

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

IN THE MATTER OF THE APPLICATION OF )  
BAYHORSE PETROLEUM, LLC. FOR AN )  
ORDER ESTABLISHING ONE (1) 40-ACRE )  
EXPLORATORY DRILLING AND SPACING )  
UNIT FOR MULTIPLE FORMATIONS IN THE )  
NW1/4NE1/4, OF SECTION 17, TOWNSHIP 35 )  
SOUTH, RANGE 47 WEST, 6<sup>th</sup> P.M., BACA )  
COUNTY, COLORADO

Cause No. \_\_\_\_\_

Docket No. \_\_\_\_\_

APPLICATION

COMES NOW Bayhorse Petroleum, LLC, (referred to herein as "Applicant"), by and through its undersigned attorneys, and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission"), for an order establishing one (1) 40-acre exploratory drilling and spacing unit for production of oil, gas, and associated hydrocarbons from multiple formations between the surface and a depth of 5,250' underlying the following lands:

Township 35 South, Range 47 West, 6<sup>th</sup> P.M  
Section 17: NW/4NE/4

Baca County, Colorado ("Application Lands").

In support thereof, the Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado.
2. Applicant owns a substantial portion of the leasehold interests on the Application Lands.
3. The Application Lands are unspaced and are subject to Rule 318.a, which provides that a well to be drilled to a depth of two thousand five hundred (2,500) feet or greater shall be located not less than six hundred (600) feet from any lease line, and not less than one thousand two hundred (1200) feet from any other producible oil or gas well or drilling well, in said source of supply, unless authorized by order of the Commission upon hearing.
4. Applicant plans to drill the Arthur Canyon 1-17 well (the "Well") on the Application Lands. Applicant shall submit an APD for the Well pursuant to Commission Rules.
5. Based on engineering and geologic data obtained from the Bayhorse Petroleum Slash Bar Ranch No. 1 well located in the NE1/4SW1/4 of of Section 9, Township 35 South, Range 47 West, Baca County, Colorado the following formations exist between the surface and 5,250 feet and have the potential to produce oil, gas, and associated hydrocarbons:

1. Red Cave Fm @ approx. 2000'
2. Topeka Fm. @ approx. 3300'
3. Granite Wash @ approx. 3500'
4. Campo sand interval @ approx. 4000'
5. Marmaton Fm @ approx. 4120'
6. Atoka Fm. @ approx. 4200'
7. Morrow Fm. @ approx. 4580'
8. Keyes Fm @ approx. 4770'
9. Mississippian System @ approx. 4800' (St. Genevieve Fm to Warsaw Fm.)

6. Applicant requests that the Commission establish one (1) 40-acre exploratory drilling and spacing unit for the Well on the Application Lands.

7. Applicant asserts that one (1) 40-acre exploratory drilling and spacing unit for the Well will allow Applicant to test the formations identified in paragraph 5 above for the presence of oil, gas, and associated hydrocarbons and to develop evidence as to the existence of a pool and the appropriate size and shape of the drilling unit to be applied thereto.

8. The treated interval of the wellbore for the Well shall be no closer than 600' from the boundaries of the 40-acre drilling and spacing unit. The Applicant maintains that the drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing this Commission shall enter its order:

A. Establishing one (1) 40-acre exploratory drilling and spacing unit for:

Township 35 South, Range 47 West, 6<sup>th</sup> P.M.  
Section 17: NW/4NE/4

Baca County, Colorado;

B. Establishing that the treated interval of the Arthur Canyon 1-17 well shall be no closer than six hundred (600) feet from the boundaries of the 40-acre drilling and spacing unit;

C. Finding that a 40-acre drilling and spacing unit will allow Applicant to develop evidence as to the existence of a pool and the appropriate size and shape of the drilling unit to be applied thereto and will prevent waste, and protect correlative rights; and

D. Granting any other relief necessary to prevent waste and protect correlative rights of the adjacent owners.

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Dated this 21<sup>st</sup> day of June, 2012.

Respectfully submitted:

BAYHORSE PETROLEUM, LLC

By: Jamie L. Jost

Jamie L. Jost  
Matthew J. Lepore  
Beatty & Wozniak, P.C.  
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Telephone No.: (303) 407-4499

Applicant's Address:

Bayhorse Petroleum, LLC  
ATTN: Larry F. Manikowski  
2558 E. Portsmouth Avenue  
Salt Lake City, UT 84121

VERIFICATION

STATE OF UTAH

CITY AND COUNTY OF SALT LAKE

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)  
) ss.

Larry Manikowski of lawful age, being first duly sworn upon oath, deposes and says that he is a Vice President & CFO/COO for Bayhorse Petroleum, LLC and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

By:

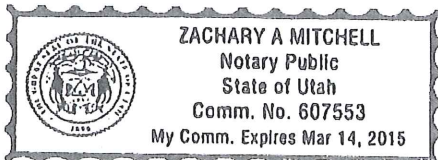
Larry F. Manikowski  
Larry F. Manikowski

Subscribed and sworn to before me this 20 day of June, 2012.

Witness my hand and official seal.

My commission expires: 3/14/15

Zachary A. Mitchell  
Notary Public





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SOUTH, RANGE 47 WEST, 6<sup>th</sup> P.M., BACA  
COUNTY, COLORADO

DOCKET NO:

EXHIBIT A  
Interested Parties

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Sonja & Tommy Bronniman  
904 S. 11th Street  
Lamar, CO 81052

# Bayhorse Petroleum Arthur Canyon 1-17 Drill Site and 40 Acre Location

