



October 18, 2016

KP Kauffman Company Inc.
1675 Broadway
Denver, CO 80202

RE: Rule 317.r. & 317.s.

Kawata 32N-17B-M
Township 4 North, Range 66 West
Section 16
Weld County, Colorado

Ladies and Gentlemen,

Synergy Resources (Synergy) is applying for a permit to drill the captioned horizontal well. Pursuant to Rule 317.r, you are provided notice of a permitted well lying within one hundred fifty (150) feet of the existing active well cited below. An operator will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within 150 feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators prior to drilling.

Additionally, pursuant to Rule 317.s, no portion of a proposed wellbore's treated interval shall be located within one hundred fifty (150) feet of an existing (producing, shut-in, or temporarily abandoned) or permitted oil and gas wellbore's treated interval belonging to another operator without the signed written consent of the operator of the encroached upon wellbore.

Synergy Resources (Synergy) is applying for a permit to drill the captioned horizontal well. Pursuant to Rule 317.r, you are provided notice for KP Kauffman Company, Inc of an existing permit within one hundred fifty (150) feet of Kawata 32N-17B-M.

Western 5-16-32R	KP Kauffman Company Inc	05.123.26513
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Per Rule 317.s. , Synergy Resources will not have a stimulated interval within 150' feet of the offset well, Western 5-16-32R

Sincerely,

Erin Ekblad
Manager Regulatory Affairs
Synergy Resources Corporation