

**BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO**

IN THE MATTER OF THE APPLICATION OF)	
SYNERGY RESOURCES CORPORATION FOR)	
AN ORDER CONFIRMING A SPACING UNIT)	CAUSE NOS. 232 and 407
AND POOLING CERTAIN INTERESTS FOR)	
THE PRODUCTION OF OIL AND GAS FROM)	DOCKET NO. _____
THE CODELL, NIOBRARA AND "J" SAND)	
FORMATIONS UNDERLYING CERTAIN LANDS)	
IN WELD COUNTY, COLORADO)	

APPLICATION

The Applicant, Synergy Resources Corporation ("Synergy"), by and through its undersigned counsel, respectfully petitions the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order confirming a GWA 160-acre wellbore spacing unit for production from the Codell, Niobrara and "J" Sand formations, and pooling all interests therein as follows:

BACKGROUND

1. Commission Rule 318A(e)(1) authorizes the drilling of interior infill wells on wellbore spacing units designated by the operator pursuant to Commission Rule 318A(a)(4)(C). That Rule requires that the spacing unit be composed of the four governmental quarter-quarter sections nearest to the bottom-hole location of the wellbore.
 2. Pursuant to Commission Rule 318A(e), Synergy has drilled and is operating the Meyer #2 well, as a boundary well, from a multiple well pad in the NW1/4NW1/4 of Section 21, to a bottom-hole location 1,420 FNL and 100 FWL of Section 21. The well has been drilled to the "J" Sandstone formation, but to date has only been completed in and is producing from the Niobrara formation.
 3. Pursuant to Commission Rule 318A(a)(4)(C), Synergy has established a wellbore spacing unit composed of the following described lands in Weld County, Colorado (the "Unit"):

Township 5 North, Range 66 West, 6th P.M.
Section 20: E1/2NE1/4
Section 21: W1/2NW1/4
- The Unit is composed of the four governmental quarter-quarter sections nearest to the bottom-hole location of the wellbore.
4. Synergy holds oil and gas leases covering the E1/2NE1/4 of Section 20 and the W1/2NW1/4 of Section 21.
 5. Petroleum Exploration & Management LLC, FEI Energy Fund LLC and Sundance Energy, Inc., also hold undivided oil and gas leasehold interests covering the mineral interests in

the Unit. Synergy expects these leasehold owners to either assign their interests to Synergy or enter into a joint operating agreement.

6. The remaining oil and gas mineral interests in the Unit are not leased, and are owned by the several mineral owners listed on the annexed **Exhibit A**.

INVOLUNTARY POOLING REQUEST

7. Colorado Revised Statute Section 34-60-116 authorizes the Commission to pool separately owned interests located within a drilling unit, for the development and operation of the wells.

8. Synergy has tendered, or will tender more than 30-days prior to the hearing date herein, an offer to lease, and furnished in writing the owners' share of drilling and completion costs, to all unleased mineral owners listed on **Exhibit A**, giving them the opportunity to either lease their mineral interest in the Unit, or participate in the proposed wells. No such unleased mineral owner has agreed to either enter into a lease or bear its proportional share of costs.

9. The terms of the leases offered to unleased mineral owners are no less favorable than those prevailing for similar leases in the area at this time.

10. An Order of the Commission pooling all non-consenting interests in the Unit composed of the E1/2NE1/4 of Section 20 and the W1/2NW1/4 of Section 21 is necessary in order to afford each owner of an interest in such Unit the opportunity to recover and receive its just and equitable share of the oil and/or gas from the common source of supply underlying the Unit.

11. The granting of such an Order would not be prejudicial to the owners in the Unit and would protect correlative rights.

12. The granting of such an Order would prevent or assist in preventing waste and would insure that the pool as a whole may be efficiently and economically developed.

REQUEST FOR HEARING AND ORDER

WHEREFORE, Synergy prays that this matter be set for hearing on September 16 or 17, 2010, Notice of said Hearing be given as required by law, if no protests are timely received the matter be considered pursuant to Rule 511(b), and the Commission enter an Order to:

A. Confirm the 160-acre wellbore spacing unit consisting of the E1/2NE1/4 of Section 20 and the W1/2NW1/4 of Section 21 for production of oil and gas from the Codell, Niobrara and "J" Sand formations, with commingling of production being authorized and determined in accordance with Rule 318A.

B. Pooling all non-consenting interests in the E1/2NE1/4 of Section 20 and the W1/2NW1/4 of Section 21 with respect to production of the Codell, Niobrara and "J" Sand formations from the Meyer #2 well, and that such pooling Order:

(1) be upon terms and conditions that are just and reasonable and that afford to the owner of each such interest the opportunity to recover or receive, without unnecessary expense, its just and equitable share of oil and gas;

(2) provide that production obtained from the pooled tract be allocated to each owner therein on the basis of the proportion that the number of mineral acres held by each owner in the drilling unit bears to the total number of mineral acres within the drilling unit;

(3) provide that Synergy be allowed to recover from any non-consenting owner's share of production the penalty costs as provided in Colorado Revised Statute Section 34-60-116 (7); and

(4) require Synergy to provide each non-consenting interest owner in the Unit with monthly statement of costs incurred together with the quantity of oil and gas produced and proceeds realized, pursuant to C.R.S. §34-60-116(8).

RESPECTFULLY SUBMITTED this 28th day of July, 2010.

LOHF SHAIMAN JACOBS HYMAN & FEIGER PC

By: 

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Address of Applicant:

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20203 Highway 60
Platteville, CO 80651

EXHIBIT "A"
TO APPLICATION OF SYNERGY RESOURCES CORPORATION

Applicant: Synergy Resources Corporation
20203 Highway 60
Platteville, CO 80651

Applicant's Attorney: J. Michael Morgan, Esq.
Lohf Shaiman Jacobs Hyman & Feiger PC
950 South Cherry Street, Suite 900
Denver, CO 80246

Local Government Designee: Bruce T. Barker, Esq.
Weld County Commissioner Office
P.O. Box 758
Greeley, CO 80634

**Interested Parties in the E1/2NE1/4 of Section 20 and the W1/2NW1/4 of
Section 21, Township 5 North, Range 66 West**

Leased Mineral Owners:

ANKA, LLC
3695 65th Avenue
Greeley, CO 80634

Gold Pointe Capital LLC
230 Graham Lane
Johnstown, CO 80543

Steven W. Risdal
3122 68th Avenue Court
Greeley, CO 80634

Stephanie R. Bitterman
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And JoAnn Gasner
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446 East 4th Street
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McArthur Minerals LLC
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18481 WCR 35
Platteville, CO 80651

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Bebe H. Hayes
13 Normandy Circle
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John E. Mahoney, Trustee of
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Lessees:

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1707 61st Avenue, #101
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Sundance Energy, Inc.
390 Interlocken Crescent, Suite 640
Broomfield, CO 80021

VERIFICATION

STATE OF COLORADO)
)
COUNTY OF WELD) **ss.**

The undersigned, of lawful age, having been first sworn upon his oath, deposes and states that:

1. She is Cynthia A. E. Zeren, Agent of the Applicant, Synergy Resources Corporation, and that she maintains her office at 1711 61st Avenue, Suite 204, Greeley, Colorado 80634.

2. She has read the within Application of Synergy Resources Corporation, is familiar with the facts set forth therein, and states that said facts are true and correct to the best of her knowledge and belief.

Further Affiant sayeth not.

Cynthia A. E. Zeren

Subscribed and sworn to before me this 28th day of July, 2010.

Witness my hand and official seal.

My commission expires: _____

Notary Public

CERTIFICATE OF MAILING

I hereby certify that on the 28th day of July, 2010, a true and correct copy of the foregoing was mailed via U.S. First-Class Mail, postage prepaid, to the following:

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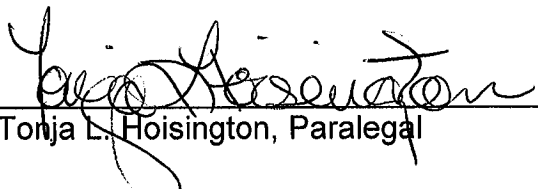
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