

EXHIBIT No. 1

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

COMMINGLING ORDER PLC-88

Unocal Oil & Gas Division
3300 North Butler Avenue
Suite 200
Farmington, New Mexico 87401

Attention: Glen O. Papp

The above-named company is hereby authorized to commingle Basin-Dakota, Blanco-Mesaverde, Largo - Gallup and South Blanco - Pictured Cliffs Pool production from the following leases:

LEASE NAME:	Rincon Unit Tract No. 2 (SF-079160)
DESCRIPTION:	All of Section 1, W/2, NE/4 Section 11, Township 26 North, Range 7 West, NMPM;
LEASE NAME:	Rincon Unit Tract No. 13 (SF-079364)
DESCRIPTION:	S/2 Section 31, Township 27 North, Range 6 West, NMPM;
LEASE NAME:	Rincon Unit Tract No. 22 (E-290-29)
DESCRIPTION:	SW/4 Section 36, Township 27 North, Range 7 West, NMPM;
LEASE NAME:	Rincon Unit Tract Nos. 24 & 25 (E-290-28)
DESCRIPTION:	NW/4, SE/4 Section 36, Township 27 North, Range 7 West, NMPM;

All in Rio Arriba County, New Mexico

Gas Production shall be allocated to each lease by:

Separately metering individual well production by allocation meters and multiplying said volumes by an allocation factor. The allocation factor shall be determined by dividing the central sales meter volume by the sum of the individual allocation meter volumes.

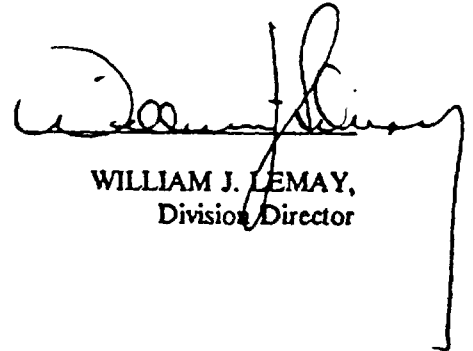
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Unocal Oil & Gas Division
March 6, 1992
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NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

DONE at Santa Fe, New Mexico, on this 6th day of March, 1992.



WILLIAM J. LEMAY,
Division Director

cc: Oil Conservation Division - Aztec
State Land Office - Oil & Gas Division
U.S. BLM - Farmington

EXHIBIT No. 2



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

February 21, 1992

UNOCAL Oil & Gas Division
3300 North Butler Avenue, Suite 200
Farmington, New Mexico 87401

Attn: Mr. Glen O. Papp

Re: Approval Request for Central Metering
Rincon Unit Lateral No. 2
Rio Arriba County, New Mexico

Dear Mr. Papp:

Reference is made to your application letter of September 5, 1991, which has been forwarded to us for our approval by Mr. Bill Carr. Your application requests approval to build a gas gathering system, Rincon Unit Lateral #2, and deliver existing conventional gas through a central metering facility.

According to the information provided, the proposed Rincon Unit Lateral #2 will gather gas from 12 conventional gas wells of which the Well Nos. 31(PC), 45(PC) and 131(DK) are located on State Lease No. E-290. The remaining wells are located on Federal lands. It is our understanding that the wells to be connected to the proposed system are all within established participating areas, and the royalty ownership in all formations within a given tract is identical. In addition, it is also our understanding that Unocal is in the process of seeking approval of this application and the allocation formula from the Bureau of Land Management.

The Commissioner of Public Lands has this date granted approval to your proposed request. Please be advised that any deviation from your proposed request will be grounds to rescind our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791. Your Thirty (\$30.00) Dollar filing fee has been received.

Very truly yours,

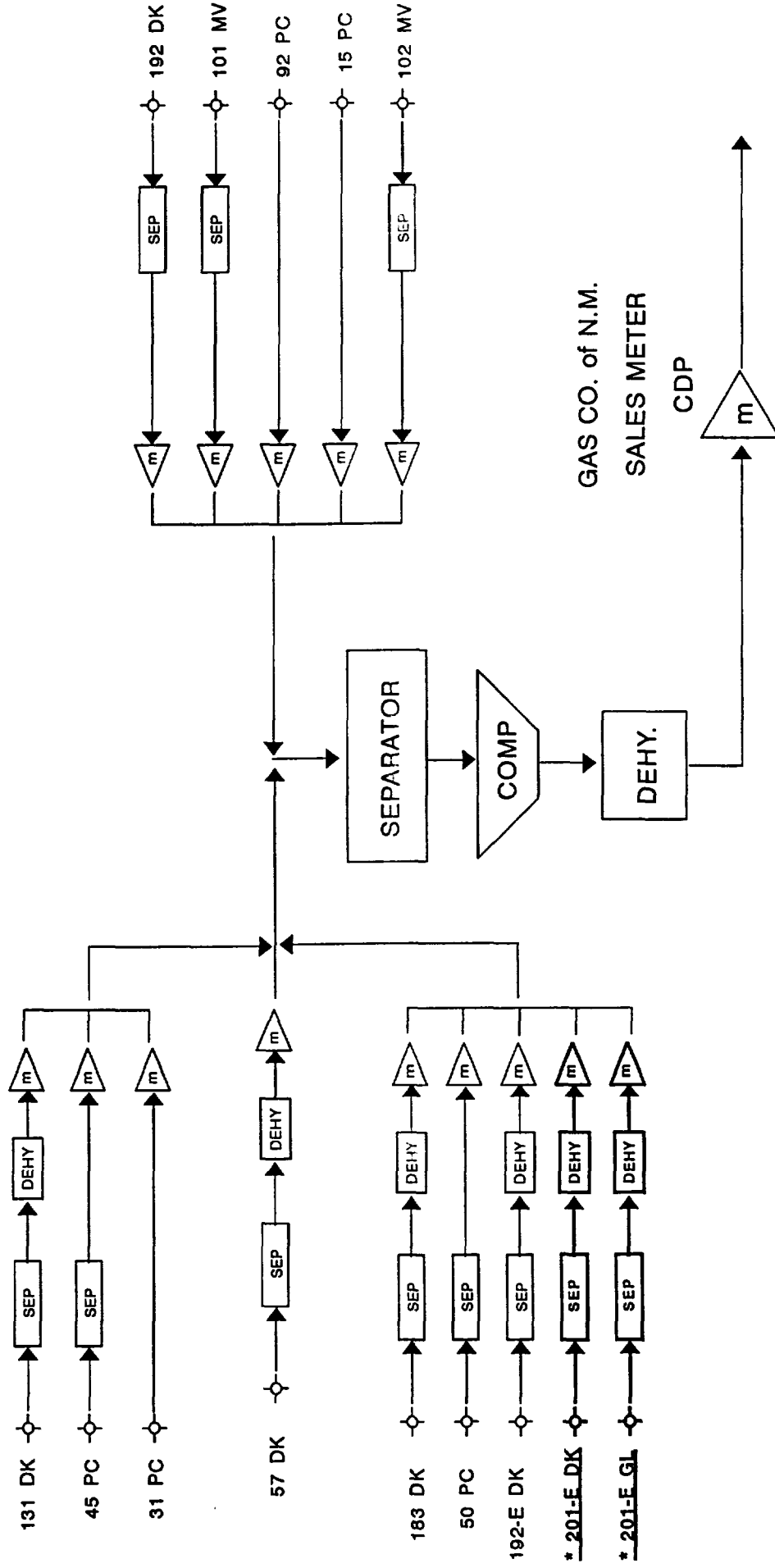
JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
JB/FOF/pm
UCS
BLM

EXHIBIT # 3

RINCON UNIT LATERAL #2

GAS ACCOUNTING SCHEMATIC



* Proposed Well

** All piping between facilities is underground except for meter runs.

R. 7 W.



EXHIBIT #5

LEASE DISCRIPTION

STATE LEASE #	# ACRES	LOCATION
E - 291 - 3	200	T26N-R7W Sec 2 E/2

OTHER WELLS ON LEASE E-291-3

WELL #	PRODUCING ZONE	LOCATION (T26N - R7W Sec 2)
55	PICTURED CLIFFS	990' FNL, 990' FEL
56	PICTURED CLIFFS	1850' FEL, 1650' FSL
201	DAKOTA	1690' FNL, 1725' FEL
294	FRUITLAND	294' FSL, 881' FWL
* 201-E	GALLUP/DAKOTA	1765' FNL, 1705' FEL

* Proposed Well

EXHIBIT #6

GAS ALLOCATION CALCULATIONS

LATERAL #2

- 1) Allocation Factor (AF):

$$\text{GAF} = \frac{\text{Integrated Central Meter Volume; MCF/MO}}{\sum_{i=1}^{14} \text{Integrated Individual Meter Volumes, MCF/MO}}$$

- 2) Allocation To Individual Wells:

WELL #	Integrated Individual Meter Volume (MCF/MO)	Monthly GAF	Allotted Volumes (MCF/MO)
15-PC	Vol.1	GAF	Vol.1 X GAF
102-MV	Vol.2	GAF	Vol.2 X GAF
92-PC	Vol.3	GAF	Vol.3 X GAF
101-MV	Vol.4	GAF	Vol.4 X GAF
192-DK	Vol.5	GAF	Vol.5 X GAF
57-DK	Vol.6	GAF	Vol.6 X GAF
45-PC	Vol.7	GAF	Vol.7 X GAF
131-DK	Vol.8	GAF	Vol.8 X GAF
31-PC	Vol.9	GAF	Vol.9 X GAF
50-PC	Vol.10	GAF	Vol.10 X GAF
183-DK	Vol.11	GAF	Vol.11 X GAF
192E-DK	Vol.12	GAF	Vol.12 X GAF
201E-DK	Vol.13	GAF	Vol.13 X GAF
201E-GL	Vol.14	GAF	Vol.14 X GAF

EXHIBIT #7

ALLOCATION CALCULATIONS FOR LIQUIDS RECOVERED AT CENTRAL COMPRESSOR SITE

LATERAL #2

- 1) Liquids Allocation Factor (LAF):

$$LAF = \frac{\text{Liquids Recorded IN CDP Tanks; MCF/MO}}{\sum_{i=1}^{10} \text{Liquids Recovered In Well Site Tanks, MCF/MO}}$$

- 2) Allocation To Individual Wells:

WELL #	Integrated Individual Meter Volume (MCF/MO)	Monthly GAF	Allotted Volumes (MCF/MO)
102-MV	Vol.1	LAF	Vol.1 X LAF
101-MV	Vol.2	LAF	Vol.2 X LAF
192-DK	Vol.3	LAF	Vol.3 X LAF
57-DK	Vol.4	LAF	Vol.4 X LAF
131-DK	Vol.5	LAF	Vol.5 X LAF
183-DK	Vol.6	LAF	Vol.6 X LAF
192E-DK	Vol.7	LAF	Vol.7 X LAF
192E-GL	Vol.8	LAF	Vol.8 X LAF
201E-DK	Vol.9	LAF	Vol.9 X LAF
201E-GL	Vol.10	LAF	Vol.10 X LAF

* The Five Pictured Cliffs Wells do not make hydrocarbon liquids, and therefore they are excluded from sharing in the liquids recovered at the compressor site.