

KELLAHIN & KELLAHIN Attorney at Law

W. Thomas Kellahin
Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.net

August 8, 2005

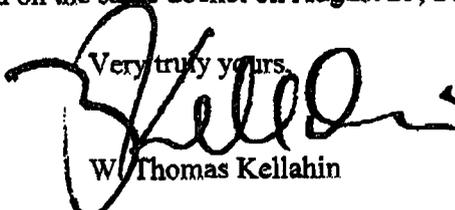
HAND DELIVERED

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Motion to Continue and to Consolidate
(1) NMOCD Case 13539
Application of Synergy Operating, LLC
For Compulsory Pooling, San Juan County, New Mexico
(2) NMOCD Case 13537 *CE*
Application of Lance Oil & Gas Company, Inc.
for compulsory pooling including two wellbores and
optional infill well coal-gas well provisions,
San Juan County, New Mexico

Dear Mr. Fesmire:

On behalf of Lance Oil & Gas Company, Inc., find enclosed our Motion to Continue and to consolidate the two referenced competing compulsory pooling cases. The Synergy case is currently docketed for hearing on August 11, 2005 while the Lance case is currently docketed for hearing on August 25, 2005. This Motion seeks to have both cases heard on the same docket on August 25, 2005.

Very truly yours,

W. Thomas Kellahin

cc: James Bruce, Esq. Attorney for Synergy
William F. Carr, Esq. Co-counsel for Lance
Lance Oil & Gas Company, Inc.
Attn: Anne Jones

wvt 8/8/05

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF LANCE OIL & GAS COMPANY, INC.
FOR COMPULSORY POOLING INCLUDING
OPTIONAL INFILL WELL PROVISIONS,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 13537

**IN THE MATTER OF THE APPLICATION
OF SYNERGY OPERATING, LLC
FOR COMPULSORY POOLING
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 13539

MOTION TO CONTINUE AND TO CONSOLIDATE

Lance Oil & Gas Company, Inc. ("Lance") by its attorneys, Kellahin & Kellahin and Holland & Hart, and moves the New Mexico Oil Conservation Division for an order Consolidating Cases 13537 and 13539 and continuing Case 13539 from the August 11, 2005 docket to the August 25th docket so that both cases can be heard concurrently, and in support states:

1. These two cases are competing compulsory pooling cases involved the same subject matter including the same spacing units.
2. The approval of one will correspondingly require the denial of the other.
3. There are no expiring leases or other matters that compel the Division to hold two separate hearing on the same dispute.
4. These gas spacing units are located within the boundaries of the Basin Fruitland Coal Gas Pool and the Fulcher Kutz-Pictured Cliffs Gas Pool.
5. By letter dated, June 2, 2005, Lance proposed to the other working interest or mineral owners its FRPC "22" Well No. 2 be drilled and dually completed in the Pictured Cliffs and Fruitland coalbed formations to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the W/2 and a standard 160-acre gas spacing and proration unit consisting of the NW/4 both in Section 22.

NMOCD Cases 13537 and 13539
Lance Motion to Continue and to Consolidate
-Page 2-

6. On June 17, 2005, the OCD-Aztec, approved an APD filed by Lance for its FRPC "22" Well No. 2 and assign API #30-045-33160.

7. By letters dated, July 13, 2005, Lance proposed to Synergy Operating, LLC both its FRPC "22" Well No. 2 (NW/4) and its FRPC "22" Well No. 3 (SW/4) be drilled and dually completed in the Pictured Cliffs and Fruitland coalbed formations to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the W/2 and standard 160-acre gas spacing and proration unit consisting of the NW/4 for the FRPC "22" Well No. 2 and the SW/4 for the FRPC "22" Well No. 3 all in Section 22.

8. After its well proposal letters, Lance learned that Synergy was "top leasing" interests held by Lance and in direct competition with Lance for the development of the W/2 of this section.

9. On July 20, 2005, after receiving Lance's well proposal letters, Synergy Operating LLC ("Synergy") applied for and received OCD approval for an APD for its well in the SW/4 of this section.

10. On July 13, 2005, Lance received a letter dated July 13, 2005 from Synergy Operating, LLC proposing wells that conflict with those being proposed by Lance for the W/2 of this section.

11. On July 20, 2005, seven days after sending its well proposal letter to Lance, Synergy filed its application for compulsory pooling of the W/2 of this section that is docketed as OCD Case 13539 and currently pending hearing on the August 11, 2005 docket.

12. On July 27, 2005, a representative of Lance met with Mr. Patrick Hegarty, a principal of Synergy, who declined to settle this matter.

13. Concurrence of Mr. Bruce, attorney for Synergy, has been requested and he is unable to concur at this time.

NMOCD Cases 13537 and 13539
Lance Motion to Continue and to Consolidate
-Page 3-

WHEREFORE, Lance Oil & Gas Company, Inc, requests that the Division grant this motion.

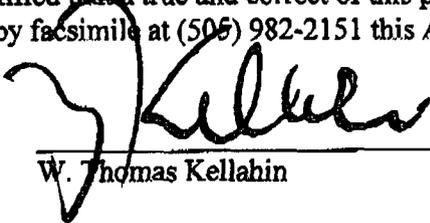
RESPECTFULLY SUBMITTED:

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504
Telephone: (505) 982-4285
Fax: (505) 982-2047

WILLIAM F. CARR, ESQ.
HOLLAND & HART
110 N. Guadalupe
Santa Fe, New Mexico 87501
(505) 988-4421
(505) 983-6043

CERTIFICATE OF SERVICE

I hereby certified that a true and correct of this pleading was delivered to Mr. James Bruce, Esq. by facsimile at (505) 982-2151 this August 8, 2005.



W. Thomas Kellahin