

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)
(5050) 982-2151 (Fax)

jamesbruc@aol.com

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October 30, 2007

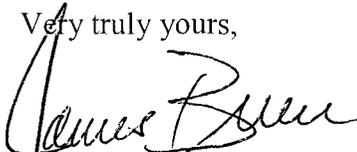
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14033

Dear Florene:

Enclosed for filing, on behalf of Synergy Operating, LLC, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the November 29, 2007 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Synergy Operating, LLC

PARTIES BEING POOLED

Fredrick Norman Kurtz
c/o Fredrick Kevin Kurtz
Suite 300
7700 East Arapahoe Road
Englewood, Colorado 80112

Rita Bucholtz
4915 Manzana Drive
Colorado Springs, Colorado 80911

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF SYNERGY OPERATING
LLC FOR COMPULSORY POOLING, SAN
JUAN COUNTY, NEW MEXICO.

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Case No. 14033

APPLICATION

Synergy Operating, LLC applies for an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the W $\frac{1}{2}$ of Section 8, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ of Section 8, and has the right to drill a well thereon.

2. Applicant has drilled (a) the Duff 29-11-8 Well No. 104, at an orthodox location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8, to a depth sufficient to test the Fruitland Coal formation, and (b) the Duff 29-11-8 Well No. 105, at an orthodox location in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 8, to a depth sufficient to test the Fruitland Coal formation, and seeks to dedicate the following acreage to the wells:

(a) The W $\frac{1}{2}$ of Section 8 to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool;

(b) The NW $\frac{1}{4}$ of Section 8 to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent; and

(c) The SW¼ of Section 8 to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 8 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 8 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all mineral interests in the W½ of Section 8, from the surface to the base of the Fruitland Coal formation;

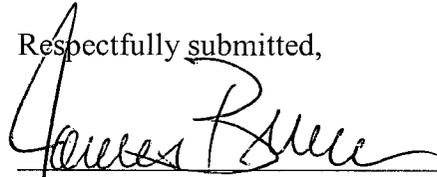
B. Designating applicant as operator of the above-described wells;

C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Synergy Operating, LLC

PROPOSED ADVERTISEMENT

Case No. 14033 : **Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the following described acreage in Section 8, Township 29 North, Range 11 West, NMPM, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any pools or formations developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration for any pools or formations developed on 160-acre spacing within that vertical extent; and the SW/4 to form a standard 160-acre gas spacing and proration for any pools or formations developed on 160-acre spacing within that vertical extent. The units are to be dedicated to: The Duff 29-11-8 Well No. 104, located in the NW/4NW/4 of Section 8; and the Duff 29-11-8 Well No. 105, located in the NW/4SW/4 of Section 8. Also to be considered will be the costs of drilling and completing the wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The units are located approximately 6 miles south-southwest of Aztec, New Mexico.

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