

PC N/R 923
UNOCAL OIL & GAS DIVISION
Unocal Corporation
913 West Broadway, P.O. Box 850
Bloomfield, New Mexico 87413
Telephone (505) 632-1811
UNOCAL OIL & GAS DIVISION
RECEIVED
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Monday, October 30, 1995

**New Mexico Oil Conservation Division
Attn.: Mr. William J. LeMay
PO Box 2088
Santa Fe, New Mexico 87504-2088
Certified Return Receipt No.: Z407288681**

cc:
New Mexico Oil Conservation Division
Attn.: Mr. Frank Chavez
1000 Rio Brazos Road
Aztec, New Mexico 87410

Dear Mr. LeMay:

Union Oil Company of California d.b.a. UNOCAL requests authorization to surface commingle condensate production from the Blanco Mesa Verde and Basin Dakota formations in the following Rincon Unit well, Rio Arriba County, New Mexico.

<u>Well</u>	<u>Legal Location</u>
Rincon Unit 150E	N/2 790' FNL, 790' FWL, S6, T26N, R6W

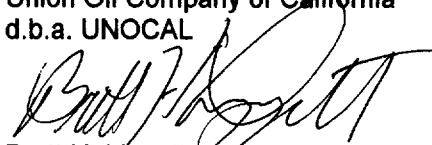
This well was drilled in May, 1995 and was completed in the Basin Dakota and South Blanco Tocito formations. The Tocito proved uneconomical to produce and was abandoned. The Dakota has been on production until today. At the present, UNOCAL is adding the Mesa Verde pay and will produce this well by isolating, down hole, gas and oil production from the Dakota and Mesa Verde zones. Gas production will be measured through separate custody transfer meters and condensate production combined in one 300 bbl stock tank. This lease is a federal lease and the royalty in the Dakota and Mesa Verde formations are identical.

Upon completion of this well UNOCAL will test the Mesa Verde zone and determine a stabilized rate for oil, gas and water production. Each month allocated condensate production will be determined according to the attached exhibit 4. To ensure the accuracy of the allocation factor, UNOCAL will test these zones on six month intervals.

Should you have any questions or need any additional information to process this request, please feel free to contact me at the above letterhead address or phone.

Sincerely,

Union Oil Company of California
d.b.a. UNOCAL

A handwritten signature in black ink, appearing to read "Brett H. Liggett", written over the printed name.

Brett H. Liggett
Production Engineer

EXHIBIT #4
CONDENSATE
ALLOCATION CALCULATIONS

1) Production Test completed on both zones, yields:

$$\text{Gallup Test Rate} = R_1 \text{ (BPD)}$$

$$\text{Dakota Test Rate} = R_2 \text{ (BPD)}$$

2) Days On / Month

$$\text{Gallup Days On} = A$$

$$\text{Dakota Days On} = B$$

3) i) Actual Total Monthly Gauge Volume: G (BPM)

ii) Calculated Individual Volumes:

$$\text{Gallup} = R_1 \times A$$

$$\text{Dakota} = R_2 \times B$$

$$\text{Total Volume} = R_1(A) + R_2(B)$$

4) Allocation Factor (AF):

$$AF = \frac{G}{R_1(A) + R_2(B)}$$

5) Corrected Allocation Volumes:

$$\text{Gallup} = AF \times R_1(A)$$

$$\text{Dakota} = AF \times R_2(B)$$

Unocal Oil & Gas Division
Unocal Corporation
913 West Broadway, P.O. Box 850
Bloomfield, New Mexico 87413
Telephone (505) 632-1811



Monday, October 30, 1995

United State Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401
Certified Return Receipt No.: Z407288682

Greetings:

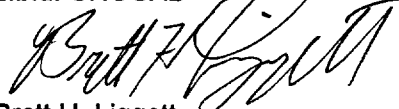
Union Oil Company of California (UNOCAL) has requested, from the State of New Mexico, Oil Conservation Division, authorization to surface commingle condensate production from the Blanco Mesa Verde and Basin Dakota formations in the following Rincon Unit wells, Rio Arriba County, New Mexico.

<u>Well</u>	<u>Legal Location</u>
Rincon Unit 150E	790' FNL, 790' FWL, S6, T26N, R6W

A copy of this request for authorization is attached. If you have any objections to this proposal, please notify NMOCD within twenty days. If you have any questions regarding this application, please contact me at (505) 532-1811 ext. 14.

Sincerely,

Union Oil Company of California
d.b.a. UNOCAL



Brett H. Liggett
Production Engineer