

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:
400525915

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

TYPE OF WELL OIL GAS COALBED OTHER _____
ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refiling
Sidetrack

Date Received:
04/29/2014

Well Name: Kaiser Well Number: A-10HN
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: regulatory@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: 40.507362 Longitude: -104.641403

Footage at Surface: FNL/FSL FEL/FWL
413 feet FNL 434 feet 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
140 FNL 465 FEL 140 FNL 465 FWL
Sec: 10 Twp: 6N Rng: 65W Sec: 10 Twp: 6N Rng: 65W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: Fee State Federal Indian

The 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: 584 Feet

Building Unit: 586 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 436 Feet

Above Ground Utility: 458 Feet

Railroad: 5280 Feet

Property Line: 437 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: 106 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. 3: S/2S/2; Sec 10 N/2N/2

OBJECTIVE FORMATIONS

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

DRILLING PROGRAM

Proposed Total Measured Depth: 11723 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 106 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S 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	7360	526	7360	500
1ST LINER	6+1/8	4+1/2	11.6	6360	11723			

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 Bayswater Exploration & Production, LLC (Bayswater) proposes to drill the Kaiser A-10HN in Section 10, Township 6 North, Range 65 West in Weld County, Colorado, as follows:
SHL: 413' FNL 434' FEL - falls outside a legal GWA Drilling Window
Top of Production: 140' FNL 465' FEL
BHL: 140' FNL 465' FWL, SEC 10 - T6N - R65W
Bayswater intends to drill the well to the Niobrara formation at 11,723' MD and 7,035' TVD.

Letter to the Director for COGCC Rule 318A.m. Minimum IntraWell Distance, attached as Waivers.

Letter to the Director for COGCC Rule 318A.a. Exception Location Request, attached as Exception Loc Request.

Letter to Director for COGCC Rule 318A.e. Proposed Spacing Unit, attached as Proposed Spacing Unit.

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: 4/29/2014 Email: regulatory@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 39604 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.

<u>COA Type</u>	<u>Description</u>
	<p>1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.</p> <p>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.</p> <p>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 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>Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Policy dated 12-16-2013</p>

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Planning	When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources.
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.</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>
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	Traffic dust control will be done utilizing water on all County Roads leading up to the pad site.

5	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.
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

Att Doc Num	Name
2114643	ANTI-COLLISION WAIVER
2114656	EXCEPTION LOC WAIVERS
2114658	EXCEPTION LOC REQUEST
400525915	FORM 2 SUBMITTED
400590153	OffsetWellEvaluations Data
400590178	DIRECTIONAL DATA
400590235	DEVIATED DRILLING PLAN
400593741	PROPOSED SPACING UNIT
400593824	WELL LOCATION PLAT

Total Attach: 9 Files

General Comments

User Group	Comment	Comment Date
Permit	Received and attached Exception Location Request and Waivers with twinning exception added. Passes Permit review.	5/3/2014 2:15:16 PM
Permit	Operator agrees with changes. Received corrected Anti-Collision Waiver.	5/20/2014 12:28:33 PM
Permit	Operator requests approval of a Rule 318A.m exception location: Wellbore is to be located less than 150' from an existing wellbore. Request and waivers attached.	5/19/2014 10:40:20 AM
Permit	Corrected distance to unit boundary to 465. Added Proposed Spacing Unit description for Spacing and Formation Comments. Needs twinning exception added to Exception Location Request and Waiver. Checked Twinning Exception box. Incorrect API# on Anti-Collision Waiver. Removed Topo Map.	5/19/2014 10:38:54 AM
Permit	Passed completeness	5/1/2014 2:57:53 PM
Permit	Return to draft: 1. Distance to building unit is greater than 500 ft but Exception Zone is checked. 2. Topo Map PDF does not open correctly and does not show images.	5/1/2014 11:17:35 AM

Total: 6 comment(s)