

FORM

2

Rev  
12/05

## State of Colorado

## Oil and Gas Conservation Commission

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07/09/2013

PluggingBond SuretyID

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## 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: 102615. Address: 730 17TH ST STE 610City: DENVER State: CO Zip: 802026. Contact Name: Ann L. Stephens Phone: (303)928-7128 Fax: ()Email: astephens@petro-fs.com7. Well Name: Staley Well Number: 10-7

8. Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

9. Proposed Total Measured Depth: 7249

## WELL LOCATION INFORMATION

10. QtrQtr: NESW Sec: 7 Twp: 6N Rng: 67W Meridian: 6Latitude: 40.500750 Longitude: -104.936066

Footage at Surface: 2517 feet FNL/FSL 2252 feet FEL/FWL FWL

11. Field Name: Wattenberg Field Number: 9075012. Ground Elevation: 4820 13. County: WELD

## 14. GPS Data:

Date of Measurement: 04/26/2013 PDOP Reading: 1.5 Instrument Operator's Name: David Macdonald15. If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 1982 FSL 1856 FEL 1982 FEL 1856 FEL  
 Bottom Hole: FNL/FSL 1982 FSL 1856 FEL 1982 FSL 1856 FEL  
 Sec: 7 Twp: 6N Rng: 67W Sec: 7 Twp: 6N Rng: 67W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 246 ft18. 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	407-87	80	N2SE
NIOBRARA	NBRR	407-87	80	N2SE

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):

T6N, R67W, Sec. 7: NW, and all that part of the NESW lying North and East of the Southerly right of way line of the Colorado and Southern Railway Company. Staley Farm Investments, LLC is 100% Surface Owner and one of the Mineral Owners to this SHL lease. The SHL and BHL are comprised of multiple leases. Please see attached lease map.

25. Distance to Nearest Mineral Lease Line: 356 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	7249	860	7249	2900

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

33. Comments No conductor casing will be set. Operator requests an exception location per rule 318A.a since well will not be drilled in a legal GWA drilling window. Surface Owner Exception Location Consent is attached. The SHL for this well is on Staley Farm Investments, LLC property. The BHL is in JSCS Farms, LLC et al minerals. There are multiple mineral leases to the SHL and BHL...please see lease map attached. BHL is in a legal GWA window. The distance to the nearest mineral lease line is 356', which is the Windsor Farms Investments LLC lease to the southwest of the BHL. All acreage leased by Bayswater. "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)

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: 7/9/2013 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: 10/7/2013

#### API NUMBER

05 123 38261 00

Permit Number: \_\_\_\_\_ Expiration Date: 10/6/2015

#### 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.

**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**

<b><u>Att Doc Num</u></b>	<b><u>Name</u></b>
1535251	SURFACE CASING CHECK
2167480	SURFACE AGRMT/SURETY
400421891	FORM 2 SUBMITTED
400431793	PLAT
400431889	DEVIATED DRILLING PLAN
400433213	DIRECTIONAL DATA
400435291	30 DAY NOTICE LETTER
400445121	EXCEPTION LOC REQUEST
400445122	LEASE MAP
400455341	EXCEPTION LOC WAIVERS

Total Attach: 10 Files

**General Comments**

<b><u>User Group</u></b>	<b><u>Comment</u></b>	<b><u>Comment Date</u></b>
Permit	Attached SUA as per opr and changed right to construct to SUA. Final review complete.	10/7/2013 7:55:44 AM
Final Review	ON HOLD - directional well requires SUA	9/17/2013 8:00:02 AM
Permit	Corrected property line distance from 106' to 215' as per opr.	8/14/2013 8:46:16 AM
Permit	Form passes completeness.	7/31/2013 4:22:11 PM
Permit	Spacing is incorrect, and attachments are incorrect. Back to draft.	7/31/2013 8:44:55 AM
Permit	Returned to draft. Requested exception location waivers for 318A and for property line setbacks.	7/10/2013 6:28:28 AM

Total: 6 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)