

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION)	CAUSE NO. 541
AND ESTABLISHMENT OF FIELD RULES)	
TO GOVERN OPERATIONS FOR BACA)	DOCKET NO. 1208-SP-83
COUNTY, COLORADO)	
)	

REQUEST FOR RECOMMENDATION OF
APPROVAL OF APPLICATION WITHOUT A HEARING

ORIGINAL

Bayhorse Petroleum, LLC ("Applicant"), by and through its undersigned attorneys, hereby requests pursuant to Rule 511.a. of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission ("Commission") for the Director to recommend approval of its June 21, 2012 verified application ("Application") and the supporting exhibits without a hearing.

Applicant requests that the above-captioned matter be approved based upon: (i) the merits of the Application, and (ii) Applicant's sworn written testimony verifying sufficient facts along with exhibits that adequately support the relief requested in the Application.

WHEREFORE, Applicant requests that its request for a recommendation for approval of its Application without a hearing be granted.

DATED this 7th day of August, 2012.

Respectfully submitted,

BAYHORSE PETROLEUM, LLC

By: *Jamie L. Jost*

Jamie L. Jost
Elizabeth Y. Gallaway
Beatty & Wozniak, P.C.
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499



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COGCC

BAYHORSE PETROLEUM, INC.

ORIGINAL

Cause No. 541 Docket No. 1208-SP-83

Land Testimony

Baca County, CO

Cause No. 541

Docket No. 1208-SP-83

Bayhorse Petroleum, LLC

(1) 40-Acre Drilling & Spacing Units Application

Township 35 South, Range 47 West, 6th P.M.

Section 17: NW/4 NE/4

Red Cave, Topeka, Granite Wash, Campo sand interval, Marmaton, Atoka,
Morrow, Keyes, and Mississippian System Formations

August, 2012 Colorado Oil and Gas Conservation Commission Hearing

My name is Larry F. Manikowski, and I am currently the Vice President & CFO for Bayhorse Petroleum, LLC. I have a Bachelor's degree in both Finance and Accounting from Northern Illinois University that I received in 1979. I have handled the majority of land work for Bayhorse for the past 6 years, and have worked on the properties that are the subject of this application for the last 13 months. My resume is attached.

In support of our application today, I have prepared three (3) exhibits. The exhibits are attached to my sworn testimony and form the basis for our application to obtain an order to allow for (1) drilling and spacing unit of the Red Cave, Topeka, Granite Wash, Campo sand interval, Marmaton, Atoka, Morrow, Keyes, and Mississippian System Formations on the subject property.

Exhibit A. – Land Map.

Exhibit A is a Land Map depicting the affected lands and the outlined (1) 40-acre proposed location, the distance between the proposed well and other wells.

Exhibit B. – Surface Ownership by Groupings.

Exhibit B shows the surface ownership depicting (3) separate groupings.

Exhibit C. – Mineral Ownership Map.

Exhibit C shows the mineral ownership depicting (3) separate groupings.

Exhibit D. – Surface Ownership Map.

Exhibit D shows the surface ownership depicting (3) separate groupings.

Exhibit E. – Topography Map.

Exhibit E shows the topography of the application lands.

As of this date, we have not received any notice of objection or protest to this Application.

I, Larry F. Manikowski, affirm the foregoing testimony and exhibits attached hereto, and further state that the same are true and correct to the best of my knowledge and belief and were prepared by me or under my control.

Dated this 6th day of August, 2012.

Larry F. Manikowski
Larry F. Manikowski
Vice President & CFO

ACKNOWLEDGEMENT

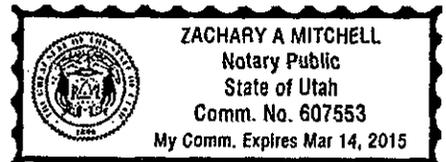
STATE OF UTAH)
) SS.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 6 day of August, 2012, by Larry F. Manikowski.

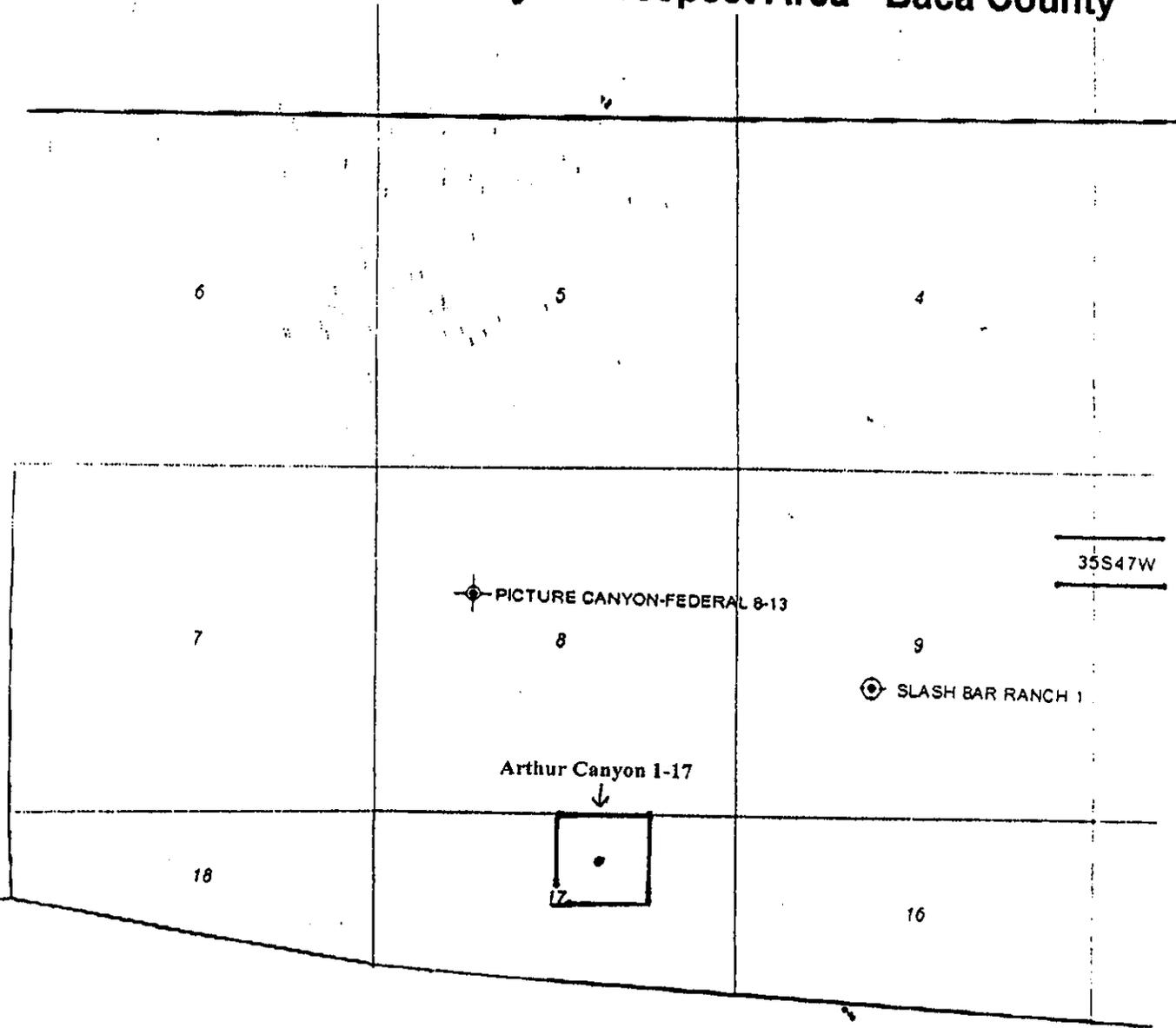
Witness my hand and official seal.

My commission expires: 3/14/2015

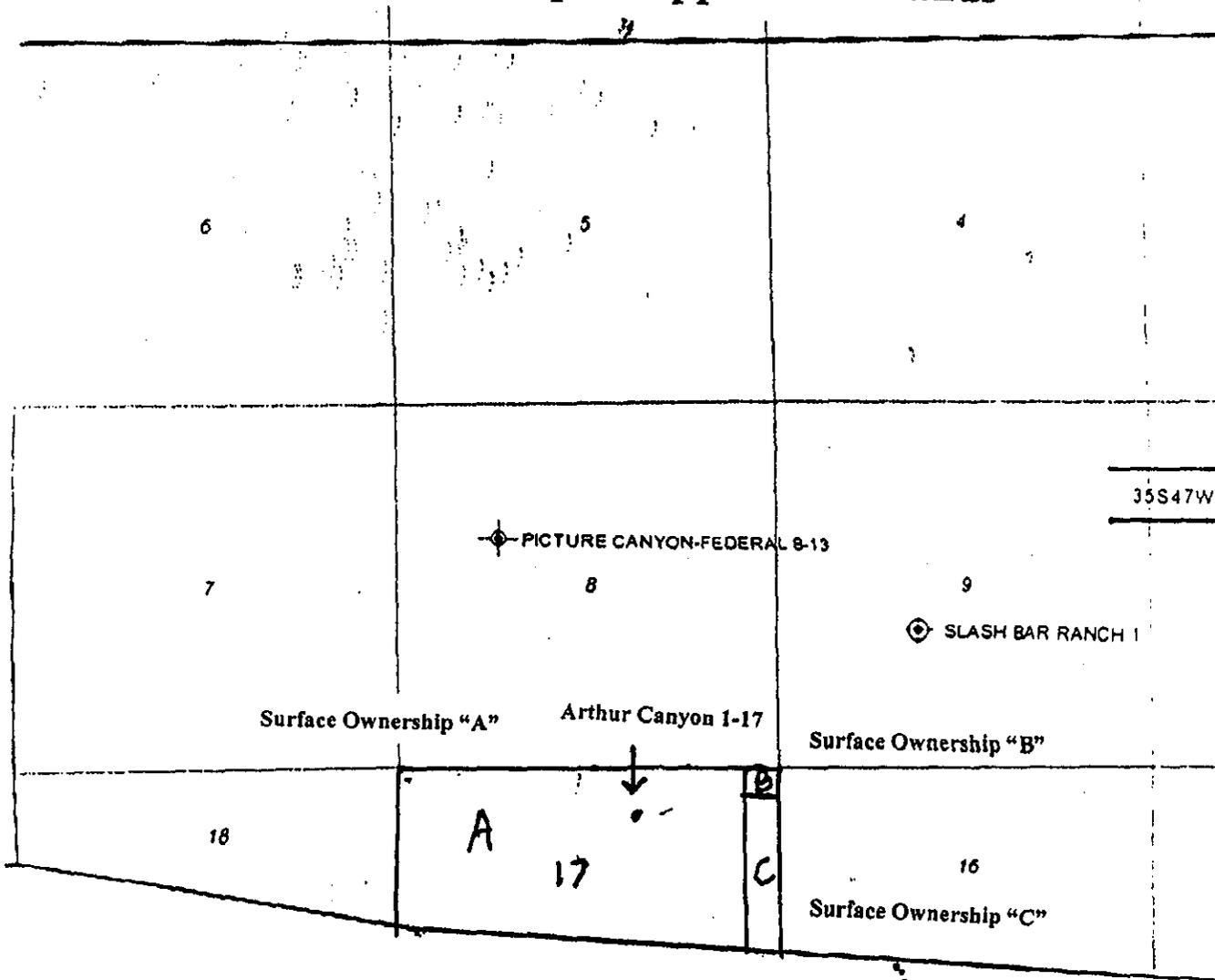
Zachary A. Mitchell Notary Public



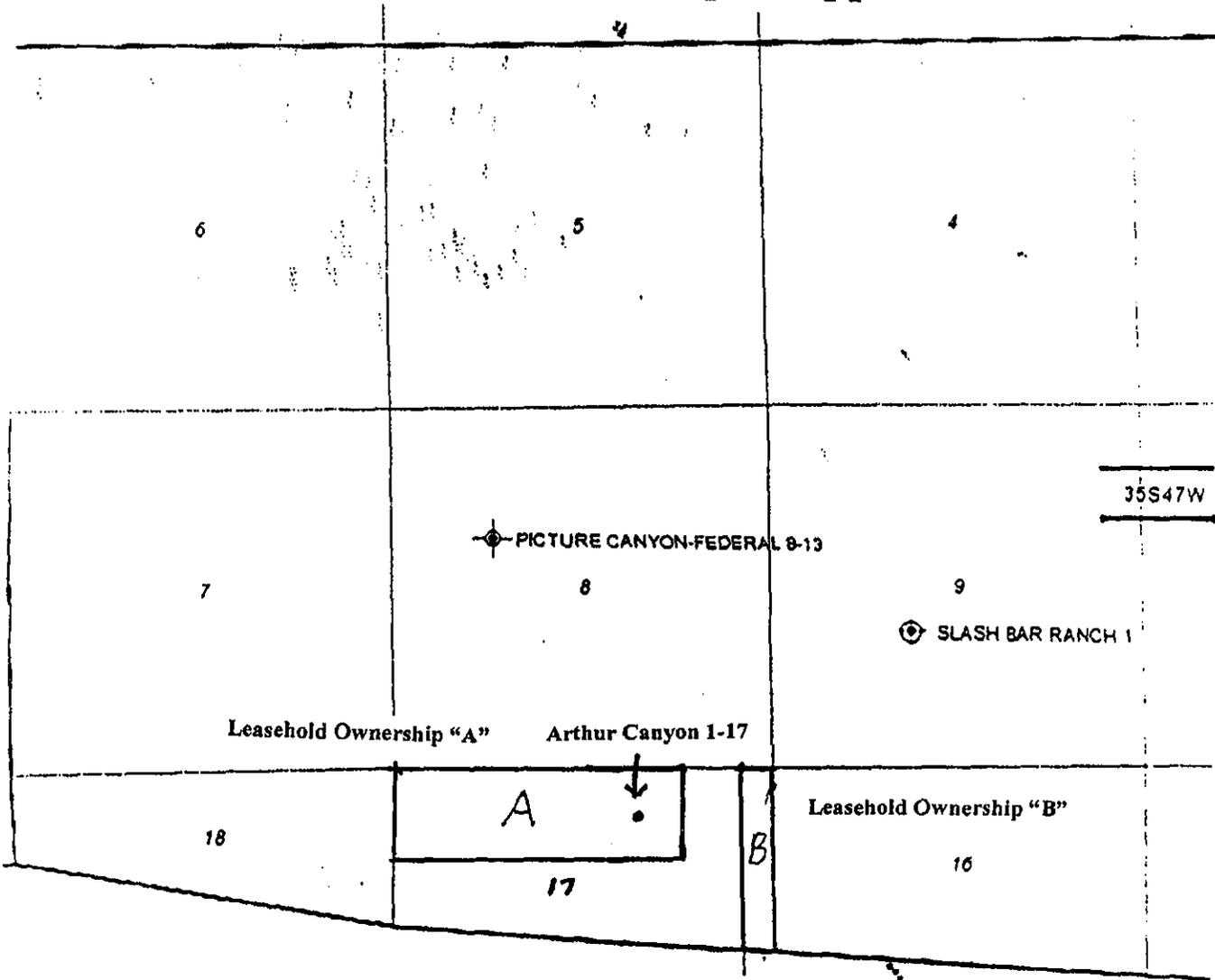
Land Map - Arthur Canyon Prospect Area - Baca County



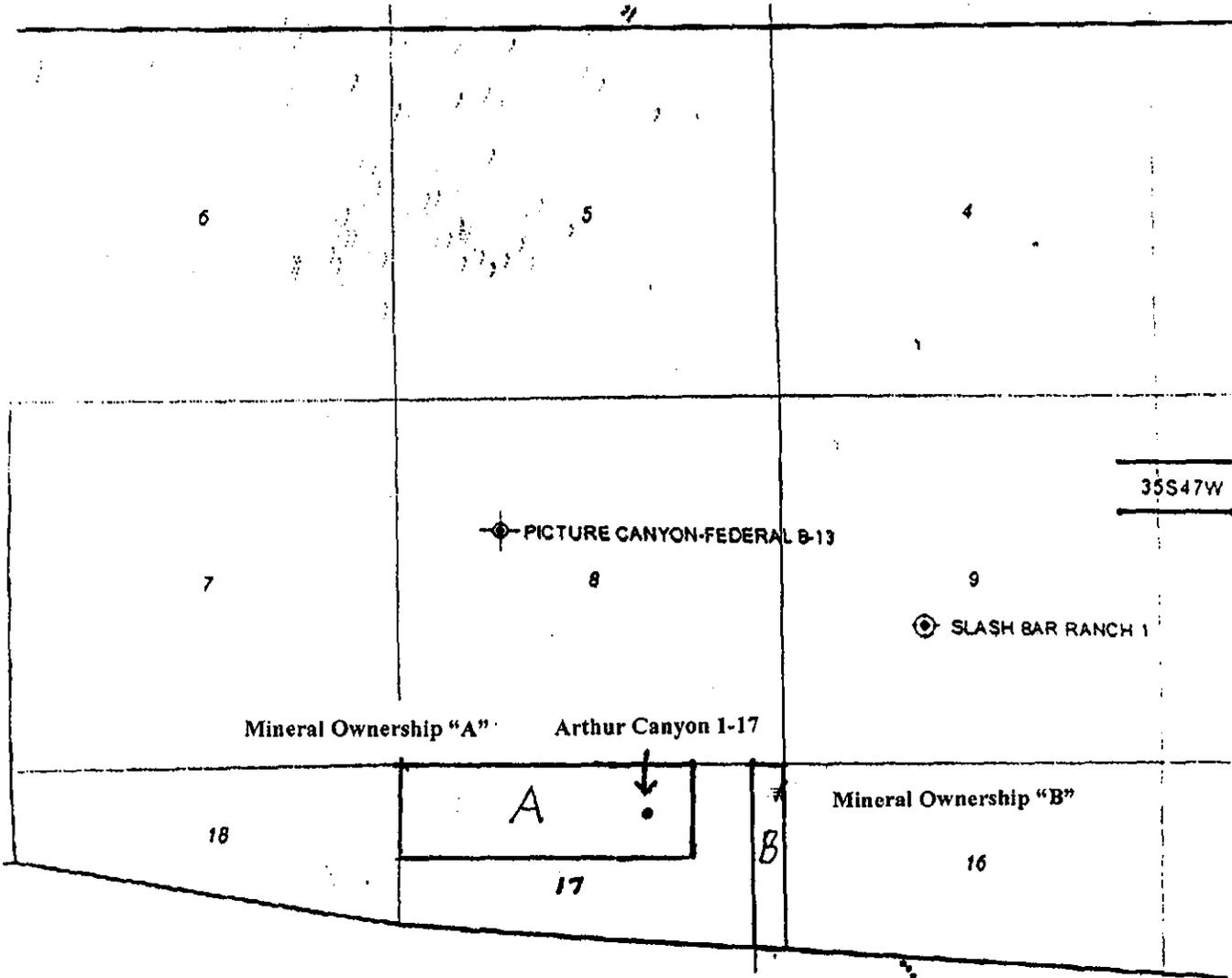
Arthur Canyon Prospect Area - Baca County Surface Ownership of Application Lands



- Arthur Canyon Prospect Area - Baca County Leasehold Ownership of Application Lands



- Arthur Canyon Prospect Area - Baca County Mineral Ownership of Application Lands



- Arthur Canyon Prospect Area - Baca County Topography of Application Lands

BAYHORSE PETROLEUM
NE ¼ SEC 17-35S-47W
ARTHUR CANYON #1-17
BACA CO. COLORADO

Arthur Canyon 1-17



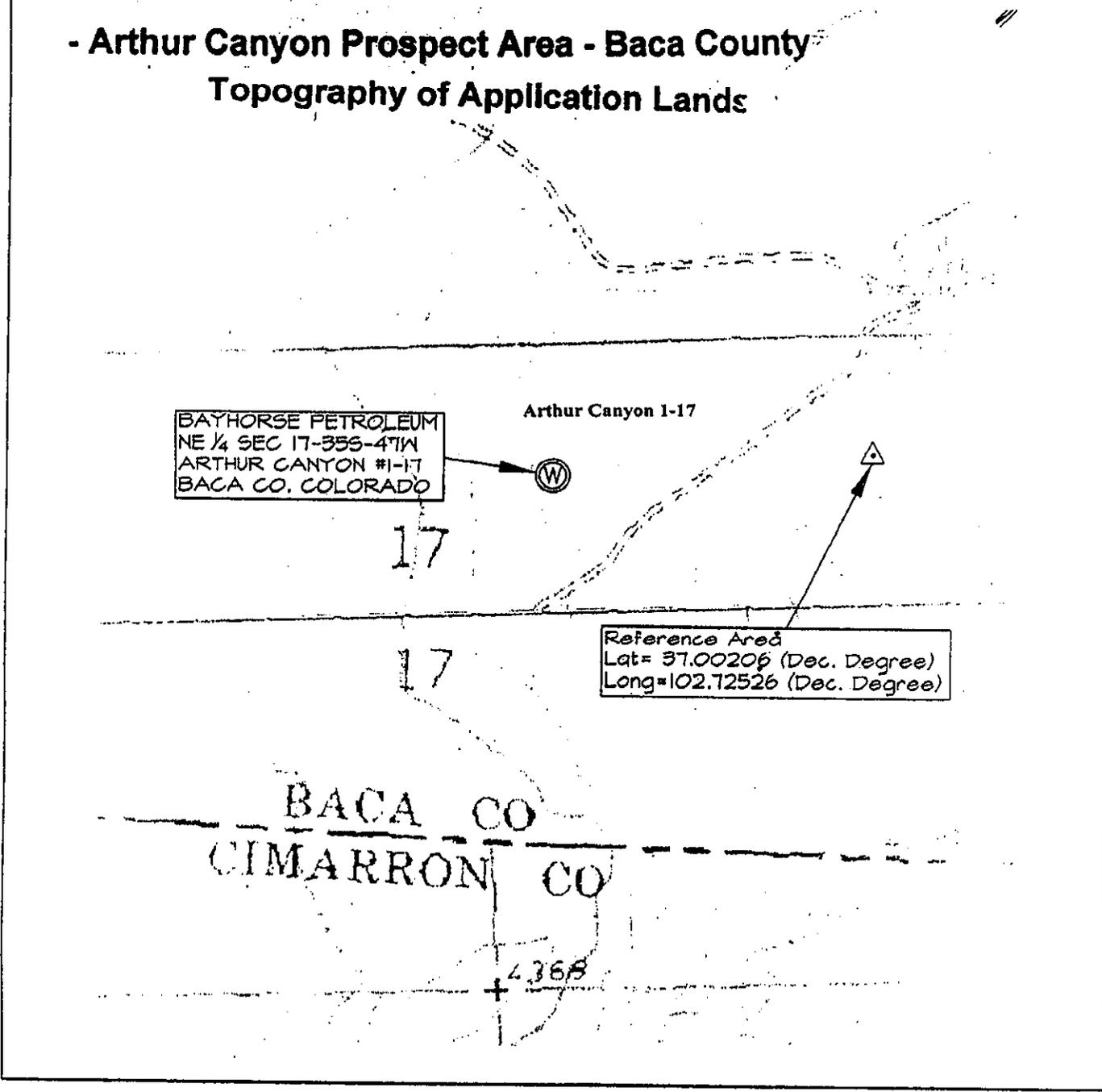
17

17

Reference Area
Lat= 37.00206 (Dec. Degree)
Long=102.72526 (Dec. Degree)

BACA CO
CIMARRON CO

4368



Geologic Testimony

Arthur Canyon Prospect

Baca County

Docket No. 1208-SP-83

Cause No. _____

Bayhorse Petroleum, LLC

40 Acre Spacing Unit Application

Twp 35S-R47W

Section 17

Baca County

Lansing through Spergen Formations

August Colorado Oil and Gas Conservation Commission Hearing

My name is Rod Vaughn and I am a geologist currently working as President/CEO of Bayhorse Petroleum. I started working in SE Colorado in 1981. I have 37 years experience in the oil business and have worked from the Gulf Coast to the northern Rocky Mountain basins. Much of my career has involved exploration in Utah, Montana and Colorado. I have a BS degree in geology from Fort Hays State University in Kansas and an MS degree in geology from the University of Utah in Salt Lake City.

In support of our application today, I have prepared the following five (5) exhibits. The exhibits are attached to my sworn testimony and form the basis for our application to obtain an order to allow for a 40 acre spacing unit.

1. Exhibit No. 1. Location Map

This map shows the subject 40 acre lands.

2. Exhibit No 2. Stone Corral Time Map

This shows the shallow structural development in the prospect area as determined by 3D seismic.

3. Exhibit No. 3. Stone Corral to Campo Isochron Map

This shows the structural growth in the prospect area between Stone Corral and the Lansing Campo interval as determined by 3D seismic.

4. Exhibit No. 4. Mississippian Time Map

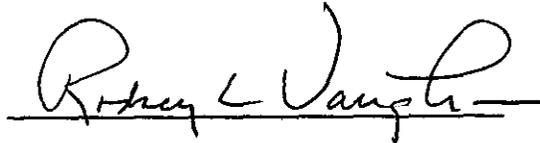
This shows present day Mississippian structure as determined by 3D seismic.

5. Exhibit No. 5. Stratigraphic Cross-Section A-A'.

This cross section correlates the only two wells in the vicinity of the prospect and is centered on the primary objective, which is the Campo Sand interval.

I, Rodney L Vaughn, affirm the foregoing testimony and exhibits attached hereto, and further state that the same are true and correct to the best of my knowledge and belief and were prepared by me or under my control.

Dated this 24th day of July 2012.



Rodney L Vaughn

President/CEO

ACKNOWLEDGEMENT

STATE OF UTAH)

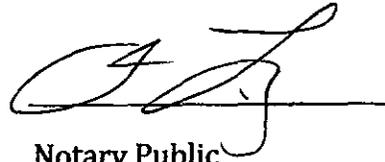
)

COUNTY OF CACHE)

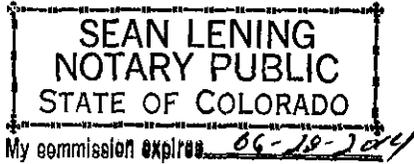
The foregoing instrument was acknowledged before me this 24 day of July, 2012, by Rodney L Vaughn.

Witness my hand and official seal.

My commission expires: 06-28-2014



Notary Public



Location Map - Arthur Canyon Prospect Area - Baca County

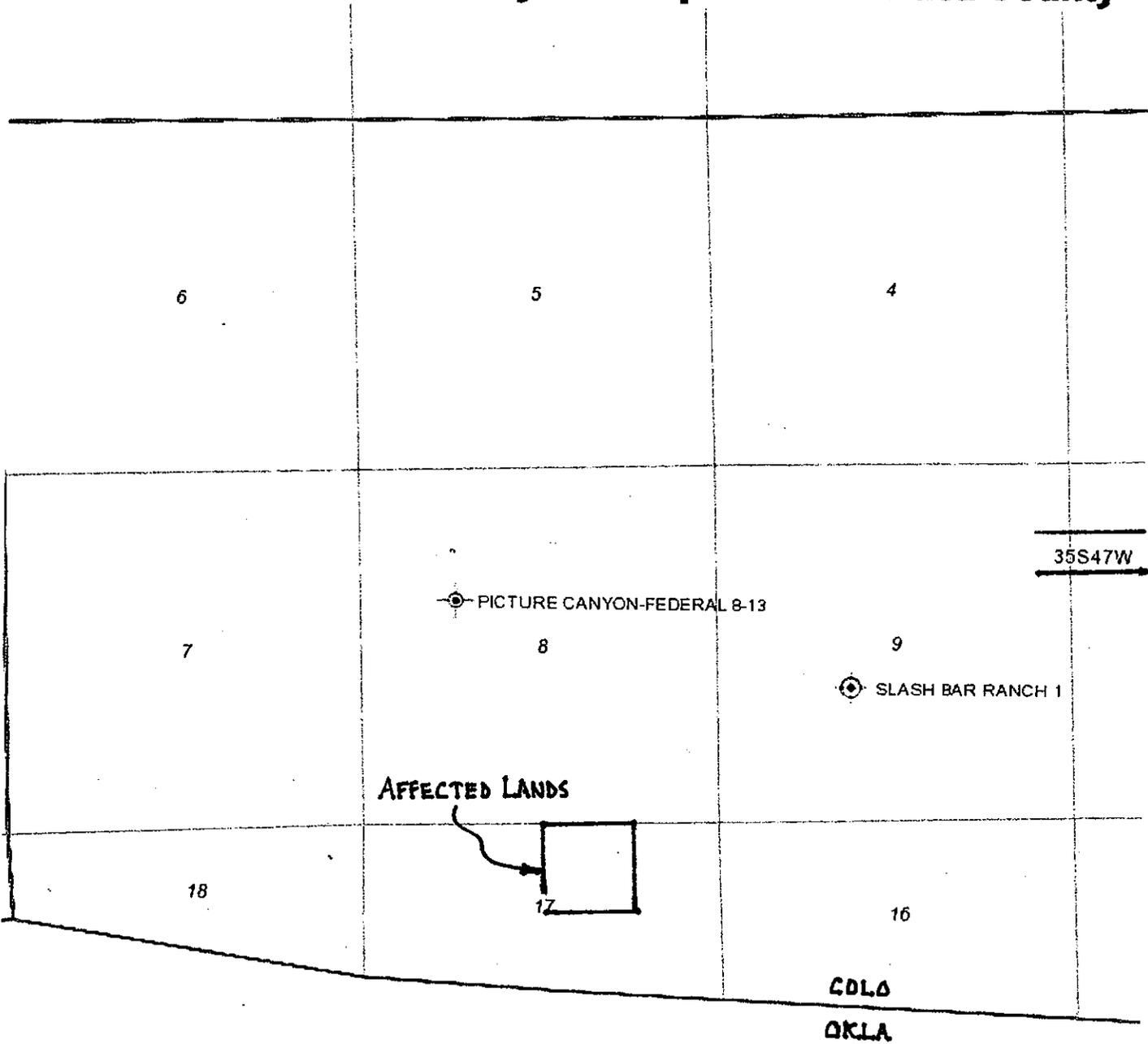


Exhibit No. 2

Arthur Canyon Prospect – Stone Corral Time Structure Map
Baca County

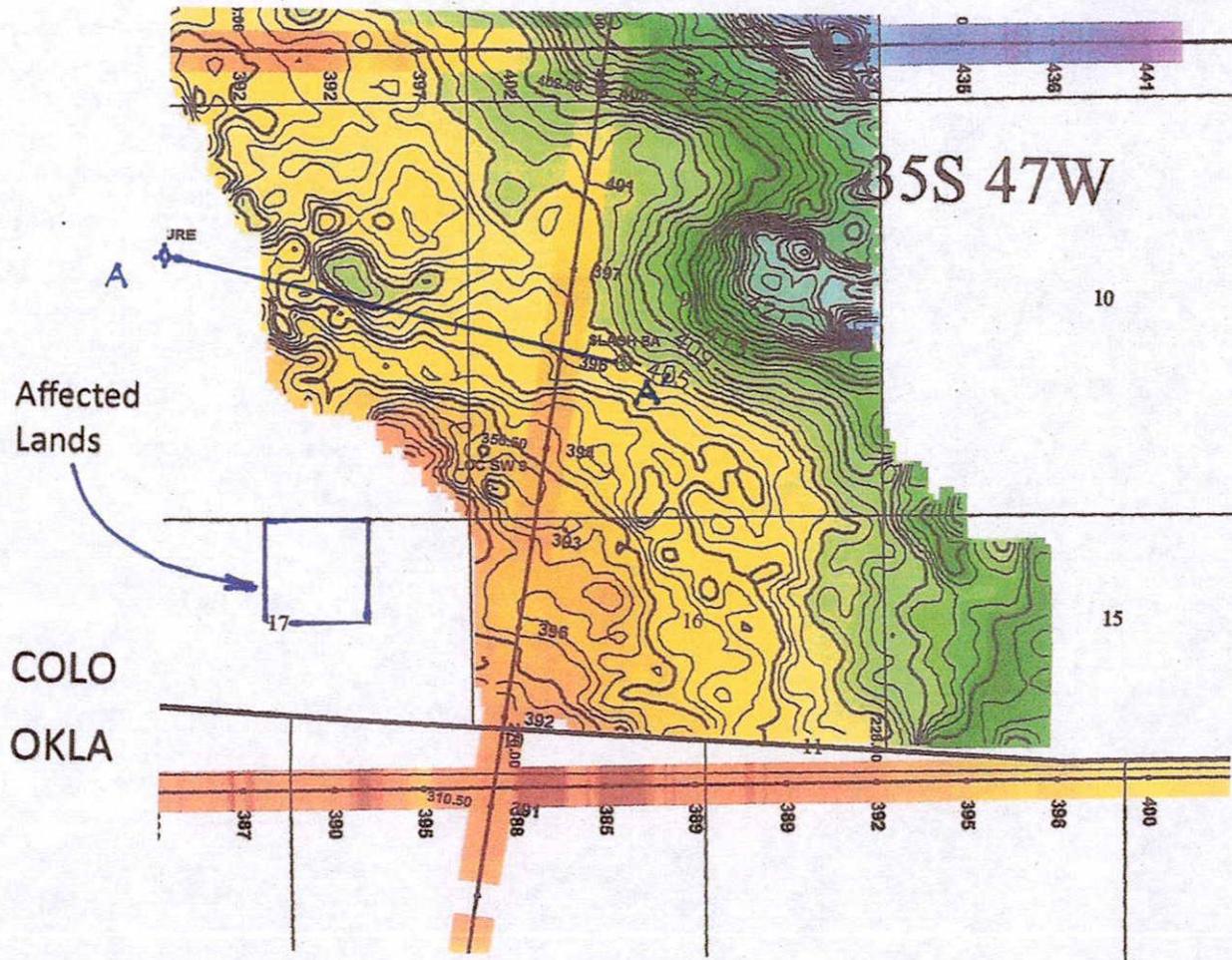
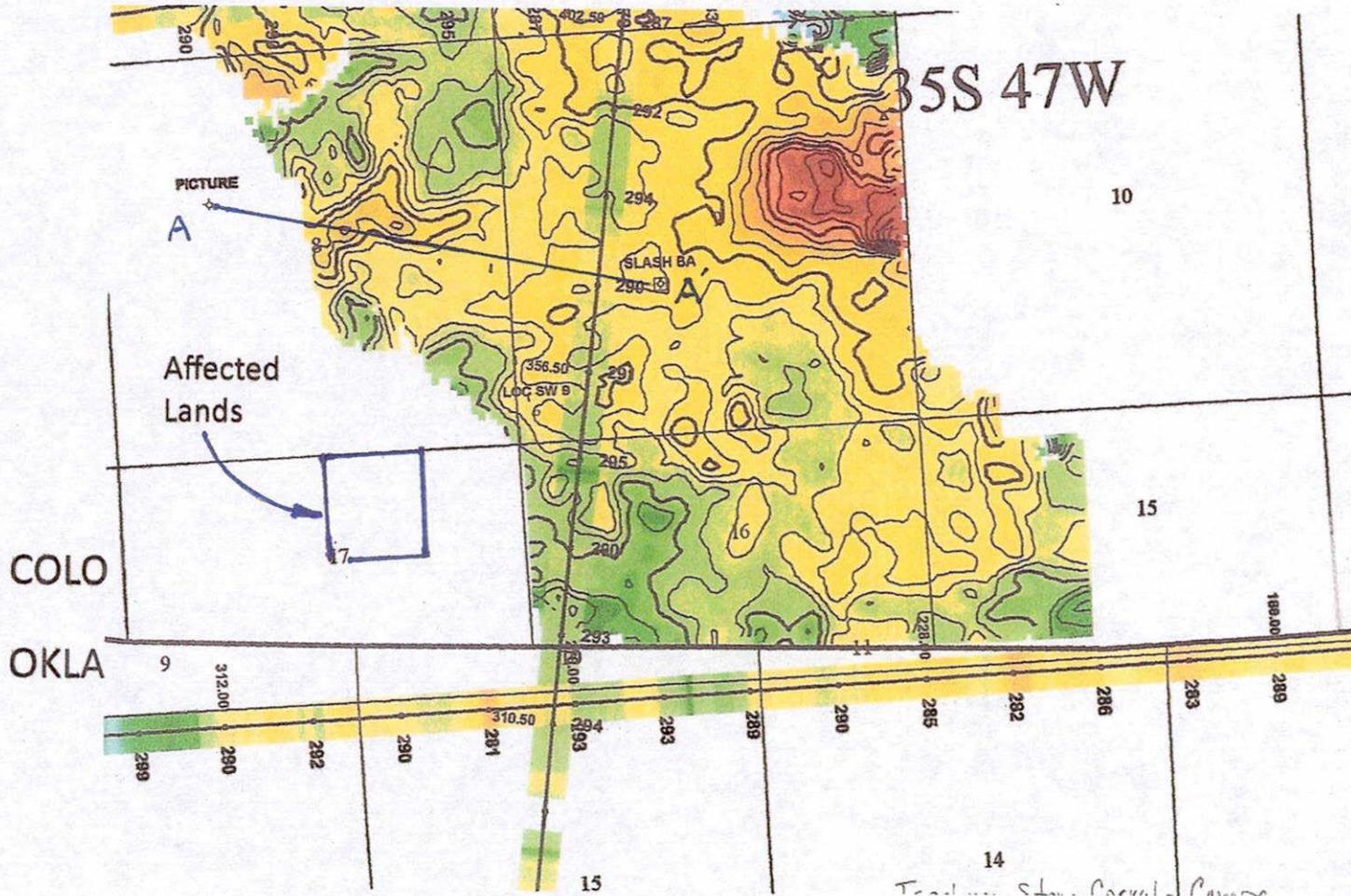


Exhibit No. 3

Arthur Canyon Prospect – Isochron: Stone Corral to Campo Sand
Baca County



Arthur Canyon Prospect – Mississippian Time Structure Map Baca County

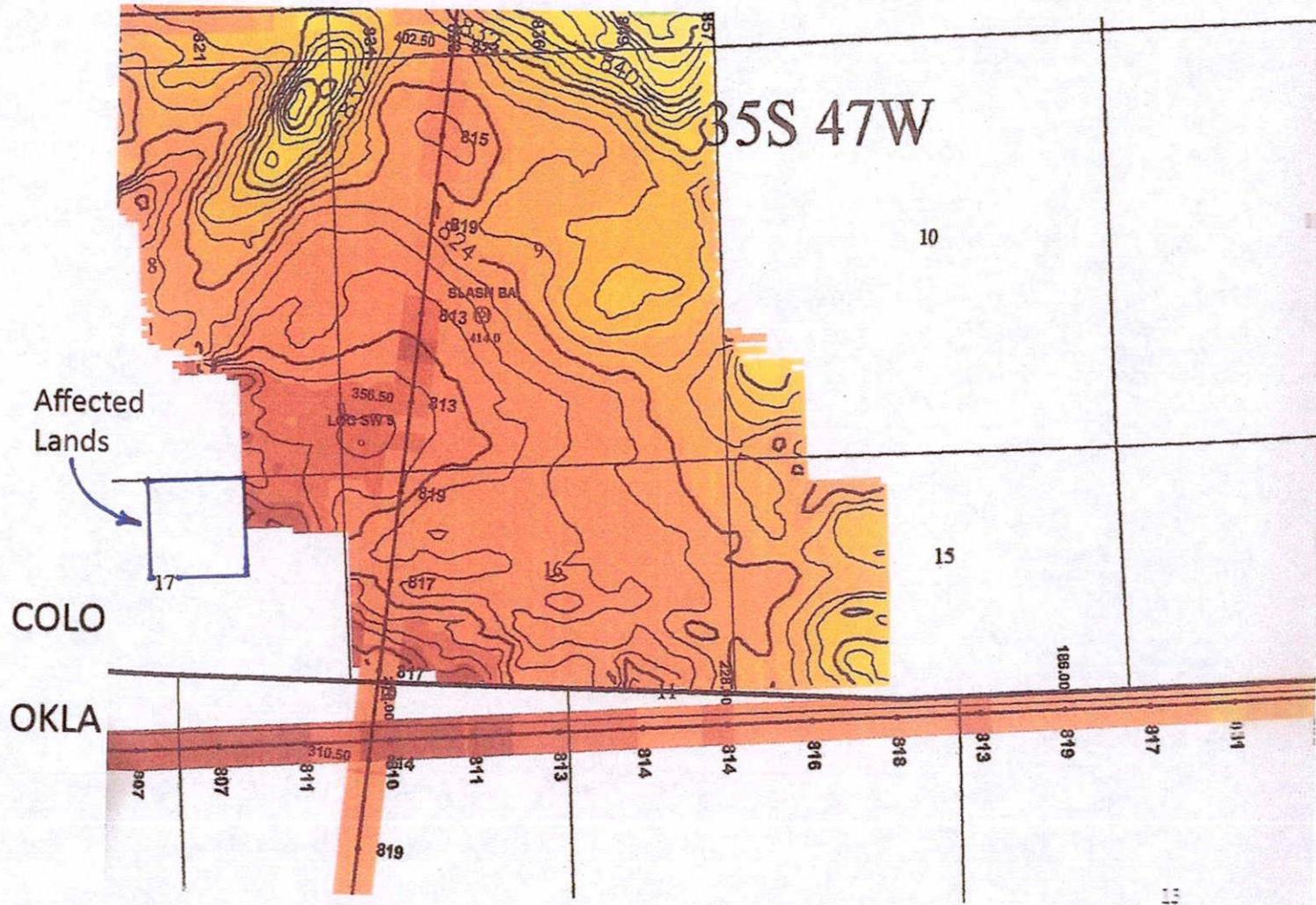


Exhibit No. 5

West

Bass Enterprises
Picture Canyon 8-13
SE NW 8-35S-47W
Baca County
Den-Neu KB 4379

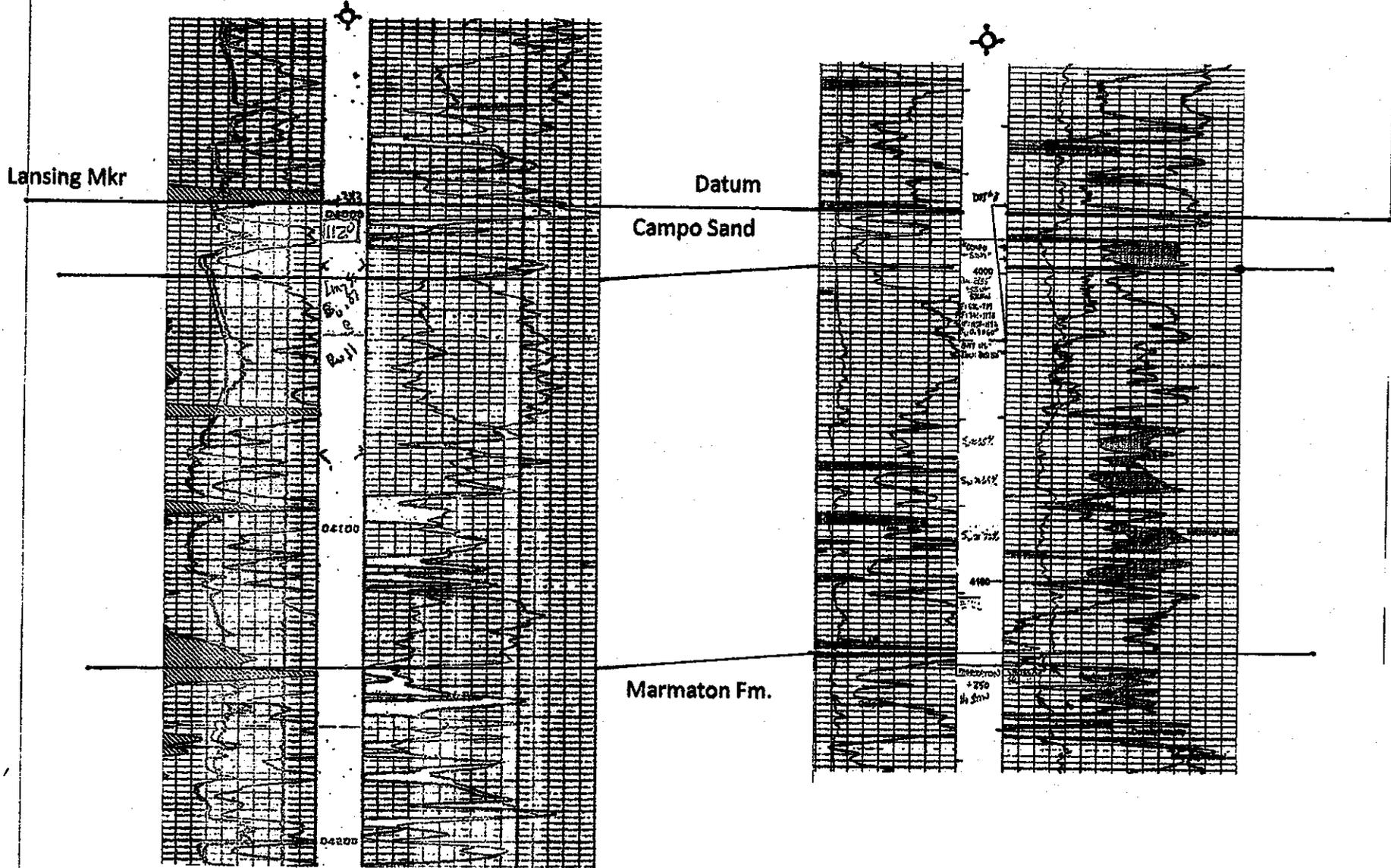
ARTHUR CANYON PROSPECT
STRATIGRAPHIC CROSS SECTION

Bayhorse Petroleum
Slash Bar Ranch 1
NE SW 9-35S-47W
Baca County
Den-Neu KB 4377

East

A

A'





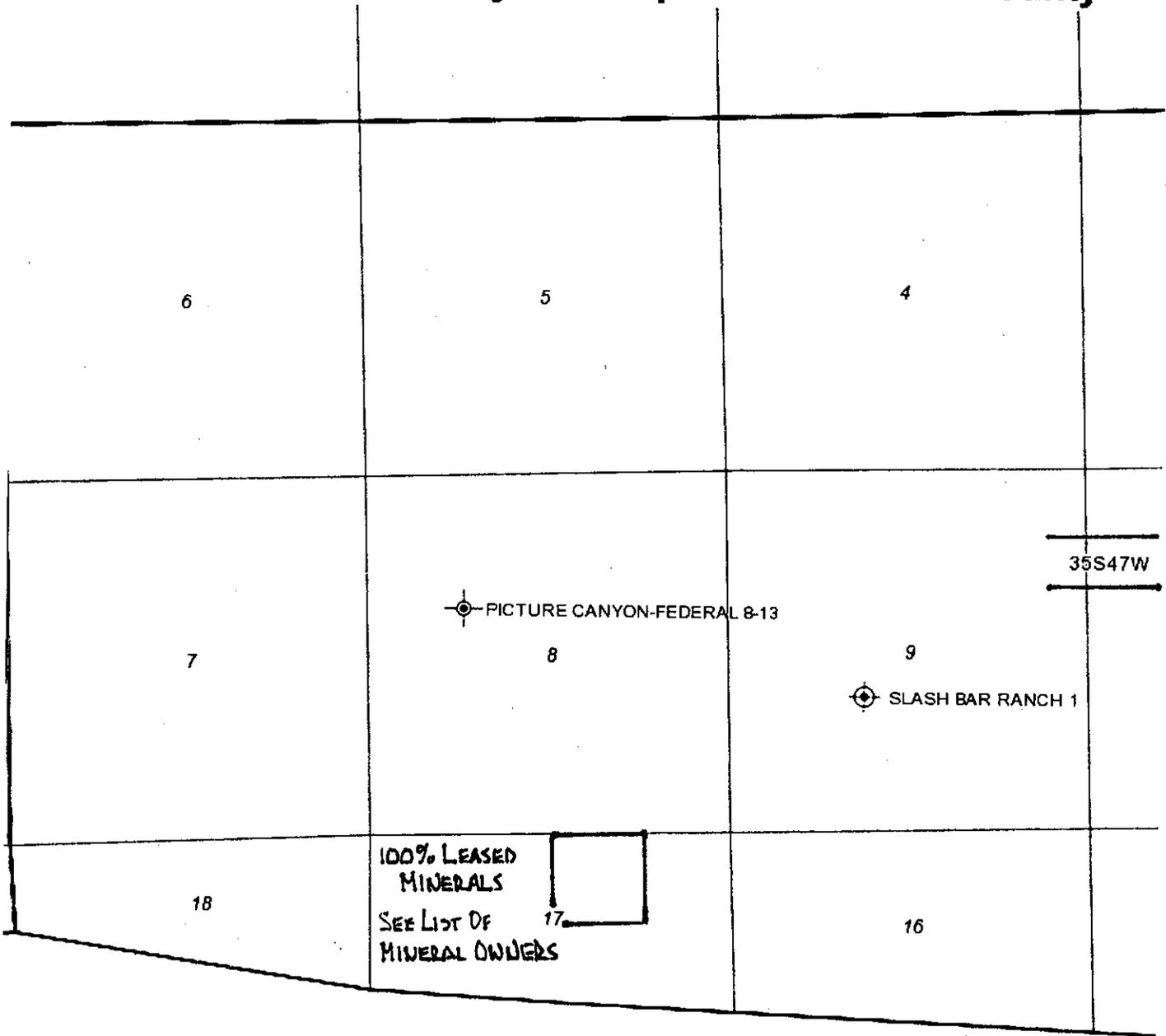
BAYHORSE PETROLEUM, LLC

Resume

Rodney L. Vaughn – President & CEO

Mr. Vaughn has over 30 years experience in the oil and gas business, that includes experience with some of the most well-respected oil and gas companies in the United States. He has a Bachelor of Science from Fort Hays State University and a Master of Science in Geology from the University of Utah. He has published two geology papers in the American Association of Petroleum Geologists ("AAPG") Bulletin and has presented a verbal paper at a Sectional AAPG Convention. Mr. Vaughn has hands-on drilling experience in the prospect areas of southeast Colorado and is well-versed in subsurface and seismic exploration methods.

Land Map - Arthur Canyon Prospect Area - Baca County



COLORADO OIL AND GAS CONSERVATION COMMISSION

APPLICATION OF BAYHORSE PETROLEUM, LLC

**FOR THE ESTABLISHMENT OF ONE 40-ACRE EXPLORATORY DRILLING AND SPACING
UNIT IN THE NW/R NE/R SECTION 17-T35S-R47W BACA COUNTY, COLORADO**

ENGINEERING ANALYSIS

CAUSE NO. 541 DOCKET 1208-SP-83 AUGUST 20, 2012
By Jack McCartney, McCartney Engineering, LLC

Discussion of Engineering Analysis

I am Jack A. McCartney, Manager of McCartney Engineering, LLC, with offices at 4251 Kipling Street, Suite 575, Wheat Ridge, CO. My curriculum vita is attached. I have testified before the Colorado Oil and Gas Conservation Commission (COGCC) numerous times during the past 30 years. I am familiar with the reservoir and production characteristics of most formations in southeastern Colorado and with the application by Bayhorse Petroleum, LLC (Bayhorse) requesting an order establishing one 40-acre exploratory drilling and spacing unit for the production of oil and gas from yet to be discovered productive formations. The requested well location will not be closer than 600' from the boundary of the unit in the following described lands in Baca County, Colorado:

Township 35 South, Range 46 West, 6th P.M.
Section 17: NW1/4 NE1/4

The requested 40-acre exploratory drilling and spacing unit is requested for the planned Arthur Canyon #1-17 well. The future performance and actual drainage area of this well, if productive, cannot be determined at this time because of lack of drilling, completion, and production information.

The S E Campo Unit, located approximately 11 miles to the east-northeast was successfully developed on 40-acre drilling patterns with production from the Lansing formation. Likewise, most other fields in the general region were developed on 40-acre drilling patterns.

Based on the generally accepted drilling density of one well per 40-acre tract in this general area, I respectfully request that the Bayhorse Petroleum, LLC application for the establishment of one 40-acre exploratory drilling and spacing unit with well location no closer than 600' from the unit boundary be approved.

I, Jack A. McCartney, affirm the foregoing testimony and further state that the same are true and correct to the best of my knowledge and belief.

RESPECTFULLY SUBMITTED this 7th day of August 2012.



Jack A. McCartney, P.E.
McCartney Engineering, LLC



JACK A. McCARTNEY

Manager, McCartney Engineering, LLC
4251 Kipling Street, Suite 575
Wheat Ridge, CO 80033
(303) 830-7208

EDUCATION

Graduated from the Colorado School of Mines in 1965 with the degree of Petroleum Engineer and in 1971 with the degree of Master of Engineering (Petroleum Engineer).

Industry short course, University of Oklahoma.
Various continuing education courses.

REGISTRATION

Registered Professional Engineer: Colorado #14618

EXPERIENCE

From 1965 to 1968, he was employed by Kerr McGee Corporation as a production engineer. His responsibilities included well completions, workovers, and recommendations of infill drilling locations, primarily offshore Louisiana. After a brief period with Kerr McGee in Calgary, Canada, he joined National Cooperative Refinery Association as a reservoir engineer. During his three years with NCRA, his duties included property evaluation, secondary recovery, and unitization. He also attended night school at this time and received his Masters Degree with emphasis on reservoir engineering and enhanced recovery methods. From 1971 to 1972 he was employed by Scientific Software Corporation in Denver, and later in Houston, where he performed reservoir simulation studies. He then joined Davis Oil Company in Denver as their reservoir engineer. He was responsible for secondary recovery projects, unitization, and evaluation of the Company's oil and gas properties for loan negotiations.

In September of 1973, he formed McCartney & Associates, later to become McCartney Engineering, LLC, for the purpose of providing consulting services in the areas of property management, secondary and enhanced recovery, reservoir engineering, property evaluation, and expert testimony.

During the past thirty-nine years he has continued to be actively involved in reservoir studies, reserve and revenue forecasting, oil and gas property appraisals, secondary recovery feasibility studies, property management, and petroleum software development. He also has served on numerous occasions as an expert witness before the Oil and Gas Regulatory Commissions in Colorado, Wyoming, Montana, Nebraska, and North Dakota regarding matters ranging from well spacing applications to field unitization. He has also given expert testimony in civil litigations with respect to oil and gas related matters.

Mr. McCartney managed field operations in the Denver Basin for Macey Mershon Oil & Gas, Inc. during the late 1970's. McCartney Engineering, LLC currently owns interests in oil and gas properties and operates wells in Colorado and Wyoming.

REFERENCES

Commercial banks familiar with our work include American National Bank, Bank of the West, Wells Fargo Bank, US Bank in Denver, Colorado, and Casper First Bank in Casper, Wyoming.

Accounting firms include Arthur Andersen & Company and Hein & Associates LLP.

Clients include St. Anselm Exploration, Inc., Anchor Bay Corporation, Anderson Management Company, Mountain Petroleum Corporation, Apollo Energy, LLC, Petrox Resources, Inc. Bayhorse Petroleum, LLC and many other oil and gas companies.

Mr. McCartney has provided expert testimony for major law firms including Beatty & Wozniak, P.C.; Welborn, Sullivan, Meck & Tooley; Astrella & Rice; Holme Roberts & Owen; Welborn, Dufford, Brown & Tooley; Poulson, Odell & Peterson; Shaw, Spangler & Roth; Faegre & Benson; Bjork, Lindley, & Little; and Robinson, Waters & O'Dorisio, all of Denver, Colorado, and Burford & Ryburn of Dallas, Texas, and Pearce & Durick of Bismarck, North Dakota.

SELECT COMMITTEES

Mr. McCartney was selected by the Colorado Oil and Gas Conservation Commission to serve on the Advisory Committee on Horizontal Drilling.

PROFESSIONAL ORGANIZATIONS

Society of Petroleum Engineers.

PUBLICATIONS

"Polymers Reduce Risk In Waterflooding", Petroleum Engineer, Dec. 1972.

"Reservoir Engineering Aspects of Coalbed Methane", A.A.P.G. Hydrocarbons from Coal, Chapter 16, 1993