

SYNERGY RESOURCES CORPORATION

MANAGEMENT PLAN OF E & P WASTE

12-01-2011

Drilling

All E & P waste during the drilling process is handled on site by our contracted Drilling Operator, Ensign - United State Drilling - in conjunction with Peak Energy Solutions who contracts to Ensign for the "pit-less" drilling system.

All Drilling "mud" is stored in steel bins on location until the time our contract mud hauling company- Pearson Construction, LLC – picks the mud up from the location and hauls it in secure trucks to either a disposal facility or a pre-arranged location for land application of the "cuttings" as per the requirements of the COGCC. All "cuttings" will be distributed and integrated as per state requirements.

All Drilling "fluids/liquids" are disposed of as per the COGCC requirements also. If it is "clean" waste, it is transported to a pre-arranged land-application location and dispersed and integrated into the field as per requirements. Some "drilling mud" will be transported and utilized as "spud mud" at the next drilling location.

Any and all "Oily" "cuttings" or "liquids" are hauled accordingly to certified disposal facilities and tracked and documented as per COGCC requirements.

Any unused "clean" water will be transported to the next viable drilling location and used on that respective location.

The determination of "clean" water is any unused drilling water that can be transported to the next drilling location for use on that respective location.

Production

Produced water is hauled and injected into a Class II well as per COGCC requirements. All water is tracked and documented as per COGCC requirements.

All "water pits" on all respective locations are set up to hold securely all waste and are sealed to insure evaporation and emissions are controlled.

The determination of "clean" water is any unused completion water that can be transferred to the next completion location for use on that respective location.

No re-use of flow-back or production water is occurring at any time.

Others

All other waste generated from E & P is handled as per the COGCC requirements. All is either treated at a centralized waste management facility or injected into a Class II permitted injection well.

In the instance that Synergy desires to reuse any drilling "cuttings" or "drilling mud", SRC will complete the required Form 4 and submit it to the area Environmental Protection Specialist.