UNITED STATES FORM APPROVED DEPARTMENT OF THE INTERIOR Budget Bureau No. 1004-0135 Form 3160-5 BUREAU OF LAND MANAGEMENT Expires March 31, 1993 (June 1990) 5. Lease Designation and Serial No. SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to deepen or reentry to a different reservoir ANM-183167 Use "APPLICATION FOR PERMIT -" for such proposals 6. If Indian, Allottee or Tribe Name SUBMIT IN TRIPLICATE 1. Type of Well 7: If Unit or CA, Agreement Designation Oil Well Gas Well Other 8. Well Name and No. 2. Name of Operator Synergy Operating, LLC **OGRID # 163458** 29-4 Carson 11 # 2 9. API Well No. 3. Address and Telephone No. PO Box 5513 (505) 325-5449 30-039-20649 Farmington, NM 87499 10. Field and Pool, or Exploratory 4. Location of Well (Footage, Sec, T. R., M, or Survey Description) **Basin Fruitland Coal and Pictured Cliffs** 1770' FNL, 944' FEL, Sec 11, T29N - R4W 11. County or Parish, State Rio Arriba **New Mexico** 12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Change of Plans Notice of Intent Abandoment Recompletion **New Construction** Subsequent Report Plugging Back Non-Routine Fracturing Casing Repair Water Shut-Off Final Abandonment Notice Altering Casing Converion to Injection Dispose Water 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. MIRU Key Rig # 40 from Farmington. Two (2) Frac Tanks # 219 & # 220 delivered by Lindrith Backhoe 9/20/2004 Chain Up Rig. Csg 120#, Tbg 220#. Blow Well Down. ND WH. NU BOPE. Well currently producing 10 MCFD. Pull Hanger. COOH with 116 Jts 2-3/8" 4.7# Tubing from 3595'. Tally Out. SDFN. 9/21/2004 Csg = 150#. Deliver 7 Jts New 2-3/8" Tubing. Make Up 5-1/2" Baker Casing Scraper, GIH w/ Scraper. PU 4 additional Jts. Tag PBTD at 3739'. 51 feet of sand fill above Retainer at 3790'. COOH with 2-3/8" Tubing. Lay Down Scraper. ****NOTE - WELL IS COMMINGLED Continued on Next Page

ACCEPTED FOR RECORD

FARMINGTON FIELD OFFICE

Signed:	Title: Engineering Manager	Date:	01-20-2005
This space for federal or state office use			
Approved by:Conditions of approval if any	Title:	Date:	

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

11.#2

9/22/2004 Csq = 100#. BD Well. Make Up Baker 5-1/2" Model G RBP and 5-1/2" PKR Combination Assembly on 2-3/8". GIH w/ Tools. Set RBP at 3734'. Set PKR at 3718'. Setting #1 (3718' to 3734'). Treat Setting #1 (3718' to 3734') 12.3 bbls to load of 14.3 bbls tubing capacity. 2 BPM at 75#, Pump 4 BPm at 2380#. ISIP = zero. Total 23 bbls pumped this zone. Pictured Cliffs Release Tools. Engage RBP. Move and Reset RBP at 3720'. Set PKR at 3680'. Setting #2. Treat Setting #2 (3680' to 3720') Pictured Cliffs. 8.7 bbls to load. 1.3 BPM 250#, 1.8 BPM 500#, 2.0 BPM 560#, 2.5 BPM 770#, 2.7 BPM 870#, 3.0 BPM 1000#, 3.5 BPM 1250#, 4.0 BPM 1440#, 6.3 BPM 2800#. ISIP = 350#, then zero. 50 bbls pumped this zone. Total 73 bbls in PC. Release Tools. Engage RBP. Move and Reset RBP at 3680'. Set PKR at 3648'. Setting #3 Treat Setting #3 (FTC) - (3648' to 3680'). 8.6 bbls to load. Pressure up on formation. All Perfs were plugged solid. Pressure Broke at 1100 psi. Pump at 1.7 BPM 450#, 1.8 BPM 950#, 2.5 BPM 1300#, 3.1 BPM 1500#, 5.0 BPM 2700#, 5.2 BPM 2800#. ISIP 620#, then to zero. 62 bbls Swap Treating Line to Treat down Tubing-Casing Annulus Setting # 4 (3603' to 3648') - (FTC) Setting # 4 (3603' to 3648') - 42 bbls to load. Pressure up Repeatedly to prove that perforations in Fruitland Coal are NOT open. 0.7 BPM at 500#. 0.8 BPM 1140#, 1.1 BPM 1270#, 1.5 BPM at 1350#. 2.0 BPM 1500#, 2.5 BPM 1570#, 3.5 BPM 1730#, 6.0 BPM 1780#. ISIP = 1400#. Move PKR uphole. Set at 3621'. Setting # 5 (3603' to 3621') - (FTC) via Annulus 6.1 bbls to load. 1.5 BPM to 1500#, 3.0 BPM 1700#, Total of 20 bbls this interval. ISIP = 1400# Release PKR. COOH w/ 2-3/8" and LD PKR. Close and Lock Blind Rams. Hook Up Treating Line to Annulus. Pumped down casing due to no top connection for effective flowback on tubing without utilizing BJ valve. PT lines 3000#. Start pumping N2 and Water treatment. N2 Pump keeps going down. Shut-down. N2 operator forgot to open customer valve Pressured N2 line on truck to 12,000 psi. Blow line. Begin pumping N2 and Water (Nitrified Water Treatment Down Casing. Treating Fruitland Coal Perforations from 3603' to 3680'. Treat at 9 BPM Total Rate. N2 @ 4000 SCFM, Water at 5 BPM. BHTP 3000#. Pump total of 185 bbls Liquid, 111,000 SCF N2 2380# ATP. Pump last 10 bbls Liquid. ISIP 1680#. Treating Iron from Casing. RU 3/4" positive choke on 2" 602 flowback iron. Open Well with 700# flowing pressure. Flow well back to flowback tank. Well Recovered 40 bbls Liquid to FB Tank. 210# Flowing Pressure and Falling Pressure 50# down to 10#, Light Blow, No Liquid Recovered or lifting. Secure Well Location. Leave Well open to FB Tank overnight.

- 9/23/2004 Well pressure zero. SM. Unlock rams. MU Retreiving head. GIH on 2-3/8" tubing. Circulate off RBP. Engage RBP. Work to release RBP. COOH and LD RBP. Rig Repairs Repair starter. GIH and Land Final 2-3/8" Production Tubing. Land 118 Jts 2-3/8" 4.7# J-55 at 3709', SN up 1 Jt @ 3678'. ND BOPE. NU WH. RU to swab well. SICP = 10#. Swab well 16 runs. Recover 40 bbls of load water. Final SICP = 60 psi. 400 bbls of load to recover of 480 bbls total.
- 9/24/2004 SM. SICP = 100#. Tubing 10#. BD Tubing. Initial FL at 2400'. Swab well 22 runs. Fluid Level consistent at 2400'. Casing continues to build pressure, but has not kicked off. Swab additional 18 runs (40 runs total for the day). Recover an additional 120 bbls fluid today. 200 bbls total recovery. Final Casing Pressure is 425#. Pump fluid to flowback tank from rig pit. Shut-in and secure well.
- 9/25/2004 SM. SICP = 500#, Tubing 500#. Blow down tubing. Swab well In. Make 2 runs. Well kicked off, built to 550# before flowing. Unload fluid to rig pit. Swab well, after each run tagging fluid at 3000°. Final Casing Pressure 550#. Total recovery for today is 64 bbls. Release Rig.