

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF ALLEGED VIOLATIONS OF THE RULES) CAUSE NO. 1V
AND REGULATIONS OF THE COLORADO OIL AND GAS)
CONSERVATION COMMISSION BY **SYNERGY**) DOCKET NO. 1310-OV-40
RESOURCES CORPORATION WELD COUNTY, COLORADO)
) ORDER NO. 1V-429

ADMINISTRATIVE ORDER BY CONSENT

(Pursuant to Rule 522.b.(3) of the Rules and Regulations of the
Colorado Oil and Gas Conservation Commission, 2 CCR 404-1)

FINDINGS

1. Synergy Resources Corporation ("Synergy") is the operator of record for the wells identified in Table 1 ("Wells"). Synergy hydraulically fractured the Wells on the dates identified in Table 1.

TABLE 1

API	Well Name	Well Number	Treatment Date
05-123-34400	SRC Airport	34-35D	09/17/12
05-123-34531	SRC Aims	43-10D	06/25/12
05-123-34543	SRC GCC	12-11D	06/22/12
05-123-34660	SRC Aims	10PD	06/22/12
05-123-35486	Coyle	42-34D	10/25/12

2. Rule 205A. requires that for hydraulic fracturing treatments performed on or after April 1, 2012, the hydraulic fracturing chemical disclosure registry form must be completed within 60 days following the conclusion of a hydraulic fracturing and in no case later than 120 days after the commencement of such hydraulic fracturing treatment. Synergy did not meet this requirement for the Wells.

3. On June 20, 2013 Commission staff released a Notice To Operators – 205A. Hydraulic Fracturing Chemical Disclosure ("NTO"). The NTO states failure to meet the requirements of the Rule within the specified timeframes will be considered a violation of the Rule. Rule violations will be enforced pursuant to Rule 522, and penalties will be assessed pursuant to Rule 523.

4. On September 18, 2013 Commission staff issued Synergy a Notice of Alleged Violation No. 200387530 ("NOAV") alleging violation Rule 205A of the COGCC Rules of Practice and Procedure, 2 CCR 404-1 ("Rule" or "Rules").

5. Following a factual investigation and legal review of the violations alleged in the NOAV, the Hearings Staff now asserts Synergy has committed the following violations:

- a. Five violations of Rule 205A for failure to satisfy reporting requirements of Rule 205A at the Wells.

6. Pursuant to Rule 523 and the Commission's Enforcement and Penalty Policy, Hearings staff calculated a penalty of \$ 5,000 for these violations.

AGREEMENT

NOW, THEREFORE, based on the Findings and pursuant to Rule 522.b.(3), COGCC Rules of Practice and Procedure, 2 CCR 404-1 ("COGCC Rule(s)"), the Director proposes and Synergy agrees to settle the NOAV on the following terms and conditions:

- I. Synergy will pay a penalty of \$ 5,000.
- II. Operator shall submit all delinquent reports within 30 days of the approval of this Order by the Commission.
- III. The alleged Rule 205A violations for the Swift 24-65 Well (API # 05-123-34088) and the Swift 24-42 Well (API # 05-123-34816) ("Swift Wells") that were included in the NOAV, are dismissed in this action against Synergy. The Swift Wells were owned and treated by an operator subsequently purchased by Synergy. The violations for the Swift Wells will be considered in a parallel enforcement action against Orr Energy LLC.
- IV. Payment of the penalty pursuant to this AOC does not relieve the operator from its obligations to complete corrective actions set forth in the NOAVs, as may be amended or modified by COGCC Staff.
- V. Synergy agrees to the findings of this AOC only for the purpose of expeditiously resolving the matter without a contested hearing.

RECOMMENDED this 20th day of September, 2013.

OIL AND GAS CONSERVATION COMMISSION OF
THE STATE OF COLORADO

By 
Peter J. Gowen, Enforcement Officer

AGREED TO AND ACCEPTED this 26 day of September, 2013.

SYNERGY ENERGY LLC

By [Signature]
Signature of Authorized Company Representative

Craig Rasmuson
Print Signatory Name

Vice President of Operations
Title

ORDER

HAVING CONSIDERED the Agreement between the Director and Synergy to resolve the NOAV, the COMMISSION ORDERS:

1. Synergy is found in violation of Rule 205A for failing to complete the chemical disclosure registry form and post the form on the chemical disclosure registry within the specified timeframe.
2. Pursuant to § 34-60-121, C.R.S., and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1, Synergy shall pay a penalty of \$ 5,000 not later than 30 days from receipt of the Order and invoice.
3. Synergy will file all delinquent disclosures within 30 days of the approval of this Order by the Commission.
4. Synergy will promptly implement procedures to assure timely filing of future disclosures.
5. Entry of this Order constitutes final agency action for purposes of judicial review 30 days after the date this order is mailed by the Commission.
6. The provisions contained in the above order are effective on the date this matter is heard and approved by the Commission.

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The Commission heard and approved this matter on the 28th day of October, 2013.

ENTERED this 6th day of November, 2013 as of the 28th day of October, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By [Signature]
Robert J. Frick, Secretary