



October 24, 2011

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

Dear Mr. Neslin,

Synergy Resources Corporation (SRC) respectfully requests the Colorado Oil and Gas Conservation Commission (COGCC) grant SRC a **502.b Variance** for our Proposed three (3) wells of the eleven (11) total well drilling pad in the NESE of Section 10, Township 5 North, Range 66 West of the 6th P.M., Weld County Colorado, also known as SRC's AIMS Community College / Greeley Country Club prospect. The three wells that are within the required 156' set-back are the AIMS 10PD (148'), AIMS 23-10D (133') and the AIMS 33-10D (149'). As you can see from these footages, we are slightly outside of the required 1.5 times the (104') derrick height.

AIMS Community College sold this parcel to a third party with full intent for this to be developed as a location to drill the College's Oil and Gas minerals from one central pad. Unfortunately, as you can see from the attached location plat, there are two large City of Greeley Water lines and Power lines that "flank" this pad on the North and South. Also, we have six (6) residential homes to the direct East that add to this location being "tight".

SRC has a contract with Ensign United State Drilling and we utilize Rig #33 for our drilling. Ensign Rig 33 has a Derrick Height of 104', thus requiring SRC to be 156' from overhead power-lines to comply with COGCC rules. As you can see from our Form 2 Permit Applications, the Rig will be either 149' or 150' from the power-line for all eleven wells.

We have made the request for a shorter ADR Rig to drill this location from many different drilling contractors within the Basin. Unfortunately, the big operators have all the ADR rigs long-term contracted for the next year and beyond.

The service equipment that will be on the location and other larger vehicles will not be able to go near the power lines as they will be on the North side of our required hay bale noise and light mitigation along the north edge of the drilling pad. SRC would proposed to have Ensign 33 enhance the number of safety "guide-wires" that are utilized during a typical drill. SRC is also open to any requirements the COGCC deems necessary to approve this Variance request.

Thank you for your consideration of this Variance. Please call me with any questions you may have.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Craig Rasmuson', is written over a light blue horizontal line.

Craig Rasmuson
Head of Field Operations
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