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Case 13662

2006 FEB 14 PM 1 01

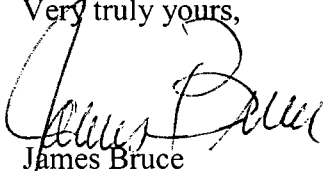
February 11, 2006

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Synergy Operating, LLC, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the March 16, 2006 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Synergy Operating, LLC

PARTIES BEING POOLED

Wickliffe Winston Shreve
Rachel C. Simrell
Brandon Wickliffe Shreve
Barbara S. Hayes
George W. Simrell
Gustave and Alice W. Simons
Groucho Marx
Eden Marx
Frederick W. Thoben
Dr. M. Bernard Winkler
Dr. Miriam Winkler

(addresses unknown)

Maxxam Corporation
Suite 2000
1330 Post Oak Boulevard
Houston, Texas 77056

Attention: Jay Lerner

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13662

2006 FEB 24 PM 1 01

APPLICATION

Synergy Operating, LLC applies for an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the N½ of Section 6, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N½ of Section 6, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill its Madrid 29-13-6 Well No. 111, at an orthodox location in the NE¼ of Section 6, to a depth sufficient to test the Pictured Cliffs formation, and seeks to dedicate the following acreage to the well:
 - (a) The N½ of Section 6 to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool; and
 - (b) The NE¼ of Section 6 to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the Undesignated West Kutz-Pictured Cliffs Gas Pool.
3. Applicant also proposes to drill its Madrid 29-13-6 Well No. 112, at an orthodox location in the NW¼ of Section 6, to a depth sufficient to test the Pictured Cliffs formation, and seeks to dedicate the following acreage to the well:

(a) The N½ of Section 6 to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool; and

(b) The NW¼ of Section 6 to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the Undesignated West Kutz-Pictured Cliffs Gas Pool.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 6 for the purposes set forth herein.

5. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 6, pursuant to NMSA 1978 §70-2-17.

6. The pooling of all mineral interests underlying the N½ of Section 6 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all mineral interests in the N½ of Section 6, from the surface to the base of the Pictured Cliffs formation;

B. Designating applicant as operator of the wells;

C. Considering the costs of drilling and completing the wells, and allocating the costs among the wells' working interest owners;

- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for Synergy Operating, LLC

PROPOSED ADVERTISEMENT

Case No. 13662: **Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico.** 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 6, Township 29 North, Range 13 West, NMPM, and in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing, including the Basin-Fruitland Coal Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for all pools or formations developed on 160 acre spacing, including the West Kutz-Pictured Cliffs Gas Pool; and the NW/4 to form a standard 160-acre gas spacing and proration unit for all pools or formations developed on 160 acre spacing, including the West Kutz-Pictured Cliffs Gas Pool. The units are to be dedicated to the Madrid 29-13-6 Well No. 111, to be located at an orthodox location in the NE/4 of Section 6, and the Madrid 29-13-6 Well No. 112, to be located at an orthodox location in the NW/4 of Section 6. Also to be considered will be the costs of drilling and completing the wells and the allocation of the costs 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. The units are located approximately 1 mile west of Farmington, New Mexico.