



PO Box 5513
Farmington, NM 87499
(505) 325-5449
Fax (505) 325-6585

Facsimile Cover Sheet

To: David R. Catanach
Company: N.M. Oil Conservation Division
Phone: 505-476-3466
Fax: 505-476-3440

From: Patrick Hegarty
Company: Synergy Operating LLC

Re: Case No. 13,486
Force Pool Hearing -6/16/05
Phone: (505) 334-4993
Fax: (505) 566-3698

Date: June 20, 2005
**Pages Including this
cover page:** 3

Mr. Catanach, attached is a copy of the farmout agreement received from Joe Robbins covering his interest in the SW/4 of section 8, T29N R11W, San Juan County, New Mexico involved with the Force Pool Hearing of the Duff 29-11-8#104 Fruitland Coal well encompassing the W/2 of said section. Patrick Hegarty

XC: James Bruce - 982-2151
505-476-3440



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Joseph C. Robbins
2136 N. Lakeshore Drive
Chapel Hill, North Carolina 27514

May 31, 2005

Re: Farmout Agreement – Surface to the base of Fruitland Coal Formation
Duff 29-11-8#104 well, SW/4 Section 8, T29N, R11W
San Juan County, New Mexico

Dear Mr. Robbins:

Synergy Operating, LLC (Synergy) hereby proposes to farmin your mineral interest in the southwest quarter of section 8 of Township 29 North, Range 11 West San Juan County, New Mexico ("the Lands") from Joe Robbins, necessary to drill a new well involving your minerals in order to produce hydrocarbons, subject to the following terms and conditions:

1. Synergy in its sole discretion will test any and all potentially prospective formations, involving the Lands, from the surface of the earth to the base of the Fruitland Coal Formations (hereinafter referred to as "Said Operations") no later than one year after your execution of this Agreement. This Agreement will terminate if Synergy fails to timely commence Said Operations. If in drilling, or completing the test well, or option well, Synergy encounters difficulties which in Synergy's opinion, make it impracticable to continue, Synergy may plug and abandon the test well, and will have a thirty (30) day period following the plugging and abandonment procedure to commence, or cause to be commenced Said Operations for a substitute test well at a location in the same section as the abandoned well, and will complete Said Operations with due diligence.

3. Said Operations conducted hereunder will be at no cost, risk, or expense to the Joe Robbins. Further, Synergy agrees to assume all the liabilities associated with the captioned well to be located in the SE NW NW of section 32, Township 27 North Range 9 West.

4. Upon completion of Said Operations Synergy will earn an Assignment of all of Joseph C. Robbins' right, title, and interest in and to the Lands subject to the Joe Robbins retaining an inclusive 20.00% royalty interest, delivering to Synergy an eighty percent net revenue interest.

**SIGN & RETURN
THIS COPY**

Farmout Agreement**May 31, 2005****Page 2 of 2**

Joseph C. Robbins agrees to return within thirty days from receipt, three fully executed copies of an assignment of all his right, title and interest in those formations from the surface of the earth to the base of the Fruitland Coal formations. Said Assignment will be limited in depth from the surface of the earth to 100 feet below the base of the Fruitland Coal Formation.

5. Concerning proportionate reduction; a Spacing Unit for a well drilled, or Recomplete under this Agreement will include lands other than the captioned lands and as such the Joe Robbins's royalty interest will be the proportionate part respectively equal to the ratio between the number of acres that the Lands contribute to the Spacing Unit and the total number of acres in the Spacing Unit. Spacing Unit" means the number of acres allocated to the test well, or option well by the New Mexico Oil Conservation Division, being the regulatory agency having jurisdictional power to do so.

6. Joseph C. Robbins DOES NOT warrant title to the Lands.

Please review this Farmout Agreement and if acceptable, please execute in the space provided below returning one original copy.

Thank you for your consideration of this matter.

Sincerely,
Synergy Operating, LLC


Patrick Hegarty
Principal

AGREED TO AND ACCEPTED this 6th day of June, 2005


By: Joseph C. Robbins

Robbins F/O Duff