



RECEIVED

JUN 12 2013

June 10, 2013

Certified Mail Article # 7012 1640 0001 3881 8228

Bayswater Exploration & Production, LLC  
730 Seventeenth Street, Suite 610  
Denver, CO 80202

Re: Notice of Horizontal Well Proposal  
WELL NAME: **SRC LEFFLER H-26CHZ**  
Weld County, Colorado

Dear Owner:

Synergy Resources Corporation ("Synergy") intends to propose, drill and operate the referenced well pursuant to Paragraph 6 of Rule 318A(I).e., as amended, of the Colorado Oil and Gas Conservation Commission (COGCC"). Attached for your information is a plat representing this proposal.

Additional information for this well:

(1) **Wellbore Spacing Unit**

The wellbore spacing unit will be comprised of the W/2W/2 of Section 26 and the E/2E/2 of Section 27, T7N, R66W, 6<sup>th</sup> P.M. as depicted on the enclosed plat. The working interests attributable to the Codell formation in the contributing quarter-quarter sections will be utilized to determine the interests of the parties in the proposed spacing unit for this well. It appears that you own a working interest in the proposed wellbore spacing unit for this well.

(2) **Target Formations**

This well will be drilled to a total depth to sufficiently test the Codell formation.

(3) **Surface and Bottomhole Locations**

SHL: 190' FNL, 942' FWL, Section 26, T7N, R66W, 6<sup>th</sup> P.M.

Entry into Target Formation: 460' FNL, 165' FWL, Section 26, T7N, R66W, 6<sup>th</sup> P.M.

End of Lateral: 495' FSL, 165' FWL, Section 26, T7N, R66W, 6<sup>th</sup> P.M.

(4) **Anticipated Spud Date**

Fourth Quarter, 2013

(5) **Request for Title Information**

In order to facilitate the rendering of a full title opinion, please provide copies of any title opinions, updates and JIB/Rev deck materials for the referenced spacing unit in your possession to Synergy.

Pursuant to the aforementioned rule, you have thirty (30) days from your receipt of this notice to object to this proposal. In the event you do not respond to this notice or enter an objection within the established time period, the proposed spacing unit set forth shall be established.

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However, should you have no objection to this proposal, please so indicate by signing in the space provided below and return to Synergy as soon as possible. A duplicate letter for your records is also enclosed. Your cooperation in this matter is greatly appreciated so that Synergy may timely continue the permitting process for this well.

Thank you for your timely consideration and response to this proposal. If you have any questions, please contact me at 720-488-4741 or seich@syrinfo.com.

Sincerely,



Sue Eich  
Manager of Land

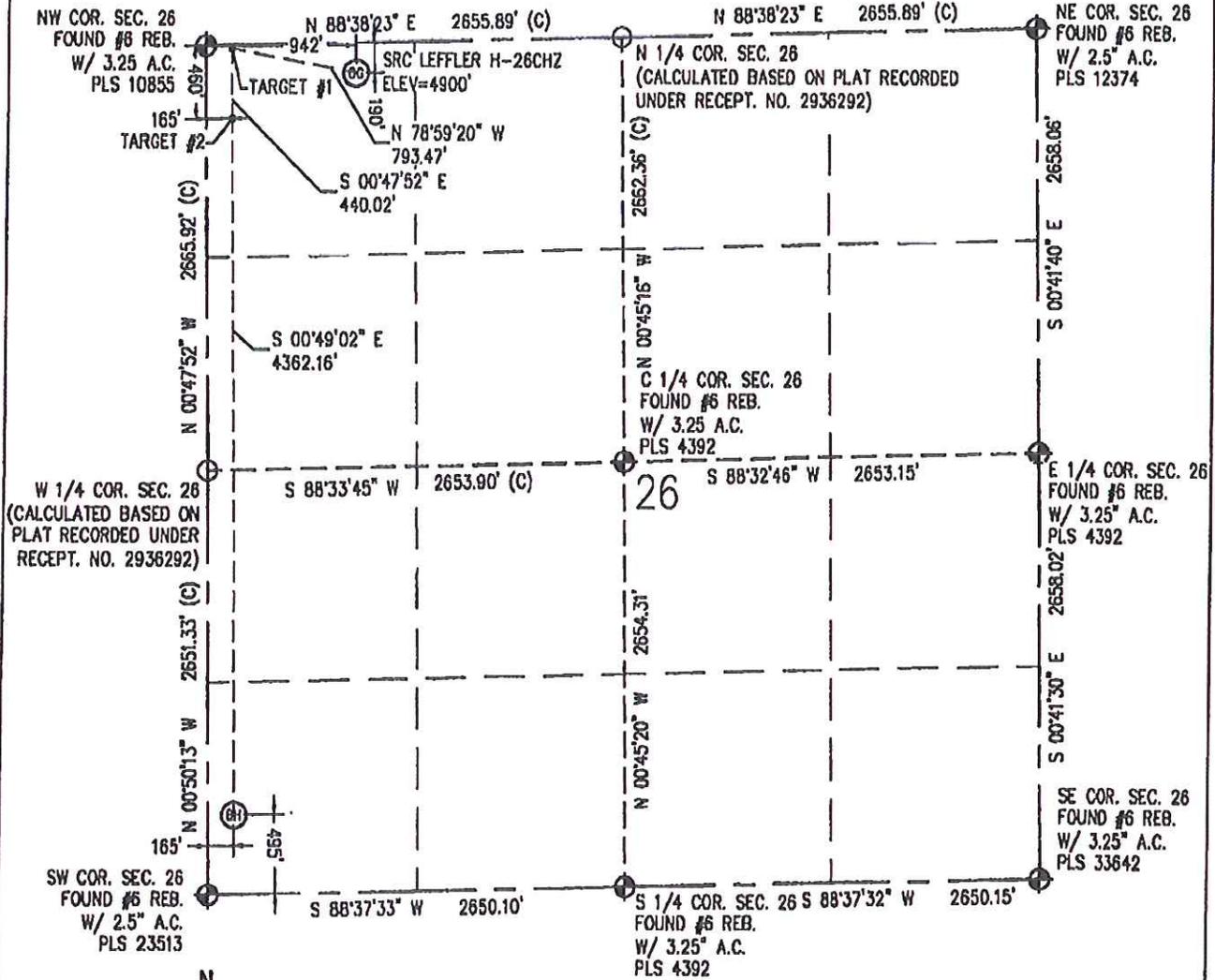
Enclosure

Pursuant to Paragraph 6 of Rule 318A(I).e., as amended, of the Colorado Oil and Gas Conservation Commission, the undersigned has received notice from Synergy Resources Corporation of its intention to drill and operate the SRC LEFFLER H-26CNZ well in Weld County, Colorado and the undersigned hereby waives the thirty (30) day notice requirement as provided by said rule.

**BAYSWATER EXPLORATION & PRODUCTION, LLC**

By:   
Printed Name: B. SCHASSLER  
Title: Landman  
Date: 6/14/13

**WELL LOCATION CERTIFICATE**  
THIS MAP DOES NOT REPRESENT A BOUNDARY SURVEY



IN ACCORDANCE WITH A REQUEST FROM CRAIG RASMUSON - SYNERGY RESOURCES, BASELINE ENGINEERING CORP. HAS DETERMINED THE LOCATION OF THE SRC LEFFLER H-26CHZ TO BE 160' FNL AND 942' FNL, AS MEASURED AT NINETY (90) DEGREES FROM THE SECTION LINE OF SECTION 26, TOWNSHIP 7 NORTH, RANGE 66 WEST AND THE BOTTOM HOLE LOCATION TO BE 495' FSL AND 165' FNL OF SECTION 26, TOWNSHIP 7 NORTH, RANGE 66 WEST, 6TH PRINCIPAL MERIDIAN, WELD COUNTY, COLORADO.

I HEREBY CERTIFY THAT THIS WELL LOCATION CERTIFICATE WAS PREPARED BY ME, OR UNDER MY DIRECT SUPERVISION, THAT THE FIELD WORK WAS COMPLETED ON 3/14/2013, THAT IT IS NOT A LAND SURVEY PLAT OR AN IMPROVEMENT SURVEY PLAT, AND THAT IT IS NOT TO BE RELIED UPON FOR ESTABLISHMENT OF FENCE, BUILDING, OR OTHER FUTURE IMPROVEMENT LINES.

**NOTES:**

- 1) LAT/LONG SHOWN ARE BASED ON A GPS OBSERVATION (HAD83).
- 2) BEARINGS SHOWN ARE GRID BEARINGS OF THE COLORADO STATE PLANE COORDINATE SYSTEM, NORTH ZONE, NORTH AMERICAN DATUM 1983/2007.
- 3) GROUND ELEVATIONS ARE BASED ON A GPS OBSERVATION (NAVD 88 DATUM).
- 4) ALL DISTANCES SHOWN ARE FIELD MEASURED UNLESS OTHERWISE NOTED.
- 5) THE NEAREST EXISTING WELL IS: NONE 1/4 SECTION.
- 6) IMPROVEMENTS: SEE LOCATION DRAWING EXHIBIT FOR ALL VISIBLE IMPROVEMENTS WITHIN 600' OF WELL HEAD.
- 7) SURFACE USE: TREE FARM.

**SURFACE HOLE:**  
LATITUDE: 40.552879° N  
LONGITUDE: 104.750884° W  
PDOP: 1.3  
1/4, 1/4: NW/4NW/4  
NEAREST PROPERTY LINE: 190' N  
**BOTTOM HOLE:**  
LATITUDE: 40.540135° N  
LONGITUDE: 104.753581° W

**TARGET #1:**  
LATITUDE: 40.553313° N  
LONGITUDE: 104.753681° W  
**TARGET #2:**  
LATITUDE: 40.552108° N  
LONGITUDE: 104.753672° W

**LEGEND**

- - FOUND/SET SURVEY MONUMENT PER MONUMENT RECORD EXCEPTIONS NOTED.
- - CALCULATED SURVEY MONUMENT POSITION
- (C) - CALCULATED DIMENSION



Aaron A. Demo  
Professional Land Surveyor Registration No. 38285  
State of Colorado  
FOR AND ON BEHALF OF BASELINE ENGINEERING CORP.

Completed  
4/11/2013

**NOTICE:** According to Colorado law you MUST commence any legal action based upon any defect in this W.L.C. within three years after you first discover such defect. In no event may any action based upon any defect in this W.L.C. be commenced more than ten years from this said date of the certification thereon.