

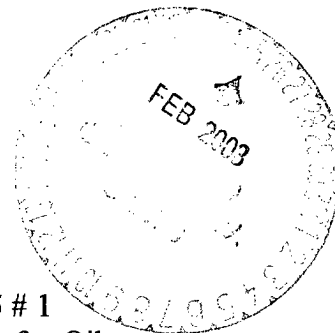


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(505) 325-5449
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February 24, 2003

New Mexico Oil Conservation Division
Michael Stogner
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Ammended NSL
Bois d' Arc Encino 15 # 1
WC 20N05W15; Menefee Oil



Dear Mr. Stogner,

Please find attached the following information requesting a change in the wildcat pool designation for this well. According to Steve Hayden of the Aztec Office, the new pool designation would be WC 20N5W15; Menefee Oil, with 40 acre spacing.

The NMOCD has approved the Ammended NSL-4648 on February 19, 2002, which included the Dakota, Mancos, and Mesaverde formations for wildcat 160 acre gas well spacing.

Based upon the minimal amount of gas produced, barely enough to run the rod pump jack equipment (1 to 2 MCFD), and the greater amount of oil production 5 to 7 BOPD, the NMOCD suggested that Synergy submit this well for oil well spacing approval.

We have been rod pump production testing the well to the stock tanks from the Menefee, since November 12, 2002, in the hope that the gas production would increase and qualify this well as a gas producer. The gas production has not increased to date.

We believe that this well, and our other wildcat Menefee 160 acre wildcat gas wells should be reclassified to 40 Acre wildcat oil well spacing. These production test rates demonstrate that this 40 acre spacing change is more appropriate to meet historical NMOCD oil production spacing.

Given that this well is at a non-standard surface location for 160 acres, and was approved, Synergy respectfully requests your assistance in obtaining the approval for the non-standard 40 acre wildcat oil well spacing per the Aztec Division Office.

I have attached a modified surface plat to demonstrate the well is a 40 acre non-standard wildcat oil well. I have also included copies of the previously submitted completion reports on the well.

Synergy will file the appropriate MMS production reports to accurately reflect the new spacing and the hydrocarbon production from this well upon your direction. We

currently have 400 bbls of oil in our production tanks that we wish to sell to Giant, to take advantage of the current high prices.

Synergy will be submitting the 2nd Meneffe test well, the Divide 22 # 1, for change of pool/change of spacing approval in the immediate future.

We appreciate your assistance in obtaining the approval of the C-104, in order to transport our oil. If there is any additional paperwork or correspondence that is required, please advise me directly at (505) 566-3725.

Best regards,

A handwritten signature in black ink, appearing to read 'T. E. Mullins', with a stylized flourish at the end.

Thomas E. Mullins
Engineering Manager

tem

cc: Steve Hayden - NMOCD Aztec District Office
1000 Rio Brazos Road
Aztec, NM 87410