

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



October 3, 2016

Certified Mail

Return Receipt #: 7015 0640 0007 1331 3575

Tom Mullins
Synergy Operating, LLC
P.O. Box 5513
Farmington, NM 87499

Re: Multiple Wells Drilled and not produced

Dear Mr. Mullins:

In response to your letter of September 13, 2016, where you indicated that *"To date, four (4) of these wells have been completed and production tested in the Fruitland Coal. The remaining six (6) wells have not had any perforations placed through the production casing and await completion."*

An OCD well file review finds Synergy reported all 10 wells have been perforated and 4 have been completed. There has been no work reported on the following wells after the reported perforation and/or completion date.

Well Name	Well #	API #	Date Last work performed	Reported Perforations
SYNERGY 21 7 7	130	30-043-21020	November 12, 2009	671'-690'
SYNERGY 21 7 7	131	30-043-21023	November 12, 2009	655'-675'
SYNERGY 21 7 8	132	30-043-21032	November 11, 2009	652'-672'
SYNERGY 21 7 8	139	30-043-21034	November 11, 2009	669'-685'
SYNERGY 21 7 5	142	30-043-21036	November 11, 2009	740'-758'
SYNERGY 21 7 5	133	30-043-21038	November 11, 2009	677'-697'
SYNERGY 21 7 6	134	30-043-21041	October 22, 2007	676'-696'
SYNERGY 21 7 20	159	30-043-21045	April 16, 2008	584'-639'
SYNERGY 21 7 9	190	30-043-21051	April 16, 2008	703'-710'
SYNERGY 22 7 31	144	30-043-21053	April 16, 2008	728'-742'

Rule 19.15.25.14 DEMONSTRATING MECHANICAL INTEGRITY:

A. An operator may use the following methods of demonstrating internal casing integrity for wells to be placed in approved temporary abandonment:

.....

(3) the operator may demonstrate that the well has been completed for less than five years and has not been connected to a pipeline

Synergy has exceeded the five year time allowed by 19.15.25.14.A (3) on all 10 wells

Rule 19.15.25.8 states "WELLS TO BE PROPERLY ABANDONED:

A. The operator of wells drilled for oil or gas or services wells including seismic, core, exploration or injection wells, whether cased or uncased, shall plug the wells as Subsection B of 19.15.25.8 NMAC requires.

B. The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:

- (1) a 60 day period following suspension of drilling operations;
- (2) a determination that a well is no longer usable for beneficial purposes; or
- (3) a period of one year in which a well has been continuously inactive.

Currently the wells listed above are in violation with 19.15.25.8 because they have been continuously inactive for greater than one year.

In order to bring the wells into compliance one of the following actions needs to take place:

- **Bring the wells to production.**
- **Properly T/A the well in accordance with 19.15.25.13**
- **Plug the wells in accordance with 19.15.25.10**

Synergy has 90days to begin these operations and they must be completed within 6 months.

File the appropriate sundries and notify the Aztec OCD **within 30 days** which of the above options you will be pursuing.

Synergy Operating, LLC
Wells not drilled and produced
October 3, 2016

The OCD is opting **NOT** to issue a NOTICE OF VIOLATION at this time for the failure to comply with OCD Rule 19.15.25.8 NMAC. However, be advised that if these wells are not brought in compliance as directed the wells may be subject to formal enforcement action. This may include a being called to an OCD enforcement hearing.

If you have any questions, please call me at 505-334-6178, ext. 116.

Sincerely yours,



Brandon Powell
Inspection and Enforcement Supervisor
District III - Aztec

CC: BLM Farmington Field Office
Well File