

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF SYNERGY OPERATING, LLC
FOR COMPULSORY POOLING, SAN JUAN COUNTY,
NEW MEXICO.**

Case No. 13,539

AMENDED PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Synergy Operating, LLC
Post Office Box 5513
Farmington, New Mexico 87499
(505) 334-4993

Attention: Patrick Hegarty

OPPONENT

Lance Operating Company

APPLICANT'S ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT'S ATTORNEY

W. Thomas Kellahin
William F. Carr

WTT 8/5/05

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the following described acreage in Section 22, Township 29 North, Range 13 West, NMPM, and in the following manner: The W½ to form a standard 320-acre gas spacing and proration for any pools or formations developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool; the NW¼ to form a standard 160-acre gas spacing and proration for any pools or formations developed on 160-acre spacing within that vertical extent, including the Fulcher Kutz-Pictured Cliffs Gas Pool; and the SW¼ to form a standard 160-acre gas spacing and proration for any pools or formations developed on 160-acre

spacing within that vertical extent, including the Fulcher Kutz-Pictured Cliffs Gas Pool. The units are to be dedicated to the Dugan 29-13-22 Well No. 108 (in the NW¼) and the Dugan 29-13-22 Well No. 109 (in the SW¼), to be drilled at orthodox locations in the W½ of Section 22. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES

Patrick Hegarty
(landman)

EST. TIME

30 min.

EXHIBITS

Approx. 8

OPPONENT

WITNESSES

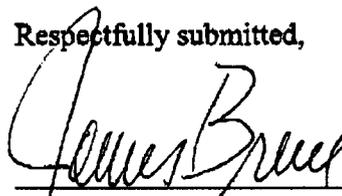
EST. TIME

EXHIBITS

PROCEDURAL MATTERS

-None-

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

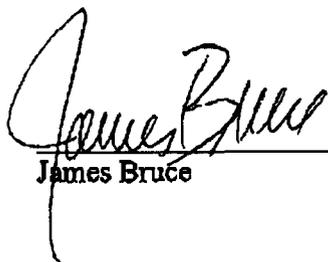
Attorney for Synergy Operating, LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record via facsimile transmission this 5th day of August, 2005:

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
Fax No. (505) 982-2047

William F. Carr
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504
Fax No. (505) 983-6403


James Bruce

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

CASE NO. 13539

**APPLICATION OF SYNERGY OPERATING,
LLC FOR COMPULSORY POOLING, SAN
JUAN COUNTY, NEW MEXICO.**

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PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP as required by the Oil Conservation Division.

*sq/gf & km
wm*

APPEARANCES OF PARTIES

APPLICANT

Synergy Operating, LLC

ATTORNEY

James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504-1056
(505) 982-2043

OPPOSITION

Lance Oil & Gas Company

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
110 North Guadalupe
Santa Fe, New Mexico 87501
(505) 988-4421

STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations from the surface to the base of the Fruitland Coal and Pictured Cliffs Formations underlying the W/2 of Section 22, Township 29 North, Range 13 West, to form one standard 320-acre gas spacing and proration unit for any pools or formations developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool, and two standard 160-acre gas spacing and proration units for any pools or formations developed on 160-acre spacing within that vertical extent, including the Fulcher-Kutz Pictured Cliffs Pool. The units are to be dedicated to the Dugan 29-13-22 Well No. 108 (NW/4), and Dugan 29-13-22 Well No. 109 (SW/4), to be drilled at orthodox locations in the W/2 of Section 22. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of the applicant as operator of the well and a charge for risk involved in drilling said well.

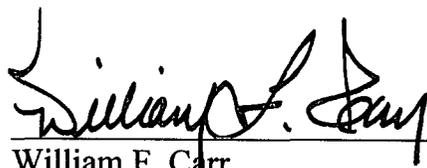
OPPOSITION

Lance Oil & Gas Company opposes the application and has filed an application for an order pooling this acreage for a well its proposes to drill on these pooled units. This application has been set for hearing on August 25, 2005. Lance has asked Synergy Operating LLC to continue this case to the August 25 docket so both case can be presented at the same time.

PROPOSED EVIDENCE

OPPOSITION

If this application is heard on August 11, 2005, Lance Oil & Gas Company, may call a land witness. This testimony will require approximately 15 minutes to present.



William F. Carr

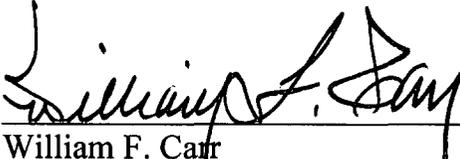
Attorney for Lance Oil & Gas Company

CERTIFICATE OF SERVICE

I certify that on August 5, 2005 I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

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William F. Carr