

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-039-20649
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMNM-18316 (Federal)
7. Lease Name or Unit Agreement Name CONOCO 29-4 #2 29-4 Carson 11
8. Well Number 2
9. OGRID Number 163458
10. Pool name or Wildcat Choza Mesa PC / Basin Fruitland Coal

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK OR A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Synergy Operating, LLC	
3. Address of Operator PO Box 5513, Farmington, NM 87499 (505) 325-5449	
4. Well Location Unit Letter <u>H</u> : <u>1770'</u> feet from the <u>North</u> line and <u>944'</u> feet from the <u>East</u> line Section <u>11</u> Township <u>29N</u> Range <u>04W</u> NMPM County <u>Rio Arriba</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7050' GL	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

~~PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐~~
~~TEMPORARILY ABANDON ☐ CHANGE PLANS ☐~~
~~PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐~~
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
OTHER: DOWNHOLE COMMINGLE XXX

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Per Rule 303.C.3.b. Synergy Operating, LLC hereby requests approval of the following Downhole Commingle Allocation per this C-103.

- Pre-Approved Commingle of the Basin Fruitland Coal (71629) and the Choza Mesa Pictured Cliffs (74960) per R-11363
- See i) above.
- Perforated intervals are listed on the attached sheet.
- Allocation method is a combination of the "Well Test Method" and the "Alternative Method". See Attached.
- Synergy hereby declares that the downhole commingling of the subject formations will NOT reduce the value of the total production. Synergy believes it prudent to DHC these zones such that economic hydrocarbon production can be obtained, from these historically marginal producers.
- The Working and Royalty Interests are common, with Synergy holding 100 percent of all working interest in both formations.
- Synergy notified the BLM of the planned commingle of these subject formations per prior sundry notices.

Recommended Allocation Percentages for the 29-4 Carson 11 #2 Commingled Producer.

	GAS	OIL	WATER	
Basin Fruitland Coal	30	-	30	%
Choza Mesa Pictured Cliffs	70	100	70	%
Totals	100	100	100	%

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Thomas E. Mullins TITLE Engineering Manager DATE 11-25-2003
Type or print name Thomas E. Mullins E-mail address: tom.mullins@synergyoperating.com Telephone No. (505) 325-5449
(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 00 DATE DEC 1 2003
Conditions of approval, if any:

DHC 1356A2

Synergy Operating, LLC
Flow Test for Downhole Commingle Allocation
29-4 Carson 11 # 2
NE/4 Section 11, T29NR04W

Basin Fruitland Coal	930 MCFD	30 Percent Gas
Choza Mesa Pictured Cliffs	2,170 MCFD	70 Percent Gas
Total Production Flow Test	3,100 MCFD	

The well was stimulated with a total of 133,000 lbs of 20/40 proppant in a 60 Quality X-linked Nitrogen Foam on 09-23-2003

The well was flowed back on a 1/2" choke and stabilized at 500 psi after 42 hours of flowing. There was heavy water mist and a trace of liquid hydrocarbons. This test indicates a total rate of 3,131 MCFD or approximately 3,100 MCFD.

This commingle allocation is based upon review of offset Synergy well completions in both the Fruitland Coal and the Pictured Cliffs

The offset Choza Mesa Pictured Cliffs Producer the 29-4 Conoco (14) # 10 (NE/4-Sec 14-T29NR04W) has historically produced from PC perforations and stabilized at approximately 40 MCFD.

The offset Basin Fruitland Coal Producer the 29-4 Carson 12 # 1 (NE/4-Sec 12-T29NR04W) has historically produced from the Coal perforations and stabilized at 15 MCFD.

		Similar Offset Production Analogy
Basin Fruitland Coal	15	27.3% Percentage of an effective commingled producer
Choza Mesa Pictured Cliffs	40	72.7% Percentage of an effective commingled producer
Total Production	55	

All Oil production will be allocated to the Pictured Cliffs. Water Production will be allocated on the same basis as the Gas production.

Water Analysis of Area Pictured Cliffs wells and Fruitland Coal wells has been compiled and is nearly identical.

Furthermore, Gas BTU Analysis of Area Pictured Cliffs wells and Fruitland Coal wells has been compiled and is nearly identical.

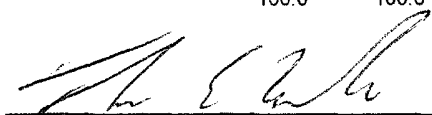
Well Name	Formation	Date	BTU	TDS	K+	NaCl	BiCarb	Hardness	Mg	Ca	Res (74F)	pH	SG
29-4 Conoco (14) # 10	PC	6/5/01	1,128	8,040	86	5,586	1,718	140	15	32	0.85	8.19	1.001
29-4 Carson 12 # 1	FTC	6/5/01	1,159	11,321	80	9,828	838	588	27	191	0.54	7.91	1.004
29-4 Conoco (24) # 4	PC	6/5/01	1,141	8,694	57	5,586	2,194	140	12	36	0.85	7.69	1.001

All the Working Interest Ownership is owned 100% by Synergy Operating, LLC in the Fruitland Coal and the Pictured Cliffs Formations. Royalty Interest Ownership is the same.

Recommended Allocation Percentages for the 29-4 Carson 11 # 2 Commingled Producer.

	GAS	OIL	WATER
Basin Fruitland Coal	30.0	-	30.0
Choza Mesa Pictured Cliffs	70.0	100.0	70.0
Totals	100.0	100.0	100.0

Prepared by:


Thomas E. Mullins

Dated: November 25, 2003