



October 28, 2014

Petroleum Field Services
Attn: Jennifer Grosshans
7535 Hilltop Circle
Denver, CO 80221

RE: Minimum Interwell Distance Waiver
Sherley I-4-9HN & Sherley J-4-9HN Wells
NWNW of Section 4, Township 5 North, Range 65 West, 6th P.M.
Weld County, Colorado

Dear Ms. Grosshans:

PDC Energy, Inc. (PDC) has received Bayswater Exploration & Production, LLC's waivers for Sherley I-4-9HN and Sherley J-4-9HN Wells. PDC Energy hereby waives the one hundred and fifty foot (150) minimum interwell distance as specified in the COGCC Rule 318A.n. Enclosed please find PDC's executed waivers.

If you have any questions please do not hesitate to call.

Sincerely,
PDC ENERGY, INC.

Rachel Lenox
Land Technician

Enclosures



CERTIFIED/RETURN RECEIPT REQUESTED: 7014 0150 000 5420 0681

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

October 24, 2014

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

RE: COGCC Rule 318A.n. Minimum Interwell Distance
Sherley I-4-9HN Well: NWNW Section 4, Township 5 North, Range 65 West
Sherley J-4-9HN Well: NWNW Section 4, Township 5 North, Range 65 West
Weld County, Colorado

Ladies and Gentlemen:

Bayswater Exploration & Production, LLC (Bayswater) is applying to the Colorado Oil and Gas Conservation Commission (COGCC) to drill the above referenced wells at the described location. COGCC Rule 318A.n. 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 wells are within 150 feet of the proposed horizontals:

1. Annie 3-9 (API: 05-123-14566), 112 foot offset from Sherley I-4-9HN
2. Pat & Mike 6 LL (API: 05-123-24423), 109 foot offset from Sherley J-4-9HN

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.n. Bayswater is requesting operator approval for the waiver of said rule for the existing Annie 3-9 and Pat & Mike 6 LL wellbores. 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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Denver, CO 80221
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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,


Jennifer Grosshans
Regulatory Analyst
Agent for Bayswater Exploration & Production, LLC


:jg

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

PDC ENERGY, INC.

RE: COGCC Rule 318A.n. Minimum Interwell Distance
Sherley I-4-9HN Well: NWNW Section 4, Township 5 North, Range 65 West
Sherley J-4-9HN Well: NWNW Section 4, Township 5 North, Range 65 West
Weld County, Colorado

I, ERIK ROACH, acting as self, officer, agent or employee of PDC Energy, Inc., operator of the above described existing Annie 3-9 and Pat & Mike 6 LL wellbores, with full power to execute the following do hereby grant Bayswater Exploration & Production, LLC a waiver of COGCC Rule 318A.n. granting that these wells may be drilled as planned.

 10/28/14
Signature Date
ERIK ROACH
Printed Name

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

-Aristotle