

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

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February 3, 2009

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

Case 14282

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 March 5, 2009 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Synergy Operating, LLC

PARTIES BEING POOLED

Navajo Nation
Minerals Department
P.O. Box 1910
Window Rock, Arizona 86515

Jo Ann O'Neal
No. 813
6800 Vista Del Norte N.E.
Albuquerque, New Mexico 87113

Jesse C. Keith and
Imogene Keith
2304 West Apache Street
Farmington, New Mexico 87401

Christopher Foy
2110 West Apache Street
Farmington, New Mexico 87401

Heirs of Esther Chelte
c/o Diane Martin
16393 Melody Lane
Guerneville California 95446

Heirs of John B. Arrington and
Winifred Arrington
c/o Patricia Baysinger
2114 West Apache Street
Farmington, New Mexico 87401

Heirs of E.A. Roberts
c/o Lester Roberts
2329 Suntoso Court
Farmington, New Mexico 87401

Mildred Baudino Living Trust/Address unknown

George Arthur England/Address unknown

Thelma McFarland/Address unknown

Ruth Pearson/Address unknown

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14282

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 13 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 proposes to drill the Airport 29-13-8 Well No. 113, at an orthodox location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8, and seeks to dedicate the W $\frac{1}{2}$ of Section 8 to the well 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.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ 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 W $\frac{1}{2}$ of Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W $\frac{1}{2}$ 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 W $\frac{1}{2}$ of Section 8, from the surface to the base of the Fruitland Coal formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for Synergy Operating, LLC

PROPOSED ADVERTISEMENT

Case No. 14282 :

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 W/2 of Section 8, Township 29 North, Range 13 West, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool. The unit is to be dedicated to the Airport 29-13-8 Well No. 113, to be located at an orthodox location in the NW/4NW/4 of Section 8. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1/2 mile west of Farmington, New Mexico.

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