

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: 400842710 (REJECTED) Date Received: 06/02/2015																
APPLICATION FOR PERMIT TO:																			
<input checked="" type="checkbox"/> Drill <input type="checkbox"/> Deepen <input type="checkbox"/> Re-enter <input type="checkbox"/> 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"/>																	
Well Name: <u>Ivey</u>		Well Number: <u>O-11-2HN</u>																	
Name of Operator: <u>SYNERGY RESOURCES CORPORATION</u>		COGCC Operator Number: <u>10311</u>																	
Address: <u>20203 HIGHWAY 60</u>																			
City: <u>PLATTEVILLE</u> State: <u>CO</u>		Zip: <u>80651</u>																	
Contact Name: <u>Angela Callaway</u>		Phone: <u>(303)942-0506</u> Fax: ()																	
Email: <u>acallaway@upstreampm.com</u>																			
RECLAMATION FINANCIAL ASSURANCE Plugging and Abandonment Bond Surety ID: <u>20090043</u>																			
WELL LOCATION INFORMATION QtrQtr: <u>SWSE</u> Sec: <u>11</u> Twp: <u>1S</u> Rng: <u>68W</u> Meridian: <u>6</u> Latitude: <u>39.975250</u> Longitude: <u>-104.965252</u> <table style="width:100%; border: none;"> <tr> <td style="width: 33%;">Footage at Surface: <u>1175</u> feet</td> <td style="width: 33%; text-align: center;"> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">FNL/FSL</td> <td style="text-align: center;">FEL/FWL</td> </tr> <tr> <td style="text-align: center;">FSL</td> <td style="text-align: center;">FEL</td> </tr> </table> </td> <td style="width: 33%;">Footage at Surface: <u>1634</u> feet</td> </tr> </table>				Footage at Surface: <u>1175</u> feet	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">FNL/FSL</td> <td style="text-align: center;">FEL/FWL</td> </tr> <tr> <td style="text-align: center;">FSL</td> <td style="text-align: center;">FEL</td> </tr> </table>	FNL/FSL	FEL/FWL	FSL	FEL	Footage at Surface: <u>1634</u> feet									
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FSL	FEL																		
Field Name: <u>SPINDLE</u>		Field Number: <u>77900</u>																	
Ground Elevation: <u>5106</u>		County: <u>ADAMS</u>																	
GPS Data: Date of Measurement: <u>06/03/2014</u> PDOP Reading: <u>1.6</u> Instrument Operator's Name: <u>Alan Hnizdo</u>																			
If well is <input type="checkbox"/> Directional <input checked="" type="checkbox"/> Horizontal (highly deviated) submit deviated drilling plan.																			
Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL <table style="width:100%; border: none;"> <tr> <td style="width: 25%; text-align: center;"><u>1785</u></td> <td style="width: 25%; text-align: center;"><u>FSL</u></td> <td style="width: 25%; text-align: center;"><u>520</u></td> <td style="width: 25%; text-align: center;"><u>FEL</u></td> <td style="width: 25%; text-align: center;"><u>465</u></td> <td style="width: 25%; text-align: center;"><u>FNL</u></td> <td style="width: 25%; text-align: center;"><u>520</u></td> <td style="width: 25%; text-align: center;"><u>FEL</u></td> </tr> <tr> <td style="text-align: center;">Sec: <u>11</u></td> <td style="text-align: center;">Twp: <u>1S</u></td> <td style="text-align: center;">Rng: <u>68W</u></td> <td style="text-align: center;">Sec: <u>2</u></td> <td style="text-align: center;">Twp: <u>1S</u></td> <td style="text-align: center;">Rng: <u>68W</u></td> <td style="text-align: center;">Rng: <u>68W</u></td> <td style="text-align: center;">Rng: <u>68W</u></td> </tr> </table>				<u>1785</u>	<u>FSL</u>	<u>520</u>	<u>FEL</u>	<u>465</u>	<u>FNL</u>	<u>520</u>	<u>FEL</u>	Sec: <u>11</u>	Twp: <u>1S</u>	Rng: <u>68W</u>	Sec: <u>2</u>	Twp: <u>1S</u>	Rng: <u>68W</u>	Rng: <u>68W</u>	Rng: <u>68W</u>
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LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT Surface Ownership: <input checked="" type="checkbox"/> Fee <input type="checkbox"/> State <input type="checkbox"/> Federal <input type="checkbox"/> Indian The Surface Owner is: <input checked="" type="checkbox"/> is the mineral owner beneath the location. (check all that apply) <input checked="" type="checkbox"/> is committed to an Oil and Gas Lease. <input checked="" type="checkbox"/> has signed the Oil and Gas Lease. <input type="checkbox"/> is the applicant. The Mineral Owner beneath this Oil and Gas Location is: <input checked="" type="checkbox"/> Fee <input type="checkbox"/> State <input type="checkbox"/> Federal <input type="checkbox"/> Indian The Minerals beneath this Oil and Gas Location will be developed by this Well: <u>Yes</u> The right to construct the Oil and Gas Location is granted by: <u>oil and gas lease</u> 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

Total Acres in Described Lease: 80 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: 460 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 2621 Feet
Building Unit: 2621 Feet
High Occupancy Building Unit: 3246 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 475 Feet
Above Ground Utility: 2021 Feet
Railroad: 4754 Feet
Property Line: 150 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: 93 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 ±276.87 acres: T1S R68W Sec. 11: NESE, SENE, NENE; T1S R68W Sec. 2: SESE, NESE, SENE, E/2 Lot 1 aka NENE

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		276	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 16417 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 93 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	16417			

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 Sack 1. Distance to nearest permitted or existing wellbore penetrating object formation was measured to the Sack 1.

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? Yes

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: 6/2/2015 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.

<u>COA Type</u>	<u>Description</u>
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.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
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 roads. 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 40 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 completions 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 priortested 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 ahcnors. 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	Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.
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

Att Doc Num	Name
400842710	FORM 2 SUBMITTED
400847796	WELL LOCATION PLAT
400847797	WASTE MANAGEMENT PLAN
400847798	PROPOSED SPACING UNIT
400847799	EXCEPTION LOC WAIVERS
400847800	EXCEPTION LOC REQUEST
400847801	DEVIATED DRILLING PLAN
400847803	OTHER
400847805	DIRECTIONAL DATA
400847806	OffsetWellEvaluations Data

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.	3/5/2015 2:09:15 PM
Permit	Requested information from the operator about the right to construct. Lease described does not include the surface location.	8/4/2015 11:56:46 AM
Permit	Added location ID per the operator.	7/30/2015 9:49:01 AM
Engineer	should 317.p. statement include entire paragraph from guidance document?	7/12/2015 6:48:52 PM
Permit	This form has passed completeness.	6/5/2015 11:54:43 AM

Total: 5 comment(s)