

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:  
400684133  
**(SUBMITTED)**

APPLICATION FOR PERMIT TO:

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

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

Date Received:

Well Name: Arellano Well Number: K-10-9HN  
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: Jeff Annable 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: NESE Sec: 10 Twp: 5N Rng: 65W Meridian: 6  
Latitude: 40.411044 Longitude: -104.641058  
Footage at Surface: 1621 feet FNL/FSL FSL 287 feet FEL/FWL FEL  
Field Name: WATTENBERG Field Number: 90750  
Ground Elevation: 4616 County: WELD  
GPS Data:  
Date of Measurement: 06/25/2014 PDOP Reading: 1.5 Instrument Operator's Name: Owen McKee  
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  
2480 FSL 470 FEL 2480 FSL 2170 FEL  
Sec: 10 Twp: 5N Rng: 65W Sec: 9 Twp: 5N 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.)

See attached lease map.

Total Acres in Described Lease: 13 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: 85 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 400 Feet  
Building Unit: 518 Feet  
High Occupancy Building Unit: 4483 Feet  
Designated Outside Activity Area: 5280 Feet  
Public Road: 593 Feet  
Above Ground Utility: 618 Feet  
Railroad: 5280 Feet  
Property Line: 197 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: 09/08/2014

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: 11/15/2014

## SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 62 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 460 Feet (Enter 5280 for distance greater than 1 mile.)

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

## SPACING & FORMATIONS COMMENTS

Nearest wellbore permitted or completed in the same formation is Varra 13-10-14 API# 05-123-33854.

Niobrara: Proposed Spacing Unit is described as S2NE and N2SE of Sec. 9; S2N2 and N2S2 of Sec. 10.

## 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		480	GWA

## DRILLING PROGRAM

Proposed Total Measured Depth: 13943 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 62 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 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: Land application

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

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

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 435839 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	750	333	750	0
1ST	8+3/4	7	29	0	7286	571	7286	0
1ST LINER	6+1/8	4+1/2	13.5	6586	13943	565	13943	6586

☒ 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>Letter to Director for COGCC Rule 318A.e. Proposed Spacing Unit, attached as Proposed Spacing Unit</p> <p>Letter to the Director for COGCC Rules 318A.a. and 318A.c. Exception Location for GWA Windows and Twinning, attached as the Exception Location Request.</p> <p>Letter to the Director for COGCC Rule 318A.n. Minimum Interwell Distance, attached as Anti-Collision Waiver.</p> <p>Waiver from Surface Owner waiving COGCC Rules 318A.a. and 318A.c. attached as Exception Loc Waiver.</p> <p>Distance to nearest permitted or existing wellbore penetrating objective formation is the Varra 13-10-14 API# 05-123-33854.</p> <p>Forrest V Straight Trust is no longer the Owner of one of the Building Units that was noticed, so a notice was sent to the new owner Lona Ramon which was received on 11/15/14. A waiver of the 30-Day notice requirement from Lona Ramon is attached on Arellano 10-L Pad Form 2A OGLA as OTHER.</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: Jeff Annable

Title: Regulatory Technician Date: \_\_\_\_\_ Email: regulatory@petro-fs.com

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: \_\_\_\_\_ Director of COGCC Date: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

API NUMBER

05

## 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.

## Best Management Practices

No	BMP/COA Type	Description
1	Planning	<p>Multi-well Pads are located in a manner which allows for resource extraction while maintaining the highest distances possible from the offsetting residential areas and complies with the wishes of the surface owner.</p> <p>A meeting with the surface owner will determine the fencing plan.</p>



2	Pre-Construction	<p>Anti-Collision: Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed wells. The anti-collision scan may include definitive MWD or gyro surveys 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, operators 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 anti-collision 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.</p> <p>Identification of plugged and abandoned wells will be identified pursuant to 319.a.(5)</p>
3	Traffic control	<p>Access Roads: The access road will be constructed to accommodate local emergency vehicles. This road will be maintained for access at all times. Traffic will be routed to minimize local interruption.</p>
4	General Housekeeping	<p>Visual Impacts: Equipment, regardless of construction date, which are observable from any public highway shall be painted with uniform, non-contrasting, non-reflective color tones (similar to the Munsell Soil Color Coding System), and with colors matched to, but slightly darker than, the surrounding landscape.</p> <p>Maintain appearance with garbage clean-up; a trash bin will be located on site to accumulate waste by the personnel drilling the wells. Site will have unused equipment, trash and junk removed immediately. Operator shall keep the Surface Use Area as well as any roads or other areas used by Operator safe and in good order, including control of noxious weeds litter and debris.</p>
5	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>
6	Material Handling and Spill Prevention	<p>Leak Detention Plan: Pumper will visit the location daily and visually inspect all wellheads and fittings for leaks. Additionally, monthly documented SPCCP inspections are conducted pursuant to 40 CFR 112.</p> <p>Control of fire hazards: All material that is considered a fire hazard shall be a minimum of 25' from the wellhead. Electrical equipment shall comply with API IRP 500 and will comply with the current national electrical code.</p> <p>Operator shall comply with state and federal laws, rules and regulations governing the presence of any petroleum products, toxic or hazardous chemicals or wastes on the Subject lands.</p>
7	Dust control	<p>Operator shall employ practices for control of fugitive dust caused by their operations. Such practices shall include but are not limited to the use of speed restrictions, regular road maintenance, restriction of construction activity during high- wind days, and silica dust controls when handling sand used in hydraulic fracturing operations. Additional management practices such as road surfacing, wind breaks and barriers, or automation of wells to reduce truck traffic may also be required if technologically feasible and economically reasonable to minimize fugitive dust emissions.</p>
8	Construction	<p>Guy line anchors: All guy line anchors shall be brightly marked pursuant to Rule 604.c. (2)Q.</p>
9	Noise mitigation	<p>The drill site will be powered by electricity, mitigating the majority of noise from drilling operations. Sound walls and/or hay bales will be used to surround the well site during drilling operations.</p>

10	Emissions mitigation	Green Completions - Emission Control System: Test separators and associated flow lines and sand traps shall be installed to accommodate green completions techniques pursuant to COGCC Rules. In the anticipated absence of a viable gas sales line, the flowback gas shall be thermally oxidized in an emissions control device (ECD), which will be installed and kept in operable condition for at least the first 90-days of production pursuant to CDPHE rules. This ECD shall have an adequate capacity for 1.5 times the largest flowback within a 10 mile radius, will be flanged to route gas to other or permanent oxidizing equipment and shall be provided with the equipment needed to maintain combustions where non-combustible gases are present.
11	Odor mitigation	Equipment shall be operated in such a manner that odors and dust do not constitute a nuisance or hazard to public welfare.  Oil and gas operations shall be in compliance with the Department of Public Health and Environment, Air Quality Control Commission, Regulation No. 2 Odor Emission, 5 C.C.R. 1001-4, Regulation No. 3 (5 C.C.R. 1001-5), and Regulation No. 7 Section XVII.B.1 (a-c) and Section XII.
12	Drilling/Completion Operations	A closed –loop system will be used for drilling operations.  Blowout Prevention Equipment (“BOPE”): A double ram and annular preventer will be used during drilling. Stabbing valves shall be installed in the event of reverse circulation and shall be prior tested with low and high pressure fluid.  Lighting: Site lighting shall be directed downward and inward and shielded so as to avoid glare on public roads and Building Units within one thousand (1000) feet where possible. Once the drilling and completion rigs leave the site, there will be no permanently installed lighting on site.  Bradenhead Monitoring: Operator acknowledges and will comply with COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
13	Interim Reclamation	Operator shall be responsible for segregating the topsoil, backfilling, repacking, reseeding, and recontouring the surface of any disturbed area so as not to interfere with Owner’s operations and shall reclaim such area to be returned to pre-existing conditions as best as possible with control of all noxious weeds.
14	Final Reclamation	Within 90 days subsequent to the time of plugging and abandonment of the entire site, superfluous debris and equipment shall be removed from the site. The Operator shall restore the surface of the Land affected by such terminated operations as near as possible to the previous state that existed prior to operations.

Total: 14 comment(s)

### **Attachment Check List**

<b><u>Att Doc Num</u></b>	<b><u>Name</u></b>
400743026	WELL LOCATION PLAT
400743031	DEVIATED DRILLING PLAN
400743032	DIRECTIONAL DATA
400743060	EXCEPTION LOC WAIVERS
400744022	EXCEPTION LOC REQUEST
400744023	LEASE MAP
400744031	ANTI-COLLISION WAIVER
400744674	PROPOSED SPACING UNIT
400749090	OffsetWellEvaluations Data

Total Attach: 9 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>

Total: 0 comment(s)

