UNITED S  DEPARTMENT OF BUREAU OF LAND  SUNDRY NOTICES AND  Do not use this form for proposals to drill or t  Use "APPLICATION FOR PE  SUBMIT IN TI  1. Type of Well	THE INTERIOR OF SUBJECT OF SUBJEC	FORM APPROVED  Budget Bureau No. 1004-0135  Expires March 31, 1993  5. Lease Designation and Serial No.  2 3 NMNM-013885  6. If Indian, Allottee or Tribe Name  RECEIVED  ARMINGTON MM  7. If Unit or CA, Agreement Designation
2. Name of Operator	Other Cally India	8. Well Name and No.
Synergy Operating, LLC	OGRID # 163458	Federal # 1 9. API Well No.
3. Address and Telephone No. PO Box 5513 (5 Farmington, NM 87499 4. Location of Well (Footage, Sec, T. R., M, or Surve 888' FNL, 1678' FWL, Sec 24,		30-045-22723  10. Field and Pool, or Exploratory  Basin Fruitland Coal  11. County or Parish, State San Juan County
		New Mexico
12. CHECK APPROPRIATE BOX(S) TO IN	DICATE NATURE OF NOTICE, REPORT, OR O	
TYPE OF SUBMISSION	TYPE OF ACTION	
Notice of Intent  Subsequent Report  Final Abandonment Notice	Abandoment Recompletion Plugging Back Casing Repair Altering Casing Other	Change of Plans New Construction Non-Routine Fracturing Water Shut-Off Converion to Injection Dispose Water (Note: Report results of multiple completion on Well Completion or recompletion Report and Log Form)
<ol> <li>Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including, estimated date of starting work. If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones of pertinent to this work.</li> <li>7/14/2004 MIRU Key Rig # 17. Wait on WH tools. ND WH. NU Divertor Spool, 7-1/16" Valve, BOPE. Function Test. Secure Well Location. Prep to perform Fruitland Coal Breakdown.</li> </ol>		
Tubing). RIH w/ 4-1/2" CIBP. Log new 02-20-04. Set CIBP at 1603% POOH. 2700 psi. Good. RIH w/ 3-1/8" HSC 0 go downhole, losing 1' each time. POO Tag at 1550'. Work Junk Basket down to 1000'. RIH, tag PBTD, no problems	at Tubing Hanger. COOH w/ 52 Jts and three 6' sure collars at 1557.5', 1574', 1595', 1617'. Correlate v. Load hole w/ 25 bbls city water from surface. PT 6 Sun # 1. Tag up at 1550'. Unable to pass below 15 DH dragging weight until 500'. POOH. Inspect gun to PBTD approximately 10' each time. Tag up on 6. POOH. Recover one small rock in Junkbasket. It debris in pit. RIH w/ 3-1/8" HSC Gun # 1 and Gun correct.	w/ GR-CCL-CBL dated Casing and entire Stack to 550'. Pull up and attempt to n. RIH w/ 4-1/2" Junk Basket. CIBP at 1603'. Pull up hole Unknown debris. Suspect
Signed: LE W	Title: Engineering Mana	ger Date: 07-22-2004
Thomas E. Mullins  This space for federal or state office use	<b>A.</b> -	
Approved by:	ACCEPTED FO	R RECORD Date:
Conditions of approval if any	AUG 2 7 2	2004
Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and w	FARMING TON FIFTH	Country (spiraudulent statements

## Federal #1 Page 2

7/15/2004

Perforate Fruitland Coal in the following six (6) intervals: Fluid Level fell to 300' after Gun # 1:

Zone #1 - 1590'-1594' (4') - 2 SPF - 8 holes (Adjusted due to casing collar), Zone #2 - 1581'-1583' (2') - 2 SPF - 4 holes,

Zone #3 - 1560'-1564' (4') - 2 SPF - 8 holes, Zone #4 - 1550'-1552' (2') - 2 SPF - 4 holes,

Zone #5 - 1443'-1448' (5') - 2 SPF - 10 holes, Zone #6 - 1352'-1354' (2') - 2 SPF - 4 holes. Total of 19 feet Coal, 38 holes MU Baker Model C RBP and Fullbore PKR Combo. GIH. Tools will not pass 300'? COOH. Attempt to run PKR by itself. Damage Slips on PKR while making up. Wait on New PKR and 4-1/2" Casing Scraper. MU 3-7/8" Bit and 4-1/2" 10.5# Casing Scraper. GIH. Notice slight drag over 300' interval near 300'. Work Scraper. GIH w/ Scraper to PBTD of 1603'. Circulate Hole Clean. COOH w/ Bit and Scraper on 2-3/8" from 1603'. Breakdown and Ball-Off Perfs from 1550' to 1594'. 90 bbls 2% KCL Water Used. Move PKR to 1250'. Breakdown and Ball-off All Perfs from 1352' to 1594' with 100 bbls 2% KCi water. GIH w/ PKR. Knock balls off perfs. Reset PKR at 1580'. BD Bottom Perf Interval to ensure that Breakdown has not communicated with existing PC perfs No Communication. COOH w/ PKR, RU Isolation Tool and Immediate Flowback Lines, SDFN

7/16/2004

SM. RU BJ Services, PT Lines to 5400#. Set Pop-Off at 4000#. Fracture Stimulate Fruitland Coal Perforations from 1352' to 1594', with 80,240 lbs 20/40 Super LC in 32,412 gals 65 Quality X-Linked Foam. 25# Gel Base Fluid. 428,000 SCF N2. 30 BPM ATR, 2400#, ATP. ISIP 1220#. Radioactive Tracer run on proppant. Begin flowback on 1/2" Positive Choke. Valve Plugged. Cleanout valve. Open well on 2" line. Switch to 1/2" Postive Choke. Return 345 bbls of the 591 bbls of load. Well flowing on 1/2" Positive Choke at 85 psi, 7 BWPH.

7/17/2004

Fruitland Coal Flowback After Frac, Final Rate 60# on 1/2" choke, Heavy Water Production, 450 MCFD.

7/18/2004

Check Well Pressure: 340# Casing Pressure. Open Well on 1/2" Choke, Dry Gas, Pressure drop to 290# after 4 minutes, Unload 20 bbls water, well flowing at 350# on 1/2" choke, Heavy Water.

7/19/2004

SM. SICP = 380#. BD Well. Kill Well. GIH w/ Notch Collar. CO sand 40' sand fill w/ water. Total of 100 bbls lost to formation. COOH. GIH w/ final 2-3/8" 4.7# J-55 Production Tubing. Land EOT at 1575' (KB), SN @ 1569'. 10' off of PBTD per tag. ND BOPE and WH Equipment. NU WH. RU Tools to swab 2-3/8". Make 12 Swab Runs. FL @ 300'. Log Post Frac GR Log from PBTD to 1250'. All Perfs appear to have taken tracer from field log. RD Tools. RU to swab. Make 6 more swab runs. Recover 50 bbls of the lost 100 bbls for the day.

7/20/2004

SM. SICP=110#, SITP=50#. BD. Swab Well 8 runs, SD. Change Rig Engine Oil and Lubrication. Continue Swabbing Well Kicked Off and Flowed. Continue Swabbing. Lost Swab Mandrel Down Well. Make Mousetrap, and RIH. Fish out Swab Mandrel. Return to Swabbling. Kick Well off. Well Flowed for approximately 2 hrs. Maximum Casing Pressure 340#, Well Logged off at 190# Casing Pressure.

7/21/2004 SICP=SITP = 225 psi. Built from 190#. Safety Meeting. Make 3 swab runs, FL at 400°. Well Flowing to Flowback Tank. Well Logged Off. Shut-In. RD Key Energy Rig # 17, and Release Equipment.