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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

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October 30, 2007

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14032

Dear Florene:

Enclosed for filing, on behalf of Synergy Operating, LLC, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. The parties being pooled are identified on Exhibit A. Please set this matter for the November 29, 2007 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Synergy Operating, LLC

LEASE PLAT

Beck 29-12-10 #108

T 29 N R 12 W SECTION 10

S/2 - Fruitland Coal Formation

SW/4 Pictured Cliffs Formation

LOT 6 Tract #1 David McLane et al NWSW-L 40.65 A	Tract #2 Ted White FEE NESW-K 40 A	Tract #3 Synergy Operating, LLC et al FEE NWSE-J 40 A	Tract #6 Burlington Resources Oil & Gas LP et al FEE NESE-I 40A
LOT 7 SF065557A SWSW-M 40.47 A	LOT 8 BP AMERICA PROD. CO Tract #4 NM 014375 SESW-N 40.3 A	BP AMERICA Tract #5 FEE SWSE-O 40 A	PRODUCTION CO FEE SESE-P 40A

FRUITLAND COAL PRORATION UNIT - S/2	ACRES	Before FP
SYNERGY OPERATING, LLC	61.17	19.030137%
Barbara R.S. Gates Estate, William Stine, Executor	0.50	.155560%
Ted White et ux	40.00	12.444776%
DAVID McLANE et ux	73.00	22.714206%
Judith Chandler, and/or Lewis Chandler, Individually and as Trustee of the R. Lewis Chandler Trust	8.12	2.523801%
BP America Production Co.	120.30	37.427665%
Burlington Resources Oil & Gas, LP	18.33	5.703856%
TOTALS	321.42	100.0000%

PICTURED CLIFFS PRORATION UNIT - SE/4	ACRES	Before FP
BP America Production Co.	40.30	24.96593%
Ted White et ux	40.00	24.78008%
DAVID McLANE	73.00	45.22860%
Judith Chandler, and/or Lewis Chandler, Individually and as Trustee of the R. Lewis Chandler Trust	8.12	5.02540%
TOTALS	161.42	100.0000%

A

EXHIBIT

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 74032

APPLICATION

Synergy Operating, LLC applies for an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying lots 6-8, NE $\frac{1}{4}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ (the S $\frac{1}{2}$) of Section 10, Township 29 North, Range 12 West, N.M.P.M., San Juan County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ of Section 10, and has the right to drill a well thereon.
2. Applicant proposes to drill its Beck 29-12-10 Well No. 108, at an orthodox location in Lot 8 (the SE $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 10, to a depth sufficient to test the Pictured Cliffs formation, and seeks to dedicate the following acreage to the well:
 - (a) The S $\frac{1}{2}$ of Section 10 to form a 321.42 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool; and
 - (b) The SW $\frac{1}{4}$ of Section 10 to form a standard 161.42 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the Fulcher Kutz-Pictured Cliffs Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ of Section 10 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 10, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 10 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the S½ of Section 10, from the surface to the base of the Pictured Cliffs formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for Synergy Operating, LLC

PROPOSED ADVERTISEMENT

Case No. 14632 : **Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the following described acreage in Section 10, Township 29 North, Range 12 West, NMPM, and in the following manner: Lots 6-8, NE/4SW/4, and SE/4 (the S/2) to form a 321.42-acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool; and Lots 6-8 and NE/4SW/4 (the SW/4) to form a 161.42-acre gas spacing and proration unit for all pools or formations developed on 160 acre spacing within that vertical extent, including the Fulcher Kutz-Pictured Cliffs Gas Pool. The units are to be dedicated to the Beck 29-12-10 Well No. 108, to be located at an orthodox location in Lot 8 (the SE/4SW/4) of Section 10. 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. The units are located approximately 7 mile east-northeast of Farmington, New Mexico.

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