

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

IN THE MATTER OF THE APPLICATION BY	)	CAUSE NO. 232
SYNERGY RESOURCES CORPORATION,	)	
PURSUANT TO C.R.S. § 34-60-116, FOR AN	)	DOCKET NO. 1210-SP-96
ORDER TO DECREASING THE SIZE OF A	)	
DRILLING AND SPACING UNIT, FOR THE	)	
PRODUCTION OF OIL, GAS AND ASSOCIATED	)	
HYDROCARBONS FROM THE J SAND	)	
FORMATION, WATTENBERG FIELD, LOCATED	)	
IN THE S½ OF SECTION 8, TOWNSHIP 4 NORTH,	)	
RANGE 67 WEST, 6 <sup>TH</sup> P.M., WELD COUNTY,	)	
COLORADO	)	

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On November 17, 1970, the Commission entered Order No. 232-1 which, among other things, established 320-acre drilling and spacing units for the production of gas and associated hydrocarbons from the "J" Sand Formation in the Wattenberg Field. The units consist of the E½ and the W½ or the N½ and S½ of each section, with the permitted well located in the NE¼ and SW¼ of each section and no closer than 990 feet to the boundaries of the quarter section upon which it is located. Subsequent Order Nos. 232-2, 232-3 and 232-5 added lands to the spaced area and allowed for exceptions to the permitted well locations under certain conditions within the Wattenberg Gas Spaced Area ("WGSA"). Section 8, Township 4 North, Range 67 West, 6<sup>th</sup> P.M., is subject to this Order for the J Sand Formation.

On September 18, 1979, the Commission entered Order No. 232-20 which, among other things, authorized that an additional well may be located in the unit in the undrilled quarter section of the unit no closer than 990 feet to the boundaries of the quarter section upon which it is located. On October 19, 1981, the Commission issued Order 232-23 which expanded Order 232-20 allowing the drilling of an additional well to lands not previously included in Order 232-20. Section 8, Township 4 North, Range 67 West, 6<sup>th</sup> P.M., is subject to this Order for the J Sand Formation.

On April 27, 1988, the Commission adopted Rule 318A which, among other things, allowed certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all Cretaceous Age Formations from the base of the Dakota Formation to the surface. Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of Greater Wattenberg Area wells. On December 5, 2005, Rule 318A was amended, among other things, to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A was again amended, among other things, to address drilling of horizontal wells. Section 8, Township 4 North, Range 67 West, 6<sup>th</sup> P.M., is subject to Rule 318A for the J Sand Formation.

On July 31, 2012, Synergy Resources Corporation ("Synergy" or "Applicant"), by its attorneys, filed with the Commission pursuant to § 34-60-116 C.R.S., a verified application ("Application") for an order to: 1) vacate the approximate 320-acre drilling and spacing unit established by Order No. 232-1 for the S½ of Section 8, Township 4 North, Range 67 West, 6<sup>th</sup> P.M.; and 2) establish two approximate 160-acre drilling and spacing units for the below-described lands ("Application Lands") for the production of oil, gas and associated hydrocarbons from the J Sand Formation, with the treated interval of the wellbore to be located no closer than 460 feet from the unit boundaries and no closer than 890 feet from the treated interval of any other wellbore located in the unit and completed to the J Sand Formation, without exception being granted by the Director:

<u>Township 4 North, Range 67 West, 6<sup>th</sup> P.M.</u>	
Section 8: SW¼	(DSU #1 - 160-acres)

<u>Township 4 North, Range 67 West, 6<sup>th</sup> P.M.</u>	
Section 8: SE¼	(DSU #2 - 160-acres)

Applicant states that the approximate 160-acre drilling and spacing units established by this Application will not affect the distribution of proceeds from previously existing wells drilled within the

original 320-acre drilling and spacing unit vacated by this Application.

NOTICE IS HEREBY GIVEN, pursuant to: 1) the general jurisdiction granted to the Oil and Gas Conservation Commission of the State of Colorado (Commission) under § 34-60-105 C.R.S.; 2) specific powers granted pursuant to § 34-60-106 C.R.S.; 3) the Colorado Administrative Procedures Act at § 24-4-105 C.R.S.; and 4) the Commission's Series 500 Rules at 2CCR 404-1, that the Commission has scheduled the above-entitled matter for hearing on:

Date: Monday, October 1, 2012  
Tuesday, October 2, 2012

Time: 9:00 a.m.

Place: Routt County Justice Center  
1955 Shield Drive  
Steamboat Springs, CO 80487

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

**In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than September 17, 2012, briefly stating the basis of the protest or intervention.** Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and 13 copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of September 17, 2012.** Pursuant to Rule 503.g., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **September 17, 2012, the Applicant may request that an administrative hearing be scheduled beginning September 17, 2012.** In the alternative, pursuant to Rule 511., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO



By \_\_\_\_\_  
Robert J. Frick, Secretary

Dated: September 10, 2012

Colorado Oil and Gas Conservation  
Commission  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80203  
Website: <http://cogcc.state.co.us>  
Phone: (303) 894-2100  
Fax: (303) 894-2109

Attorneys for Synergy:  
Randall J. Feuerstein  
Dufford & Brown, P.C.  
1700 Broadway, Suite 2100  
Denver, Colorado 80290  
(303) 861-8013  
[rfeuerstein@duffordbrown.com](mailto:rfeuerstein@duffordbrown.com)