



Synergy Operating, LLC

October 22, 2007

New Mexico Oil Conservation Division
Attn: Ms. Davidson
1220 South Saint Francis Drive
Santa Fe, NM 87505
(505-476-3462-fax)

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

RE: Rule 50 – Pit Rule
Technical Testimony Scheduling
Pre-hearing Statement

Dear Ms. Davidson:

Synergy Operating, LLC (Synergy) is an independent oil and gas producer located in Farmington, New Mexico. Synergy is planning to offer technical testimony with regard to the proposed changes to this important rule and this proposed rule's impacts both economically and environmentally to the citizens of New Mexico.

Please schedule Mr. Thomas E. Mullins, a New Mexico registered professional engineer in the discipline of Petroleum Engineering, at the November 5th hearing. Mr. Mullins has been actively engaged in the efficient environmentally responsible development of New Mexico's oil and gas reserves for over fifteen (15) years. Mr. Mullins will be supplying written technical information prior to October 29th, with the appropriate number of copies for review by the Oil Conservation Commission (Commission). It is believed that Mr. Mullins will have approximately 15 minutes of oral testimony to cover his exhibits. Mr. Mullins plans to represent Synergy before the Commission, but Synergy may also participate and rely upon advice and direction from IPANM and NMOGA legal counsel, as Synergy is a member of both organizations. Mr. Mullins's testimony will also be presented on behalf small oil and gas owners, including Delhi-Trading, Inc., TPC, Inc, and Mullins Energy, Inc, and other associated royalty and mineral owners.

Synergy believes that the current Rule 50 provisions in force are more than adequate and appropriate to protect the environment while allowing for continued responsible oil and gas development. A viable alternative for consideration by the Commission should be the continued use of NMOCD Rule 50 without modification. Synergy requests a vote of the Commission be taken on the continued use of existing Rule 50 without modification, vacating the request by the Division for the most recent revision of this rule.

Synergy believes that the preponderance of technical testimony will support the continuation of enforcement and use of the current Rule 50 management practices. The proposed requirements of soil testing, reporting, closed loop equipment mandates, and dig & haul requirements are clearly unnecessary from both an environmental and economic standpoint, having significant unintended consequences.

We appreciate the opportunity to comment on this important matter. I can be reached at (505) 566-3725, or tom.mullins@synergyoperating.com.

Warm regards,

Thomas E. Mullins
Engineering Manager