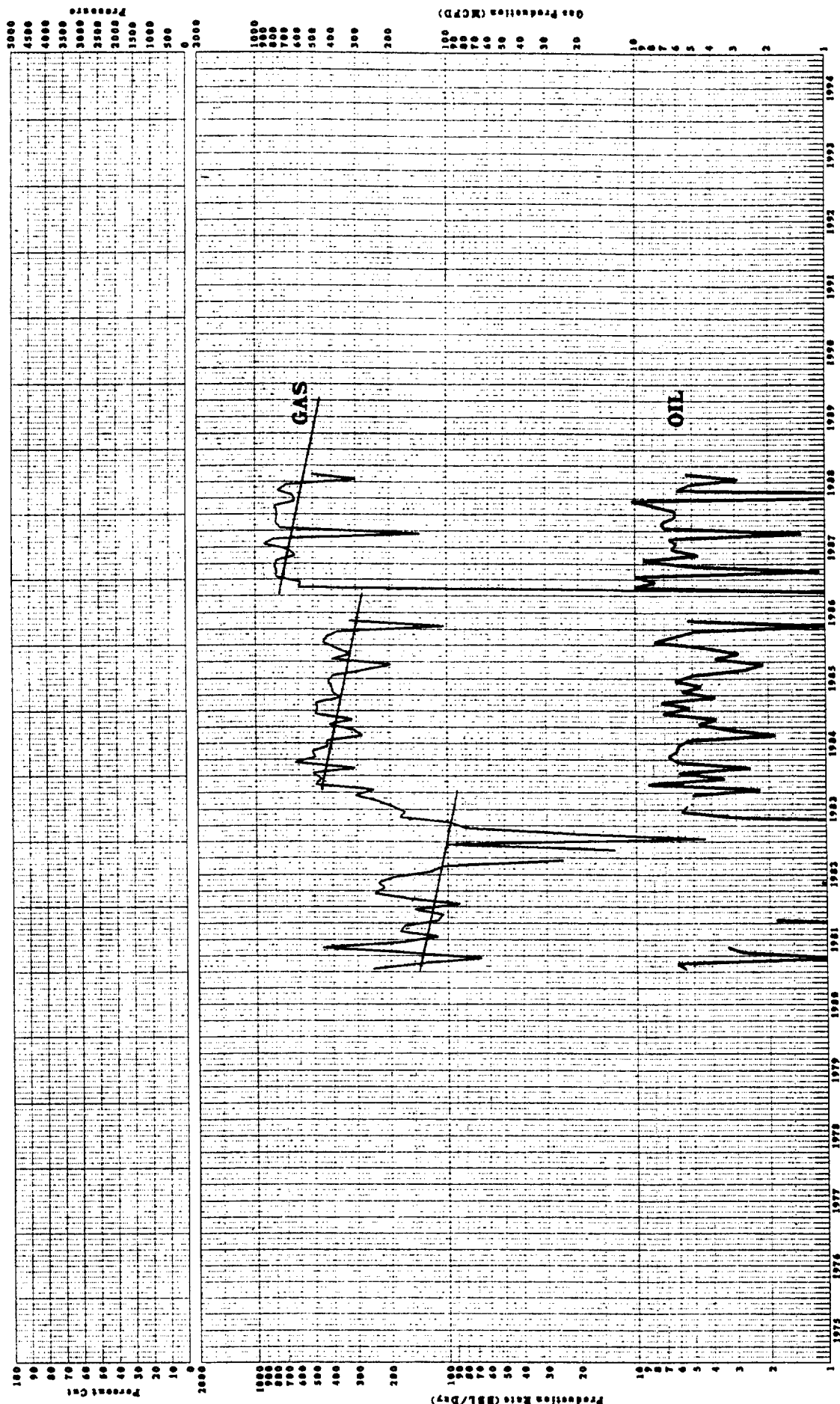


FIELD--LARGO
FORMATION--GALLUP GAS
RIO ARriba COUNTY, NEW MEXICO

OPERATOR--UNOCAL
INTEREST--WI 83.3333% NI 72.91667%

LEASE--E-291-35
WELL--RINCON UNIT #164 GL



File Name--BFCBAN.WM(MIM160L)
Date Source--
API No. -- 3003920250000

YEAR

LEASE TOTAL

0 1 0 RINCON UNIT #164 GALLUP ECONOMICS N MEXICO BH
 TYPE 0 JUN 19, 1989 10:29 AM
 GROSS GWG NET GWG TOT GR CND TOT NET CND CND INCOME
 1981 47,458 41,526 503 440 15,846
 1982 40,339 35,297 428 374 11,973
 1983 77,098 67,461 817 715 21,452
 1984 144,499 126,436 1,532 1,340 38,867
 1985 122,824 107,471 1,302 1,139 29,619
 1986-17 1,755,946 1,536,448 18,613 16,286 245,780
 =====
 TOTAL 2,188,161 1,914,636 23,195 20,295 363,537

 INVESTMENT PARAMETERS - - - 1/81 :EFFECTIVE DATE

DISC RATE	PRESENT WORTH BEFORE TAX	AFTER TAX	RATE OF RETURN, %	BEFORE TAX	AFTER TAX
10%	783,410	442,369	PROFIT / INV (0% DISC)	96.3	79.8
15%	548,755	304,911	PROFIT / INV (15% DISC)	25.33	14.74
20%	399,340	218,101	PAYOUT, YEARS	7.31	4.06
50%	88,160	40,105	INITIAL INVESTMENT	2.0	2.0
					75,040

TYPE 0 JUN 19, 1989 10:29 AM
 GWG INCOME GAR TOTAL EXP PRODN TAX DIR EXP
 1981 35,297 51,143 10,833 8,455 1,800
 1982 30,002 41,975 9,448 7,070 1,800
 1983 57,341 78,794 15,778 13,400 1,800
 1984 107,471 146,337 27,388 25,010 1,800
 1985 91,350 120,969 23,368 20,990 1,800
 1986-17 1,758,625 2,004,403 380,756 304,660 57,600
 =====
 TOTAL 2,080,086 2,443,619 467,571 379,585 66,600

TYPE 0 JUN 19, 1989 10:29 AM
 CASH-BT CASH-AT
 1981 -34,730 -17,365
 1982 32,527 16,264
 1983 63,016 31,508
 1984 118,950 59,475
 1985 97,600 48,800
 1986-17 1,623,648 967,750
 =====
 TOTAL 1,901,010 1,106,424

Schedule of Lands and Working Interest
Ownership In The Initial Gallup Participating Area
Rincon Unit

Tract No. 1 (Unit Tract No. 27)

(Acreage in Unit Tract: 160.68 ac.)

Lessor: State of New Mexico
Serial No: E-291-35
Acreage Desc: Township 26 North, Range 7 West
Sec. 2: Lots 3, 4, S/2NW/4

Working Interest Owner(s):

Union Oil Company of California: 83.33%

Meridian Oil, Inc., as agent 16.67%

Acreage Included in Initial P/A: 160.68 acres

Percentage of Gallup Formation
Production Allocated to This Tract: 50.10603%

Tract No. 2 (Unit Tract No. 28)

(Acreage in Unit Tract: 160.00 ac.)

Lessor: State of New Mexico
Serial No: E-291-35
Acreage Desc: Township 26 North, Range 7 West
Sec. 2: SW/4

Working Interest Owner(s):

Union Oil Company of California: 83.33%

Meridian Oil, Inc., as agent 16.67%

Acreage Included in Initial P/A: 160.00 acres

Percentage of Gallup Formation
Production Allocated to This Tract: 49.89397%

Summary of Lands Included In The
Initial Gallup Participating Area
Rincon Unit

State of N.M. E-291-35	27	160.68	50.10603%
State of N.M. E-291-35	28	<u>160.00</u>	<u>49.89397%</u>
Totals		320.68	100.00000%

Summary of Working Interest Ownership
In The Initial Gallup Participating Area
Rincon Unit

Union Oil Company of California	76.82091%
Meridian Oil, Inc. Ind. and as agent	12.14744%
Conoco, Inc.	2.29005%
Jones Co. A Texas General Partnership	1.30259%
Beryl B. McMahan	.65130%
Beryl B. McMahan	.32565%
Beryl B. McMahan, as Testamentary Trustee	.32565%
H. R. Stasney & Sons Company	1.30259%
Amoco Production Co.	2.29004%
The Wiser Oil Company	<u>2.54378%</u>
	100.00000%

STATE OF NEW MEXICO

COUNTY OF SAN JUAN

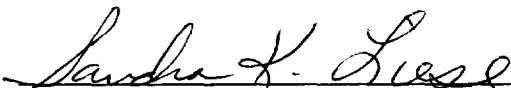
APPLICANT'S STATEMENT AND AFFIDAVIT

BEFORE ME, the undersigned authority on this day personally appeared Paul West, District Production Manager, known to me to be the person whose name is subscribed to this instrument, who having been by me first duly sworn, upon oath states as follows:

- 1) That this Statement and Affidavit is made concerning this application for a Gallup participating area in the Rincon Unit, in the W/2 Section 2, T26N, R7W, comprising 320.68 acres.
- 2) That to the best of his information, knowledge and belief, the information supplied is true.
- 3) That notice of this application has been mailed or delivered to the Rincon Unit working interest owners in accordance with the unit agreement and the unit operating agreement.
- 4) That he certifies that the information and data contained in the application are true and correct and that all copies of records or summaries of such records relied upon in the application are true, correct and authentic copies of documents on file in the offices of Union Oil Company of California.
- 5) That he is of lawful age, that he is a responsible official of Union, that he is duly authorized to make this Statement of Affidavit on behalf of Union, that he has knowledge of the facts contained herein, that this Statement and Affidavit is true and correct, and that he adopts the allegations herein as his sworn statement.



SUBSCRIBED AND SWORN TO before me, this undersigned authority, on this 21st day of July, 19 89.



Notary Public in and for San Juan County,
New Mexico

My Commission Expires: 6/2/92

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

August 14, 1989

UNOCAL Oil and Gas Division
UNOCAL Corporation
P.O. Box 850
Bloomfield, New Mexico 87413

ATTN: Paul West

RE: Application for an Initial Participating Area
Gallup Formation - Rincon Unit

Gentlemen:

We received your letter, dated July 21, 1989, and Application for Approval for an Initial Gallup Participating Area in the Rincon Unit. The Commissioner of Public Lands has this date granted approval to your Application. Please be advised that our approval is subject to like approval by the Bureau of Land Management and the New Mexico Oil Conservation Division.

If we can be of further help, please do not hesitate to contact us.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

A handwritten signature in cursive script, likely belonging to Floyd O. Prando.

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

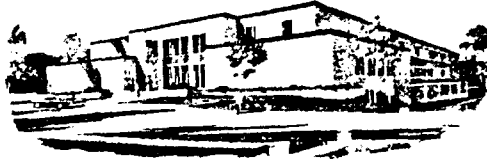
encl.

cc: OCD
BLM

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

May 19, 1989

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

Unocal Oil and Gas Division
Unocal Corporation
900 Werner Court, P.O. Box 2620
Casper, Wyoming 82602-2620

ATTN: Lon H. Pardue

RE: 1989 Plan of Development-First Amendment
Rincon Unit
Rio Arriba County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the amendment to the above captioned 1989 Plan of Development as described in your letter of May 11, 1989. Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files. If we may be of further help, please do not hesitate to contact us.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

Floyd O. Prando
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

cc: OCD - Santa Fe, New Mexico
BLM
Unit Correspondence File

WRH/FOP/SMH

Unocal Oil & Gas Division
Unocal Corporation
900 Werner Court, P.O. Box 2620
Casper, Wyoming 82602-2620
Telephone (307) 234-1563



May 11, 1989

RECEIVED

MAY 15 1989

OIL CONSERVATION DIV.
SANTA FE

U.S. Dept. of the Interior
Bureau of Land Management
Branch of Fluid Minerals
435 Montano Road N.E.
Albuquerque, NM 87197-6770

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, NM 87501

Oil Conservation Division
State of New Mexico
P.O. Box 2088
Santa Fe, NM 87501

Re: Amendment to the
1989 Plan of Development
Rincon Unit
Rio Arriba County, NM

Gentlemen:

Union Oil of California dba UNOCAL is the operator of the Rincon Unit in Rio Arriba County, New Mexico. This letter is submitted as an amendment to the 1989 Plan of Development dated February 15, 1989.

Proposed in addition to the previously indicated five (5) infill development gas wells are five (5) additional wells. All of the wells will be completed in the Basin Fruitland Coal Seam and will be completed within the 1989 calendar year. The well numbers and proposed locations are presented below.

<u>Well Name/Number</u>	<u>Completion</u>	<u>Location</u>
Rincon Unit #239	Basin Fruitland Coal	SW/4 Sec. 18, T27N, R6W
Rincon Unit #240	Basin Fruitland Coal	SW/4 Sec. 21, T27N, R6W
Rincon Unit #241	Basin Fruitland Coal	SW/4 Sec. 22, T27N, R7W
Rincon Unit #242	Basin Fruitland Coal	SW/4 Sec. 23, T27N, R6W
Rincon Unit #243	Basin Fruitland Coal	SW/4 Sec. 27, T27N, R6W

As stated in the original 1989 Plan of Development, UNOCAL believes that all unit drilling obligations have been met; however, additional wells to prevent drainage or meet any other regulatory or legal requirement will be assessed and drilled as the need arises. This amendment has been sent concurrently to each Rincon Unit working interest owner.

Yours very truly,

Union Oil Company of California
dba UNOCAL

A handwritten signature in dark ink, appearing to read "D.L. Ellington for". The signature is written in a cursive, flowing style.

Lon H. Pardue
District Operations Manager

WH:jh

cc: Working Interest Owners

77



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ALBUQUERQUE DISTRICT OFFICE
435 MONTANO N.E.
ALBUQUERQUE, NEW MEXICO 87107



Rincon (POD)
3180 (015)

APR 10 1989

Unocal
ATTN: Lon H. Pardue
P.O. Box 2620
Casper, Wyoming 82602

Gentlemen:

One approved copy of your 1989 Plan of Development for the Rincon Unit Area, Rio Arriba County, New Mexico is enclosed. Such plan, proposing the drilling of five infill development wells No. 126M, No. 158M, No. 167M, No. 175M, and No. 192M was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

The possibility of drainage by wells outside of the unit boundary may exist. You will be contacted at a later date about this possibility.

If you have any questions, please contact Gail Keller at the above address or telephone (505) 761-4503.

Sincerely,

(Orig. Signed) - Sid Vogelpohl

Assistant District Manager
Mineral Resources

Enclosure

✓ NMOCD, Santa Fe

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

SLO REF NO. OG-1055

March 27, 1989

UNOCAL Oil & Gas Division
Attn: Lon H. Pardue
P.O. Box 2620
Casper, Wyoming 82602-2620

Re: 1989 Plan of Development
Rincon Unit
Rio Arriba County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development.

Our approval is subject to like approval by all other appropriate agencies.


Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

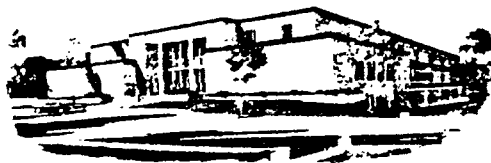

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

cc: OCD
BLM

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

SLO REF NO. OG-1055

March 27, 1989

UNOCAL Oil & Gas Division
Attn: Lon H. Pardue
P.O. Box 2620
Casper, Wyoming 82602-2620

Re: 1989 Plan of Development
Rincon Unit
Rio Arriba County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development.

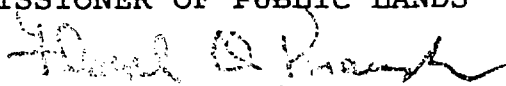
Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

cc: OCD
BLM

299

MAY 26 1988

Rincon (POB)
3180 (015)

UNOCAL

ATTN: Lon H. Pardue
P.O. Box 2620
Casper, WY 82602-2620

Gentlemen:

Our letter of May 13, 1988, approving your 1988 Plan of Development for the Rincon Unit contains an error. Our letter stated that no drilling was proposed for 1988. UNOCAL is actually proposing to drill seven Dakota infill wells and three Dakota/Mesaverde dual infill wells. The original Plan of Development proposing ten wells should be considered to have been approved on May 13, 1988. Thank you for bringing this error to our attention and we apologize for any inconvenience this error may have caused. We are also notifying the appropriate State and Federal offices of this error.

If you have any questions, please contact Robert Kent at the above address or telephone (505) 761-4503.

Sincerely,

(Orig. Signed) - Sid Vogelwohl

for District Manager

cc:

MM-019

✓ HMOCD

Comm. of Pub. Lands

015:BKent:ja:5/19/88:0063M

MAY 16 1988
MAY 13 1988

CONSERVATION
SANTA FE

Rincon (POD)
3180 (015)

UNOCAL

Attn: Lon H. Pardue
P.O. Box 2620
Casper, WY 82602-2620

One approved copy of your 1988 Plan of Development for the Rincon Unit area, Rio Arriba County, New Mexico are enclosed. Such plan, proposing no additional wells to be drilled during 1988 was approved this date subject to like approval by the appropriate officials of the State of New Mexico.

Starting with the 1989 Plan of Development, please provide the following information in your annual Plan of Development.

1. A summary of operations for the past year which should include up-to-date maps showing the latest geologic interpretations, all wells and participating area boundaries. Should there be no changes from one year to another, reference may be made to the most recent map submitted.
2. A list showing the status of all wells.
3. Performance curves covering the productive life of each horizon under a participating area, including injectivity curves.
4. Your plans for development within the unit area for the next year.
5. Pertinent data as to the effectiveness of the enhanced recovery project (if applicable). This information should include data on current and cumulative water injection rates, current and cumulative water, gas, and oil production and current water-oil ratios. A short discussion as to the general progress of the flood and any significant changes in any phase of the project should also be included.

All plans of development are to be filed in triplicate.

If you have any questions, please contact Shirley Bryant at the above address telephone (505) 761-4503.

Sincerely,

(Orig. Signed) GARY A. STEPHENS

Assistant District Manager
Mineral Resources

cc: NM-019
✓ NMCD, Santa Fe w/o encl.
Comm. of Pub. Lands, Santa Fe w/o encl.
015 SBryant:ag:5/9/88 0015H
Enclosure