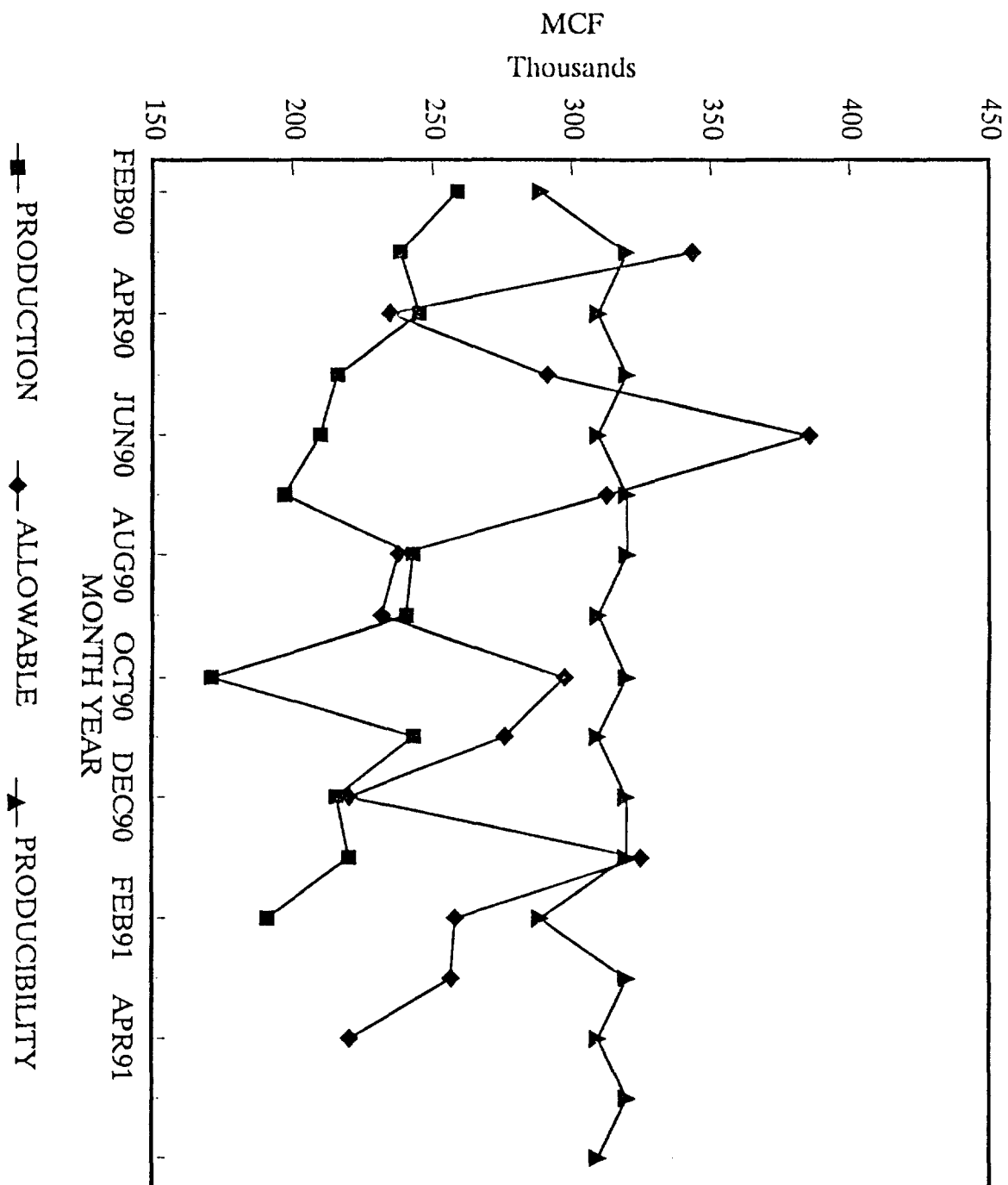


RINCON UNIT DAKOTA

ALLOWABLE-PRODUCTION-PRODUCTIBILITY



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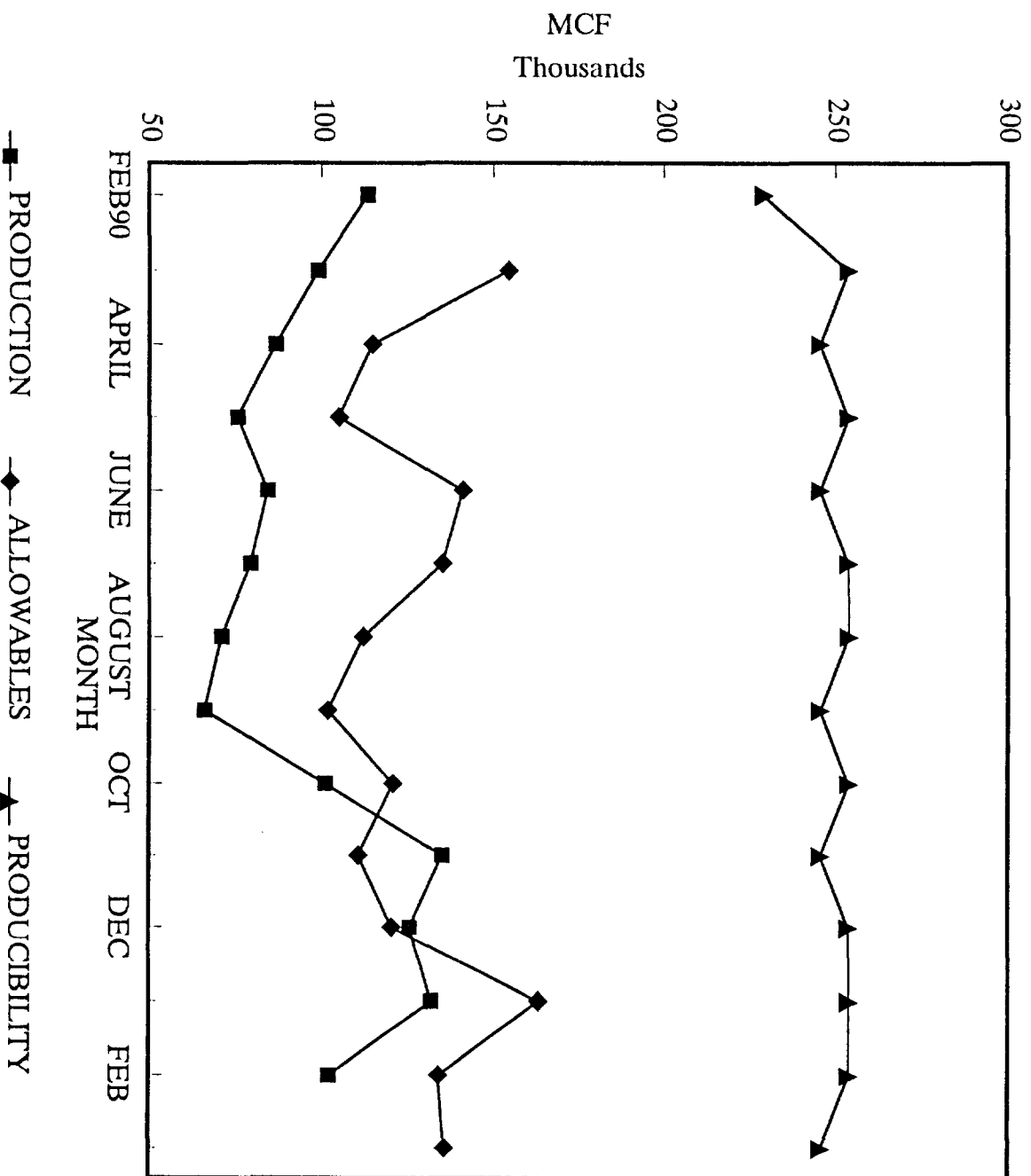
RINCON UNIT

DAKOTA RECLASSIFICATIONS

DATE	WELLS	ALLOWABLE CANCELLED
MAY 1990	15	113375 MCF
SEPT 1990	8	151634 MCF

RINCON UNIT MESAVERDE

ALLOWABLE-PRODUCTION-PRODUCIBILITY



RINCON UNIT

MESA VERDE RECLASSIFICATIONS

DATE	WELLS	ALLOWABLE CANCELLED
MAY 1990	6	41746 MCF
SEPT 1990	2	48062 MCF

UNOCAL SHARE OF INCREASED ALLOWABLE FROM ORDER R-9473

BASIN DAKOTA POOL

$$\begin{array}{rcl} \text{UNOCAL AF's} & \frac{19.10}{444.67} & = .041 \\ \text{POOL AF's} & & \end{array}$$

$$\begin{array}{rcl} \text{UNOCAL AD's} & \frac{4916}{218746} & = .0225 \\ \text{POOL AD's} & & \end{array}$$

60% of 500,000 for AF = 300,000

40% of 500,000 for AD = 200,000

$$\begin{array}{rcl} 300,000 \times .041 & = & 12300 \text{ MCF} \\ 200,000 \times .0225 & = & \frac{4500}{16800} \text{ MCF} \end{array}$$

BLANCO MESAVERDE POOL

$$\begin{array}{rcl} \text{UNOCAL AF's} & \frac{8}{649.39} & = .0123 \\ \text{POOL AF's} & & \end{array}$$

$$\begin{array}{rcl} \text{UNOCAL AD's} & \frac{3004}{460563} & = .0065 \\ \text{POOL AD's} & & \end{array}$$

25% of 100,000 for AF's = 25,000

75% of 100,000 fro AD's = 75,000

$$\begin{array}{rcl} 25,000 \times .0123 & = & 307.5 \text{ MCF} \\ 75,000 \times .0065 & = & \frac{487.5}{795} \text{ MCF} \end{array}$$

CURRENT RULES GIVE ADEQUATE ALLOWABLES FOR TESTING NEW WELLS

BASIN DAKOTA

GIVEN:

$$F1 = 4295$$

$$F2 = 5.9$$

$$\text{GPU AF} = 1.00$$

$$\text{GPU AD} = 180 \text{ MCFD}$$

$$\text{NEW WELL D} = 500 \text{ MCFD}$$

THEN:

$$\text{GPU D} = 680 \text{ MCFD}$$

$$\text{GPU ALLOWABLE} = \text{AF} \times F1 = 1.00 \times 4295 = 4295$$

$$\text{AD} \times F2 = 1 \times 680 \times 5.9 = \underline{4012}$$

$$8307 \text{ MCF}$$

$$30 \text{ DAYS @ } 500 \text{ MCFD} = 15000 \text{ MCF/MON}$$

$$15000 \text{ MCF/MON} - 8307 \text{ MCF/MON} = 6693 \text{ MCF/MON (O/P)}$$

$$12 \times 8307 \text{ MCF/MON} = 99684 \text{ MCF (12 TIMES O/P)}$$

$$99684 \text{ MCF} \div 6693 \text{ MCF/MON} = 14.9 \text{ MONTHS}$$

70-2-17. Equitable allocation of allowable production; pooling; spacing.

A. The rules, regulations or orders of the division shall, so far as it is practicable to do so, afford to the owner of each property in a pool the opportunity to produce his just and equitable share of the oil or gas, or both, in the pool, being an amount, so far as can be practically determined, and so far as such can be practically obtained without waste, substantially in the proportion that the quantity of the recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas, or both, in the pool, and for this purpose to use his just and equitable share of the reservoir energy.

70-2-16. Allocation of allowable production in field or pool.

C. Whenever, to prevent waste, the total allowable natural gas production from gas wells producing from any pool in this state is fixed by the oil conservation division in an amount less than that which the pool could produce if no restrictions were imposed, the division shall allocate the allowable production among the gas wells in the pool delivering to a gas transportation facility upon a reasonable basis and recognizing correlative rights and shall include in the proration schedule of the pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by that well. In protecting correlative rights, the division may give equitable consideration to acreage, pressure, open flow, porosity, permeability, deliverability and quality of the gas and to such other pertinent factors as may from time to time exist and, insofar as is practicable, shall prevent drainage between producing tracts in a pool which is not equalized by counter drainage. In allocating production pursuant to the provisions of this subsection, the division shall fix proration periods of not less than six months. It shall, upon notice and hearing, determine reasonable market demand and make allocations of production during each proration period. Insofar as is feasible and practicable, gas wells having an allowable in a pool shall be regularly produced in proportion to their allowables in effect for the current proration period. Without approval of the division or one of its duly authorized agents, no natural gas well or pool shall be allowed to produce natural gas in excess of the allowable assigned to such source during any proration period; provided that during an emergency affecting a gas transportation facility, a gas well or pool having high deliverability into the facility under prevailing conditions may produce and deliver in excess of its allowable for the period of emergency, not exceeding ten days, without penalty. The division may order subsequent changes in allowables for wells and pools to make fair and reasonable adjustment for overage resulting from the emergency. The provisions of this subsection shall not apply to any wells or pools used for storage and withdrawal from storage of natural gas originally produced not in violation of the Oil and Gas Act [70-2-1 to 70-2-36 NMSA 1978] or the rules, regulations or orders of the division.