

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

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Document Number:

400421870

Date Received:

06/11/2013

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 LLC 4. COGCC Operator Number: 10261

5. Address: 730 17TH ST STE 610

City: DENVER State: CO Zip: 80202

6. Contact Name: Ann L. Stephens Phone: (303)928-7128 Fax: ()

Email: astephens@petro-fs.com

7. Well Name: Staley Well Number: 25-7

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

9. Proposed Total Measured Depth: 7130

WELL LOCATION INFORMATION

10. QtrQtr: NESW Sec: 7 Twp: 6N Rng: 67W Meridian: 6

Latitude: 40.500792 Longitude: -104.936066

Footage at Surface: 2532 feet FSL 2252 feet FWL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 4820 13. County: WELD

14. GPS Data:

Date of Measurement: 05/03/2013 PDOP Reading: 1.5 Instrument Operator's Name: David MacDonald

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: 246 ft

18. Distance to nearest property line: 215 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 950 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.)
CODELL	CODL		160	NESW,SE/4,SWNE,NWSE
NIOBRARA	NBRR		160	NESW,SE/4,SWNE,NWSE

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):

T6N, R67W, Sec. 7: NW and all that part of the NESW lying North & East of the Southerly ROW line of the Colorado & Southern Railway Company. See attached lease map.

25. Distance to Nearest Mineral Lease Line: 237 ft 26. Total Acres in Lease: 150

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: Offsite facility is Airport Mud

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	625	437	625	0
1ST	7+7/8	4+1/2	11.6	0	7130	849	7130	2900

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

33. Comments No conductor casing will be set. This is a vertical well. Operator requests an exception location per rule 318A.a since well will not be drilled in a legal drilling window. Surface Owner Exception Location Consent is attached. The SHL & BHL belong to Staley Farms. The distance to the nearest property line is 215'. A waiver for rule 603.a.2 is not required as both sides of the lease line are owned by the same property owner (Staley); all acreage leased by Bayswater. There are multiple mineral leases...please see lease map attached. Wellbore Spacing Unit configuration is NESW, SENW, SWNE, NWSE, 160.00 acres. Waivers attached from all landowners within the 160-acre wellbore spacing unit.

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: DeAnne M. Spector

Title: Regulatory Analyst Date: 6/11/2013 Email: dspector@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: 9/17/2013

API NUMBER

05 123 38056 00

Permit Number: _____ Expiration Date: 9/16/2015

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.

COA Type	Description
	Operator must meet water well testing requirements per Rule 318A.
	1)Provide notice of MIRU via an electronic Form 42. 2)Comply with Rule 317.i and provide cement coverage a minimum of 200' above the Niobrara. Verify cement coverage with a cement bond log per Rule 317.o.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400421870	FORM 2 SUBMITTED
400431823	PLAT
400431880	DRILLING PLAN
400435298	30 DAY NOTICE LETTER
400443166	LEASE MAP
400455340	EXCEPTION LOC WAIVERS
400457850	EXCEPTION LOC REQUEST
400462612	PROPOSED SPACING UNIT

Total Attach: 8 Files

General Comments

User Group	Comment	Comment Date
Permit	Final reveiw complete.	9/16/2013 11:32:46 AM
Permit	Corrected property line distance from 106' to 215' as per opr.	8/14/2013 8:55:42 AM
Permit	Vertical well on an exceptio location. Removed three 318Ae waivers and a map with opr approval. Form passes completeness.	3/5/2013 8:35:38 AM
Permit	Back to draft.	8/1/2013 12:56:45 PM
Permit	Opr submitted prematurely and asked for form to be put back in draft.	6/11/2013 2:22:12 PM

Total: 5 comment(s)

Best Management Practices

No	BMP/COA Type	Description
1	Planning	When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources.
2	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).
3	Material Handling and Spill Prevention	<p>Site Specific:</p> <p>Fence the well site after drilling to restrict public and wildlife access.</p> <p>Keep well site location, the road, and the pipeline easement free of noxious weeds, litter and debris.</p> <p>Spray for noxious weeds, and implement dust control, as needed.</p> <p>Operator will not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's Land.</p> <p>Construct and maintain gates where any roads used by operator, its employees, or contractors cross through fences on the leased premises.</p>
4	Construction	<p>Remove only the minimum amount of vegetation necessary for the construction of roads and facilities.</p> <p>Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation.</p> <p>No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment.</p>
5	Drilling/Completion Operations	A closed-loop drilling mud system will be used 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.
6	Interim Reclamation	<p>Utilize only such area around each producing well as is reasonably necessary.</p> <p>Restore the remainder of the well site location to its original condition within a reasonable time after the completion of operations.</p> <p>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.</p>
7	Final Reclamation	<p>All surface restoration shall be accomplished to the satisfaction of Owner.</p> <p>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.</p> <p>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).</p>

Total: 7 comment(s)