

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

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

Case No. 13,663

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Synergy Operating, LLC as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Synergy Operating, LLC
Post Office Box 5513
Farmington, New Mexico 87499
(505) 334-4993

Attention: Patrick Hegarty

OPPONENTS

Edwin Smith, LLC

Jerry Walmsley, Trustee

APPLICANT'S ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENTS' ATTORNEYS

Derck V. Larson

J. Scott Hall

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the following described acreage in Section 8, Township 29 North, Range 11 West, NMPM, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any pools or formations developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool; and the SW/4 to form a standard 160-acre gas spacing and proration for any pools or formations developed on 160-acre spacing within that vertical extent. The units are to be dedicated to the proposed Duff 29-11-8

Well No. 105, to be drilled at an orthodox location in the SW/4 of Section 8. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

OPPONENTS

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

Patrick Hegarty
(landman)

20 min.

Approx. 8

OPPONENTS

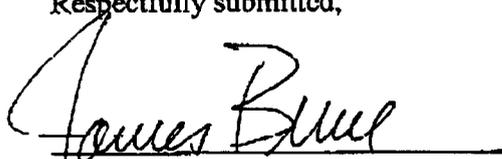
WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

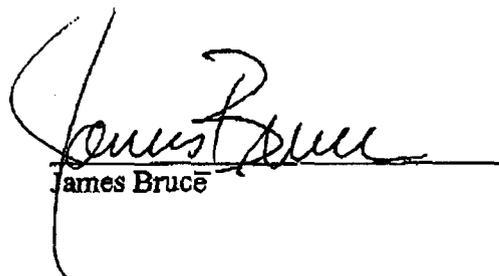
Attorney for Synergy Operating, LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record, via facsimile transmission, this 22nd day of March, 2006:

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