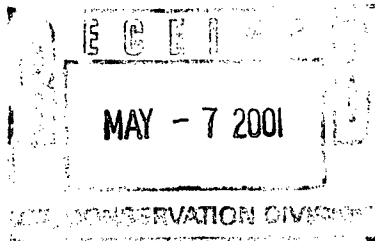


BURLINGTON RESOURCES

SAN JUAN DIVISION

May 4, 2001

Mr. David Catanach, NMOCD
1220 S. St. Francis Drive
Santa Fe, New Mexico 87504



RE: DHC Application
Davis A Federal #1M (API No. 30-045-29746)
Sec. 25, 30N, 11W
San Juan County, New Mexico

Dear David:

This letter is intended to document the phone discussions we had with you this morning. Burlington Resources recently submitted a DHC Application for the above referenced well indicating the current bottom hole pressure in the Dakota formation is 2,957 psi. That pressure was calculated from a past surface pressure. Attached is a copy of a P/Z plot for the subject well that indicates the current bottom hole pressure is 1848 psi in the existing Dakota completion. As we discussed, the current Dakota perforations are in a lower Dakota interval that is not completed in any of the offset wells. When we completed this well in January of 2000, the initial bottom hole pressure measured 3284 psi. After producing this interval for the past 15 months the cumulative production is estimated to be 1,800 MMCF. However, during the past several months this lower Dakota interval has shown an increase in water production and we expect this zone will "water out" and cease production in the next few months. At that time we plan to abandon this interval and complete additional up hole Dakota intervals.

Our DHC Application is based our plans to abandon the existing lower Dakota interval. The Dakota intervals we are proposing to commingle, with Mesaverde and Chacra production, correlate to the intervals that are producing in the offset Dakota completions. Also attached to this letter is a listing of "Offset Dakota Production". This list shows the maximum bottom hole pressure for the last test date in any offset wells was 1369 psi (Crosstimbers Folgerson Gas Com #1, test date 8/6/89). We estimate the current pressure in the Dakota interval we are proposing to commingle will be less than 1000 psi.

Should you require any additional detail, please let us know.

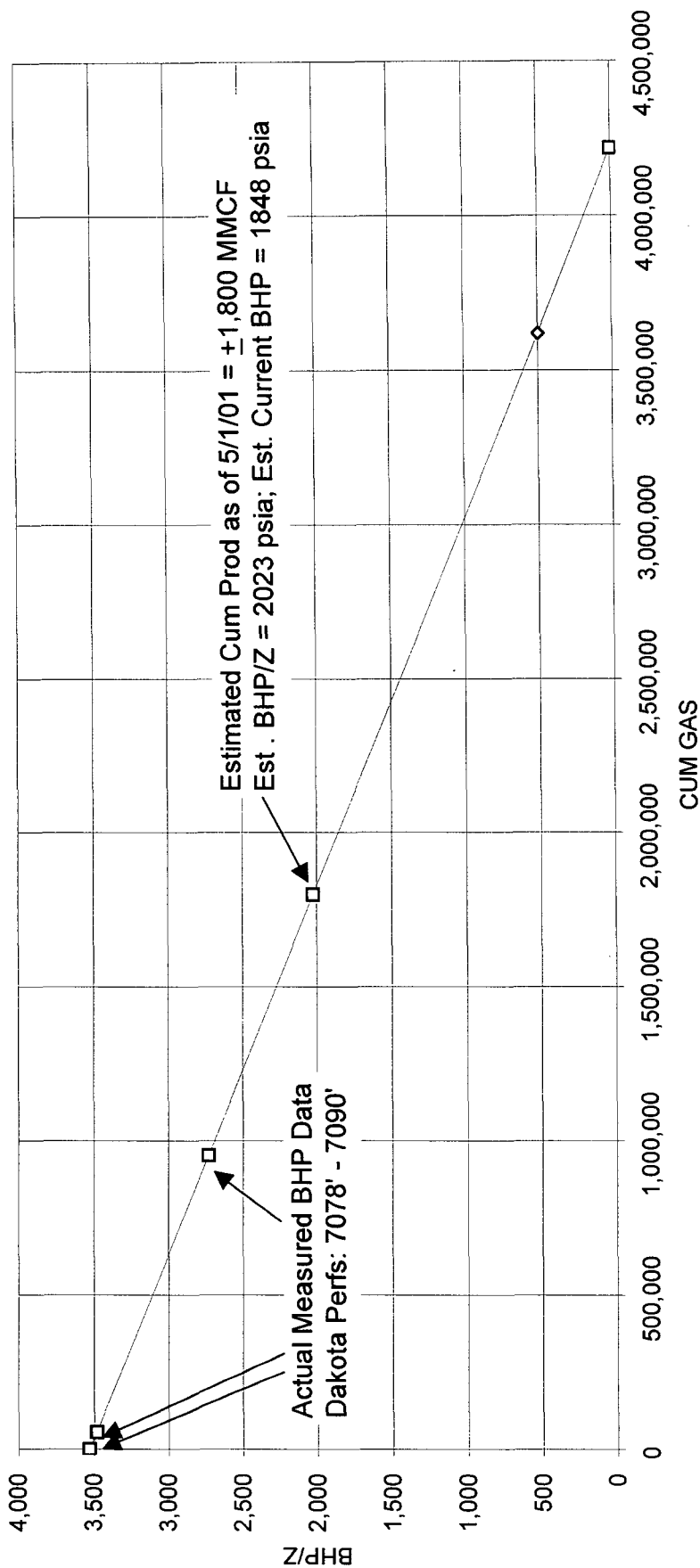
Sincerely,

Peggy Cole
Regulatory Supervisor

Randy Buckley
Sr. Staff Engineer

BHP/Z VERSUS CUM GAS

Davis A Federal #1M - Unit K, Sec. 25, 30N, 11W, San Juan County, New Mexico



Prepared by W. R. Buckley 5/1/01

--BHPCUM--

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Calculates BHP from surface pressure
and creates BHP/Z-vs-Cum plot

by Douglas M Boone

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WELL NAME:

Davis A Fed #1M

Version 3.0M

GAS GRAVITY:

0.59

2-May-01

CONDENSATE (YES=1):

0

% N2:

0.00

RESERVOIR TEMP:

203 F

% CO2:

0.00

SURFACE TEMP:

70 F

% H2S:

0.00

DEPTH OF ZONE:

7,084 Feet

Pc =

672.80

PRESSURE:

500 Psia

Tc =

355.40

Enter BHP

CUM GAS:FACE PRES

BHP

Z

BHP/Z

if known

mcf

psia

psia

3284 1-31-00

0

2,816

3,284

0.9303

3,530

3232 2-17-00

55,484

2,489

3,232

0.9286

3,481

2,491 9-19-00

953,649

2,147

2,491

0.9122

2,731

Est As Of 5-1-01

1,800,000

1,584

1,848

0.9135

2,023

GIP

4,217,694

REC

3,620,044

Davis A Federal #1M
NE, SW, Sec. 25, 30N, 11W
San Juan County, New Mexico

Offest Dakota Production

Spot	Sec	Twn	Rng	Operator	Well Name	Initial Test Date	SSIP (psi)	BHP (psi)	Last Test Date	SSIP (psi)	BHP (psi)
NE NE	19	30N	10W	Amoco	Ludwick LS #15	06/20/60	2,098	2,525	06/08/90	733	865
SW SW	19	30N	10W	Amoco	Ludwick A #1	10/28/65	2,259	2,710	07/07/92	777	915
NW NW	19	30N	10W	Amoco	Ludwick A #1E	06/05/84	1,010		07/08/92	915	
NW SW	30	30N	10W	Amoco	Sellers LS #6	08/10/61	2,139		09/05/92	854	
NW NE	30	30N	10W	Amoco	Sellers LS #2	06/17/60	2,185	2,586	06/07/92	814	949
SW SE	30	30N	10W	Amoco	Sellers Fed LS #2M	No Test Data					
SE SW	31	30N	10W	Conoco	Ludwick LS #21	11/03/61	2,029	2,479	04/17/88	678	807
SW NE	31	30N	10W	Conoco	Ludwick LS #16	07/14/60	2,027	2,402	03/13/86	879	1027
NE NW	31	30N	10W	Conoco	Ludwick LS #21M	No Test Data					
SW SE	31	30N	10W	Conoco	Ludwick LS #16M	No Test Data					
SW NE	23	30N	11W	BR	Hartman #23	01/22/67	2,053	2,452	02/08/84	963	1133
SW NE	23	30N	11W	BR	Ross Federal #1	02/21/46	2,418	2,886	08/07/92	577	674
SW SW	24	30N	11W	BR	Cedar Hill #1	03/05/64	2,409	2,896	02/14/90	484	567
NW SE	24	30N	11W	BR	Aztec Federal #1	10/18/64	2,260	2,697	02/15/89	780	915
SE SE	25	30N	11W	Beta Develop.	Fogerson #25	No Test Data					
NW NW	25	30N	11W	BR	Davis A Federal #1	02/15/64	2,331	2,749	09/07/92	659	764
NE NE	25	30N	11W	Conoco	Nye SRC #15	07/23/72	2,029	2,421	10/02/90	634	742
SE SE	26	30N	11W	Crosstimbers	Fogerson Gas Com #1	04/13/62	1,998	2,405	08/06/89	1150	1367
NE NW	26	30N	11W	Conoco	JS Hartman A #1	01/24/67	1,970	2,367	06/20/79	762	897
SW SE	35	30N	11W	Conoco	Fogerson #35	01/15/67	2,104	2,512	11/30/93	980	1153
NW NW	35	30N	11W	Conoco	Bloomfield Canyon Fed #1	03/23/64	2,028	2,458	09/07/92	577	680
NW NW	36	30N	11W	Conoco	Mims 36 State Com #1	06/28/62	2,135	2,504	09/07/89	562	648
SW SE	36	30N	11W	Conoco	State #32	03/01/65	982	1,169	12/07/90	627	740
NE NE	36	30N	11W	Conoco	State #32E	No Test Data					