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Document Number:
400242037

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: 43-34D
 8. Unit Name (if appl): _____ Unit Number: _____
 9. Proposed Total Measured Depth: 8201

WELL LOCATION INFORMATION

10. QtrQtr: SESE Sec: 34 Twp: 4N Rng: 68W Meridian: 6
 Latitude: 40.264033 Longitude: -104.984394
 Footage at Surface: _____ feet FNL/FSL _____ feet FEL/FWL _____ feet
 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 _____
1994 FSL 654 FEL 1994 FSL 654 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: 484 ft
 18. Distance to nearest property line: 514 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 920 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	80	N/2 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: 654 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	8,201	550	8,201	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

API NUMBER
05 123 35164 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
1694713	EXCEPTION LOC REQUEST
1694714	EXCEPTION LOC WAIVERS
400242037	FORM 2 SUBMITTED
400242189	MULTI-WELL PLAN
400242192	WELL LOCATION PLAT
400242193	DEVIATED DRILLING PLAN
400246004	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 11:36:47 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 11:07:33 AM
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 1:46:40 PM
Permit	ON HOLD: requesting exception location letter and waiver and corrected Direction Drilling Template. questions about spacing. Rule 318A.a.(4).b	2/6/2012 1:46:27 PM
Permit	Operator input directional template. This form has passed completeness.	1/27/2012 7:30:26 AM
Permit	Returned to draft. Missing directional template.	1/18/2012 9:08:56 AM

Total: 6 comment(s)

BMP

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

Total: 0 comment(s)