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January 25, 2017

## SUBMITTED VIA FORM 4, SUNDRY

Matthew Lepore

Director

Colorado Oil & Gas Conservation Commission

1120 Lincoln Street, Suite 801

Denver, CO 80203

[Matt.lepore@state.co.us](mailto:Matt.lepore@state.co.us)

Re: Variance Request, Rule 210

Dear Director Lepore:

Our client, Synergy Resources Corporation, respectfully requests a variance to Colorado Oil and Gas Conservation Commission ("COGCC" or "Commission") Rule 210 as the same relates to listing the legal operator name on well, battery or tank signs. Currently, Synergy operates under the name of Synergy Resources Corporation, the legal entity name registered with the Colorado Secretary of State. However, in June, 2017, Synergy will ask its shareholders to vote on a new entity name: SRC Energy Inc. While this name has been agreed upon by Synergy's Board of Directors, the name cannot be legally changed until Synergy's shareholders approve the name change by vote in June of this year. As further discussed below, Synergy hereby requests permission to list its name as "Synergy Resources Corporation d/b/a SRC Energy Inc." on all permanent signs constructed for newly completed or acquired wells, batteries or tanks in Weld County from February 1, 2017 through July 31, 2017. Rules 210.b.(1) & (2) provide that permanent signs shall be located at the wellhead or associated battery within sixty days after the completion of the well or installation of the battery. The permanent sign must include: the name of the operator; a phone number at which the operator can be reached; a phone number for local emergency services; the lease name or well names(s); the public road used to access the site; and the legal location. Similarly, Rule 210.d. requires all tanks with a capacity of ten barrels or greater to be labeled with the name of the operator. Finally, Rule 210.e. requires new operators to update signs within sixty days after change of operator approval is received from the Commission.

Synergy is planning to acquire several existing wells located in Weld County in early March of 2017. Additionally, Synergy plans to drill and complete several horizontal wells in Weld County in the next months, before the official entity name change in June of this year. Under current COGCC rules, for all wells completed or acquired prior to Synergy's official name change, Synergy will be required to update all permanent well signs twice within a period of months—once for new wells completed or for existing wells acquired by Synergy, and again

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following Synergy's legal name change to SRC Energy Inc. This requirement will result in substantial unnecessary costs to Synergy, particularly given that the remaining information on the signs will not change (i.e. the phone number at which the operator can be reached, the emergency phone number, or the well name).

Accordingly, Synergy requests a Rule 502.b.(1) variance to Rule 210 for all wells completed or acquired by Synergy from February 1, 2017 through July 31, 2017 in Weld County, and for all batteries or tanks installed or acquired by Synergy from February 1, 2017 through July 31, 2017 in Weld County ("Subject Assets"). For the Subject Assets, Synergy requests permission to list its operator name as "Synergy Resources Corporation d/b/a SRC Energy Inc." on all permanent signs. If the Director approves the variance request, it is understood that Synergy will not be required to update permanent signs for the Subject Assets following Synergy's legal entity name change to SRC Energy Inc. It is further understood that, for any new wells completed or acquired or batteries installed or acquired after July 31, 2017, Synergy will only list its new legal entity name on all permanent signs. Finally, Synergy affirms that all other information on the permanent signs will remain unchanged, including the phone number at which the operator can be reached.

The information required on permanent signs pursuant to Rule 210 suggests that the purpose and intent of the rule is to provide landowners or other affected persons with the proper means to contact the operator. By including both entity names on the well sign and keeping all other information consistent, including the operator's phone number, the purpose and intent of Rule 210 will be accomplished through Synergy's variance request. Accordingly, the basic intent of the Oil and Gas Conservation Act and associated COGCC Rules will not be violated by the requested variance.

Thank you for your consideration, and please do not hesitate to contact me if you have questions or if you require any additional information from Synergy.

Sincerely,



Jillian Fulcher

*Courtesy Copies to:*

Julie Murphy, Hearings Manager  
Margaret Ash, Field Inspection Unit Manager