

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

TYPE OF WELL OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____	Refiling <input type="checkbox"/>
ZONE TYPE SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONES <input type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/>	Sidetrack <input type="checkbox"/>

Date Received:
10/29/2014

Well Name: SRC Cannon Well Number: K-16CHZ

Name of Operator: SYNERGY RESOURCES CORPORATION COGCC Operator Number: 10311

Address: 20203 HIGHWAY 60

City: PLATTEVILLE State: CO Zip: 80651

Contact Name: Sonia Spencer Phone: (720)420-5749 Fax: (720)420-5800

Email: derek.petrie@iptenergyservices.com

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: 20090043

WELL LOCATION INFORMATION

QtrQtr: SESE Sec: 16 Twp: 4N Rng: 68W Meridian: 6

Latitude: 40.309552 Longitude: -104.999847

Footage at Surface: <u>1241</u> feet	FNL/FSL	FEL/FWL
<u>FSL</u> <u>280</u> feet	<u>FSL</u>	<u>FEL</u>

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4933 County: WELD

GPS Data:
Date of Measurement: 07/08/2013 PDOP Reading: 0.8 Instrument Operator's Name: Brett Birch

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
<u>2388</u>	<u>FSL</u> <u>475</u>	<u>FEL</u>	<u>2388</u>	<u>FSL</u> <u>475</u>	<u>FEL</u>
Sec: <u>16</u>	Twp: <u>4N</u>	Rng: <u>68W</u>	Sec: <u>16</u>	Twp: <u>4N</u>	Rng: <u>68W</u>

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: Fee State Federal Indian

The Surface Owner is: is the mineral owner beneath the location.
(check all that apply) is committed to an Oil and Gas Lease.
 has signed the Oil and Gas Lease.
 is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: Fee State Federal Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

E2 SE/4 Section 16, Township 4 North, Range 68 W

Total Acres in Described Lease: 79 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # _____

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 627 Feet

Building Unit: 627 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 265 Feet

Above Ground Utility: 243 Feet

Railroad: 5280 Feet

Property Line: 280 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).

- Enter 5280 for distance greater than 1 mile.

- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.

- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: Buffer Zone
 Exception Zone
 Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit

- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.

- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: 08/26/2014

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 440 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 475 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

N/2 of the S/2 and the S/2 of the N/2 Section 16, Township 4N Range 68W.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CODELL	CODL		320	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 10958 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 440 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: Annular Preventor Double Ram Rotating Head None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 318A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted? No

Reuse Facility ID: _____ or Document Number: _____

CASING PROGRAM

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	9+5/8	36	0	550	194	550	0
1ST	8+3/4	7	26	0	6912	613	6912	3000
1ST LINER	6+1/8	4+1/2	11.6	6712	10958			

Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- Rule 318A.a. Exception Location (GWA Windows).
- Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number _____

OTHER LOCATION EXCEPTIONS

Check all that apply:

- Rule 318.c. Exception Location from Rule or Spacing Order Number _____
- Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments Submitting 1 of 11 permits.
 Surface Owner and Mineral Owner are the same. O&G Lease is attached.
 Distance from completed portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 440' feet from the proposed SRC Cannon 13-16CHZ (Codell)

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: _____

Is this application being submitted with an Oil and Gas Location Assessment application? Yes

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

Signed: _____ Print Name: Sonia Spencer

Title: Project Manager Date: 10/29/2014 Email: derek.petrie@iptenergyservices

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

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: Matthew Lee Director of COGCC Date: 12/10/2014

Expiration Date: 12/09/2016

API NUMBER
05 123 40786 00

Conditions Of Approval

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.

<u>COA Type</u>	<u>Description</u>
	Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Rule 305.h (effective 9/30/2014).
	1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU. 2) Comply with Rule 317.i and provide cement coverage from the bottom of the production casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 3) 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.

Best Management Practices

No	BMP/COA Type	Description
1	Drilling/Completion Operations	<ul style="list-style-type: none"> • Bradenhead Monitoring: Operator acknowledges and will comply with COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
2	Drilling/Completion Operations	<ul style="list-style-type: none"> • Anti-Collision: Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed wells. The anti-collision scan may include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, operators may have gyro surveys conducted to verify bottomhole location. The proposed well may only be drilled if the anti-collision review results indicate that the risk of collision is sufficiently low as defined by the anti-collision plan, with separation factors greater than 1.5, or if the risk of collision has been mitigated through other means including shutting in wells, plugging wells, increased drilling fluid in the event of lost returns or as is appropriate for the specific situation. In the event of an increased risk of collision, that risk will be mitigated to prevent harm to people, the environment or property. For the proposed well, upon conclusion of drilling operations, an as-constructed directional survey will be submitted to the COGCC with the Form 5.
3	Drilling/Completion Operations	<ul style="list-style-type: none"> • Open hole resistivity log with gamma ray will be run on one of the first wells drilled on this pad to describe the stratigraphy of the vertical section of the wellbore and to adequately verify the setting depth of the surface casing and aquifer coverage. The Drilling Completion Report-Form 5 for every well on the pad shall identify which well was logged.

Total: 3 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

Attachment Check List

Att Doc Num	Name
2238294	PROPOSED SPACING UNIT
400710105	FORM 2 SUBMITTED
400710164	WELL LOCATION PLAT
400713631	DEVIATED DRILLING PLAN
400713632	DIRECTIONAL DATA
400719927	OffsetWellEvaluations Data
400719935	EXCEPTION LOC REQUEST
400719937	EXCEPTION LOC WAIVERS
400723718	OIL & GAS LEASE

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	12/9/2014 9:46:24 AM
Permit	Operator corrected distance to unit boundary and distance to nearest wellbore penetrating. Operator confirmed dist to property line and road, updated Spacing comments and provided revised PSU letter. Phone call with operator 11/12/14.	11/12/2014 11:06:53 AM
Permit	<p>-The PSU letter describes different lands than the PSU map shows.</p> <p>-The Spacing & Formation Comments describe "S/2 of Section 16, Township 4 North , Range 68W." Does not match the PSU map or PSU description.</p> <p>-Distance from completed portion of wellbore to nearest unit boundary is listed as 460'. The Well Location Plat and PSU map show this distance as 475'.</p> <p>-The distance to Public Road lists 265' while the Property Line distance lists 280'. Is closest property line at the road?</p> <p>-Distance to nearest permitted or existing wellbore penetrating objective formation is listed at 220'. The well at 220' is a Niobrara well and does not penetrate the Codell. Nearest Codell well is at 440'.</p> <p>Emailed operator to correct.</p>	11/11/2014 3:34:39 PM
Engineer	Offset Wells Evaluated	11/5/2014 11:20:46 AM
Permit	Passed completeness. Oil and Gas lease attachment now opens.	11/4/2014 3:12:45 PM
Permit	Return to draft. Oil and Gas lease attachment does not open.	11/4/2014 2:53:17 PM

Total: 6 comment(s)