

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



July 21, 1993

Certified Return Receipt
P-895-099-825

Farmington District

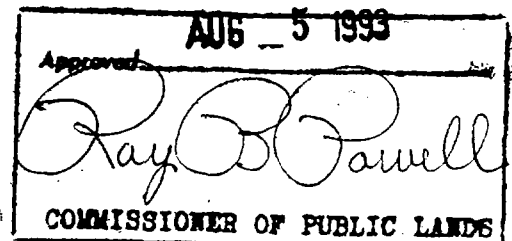
New Mexico State Land Office
310 Old Santa Fe Trail, PO Box 1148
Santa Fe, NM 87504-1148
Attn.: Pete Martinez

Subject:
Request for Approval
Central Metering
Rincon Unit CDP #4
Rio Arriba County, New Mexico

Union Oil Company of California, d.b.a. Unocal, seeks New Mexico State Land Office approval for the following -

1. Installation of a central custody transfer meter downstream of the compression facilities that will be located at the proposed Central Delivery Point #4 (CDP #4), Rincon Unit, Rio Arriba County, New Mexico.
2. Surface commingling of gas produced by the individual wells serviced by CDP #4 (see exhibit #1) and the method outlined in exhibit #2 for allocating monthly gas volumes from the central custody transfer meter and incidental liquids from the CDP #4 separator back to the individual wells.

Unocal has recently finalized an agreement with El Paso Natural Gas (EPNG) to install compression on their gathering system, downstream of 176 existing Rincon Unit gas wells (see exhibit #3). Under this scenario custody transfer will move from the well site to the central custody transfer meter. Compression will significantly increase deliverability and recoverable reserves from the gas wells located on this gathering system. Custody transfer through a central custody transfer meter will allow Unocal to maintain strict tolerances on gas deliveries. All of these wells, with the exception of those up for approval before the BLM, are within the bounds of their respective participating areas (See exhibit #4).

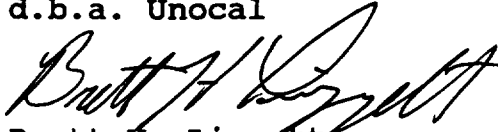


CDP #4 will gather gas from 176 wells, separate incidental liquid carry over, compress and dehydrate before sending the gas through the proposed custody transfer meter. The combination of pulsation dampening equipment on the compressor units and additional dampening afforded by the dehydration vessel will ensure accurate measurement by the transfer meter. Three component separation will continue at the well sites. The custody transfer meters currently in place at the well sites will be used to determine the gas allocation factors and hydrocarbons accumulated in the well site tanks will be used to determine the liquid allocation factors.

The other working interest owners in the Rincon Unit have been notified of this proposal. Additional approval is being applied for from the BLM and NMOC. A copy of this letter has been given to the Mineral Management Service. Refer to exhibit #5 for agency contacts and addresses.

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

Very truly yours,
Union Oil of California
d.b.a. Unocal


Brett H. Liggett
Field Engineer

Attachment

cc: MMS, James W. Shaw

After Reconfiguration

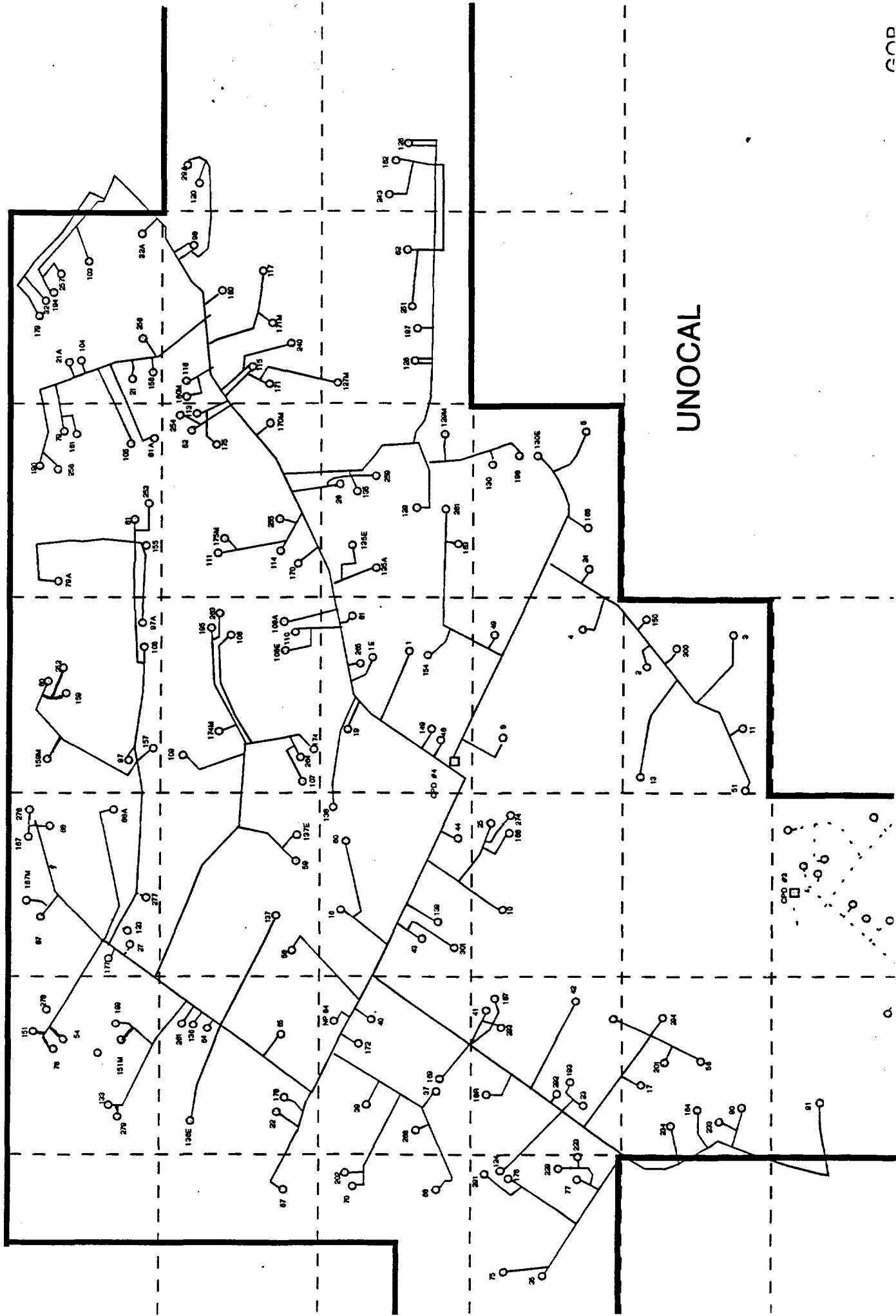
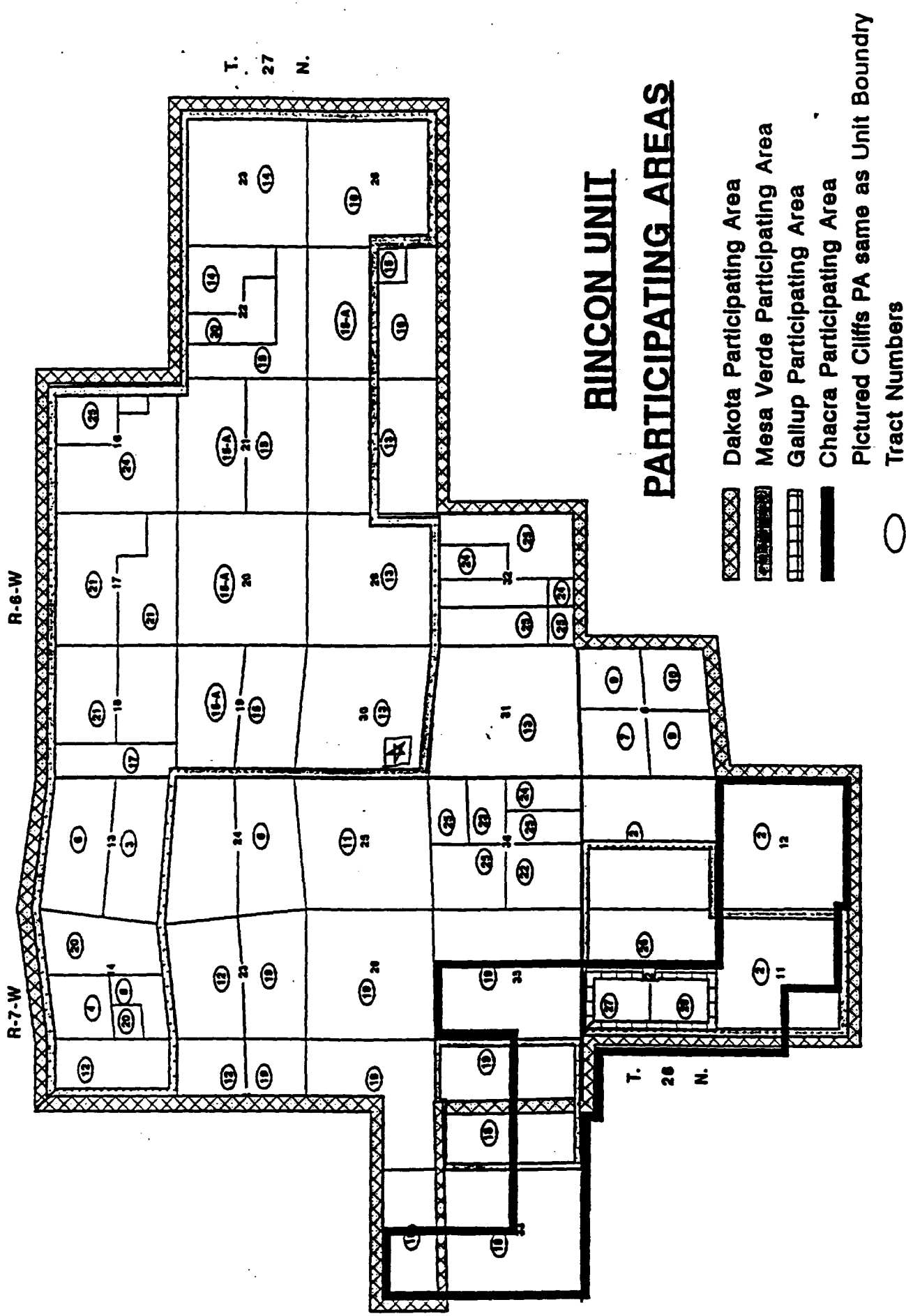


EXHIBIT No. 4



Rio Arriba County, New Mexico

Location of Lateral # 4

Exhibit No. 5

Federal and State Agencies

Federal

Mineral Management Service
PO Box 25165
Mail Stop 3000
Denver, CO 80225
Attn.: James W. Shaw

Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401
Attn.: Ken Townsend

State

New Mexico State Land Office
310 Old Santa Fe Trail, PO Box 1148
Santa Fe, NM 87504-1148
Attn.: Pete Martinez

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

New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87401
Attn.: Frank Chaves



RAY B. POWELL
COMMISSIONER

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

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

August 5, 1993

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

Attention: Mr. Brett H. Liggett

Re: Approval Request for Central Metering
Rincon Unit Central Delivery Point No. 4
Rio Arriba County, New Mexico

Dear Mr. Liggett:

Reference is made to your application letter of June 21, 1993, requesting our approval to install a gas gathering system, the Rincon Unit CDP #4, and deliver existing conventional gas through a central metering facility.

According to the information provided, the proposed Rincon Unit Central Delivery Point #4 will gather gas from 176 existing Rincon Unit gas wells. It is our understanding that the wells to be connected to the proposed system are all within established participating areas. In addition, it is also our understanding that Unocal is in the process of seeking approval of this application from the Bureau of Land Management and the New Mexico Oil Conservation Division.

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.

Your Thirty (\$30.00) Dollar filing fee has been received.

UNOCAL
Page 2
August 5, 1993

If you have any questions, or if we may be of further help,
please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY B. POWELL
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
RBP/FOP/pm

cc: Reader File
OCD-David Catanach
BLM-Farmington
Rincon Unit