

BURLINGTON RESOURCES

SAN JUAN DIVISION

April 17, 1997

Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Sanchez A #2
1570' FSL, 810' FWL Section 20, T-26-N, R-06-W, Rio Arriba County NM
API #30-039-21968

Dear Mr. Catanach:

This is in response to our phone conversation on April 2, 1997, concerning the Sanchez A #2 commingle application. This letter is to straighten out the confusion created by the two different commingle applications submitted for this well, dated December 16, 1996, and February 14, 1997, and to answer the technical concerns addressed in your March 19, 1997.

Please disregard the December 16 application for two reasons. First, some of the pressure information supplied was not from the nearest offset wells (which we have corrected), allocation percentages were submitted based on pitot gauges (a practice we currently believe is not well suited for this area), and the application incorrectly referenced the Klein and Vaughn blanket commingle order No. R-10239, which was incorrectly used as a reference case for the Sanchez A #2. The second reason is that we have since established a standardized commingle application package in conjunction with your office. The February 14 application follows this standard.

In reference to your March 19 letter, I would like to clear the confusion created by our inclusion of estimated production profiles for the Gallup and Mesaverde zones. These graphs represent our best prediction of what the reservoir will do. These estimates are based on isolated flow tests of the Mesaverde and Gallup in the adjacent Klein and Vaughn leases.

In the past three years we have done more than 20 projects in the Klein and Vaughn area very similar to the Sanchez A #2. In those areas we have produced the wells commingled for three to six months and then submitted allocation formulas based on actual production and offsetting isolated flow tests. Therefore, the included production profiles were not intended to be used for actual allocation formulas, but as a general forecast based on the average well in this area. Actual allocation percentages will be submitted to the Aztec District Office after three to six months production. We will compare the commingled production with historical Dakota-only production and offsetting isolated flow tests in the Mesaverde and Gallup formations, and then determine our allocations from this data.

I hope this answers your questions about this application. Please call if you have further concerns.

Sincerely,



Peggy Bradfield
Regulatory/Compliance Administrator