

125331817 NSL [Redacted]

September 5, 2001

CLERK OF DISTRICT COURT
FedEx Airbill: 8254 8283 1590
01 SEP -6 AM 10:47

Michael Stogner
State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87504

*Wildcat
Dakota Cons
Memorandum*

RE: Application for Unorthodox Location
Synergy Operating, LLC
Encino #15-1 Well
Unit Ltr. A, 250' FNL, 920' FEL, Sec. 15, T20N-R05W
McKinley County, New Mexico

Dear Mr. Stogner:

Synergy Operating, LLC (agent for Bois d'Arc Offshore, LTD.) hereby requests administrative approval for an unorthodox location for the captioned well, based upon geologic constraints as herein set out in the attached Exhibit "A", "Seismic Interpretation" by Mr. Jeff Kirn. Mr. Kirn, the geologist responsible for this drilling location, is CEO of Discovery Exploration, Inc., a joint venture partner in San Juan Joint Venture (SJJV) and a partner in the drilling of this well.

The Oil and Gas Lease upon which the well is to be drilled is:

<u>Lease Number</u>	<u>Lessor</u>	<u>Lessee of Record</u>	<u>Description</u>
NMNM99720	USA	High Plains Associates, Inc.	NE, Sec. 15-20N-5W

The Oil and Gas Lease adjacent to, and encroached upon by this Unorthodox Location, is:

<u>Lease Number</u>	<u>Lessor</u>	<u>Lessee of Record</u>	<u>Description</u>
NMNM100277	USA	High Plains Associates, Inc.	SE, Sec. 10-20N-5W

Both these leases were assigned to San Juan Joint Venture (SJJV) from High Plains Associates, Inc.

Ownership of the leasehold for the proposed well proration unit, as well as the offset proration unit encroached upon by this well, is uniform. Both leases have identical terms and conditions.

The “Affected persons” owning interests in the offsetting proration unit, NMNM100277, are collectively known as San Juan Joint Venture (SJJV), which is comprised of the following individuals and companies:

<u>NAME</u>	<u>BPO</u>	<u>APO</u>
Comstock Oil & Gas, Inc.	44.0%	37.4%
Gary Blackie Bois d’ Arc Resources, Ltd.	35.5%	34.075%
John Cook Tenkay Resources, Inc.	14.5%	13.75%
Jack Baldwin Probe resources, Inc.	4.5%	3.825%
Patrick Hegarty Synergy Operating, LLC	1.0%	.85%
Kerry Stein c/o Bois d’ Arc Resources, LTD	.5%	.425%
Steven W. Weller ATEC San Juan Basin, LLC	0.0%	4.4%
Douglas J. Kirn Discovery Exploration, Inc.	0.0%	4.0%
Eric D. Long San Juan Exploration Partners, LP	0.0%	1.275%

Overriding Royalty ownership is identical, and borne by the same parties in the same percentages, in the proposed well site lease and the offsetting lease, and is comprised of the following:

Discovery Exploration, Inc.
ATEC San Juan Basin, LLC
SEEL Development
WRS Interest, Inc.

San Juan Joint Venture, ownership of which is listed above, and which includes ourselves, has uniform interest by all parties in both leases affected by this application. Notification of said partners should be an internal matter. For that reason, I request no formal notification be sent.

Attached hereto are the following documents:

- Exhibit "A" - Seismic Interpretation
- Form C-102
- Survey Plat
- Structure Map
- Seismic Map
- Lease Plat

Please advise if you need anything additional in this regard. I can be reached directly at:

Discovery Exploration, Inc.
621 17th Street, Suite 1535
Denver, CO 80293
(303)296-7553
(303)296-3298 - Fax

We appreciate your attention to this matter.

Sincerely,



Wm. Price Berryman, CPL
Agent, Synergy Operating, LLC

attachments

EXHIBIT "A"

ENCINO #15-1 SEISMIC INTERPRETATION

Exhibit "A" is the seismic "summary map" displaying the character of a Dakota amplitude anomaly, which we interpret to be a Dakota "channel". We wish to test this channel in an optimum up-dip location with this well along with the shallower Menefee coal section. The map has two "dots" in the northeast portion of section 15 that show the original location we planned (blue X) and the revised location (red circle). The strength of the "channel" anomaly is displayed on this map with increasingly darker blue/purple colors. The blue X on the map in section 15 was originally selected as being the furthest up-dip location in the main anomaly. Surface topography has forced us to modify this location to the spot indicated by the red circle in section 15. We don't want to go further South in this section, even though there are weaker anomaly indications present, because the "gap" in the blue/purple anomaly indication just South of our location and the change in orientation of the overall anomaly from NW-SE in sections 3,10 and the northernmost part of 15, to a N-S direction in the middle of section 15 makes us doubtful the two anomalies are connected. Thus the location requested is the most up-dip location, in the main part of the anomaly, to test this Dakota "channel".

ILLEGIBLE

DISTRICT II
P.O. Drawer DE, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
PO Box 2038, Santa Fe, NM 87504-2038

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name ENCINO 15		6 Well Number 1	
7 GRID No.		8 Operator Name BOIS d' ARC Offshore, Inc.		9 Elevation 6725	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	15	20-N	5-W		250	NORTH	920	EAST	MCKINLEY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

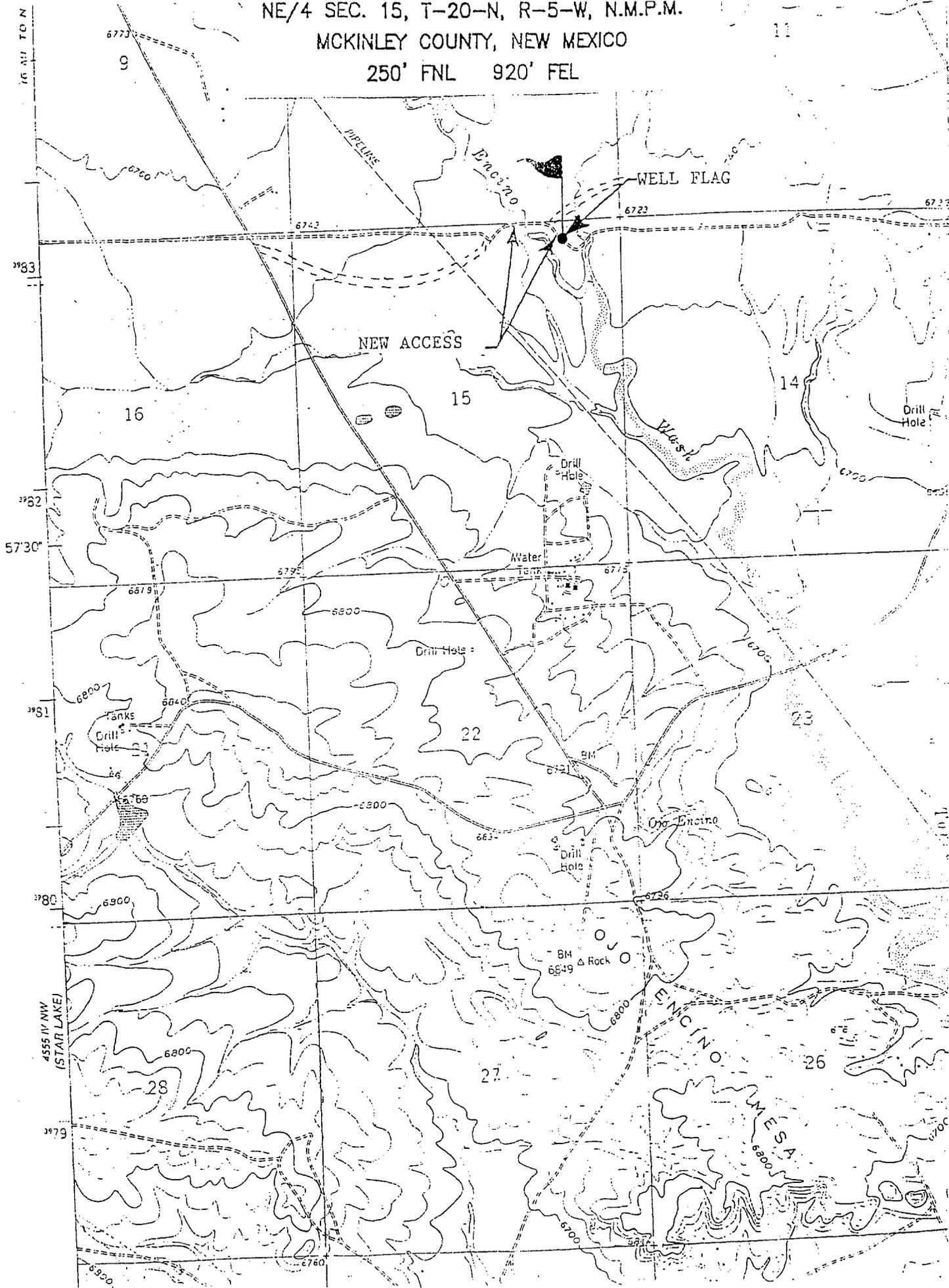
QTR. CORNER FD. GLO BC 1836 LAT. 35°58'13" N LONG. 107°20'51" W	N 89-57-21 W 2624.3' 392' 1070' 2640' (GLO)	920' SEC. CORNER FD. GLO BC 1836	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <i>[Signature]</i> Printed Name: <i>[Name]</i> Title: <i>[Title]</i> Date: 8-2-2001
			18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: 5-1-01 Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate Number: 8894
CALC'D CORNER CAP DESTROYED			

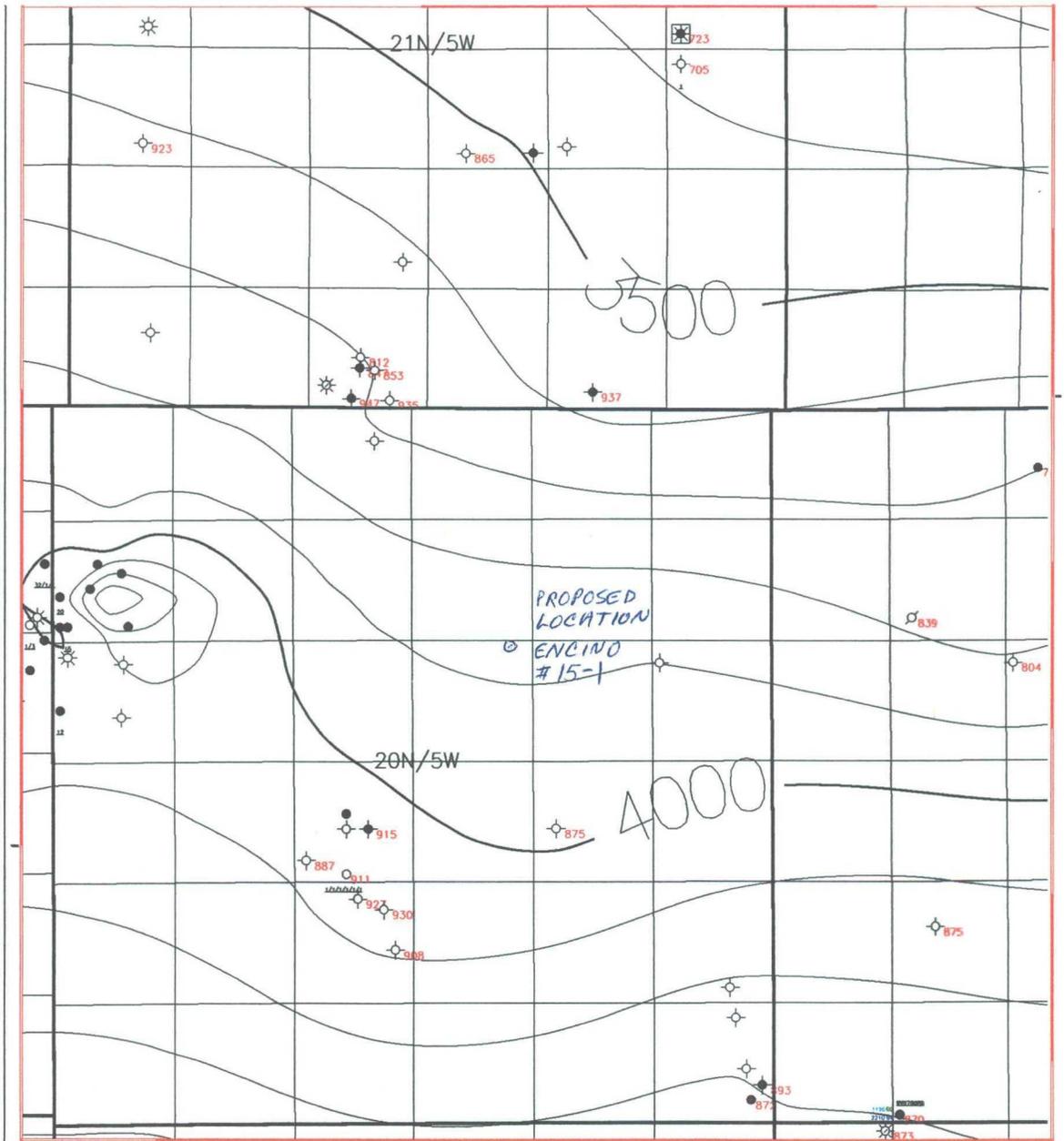
NE/4 SEC. 15, T-20-N, R-5-W, N.M.P.M.

MCKINLEY COUNTY, NEW MEXICO

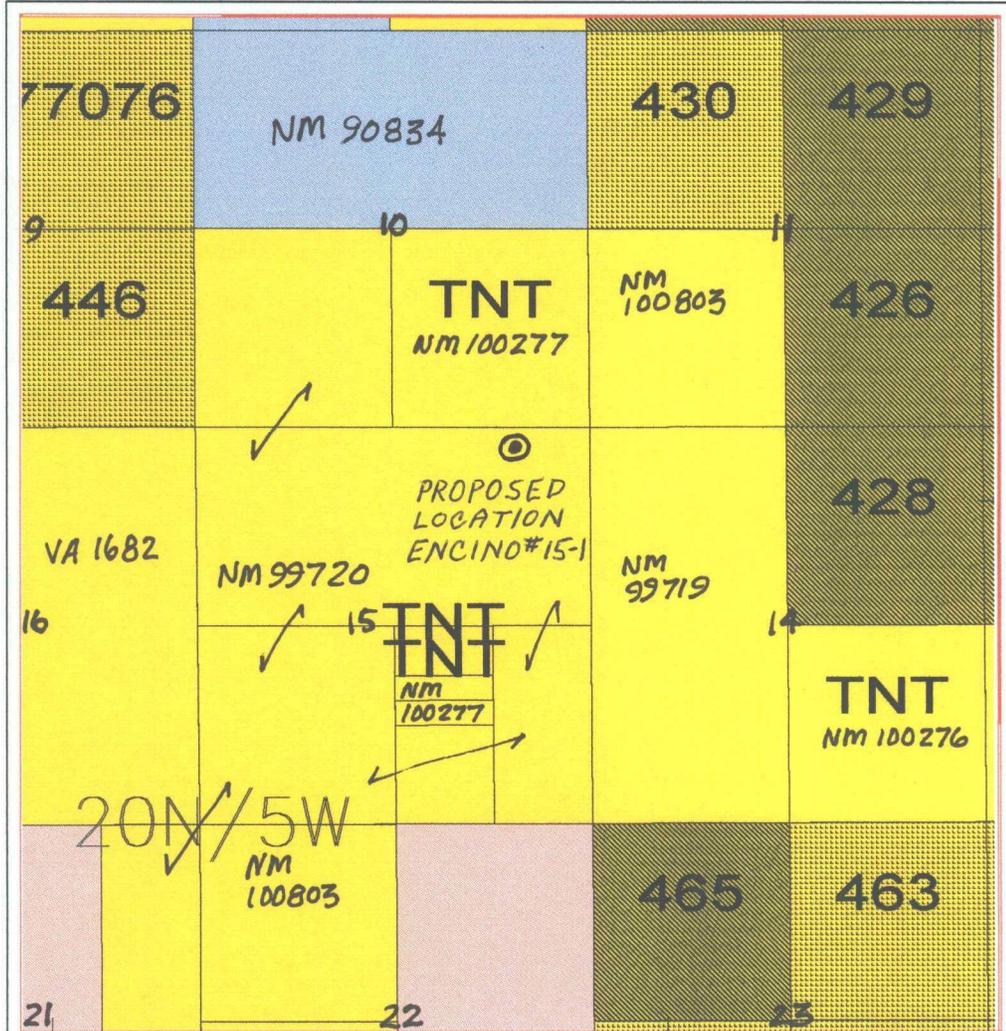
250' FNL 920' FEL

11





SAN JUAN JOINT VENTURE	
DISCOVERY EXPLORATION POINT LOOKOUT SUBSEA STRUCTURE	
Jeff Kim	August 21, 2001



SAN JUAN JOINT VENTURE	
DISCOVERY EXPLORATION LAND MAP	
Plan Symbol, CR	July 15, 2001
1" = 800'	

FEE	SJJV LEASEHOLD	BIA OPEN
VATES	SJJV ALLOTMENT AWARDS	BLM OPEN
PRIDE	SJJV ALLOTMENT LEASEHOLD	OPEN STATE
BUTTER	SJJV NEGOTIATED ALLOTMENTS	UNAVAILABLE
MERRICK	SJJV BELOW BASE OF GALLUP	HAVAJO TRIBAL FEE
DUBAR	FENWELL DEEP RIGHTS	JICARILLA RES.
QUESTAR	OTHER OWNERS	HAVAJO TRIBAL SURFACE

7 24 00 W

noname03

107 22 00 W

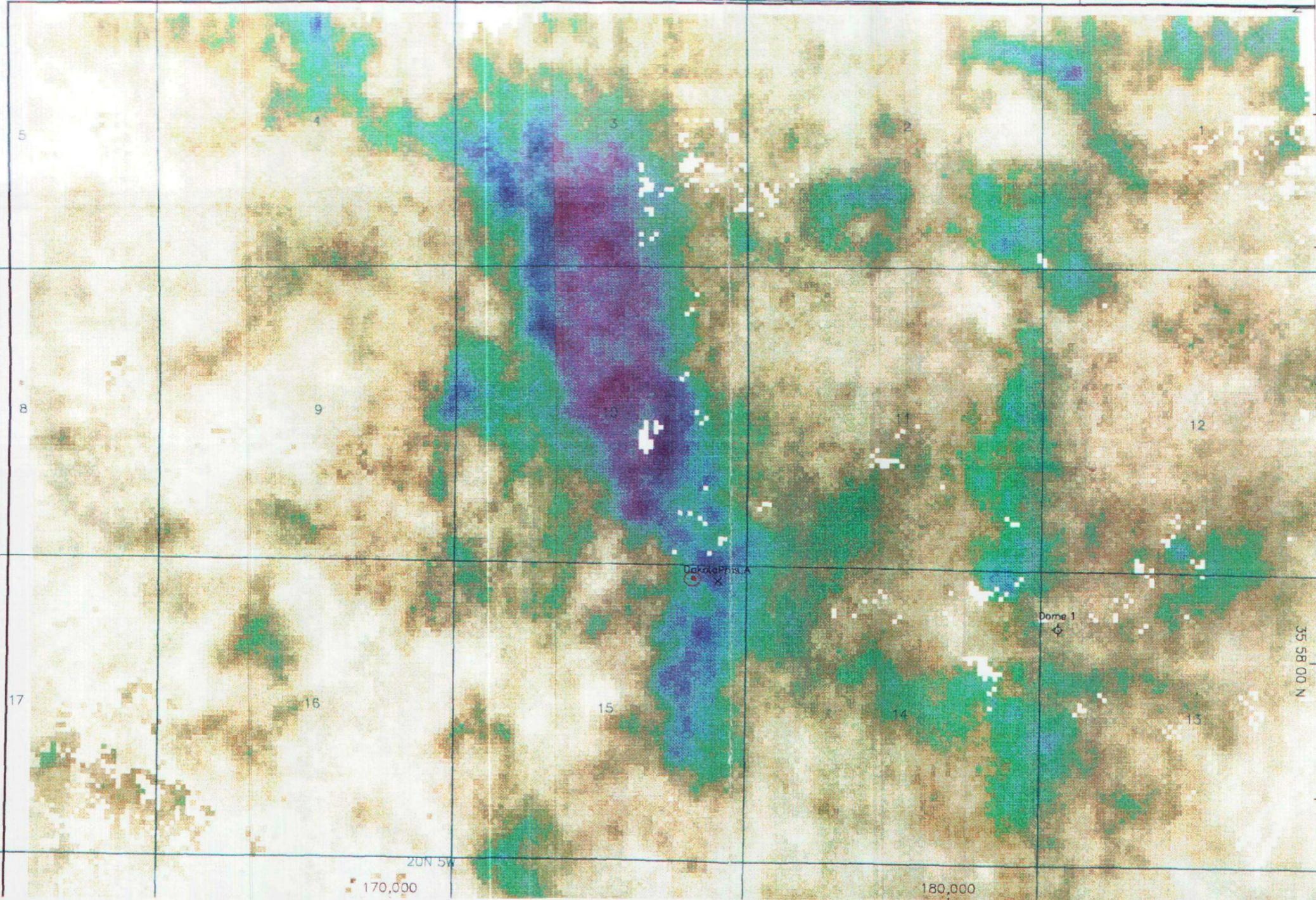
SEC 15 T20N R5W
FINAL LOCATION
250' FNU 920' FEL

107 20 00 W

TreWell in Sec
- 21 -

36 00 00 N

1,820,000



1,810,000

35 58 00 N

160,000

170,000

180,000

20N 5W

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.

NMNM-99720

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Bois d' Arc Encino 15 # 1

9. API Well No.

30-031-21008

10. Field and Pool, or Exploratory

Undesignated Dakota

11. County or Parish, State

McKinley, New Mexico

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other

- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

(Note: Report results of multiple completion on Well Completion or recompletion Report and Log Form)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including, estimated date of starting work.
If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones of pertinent to this work.

11-12-2001 Synergy Operating, LLC spud this well on Monday, November 12, 2001 with MOTE Drilling, Inc.
11-13-2001 A 12-1/4" Hole was Air drilled to 230 feet. Ten (10) Jts of 8-5/8" 24# J-55 LTC Casing was run to 230 feet GL and cemented with BJ Services through a string of 1" PVC down the annulus. Four Bow Spring Centralizers were run at 229', 162', 96', & 30'.

2 bbls of water was pumped ahead followed by 51 bbls (286 ft3 / 206 Sxs) of Type III Cement mixed at 14.6 ppg. Good Cement was circulated to surface. The cement was topped off.

The 8-5/8" Casinghead was screwed on the well with a cap.

14. I hereby certify that the foregoing is true and correct

Signed: Thomas E. Mullins

Title: Engineering Manager

Date: 11-16-2001

This space for federal or state office use

Approved by: _____
Conditions of approval if any

Title: _____

Date: NOV 27 2001

NOV 27 2001

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir
Use "APPLICATION FOR PERMIT -" for such proposals

5. Lease Designation and Serial No.

NMNM-99720

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Bois d' Arc Encino 15 # 1

9. API Well No.

10. Field and Pool, or Exploratory

Undesignated Dakota

11. County or Parish, State

McKinley, New Mexico

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Synergy Operating, LLC (agent for Bois d' Arc Offshore, Ltd.)

3. Address and Telephone No.

PO Box 5513 (505) 325-5449 OGRID # 163458
Farmington, NM 87499

4. Location of Well (Footage, Sec, T. R., M, or Survey Description)

Unit Letter A, 250' FNL, 920' FEL, Sec 15, T20N-R05W

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

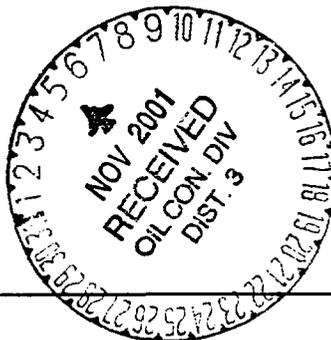
Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other

Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

(Note: Report results of multiple completion on Well
Completion or recompletion Report and Log Form)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including, estimated date of starting work.
If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones of pertinent to this work.

Synergy Operating, LLC is requesting permission to utilize a surface casing setter to drill the permitted and approved 12-1/4" surface hole to 150' and to cement the 8-5/8" surface casing using 1" piping down the annulus.



14. I hereby certify that the foregoing is true and correct.

Signed: Thomas E. Mullins

Title: Engineering Manager

Date: 10-31-2001

This space for federal or state office use

Approved by: _____
Conditions of approval if any

Title: _____

Date: 11/1/01

C. HARRADEN/ August 15, 2001

SYNERGY OPERATING COMPANY/ Bois d'Arc Encino 15 # 1

STIPULATION/CONDITION OF APPROVAL

In order to protect the integrity of the Ojo Alamo aquifer, minimum surface csg. depth of 220' is stipulated as a condition of approval for this APD.



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

2001 AUG -3 PM 4:20

5. Lease Designation and Serial No.
NMNM-99720

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement, Name and No.

8. Lease Name and Well No.
Bois d' Arc Encino 15 # 1

9. API Well No.
30-031-21008

10. Field and Pool, or Exploratory
WE JONSWAGA, Dakota

11. Sec., T., R., M., or Blk. and Survey or Area

1a. Type of Work DRILL REENTER

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
Synergy Operating, LLC (agent for Bois d' Arc Offshore, Inc.)

3a. Address PO Box 5513
Farmington, NM 87499

3b. Phone Number
(505) 325-5449

4. Location of Well (Footage, Sec, T. R., M, or Survey Description)
At surface: Unit Letter A, 250' FNL, 920' FEL, Sec 15, T20N-R05W
At proposed prod. Zone: Same

14. Distance in miles and direction from nearest town or post office*
1 Mile North of Ojo Encino Village

15. Distance from proposed* location to nearest property or lease line. ft.
(Also to nearest drig. Unit line, if any)
250 Feet from North Line

16. No of Acres in lease
1090 Acres

18. Distance from proposed* location to nearest property or lease line. ft.
920 Feet from East Line

19. Proposed Depth
5250'

21. Elevation (Show whether DF, KDB, RT, GL, etc.)
6725' Ground Level

22. Approximate date work will start*
November 1, 2001

Sec 15, T-20-N, R-05-W

12. County or Parish.
McKinley

13. State
New Mexico

17. Spacing Unit dedicated to this well
160 Acres

20. BLM/BIA Bond No. on file
NM-2559

23. Estimated duration
60 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer

Size of Hole	Grade	Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
12-1/4"		8-5/8" K-55	24 #	150-220	210 sxs. 245 ft3
7-7/8"		5-1/2" K-55	15.5#	5250'	935 sxs. 2319 ft3

procedural review pursuant to 43 CFR 3163.3 and appeal pursuant to 43 CFR 3165.4

SEE ATTACHED APD INFORMATION "GENERAL REQUIREMENTS"
Latitude: 35 Deg, 58 Min, 13 Sec N
Longitude: 107 deg, 20 min, 51 Sec W

25. Signature *Thomas E. Mullins*
Name(Printed/Typed) Thomas E. Mullins
Date 8-2-2001
Title Engineering Manager

Approved by (Signature) *[Signature]*
Name(Printed/Typed) AEM minerals
Date 10/29/01
Title AEM minerals
Office FEO

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

COPY 3

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-031-21008		*Pool Code	*Pool Name
*Property Code 28995	*Property Name ENCINO 15		*Well Number 1
*GRID No. 163458	*Operator Name BOIS d' ARC Offshore, Inc.		*Elevation 6725

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	15	20-N	5-W		250	NORTH	920	EAST	MCKINLEY

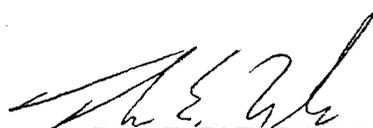
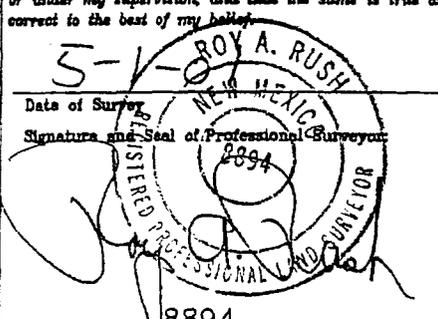
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

*Dedicated Acres
*Joint or Infill
*Consolidation Code
*Order No. **9-28-01**
NSL 4648

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

QTR. CORNER FD. GLO BC 1936 LAT. 35°58'13" N LONG. 107°20'51" W	N 89-57-21 W 2624.8' 392' 1070' 250' 920' SEC. CORNER FD. GLO BC 1936 N 00-01-00 E 2640' (GLO)	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>  Signature THOMAS E. MULLINS Printed Name <i>Engineering Manager</i> Title 8-2-2001 Date
		18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> 5-1-01 Date of Survey  Signature and Seal of Professional Surveyor 8894 Certificate Number

Stamp: OCT 2001

Stamp: CALC'D CORNER CAP DESTROYED

SYNERGY OPERATING, LLC (Bois d' Arc Offshore, LTD.)

WELL NAME: Bois d' Arc Encino 15 # 1

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit A, 250' FNL & 920' FEL
Section 15, T20N, R05W
McKinley County, New Mexico

2. Unprepared Ground Elevation: @ 6725'

3. The geological name of the surface formation is Kirtland

4. Type of drilling tools will be Rotary

5. Proposed drilling depth is 5250'

6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento -</u>	<u>La Ventana (Cliffhouse) -</u>	<u>1105'</u>
<u>Ojo Alamo -</u>	<u>Meneffe -</u>	<u>1690'</u>
<u>Kirtland -</u>	<u>Pt. Lookout -</u>	<u>2615'</u>
<u>Fruitland Coal- 325'</u>	<u>Mancos -</u>	<u>2915'</u>
<u>Pictured Cliffs - 335'</u>	<u>Greenhorn -</u>	<u>4565'</u>
<u>Lewis Shale -</u>	<u>Graneros -</u>	<u>4605'</u>
<u>Chacra -</u>	<u>Dakota -</u>	<u>4785'</u>

7. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

<u>Oil and Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Meneffe 1690'		
Pt. Lookout 2615'	Cliffhouse 1105'	Meneffe 1450'
Mancos 2915'		
Dakota 4785'		

8. The proposed casing program is as follows:

Surface String: 8-5/8", 24#, J/K-55 @ 150' *
Production String: 5-1/2", 15.5# J/K-55 @ 5250' (see details below)

* The surface casing will be set at a minimum of 150', but could be set deeper if required to maintain hole stability.

SL 2

9. Cement Program:

Surface String: 210 sacks of Class "B" cement or equivalent (1.18 ft³/sx yield, 15.6 ppg) with 3 percent CaCl in mix water and 1/4# sack celloflake. Volume is based upon 200% excess. A wooden wiper plug will be displaced within 20' of the shoe. This casing string will be cemented to surface.

Production String: Lead Cement: 331 sxs Class A cement. Cement to surface - 150% excess casing/hole annular volume w/ Type III cement + 0.25#/sx Cello-flake + 5#/sx LCM-1 + 8% bwoc Bentonite + 3% bwoc Potassium Chloride mixed at 12.2 ppg. (2.48 cf/sx yield = 1,381 cf)

Tail: 150 sxs Premium Lite High Strength FM + 0.25#/sx Cello-flake + 3% Potassium Chloride + 0.3% bwoc CD-32 + 0.7% bwoc Fl-52 mixed at 12.5 ppg. (2.02 cf/sx yield = 303 cf)

A Guide Shoe, and autofill float collar will be run 20' off of bottom.

Note: Synergy continues to work to improve the cement slurries on our wells. Any modifications to cement will be of equivalent total volume, but would have better mechanical properties than the cement we are currently using. Synergy may run a 2 stage cement job on the production casing if prior wells indicate cement may not reach surface.

Centralizer Program:

Surface: Total four (4) minimum - 10' above shoe and top of 2nd, 3rd, & 4th jts. If 20' surface casing joints are used, then ten (10) centralizers will be run, one at each collar.

Production: Total seven (7) - 10' above shoe and top of 1st, 2nd, 4th, 6th, 8th, & 10th jts. a cement basket will be run above the Pt. Lookout, with turbulators above and below it.

Turbulators: Total two (2) - one at 1st jt below Pt. Lookout and 1 jt above the Pt. Lookout.

10. A 3000# Blow-Out Preventer System will be used for this well, consisting of the following items:

- 2 Hydraulic Rams (Pipe & Blind) or Hydraulic and Annular with Blind Ram on Bottom.
- 1- Kill Line (2-inch minimum)
- 1- Kill Line Valve (2-inch minimum)
- 1 - Choke Line Valve
- 2 chokes (refer to diagram in Attachment) on Choke Manifold
- Upper Kelly cock valve in open position with handle available

EE2

Safety Valve (in open position) and subs to fit all drill strings in use (with handle available)
 Pressure gauged choke manifold
 2 inch minimum choke line
 Fill-up line above the uppermost preventer

The BOP equipment will be pressure and function tested according to Onshore Order # 2 – III.A-1 with a 30% safety factor. Please see that attached diagram.

11. Drilling Mud Prognosis:

Depth	Type	Wt./ppg.	Vis.,	Fluid Loss	pH
0'-350'	FW gel/lime spud mud	8.4 – 8.7	30-50	NC	10
350'- TD	Low solids non-dispersed	8.4 - 9.0	30-40	<20 cc's	9.5-10

Sufficient material needed to maintain mud properties, control loss circulation, and absorbent materials to contain any unforeseen pressure control situations will be maintained at the wellsite during all drilling operations. A mud logging unit w/ gas detector as well as a mud pit level indicator will be used out from under surface to TD.

12. The testing, logging, and coring programs are as follows:

D.S.T.s or cores: No DST's or Cores are anticipated, rotary sidewall cores may be taken.

Logs: Mud logger out from under Surface to TD, Openhole Logs to include SP, Induction, Density, & Neutron. Additional logs may be run.

13. No Anticipated or abnormal pressures or temperatures should be encountered. No hydrogen sulfide is present or anticipated.

Estimated Bottomhole pressures: Dakota is - +/- 2,100 psi

Surface casing and BOPE equipment will be tested to 1500 psi prior to drilling of the shoe. 3000# BOPE equipment will be utilized during production hole drilling operations.

14. The anticipated starting date is sometime in the 4th Qtr 2001 with duration of drilling operations for approximately 10 days thereafter. Completion Operations should take 10 days. Production Equipment will be installed and the well production tested based upon completion results.

McKinley

County, _____

Township 21 N Range 5 W

Township 21 N Range 4 W

Township 20 N Range 5 W

Township 20 N Range 4 W

Form 104—(Four on Township)

6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36
6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36



Bois d'arc

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

September 14, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Bois d'Arc Offshore, Inc.
c/o **Discovery Exploration, Inc.**
621 17th Street - Suite 1535
Denver, Colorado 80293

Attention: William Price Berryman
Agent, Synergy Operating, LLC

Re: Administrative application for an exception to Division Rule 104.C (3).

Dear Mr. Berryman:

This letter acknowledges the receipt of your administrative application dated September 5, 2001 on behalf of the operator, Bois d'Arc Offshore, Inc., for the Encino "15" Well No. 1 to be drilled at an unorthodox gas well location to test both the wildcat Dakota and Menefee formations 250 feet from the North line and 920 feet from the East line (Unit A) of Section 15, Township 20 North, Range 5 West, NMPM, McKinley County, New Mexico, within a standard 160-acre gas spacing and proration unit comprising the NE/4 of Section 15.

The Division received this application on September 6, 2001, accepts it as an administrative application, and assigned it NMOCD application reference No. *pKRV0-125331817*. Please refer to this number in future correspondence with the Division.

Our preliminary review indicates that the information provided in the application is not sufficient to process an administrative order. The following information is necessary:

A completed and signed "**Administrative Application Checklist**", which is now mandatory for such filings.

Since the submitted information is insufficient to review, the application was ruled as incomplete on September 14, 2001. Please submit the above stated information by Monday, September 24, 2001.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Aztec

621 17TH Street Suite 1535
Denver, Colorado 80293
(303) 296-7553 Phone
(303) 296-3298 Fax
discoverx@Qwest.net E-Mail

DISCOVERY EXPLORATION

Fax

To: MICHAEL STOGNER

From: PRICE BERRYMAN

Fax: (505) 476-3462 Pages 2

Phone: _____ Date 9/24/2001

- Urgent
- For Review
- Please Comment
- Please Reply
- Please Recycle

● **Comments:**

Thank you for your help on this matter.

Price Berryman

DATE IN	SUBJECT	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	---------	----------	-----------	------	---------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Wm. PRICE BERRYMAN
 Print or Type Name

Wm. Price Berryman
 Signature

AGENT, SYNERGY OPERATING, LLC
 Title

9/21/2001
 Date

pricequitar@musician.net
 e-mail Address

Stogner, Michael

From: Hayden, Steven
Sent: Friday, September 28, 2001 9:02 AM
To: Stogner, Michael
Subject: RE: Bois d'Arc

I don't have any objections. If it was my property, I would probably drill a standard location in the section to the north where the 3-D seismic anomaly is even stronger, but it isn't...



Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170

-----Original Message-----

From: Stogner, Michael
Sent: Friday, September 28, 2001 8:08 AM
To: Hayden, Steven
Cc: Chavez, Frank
Subject: Bois d'Arc

Steve, attached is the draft order that I'm proposing for this application.

Seeing that today is the last working day of the month and the 20-day waiting period for the applicant is over I really need to get this application/order out.

I'll hold this draft from Kathy until after lunch, should you see any glaring errors please call. Sorry the rush...but its out of my hands...

<< File: 2PLS04.doc >>

Stogner, Michael

From: Stogner, Michael
Sent: Friday, September 28, 2001 8:08 AM
To: Hayden, Steven
Cc: Chavez, Frank
Subject: Bois d'Arc

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I'll hold this draft from Kathy until after lunch, should you see any glaring errors please call. Sorry the rush...but its out of my hands...



2PLS04.doc

Stogner, Michael

From: Hayden, Steven
Sent: Monday, September 24, 2001 1:40 PM
To: Stogner, Michael
Subject: Encino 15 #1

Mike,
The pools for this well are:
Basin Dakota, 320 acres
WC 20n5w15; Mesaverde, 160 acres

The number should also be like the subject line above, the databases don't like the hyphens in a number field and the section number should be part of the name.



Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170

9-14



State of New Mexico
OIL CONSERVATION COMMISSION

From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

Memo

To Steve Hazelen

I know we talked about
this application. Will this
be recorded by Peter as a
Wildcat Menace and Wildcat
Dakota just w/ 160-acre dedication?
Any other comments?

Therese

P.O. BOX 2088
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811

M. Stogner

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/14/01 15:12:10
OGOMES -TQW
PAGE NO: 1

Sec : 15 Twp : 20N Rng : 05W Section Type : NORMAL

D 40.00 Federal owned	C 40.00 Federal owned	B 40.00 Federal owned	A 40.00 Federal owned
E 40.00 Federal owned	F 40.00 Federal owned	G 40.00 Federal owned	H 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/14/01 15:12:46
OGOMES -TQGW
PAGE NO: 2

Sec : 15 Twp : 20N Rng : 05W Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned	I 40.00 Federal owned
M 40.00 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

Stogner, Michael

From: Hayden, Steven
Sent: Monday, December 03, 2001 8:07 AM
To: Stogner, Michael
Subject: Encino 15 #1

Mike,

I emailed you about this last week. New developments have thickened the plot. They were unable to get a CBL on the surface pipe and called me on Saturday. I stressed that given the deviation of the hole we needed to see a cbl to establish that the Ojo Alamo was protected. They said they would get the proper tool or an operator that could run the one that failed.

This morning I got an email that said they couldn't run the cbl because they couldn't maintain 500 PSI in the hole. They have fractures in the Gallup that prevented them from circulating the long string. The projected BHL was up to a couple of hundred feet ENE of the permitted (NSL) location. As you may recall this NSL was based on the need to hit a channel in the Dakota. Will the NSL still cover the new BHL?

They are coming in after lunch to discuss this situation. If possible, I would like to have your input on the status of the NSL prior to talking to them.

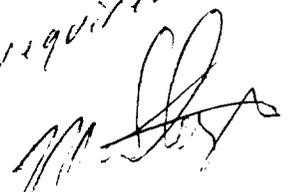


Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170

*Talked w/
Steve and Charle 12-3-2001*

*Bois d'Arc Offshore Tract
circumferentially deviated this hole, which
is now @ TD - 5000'.
If either the directional survey is
run and the well is outside of
the 50' radius of the surface
location an amended NSL
will be required (see 11.013)*



Stogner, Michael

From: Hayden, Steven
Sent: Tuesday, November 27, 2001 9:40 AM
To: Stogner, Michael
Subject: Encino 15 #1

Mike,

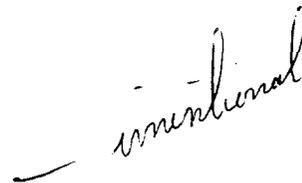
We did an NSL application on this well (NSL 4648). They set surface pipe with a small truck mounted rig and cemented down the back side with 1" pipe. At 500 feet (see attached directional survey) they had an 11 degree deviation. The survey looks to me like a large deviation was set at first, probably by using a chain pull down on the surface rig, that drops off towards vertical at depth. The problem is that their projected BHL is 95' further north than the NSL order allowed. Is this allowed by an NSL?

We did not approve the cementing method for this well-we have allowed this for wells with 120' of surface and the BLM approved it in this case, but I told them we would not allow it for this depth-220'. Synergy LLC has not built their credibility very much with me on this matter...



Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170



125331817

New Mexico Oil Conservation Division---Engineering Bureau
Administrative Application Process Documentation

Date Application Received: 9-6-2001

Date of Preliminary Review: 9-14-2001
(Note: Must be within 10-days of received date)

Results: _____ **Application Complete** **Application Incomplete**

Date Incomplete Letter Sent: 9-14-2001

Deadline to Submit Requested Information: 9-24-2001

Phone Call Date: _____
(Note: Only applies if requested data is not submitted within the 7-day deadline)

Phone Log Completed? _____ **Yes** _____ **No**

Date Application Processed: 9-28-2001

Date Application Returned: 9
(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)

9-24-2001

Talked w/ Steve. Cont. to hear what
documentation all to be included in the
application.