



January 6, 2014

Colorado Oil and Gas Conservation Commission
Oil and Gas Location Assessment
c/o Mr. Greg Deranleau
1120 Lincoln Street, Suite 801
Denver, CO 80203

Re: BMP's for the Proposed Eberle Site – N/2S/2 of Sec 32, T1N-R66W

Dear Mr. Deranleau,

I am writing to inform the COGCC of Synergy Resources Corporation's mitigation practices and plans for the development of the Eberle proposed drilling project within the above captioned location.

I will start with the history of this project. Synergy, through a Land Broker, leased 100% of the minerals in the S/2 of Sec 32, Township 1 North, Range 66 West during the 2011 calendar year. Synergy's intent was to drill "Directional" wells from a location north of CR 2.5, as depicted in *Exhibit A* to this letter. With the new, to the DJ Basin, Horizontal technology evolving over the past two years- Synergy now desires to drill these minerals Horizontally from an alternate location, known as the Eberle Pad. Paul Eberle and his son David, have agreed to and executed a Surface Use Agreement allowing us Six Horizontal wells and associated equipment on their 20 acre parcel depicted as *Exhibit B* attached hereto. This pad allows us to maximize all mineral owners production and revenue to the fullest by drilling three Niobrara and three Codell Horizontal wells from this location.

This location has eight (8) homes within a 1000' foot radius of the proposed wells and equipment. There are no homes within 500' of the proposed wells or equipment.

Synergy certified mailed a notice letter to these eight home owners on December 6th, 2013. On December 27th, I was informed by our personnel that three (3) homeowners neglected to pick up the certified notice letter. They were Paul Eberle, the surface owner, Charles Davis, a homeowner to the west and Alan & Lynette Vaughn, a homeowner to the south.

We received no correspondence or feedback from any of the neighbors who received their letters.

I attempted to reach out to the two homeowners that did not pick up their letter to insure they were aware of the proposed drilling and to insure their questions were answered.

I was unable to locate a valid number for Charles Davis.

I did locate Alan Vaughn. Mr. Vaughn has leased his 34+ net mineral acres to Synergy back in 2011. Mr. Vaughn is livid at the potential of the Oil and Gas operations going north of his property. The conversation, along with numerous other voice mails was not productive, as he spent most of the time cursing and name calling us and the entire Oil industry. I offered to meet with him to bring maps and educate him on the mitigation practices Synergy is preparing to use on this location upon approval of the permits. Mr. Vaughn asked me to call back at later date to schedule something.

Mr. Vaughn proceeded to call our office and curse out our Receptionist, left a cursing message for Vice President of Corporate Relations and called the Land broker who worked leasing this unit for us and cursed him numerous times.

I attempted to call Mr. Vaughan on Friday January 4th- asking for a meeting on the 6th or 7th of January. Mr. Vaughan has not returned my call, so no meeting is scheduled at this time. With his demeanor, I do not plan to reach back out to him, except through the required certified mailings.

We are planning to certify mail a letter today, January 6th, informing the eight homeowners that I will be on site this Saturday, January 11th at 10:00am for an on-site consultation for those neighbors within 1000' radius.

The mitigation practices we have scheduled for this location are as follows:

- 1- Synergy will construct a permanent eight- foot (8') earthen berm that will visually mitigate the location to neighbors on the South and West sides of the proposed location. Upon reclamation of the location- the berm will remain and be planted with wild grasses and evergreen trees to enhance the visual mitigation of the production facility.
- 2- Synergy will contract to install a temporary sound and light wall – 30' in height – to surround the entire location for the process of drilling and completion.
- 3- Synergy will enhance the integrity of CR 29 and incorporate dust abatement onto the road and the private access and location to mitigate the dust from the drilling and completion activities.
- 4- Synergy will utilize piping of completion water to minimize the truck traffic by 80% plus during completion operations.
- 5- Synergy is working with Xcel Energy to purchase electricity for this production facility to minimize noise and emissions from the Vapor Recovery unit and the compressors planned for the location.
- 6- Synergy will require our third party completions contractor to use the Sierra dust control system as we transfer sand for the completions process. This will mitigate and control all silicate sand during completions.

Please let me know if any further BMP's are suggested to make this location viable.

Respectfully-



Craig Rasmuson
Vice President of Operations

1/6/14

Synergy

Eberle S/2

Exhibit "A" to Cobec Letter

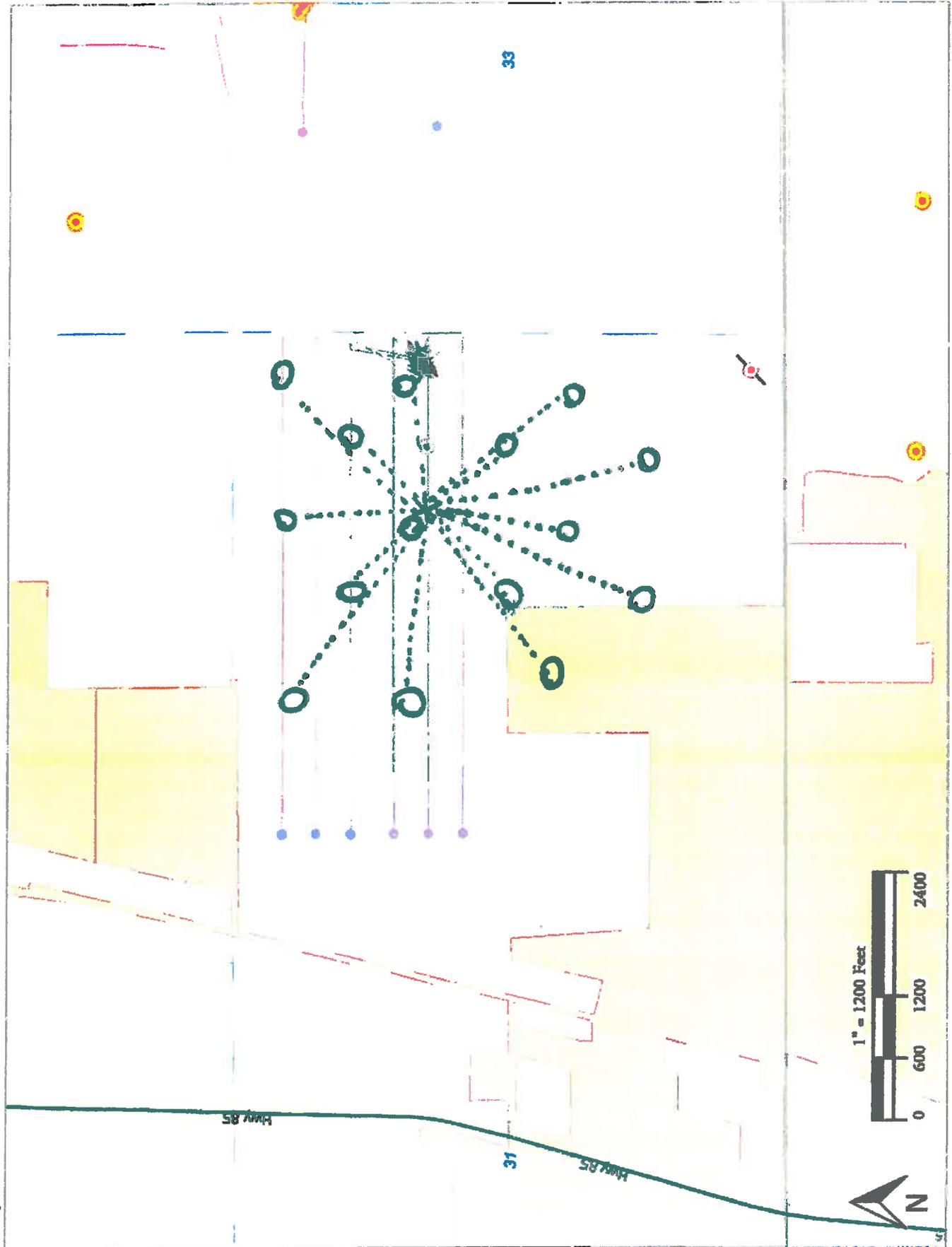


Exhibit B to letter 1/6/14

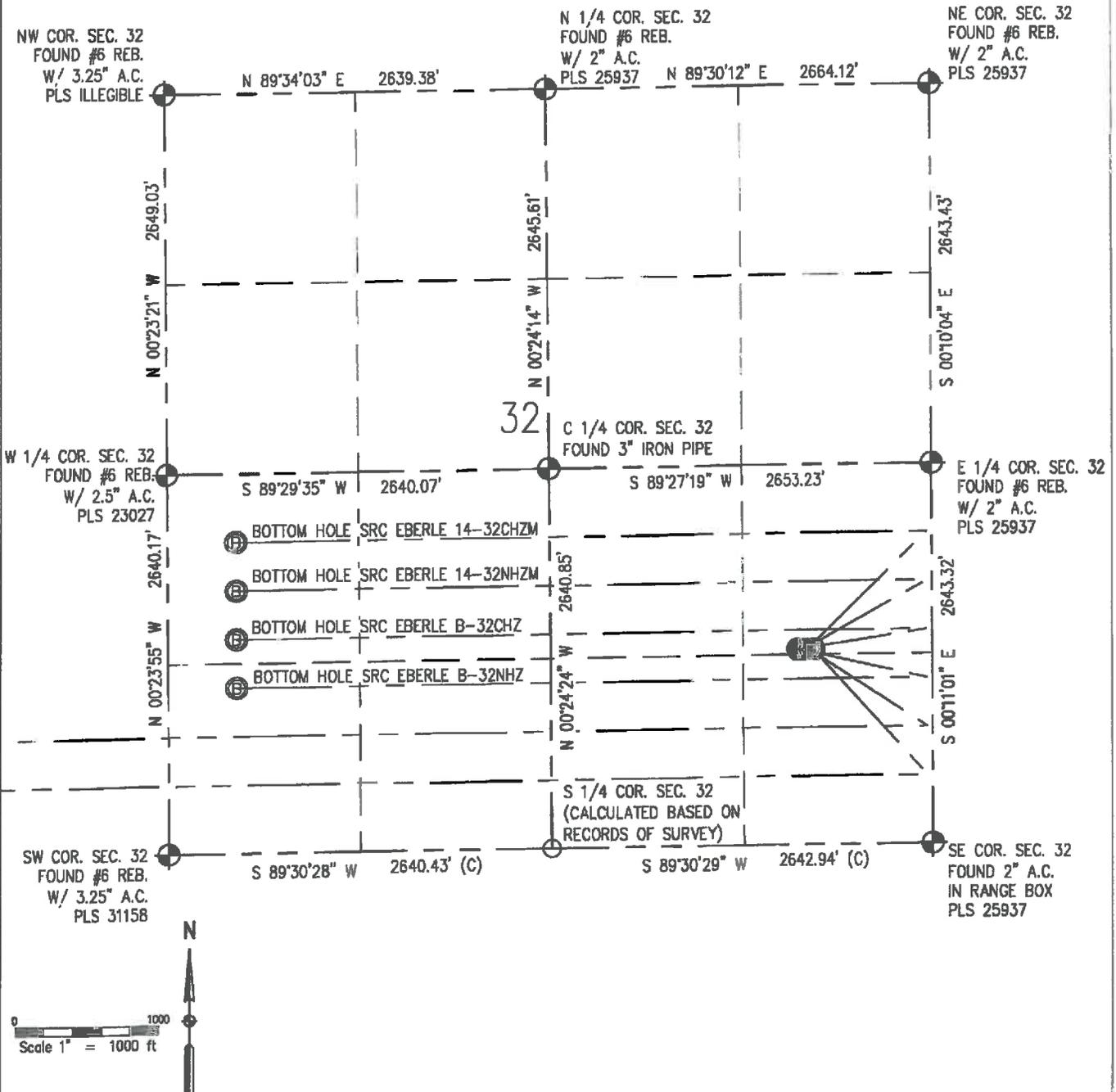
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Baseline Engineering Corp. 710 11th Avenue Suite 105 Greeley, Colorado 80631

SECTION 32
TOWNSHIP 1 NORTH
RANGE 66 WEST

MULTI WELL PAD PLAN

THIS MAP DOES NOT REPRESENT A BOUNDARY SURVEY



LEGEND

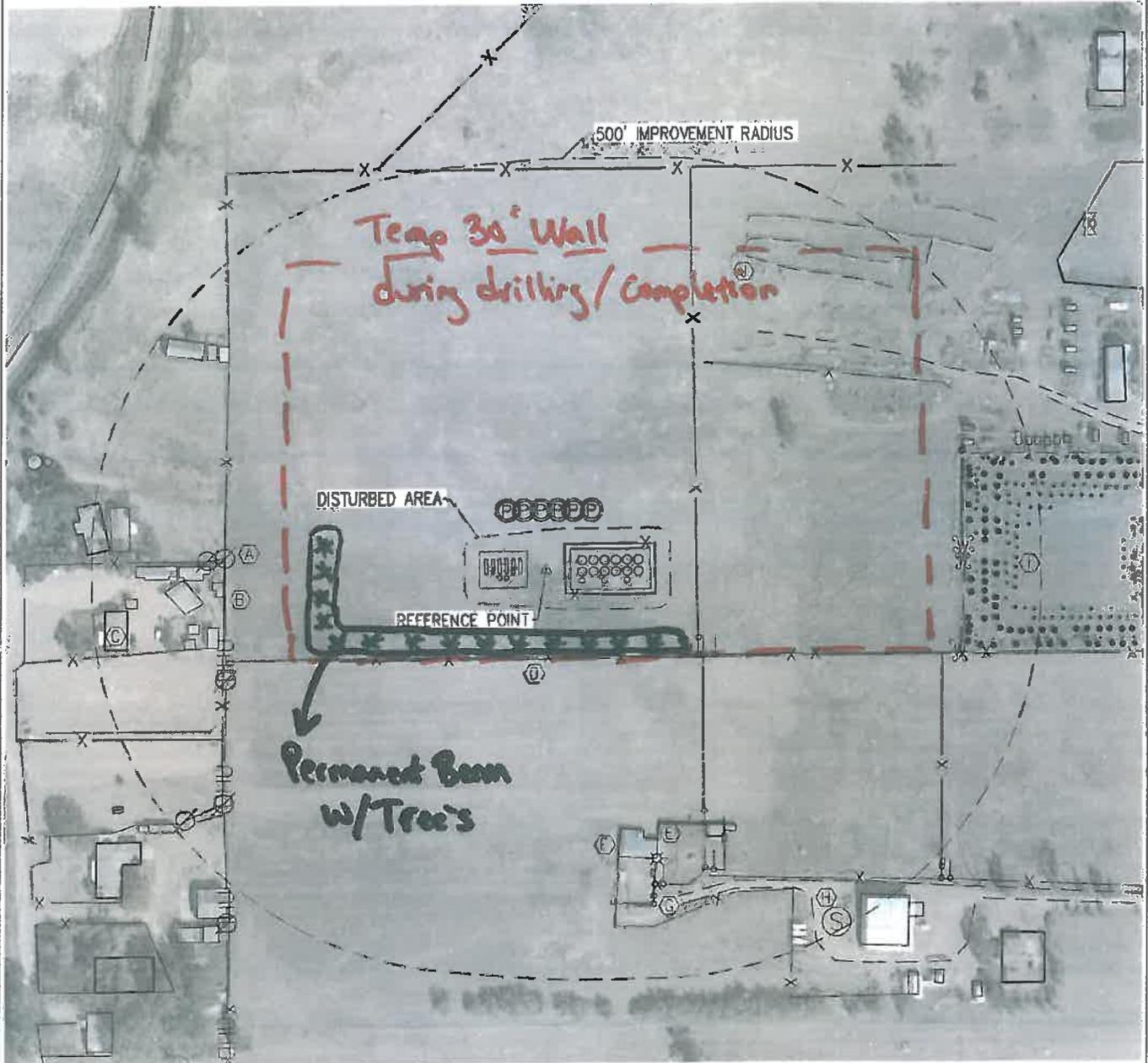
- ⊕ - FOUND/SET SURVEY MONUMENT PER MONUMENT RECORD EXCEPTIONS NOTED.
- - CALCULATED SURVEY MONUMENT POSITION
- (C) - CALCULATED DIMENSION

NOTICE: According to Colorado law you MUST commence any legal action based upon any defect in this W.L.C. within three years after you first discover such defect. In no event may any action based upon any defect in this W.L.C. be commenced more than ten years from this so'd date of the certification show hereon.

Exhibit C to letter 1/6/14

Baseline Engineering Corp. 710 11th Avenue Suite 105 Greeley, Colorado 80631
PRODUCTION FACILITY LOCATION DRAWING
 SRC EBERLE PAD

SECTION 32
 TOWNSHIP 1 NORTH
 RANGE 66 WEST



NEAREST: BUILDING 365' SE, BUILDING UNIT 564' SW, HIGH OCCUPANCY BUILDING UNIT 3,044' SW, DESIGNATED OUTSIDE ACTIVITY AREA 4,130' SW, PUBLIC ROAD 856' E, ABOVE GROUND UTILITY 429' W, RAILROAD 5,280'+, PROPERTY LINE 120' S

IMPROVEMENTS:

- (A) POWERPOLE: 432' W, 455' W, 455' SW, 535' SW, 589' SW
- (B) OVERHEAD UTILITY: 429' W
- (C) BUILDING UNIT: 564' SW, 585' NW
- (D) FENCE: 119' S, 122' S, 242' SE, 401' SE, 470' SE, 545' SE, 203' E, 580' E, 351' NE, 540' N, 433' NW, 433' W, 589' SW, 590' SW, 595' SW, 545' SW
- (E) LIGHT POLE: 419' SE, 478' SE
- (F) BUILDING: 365' SE, 406' SE, 612' SE, 583' NE, 590' NE, 654' NE, 667' NE, 452' W, 496' W, 512' NW, 527' NW, 543' NW, 558' NW, 434' SW, 446' SW, 462' SW, 471' SW, 480' SW, 549' SW, 599' SW
- (G) GRAVEL DRIVEWAY: 478' SE, 713' NE
- (H) SANITARY MANHOLE: 618' SE
- (I) LANDSCAPING: 573' E
- (J) STONE WALL: 499' NE, 519' NE, 549' NE, 715' NE, 563' E

NOTE:

The size, type and location of underground utilities shown hereon are approximate, and are based on markings made by utility locate companies. It is not guaranteed that all utilities have been located. It shall be the responsibility of the contractor to verify the existence of all underground utilities in the area of the work before commencing new construction.

