



February 20, 2017

Mr. Matt Lepore, Director
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street
Suite 801
Denver, CO 80203

RE: COGCC Rule 318A.e.: Proposed Wellbore Spacing Unit

Hood 25N-22B-M
6N-66W 20: SE/4NE/4, NE/4SE/4
6N-66W 21: S/2N/2, N/2S/2
6N-66W 22: S/2NW/4, SW/4NE/4, N/2SW/4, NW/4SE/4
640 Acres

Dear Mr. Lepore,

Synergy Resources Corporation (Synergy) is planning to drill the above referenced well in accordance with the provisions set out in COGCC Rule 318A.e. Synergy's proposed wellbore spacing unit consists of:

Hood 25N-22B-M
6N-66W 20: SE/4NE/4, NE/4SE/4
6N-66W 21: S/2N/2, N/2S/2
6N-66W 22: S/2NW/4, SW/4NE/4, N/2SW/4, NW/4SE/4
640 Acres

Synergy is not the only owner within the proposed wellbore spacing unit and has provided notice to the remaining owner(s) within this spacing unit, as required by COGCC Rule 318A.e. (6). Copies of the required notification letters are on file at Synergy's office. The required thirty (30) day notice period has elapsed and Synergy received one objection to their proposal within the proposed spacing unit for the subject well from Grizzly Petroleum Corporation. A copy of the objection Notice is attached **along with a copy of Grizzly Petroleum Corporation's formal withdrawal request** dated February 20, 2017, via email from Jamie Jost, on behalf of Grizzly Petroleum. Synergy has not received objections from the remaining owner(s) within the proposed spacing unit for the subject well.

Enclosed is the Proposed Spacing Unit Plat to assist in your review and approval of Synergy's proposed Application for Permit to Drill (APD) for Hood 25N-22B-M well. Synergy respectfully requests the COGCC to review the enclosed information and approve the requested exception location waiver and APD for Hood 25N-22B-M.

Thank you,

Erin Ekblad

Erin Ekblad
Manager of Regulatory Affairs
Synergy Resources Corporation

Attachments: Proposed Spacing Unit Plat, Objection letter, Objection withdrawal.

From: Hal Writer [<mailto:hwriter@gwogco.com>]
Sent: Monday, February 20, 2017 9:30 AM
To: Dave Baumbach <dbaumbach@syrginfo.com>
Subject: FW: Grizzly Petroleum Objection to Synergy Resources 318A.a.(4)D. Notice (Hood 25N-22B-M)
Importance: High

Dave:

Here is the e-mail to the State.

Hal



Hal Writer

Land Manager
Great Western Operating Company, LLC
1801 Broadway, Suite 500
Denver, CO 80202
Direct: 303.398.0389
Cell: 303.349.0044

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From: Jamie Jost [<mailto:jjost@jostenergylaw.com>]
Sent: Monday, February 20, 2017 9:19 AM
To: Stanczyk - DNR, Jane; Rachel Fleming
Cc: mmiller@syrginfo.com; ktobin@syrginfo.com; Matthew Lepore; Julie Murphy; Hal Writer; Santiago Rodriguez; Kelsey Wasylenky
Subject: Re: Grizzly Petroleum Objection to Synergy Resources 318A.a.(4)D. Notice (Hood 25N-22B-M)
Importance: High

Good morning,

Our office has been authorized to formally withdraw Grizzly Petroleum's objection to Synergy Resources Corporation's Notice of Intent to Propose Rule 318A.(4)D Horizontal Well (Hood 25N-22B-M). To be clear, this email intends to withdraw any objection to the well or the corresponding wellbore spacing unit. Great Western supports the approval of this wellbore spacing unit. Please let me know if you need anything else to effectuate the withdraw of Grizzly's objection to the Hood 25N-22B-M well and corresponding proposed wellbore spacing unit.

Thank you.

Jamie

Jamie Jost

Jost Energy Law, P.C.
Managing Shareholder
jjost@jostenergylaw.com

From: Jane Stanczyk <jane.stanczyk@state.co.us>
Date: Thursday, December 1, 2016 at 5:54 PM
To: Rachel Fleming <rfleming@jostenergylaw.com>
Cc: "mmiller@syrginfo.com" <mmiller@syrginfo.com>, Kaitlyn Tobin <ktobin@syrginfo.com>, Matt Lepore <matt.lepore@state.co.us>, Julie Murphy <Julie.Murphy@state.co.us>, Hal Writer <hwriter@gwogco.com>, Santiago Rodriguez <srodriguez@gwogco.com>, Jamie Jost <jjost@jostenergylaw.com>, Kelsey Wasylenky <kwasylenky@jostenergylaw.com>
Subject: Re: Grizzly Petroleum Objection to Synergy Resources 318A.a.(4)D. Notice (Hood 25N-22B-M)

All

The COGCC has reviewed this objection and has determined it to be timely received.

The objection is valid with respect to potential adverse affects on correlative rights and potential for waste due to the proposed well's proximity to the permitted Great Western Leffler FE20-182HN (123-42678) well.

The claims of the affect of the proposed well on the proposed Great Western Leffler FE19-182HN are moot in that the well was never permitted. It is not "on hold" with the COGCC as no APD has been submitted.

The objection's references to Rules 317.r and 317.s are not valid; Rule 318A does not allow the requirements of those rules to be the basis of an objection.

This objection has been recorded and will be tracked by the COGCC permitting staff.

Thank you,

Jane Stanczyk
Permit and Technical Services Manager



P 303.894.2100 x5119 | F 303.894.2109
1120 Lincoln Street, Suite 801, Denver, CO 80203
jane.stanczyk@state.co.us | www.colorado.gov/cogcc

On Thu, Dec 1, 2016 at 3:12 PM, Rachel Fleming <rfleming@jostenergylaw.com> wrote:
Good afternoon,

Please find attached Grizzly Petroleum Corporation's Objection to Synergy Resources Corporation's Notice of Intent to Propose Rule 318A.a.(4)D. Horizontal Well (Hood 25N-22B-M). A hard copy via courier to the Colorado Oil & Gas Conservation Commission, as well as a hard copy via certified U.S. mail to Synergy Resources Corporation will follow.

If you have any questions, please contact Jamie Jost or Kelsey Wasylenky at [720-446-5620](tel:720-446-5620).

Thank you,
Rachel

Rachel S. Fleming
Firm Administrator

1401 17th Street, Suite 370
Denver, CO 80202
Main 720-446-5620
Direct 720-446-5623

rfleming@jostenergylaw.com



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Denver, CO 80202
(720) 446-5620
www.jostenergylaw.com

December 1, 2016

VIA EMAIL – ORIGINAL TO FOLLOW VIA CERTIFIED U.S. MAIL

Synergy Resources Corporation
ATTN: Matt Miller & Kaitlyn Tobin
1625 Broadway, Suite 300
Denver, Colorado 80202

RE: Grizzly Petroleum Corporation's ("Grizzly") objection to Notice of Intent to Synergy Resources Corporation's ("Synergy") Proposed Rule 318A.a.(4)D. Horizontal Well ("Notice"), dated November 1, 2016, and received on November 3, 2016 for the planned Hood 25N-22B-M well ("Well") located in the proposed horizontal wellbore spacing unit (the "Unit") described as follows:

Township 6 North, Range 66 West
Section 20: SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 21: N $\frac{1}{2}$ S $\frac{1}{2}$
Section 22: S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$

Dear Mr. Miller and Ms. Tobin,

On behalf of Grizzly Petroleum Corporation ("Grizzly") and pursuant to Rule 318A.e.(5)B., Grizzly hereby respectfully objects to the Unit and Well proposed by Synergy in the Notice received on November 3, 2016. *See Attachment A.* For the reasons cited herein, Grizzly requests the Colorado Oil and Gas Conservation Commission (the "Commission") deny the proposed Well and the corresponding Unit to accommodate the Well for production of oil and gas and associated hydrocarbons from the Codell and/or Niobrara Formations.

Rule 318A.e.(5)B. allows each owner a 30 day period after receipt of such notice to object in writing to the operator. The written objection must be based upon a claim that the notice provided by the operator does not comply with the informational requirements of subsection A., above, and/or a technical objection that either waste will be caused, correlative rights will be adversely affected, or that the operator is not an "owner", as defined in the Act, of the mineral estate(s) through which the wellbore penetrates within the target formation. Specific facts must form the basis for such objection. The objecting party shall provide a copy of the written objection to the Director.

Grizzly is a leasehold interest owner who has contracted its operating rights and right to drill the leasehold interests to Great Western Operating Company, LLC ("Great Western"). Grizzly is an "owner" as defined by the Oil and Gas Conservation Act.

Grizzly's objection rests on a technical basis that waste will be caused and Grizzly's correlative rights will be adversely affected due to the proposed Well's location in proximity to

Great Western Operating Company, LLC's approved Leffler FE 20-182HN well (API No. 05-123-42678) approved by the Colorado Oil and Gas Conservation Commission on January 31, 2016. *See Attachment B.* Synergy received Great Western's Rule 318A.e.(5) notices for the Leffler FE 20-182 HN well and did not object pursuant to Rule 318A.e.(5). Synergy's Well is proposed to be located approximately 92'-116' from Great Western's approved Leffler FE 20-182HN Well. *See Attachment C.* As of the date of this objection, Grizzly is unaware of any request for waiver from Synergy as to the 150' offset requirements and cannot confirm Synergy's stimulation intervals (perforation stages) as they relate to the proximity of the proposed Well to the Leffler FE 20-182HN well. Further, Grizzly is significantly concerned about the harm to its interests due to the proximity of the productive interval of the Well as it relates to the Leffler FE 20-182HN well and due to the unknown hydraulic stimulation lengths (frac lengths) from the proposed Well. These concerns rest of the principles of protection of correlative rights and prevention of waste, as defined in the Oil and Gas Conservation Act. Grizzly is also concerned about potential interference and well collision under Rule 317.r. and 317.s. due to the proximity of the proposed Well. Based on the foregoing, Grizzly submits this objection to protect its leasehold interests, its correlative rights as related to both the proposed Well and the Leffler FE 20-182HN Well, and to prevent waste.

Grizzly's objection also rests on a technical basis that waste will be caused and Grizzly's correlative rights will be adversely affected due to the proposed Well's location in proximity to Great Western Operating Company, LLC's Rule 318A.e.(5) well proposal for the Leffler FE 19-182HN dated July 7, 2016.¹ Synergy *did* object to Great Western's Leffler FE 19-182HN 318A.e.(5) well proposal on August 8, 2016 and this matter is currently on hold with the Colorado Oil and Gas Conservation Commission. *See Attachment D.* Great Western's Rule 318A.e.(5) well proposal for the Leffler FE 19-182HN was submitted almost four months prior to Synergy's submission of this proposed Well therefore Synergy had the information regarding the location and orientation of the Leffler FE 19-182HN well, and the approved Leffler FE 20-182HN well, prior to noticing the proposed Hood Well. The proposed Well is to be located approximately 92'-116' from Great Western's proposed Leffler FE 19-182HN Well. *See Attachment C.* As of the date of this objection, Grizzly is unaware of any request for waiver from Synergy as to the 150' offset requirements and cannot confirm Synergy's stimulation intervals (perforation stages) as they relate to the proximity of the proposed Well to the Leffler FE 19-182HN well. Further, Grizzly is significantly concerned about the harm to its interests due to the proximity of the productive interval of the Well as it relates to the Leffler FE 19-182HN well and due to the unknown hydraulic stimulation lengths (frac lengths) from the proposed Well. These concerns rest of the principles of protection of correlative rights and prevention of waste, as defined in the Oil and Gas Conservation Act. Grizzly is also concerned about potential interference and well collision under Rule 317.r. and 317.s. due to the proximity of the proposed Well. Based on the foregoing, Grizzly submits this objection to protect its leasehold interests, its correlative rights as related to both the proposed Well and the Leffler FE 19-182HN Well, and to prevent waste.

¹ The Leffler FE 19-128HN is a proposed three-mile lateral that, if approved, would substitute the currently approved Leffler FE 20-182HN well.

Grizzly reserves the right to supplement this objection from time to time as additional information regarding the Well and proposed Unit become available, or to provide additional information to the Colorado Oil and Gas Conservation Commission if requested.

Grizzly welcomes a conversation with Synergy on this matter and requests that a meeting be scheduled to discuss the matters contained herein. If you have any questions, please do not hesitate to contact me at (720) 446-5620 or jjost@jostenergylaw.com. Thank you.

Sincerely,

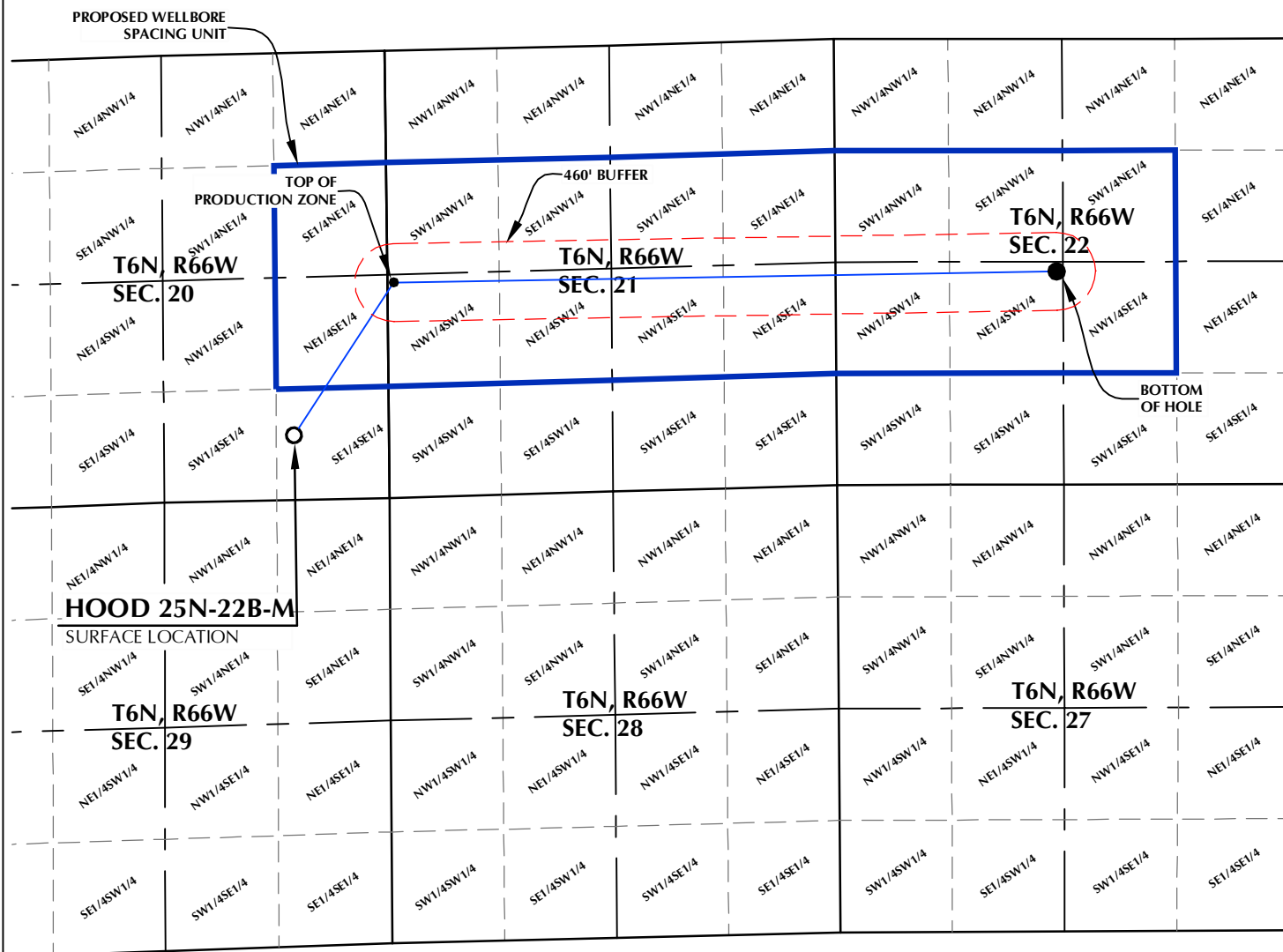


Jamie L. Jost
Managing Shareholder

Enclosures

cc: Matthew Lepore, COGCC Director (via email)
Jane Stanczyk, COGCC Permitting Manager (via email)
Julie Murphy, COGCC Hearings Manager (via email)
Grizzly Petroleum Company, LLC (via email)
Great Western Operating Company, LLC (via email)

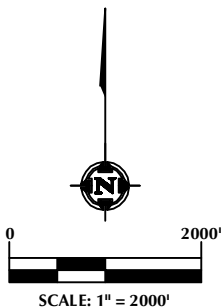
HOOD 25N-22B-M WELLBORE SPACING UNIT



SURFACE LOCATION
GROUND ELEVATION= 4735.3'
LATITUDE= 40.468466°
LONGITUDE= -104.796423°
1/4 1/4: SE1/4 SE1/4

TOP OF PRODUCTION
LATITUDE= 40.473396°
LONGITUDE= -104.792131°
1/4 1/4: NW1/4 SW1/4

BOTTOM HOLE LOCATION
LATITUDE= 40.473581°
LONGITUDE= -104.763972°
1/4 1/4: NE1/4 SW1/4



NOTES:

1. DRAWING LATITUDE AND LONGITUDE COORDINATES ARE NAD 83 (2011)(EPOCH:2010)
2. ELEVATION BASED ON NAVD88 (GEOID12B)
3. BASIS OF BEARING DERIVED FROM COLORADO COORDINATE SYSTEM OF 1983 NORTH ZONE.
4. ALL MEASURED DISTANCES ARE GRID. COMBINED SCALE FACTOR: .99974122 CALCULATED FROM THE SE. CORNER OF SECTION 20, T6N, R66W

WELL PAD - HOOD-DOES 37-20

HOOD 25N-22B-M
WELLBORE SPACING UNIT
765' FSL & 1122' FEL SESE (SURFACE)
LOCATED IN SECTION 20
2544' FSL & 75' FWL NWSW (TOP OF PRODUCTION)
LOCATED IN SECTION 21
2520' FSL & 2612' FWL NESW (BOTTOM)
LOCATED IN SECTION 22
T6N, R66W, 6TH P.M.
WELD COUNTY, COLORADO

SYNERGY
RESOURCES CORPORATION
1625 Broadway, Suite 300
Denver, Colorado 80202



CONSULTING, LLC

SHERIDAN OFFICE
1095 Saberton Avenue
Sheridan, Wyoming 82801
Phone 307-674-0609

LOVELAND OFFICE
1635 Foxtrail Drive, Suite 204
Loveland, Colorado 80538
Phone 970-776-4331

DRAFTED BY:	LMO	CHECKED BY:	JRS
DATE DRAFTED:	8/30/16	DATE SURVEYED:	7/7/16
REVISED:	10/24/16	FILE NAME:	16-80