



WARNING LETTER

November 13, 2015

Attn: Mr. Ed Holloway (eholloway@syrginfo.com)

Synergy Resources Corporation
 20203 Highway 60
 Platteville, CO 80651

Well: SRC Leffler #14-26-NHZ
 API #: 05-123-37583
 NWNW Section 26 T7N R66W

This Warning Letter is to inform you that the oil and gas facility or the oil and gas operations listed above may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

Rule(s) Citation:

A review of COGCC records indicates that Synergy Resources Corporation (Synergy) has not met the post drilling groundwater sampling requirements under COGCC Rule 318A.f. The Applications for Permit to Drill (APD(s)) for the well(s) in the table below were submitted after May 1, 2013 and are subject to COGCC Rule 318A.f sampling requirements.

Operator	Operator #	API #	Well Name	Form 2 Submit Date	Spud Date	Completion Date	Sample Due Date
SYNERGY RESOURCES CORP	10311	123-37583	SRC Leffler #14-26NHZ	5/24/2013	10/21/2013	12/14/2013	3/14/2015

In order to comply with Rule 318A.f, Synergy was required to either:

- Collect a groundwater sample between 6 and 12 months after completing the last oil/gas well on



a multi-well pad and submit the analytical data no later than 90 days after the samples were collected, or

- Submit a Sundry Notice requesting an exception(s) to Rule 318A.f prior to the end date of 12 months of production.

At this time, COGCC records do not indicate that a post drilling sample has been submitted or a Sundry Notice filed within the time specified by 318A.f. The last well Spud on the pad was the SRC Leffler #14-26NHZ (API # 123-37583) on October 21, 2013 and completed on December 14, 2013. Three previously approved APDs on the same pad went undrilled and have expired and cannot be drilled without resubmitting the APDs.

Since no further drilling can take place without submitting an APD for approval, the post drilling sample for the last well drilled on the pad (SRC Leffler #14-26NHZ) should have been collected between June 14, 2014 and December 14, 2014 to comply with the requirements in Rule 318A.f. Failure to provide the required information is a violation of COGCC Rules and will result in enforcement action if not addressed. Failure to respond to this letter in a timely manner will result in enforcement action.

How to Comply with this Warning Letter:

The COGCC requires Synergy to implement the following corrective action(s):

- Collect and submit post drilling analytical data for groundwater samples as described in Rule 318A.f from the Leffler 195-RDB-R water well (Facility ID 753230), or
- Submit a Sundry Notice requesting exceptions to Rule 318A.f.

Any Sundry Notice submitted on behalf of Synergy for the above referenced location will need to include documentation that Synergy made a good faith effort to contact the well owner and collect a sample.

Corrective Action Deadline:

The data must be provided to the COGCC no later than February 13, 2016.

Failure to Comply with Warning Letter:

If Synergy fails to perform the required corrective actions or cannot provide documentation of a good faith effort to comply with Rule 318A.f, the COGCC will issue a Notice of Alleged Violation and seek penalties pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)

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If you have any questions about this Warning Letter, please contact the COGCC representative below.

Sincerely,

Arthur Koepsell, P.G.
Environmental Protection Specialist
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Sent Via Email