

FORM
2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



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| DE | ET | OE | ES |
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Document Number:

400188736

PluggingBond SuretyID

20090043

APPLICATION FOR PERMIT TO:

1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL

OIL ☐ GAS ☒ COALBED ☐ OTHER _____
SINGLE ZONE ☐ MULTIPLE ☒ COMMINGLE ☐

Refiling ☐

Sidetrack ☐

3. Name of Operator: SYNERGY RESOURCES CORPORATION

4. COGCC Operator Number: 10311

5. Address: 20203 HIGHWAY 60

City: PLATTEVILLE State: CO Zip: 80651

6. Contact Name: Kori Thoren Phone: (970)737-1073 Fax: (970)737-1045

Email: kthoren@syrginfo.com

7. Well Name: SRC Aims Well Number: 33-10D

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 4859

WELL LOCATION INFORMATION

10. QtrQtr: NESE Sec: 10 Twp: 5N Rng: 66W Meridian: 6

Latitude: 40.413700 Longitude: -104.759330

Footage at Surface: 2480 feet FNL/FSL 848 feet FEL/FWL FEL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 4859 13. County: WELD

14. GPS Data:

Date of Measurement: 09/15/2011 PDOP Reading: 1.4 Instrument Operator's Name: Michael Dilka

15. If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 1955 FSL 1979 FEL 1955 FEL 1979 FEL
Sec: 10 Twp: 5N Rng: 66W Sec: 10 Twp: 5N Rng: 66W

16. Is location in a high density area? (Rule 603b)? ☒ Yes ☐ No

17. Distance to the nearest building, public road, above ground utility or railroad: 140 ft

18. Distance to nearest property line: 151 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 970 ft

20. LEASE, SPACING AND POOLING INFORMATION

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| J-Sand | JSND | | 320 | E/2 |
| Niobrara/Codell | NB-CD | 407-87 | 80 | W/2SE/4 |

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____

22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

23. Is the Surface Owner also the Mineral Owner? ☒ Yes ☐ No Surface Surety ID#: _____

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☒ Yes ☐ No

23b. If 23 is No: ☐ Surface Owners Agreement Attached or ☐ \$25,000 Blanket Surface Bond ☐ \$2,000 Surface Bond ☐ \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

NESE Sec. 10 T5N - R66W

25. Distance to Nearest Mineral Lease Line: 685 ft

26. Total Acres in Lease: 160

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? ☐ Yes ☒ No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? ☐ Yes ☒ No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? ☐ Yes ☒ No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? ☐ Yes ☐ No

31. Mud disposal: ☒ Offsite ☐ Onsite

If 28, 29, or 30 are "Yes" a pit permit may be required.

Method: ☐ Land Farming ☐ Land Spreading ☒ Disposal Facility Other: _____

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

| 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 | 8+5/8 | 24 | 0 | 700 | 340 | 700 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 8,147 | 450 | 8,147 | 200 |

32. BOP Equipment Type: ☒ Annular Preventer ☐ Double Ram ☐ Rotating Head ☐ None

33. Comments No conductive surface casing will be used. Operator is requesting a 502.b. variance unable to meet safety setback from overhead powerline. Request letter is attached. Rig Height 104'

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan ? ☐ Yes ☐ No

36. Is this application part of submitted Oil and Gas Location Assessment ? ☒ Yes ☐ No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Craig Rasmuson

Title: Mgr of Land & Field Ops Date: 7/22/2011 Email: crasmuson@syrinfo.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: David S. Nesline Director of COGCC Date: 11/6/2011

API NUMBER

05 123 34662 00

Permit Number: _____ Expiration Date: 11/5/2013

CONDITIONS OF APPROVAL, IF ANY:

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.

- 1) Provide 24 hour notice of MIRU to Bo Brown at e-mail bo.brown@state.co.us.
- 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara. 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.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 1694284 | LEASE MAP |
| 1694285 | EXCEPTION LOC REQUEST |
| 1694286 | EXCEPTION LOC WAIVERS |
| 1694476 | WELL LOCATION PLAT |
| 1694477 | DEVIATED DRILLING PLAN |
| 1694529 | VARIANCE REQUEST |
| 2568647 | SURFACE CASING CHECK |
| 400188736 | FORM 2 SUBMITTED |
| 400188738 | MULTI-WELL PLAN |
| 400188746 | OIL & GAS LEASE |

Total Attach: 10 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|---|----------------------------|
| Permit | Final Review Completed. No LGD or public comment received. | 11/1/2011 4:47:47 PM |
| Permit | received request letter for 502.b variance. | 10/31/2011 9:40:43 AM |
| Permit | ON HOLD: Rig Height 104'. requesting a 502.b. variance letter. | 10/13/2011 8:37:32 AM |
| Permit | Wellhead is 140' to the overhead power and the rig height is given as 104', the rig used to drill the subject well must not have a derrick height of greater than 2/3rds of 140 feet or 83 feet. 502.b. variance is granted in consideration of maximizing use of the location and proposed safety precautions. | 10/13/2011 8:35:18 AM |
| Permit | J Sand not spaced in T5N-R66W. Changed to 320, E/2 per operator. | 10/13/2011 8:34:05 AM |
| Permit | Operator moved surface location and submitted corrected well location plat and deviated drilling plan. Changed Surface Loc to: 2480' FSL 848' FEL, Lat : 40.41370, Long : 104.75933, PDOP : 1.4, Nearest : Above GND Utility - 140', Property Line - 151'. | 10/13/2011 8:32:20 AM |
| Permit | Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Attached Exception Location Request and Waiver. | 10/13/2011 8:32:04 AM |
| Permit | ON HOLD: Rig Height 104' requesting a 502.b. variance letter. Attached lease map and corrected Exception Loc Request & waivers. | 10/6/2011 9:32:36 AM |
| Permit | Operator moved surface location 10' east to be 150' from powerline. corrected surface footage & lat/long and attached new well plat. | 8/23/2011 1:21:50 PM |
| Permit | ON HOLD: Rig Height 104' requesting a 502.b. variance letter. Attached lease map and corrected Exception Loc Request & waivers. | 8/4/2011 10:10:02 AM |
| Permit | Requesting rig height, corrected Exception Loc Request ltr, separate doc for waivers, dollar amount removed from Warranty Deed, Proposed Spacing Unit and removal of J Sand spacing order. | 8/2/2011 11:08:50 AM |
| Engineer | surface casing listed as production - no other info req'd info 7/27 | 7/28/2011 3:19:24 PM |

Total: 12 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
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Total: 0 comment(s)