



Synergy Operating, LLC

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July 2, 2007

Oil Conservation Division
1220 South St. Francis Dr
Santa Fe, NM 87505

Attn: Florence Davidson

Re:
Actual Costs
Duff 29-11-8 #105 Well
Case No. 13663
Order No. R-12629

As per Order Number R-12629, Synergy Operating has attached an itemized schedule of the actual well costs accrued for the drilling, completion and equipping of the aforementioned well. The request for compulsory pooling, Case No. 13663, was heard by the New Mexico Oil Conservation Division on June 22, 2006 and the subsequent order was issued on September 12, 2006.

Should you have any questions, or need additional information, please contact me at (505) 325-5449, Ext #2 during business hours, or at the above letterhead address.

Sincerely,

Glen O. Papp, P.E.
Operations Manager

Attachments
xc: file

Synergy Operating LLC

Project: Duff 29-11-8 #105 (Drill, Complete & Equip Fruitland Coal Well)

Acct Code		Actual Costs
INTANGIBLE DRILLING		
3300	Site Access - Survey & Staking	1,274.25
3301	Site Access - Preparation & Acquisition	9,043.04
3304	Drilling - Footage	47,805.20
3308	Mud & Additives	2,425.62
3311	Water to Rig Pit	4,143.85
3315	Openhole Logging	2,920.16
3318	Drilling Supervision	3,533.93
3321	Cementing - Drilling	20,636.01
3326	BOP Rental	1,575.63
3333	Anchors Sets & Test	782.45
3338	Casing Crew	1,782.83
	TOTAL Intangible Drilling	<u>95,922.97</u>
TANGIBLE DRILLING		
3419	Surface Casing & Accessories	3,291.58
3425	Wellhead	1,077.97
	TOTAL Tangible Drilling	<u>4,369.55</u>
INTANGIBLE COMPLETION		
4403	Completion Rig	15,885.66
4408	Stimulation Treatments	135,685.66
4409	Completion Fluids	7,133.94
4411	Trucking	8,122.16
4412	Equipment Rentals	1,353.90
4415	Logging & Perforating	14,917.99
4418	Completion Supervision	4,748.67
4423	Water to Disposal	1,148.70
4430	Flowback Iron	4,173.86
4435	Portable Toilet	430.14
	TOTAL Intangible Completion	<u>193,600.68</u>
TANGIBLE COMPLETION		
4419	Production Casing	20,389.39
4502	Upper Wellhead	2,620.68
4503	Tubing	7,534.96
	TOTAL Tangible Completion	<u>30,545.03</u>
FACILITY COSTS		
5603	Pipeline	12,000.00
5604	Installation	12,000.00
5617	Contract Services	16,571.19
	TOTAL Facility Costs	<u>40,571.19</u>

TANGIBLE EQUIPPING

5501	Sucker Rods & Assessories	7,521.44
5502	Valves & Fittings	12,704.50
5503	Downhole Pump	3,507.42
5504	Pumpjack & Base	15,827.52
5507	Separators	8,704.78
5508	Storage Tanks	5,067.46
5510	Engines & Motor	8,584.93
5511	Metering Equipment	<u>12,263.00</u>
	TOTAL Tangible Equipping	74,181.05

TOTAL ACTUAL COSTS

439,190.47