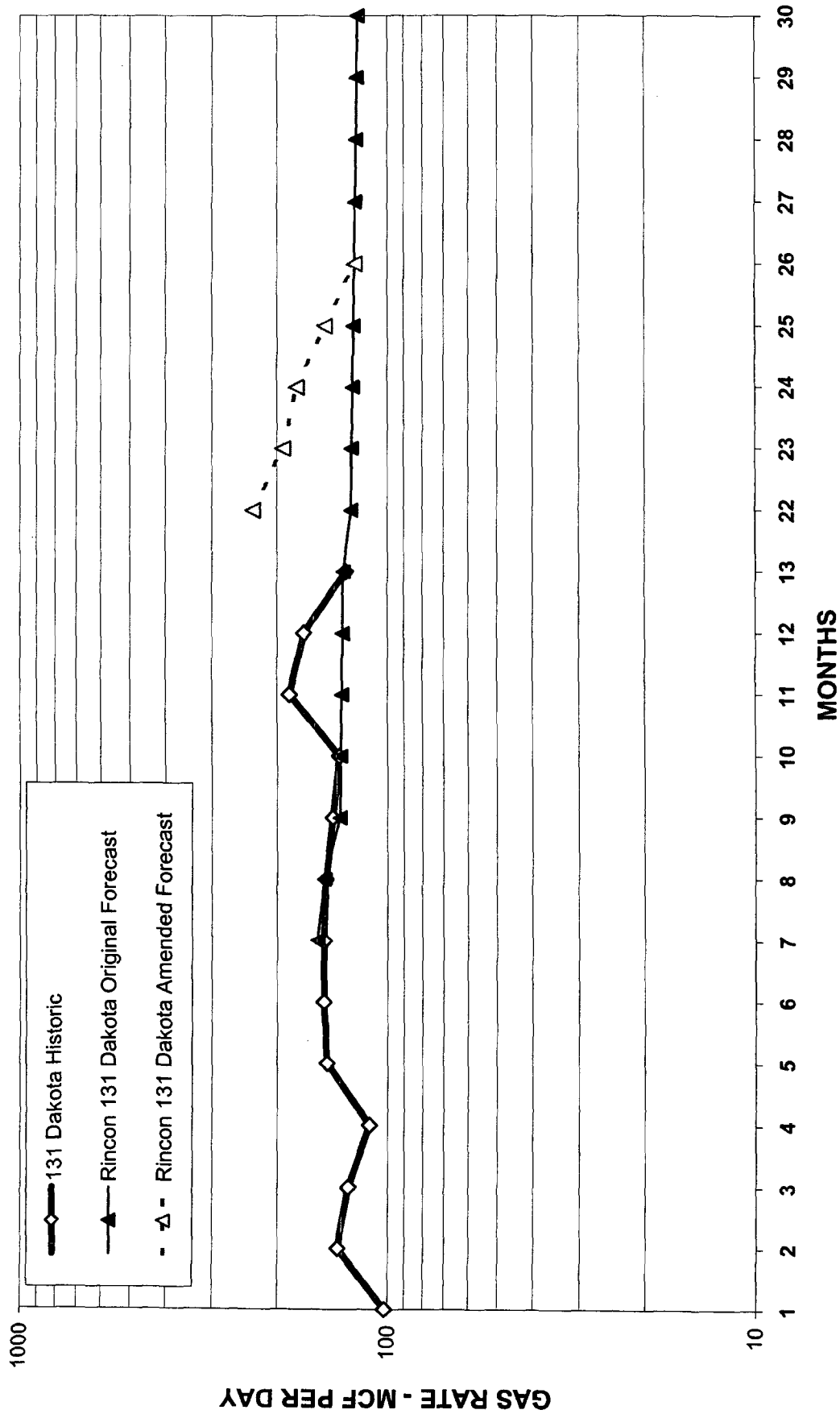
RINCON UNIT #131 PRODUCTION HISTORY

Month	DAKOTA (Mcf)	MESAVERDE (Mcf)	DK/MV DHC (Mcf)
Jan-98	4618		
Feb-98	4115		
Mar-98	4379		
Apr-98	4046		
May-98	5738		
Jun-98	5073		
Jul-98	4033		
Aug-98	4073		
Sep-98	0	10124	
Oct-98	0	11113	
Nov-98	0	7444	
Dec-98	0	7207	
Jan-99	0	5973	
Feb-99	0	4493	
Mar-99	0	3958	
Apr-99			11668
May-99			10303
Jun-99			9686

RECENT RINCON MESAVERDE RECOMPLETIONS (NON COMMINGLED PRODUCTION) COMPARED TO RINCON 131 MESAVERDE



RINCON UNIT 131 DAKOTA ORIGINAL VS AMENDED FORECAST



RU 131DK Revised Forecast

Well	RU 131
Existing Completion Prior to DHC	DK
Annual Decline	6.22%
Monthly Effective Decline Factor	0.0053
Average monthly volume (Mcf) prior to DHC	4509
Average Yield (bbls/mcf) Oil	0.0048
Average Yield (bbls/mcf) Water	0.0041
Volume Prior to DHC (Mcf) - Aug 1998	4073

Avg. Prod. Jan 98 - Aug 98

* Dakota SI for 7 months

* DHC Date: 3-31-99

Month	DK Forecast (Mcf)	DK Forecast (Mcf @ 30.4)	DK Forecast (Bbls-Oil)	DK Forecast (Bbls-Water)	
1	232.4	7066	33.9	29.0	+ DK flush volume
2	192.5	5851	28.1	24.0	+ DK flush volume
3	177.1	5384	25.8	22.1	+ DK flush volume
4	147.9	4497	21.6	18.4	+ DK flush volume
5	122.9	3737	17.9	15.3	
6	122.3	3717	17.8	15.2	
7	121.6	3697	17.7	15.2	
8	121.0	3677	17.7	15.1	
9	120.3	3658	17.6	15.0	
10	119.7	3638	17.5	14.9	
11	119.0	3619	17.4	14.8	
12	118.4	3599	17.3	14.8	
13	117.8	3580	17.2	14.7	
14	117.1	3561	17.1	14.6	
15	116.5	3542	17.0	14.5	
16	115.9	3523	16.9	14.4	
17	115.3	3504	16.8	14.4	
18	114.7	3485	16.7	14.3	
19	114.0	3467	16.6	14.2	
20	113.4	3448	16.6	14.1	
21	112.8	3430	16.5	14.1	
22	112.2	3411	16.4	14.0	
23	111.6	3393	16.3	13.9	
24	111.0	3375	16.2	13.8	

* Forecasted volumes to be adjusted for actual days on production

RU 131DK Original Forecast

Well	RU 131
Existing Completion Prior to DHC	DK
Annual Decline	6.22%
Monthly Effective Decline Factor	0.0053
Average 3 month volume (Mcf) prior to DHC	4151
Average Yield (bbbls/mcf) Oil	0.0048
Average Yield (bbbls/mcf) Water	0.0041
Volume Prior to DHC (Mcf)	

Full Months Prod Oct - Dec 97
97 annual average
97 annual average

* Forecasted volumes to be adjusted for actual days on production

Month	DK Forecast (Mcf)	DK Forecast (Mcf @ 30.4)	DK Forecast (Bbls-Oil)	DK Forecast (Bbls-Water)	
1	155.3	4720	22.7	19.4	+ DK flush volume
2	148.5	4514	21.7	18.5	+ DK flush volume
3	134.6	4093	19.6	16.8	
4	133.9	4071	19.5	16.7	
5	133.2	4049	19.4	16.6	
6	132.5	4028	19.3	16.5	
7	131.8	4006	19.2	16.4	
8	131.1	3985	19.1	16.3	
9	130.4	3964	19.0	16.3	
10	129.7	3942	18.9	16.2	
11	129.0	3921	18.8	16.1	
12	128.3	3900	18.7	16.0	
13	127.6	3880	18.6	15.9	
14	126.9	3859	18.5	15.8	
15	126.3	3838	18.4	15.7	
16	125.6	3818	18.3	15.7	
17	124.9	3797	18.2	15.6	
18	124.3	3777	18.1	15.5	
19	123.6	3757	18.0	15.4	
20	122.9	3737	17.9	15.3	
21	122.3	3717	17.8	15.2	
22	121.6	3697	17.7	15.2	
23	121.0	3677	17.7	15.1	
24	120.3	3658	17.6	15.0	