

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. _____

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APPLICATION

Synergy Operating, LLC applies for an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the E $\frac{1}{2}$ of Section 7, 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 E $\frac{1}{2}$ of Section 7, and has the right to drill a well thereon.

2. Applicant proposes to drill the Powers 29-13-7 Well No. 110, from a surface location 1953 feet from the north line and 752 feet from the west line of Section 7, to an orthodox bottomhole location in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 7, and seeks to dedicate the E $\frac{1}{2}$ of Section 7 to the well 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.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ of Section 7 for the purposes set forth herein.

4. 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 E $\frac{1}{2}$ of Section 7, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 7 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 E½ of Section 7, from the surface to the base of the Fruitland Coal formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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Attorney for Synergy Operating, LLC

PROPOSED ADVERTISEMENT

Case No. 14174: **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 Fruitland Coal formation underlying the E/2 of Section 7, Township 29 North, Range 13 West, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool. The unit is to be dedicated to the Powers 29-13-7 Well No. 110, to be drilled from a surface location 1953 feet from the north line and 752 feet from the west line of Section 7, to an orthodox bottomhole location in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 7. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1 mile west of Farmington, New Mexico.