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February 7, 2007

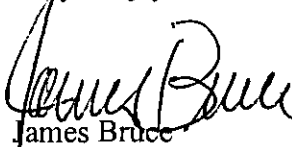
David K. Brooks
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Synergy Operating, LLC
Duff Well No. 105
W½ §8-29N-11W
Order No. R-12629

Dear Mr. Brooks:

Enclosed is a copy of a letter from Synergy Operating, LLC, requesting an extension of time to complete the subject well. Also enclosed is a letter from Edwin Smith, LLC's attorney to a pipeline company, threatening trespass charges against the company. Synergy Operating, LLC requests an extension of time to complete the well, for the reasons set forth in its letter. The well would have been timely completed but for the obstruction of Edwin Smith, LLC. Moreover, Synergy Operating, LLC has substantially complied with the pooling order.

Very truly yours,



James Bruce

Attorney for Synergy Operating, LLC

cc: J. Scott Hall
Miller Stratvert P.A.
P.O. Box 1986
Santa Fe, New Mexico 87504

Derek Larson
Sutlin, Thayer & Browne
P.O. Box 1945
Albuquerque, New Mexico 87103

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Farmington, NM 87499
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Fax (505) 566-3750

RECEIVED

January 8, 2007

JAN 22 2007

Mark E. Fesmire, P.E. Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

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

Re: Request For Extension of Time to Finish Completing Well
Duff 29-11-8 #105 (API# 3004533427)
Unit L SW/4 and W/2 of section 8, T29N R11W
Case No. 13486, Order No. R-12376

Gentlemen:

Please be advised that Synergy Operating began the completion of the captioned well in December. We began the completion process by running logs in preparation to perforate and frac the well. We were unable to continue the completion process because Dereck Larson of the Sutin, Thayer & Browne, P.C. law firm representing Edwin Smith, LLC threaten to sue Enterprise Field Services pipeline company for trespass. Enterprise Field Services pipeline company was contracted to build the gathering line to the Duff #105 well. A pipeline connection is necessary to sell gas to avoid drainage and generate a return on our investment. Please refer to the attached letter in this regard.

Most Operators are of the opinion that the producing potential of a Fruitland Coal well is diminished and the formation damaged if a well is not produce soon as possible after stimulation.

This legal threat has delayed our ability to finish the completion process and as such we respectfully request an extension of time till March 1, 2007 to complete what we started back in December.

Sincerely,
Synergy Operating, LLC


Patrick Hegarty
Principal

XC: James Bruce

SUTIN THAYER & BROWNE
A PROFESSIONAL CORPORATION
LAWYERS

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LEWIS R. SUTIN (1908-1992)
FRANKLIN JONES (1919-1994)
RAYMOND W. SCHOWERS (1948-1995)
GRAHAM BROWNE (1935-2003)
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WWW.SUTINFIRM.COM

September 27, 2006

Justin Jones
Enterprise Field Services
614 Reilly Street
Farmington, NM 87401

Duff 105 in SW/4, Section 8, T29N,
R11W, San Juan County, NM

Dear Mr. Jones:

This follows our conversation earlier today. As I stated, our office represents Edwin Smith LLC with regard to its interests in the above referenced property. Edwin Smith LLC is the successor in interest to Earnest Smith, deceased. This letter is in response to yours of August 16, 2006, to Earnest Smith seeking a right of way and easement across the property for purposes of connecting the Duff 105 to the Chaco lateral. Please direct all future communications with Edwin Smith, LLC, through us.

Edwin Smith LLC and Jerry Walmsley, Trustee, Bypass Trust U/W June H. Walmsley each own 1/2 of the undivided mineral and surface interests in the property. We have filed a lawsuit on behalf of both interest owners in the Eleventh Judicial District Court for New Mexico (San Juan County) as Smith and Walmsley v. Synergy Operating, LLC, et al., Cause No. D 1116 CV 06-59-6 to quiet title to the property and to confirm Synergy's status as a trespasser. Since the true owners of the Duff 105 well also own the surface estate, they already own the right of way across which the proposed gathering line would be placed. Ed Smith does not wish to depreciate the overall value of the surface property by splintering the surface rights by selling off additional right of ways. Therefore, Edwin Smith LLC respectfully declines to grant or sell an easement or right of way as requested in your letter.

SUTIN THAYER ▼ BROWNE
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LAWYERS


September 27, 2006

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Do not hesitate to call if you have any questions or require any further information.

Very truly yours,

SUTIN, THAYER & BROWNE
A Professional Corporation

By 
Derek V. Larson
Albuquerque Office

cc: Scott Hall, Bill Eden, Jerry Walmsley
Edwin Smith
Synergy Operating, LLC.

DVL:ho
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