

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400361558

Date Received:

03/15/2013

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 LLC4. COGCC Operator Number: 102615. Address: 730 17TH ST STE 610City: DENVER State: CO Zip: 802026. Contact Name: Kristi McRedmond Phone: (303)928-7128 Fax: (303)962-6237Email: kristi@petro-fs.com7. Well Name: Swan Well Number: 21-32

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 5286

WELL LOCATION INFORMATION

10. QtrQtr: SWNE Sec: 21 Twp: 2S Rng: 56W Meridian: 6Latitude: 39.865034 Longitude: -103.655178

Footage at Surface: 2390 feet FNL/FSL 1660 feet FEL/FWL FEL

11. Field Name: Swan Field Number: 8075012. Ground Elevation: 4620 13. County: WASHINGTON

14. GPS Data:

Date of Measurement: 11/16/2012 PDOP Reading: 1.5 Instrument Operator's Name: Alan Hnizdo15. 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 ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 1400 ft18. Distance to nearest property line: 966 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1070 ft

20. 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.)
DSand	Dsnd		40	NE/4
J-Sand	Jsnd		40	NE/4

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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 ☐ No23b. 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):

TS, R56W, Sec. 21 E/2 , Sec. 22 N2NW

25. Distance to Nearest Mineral Lease Line: 964 ft

26. Total Acres in Lease: 400

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	11	8+5/8	24	0	250	250	250	0
1ST	7+7/8	5+1/2	15.5	0	5,286	150	5,286	4,500

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

33. Comments No conductor casing will be set. The closest well is the Swan 1 Well which is a PA Well. The mineral lease description is TS, R56W, Sec. 21 E/2 , Sec. 22 N2NW. The unit configuration is NE/4.

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: Kristi McRedmond

Title: Regulatory Technician Date: 3/15/2013 Email: kristi@petro-fs.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

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: Matthew Lee Director of COGCC Date: 7/23/2013

API NUMBER

05 121 11032 00

Permit Number: _____ Expiration Date: 7/22/2015

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) Provide 48 hr notice prior to spud via electronic Form 42.
- 2) If completed, provide cement coverage from TD to a minimum of 200' above D-Sand. Verify coverage with cement bond log.
- 3) If dry hole, set 40 sks cement at top of J-Sand, set 40 sks cement at top of D-Sand, 50 sks cement ½ out, ½ in surface casing, 15 sks cement top of surface casing, cut 4' below GL, weld on plate, 5 sks cement in rat hole & 5 sks cement in mouse hole.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
2486245	SURFACE CASING CHECK
400361558	FORM 2 SUBMITTED
400361690	30 DAY NOTICE LETTER
400361752	PLAT

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed. No LGD or public comments.	7/3/2013 7:49:00 AM
Permit	Mud Disposal and BOP Equipment type changes as per operator.	5/29/2013 7:28:17 AM
Permit	This form has passed completeness.	3/18/2013 7:49:49 AM

Total: 3 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Planning	When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources.
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. Light Sources will likewise be directed downwards, and away from occupied structures where possible. Once the drilling and completions rigs leave the site, there will be no permanently installed lighting on site. The operator will work with the Town of Severance to develop a traffic plan for access to the locations and traffic through Town streets.
Site Specific	Fence the well site after drilling to restrict public and wildlife access. Keep well site location, the road, and the pipeline easement free of noxious weeds, litter and debris. Spray for noxious weeds, and implement dust control, as needed. Operator will not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's Land. Construct and maintain gates where any roads used by operator, its employees, or contractors cross through fences on the leased premises.
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. Co-locate gas and water gathering lines whenever feasible, and mitigate any erosion problems that arise due to the construction of any pipeline(s).
Construction	Remove only the minimum amount of vegetation necessary for the construction of roads and facilities. Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation. No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment.
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. 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.
Final Reclamation	All surface restoration shall be accomplished to the satisfaction of Owner. 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. 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).

Total: 7 comment(s)