

FORM

2

Rev  
08/13

## 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:

400526063

## APPLICATION FOR PERMIT TO:

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate

Date Received:

04/25/2014

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER \_\_\_\_\_Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Kaiser

Well Number: F-10HC

Name of Operator: BAYSWATER EXPLORATION AND PRODUCTION LLC

COGCC Operator Number: 10261

Address: 730 17TH ST STE 610

City: DENVER State: CO Zip: 80202

Contact Name: Jennifer Grosshans

Phone: (303)928-7128

Fax: (303)218-5678

Email: regualtory@petro-fs.com

## RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20080034

## WELL LOCATION INFORMATION

QtrQtr: NENE Sec: 10 Twp: 6N Rng: 65W Meridian: 6

Latitude: 40.507187

Longitude: -104.641262

Footage at Surface: 477 feet FNL/FSL FNL 394 feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4801

County: WELD

GPS Data:

Date of Measurement: 12/12/2013 PDOP Reading: 1.5 Instrument Operator's Name: Ben Hardenbergh

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

 1790 FNL 465 FEL 1790 FNL 465 FWL  
 Sec: 10 Twp: 6N Rng: 65W Sec: 10 Twp: 6N Rng: 65W

## LOCATION SURFACE &amp; MINERALS &amp; RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ IndianThe Surface Owner is: ☒ is the mineral owner beneath the location.

(check all that apply)

☒ is committed to an Oil and Gas Lease.☒ has signed the Oil and Gas Lease.☐ is the applicant.The Mineral Owner beneath this Oil and Gas Location is: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place:

Surface Surety ID:

## LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

Township 6 North, Range 65 West, Section 10: W2NW4, NE4

Total Acres in Described Lease: 240 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease # \_\_\_\_\_

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 0 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 593 Feet

Building Unit: 593 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 395 Feet

Above Ground Utility: 418 Feet

Railroad: 5280 Feet

Property Line: 397 Feet

### INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

## DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: ☒ Buffer Zone  
☐ Exception Zone  
☐ Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: \_\_\_\_\_

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: 02/06/2014

## SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 200 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 465 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

## SPACING & FORMATIONS COMMENTS

Unit description - T6N R65W, Sec 10: N/2

## OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CODELL	CODL		320	GWA

## DRILLING PROGRAM

Proposed Total Measured Depth: 11907 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 200 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: ☒ Annular Preventor ☒ Double Ram ☒ Rotating Head ☐ None

## GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 318A

## DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Other

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Other

Other Disposal Description:

Reeves Mud Field COGCC Facility 435839 will be used for offsite disposal.

Beneficial reuse or land application plan submitted?

Reuse Facility ID:  or Document Number:

## CASING PROGRAM

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	9+5/8	36	0	700	372	700	0
1ST	8+3/4	7+0/0	26	0	7542	535	7542	500
1ST LINER	6+1/8	4+1/2	11.6	6542	11907			

☒ Conductor Casing is NOT planned

## DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- ☐ Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- ☐ Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- ☐ Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- ☐ Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

## GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- ☒ Rule 318A.a. Exception Location (GWA Windows).
- ☒ Rule 318A.c. Exception Location (GWA Twinning).

## RULE 502.b VARIANCE REQUEST

☐ Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number

## OTHER LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 318.c. Exception Location from Rule or Spacing Order Number
- ☐ Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

## OPERATOR COMMENTS AND SUBMITTAL

Comments	<p>Bayswater Exploration &amp; Production, LLC (Bayswater) proposes to drill the Kaiser F-10HC in Section 10, Township 6 North, Range 65 West in Weld County, Colorado, as follows: SHL: 477' FNL 394' FEL - falls outside a legal GWA Drilling Window Top of Production: 1790' FNL 465' FEL BHL: 1790' FNL 465' FWL Bayswater intends to drill the well to the Codell formation at 11,11907' MD and 7,072' TVD.</p> <p>Letter to the Director for COGCC Rules 318A.m. Minimum Intrawell Distance is not necessary for this well location, no wells lie within 150' of the proposed horizontal lateral of the proposed well.</p> <p>Letter to the Director for COGCC Rule 318A.a. Exception Location Request, attached as Exception Loc Request.</p> <p>Letter to Director for COGCC Rule 318A.e. Proposed Spacing Unit, attached as Proposed Spacing Unit.</p>
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This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: \_\_\_\_\_

Location ID: \_\_\_\_\_

Is this application being submitted with an Oil and Gas Location Assessment application? \_\_\_\_\_ Yes

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

Signed: \_\_\_\_\_ Print Name: Jennifer Grosshans

Title: Regulatory Technician Date: 4/25/2014 Email: regualtory@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: 6/13/2014

Expiration Date: 06/12/2016

**API NUMBER**

05 123 39599 00

## **Conditions Of Approval**

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**

	<p>Operator acknowledges the proximity of the listed non operated wells. Operator agrees to provide mitigation Option 1 or 2 (per the DJ Basin Horizontal Offset Policy, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42(s) "OFFSET MITIGATION COMPLETED" for the remediated wells, referencing the API Number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.</p> <p>ANDRE 2-3E (API #123-12332)  BICKLING 3-44 (API #123-18623)  BICKLING 3-43 (API #123-21622)  AVERY 23-10 (API #123-13964)</p>
	<p>Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.</p>
	<p>1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.  2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.  3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.</p>
	<p>Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Policy dated 12-16-2013</p>

## **Best Management Practices**

### **No BMP/COA Type**

### **Description**

1	Planning	<p>When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources.</p>
2	General Housekeeping	<p>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.</p>
3	Storm Water/Erosion Control	<p>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).</p>
4	Dust control	<p>Traffic dust control will be done utilizing water on all County Roads leading up to the pad site.</p>
5	Construction	<p>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.</p>

6	Noise mitigation	Sound walls and/or hay bales will be used to surround the well site during drilling operations to mitigate noise.
7	Drilling/Completion Operations	Prior to drilling operations, Operator may 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, Operator may have gyro surveys conducted to verify bottom hole location. The proposed well may only be drilled if the anti-collision review results indicate that the risk of collision is sufficiently low as defined by the anticollision plan, with separation factors greater than 1.5, or if the risk of collision has been mitigated through other means including shutting in wells, plugging wells, increased drilling fluid in the event of lost returns or as is appropriate for the specific situation. 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.
8	Drilling/Completion Operations	Pursuant to COGCC 207.a. ("Policy"), Bayswater Exploration & Production, LLC, acknowledges and will comply with said policy for Bradenhead Monitoring during hydraulic fracturing treatments in the Greater Wattenberg Area (GWA), dated May 29, 2012.
9	Drilling/Completion Operations	A closed-loop drilling mud system will be used to preclude the use of an earthen reserve pit. Light Sources will likewise be directed downwards and away from occupied structures where possible. Once the drilling and completion rigs leave the site, there will be no permanently installed lighting on site.
10	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.
11	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: 11 comment(s)

### **Applicable Policies and Notices to Operators**

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

### **Attachment Check List**

<b><u>Att Doc Num</u></b>	<b><u>Name</u></b>
2114656	EXCEPTION LOC WAIVERS
2114658	EXCEPTION LOC REQUEST
400526063	FORM 2 SUBMITTED
400593790	PROPOSED SPACING UNIT
400594282	WELL LOCATION PLAT
400594788	OffsetWellEvaluations Data
400594793	DIRECTIONAL DATA
400595021	DEVIATED DRILLING PLAN

Total Attach: 8 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Received and attached Exception Location Request and Waivers with twinning exception added. Passes Permit review.	3/3/2014 2:28:26 PM
Permit	Corrected distance to unit boundary to 465. Nearest well permitted/completed in same formation and nearest well penetrating the formation is Kaiser 7-10 at 200'. Operator agrees. Added Proposed Spacing Unit description for Spacing and Formation Comments. Needs twinning exception added to Exception Location Request and Waiver. Checked Twinning Exception box. Removed Topo Map.	5/19/2014 1:37:18 PM
Permit	Passed completeness.	4/28/2014 9:40:12 AM
Permit	Operator removed the: "Exception Zone" in the Cultural tab and Exceptions tab.	4/28/2014 9:40:03 AM

Total: 4 comment(s)