

**BEFORE THE OIL & GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO**

IN THE MATTER OF AN APPLICATION BY  
SYNERGY RESOURCES CORPORATION FOR AN  
ORDER ESTABLISHING AN APPROXIMATE  
1,284.611-ACRE DRILLING AND SPACING UNIT  
FOR CERTAIN PORTIONS OF SECTIONS 27, 28  
AND 29, TOWNSHIP 6 NORTH, RANGE 66 WEST,  
6<sup>TH</sup> P.M., FOR HORIZONTAL WELL DEVELOPMENT  
OF THE CODELL AND NIOBRARA FORMATIONS,  
WATTENBERG FIELD, WELD COUNTY, COLORADO

CAUSE NO. 407

DOCKET NO.

TYPE: SPACING

**APPLICATION**

Synergy Resources Corporation, doing business as SRC Energy, Inc., Operator No. 10311 ("Synergy" or "Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order to establish an approximate 1,284.611-acre drilling and spacing unit for certain portions of Sections 27, 28 and 29, Township 6 North, Range 66 West, 6<sup>th</sup> P.M., and authorize the drilling of up to twenty (20) horizontal wells within the proposed unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and has registered as an operator with the Commission.

2. Applicant is an Owner in the below-listed lands:

Township 6 North, Range 66 West, 6<sup>th</sup> P.M.

Section 27: W½

Section 28: All

Section 29: E½

1,284.611 acres, more or less, Weld County, Colorado.<sup>1</sup>

These lands are hereinafter referred to as the "Application Lands" and are depicted in Exhibit A attached hereto.

3. On April 27, 1998, the Commission adopted Rule 318A. which, among other things, allowed certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all of the Cretaceous Age Formations from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A. was amended to allow interior infill and boundary wells to be drilled and

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<sup>1</sup> The Application Lands contain irregular lots. Acreage in this area is based on the known survey markers found in the field. Accordingly, the acreage comprising the drilling and spacing unit has been modified to reflect the presence of irregular quarter-quarter sections.

wellbore spacing units to be established. On August 8, 2011, Rule 318A. was again amended to, among other things, address drilling of horizontal wells. The Application Lands are subject to Rule 318A.

4. The records of the Commission indicate that there are numerous vertical and directional oil and gas wells producing or capable of producing from the Niobrara and Codell Formations underlying the Application Lands, as depicted on Exhibit B attached hereto. Applicant hereby confirms that each of these wells shall remain subject to applicable spacing orders of the Commission, and shall not be affected by Applicant's requested relief under this Application. Proceeds from the sale of oil or gas from these wells shall continue to be distributed based on the applicable spacing orders for these wells.

5. The records of the Commission indicate that there are twelve horizontal wells currently being drilled but not yet producing from the Niobrara and Codell Formations underlying portions of the Application Lands:

- a) Beebe 11N-26A-M Well (API No. 05-123-44719)
- b) Beebe 14N-26B-M Well (API No. 05-123-44720)
- c) Beebe 36N-26B-M Well (API No. 05-123-44721)
- d) Beebe 25N-26B-M Well (API No. 05-123-44722)
- e) Beebe 11C-26-M Well (API No. 05-123-44723)
- f) Beebe 14C-26-M Well (API No. 05-123-44724)
- g) Beebe 36C-26-M Well (API No. 05-123-44725)
- h) Beebe 36N-26C-M Well (API No. 05-123-44726)
- i) Beebe 25C-26-M Well (API No. 05-123-44727)
- j) Beebe 11N-26C-M Well (API No. 05-123-44760)
- k) Beebe 23N-26C-M Well (API No. 05-123-44761)
- l) Beebe 23C-26-M Well (API No. 05-123-44762)

According to Commission records, these wells were permitted pursuant to Rule 318A. Applicant hereby confirms that each of these wells shall remain subject to applicable designated horizontal wellbore spacing units approved by the Director, and shall not be affected by Applicant's requested relief under this Application. Proceeds from the sale of oil or gas from these wells shall continue to be distributed based on the applicable designated horizontal wellbore spacing units established for these wells.

Establishing an approximate 1,284.611-acre drilling and spacing unit and authorizing up to twenty horizontal wells for development of the Codell and Niobrara Formations

6. Applicant requests the Commission establish the Application Lands as an approximate 1,284.611-acre drilling and spacing unit for the Codell and Niobrara Formations pursuant to Rule 503.b.(1) and §34-60-116(1), C.R.S. For the Application Lands, the proposed drilling unit is not smaller than the maximum area that can be economically and efficiently drained by the horizontal wells proposed to be drilled under this Application and completed in the Codell and Niobrara Formations.

7. Applicant requests it be authorized to drill and complete up to twenty (20) horizontal wells in the approximate 1,284.611-acre drilling and spacing unit proposed for the Application Lands, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, as necessary to economically and efficiently recover resources, while minimizing surface impacts, creating efficiencies for drilling and production, increasing the ultimate recovery of the reserves, preventing waste, and protecting correlative rights.

8. Applicant further requests that, for any permitted wells to be drilled under this Application for production from the Codell and Niobrara Formations, the treated intervals of the wellbore shall be not less than 150 feet from the eastern and western unit boundaries and not less than 460 feet from the northern and southern unit boundaries and the inter-well setbacks should be not less than 150 feet from the treated interval of a well producing from the same formation, without exception being granted by the Director.

9. The granting of this Application is in accord with the Oil and Gas Conservation Act, found at §§34-60-101, *et seq.*, C.R.S., and the Commission rules.

10. Applicant states that any horizontal wells to be drilled under this Application will be drilled from two multi-well pads on the surface of the drilling unit, or on adjacent lands with consent of the landowner, unless an exception is granted by the Director.

11. Applicant requests that relief granted under this Application should be effective on oral order by the Commission, and Applicant hereby agrees to be bound by said oral order.

12. The undersigned certifies that copies of this Application will be served on each interested party as required by Rule 507 within seven (7) days of the filing hereof, as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that upon such hearing, the Commission enter an order:

A. Establishing an approximate 1,284.611-acre drilling and spacing unit for the Application Lands, and authorizing the drilling of up to twenty (20) horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, with the treated intervals of the wellbore not less than 150 feet from the eastern and western unit boundaries and not less than 460 feet from the northern and southern unit boundaries and the inter-well setbacks should be not less than 150 feet from the treated interval of a well producing from the same formation, without exception being granted by the Director.

B. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this 30<sup>th</sup> day of August, 2017.

Respectfully submitted,

**SYNERGY RESOURCES CORPORATION**

By: 

James Parrot  
Jillian Fulcher  
Evan Bekkedahl  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
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Denver, Colorado 80202  
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jparrot@bwenergylaw.com  
jfulcher@bwenergylaw.com  
ebekkedahl@bwenergylaw.com


Address of Applicant  
Synergy Resources Corporation  
ATTN: Jay Errebo  
1625 Broadway, Suite 300  
Denver, Colorado 80202

VERIFICATION

STATE OF COLORADO                     )  
  ) ss.  
CITY & COUNTY OF DENVER         )

Matthew Miller, Vice President of Land for Synergy Resources Corporation, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

SYNERGY RESOURCES CORPORATION

  
Matthew Miller

Subscribed and sworn to before me this 29<sup>th</sup> day of August 2017,  
by Matthew Miller, Vice President of Land for Synergy Resources Corporation.

Witness my hand and official seal.

My commission expires: 1/14/21

  
\_\_\_\_\_  
Notary Public

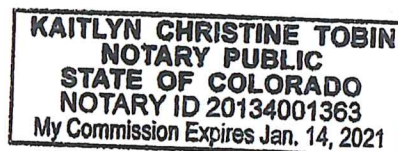


Exhibit A

Reference Map for Spacing Application

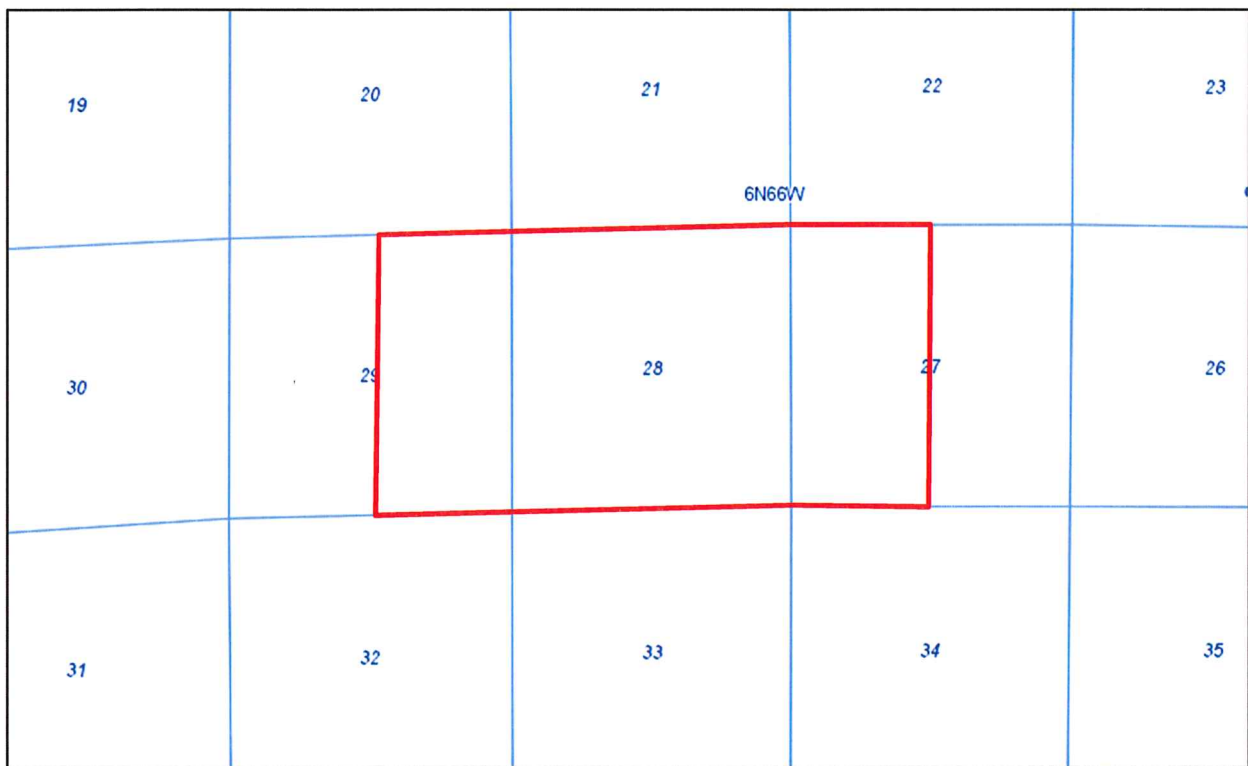
Township 6 North, Range 66 West, 6<sup>th</sup> P.M.

Section 27: W $\frac{1}{2}$

Section 28: All

Section 29: E $\frac{1}{2}$

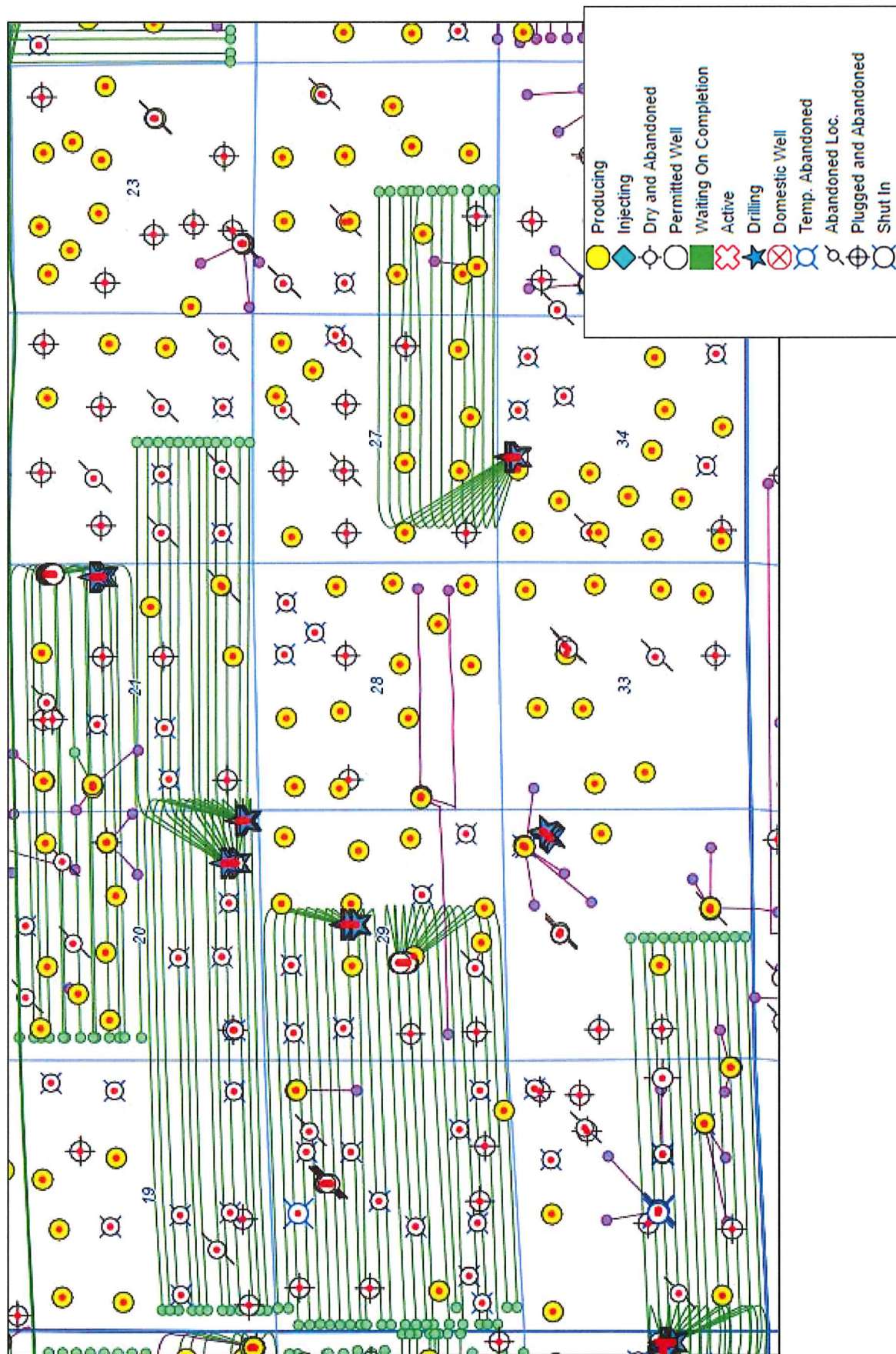
1284.611 acres, more or less, Weld County, Colorado



= Application Lands



# EXHIBIT B Producing Vertical and Directional Wells



IN THE MATTER OF AN APPLICATION BY  
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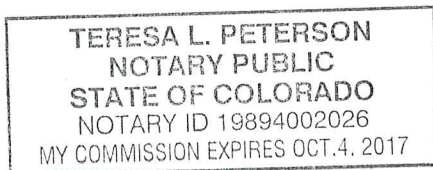
TYPE: SPACING

STATE OF COLORADO )  
 ) ss.  
CITY AND COUNTY OF DENVER )

That she is a Legal Assistant at Beatty & Wozniak, P.C., attorneys for SRC Energy, Inc., and on or before the 31<sup>st</sup> day of August, 2017, caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A attached hereto.

Subscribed and sworn to before me this 31 day of August, 2017.

Notary Public





**EXHIBIT A**  
**INTERESTED PARTIES**

SRC Energy, Inc  
1675 Broadway, Suite 2600  
Denver, CO 80202

The Termo Company of California  
PO Box 2767,  
Long Beach, CA 90801

Brandon Marette, Energy Liaison  
Colorado Parks and Wildlife  
Northeast Region Office  
6060 Broadway  
Denver, CO 80216

Troy Swain  
Weld County  
Department of Planning Services  
1555 North 17<sup>th</sup> Avenue  
Greeley, CO 80631

Incline Niobrara Partners, LP  
5019 N Central Expressway, Suite B  
Dallas, TX 75205

Colorado Energy Minerals, Inc.  
P.O. Box 899  
Denver, CO 80201

Kent Kuster  
Oil & Gas Consultant Coordinator  
Colorado Department of  
Public Health & Environment  
4300 Cherry Creek Drive South  
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