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August 28, 2006

Hand Delivered

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

Re: Case No. 13,663/Synergy Operating, LLC

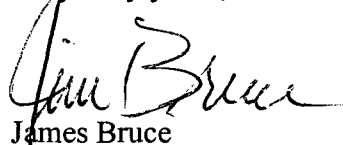
Dear Mr. Catanach:

This letter responds to Mr. Larson's letter of August 24th. First, the deed enclosed with the letter is outside the record, and is not admissible. Second, and more importantly, the quiet title judgment submitted at the hearing as Exhibit 9 (copy enclosed), clearly states that:

1. The Robbins interest is **an undivided 5/160 mineral interest (3.125%)**; and
2. The Smith mineral interest is $75/160 = 46.875\%$.

This conforms to Synergy's testimony at trial. In short, the quiet title decree converted the Robbins' royalty interest to a mineral interest. If that had not occurred, in the quiet title decree Mr. Smith would have been credited with an **80/160** mineral interest subject to the Robbins royalty interest. Therefore, Mr. Larson's statements in his letter are incorrect.

Very truly yours,



James Bruce

Attorney for Synergy Operating, LLC

cc: Counsel of record

STATE OF NEW MEXICO

COUNTY OF SAN JUAN

IN THE DISTRICT COURT

CLAUDE SMITH, MARGARET HASSELMAN JONES,
JULIA HASSELMAN KESLER, JENNIE HASSELMAN
HILL, MAY HASSELMAN KOUNS;

Plaintiffs,

vs.

CASWELL SILVER, L. R. LUNSFORD, GEORGE B. ROBBINS,
APACHE DRILLING COMPANY,

The following named defendants, if living, if
deceased their unknown heirs: FRANKLIN E. LAMER,
also known as FRANKLYN E. LAMER and as F. E. LAMER,
MRS. F. E. LAMER, also known as ETHEL D. LAMER,
ALBERT W. SHARPLESS, C. G. BRYAN, W. L. EAGEN, HENRY
GREENWOOD, T. W. BRADSTREET, HOWARD BRADSTREET, EARL
O. LINGER, H. B. STROUP, JOHN FULTZ, JENNIE COLTRANE,
also known as JENNIE COLTRANE, S. C. ROBBINS, JAMES
HANSON SWAIN, ROLAND EDGAR SWAIN, ESTHER SWAIN
CHAYK, ALMA BEATRICE SWAIN LUGRAM, HERMAN HARRISON
SWAIN, JACK C. BELL, ROSS BOHANNON, SAM DAY, TROY
F. SHELLEY, MORTIE SHELLEY, LAURA E. SHELLEY, ALTA
SHELLEY, IRA C. SHELLEY, EMMETT SHELLEY, CARL
FIELDS, NANCY SUSAN FIELDS, IRA FIELDS, JAGARE, JOHN
A. FARRER, J. O. FIELDS, ESSIE FIELDS HEDGECOCK,
G. E. FIELDS, MRS. GEORGE MCCORN, CLARENCE FIELDS,
VIRGINIA FIELDS, ETHEL WINFREY, C. J. WINFREY, HAZEL
HUMKEY, EDNA STALEY, RUTH FIELDS LOFLIN, OGBURN C.
LOFLIN, JAMES L. SHELLEY,

The unknown heirs of the following named deceased
persons: C. V. BLITZKIE, also known as CLAUDE V.
BLITZKIE and as CLAUDE B. BLITZKIE, MARTHA BLITZKIE,
HERMAN HASSELMAN, also known as H. HASSELMAN, ELIZA
FIELDS, MARY SHELLEY, also known as MARY SHELLEY;

THE AZTEC ORCHARDS INVESTMENT COMPANY, a defunct
corporation, THE AZTEC IRRIGATION COMPANY OF COLORADO,
a defunct corporation;

AND ALL UNKNOWN CLAIMANTS OF INTEREST IN THE PREMISES
ADVERSE TO THE PLAINTIFFS,

Defendants.

J U D G M E N T

This cause came on to be heard by the Court upon
plaintiffs' motion for order of default and final decree as against
all of the defendants herein; and

It appearing to the Court that the defendants herein and
each and all of them, except L. R. Lunsford, George B. Robbins
and J. R. ROBBINS, and the attorney for military defendants, have

No. 5994

CONSERVATION
CASE NUMBER 13663
EXHIBIT NUMBER 9

defaulted and have failed to appear or answer, and that the Clerk of this Court has issued a Certificate of Non-Appearence against the defendants, and each of them,

IT IS, THEREFORE, ORDERED, ADJUDGED and DECREED by the Court that each and all of the defendants, except those defendants hereinabove noted, be and they hereby are jointly and severally adjudged in default, and that this cause proceed to be heard as against all of said defaulting defendants.

This cause coming on further to be heard by the Court, upon the evidence introduced by the plaintiffs and upon the Motion of the plaintiffs for final judgment herein against all defendants, including those in default, and the plaintiffs being present and represented by their attorney, Clement Koogler, and each of the defaulting defendants as are now in the military service of the United States being present by their duly appointed and acting attorney, Laver Burnham, and the defendants, George B. Robbins and J. R. Robbins, being present by their attorney, Haskell Roseborough, and the Court having fully considered the evidence heard, and having examined the files in the case, and being fully advised in the premises, FINDS AS FOLLOWS:

I.

That, except as to the ownership of the defendants George B. Robbins and J. R. Robbins, the allegations and each of them made in plaintiffs' Amended Complaint are true and correct and the persons named in said Amended Complaint as heirs of the deceased persons named therein are true, and it is determined that said heirs at law of said deceased persons are the sole and only heirs at law of said deceased persons.

II.

That plaintiffs have made diligent search and inquiry to ascertain the residences and whereabouts of each and all of the defaulting defendants as stated in plaintiffs' complaint, and that said defaulting defendants, and each of them, have been served with process in compliance with the rules of this Court and the statutes of the State of New Mexico, all as is more

particularly shown by the verified Amended Complaint, the proof of publication of summons and notice of suit pending, and the Clerk's Certificate of non-appearance, all of which are now on file in this cause, and that this Court has jurisdiction of the parties and of the subject matter of this suit and has the power to enter its Decree herein as against each and all of the defaulting defendants.

III.

That the defendant, GEORGE B. ROBBINS, is the owner of an undivided one-fortieth of the oil, gas and other minerals in and under and that may be produced from the following described lands, situated in San Juan County, New Mexico, being four (4) mineral acres:

The Southwest Quarter (SW $\frac{1}{4}$) of Section Eight (8), Township Twenty-nine (29) North of Range Eleven (11) West, N.M.P.M.

That the defendant, J. R. ROBBINS, is the owner of an undivided one-one hundred and sixtieth of the oil, gas and other minerals in and under and that may be produced from the following described lands, situated in San Juan County, New Mexico, being one (1) mineral acre:

The Southwest Quarter (SW $\frac{1}{4}$) of Section Eight (8), Township Twenty-nine (29) North of Range Eleven (11) West, N.M.P.M.

IV.

That all other defendants and each of them make some claim adverse to the respective estates of the above-named defendants and the plaintiffs herein, but such claims are subject to and inferior to the estates of the plaintiffs and are without foundation; that such persons who are alleged to be deceased, and whose unknown heirs are made defendants, during their respective lifetimes made some claim adverse to the estate of the plaintiffs, but that said claims were and are subject to and inferior to the estates of the plaintiffs and were and are without foundation; that such corporations which are alleged to

be defunct, during the term of their operation made some claims adverse to the estates of the plaintiffs, but that said claims were and are subject to and inferior to the estates of plaintiffs and were and are without foundation.

And now the Court having made the above and foregoing findings of fact concludes as a matter of law that, excepting the interest of the defendants George B. Robbins and J. R. Robbins shown above, plaintiffs are entitled to a decree quieting their title to the real estate hereinafter described, as against each and all of the defendants to this cause, including those in military service, those appearing and those in default, and that judgment should be entered.

IT IS, THEREFORE, FURTHER ORDERED, ADJUDGED AND DECREED that the plaintiff, CLAUDE SMITH, is the owner in fee simple, free and clear of all liens and encumbrances, all of that certain land and real estate lying and situated in San Juan County, New Mexico, more particularly described as follows:

AN UNDIVIDED ONE-HALF OF SURFACE RIGHTS ONLY IN AND TO:

The Southwest Quarter (SW $\frac{1}{4}$) of Section Eight (8), Township Twenty-nine (29) North, Range Eleven (11) West, N.M.P.M.

46-8751- /
AN UNDIVIDED SEVENTY-FIVE-ONE HUNDRED AND SIXTIETH (75/160) of the oil, gas and other minerals in and under and that may be produced from the following described lands, being 75 mineral acres:

The Southwest Quarter (SW $\frac{1}{4}$) of Section Eight (8), Township Twenty-nine (29) North, Range Eleven (11) West, N.M.P.M.

IT IS, THEREFORE, FURTHER ORDERED, ADJUDGED AND DECREED that the plaintiffs, MARGARET HASSELMAN JONES, JULIA HASSELMAN KELLER, JENNIE HASSELMAN HILL and MAY HASSELMAN KOUNS, as heirs at law of HERMAN HASSELMAN, deceased, are the owners in fee simple of the following described real property situated in San Juan County, New Mexico:

AN UNDIVIDED ONE-HALF OF:

The Southwest Quarter (SW $\frac{1}{4}$) of Section Eight (8), Township Twenty-nine (29) North, Range Eleven (11) West, N.M.P.M.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that the title of plaintiffs in and to said described real estate, in their respective estates, be and the same is hereby quashed and set at rest against all claims and demands of said defendants, all and either of them, and said defendants, and each and all of them, and all persons claiming or to claim by, through, or under them, are hereby forever barred and estopped from having, claiming or setting up any lien upon, or right, title interest or demand in or to said real estate, or any part thereof, adverse to the title thereto now vested in the plaintiffs.

BY THE COURT.

C. C. M. Culth
DISTRICT JUDGE

La Verne Burnham
Attorney for Military Defendants

Frank R. Robbins
Attorney for George B. Robbins and
J. R. Robbins