

FORM
2Rev
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



DE	ET	OE	ES
Document Number: 400242041			
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: Margil Well Number: 34PD
8. Unit Name (if appl): _____ Unit Number: _____
9. Proposed Total Measured Depth: 8209

WELL LOCATION INFORMATION

10. QtrQtr: SWSE Sec: 34 Twp: 4N Rng: 68W Meridian: 6
Latitude: 40.263962 Longitude: -104.984588Footage at Surface: 488 feet FNL/FSL 1317 feet FEL/FWL FEL11. Field Name: Wattenberg Field Number: 9075012. Ground Elevation: 8209 13. County: WELD

14. GPS Data:

Date of Measurement: 08/03/2011 PDOP Reading: 1.0 Instrument Operator's Name: Steven A Lund15. If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**Footage at Top of Prod Zone: FNL/FSL 1325 FSL 2536 FEL 1325 FSL 2536 FEL 1325 FSL 2536 FEL
Sec: 34 Twp: 4N Rng: 68W Sec: 34 Twp: 4N Rng: 68W16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 458 ft18. Distance to nearest property line: 488 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 910 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	232-23	160	GWA
Niobrara/Codell	NB-CD	407-87	160	GWA

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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 ☐ No23b. 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):

NW/4 and S/2 Sec. 34, T4N-R68W

25. Distance to Nearest Mineral Lease Line: 1325 ft

26. Total Acres in Lease: 480

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	970	400	970	0
1ST	7+7/8	4+1/2	10.5	0	8,209	550	8,209	200

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

33. Comments No conductive surface casing will be used. Operator requests approval of Rule 318a exception location. Wellhead is located outside the GWA drilling window and will be located more than 50' from an existing well. Request and Waiver attached. PROPOSED SPACING UNIT E/2SW/4 W/2SE/4.

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: Head of Operations Date: 1/17/2012 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: 2/25/2012

API NUMBER

05 123 35152 00

Permit Number: _____ Expiration Date: 2/24/2014

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.

Operator must meet water well testing requirements per Rule 318A.

1) Note surface casing setting depth change from 600' to 970'. Increase cement coverage accordingly.
2) Provide 24 hour notice of MIRU to COGCC inspector John Montoya via e-mail at John.Montoya@state.co.us. Indicate Spud Notice in the subject line and provide the following information: Operator Name, Well Name and Number, API #, Spud Date, Contact Name, Contact Phone #, E-mail Address. 3) Comply with Rule 317.i and provide cement coverage from TD for 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
4) Run and submit Directional Survey from TD to base of surface casing. The operator shall comply with Rule 321, and it shall be the operator's responsibility to 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
1694709	EXCEPTION LOC REQUEST
1694710	EXCEPTION LOC WAIVERS
1694715	PROPOSED SPACING UNIT
400242041	FORM 2 SUBMITTED
400242246	MULTI-WELL PLAN
400242248	WELL LOCATION PLAT
400242249	DEVIATED DRILLING PLAN
400246002	DIRECTIONAL DATA

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	2/22/2012 11:38:17 AM
Permit	received and attached exception location letter and waiver. Attached proposed spacing unit and changed spacing to 160 acres E/2SW/4 & W/2SE/4 SEC 34 4N68W per operator. Ok to pass 2/17/12.	2/10/2012 11:09:56 AM
Permit	ON HOLD: requesting exception location letter and waiver and Proposed Wellbore Spacing Unit.	2/6/2012 2:01:01 PM
Permit	Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Request and Waiver attached.	2/6/2012 2:00:43 PM
Permit	Operator input directional template. This form has passed completeness.	1/27/2012 7:49:44 AM
Permit	Returned to draft. Directional template not attached.	1/18/2012 9:20:25 AM

Total: 6 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)