

## Authorization for Expenditure

**Duff 29-11-8 #105**

Drill, complete & equip 1975' Fruitland Coal well

Location: T29N-R11W, Sec 8, NW/4

County: San Juan

State: NM

**Synergy Operating LLC**

Your Interest: 23.438%

FACILITY COSTS	Gross Amount	Your Share
Installation	14,000.00	3,281.25
Buildings/Noise	1,000.00	234.38
Contract Services	12,000.00	2,812.50
<b>TOTAL Facility Costs</b>	<b>27,000.00</b>	<b>6,328.13</b>

INTANGIBLE COMPLETION	Gross Amount	Your Share
Completion Rig	15,000.00	3,515.63
Stimulation Treatments	63,000.00	14,765.63
Completion Fluids	7,000.00	1,640.63
Trucking	6,000.00	1,406.25
Equipment Rentals	5,000.00	1,171.88
Packer & Plug Rentals	2,500.00	585.94
Logging & Perforating	9,000.00	2,109.38
Completion Supervision	4,000.00	937.50
Water to Disposal	2,000.00	468.75
Air Package &	6,000.00	1,406.25
Flowback Iron	3,000.00	703.13
Portable Toilet	500.00	117.19
<b>TOTAL Intangible Completion</b>	<b>123,000.00</b>	<b>28,828.13</b>

INTANGIBLE DRILLING	Gross Amount	Your Share
Site Access - Survey & Staking	2,000.00	468.75
Site Access -	9,000.00	2,109.38
Rig Mobilization	3,000.00	703.13
Drilling - Footage	46,000.00	10,781.25
Mud & Additives	5,000.00	1,171.88
Water to Rig Pit	4,000.00	937.50
Equipment Rental	5,000.00	1,171.88
Openhole Logging	5,000.00	1,171.88
Drilling Supervision	4,000.00	937.50
Cementing - Drilling	20,000.00	4,687.50
Safety Svc/BOP Testing	1,500.00	351.56
Anchors Sets & Test	1,000.00	234.38
Casing Crew	2,000.00	468.75
<b>TOTAL Intangible Drilling</b>	<b>107,500.00</b>	<b>25,195.31</b>

OIL CONSERVATION DIVISION  
 CASE NUMBER 13663  
 EXHIBIT NUMBER 4

*Synergy*

## Authorization for Expenditure

Duff 29-11-8 #105

Drill, complete & equip 1975' Fruitland Coal well

Location: T29N-R11W, Sec 8, NW/4

County: San Juan

State: NM

Synergy Operating LLC

Your Interest: 6.250%

FACILITY COSTS	Gross Amount	Your Share
Installation	14,000.00	875.00
Buildings/Noise	1,000.00	62.50
Contract Services	12,000.00	750.00
<b>TOTAL Facility Costs</b>	<b>27,000.00</b>	<b>1,687.50</b>

INTANGIBLE COMPLETION	Gross Amount	Your Share
Completion Rig	15,000.00	937.50
Stimulation Treatments	63,000.00	3,937.50
Completion Fluids	7,000.00	437.50
Trucking	6,000.00	375.00
Equipment Rentals	5,000.00	312.50
Packer & Plug Rentals	2,500.00	156.25
Logging & Perforating	9,000.00	562.50
Completion Supervision	4,000.00	250.00
Water to Disposal	2,000.00	125.00
Air Package &	6,000.00	375.00
Flowback Iron	3,000.00	187.50
Portable Toilet	500.00	31.25
<b>TOTAL Intangible Completion</b>	<b>123,000.00</b>	<b>7,687.50</b>

INTANGIBLE DRILLING	Gross Amount	Your Share
Site Access - Survey & Staking	2,000.00	125.00
Site Access -	9,000.00	562.50
Rig Mobilization	3,000.00	187.50
Drilling - Footage	46,000.00	2,875.00
Mud & Additives	5,000.00	312.50
Water to Rig Pit	4,000.00	250.00
Equipment Rental	5,000.00	312.50
Openhole Logging	5,000.00	312.50
Drilling Supervision	4,000.00	250.00
Cementing - Drilling	20,000.00	1,250.00
Safety Svc/BOP Testing	1,500.00	93.75
Anchors Sets & Test	1,000.00	62.50
Casing Crew	2,000.00	125.00
<b>TOTAL Intangible Drilling</b>	<b>107,500.00</b>	<b>6,718.75</b>

TANGIBLE COMPLETION	Gross Amount	Your Share
Production Casing & Accessories	20,000.00	1,250.00
Upper Wellhead	2,000.00	125.00
Tubing	7,000.00	437.50
<b>TOTAL Tangible Completion</b>	<b>29,000.00</b>	<b>1,812.50</b>

TANGIBLE DRILLING	Gross Amount	Your Share
Surface Casing & Wellhead	4,000.00	250.00
	3,000.00	187.50
<b>TOTAL Tangible Drilling</b>	<b>7,000.00</b>	<b>437.50</b>

TANGIBLE EQUIPPING	Gross Amount	Your Share
Sucker Rods & Valves & Fittings	5,000.00	312.50
Downhole Pump	10,000.00	625.00
Pumpjack & Base	2,500.00	156.25
Flowline	14,000.00	875.00
Separators	18,000.00	1,125.00
Storage Tanks	9,000.00	562.50
Engines & Motors	11,000.00	687.50
Metering Equipment	6,000.00	375.00
	10,000.00	625.00
<b>TOTAL Tangible Equipping</b>	<b>85,500.00</b>	<b>5,343.75</b>
<b>TOTAL COST ESTIMATE</b>	<b>379,000.00</b>	<b>23,687.50</b>

Bypass Trust U/W June H. Walmsley	
Date:	_____
Accepted By:	_____
	Signature
	<u>Jerry, Walmsley, Trustee</u>
	Print Name

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

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

**Case No. 13,663**

**AFFIDAVIT OF NOTICE**

COUNTY OF SANTA FE    )  
                                  ) ss.  
STATE OF NEW MEXICO    )

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Synergy Operating, LLC, and have personal knowledge of the matters stated herein.
3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the locatable interest owner, at its correct address, by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Exhibit A.
5. Applicant has complied with the notice provisions of Division Rule 1207.

  
James Bruce

SUBSCRIBED AND SWORN TO before me this 28<sup>th</sup> day of March, 2006 by James Bruce.

  
Notary Public

My Commission Expires: 3/14/09

OIL CONSERVATION DIVISION  
CASE NUMBER 13663  
EXHIBIT NUMBER 5

*Synergy*

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

February 17, 2006

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Edwin Smith, LLC  
Earnest Smith/Edwin Smith  
40758 Jasper Drive  
Kingsbury, California 93631

Gentlemen:

Enclosed is a copy of an amended application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Synergy Operating, LLC, regarding the W½ of Section 8, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico. This matter is scheduled for hearing at 8:15 a.m. on Thursday, March 16, 2006, at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date.

You are required to notify (in writing) the Division, and the undersigned, by Thursday, March 9, 2006 if you intend to participate in the hearing.

Very truly yours,

  
James Bruce

Attorney for Synergy Operating, LLC



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> <i>Edwin Smith</i> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p>
<p>1. Recipient Addressed to:</p> <p style="text-align: right;">Edwin Smith, LLC          Ernest Smith/Edwin Smith          40758 Jasper Drive          Kingsbury, California 93631</p>	<p>B. Received by (Printed Name) C. Date of Delivery  <i>Edwin Smith</i> <i>5/30</i></p>
<p>2. Article Number:          (Transfer from service label) <b>7005 2570 0000 4604 5609</b></p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>PS Form 3811, February 2004</p>	<p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>Domestic Return Receipt <i>Synergia Draft</i> 102595-02-M-1540</p>	

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only: No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
KINGSBURY, CA 93631 OFFICIAL USE	
Postage	\$ 0.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
<p>Sent To</p> <p>Edwin Smith, LLC          Ernest Smith/Edwin Smith          40758 Jasper Drive          Kingsbury, California 93631</p>	
<p>UNIT ID: 0500</p> <p>CLERK: KOZITO          FEB 18 2006</p>	
<p>PS Form 3800, June 2002 See Reverse for Instructions</p>	

7005 2570 0000 4604 5609