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| DE | ET | OE | ES |
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Document Number:  
 400226881  
 PluggingBond SuretyID  
 20080034

**APPLICATION FOR PERMIT TO:**

1.  Drill,  Deepen,  Re-enter,  Recomplete and Operate

2. TYPE OF WELL  
 OIL  GAS  COALBED  OTHER \_\_\_\_\_  
 SINGLE ZONE  MULTIPLE  COMMINGLE

Refiling   
 Sidetrack

3. Name of Operator: BAYSWATER EXPLORATION AND PRODUCTION LLC 4. COGCC Operator Number: 10261  
 5. Address: 730 17TH ST STE 610  
 City: DENVER State: CO Zip: 80202  
 6. Contact Name: Kallasandra Moran Phone: (303)928-7128 Fax: (303)962-6237  
 Email: kmoran@petro-fs.com  
 7. Well Name: Zarlengo Well Number: 6-4  
 8. Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_  
 9. Proposed Total Measured Depth: 5225

**WELL LOCATION INFORMATION**

10. QtrQtr: SEnw Sec: 4 Twp: 1S Rng: 67W Meridian: 6  
 Latitude: 39.995033 Longitude: -104.896817  
 Footage at Surface: 1938 feet FNL/FSL FNL 1828 feet FEL/FWL FWL  
 11. Field Name: Spindle Field Number: 77900  
 12. Ground Elevation: 5155 13. County: ADAMS

14. GPS Data:  
 Date of Measurement: 11/01/2011 PDOP Reading: 2.9 Instrument Operator's Name: Owen McKee / PFS

15. If well is  Directional  Horizontal (highly deviated) **submit deviated drilling plan.**  
 Footage at Top of Prod Zone: FNL/FSL \_\_\_\_\_ FEL/FWL \_\_\_\_\_ Bottom Hole: FNL/FSL \_\_\_\_\_ FEL/FWL \_\_\_\_\_  
 Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_ Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_

16. Is location in a high density area? (Rule 603b)?  Yes  No  
 17. Distance to the nearest building, public road, above ground utility or railroad: 1401 ft  
 18. Distance to nearest property line: 172 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1261 ft

**LEASE, SPACING AND POOLING INFORMATION**

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| Sussex                 | SUSX           | 250-12                  | 80                            | E/2NW4                               |

21. Mineral Ownership:  Fee  State  Federal  Indian Lease #: \_\_\_\_\_  
 22. Surface Ownership:  Fee  State  Federal  Indian  
 23. Is the Surface Owner also the Mineral Owner?  Yes  No Surface Surety ID#: \_\_\_\_\_  
 23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease?  Yes  No  
 23b. If 23 is No:  Surface Owners Agreement Attached or  \$25,000 Blanket Surface Bond  \$2,000 Surface Bond  \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

W/2 Sec. 4, T1S-R67W, excluding NE1/4 of W1/2

25. Distance to Nearest Mineral Lease Line: 812 ft 26. Total Acres in Lease: 220

### DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated?  Yes  No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling?  Yes  No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling?  Yes  No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)?  Yes  No

31. Mud disposal:  Offsite  Onsite

If 28, 29, or 30 are "Yes" a pit permit may be required.

Method:  Land Farming  Land Spreading  Disposal Facility Other: \_\_\_\_\_

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

| Casing Type | Size of Hole | Size of Casing | Wt/Ft | Csg/Liner Top | Setting Depth | Sacks Cmt | Cmt Btm | Cmt Top |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| SURF        | 12+1/4       | 8+5/8          | 24    | 0             | 1,140         | 735       | 1,140   | 0       |
| 1ST         | 7+7/8        | 4+1/2          | 11.6  | 0             | 5,225         | 689       | 5,225   | 1,050   |

32. BOP Equipment Type:  Annular Preventer  Double Ram  Rotating Head  None

33. Comments No conductor casing will be set.

34. Location ID: \_\_\_\_\_

35. Is this application in a Comprehensive Drilling Plan ?  Yes  No

36. Is this application part of submitted Oil and Gas Location Assessment ?  Yes  No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: \_\_\_\_\_ Print Name: Kallasandra M. Moran

Title: Regulatory Manager Date: 11/28/2011 Email: kmoran@petro-fs.com

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: David G. Nesline Director of COGCC Date: 12/30/2011

|                   |
|-------------------|
| <b>API NUMBER</b> |
| 05 001 09737 00   |

Permit Number: \_\_\_\_\_ Expiration Date: 12/29/2013

#### CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

- 1) Note surface casing setting depth change from 1050' to 1140'. Increase cement coverage accordingly and cement to surface.
- 2) Provide 24 hour notice of MIRU to Mike Hickey at 970-302-1024 or e-mail at Mike.Hickey@state.co.us
- 3) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Sussex. Verify coverage with cement bond log.

### Attachment Check List

| Att Doc Num | Name                 |
|-------------|----------------------|
| 400226881   | FORM 2 SUBMITTED     |
| 400226883   | TOPO MAP             |
| 400226884   | PLAT                 |
| 400226885   | 30 DAY NOTICE LETTER |

Total Attach: 4 Files

### General Comments

| <u>User Group</u> | <u>Comment</u>   | <u>Comment Date</u>      |
|-------------------|--|--------------------------|
| Permit            | LGD comment received; final review completed.  | 12/29/2011<br>8:26:16 AM |
| Permit            | Revised unit config per operator. 11/29/2011   | 11/29/2011<br>9:13:51 AM |
| LGD               | All well facilities will be fenced and locked to prevent unlawful entry. All facilities will be painted to an earthtone color. It appears as though the operator will be using the existing access. No additional access points will be allowed unless approved by Adams County. | 11/29/2011<br>7:25:40 AM |
| Permit            | On hold - Established drilling and spacing units appear to be stand-up and not lay-down.   | 11/29/2011<br>4:57:44 AM |

Total: 4 comment(s)

## BMP

| <u>Type</u>                    | <u>Comment</u>   |
|--------------------------------|--|
| Interim Reclamation            | Utilize only such area around each producing well as is reasonably necessary. Restore the remainder of the well site location to its original condition within a reasonable time after the completion of operations.<br>All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner.   |
| Planning                       | When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources.  |
| Construction                   | Remove only the minimum amount of vegetation necessary for the construction of roads and facilities.<br>Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation.<br>No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment.  |
| Final Reclamation              | All surface restoration shall be accomplished to the satisfaction of Owner.<br>All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner.<br>Final reclamation shall be completed to the reasonable satisfaction of the Owner as soon as practical after installation (weather permitting) and in accordance with regulatory agency standards (BLM/COGCC).                             |
| Drilling/Completion Operations | When available and reasonable use a closed-loop drilling mud system to preclude the use of an earthen reserve pits when available.   |
| Storm Water/Erosion Control    | Use water bars, and other measures to prevent erosion and non-source pollution. Implement and maintain BMPs to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation.<br>Co-locate gas and water gathering lines whenever feasible, and mitigate any erosion problems that arise due to the construction of any pipeline(s).   |
| Site Specific                  | Fence the well site after drilling to restrict public and wildlife access.<br>Keep well site location, the road, and the pipeline easement free of noxious weeds, litter and debris.<br>Spray for noxious weeds, and implement dust control, as needed.<br>Operator will not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's Land.<br>Construct and maintain gates where any roads used by operator, its employees, or contractors cross through fences on the leased premises. |

Total: 7 comment(s)