



PO Box 5513  
Farmington, NM 87499  
(505) 325-5449  
Fax (505) 566-3750

2006 JUL 10 PM 4 11

*Catanach*

July 5, 2006

Registered Mail RRR

Florence Davidson  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Derek Larson  
Sutton Thayer & Browne, P.C.  
Two Park Square #1000  
Albuquerque, N. M. 87110

Re: Well Costs as of June 21, 2006.  
NMOCD Case# 13486 Duff 29-11-8#105 Well Costs

Ladies and Gentlemen:

Enclosed please find a copy of letters dated June 21, 2006 from Synergy setting out costs associated with the captioned well as of the date of said letter. Be advised that not all the costs associated with the above well have been received. For example, it is my understanding that Synergy is anticipating an invoice from Enterprise Products Co LP for making the pipeline connection for said well, as well as other invoices.

Also, this second letter documents that Synergy sent a copy of said well's costs that was mailed to Mr. Smith to his attorney too.

Sincerely,  
Synergy Operating, LLC

  
Patrick Hegarty  
Principal

PH/mac

Enclosure

XC: Jim Bruce  
PO Box 1056  
Santa Fe, New Mexico 87504

Duff #104 Well Costs



PO Box 5513  
Farmington, NM 87499  
(505) 325-5449  
Fax (505) 566-3750

RRR 7005 1820 0002 8601 3654

June 21, 2006

Edwin Smith, LLC  
40758 Jasper Dr  
Kingsburg, CA 93631-1316

Attn: Edwin Leroy Smith

**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
<b>FACILITY COSTS</b>		
5604	Installation	5,289.55
5617	Contract Services	4,651.78
	TOTAL Facility Costs	<u>9,941.33</u>
<b>INTANGIBLE COMPLETION</b>		
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>
<b>INTANGIBLE DRILLING</b>		
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>
<b>TANGIBLE COMPLETION</b>		
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>
<b>TANGIBLE DRILLING</b>		
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	<u>7,041.52</u>
	TOTAL Tangible Equipping	45,618.24

**TOTAL ACTUAL COSTS**

334,744.81



PO Box 5513  
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(505) 325-5449  
Fax (505) 325-6585

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  
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Order No. R-12376

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**TOTAL ACTUAL COSTS**

334,744.81

**Project: Duff 29-11-8 #104 (Drill & Complete 2000' Fruitland Coal Well)**

**Used Equipment Inventory Transferred from Stock at Fair Market  
Value to the well**

<b>Acct Code</b>		<b>Costs</b>
<b>Tangible Equipping</b>		
5510	Engines	\$6,000.00
5504	Pumpjack and Base	\$9,000.00
5508	Storage Tanks	\$3,500.00
5502	Valves and Fittings	\$391.16



SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p><b>Florence Davidson</b>  <b>NM Oil Conservation Division</b>  <b>1220 St. Francis Drive</b>  <b>Santa Fe, N.M. 87505</b></p>		<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No                      If YES, enter delivery address below:</p>	
<p>2. Article Number (Transfer from service label)</p> <p><b>7005 1820 0002 8601 3708</b></p>		<p>3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>PS Form 3811, February 2004</p>		<p>Domestic Return Receipt</p> <p>102595-02-M-1540</p>	

Synergy Operating  
P.O. Box 5513  
Farmington, NM 87499



7005 1820 0002 8601 3708

Florence Davidson  
NM Oil Conservation Division  
1220 St. Francis Drive  
Santa Fe, N.M. 87505

UNITED STATES POSTAGE  
02 1A  
0004620340  
MAILED FROM ZIP CODE 87402  
\$04.25  
JUL 06 2006  
PRIMEV BOXES

UNITED STATES POSTAGE  
02 1A  
0004620340  
MAILED FROM ZIP CODE 87402  
\$00.00  
JUL 06 2006  
PRIMEV BOXES

