

DATE IN 7/29/09	SUSPENSE	ENGINEER Jones	LOGGED IN 7/29/09	TYPE DHC	APP NO. 0921056021
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



30-045-33378
 white 27-11-19 #106
 Synergy (163458)

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

 Print or Type Name

 Signature

 Title

 Date

 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE

☒ Single Well

Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

RECEIVED

2009 JUL 29

Operator Synergy Operating, LLC

PO Box 5513, Farmington, NM 87499
Address

Lease SF-077056 White 29-11-19 # 106 Unit K-Section 19-T29N-R11W San Juan
Well No. Unit Letter-Section-Township-Range County
OGRID No. 163458 Property Code 35372 API No. 30-045-33378 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
	UNDES		
Pool Name	Aztec Fruitland Sand	Basin Fruitland Coal	Fulcher Kutz Pictured Cliffs
Pool Code	71200	71629	77200
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1572' to 1588'	1464' to 1645'	1652' to 1660'
Method of Production (Flowing or Artificial Lift)	Flowing/Pumping	Incapable of Production	Flowing/Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	N/A	N/A	N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	New Zone	Shut-In	New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: 05-18-2006 to present Rates: Zero Water - Zero Gas	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 48.2 % 48.2 %	Oil Gas Zero % Zero %	Oil Gas 51.8 % 51.8 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☐ No ☒
Yes ☒ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Thomas E. Mullins TITLE Engineering Manager DATE 06-23-2009

TYPE OR PRINT NAME Thomas E. Mullins TELEPHONE NO. (505) 599-4905

E-MAIL ADDRESS tom.mullins@synergyoperating.com



Synergy Operating, LLC

PO Box 5513
Farmington, NM 87499
(505) 325-5449
Fax (505) 599-4900

RECEIVED OGD

July 24, 2009

2009 JUL 29 P 1:29

Via Registered Mail RRR

NM Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Ladies and Gentlemen:

Enclosed is a copy of Synergy Operating, LLC's New Mexico Oil Conservation Division ("NMOCD") Application For Down hole Commingling (Form C-107A). Be advised that Synergy is comingling the following three zones: the Aztec Fruitland Sand, the Basin Fruitland Coal and Fulcher Kurtz Pictured Cliffs. The Basin Fruitland Coal zone has been found to be incapable of production and as such will not be allocated any percentage of the resulting production from the White 29-11-19 #106 well. The Aztec Fruitland Sand, and Fulcher Kurtz Pictured Cliffs zones will be allocated 48.2% and 51.8% respectively of the production from said well. The SW4 of Section 19, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico will be the proration unit for the White 29-11-19 #106 well.

The NMOCD requires that all Revenue Interest Owners be notified by certified mail, return receipt requested, of Synergy's intentions. Each interest Owner has 30 days to notify the NMOCD (1220 S. St. Francis Drive, Santa Fe New Mexico 87505) **in writing** if they have any objections to Synergy's proposed project.

The NMOCD may approve Synergy's application administratively, without hearing if no Interest Owner files an objection within said 30-day period. If any objections are received, the NMOCD will set a hearing date for the application. Please see the attachments for more detailed information of this project application.

Thank you in advance for your comments.

Very truly yours,

Patrick Hegarty
Principal
Synergy Operating, LLC

Xc: NMOCD - Aztec, NM
NMOCD - Santa Fe, NM

White 29-11-19 # 106

(155.50 acres – SW/4 – Fruitland Sand) – 48.2 % Allocation

(314.97 acres – South Half FTC) – ZERO Allocation

(155.50 acres – SW/4 – Pictured Cliffs) – 51.8 % Allocation

Allocation Discussion for C-107A – Application

Conversations with Steve Hayden at the NMOCD have determined that the appropriate gas pools involved for the commingle would include the Basin Fruitland Coal (71629), Aztec Fruitland Sand (71200) and the Fulcher Kutz Pictured Cliffs (77200). NMOCD form C-107A allows for the commingling of production through application. In our instance these named pools are not pre-approved, and the ownership in all three (3) zones is different, requiring certified mail, return receipt mailing of the application to all owners, including the BLM.

Fruitland Coal Discussion

The White # 106 was originally drilled through the Pictured Cliffs zone to a TD of 1770', 5-1/2" production casing was cemented to surface, and the well completed in twenty (20) feet of poor quality Fruitland Coal in May 2006 with a Halliburton Sandwedge frac with 107,600# of 20/40 brady & 10,500# of 20/40 SLC proppant. The well never recovered load fluid and has not produced as was anticipated. A pump jack and compressor were required to produce the well. Numerous attempts have been made to make this Fruitland Coal formation produced independently without success.

In May 2007, a remedial HES Coal Stim treatment was performed at 3.7 BPM 1050# ATP down the casing in the hope of removing a theorized fines blockage. The well has been unable to be produced, with zero water production and gas production. Maximum measured casing gas pressure has been recorded at 100#. Fluid levels have been taken without fluid entry into the well. It is believed that virgin reservoir pressure should be in the 400# BHP range. The original fracture stimulation was traced with radioactive isotopes and indicated that all coal perforations except the lower coal from 1643' to 1645' were adequately stimulated.

Synergy also has several Fruitland Coal wells offset this lease in Section 24 of T29NR12W, which have performed poorly to date. A ZERO allocation formula is requested for the Fruitland Coal formation in this commingle application.

Pictured Cliffs Discussion

Pictured Cliffs reserves in Section 19 have been produced through several non-standard spacing units in prior years. Following review and discussion both internally and with the NMOCD, a standard Southwest Quarter (SW/4) spacing unit has been platted. This spacing unit will include BLM acreage necessitating completion of a BLM Communitization agreement, whereby Royalties and reporting of production will occur to this approved number via the MMS.

White 29-11-19 # 106

C-107A – Application Support Information

Page 1 of 2

06-23-2009

Original reservoir pressure within the PC was 400 to 450 psig. Surface shut-in pressures have been utilized as a proxy for bottom-hole gas pressures for many years within the San Juan Basin.

Pictured Cliffs reserves have been developed in the SW/4 via a previously drilled well, the Cozzens # 5, drilled in 1949, cumulative production 435 MMCF. This well was plugged and abandoned in 1992. Pseudo-Material Balance based upon 130# pressure indicates 168 MMCF remaining. The Cozzens # 2 (Sec 19), also has been abandoned in 1987 after producing 1,260 MMCF. A redrill, the Cozzens # 2R (Sec 19) replaced the original well and supports the material balance method of determining remaining reserves within the Pictured Cliffs in this area. Pseudo Material Balance indicates 182 MMCF remaining at 130# pressure.

Two (2) recent Pictured Cliffs re-drills have been performed by McElvain Oil and Gas on acreage previously held by Gerry Thames. The Cassidy # 1-R (Sec 19) is producing 65 MCFD, with cumulative PC production of 1,019 MMCF from its spacing unit. A pressure of 54# was recorded on the re-drill yielding remaining PC reserves of 109 MMCF. The second re-drill is the Salmon # 1-R (Sec 30) producing 40 MCFD, cumulative PC production 529 MMCF. A pressure of 75# was recorded on the re-drill yielding remaining PC reserves of 94 MMCF. These wells have performed relatively poorly when compared with other area re-drills with greater reservoir character and higher pressures.

It is anticipated that the White # 106 will have 130# pressure in the Pictured Cliffs formation and utilizing an average of these offset material balance figures indicates an expected PC recovery of 138 MMCF.

Fruitland Sand Discussion

The Fruitland Sand formation has few near by completions, but to the East of White # 106, several producers from the Aztec Fruitland Sand Pool exist. It should be noted that openhole and cased hole log characteristics and completion zones are quite variable within these shallow pools. Virgin reservoir pressure is estimated with a 0.38 psi/ft pressure gradient at approximately 600 psig. Log analysis assumes 16 feet of pay, with a 35% Sw, and 160 acre drainage. Therefore a reserve estimate is made for the White # 106 Fruitland Sand formation through a simplified volumetric calculation at a 90 percent recovery factor yielding 128 MMCF.

A marked section of the openhole well log is included with this application for your consideration.

These reserve estimates are utilized to complete the required NMOCD allocation formula and application form C-107A, which is to be sent to all affected owners.

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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30 - 045 - 33378		² Pool Code 71200		³ Pool Name Aztec Fruitland Sand	
⁴ Property Code 35372		⁵ Property Name White 29 - 11 - 19			⁶ Well Number 106
⁷ OGRID No. 163458		⁸ Operator Name Synergy Operating, LLC			⁹ Elevation 5566' GL

¹⁰ Surface Location

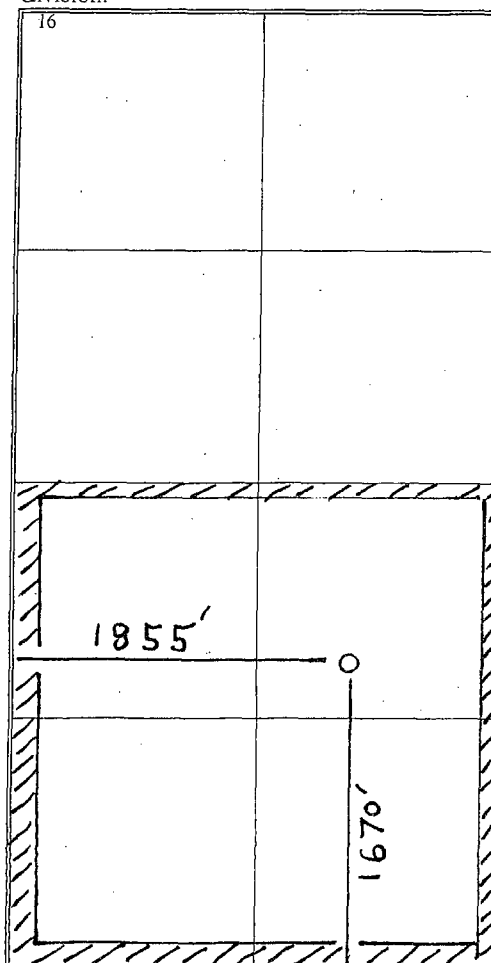
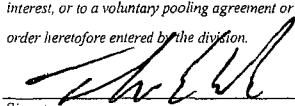
UL or lot no. K	Section 19	Township 29 N	Range 11 W	Lot Idn	Feet from the 1670'	North/South line FSL	Feet from the 1855'	East/West line FWL	County San Juan
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 155.50	¹³ Joint or Infill Y	¹⁴ Consolidation Code C	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 	Sec 19	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  6-15-09 Signature _____ Date _____ Thomas E. Mullins Printed Name
		¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Original Plat prepared by John A. Vukonich on 7-13-2005 # 14831 - Certificate Number _____

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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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30 - 045 - 33378	² Pool Code 77200	³ Pool Name Fulcher Kutz Pictured Cliffs
⁴ Property Code 35372	⁵ Property Name White 29 - 11 - 19	⁶ Well Number 106
⁷ OGRID No. 163458	⁸ Operator Name Synergy Operating, LLC	⁹ Elevation 5566' GL

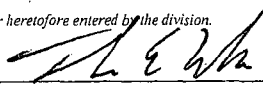
¹⁰ Surface Location

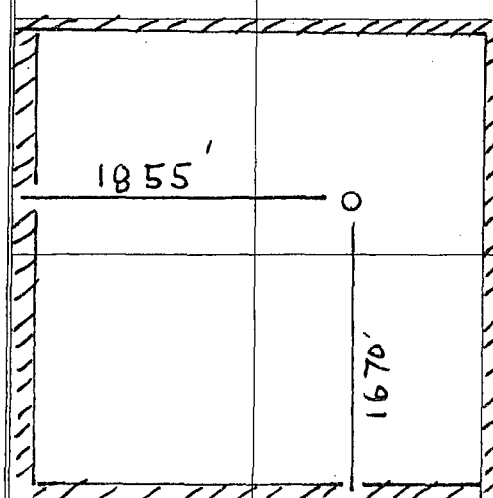
UL or lot no. K	Section 19	Township 29 N	Range 11 W	Lot Idn	Feet from the 1670'	North/South line FSL	Feet from the 1855'	East/West line FWL	County San Juan
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 155.50	¹³ Joint or Infill Y	¹⁴ Consolidation Code C	¹⁵ Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶						¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature Date 6-15-09 Thomas E. Mullins Printed Name
						¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor: Original Plat prepared by John A. Vukonich on 7-13-2005 # 14831 - Certificate Number



DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
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1000 Rio Brazos Rd., Aztec, N.M. 87410

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1220 South 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 June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

2005 OCT 7 AM 9 15

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		070 FARMING POOL BASIN FRUITLAND COAL	
4 Property Code		5 Property Name WHITE 29-11-19			6 Well Number 106
7 OGRID No. 163458		8 Operator Name SYNERGY OPERATING, LLC			9 Elevation 5566

10 Surface Location

UL or lot no. K	Section 19	Township 29-N	Range 11-W	Lot Idn	Feet from the 1670	North/South line SOUTH	Feet from the 1855	East/West line WEST	County SAN JUAN
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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
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12 Dedicated Acres 5/2 314.97	13 Joint or Infill	14 Consolidation Code	15 Order No.
----------------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Glen O. Papp
Signature
GLEN O. PAPP
Printed Name
OPERATIONS MANAGER
Title
10-4-05
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
Signature and Seal
Professional Surveyor
14831
290
14831

Certificate Number

FD 3 1/4" BC
1974 BLM

N 00-03-36 E
2638.20' (M)

1855'

LAT: 36-42-31.7 N. (NAD 83)
LONG: 108-02-07.4 W. (NAD 83)

1670'

FD 3 1/4" BC
1974 BLM
S 89-10-14 E
2568.50' (M)

FD 3 1/4" BC
1999 BLM

Reserve Calculation for White 29-11-19 # 106
Pictured Cliffs (1652' to 1660' Cased Hole Log Depths)

Pseudo Material Balance P/z vs Cum Gas Reserves - Pictured Cliffs Formation

Cozzens # 2 & # 2R - Discussion (Sec 19) 89.4% Rec Fact

Pictured Cliffs Gas-In-Place 1719 MMCF @ 25 psig abandonment

Cumulative Gas Produced 1537 MMCF

Remaining Gas to Recover 182 MMCF @ 25 psig abandonment

* Values based upon 130# current Reservoir Pressure

Cozzens # 5 Discussion (Sec 19) 72.1% Rec Fact

Pictured Cliffs Gas-In-Place 603 MMCF @ 25 psig abandonment

Cumulative Gas Produced 435 MMCF

Remaining Gas to Recover 168 MMCF @ 25 psig abandonment

* Values based upon 130# current Reservoir Pressure

Salmon # 1 & # 1R - Discussion (Sec 30) 84.9% Rec Fact

Pictured Cliffs Gas-In-Place 623 MMCF @ 25 psig abandonment

Cumulative Gas Produced 529 MMCF

Remaining Gas to Recover 94 MMCF @ 25 psig abandonment

* Values based upon 75# current Reservoir Pressure

Cassidy # 1 & # 1R - Discussion (Sec 19) 90.3% Rec Fact

Pictured Cliffs Gas-In-Place 1128 MMCF @ 25 psig abandonment

Cumulative Gas Produced 1019 MMCF

Remaining Gas to Recover 109 MMCF @ 25 psig abandonment

* Values based upon 54# current Reservoir Pressure

Average Material Balance Wells: 138.25 MMCF **Pictured Cliffs Expected Recovery**

Fruitland Sand (1572' to 1588' Cased Hole Log Depths)

$$GIP = (43,560 * A * h * (\Phi) * (1 - Sw)) / Bg$$

$$Bg = 0.0287 * z * (Tf + 460) / Pres$$

Press = 600 psig

0.38 psi/ft gradient

Temp = 80 F

Pressure based from Hana # 1 (Fruitland Sand)

z = 0.98

A(rea) = 160 acres

h = 16 ft

Sw = 0.35

Phi = 0.05

Bg = 0.0253134

GIP = 143,173 MCF

Recovery Factor = 90.0%

EUR Fruitland Sand = 128,856 MCF **Fruitland Sand Expected Recovery**

Proposed Fixed Allocation Percentages:

Aztec Fruitland Sand

Basin Fruitland Coal

Fulcher Kutz Pictured Cliffs

White 29-11-19 # 106

48.2%

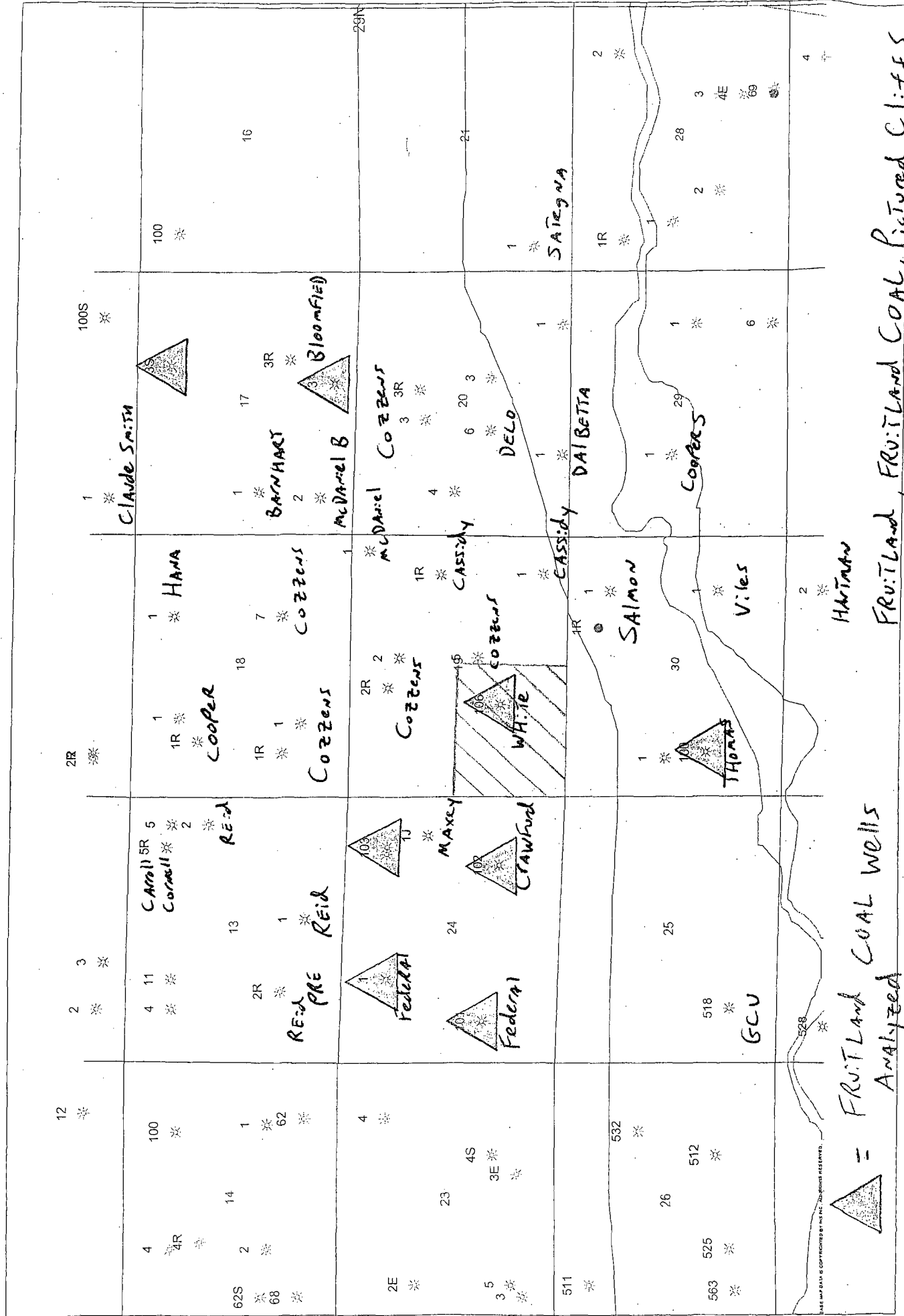
ZERO

51.8%

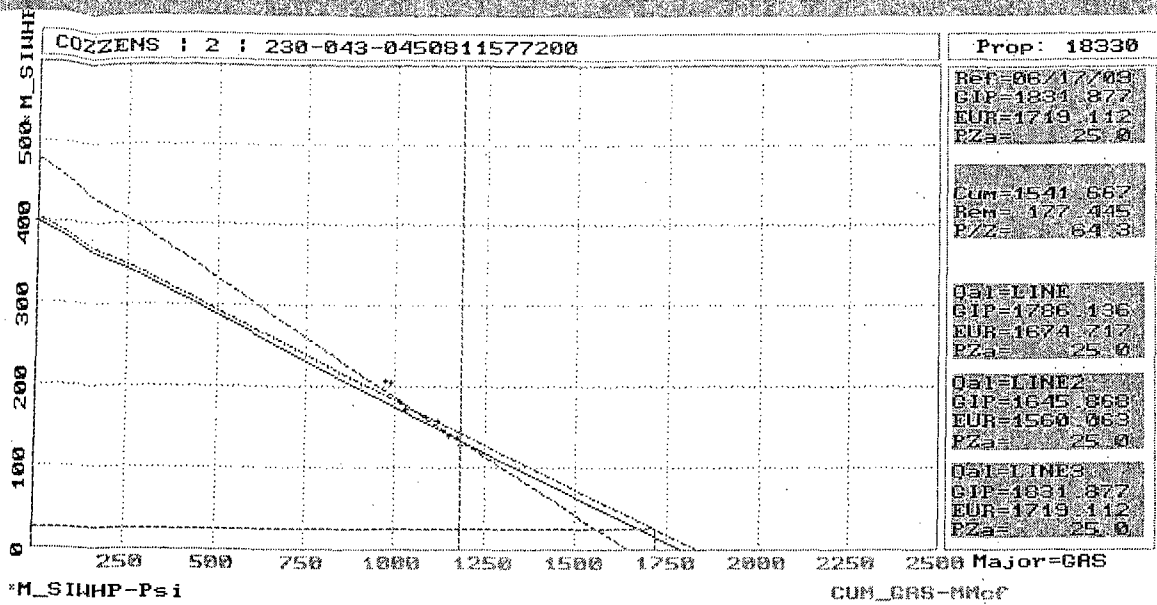
by TEM (06-23-2009)

[illegible]

PL/Dwights PLUS on CD Map Report



[illegible]



← Reading

130# original

Estimated current

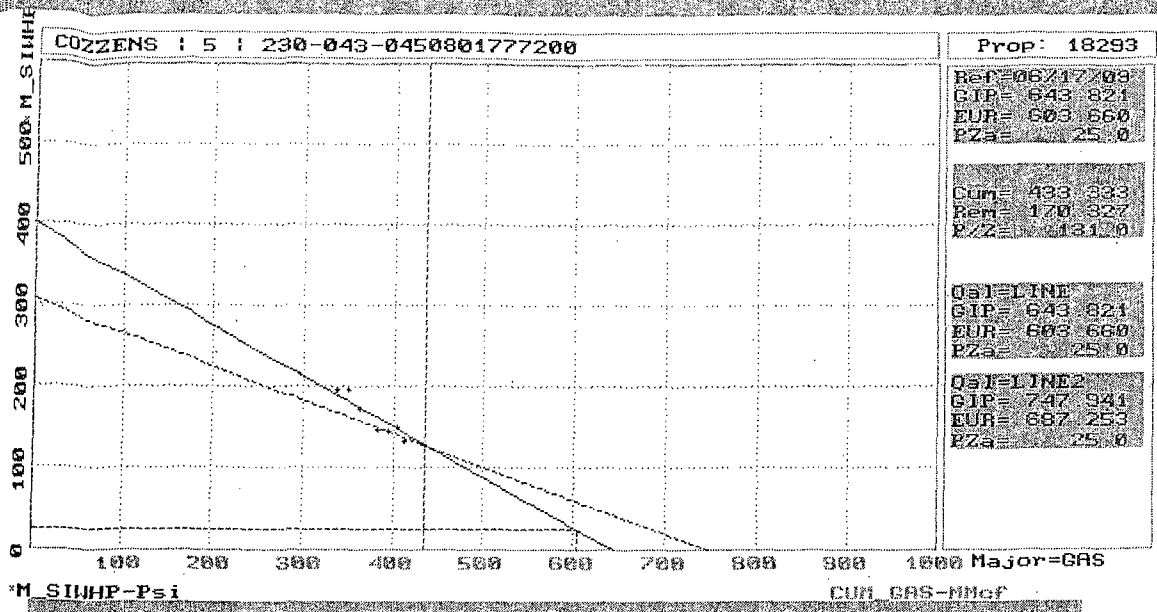
Pressure in Cozzens #2

is

64# ✓

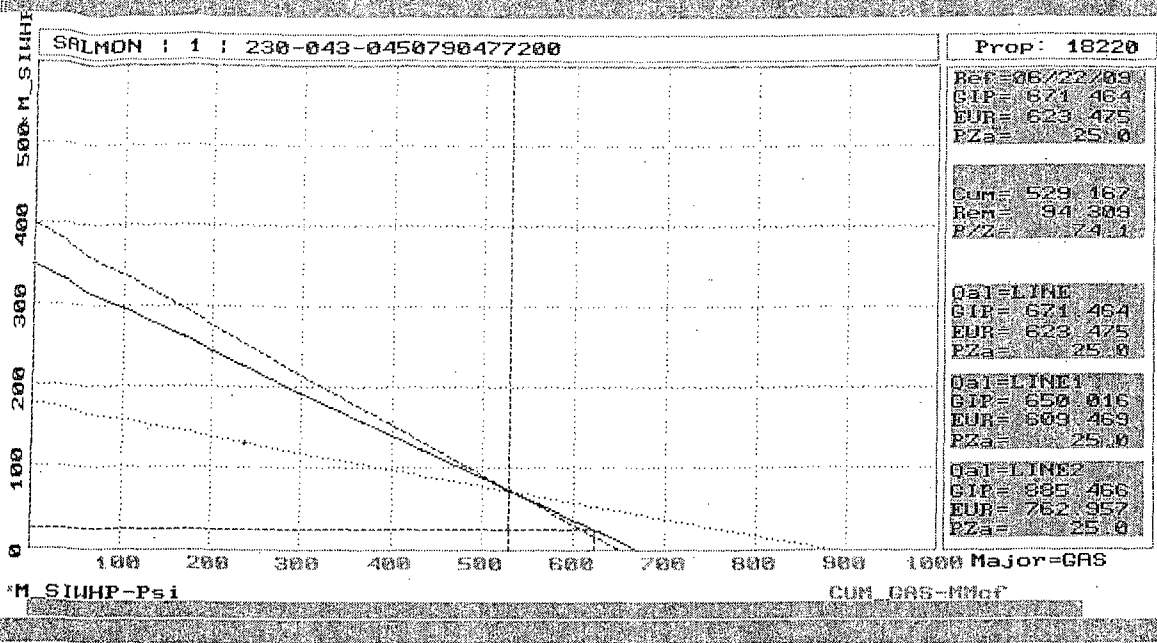
Given Current Production Cumulative

Sh



← Remaining

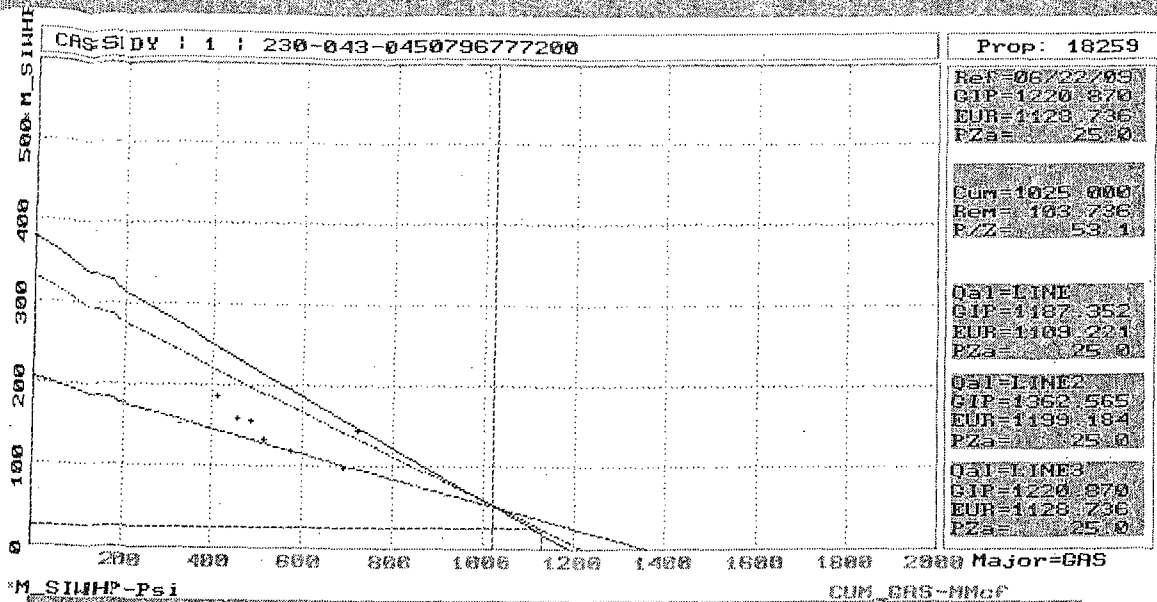
✓



Remaining

75#

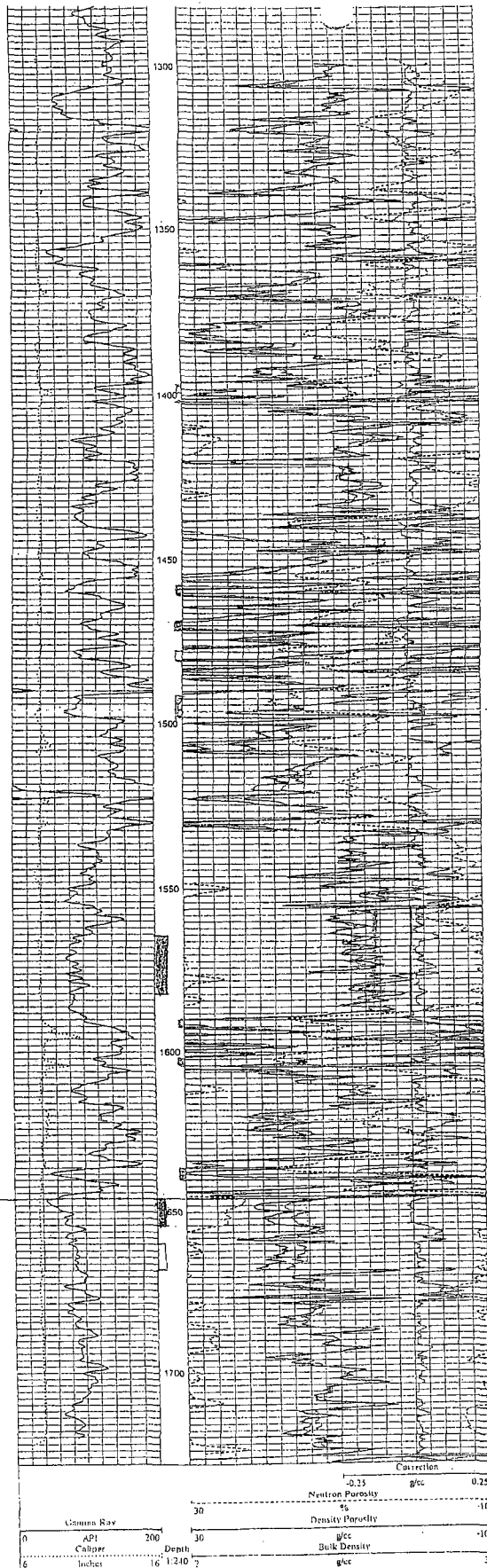
Wm



← Remaining

54# Pressure

4/22



Common Ray		Correction	
0	200	-0.25	0.25
API	Neutron Porosity	g/cc	
Caliper	%		
6	16	Density Porosity	-10
Inches	16	g/cc	-10
	16	Bulk Density	g/cc
	16		3

Gerry Thames
2202 S 65th W Ave
Tulsa, OK 74107
(918) 629-4493

August 6, 2009

Attn: Richard Ezeanyim
New Mexico Oil Conservation Division
1220 S. St Francis Drive
Santa Fe, NM 87505

RECEIVED OCD
2009 AUG 12 A 11:26

30-045-33378

Dear Sir:

I wish to be involved in the application hearing for the White 29-11-19 #106 well. I own a 50% WI in the existing well borehole and Synergy Operating, LLC owns the other 50%. I do not own any interest in the zones which this commingling application is being submitted.

No alternative arrangement or offer has been made for this proposed project. I have objections and request that New Mexico Oil Conservation Division schedule a hearing date for interest owners on this project application. Please advise of hearing date for this application.

Respectfully submitted,

Gerry Thames

Gerry Thames

*Richard conversed with
MR. Thames & will
send out Admin ORDER
after all.*

cc: Patrick Hegarty
NMOCD - Aztec, NM

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Friday, August 14, 2009 10:32 AM
To: 'tom.mullins@synergyoperating.com'
Cc: Hayden, Steven, EMNRD; Perrin, Charlie, EMNRD; Dade, Randy, EMNRD; Hill, Larry, EMNRD; Ezeanyim, Richard, EMNRD; Reeves, Jacqueta, EMNRD; Kautz, Paul, EMNRD; Gray, Darold, EMNRD
Subject: DHC application from Synergy for the White 29-11-19 #106 (30-045-33378)

Hello Tom:

We received an objection to this application from Mr. Gerry Thomas, Esq., (918-629-4493). He copied Patrick Hegarty with his objection letter so you probably know about this.

Richard Ezeanyim called Gerry and discussed some of the issues and Richard has since given me permission to release the order after the wait period. Since you told your affected parties they have 30 days to object (instead of the normal 20 days), I must hold this until August 28, but we will be releasing it at that time – unless something else arises. I don't think we have yet a formal letter from Mr. Thomas withdrawing the objection, but Richard instructed me to release the permit anyway.

The order will be DHC-4203 dated 8/28/09 and will allow the Fruitland Sands and the Pictured Cliffs to be commingled with the fixed allocation you proposed. Please note: the order requires Synergy to cement squeeze the inactive Fruitland Coal perforations prior to perforating and fracturing the new intervals. This is consistent with what the Division requires all over the State for any interval that is non-productive. Non-productive intervals are not allowed to remain open in Down Hole Commingles, even if upheld. As always, you have the option to open an Examiner hearing case with the objective to obtain an exception to this stipulation.

Good luck with your well,

Regards,

William V. Jones PE
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