



December 20, 2016

Blue Chip Oil

155 E Boardwalk Dr Suite 400
Fort Collins, CO 80525

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

Goetzel 4N-30A-M & Goetzel 5C-30-M & Goetzel 5N-30B-M
Township 6N North, Range 66 West
Section 29
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 Bayswater of an existing permit/well within one hundred fifty (150) feet of Synergy's proposed wells.

North Poudre #1	Blue Chip Oil	05-123-13140
North Poudre #2-30	Blue Chip Oil	05-123-33823

Per Rule 317.s. , Synergy Resources will not have a stimulated interval within 150' feet of the offset well, North Poudre #1 & North Poudre #2-30.

Sincerely,

Erin Ekblad
Manager Regulatory Affairs
Synergy Resources Corporation