**Unocal North American**
**Oil & Gas Division**
Unocal Corporation
3300 North Butler Avenue
Suite 200
Farmington, New Mexico 87401
Telephone (505) 326-7600
Fax: (505) 326-6145



August 10, 1992

**CERTIFIED RETURN RECEIPT**
**P-671-272-436**

New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Box 2088
Santa Fe, NM 87504-2088
Attn: David Catanach

SUBJECT:
Requesting Approval for
Surface Commingling of
Condensate Production from
Rincon Unit, Well No. 137-M
Sec 24, T-27-N, R-7-W
Rio Arriba County, New Mexico

Union Oil Company of California, dba Unocal, requests permission to surface commingle condensate from its Rincon Unit, Well No. 137-M, Rio Arriba County, New Mexico. The following describes and demonstrates how Unocal proposes to allocate production under the context of BLM Onshore Oil and Gas orders for commingling, and under the New Mexico Oil Conservation Commission Manual for the Installation and Operation of Commingling Facilities.

The Rincon Unit No. 137-M well is a development gas well scheduled to be drilled by Unocal. The well is to be completed as a dual Dakota/Mesa Verde producer; and it is anticipated that it will be ready for pipeline deliveries September 21, 1992.

Unocal is proposing to surface commingle produced fluids from individual separators into a common stock tank (Exhibit No. 1). Royalties will be paid on the liquid volumes sold from the tank.

The proposed location is within existing Dakota participating area (PA) within the Rincon Unit (Exhibit No. 2). The location is also adjacent to the existing Mesa Verde PA. Upon completion of the Mesa Verde formation in this well, Unocal will apply to the Bureau of Land Management (BLM) for expansion of the Mesa Verde PA to include the acreage dedicated to this well. The lease is a federal lease and it is described in Exhibit No. 3. The royalty in the two formations is the same.

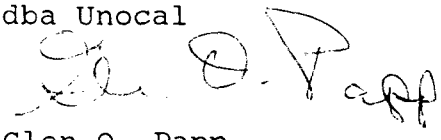
Unocal is requesting from the New Mexico Oil Conservation Division, approval for surface commingling of the produced

condensate and the following method for allocating production. Unocal will conduct initial condensate production tests of equivalent time frames for each of the two zones. The condensate produced during the test period from each pool will be used to calculate an average daily rate (Exhibit No. 4, Part 1). Each month this rate will be multiplied by the days on production, to yield a volume produced for the month (Exhibit No. 4, Part 3). The corrected volumes will be allocated as per Exhibit 4, Part 5. To ensure the accuracy of the allocation factor, Unocal will retest the zones every six months after the initial test.

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.

Very truly yours,

Union Oil Company of California
dba Unocal



Glen O. Papp
District Production Engineer

pmh

cc:NMOCD Aztec Office--Frank Chavez
BLM--Ken Townsend

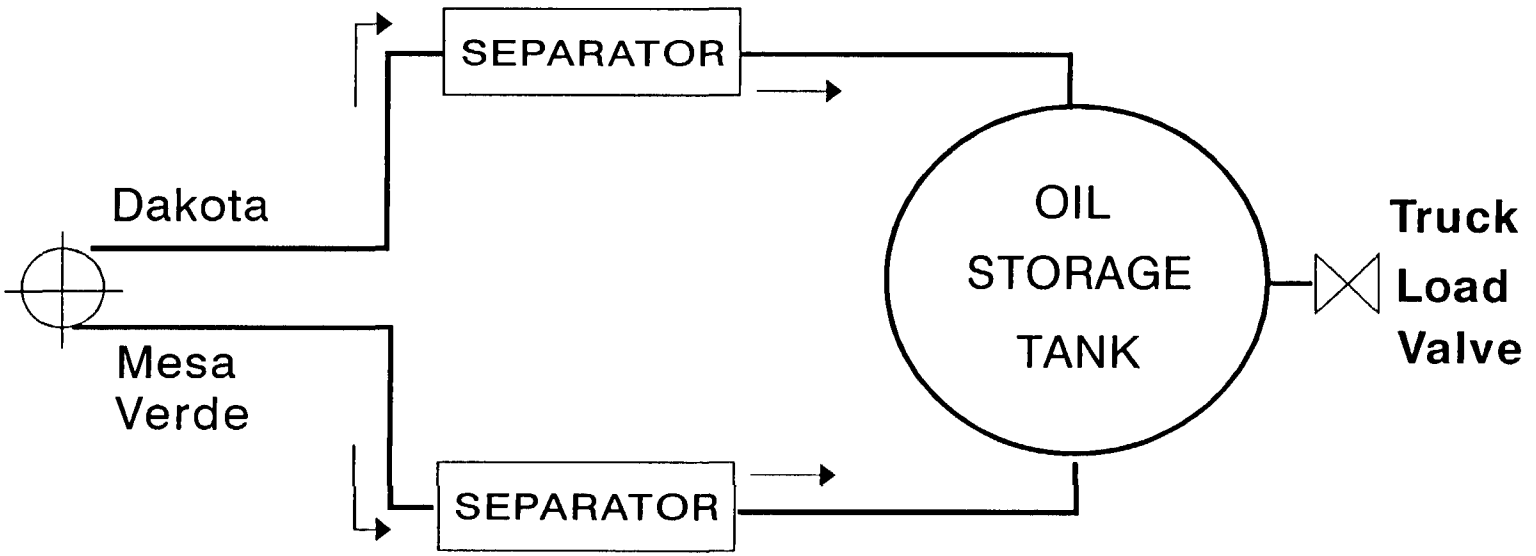
# EXHIBIT No. 1

# UNOCAL 76

## CONDENSATE ACCOUNTING SCHEMATIC

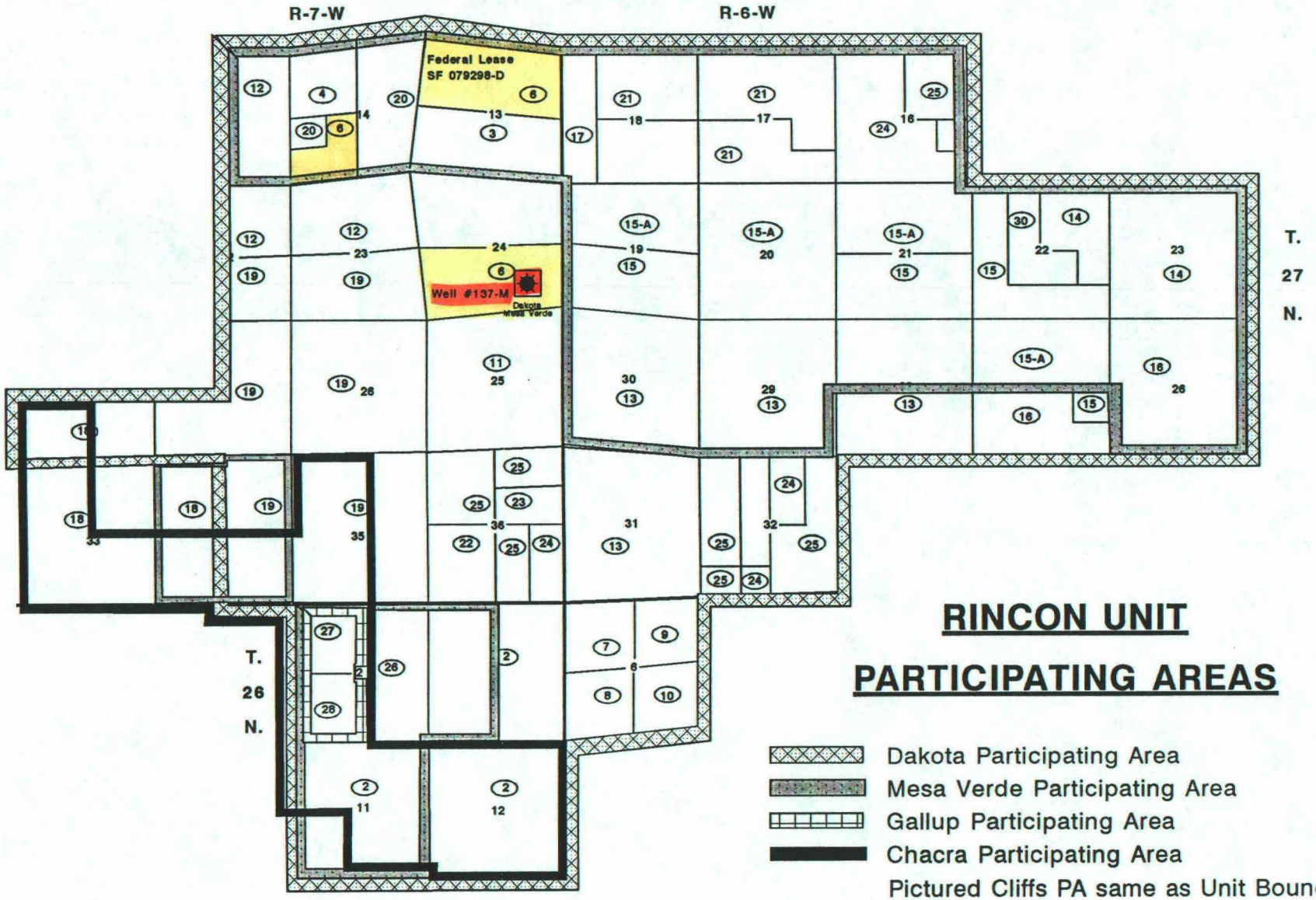
## RINCON UNIT # 137-M

## RIO ARRIBA COUNTY, NEW MEXICO




OILMAP1

# EXHIBIT No. 2




**Rio Arriba County, New Mexico**

# EXHIBIT NO #3
## LEASE DISCRIPTION

| FEDERAL LEASE | # ACRES | DESCRIPTION |
|---|---|---|
| SF – 074298–D | 768.76 | SEC.13 N/2<br>SEC.14: S/2 SW4, NE/4 SW/4<br>SEC.24: S/2 |

## OTHER WELLS ON LEASE # SF – 074298–D

| WELL # | PRODUCING ZONE | LOCATION | WELL STATUS |
|---|---|---|---|
| 36 | MV | 975' FSL 1450' FWL Sec. 14 | P & A'd |
| 58 | MV | 990' FSL 890' FWL Sec. 24 | Producing |
| 59 | PC | 1650' FSL 1645' FEL Sec. 24 | Producing |
| 87 | PC | 1800' FSL 1750' FEL Sec. 13 | Producing |
| 88 | MV | 1750' FNL 1650' FEL Sec. 13 | Producing |
| 88 | PC | 1750' FNL 1650' FEL Sec. 13 | Producing |
| 133 | DK | 1600' FSL 1650' FWL Sec. 14 | Producing |
| 137 | DK | 1500' FSL 1800' FWL Sec. 24 | Producing |
| 137 | MV | 1500' FSL 1800' FWL Sec. 24 | Producing |
| 167 | DK | 1100' FNL 1650' FEL Sec. 13 | Producing |
| 276 | FC | 1080' FNL 1240' FEL Sec. 13 | Producing |
| 279 | FC | 1735' FSL 1456' FWL Sec. 14 | Producing |

# EXHIBIT No. 4

## CONDENSATE

## ALLOCATION CALCULATIONS

1) Production Test completed on both zones, yields:

Mesa Verde Test Rate = $R_1$ (BPD)

Dakota Test Rate = $R_2$ (BPD)

2) Days On / Month

Mesa Verde Days On = A

Dakota Days On = B

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

ii) Calculated Individual Volumes:

Mesa Verde = $R_1 \times A$

Dakota = $R_2 \times B$

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:

Mesa Verde = AF x $R_1(A)$

Dakota = AF x $R_2(B)$