30-031-21008 Synergy Operating, LLC

PO Box 5513 Farmington, NM 87499 (505) 325-5449

(505) 325-6585

January 4, 2002

Bureau of Land Management Attn: Jim Lovato 1235 La Plata Highway, Suite A Farmington, NM 87401

RE:

Recent Meeting

Bois d' Arc Encino 15 # 1

& Surface Casing/Cement Issues

Dear Jim,

A-15-20N-5W

I am just writing to thank yourself, Brian Davis, and Steve Hayden for visiting with Patrick Hegarty & myself at your office in Farmington on Thursday, January 3rd, 2002.

We appreciate your input and your understanding of the challenges we have experienced with the Encino 15 # 1 well and the surface casing and cementing issues associated with our Menefee Coal test program.

We will continue to improve our communication with all parties involved in the approval of our well activities. I just wanted to re-iterate our commitment to inform and involve the appropriate governmental parties in the critical activities on all our wells.

As soon as I receive some additional information from BJ services regarding cement slurry design, and confirm the formation tops with Chip Harridan and Steve Hayden, Synergy will be submitting a detailed cement remediation and completion plan for the Encino 15 # 1 well for your approval.

This plan will be submitted with a proper sundry intent notice. Thank you again for the opportunity to discuss our well activity, and we look forward to future update meetings regarding our Menefee Coal test program.

Best regards,

Thomas E. Mullins **Engineering Manager**

tem

cc:

Brian Davis - BLM Albuquerque Steve Hayden - NMOCD Aztec

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT										
20-	- Z1008		Pool Code							
30-031-Zloo8)	'Property Name					Well Number	
			ENCINO 15						1	
'ogrid no. 16 3458		Bois N' ALC OFF SHAFE, INC.						67	Elevation 6775	
¹⁰ Surface Location										
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
A	15	ZON	SW		250	NOTH	920	EAST	McKinker	
11 Bottom Hole Location If Different From Surface										
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
A	15	202	5W		151	NorTH	736	EAST	Mctruley	
Dedicated Acres	¹³ Joint or	r infill "C	Consolidation (Code 33 Or	der Na. NSL	AMMEN D	éD 46L	18 DATED	2-19-02	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-