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August 10, 2006

Hand delivered

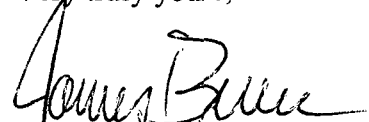
David Catanach  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case No. 13,663/Synergy Operating, LLC/W½ §8-29N-11W

Dear Mr. Catanach:

Enclosed is the AFE signed by Burlington resources Oil & gas Company LP.

Very truly yours,

  
James Bruce

Attorney for Synergy Operating, LLC

cc: Counsel of record w/encl.

	Est. Dry Hole Cost	Est. Drilling/Completion Cost
<b>TANGIBLE COMPLETION</b>		
Wellhead		5,500.00
Tubing		7,000.00
<b>TOTAL TANGIBLE COMPLETION</b>		<b>12,500.00</b>
<b>TANGIBLE DRILLING</b>		
Surface Casing & Accessories	6,000.00	6,000.00
<b>TOTAL TANGIBLE DRILLING</b>	<b>6,000.00</b>	<b>6,000.00</b>
<b>TANGIBLE EQUIPPING</b>		
Sucker Rods & Accessories		3,000.00
Valves & Fittings		8,000.00
Downhole Pump		2,500.00
Pumpjack & Base		14,000.00
Flowline		10,000.00
Separators		11,000.00
Storage Tanks		10,000.00
Engines & Motors		6,000.00
Metering Equipment		9,000.00
<b>TOTAL TANGIBLE EQUIPPING</b>		<b>73,500.00</b>
<b>SUB-TOTAL COST ESTIMATE</b>	<b>266,500.00</b>	<b>400,000.00</b>
10% Contingency	26,650.00	40,000.00
<b>TOTAL COST ESTIMATE</b>	<b>293,150.00</b>	<b>440,000.00</b>

Accepted by:

Entity Name: Burlington Resources Oil & Gas Company LP  
A wholly owned subsidiary of ConocoPhillips Company

By:   
Linda Dean, Land Advisor

Position: \_\_\_\_\_

Date: \_\_\_\_\_

**SIGN & RETURN  
THIS COPY**

Authorization for Expenditure  
Duff 29-11-8#105

10/10/05  
Pg. 1 of 2

Well ID: NM 0105  
Legal: T29N R11W Sec. 8: W/2  
County: San Juan  
State: NM  
Total Depth: 1750'

Drill & Complete Fruitland Coal ~~& Test~~

	Est. Dry Hole Cost	Est. Drilg/Completion Cost
<b>FACILITY COSTS</b>		
Buildings/Noise Abatement		2,000.00
<b>TOTAL FACILITY COSTS</b>		<b>2,000.00</b>
<b>INTANGIBLE COMPLETION</b>		
Completion Rig		20,000.00
Stimulation Treatments		100,000.00
Completion Fluids		9,000.00
Trucking	7,000.00	7,000.00
Equipment Rentals	3,000.00	3,000.00
Logging & Perforating		7,000.00
Contract Services	17,000.00	17,000.00
Completion Supervision		2,000.00
Production Casing & Accessories	22,000.00	22,000.00
Air Package & Mobilization	8,000.00	8,000.00
Portable Toilet	500.00	500.00
<b>TOTAL INTANGIBLE COMPLETION</b>	<b>57,500.00</b>	<b>195,500.00</b>
<b>INTANGIBLE DRILLING</b>		
Site Access-Survey	1,500.00	1,500.00
Site Access-Preparation & Acquisition	15,000.00	15,000.00
Rig Mobilization	7,000.00	7,000.00
Drilling-Footage	45,000.00	45,000.00
Mud & Additives	6,000.00	6,000.00
Water to Rig Pit	6,000.00	6,000.00
Equipment Rental (Surface)	3,000.00	3,000.00
Openhole Logging	5,000.00	5,000.00
Drilling Supervision	3,000.00	3,000.00
Cementing-Drilling		12,000.00
BOP Rental	3,000.00	3,000.00
Safety Svc/BOP Testing	1,000.00	1,000.00
Anchors Sets & Test	1,000.00	1,000.00
Casing Crew	2,000.00	2,000.00
<b>TOTAL INTANGIBLE DRILLING</b>	<b>98,500.00</b>	<b>110,500.00</b>

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