

A.A.P.L. FORM 610-1982

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

MARCH 1, 2005

OPERATOR

SYNERGY OPERATING, LLC

CONTRACT AREA: W/2 SECTION 8, T.29N, R.11W, N.M.P.M.

Fruitland Coal Formation

COUNTY OR PARISH OF SAN JUAN STATE OF NEW MEXICO

COPYRIGHT 1982 - ALL RIGHTS RESERVED
AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD., FORT
WORTH, TEXAS, 76137-2791, APPROVED
FORM. A.A.P.L. NO. 610 - 1982 REVISED

OIL CONSERVATION ~~DIVISION~~ **COM'n**

CASE NUMBER

Synergy EXHIBIT NUMBER

10

Fruitland Coal Formation

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of the 1st day of March, (year) 2005.

Synergy Operating, LLC, who has prepared and circulated this form for execution, represents and warrants that the form was printed from and with the exception listed below, is identical to the AAPL Form 610-1982 Model Form Operating Agreement, as published in diskette form by Forms On-A-Disk, Inc. No changes, alterations, or modifications, other than those in Articles _____, have been made to the form.

OPERATOR

SYNERGY OPERATING, LLC

Dan Hest
Dan Hest, PRINCIPAL

NON-OPERATORS

BURLINGTON RESOURCES OIL & GAS COMPANY

The Heirs of Claude Smith

Earnest Smith, Executor of Estate

WALMSLEY
June Walmley Estate

Jermy T. Walmley
Jermy T. Walmley
Jermy T. Walmley, Executor of Estate

**SIGN & RETURN
THIS COPY**

EXHIBIT "A"

Duff 29-11-8#104, W/2 Sec. 8, T29N, R11W

Attached to and made a part of that certain Operating Agreement dated March 1, between Synergy Operating, LLC, as Operator, and Burlington Resources Oil & Gas Company et al. as Non-Operators.

UNIT AREA, DEPTHS AND FORMATION COVERED

W/2 of section 8 of Township 29 North, Range 11 West San Juan Co. N.M.
Limited to the Fruitland Coal formation.

ADDRESS OF THE PARTIES

OPERATOR:

Synergy Operating, LLC
PO Box 5513
Farmington, New Mexico 87499

NON-OPERATORS:

Burlington Resources Oil & Gas Co.
P.O. Box 4289
Farmington, New Mexico 87499

June Walmsley Estate
c/o Jerry T. Walmsley
801 West Paradise Road
Spokane, WA 99224

The Heirs of Claude Smith
c/o Ed Smith
40758 Jasper Drive (mailing Address)
Kingsberg, CA 93631-1316

Joseph C. Robbins
The Heirs of George B., Bessie H., J.R. & India B. Robbins
2136 Lakeshore Drive
Chapel Hill, North Carolina 27514

.015625 Division of Interest -	
Synergy Operating, LLC et al	18.7500%
June Walmsley Estate	6.2500%
The Heirs of Claude Smith	23.4375%
The Heirs of George B. Robbins	1.5625%
<u>Burlington Resources Oil & Gas Company</u>	<u>50.00%</u>
TOTAL	100.00%