

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

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Document Number:

400461677

Date Received:

07/31/2013

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: Brianne Visconti Phone: (970)737-1073 Fax: (970)737-1045

Email: bvisconti@syrginfo.com

7. Well Name: Gilbert Well Number: 42-14-11CHZ

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

9. Proposed Total Measured Depth: 12152

WELL LOCATION INFORMATION

10. QtrQtr: NWSE Sec: 14 Twp: 5N Rng: 66W Meridian: 6

Latitude: 40.398941 Longitude: -104.743019

Footage at Surface: 2453 feet FSL 2245 feet FEL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 4835 13. County: WELD

14. GPS Data:

Date of Measurement: 07/16/2013 PDOP Reading: 1.0 Instrument Operator's Name: Aaron Demo

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

Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL
1851 FNL 1514 FEL 2418 FSL 1473 FEL
Sec: 14 Twp: 5N Rng: 66W Sec: 11 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: 300 ft

18. Distance to nearest property line: 192 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 930 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.)
CODELL	CODL		320	GWA

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):

Part of the NWSE/4 of Section 14, 5N, 66W and other lands, lease hold map is attached - Wellbore crosses lease lines within drilling and spacing unit; distance to nearest lease line is 0 feet; distance to Unit boundary is greater than 460'.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 11

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	9+5/8	36	0	1200	660	1200	0
1ST	8+3/4	7	26	0	6787	125	6787	
1ST LINER	6+1/8	4+1/2	13.5	7912	12152			

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None
33. Comments o Conductor casing will not be used. o Operator request an exception location per rule 318 A.a. Request letter and waiver are attached. o Operator requests the proposed spacing unit: 320 Acres, NE/4 of Section 14 and the SE/4 of Section 11, 5N, 66W.

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: VP Operations Date: 7/31/2013 Email: crasmuson@syrginfo.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

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: Matthew Lee Director of COGCC Date: 1/9/2014

API NUMBER 05 123 38764 00	Permit Number: _____	Expiration Date: <u>1/8/2016</u>
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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.

Description

Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Form 5 for every well on the pad shall identify which well was logged.

- 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 2) Comply with Rule 317.i and provide cement coverage from end of 7" casing 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.

Synergy acknowledges the proximity of the Gilbert 1 API #123-11188, and the Gilbert 2 API #123-11666, wells; Synergy agrees to: provide mitigation option 1, 2 or 3 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OTHER – AS SPECIFIED BY PERMIT CONDITION") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

Attachment Check List

Att Doc Num	Name
2167318	MINERAL LEASE MAP
2167319	EXCEPTION LOC REQUEST
2167320	EXCEPTION LOC WAIVERS
400461677	FORM 2 SUBMITTED
400461679	DIRECTIONAL DATA
400461681	WELL LOCATION PLAT
400461682	PROPOSED SPACING UNIT
400461686	DEVIATED DRILLING PLAN
400461688	OFFSET WELL EVALUATION
400461689	EXCEPTION LOC REQUEST
400461690	EXCEPTION LOC WAIVERS
400461691	SURFACE AGRMT/SURETY

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Form 2A issues have been met. Form In Process. Final Review Complete.	1/6/2014 9:13:23 AM
Permit	On hold for 2A approval.	10/23/2013 10:02:55 AM
Permit	Attached Twinning exception loc request, waiver, and Mineral Lease Map, and corrected TOPZ FNL as per opr. Synergy (Craig Rassmussen) is the Surface Owner.	9/18/2013 8:59:49 AM
Permit	Needs 318Ac Twinning exception request and waiver. Requested that opr review TOPZ. Also missing lease map. Corrected proposed spacing unit description in opr comments as per opr.	9/12/2013 3:52:26 PM
Permit	Passed completeness.	3/2/2013 1:31:02 PM
Permit	Operator responded to line 22a and BOP.	3/2/2013 1:30:35 PM
Permit	Returned to draft. Missing 22a and BOP equipment.	8/1/2013 10:24:17 AM

Total: 7 comment(s)

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	Anti-collision: Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5.
2	Drilling/Completion Operations	Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.

Total: 2 comment(s)