

**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

Document Number:  
400242039

PluggingBond SuretyID  
20090043

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: 34DD

8. Unit Name (if appl): \_\_\_\_\_      Unit Number: \_\_\_\_\_

9. Proposed Total Measured Depth: 8029

**WELL LOCATION INFORMATION**

10. QtrQtr: SESE      Sec: 34      Twp: 4N      Rng: 68W      Meridian: 6  
Latitude: 40.264010      Longitude: -104.984459

Footage at Surface: \_\_\_\_\_ feet      FNL/FSL \_\_\_\_\_ feet      FEL/FWL \_\_\_\_\_ feet  
505      FSL      1282      FEL

11. Field Name: Wattenberg      Field Number: 90750

12. Ground Elevation: 5091      13. County: WELD

14. GPS Data:  
Date of Measurement: 08/03/2011      PDOP Reading: 1.0      Instrument Operator's Name: Steven A Lund

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

1328      FSL      1305      FEL      1328      FSL      1305      FEL

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: 475 ft

18. Distance to nearest property line: 505 ft      19. Distance to nearest well permitted/completed in the same formation(BHL): 900 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	E/2
Niobrara/Codell	NB-CD	407-87	160	SE/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):

NW/4 and S/2 Sec. 34, T4N-R68W

25. Distance to Nearest Mineral Lease Line: 1305 ft

26. Total Acres in Lease: 480

### 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	970	400	970	0
1ST	7+7/8	4+1/2	10.5	0	8,029	550	8,029	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 Rule 318a exception location. Wellhead is located outside the GWA drilling window and will be located more than 50' from an existing well. 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: Head of Operations Date: 1/17/2012 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. Neslin Director of COGCC Date: 2/25/2012

<b>API NUMBER</b>
05 123 35155 00

Permit Number: \_\_\_\_\_ Expiration Date: 2/24/2014

**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.

Operator must meet water well testing requirements per Rule 318A.

- 1) Note surface casing setting depth change from 600' to 970'. Increase cement coverage accordingly.
- 2) Provide 24 hour notice of MIRU to COGCC inspector John Montoya via e-mail at John.Montoya@state.co.us. Indicate Spud Notice in the subject line and provide the following information: Operator Name, Well Name and Number, API #, Spud Date, Contact Name, Contact Phone #, E-mail Address.
- 3) Comply with Rule 317.i and provide cement coverage from TD for 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 4) Run and submit Directional Survey from TD to base of surface casing. The operator shall comply with Rule 321, and it shall be the operator's responsibility to 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
1694711	EXCEPTION LOC REQUEST
1694712	EXCEPTION LOC WAIVERS
400242039	FORM 2 SUBMITTED
400242232	MULTI-WELL PLAN
400242233	WELL LOCATION PLAT
400242235	DEVIATED DRILLING PLAN
400245939	DIRECTIONAL DATA

Total Attach: 7 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	2/22/2012 11:38:49 AM
Permit	received and attached exception location letter and waiver and changed the J Sand spacing from 160 acres SE/4 to 320 acres E/2 per operator. Ok to pass 2/17/12.	2/10/2012 11:08:54 AM
Permit	ON HOLD: requesting exception location letter and waiver. questions about spacing.	2/6/2012 1:55:11 PM
Permit	Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Request and Waiver attached.	2/6/2012 1:54:26 PM
Permit	Operator corrected directional template. This form has passed completeness.	1/27/2012 7:42:03 AM
Permit	Returned to draft. Missing directional template.	1/18/2012 9:14:53 AM

Total: 6 comment(s)

### BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)