

SUTIN THAYER & BROWNE
A PROFESSIONAL CORPORATION
LAWYERS

TWO PARK SQUARE
6565 AMERICAS PARKWAY, N.E.
ALBUQUERQUE, NEW MEXICO 87110
POST OFFICE BOX 1945
ALBUQUERQUE, NEW MEXICO 87103
505-883-2500
FAX 505-888-6565

IRWIN S. MOISE (1906-1984)
LEWIS R. SUTIN (1908-1992)
FRANKLIN JONES (1919-1994)
RAYMOND W. SCHOWERS (1948-1995)
GRAHAM BROWNE (1935-2003)
BENJAMIN ALLISON
C. SHANNON BACON
PAUL BARDACKE
ANNE P. BROWNE
CRISTY J. CARBON-GAUL
MARK CHAIKEN
SUSAN G. CHAPPELL
GERMAINE R. CHAPPELLE
STEPHEN CHARNAS
MARIA MONTOYA CHAVEZ
SAUL COHEN

GAIL GOTTLIEB
SUSAN M. HAPKA
HELEN HECHT
JAY D. HERTZ
ROBERT G. HEYMAN
CHRISTOPHER A. HOLLAND
SYLVIA R. JOHNSON
HENRY A. KELLY
KERRY KIERNAN
PETER S. KIERST
RACHEL S. KING
TWILA B. LARKIN
DEREK V. LARSON
STEVAN DOUGLAS LOONEY
ELIZABETH J. MEDINA
VICTOR P. MONTOYA

JEAN C. MOORE
SARITA NAIR
MICHELLE K. OSTRYE
JULIA L. PETERS
JAY D. ROSENBLUM
ALISON L. ROSNER
FRANK C. SALAZAR
RONALD J. SEGEL
RAY SHOLLENBARGER
ANDREW J. SIMONS
JEANNE Y. SOHN
MICHAEL G. SUTIN
NORMAN S. THAYER
BENJAMIN E. THOMAS
ROBERT WERNER
CHRISTINA S. WEST

317 PASEO DE PERALTA
SANTA FE, NEW MEXICO 87501
POST OFFICE BOX 2187
SANTA FE, NEW MEXICO 87504
505-988-5521
FAX 505-982-5297

WWW.SUTINFIRM.COM

August 8, 2005

VIA FEDEX

Patrick Hegarty
Synergy Operating, LLC
PO Box 5513
Farmington, New Mexico 87499

Edwin Smith

Dear Patrick:

Pursuant to the New Mexico Oil Conservation Division Order No. R-12376 and your letter dated July 8, 2005, enclosed is our firm check number 9115 in the amount of \$79,688.00 as payment by Ed Smith, LLC, of the estimated costs of drilling, completing and equipping the Duff 29-11-8 Well No. 104. This payment is tendered under protest to protect Ed Smith, LLC, from any risk charges and is subject to the outcome of the pending Motions for Rehearing *de novo* of the Division Order filed by the Walmsley Trust and Ed Smith, LLC. By making this payment Ed Smith, LLC, is not waiving its right to *de novo* review of the Division Order provided by Rule 19.15.14.1220(A) and is not abandoning its motions before the OCD. Please hold all production payments in suspense pending a final ruling and order by the Oil Conservation Commission in this matter.

Very truly yours,

SUTIN, THAYER & BROWNE
A Professional Corporation

By Derek V. Larson
Derek V. Larson
Albuquerque Office

DVL:hdp
759228

1-83

SUTIN THAYER & BROWNE

A PROFESSIONAL CORPORATION

TRUSTEES ACCOUNT

P. O. BOX 1945

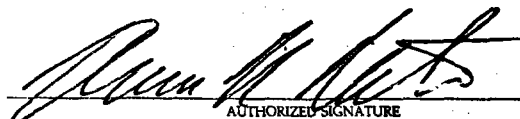
ALBUQUERQUE, NEW MEXICO 87103

BANK OF ALBUQUERQUE
ALBUQUERQUE, NEW MEXICO
95-660/1070

09115

DATE
8/8/2005CHECK NO.
9115AMOUNT
79,688.00**PAY**

Seventy-Nine Thousand, Six Hundred Eighty-Eight & No/100 Dollars

TO THE
ORDER OFSynergy Operating, LLC
P.O. Box 5513
Farmington, NM 87499SUTIN THAYER & BROWNE
A PROFESSIONAL CORPORATION
AUTHORIZED SIGNATURE

⑈009115⑈ ⑆107006606⑆ 7827214629⑈

SUTIN THAYER & BROWNE
A PROFESSIONAL CORPORATION

Synergy Operating, LLC

8/8/2005 CHECK NO. Check No. 09115

DATE

INVOICE NO.

AMOUNT

DISCOUNT

NET AMOUNT

8/8/2005

DVL REQ 08/08/05

Estimated costs on the Duff 29-11-8 Well

79,688.00