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7535 Hilltop Circle
Denver, CO 80221
www.petro-fs.com

June 9, 2014

Mr. Erik Roach
PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

**RE: COGCC Rule 318A.m. Minimum Intrawell Distance
Kaiser B-10HC Well: NENE Sec 10-T6N-R65W
Weld County, Colorado**

Dear Mr. Roach,

Bayswater Exploration & Production, LLC (Bayswater) is applying to the Colorado Oil and Gas Conservation Commission (COGCC) to drill the above referenced well at the described location. COGCC rule 318A.m. stipulates that no lateral shall encroach within 150 feet from an existing wellbore, unless the operator of the existing wellbore waives this requirement. As currently planned, the following well is within 150 feet of the proposed horizontal:

1. Avery 11-10 (API: 05-123-20478), 33 foot offset from Kaiser B-10HC

Prior to drilling operations, Bayswater will perform an anti-collision review of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision review may include MWD or gyro surveys and surface locations of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed well path with its respective error of uncertainty. If current surveys do not exist for the offset wells, Bayswater may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision review results indicate that the risk of collision is sufficiently low as defined by the anti-collision plan, with separation factors greater than 1.5, or if the risk of collision has been mitigated through other means. In the event of an increased risk of collision, that risk will be mitigated to prevent harm to people, the environment or property. For the proposed well, upon conclusion of drilling operations, an as-constructed directional survey will be submitted to the COGCC with the Form 5.

Per COGCC rule 318A.m. Bayswater is requesting operator approval for the waiver of said rule for the existing Avery 11-10 wellbore. Should you find this acceptable, please indicate by executing this waiver and returning to my attention in the self-addressed stamped envelope provided herein.

We are what we repeatedly do. Excellence, then, is not an act, but a habit.

-Aristotle

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If you should have any questions or require additional information, please do not hesitate contacting me at 303.928.7128 or via email at regulatory@petro-fs.com. Thank you for your consideration of this matter.

Respectfully,

Ann L. Stephens
Regulatory Manager
Agent for Bayswater Exploration & Production, LLC

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Enclosures: Copy of letter to be signed and returned
Self-addressed stamped envelope

PDC ENERGY, INC.

**RE: COGCC Rule 318A.m. Minimum Intrawell Distance
Kaiser B-10HC Well: NENE Sec 10-T6N-R65W
Weld County, Colorado**

I, ERIK ROACH, acting as self, officer, agent or employee of PDC Energy, Inc., operator of the above described existing wellbore, with full power to execute the following do hereby grant Bayswater Exploration & Production, LLC a waiver of COGCC Rule 318A.m. granting that this well may be drilled as planned.

Signature

6/10/14

Date

ERIK ROACH

Printed Name

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-Aristotle