

FORM

2

Rev
08/13

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109

Document Number:

400799579

(REJECTED)

Date Received:

06/16/2015

APPLICATION FOR PERMIT TO:

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate
TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER _____Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Ivey

Well Number: H-11-2HN

Name of Operator: SYNERGY RESOURCES CORPORATION

COGCC Operator Number: 10311

Address: 20203 HIGHWAY 60

City: PLATTEVILLE

State: CO

Zip: 80651

Contact Name: Angela Callaway

Phone: (303)942-0506

Fax: ()

Email: acallaway@upstreampm.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20090043

WELL LOCATION INFORMATION

QtrQtr: SWSE Sec: 11 Twp: 1S Rng: 68W Meridian: 6

Latitude: 39.975058

Longitude: -104.965558

Footage at Surface: 1105 feet FNL/FSL FSL 1720 feet FEL/FWL FEL

Field Name: SPINDLE

Field Number: 77900

Ground Elevation: 5108

County: ADAMS

GPS Data:

Date of Measurement: 05/07/2014 PDOP Reading: 2.5 Instrument Operator's Name: Owen McKee

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

1785

FSL

2472

FWL

465

FNL

2446

FWL

Sec: 11

Twp: 1S

Rng: 68W

Sec: 2

Twp: 1S

Rng: 68W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ IndianThe 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.)

T1S R68W Sec. 11: N/2 SE/4, NE/4, N2 NW/4; Section 12: NW/4

Total Acres in Described Lease: 480 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: 2606 Feet
Building Unit: 2606 Feet
High Occupancy Building Unit: 3296 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 569 Feet
Above Ground Utility: 2049 Feet
Railroad: 4820 Feet
Property Line: 217 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: _____

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 360 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 460 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

The proposed spacing unit is comprised of 552 acres: T1S R68W Sec. 11: NESW, NWSE, SENW, SWNE, NENW, NWNE; Sec. 2: SESW, SWSE, NESW, NWSE, SWNE, SENW, W2 of Lot 1 aka NWNE, E2 of Lot 2 aka NENW

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
NIOBRARA	NBRR		552	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 16229 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 462 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?

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	1200	450	1200	0
1ST	8+3/4	7	26	0	7586	600	7586	3000
1ST LINER	6+1/8	4+1/2	11.6	7186	16229			

☒ 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 Distance from completed portion of the wellbore to nearest wellbore permitted or completed in the same formation was measured to the Bydalak 1-11. Distance to nearest permitted or existing wellbore penetrating object formation was measured to the Bydalak 1-11.

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

Location ID: 442411

Is this application being submitted with an Oil and Gas Location Assessment application? No

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

Signed: _____ Print Name: Angela Callaway

Title: Permit Agent Date: 6/16/2015 Email: acallaway@upstreampm.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: _____ Director of COGCC Date: _____

Expiration Date: _____

API NUMBER

05

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.

COA Type

Description

Drilling/Completion Operations	1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU for first well on pad, subsequent wells 48 hours prior to spud. 2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara and from 200' below Sussex to 200' above Sussex. 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.
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Best Management Practices

No BMP/COA Type

Description

1	Planning	Multi-well Pads. It is a multi-well pad located in a manner which allows for resource extraction while maintaining the highest distances possible from the offsetting residential areas.
2	Traffic control	Access Road. The access road will be constructed to accommodate local emergency vehicles. This road will be maintained for access at all times.
3	General Housekeeping	Fencing Requirements. A permanent fencing plan will be reviewed by the surface owner, and the applicant
4	General Housekeeping	Removal of surface trash. All trash, debris, and material not intrinsic to the operation of the oil and gas facility shall be removed and legally disposed of as is applicable.
5	Material Handling and Spill Prevention	Leak Detection Plan. Pumper will visit the location daily and visually inspect all tanks and fittings for leaks. Additionally, monthly documented SPCCP inspections are conducted pursuant to CFR 112.

6	Material Handling and Spill Prevention	Berm construction. Tank berms shall be constructed of steel rings with a synthetic or engineered liner and designed to contain 150% of the capacity of the largest tank. All berms will be visually checked periodically to ensure proper working condition.
7	Material Handling and Spill Prevention	Load-lines. All load lines shall be bull-plugged or capped.
8	Material Handling and Spill Prevention	Tank specifications. Tanks will be designed, constructed and maintained in accordance with NFPA Code 30. The tanks are visually inspected once a day for issues, and recorded inspections are conducted once a month.
9	Drilling/Completion Operations	Green Completions - Emission Control Systems. Test separators and associated flow lines and sand traps shall be installed on-site to accommodate Green completion techniques pursuant to COGCC Rules. In the anticipated absence of a viable gas sales line, the flow-back gas shall be thermally oxidized in an emissions control device (ECD), which will be installed and kept in operable condition for at least the first 90 days of production pursuant to CDPHE rules. The ECD shall have an adequate capacity for 1.5 times the largest flow-back within a 10 mile radius, will be flanged to route gas to other or permanent oxidizing equipment and shall be provided with the equipment needed to maintain combustion where non-combustible gases are present.
10	Drilling/Completion Operations	Blowout preventer equipment ("BOPE"). A double ram and annular preventer will be used during drilling. At least the drilling company shall have a valid well blowout prevention certifications.
11	Drilling/Completion Operations	BOPE for well servicing operations. Adequate BOP equipment shall be used. Stabbing valves shall be installed in the event of reverse circulation and shall be prior tested with low and high pressure fluid.
12	Drilling/Completion Operations	Drill stem tests. Not applicable, no Drill stem tests are planned.
13	Drilling/Completion Operations	Control of Fire Hazards. All materials which are considered fire hazards shall be a minimum of 25' from the wellhead tanks or separators. Electrical equipment shall comply with API RP 500 and will comply with the current national electrical code. An emergency response plan has been generated for this site.
14	Drilling/Completion Operations	Guy line anchors. All guy line anchors shall be brightly marked pursuant to Rule 604.c (2)Q.
15	Drilling/Completion Operations	Closed Loop Drilling Systems - Pit Restrictions. Not Applicable; a closed loop system will be used for drilling.
16	Drilling/Completion Operations	Pit Level indicators. Not applicable; a closed-loop system will be used and no pits shall be dug.
17	Drilling/Completion Operations	One of the first wells drilled on the pad will be logged with open-hole Resistivity Log and Gamma Ray Log from the kick-off point into the surface casing. All wells on the pad will have a cement bond log with gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. The horizontal portion of every well will be logged with a measured-while-drilling gamma-ray log. The Form 5, Completion Report, for each well on the pad will list all logs run and have those logs attached. The Form 5 for a well without open-hole logs shall clearly state "No open-hole logs were run" and shall clearly identify (by API#, well name & number) the well in which open-hole logs were run.
18	Final Reclamation	Well site cleared. Within 90 days subsequent to the time of plugging and abandonment of the entire site, superfluous debris and equipment shall be removed from the site.
19	Final Reclamation	Identification of plugged and abandoned wells. P & A'd wells shall be identified pursuant to 319.a.(5).

Total: 19 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

<u>Att Doc Num</u>	<u>Name</u>
400799579	FORM 2 SUBMITTED
400854095	OffsetWellEvaluations Data
400854105	DEVIATED DRILLING PLAN
400854108	WELL LOCATION PLAT
400854114	EXCEPTION LOC WAIVERS
400854115	WASTE MANAGEMENT PLAN
400854216	EXCEPTION LOC REQUEST
400854217	PROPOSED SPACING UNIT
400854224	DIRECTIONAL DATA
400854228	OTHER

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit (Rejected)	REJECTION COMMENT: This APD is being rejected per the Rejection Process criteria that a pad of Form 2's requiring a total of four or more attachments to be added will be rejected. This pad requires a Surface Use Agreement and 317.s Waivers, to a total of eleven APD's. Operator and COGCC staff have been consulted.	8/5/2015 10:23:06 AM
Permit	Requested information from the operator about the right to construct. Lease described does not include the surface location.	8/4/2015 11:52:20 AM
Permit	Corrected the distance to the nearest wellbore completed in the same formation from 462' to 360' per the operator's request.	3/4/2015 7:59:35 AM
Permit	requested revised distances to the nearest wellbore in the same formation on the Spacing tab.	7/30/2015 11:11:08 AM
Permit	Corrected distance to nearest lease line from 178' to 0' per the operator's request.	7/30/2015 10:58:38 AM
Permit	Added the location ID per the operator.	7/30/2015 10:09:13 AM
LGD	An approved Moemorandum of Understanding will be on file prior to the approval of this application.	6/22/2015 6:42:55 AM
Permit	Passed completeness.	6/19/2015 7:34:30 AM
Permit	Returned to draft. Missing complete 317.p BMP	6/18/2015 9:40:09 AM

Total: 9 comment(s)