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Document Number:  
 400181359  
 PluggingBond SuretyID  
 20090043

**APPLICATION FOR PERMIT TO:**

1.  Drill,  Deepen,  Re-enter,  Recomplete and Operate

2. TYPE OF WELL  
 OIL  GAS  COALBED  OTHER \_\_\_\_\_  
 SINGLE ZONE  MULTIPLE  COMMINGLE

Refiling   
 Sidetrack

3. Name of Operator: SYNERGY RESOURCES CORPORATION 4. COGCC Operator Number: 10311  
 5. Address: 20203 HIGHWAY 60  
 City: PLATTEVILLE State: CO Zip: 80651  
 6. Contact Name: Kori Thoren Phone: (970)737-1073 Fax: (970)737-1045  
 Email: kthoren@syrginfo.com  
 7. Well Name: Margil Well Number: 14-34D  
 8. Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_  
 9. Proposed Total Measured Depth: 8230

**WELL LOCATION INFORMATION**

10. QtrQtr: NWSW Sec: 34 Twp: 4N Rng: 68W Meridian: 6  
 Latitude: 40.266690 Longitude: -104.997909  
 Footage at Surface: \_\_\_\_\_ feet FNL/FSL \_\_\_\_\_ feet FEL/FWL \_\_\_\_\_ feet  
 11. Field Name: Wattenberg Field Number: 90750  
 12. Ground Elevation: 5132 13. County: WELD

14. GPS Data:  
 Date of Measurement: 05/03/2011 PDOP Reading: 1.9 Instrument Operator's Name: Joseph W. Stice III

15. If well is  Directional  Horizontal (highly deviated) **submit deviated drilling plan.**  
 Footage at Top of Prod Zone: FNL/FSL \_\_\_\_\_ FEL/FWL \_\_\_\_\_ Bottom Hole: FNL/FSL \_\_\_\_\_ FEL/FWL \_\_\_\_\_  
661 FSL 662 FWL 661 FSL 662 FWL  
 Sec: 34 Twp: 4N Rng: 68W Sec: 34 Twp: 4N Rng: 68W

16. Is location in a high density area? (Rule 603b)?  Yes  No  
 17. Distance to the nearest building, public road, above ground utility or railroad: 207 ft  
 18. Distance to nearest property line: 185 ft 19. Distance to nearest well permitted/completed in the same formation: 930 ft

**LEASE, SPACING AND POOLING INFORMATION**

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| J-Sand                 | JSND           | 232-23                  | 320                           | W/2                                  |
| Niobrara/Codell        | NB-CD          | 407-87                  | 80                            | S/2 SW/4                             |

21. Mineral Ownership:  Fee  State  Federal  Indian Lease #: \_\_\_\_\_  
 22. Surface Ownership:  Fee  State  Federal  Indian  
 23. Is the Surface Owner also the Mineral Owner?  Yes  No Surface Surety ID#: \_\_\_\_\_  
 23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease?  Yes  No  
 23b. If 23 is No:  Surface Owners Agreement Attached or  \$25,000 Blanket Surface Bond  \$2,000 Surface Bond  \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

NWSW Sec. 34, T4N - 68W

25. Distance to Nearest Mineral Lease Line: 661 ft

26. Total Acres in Lease: 640

### DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated?  Yes  No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling?  Yes  No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling?  Yes  No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)?  Yes  No

31. Mud disposal:  Offsite  Onsite

If 28, 29, or 30 are "Yes" a pit permit may be required.

Method:  Land Farming  Land Spreading  Disposal Facility Other: \_\_\_\_\_

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

| Casing Type | Size of Hole | Size of Casing | Wt/Ft | Csg/Liner Top | Setting Depth | Sacks Cmt | Cmt Btm | Cmt Top |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| SURF        | 12+1/4       | 8+5/8          | 24    | 0             | 650           | 400       | 650     | 0       |
| 1ST         | 7+7/8        | 4+1/2          | 10.5  | 0             | 8,058         | 550       | 8,058   | 200     |

32. BOP Equipment Type:  Annular Preventer  Double Ram  Rotating Head  None

33. Comments No conductive surface casing will be used. Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Request and Waiver attached.

34. Location ID: \_\_\_\_\_

35. Is this application in a Comprehensive Drilling Plan ?  Yes  No

36. Is this application part of submitted Oil and Gas Location Assessment ?  Yes  No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: \_\_\_\_\_ Print Name: Craig Rasmuson

Title: Mgr of Land & Field Ops Date: 7/1/2011 Email: crasmuson@syrginfo.com

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: David S. Nesline

Director of COGCC Date: 8/7/2011

**API NUMBER**  
05 123 34124 00

Permit Number: \_\_\_\_\_ Expiration Date: 8/6/2013

**CONDITIONS OF APPROVAL, IF ANY:**  
\_\_\_\_\_

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

- 1) Provide 24 hour notice of MIRU to Bo Brown at e-mail bo.brown@state.co.us.
- 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

### Attachment Check List

| Att Doc Num | Name                   |
|-------------|------------------------|
| 1694204     | EXCEPTION LOC WAIVERS  |
| 400181359   | APD APPROVED           |
| 400181535   | MULTI-WELL PLAN        |
| 400181542   | WELL LOCATION PLAT     |
| 400181544   | DEVIATED DRILLING PLAN |
| 400181545   | OTHER                  |
| 400181546   | OIL & GAS LEASE        |
| 400192986   | FORM 2 SUBMITTED       |

Total Attach: 8 Files

### General Comments

| <u>User Group</u> | <u>Comment</u>   | <u>Comment Date</u>  |
|-------------------|--|----------------------|
| Permit            | Changed MD to 8230' per operator. well not high density. no houses under construction.   | 3/1/2011 8:44:43 AM  |
| Permit            | ON HOLD: Requesting the documentation showing the platting of the subdivision. The town of Mead has issues with the density. Since the area has been platted they feel it should be High Density. Gary West, Lawyer for the Town of Mead, 303.776.8499 | 7/27/2011 1:49:54 PM |
| Permit            | Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location: EXCEPTION GRANTED.  | 7/15/2011 9:04:13 AM |
| Permit            | Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Request and Waiver attached.                               | 7/15/2011 9:04:12 AM |
| Permit            | Requesting Exception Location Letter and waivers.  | 7/11/2011 9:27:24 AM |

Total: 5 comment(s)

### BMP

| <u>Type</u> | <u>Comment</u> |
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Total: 0 comment(s)