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RRR 7005 1820 0002 8601 3647

June 21, 2006

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

Attn: Florence Davidson

Re:
Actual Costs
Duff 29-11-8 #104 Well
Case No. 13486
Order No. R-12376

As per Order Number R-12376, 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. 13486, was heard by the New Mexico Oil Conservation Division on June 16, 2005 and the subsequent order was issued on July 1, 2005.

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 #104 (Drill & Complete 2000' Fruitland Coal well)

Acct Code		Actual Costs
FACILITY COSTS		
5604	Installation	5,289.55
5617	Contract Services	4,651.78
	TOTAL Facility Costs	<u>9,941.33</u>
INTANGIBLE COMPLETION		
4403	Completion Rig	15,243.36
4408	Stimulation Treatments	97,271.02
4409	Completion Fluids	4,694.13
4411	Trucking	5,539.77
4412	Equipment Rentals	5,609.04
4415	Logging & Perforating	10,730.31
4417	Contract Services	8,086.00
4418	Completion Supervision	637.12
4430	Flowback Iron	2,194.79
	TOTAL Intangible Completion	<u>150,005.54</u>
INTANGIBLE DRILLING		
3300	Site Access - Survey & Staking	2,469.35
3301	Site Access - Preparation & Acquisition	10,840.76
3303	Rig Mobilization	927.65
3304	Drilling - Footage	46,079.88
3308	Mud & Additives	3,294.49
3311	Water to Rig Pit	4,702.11
3315	Openhole Logging	3,875.84
3318	Drilling Supervision	1,199.92
3321	Cementing - Drilling	17,276.70
3333	Anchors Sets & Test	748.82
	TOTAL INTANGIBLE DRILLING	<u>91,415.52</u>
TANGIBLE COMPLETION		
4419	Production Casing & Accessories	23,380.51
4502	Upper Wellhead	3,812.29
4503	Tubing	7,612.37
4504	Downhole Equipment	253.03
	TOTAL Tangible Completion	<u>35,058.20</u>
TANGIBLE DRILLING		
3419	Surface Casing & Accessories	2,705.98
	TOTAL Tangible Drilling	<u>2,705.98</u>

TANGIBLE EQUIPPING

5501	Sucker Rods & Assessories	5,887.16
5502	Valves & Fittings	8,227.25
5503	Downhole Pump	2,888.76
5504	Pumpjack & Base	9,004.71
5507	Separators	4,990.81
5508	Storage Tanks	7,578.03
5510	Engines & Motors	7,041.52
	TOTAL Tangible Equipping	<u>45,618.24</u>

TOTAL ACTUAL COSTS

334,744.81