

RECEIVED

OCT 23 2006

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

October 25, 2006

Mark E. Fesmire, P.E.  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Order No. R-12451/Case Nos. 13,537 (Lance Oil & Gas Company, Inc.) and  
13,539(Synergy Operating, LLC)/W½ §22-29N-13W

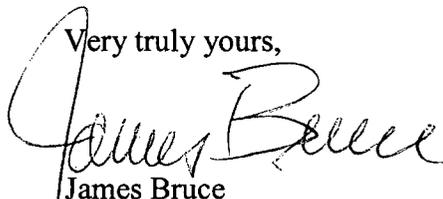
Dear Mr. Fesmire:

The above order required the operator (Lance) to commence the first well on the W½ §22 by February 27, 2006. Lance proposed to drill the first well in the NW¼ §22. Apparently Lance has obtained three extensions of the commencement deadline, to December 31, 2006. I was not provided with copies of the extension requests. In addition, in December 2005 my client (Synergy) paid Lance over \$240,000.00 as a consenting interest owner in both wells, which Lance is holding with no interest being paid to Synergy.

In its latest extension request, Lance claimed lack of rig availability as the reason for the extensions. Synergy believes that rigs are available; the inability of Lance to drill at its proposed location is because the well is in a reservoir. Synergy testified about this problem at the hearing in this case, and its testimony has proved accurate.

Based on the foregoing, Synergy requests that no further well commencement extensions be granted to Lance, because Synergy will be applying to re-open the cases to name Synergy as operator of the W½ §22.

Very truly yours,



James Bruce

Attorney for Synergy Operating, LLC

cc: W. Thomas Kellahin