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August 24, 2005

Via Fax

Richard Ezeanyim
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

De 8/24/05

Re: Case No. 13,537/Lance Oil & Gas Company
Case No. 13,539/Synergy Operating, LLC

Dear Mr. Ezeanyim:

I represent Synergy in the above cases, and Mr. Carr represents Lance. Both cases involve the same lands, and are set for hearing on Thursday, August 25th. I was speaking with Mr. Carr this morning, who heard that the cases were being dismissed.

Please be advised that both Lance and Synergy plan to proceed to hearing on Thursday. The cases will be consolidated for hearing, and there will be one land witness for each company, with approximately 8-10 exhibits per witness. Mr. Carr and I estimate that the combined case will take somewhat less than 1½ hours to present.

Mr. Carr and I also request that you accept this letter as our joint pre-hearing statement, so that we don't need to file an additional document.

Very truly yours,

James Bruce
James Bruce

Attorney for Synergy Operating, LLC

cc: William F Carr (via fax)