

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

IN THE MATTER OF THE APPLICATION	)	
OF BAYSWATER EXPLORATION &	)	
PRODUCTION, LLC FOR AN ORDER	)	
ESTABLISHING ONE 160-ACRE DRILLING	)	Cause No. ____
AND SPACING UNIT AND ESTABLISHING	)	
EXISTING WELL LOCATION RULES	)	Docket No. ____
APPLICABLE TO THE DRILLING AND	)	
PRODUCING OF WELLS FROM THE	)	
CODELL AND NIOBRARA FORMATIONS	)	
COVERING CERTAIN LANDS IN	)	
TOWNSHIP 7 NORTH, RANGE 67 WEST,	)	
WELD COUNTY, COLORADO.	)	

APPLICATION

Bayswater Exploration & Production, LLC ("Bayswater" or "Applicant"), by and through its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing one 160-acre drilling and spacing unit and establishing well location rules applicable to the drilling of wells and producing of oil, gas and associated hydrocarbon substances from the Codell and Niobrara Formations covering certain lands in Weld County, Colorado. In support of its Application, Applicant states as follows:

1. Applicant owns leasehold interests in the following lands ("Application Lands"):

Township 7 North, Range 67 West  
Section 25: NW¼

A reference map of the Application Lands is attached hereto.

2. On August 8, 2011, the Commission adopted Rule 318A(I), which, among other things established spacing units of wells drilled to any or all of the Cretaceous Age Formations from the base of the Dakota Formation to the surface. Rule 318A(I).a.(4)C. provides that, when completing a well in the Greater Wattenberg Area to an unspaced formation, the operator shall designate a drilling and spacing unit not smaller than a governmental quarter-quarter section if such well is proposed to be located greater than 460 feet from the quarter-quarter section boundary in which it is located. If a well is proposed to be located less than 460 feet from the governmental quarter-quarter section boundary, a wellbore spacing unit for such well shall be comprised of the governmental quarter-quarter sections located less than 460 feet from the wellbore regardless of section or quarter section lines. Pursuant to Rule 318A(I).k, Rule 318A(I) supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of the Greater Wattenberg Area wells.

3. The Application Lands are located within the area governed by the Greater Wattenberg Area Special Well Location Rule, Rule 318A(I) of the Commission rules. The Application lands are presently unspaced with respect to the Codell and Niobrara Formations, which is a common source of supply underlying said lands.

4. The Application Lands are located in the Casa Loma Subdivision, which is a populated area. Applicant has consent from the surface owner and is in the process of obtaining an exception location for the surface location in the NE¼NE¼ of Section 26, Township 7 North, Range 67 West, 6th P.M. Applicant plans to use the surface location to drill five (5) directional oil and gas wells to explore for and produce oil, gas and associated hydrocarbons from the bottom hole locations under the Application Lands.

5. Applicant has received a permit to drill one (1) well from the above described surface location.

6. Consistent with the findings in the rulemaking that resulted in Commission Rule 318A(l) and to protect correlative rights of landowners in and to production from the Codell and Niobrara Formations in the Application Lands and to ensure that each owner within Casa Loma Subdivision has the opportunity to recover his or her just and equitable share of oil, gas and associated hydrocarbons to be produced from the Codell and Niobrara Formations, Applicant requests the Commission establish one 160-acre drilling and spacing unit consisting of the NW $\frac{1}{4}$  of Section 25, Township 7 North, Range 67 West, 6th P.M.

7. The above-proposed drilling and spacing unit will allow for efficient drainage of the Codell and Niobrara Formations, will prevent waste, will not adversely affect correlative rights and will assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Codell and Niobrara Formations. The proposed drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in such drilling and spacing unit. Applicant further maintains that a well drilled in the above-proposed drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

8. Applicant is requesting to drill and complete one directional well in the 160-acre drilling and spacing unit described above, with the option to drill and complete an additional four wells in said drilling and spacing unit. The Applicant states the surface location of the proposed directional well shall be located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 26, Township 7 North, Range 67 West, 6th P.M., with initial perforation of the Codell and Niobrara Formations and the treated interval of the wellbore to be located no closer than four hundred sixty (460) feet from the boundary of the drilling and spacing unit, regardless of section or quarter section lines. The Applicant further maintains that the proposed directional wells will have no adverse effect on correlative rights of adjacent land owners.

9. The names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this 13<sup>th</sup> day of December, 2012.

Respectfully submitted,

WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: Chelsey J. Russell  
Chelsey J. Russell  
Welborn Sullivan Meck & Tooley, P.C.  
Attorney for Applicant  
1125 - 17th Street, Suite 2200  
Denver, CO 80202  
303-830-2500

Applicant's Address:  
730 17th Ave., Ste. 610  
Denver, CO 80202

## VERIFICATION

STATE OF COLORADO )  
 ) ss.  
CITY & COUNTY OF DENVER )

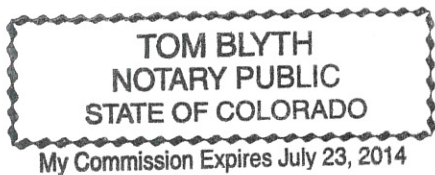
Ben Schuessler, Landman with Bayswater Exploration & Production, LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

BAYSWATER EXPLORATION & PRODUCTION,  
LLC

Ben Schuessler, Landman

Subscribed and sworn to before me this 13 day of December, 2012 by Ben Schuessler, Landman for Bayswater Exploration & Production, LLC.

Witness my hand and official seal.



Notary Public

My Commission Expires: 7/23/2014

EXHIBIT A

INTERESTED PARTIES

Michael W. Boeckman  
5011 Cortez Way  
Severance, CO 80550

Nancy L. Bush  
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Severance, CO 80550

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Dawn R. Grandbois  
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Kenneth Meintzer  
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Severance, CO 80550

Sharon M. Meintzer  
1004 Cortez Way  
Severance, CO 80550

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Severance, CO 80550

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Severance, CO 80550

Steven L. Pfister  
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Severance, CO 80550

Linda Jeffers  
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Severance, CO 80550

William M. Jeffers  
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Martinchick Enterprises LLC  
1111 San Miguel Drive  
Severance, CO 80550

David C. Leschinsky  
1109 San Miguel Drive  
Severance, CO 80550

Delores A. Leschinsky  
1109 San Miguel Drive  
Severance, CO 80550

Scott D. McBride  
2205 San Miguel Drive  
Severance, CO 80550

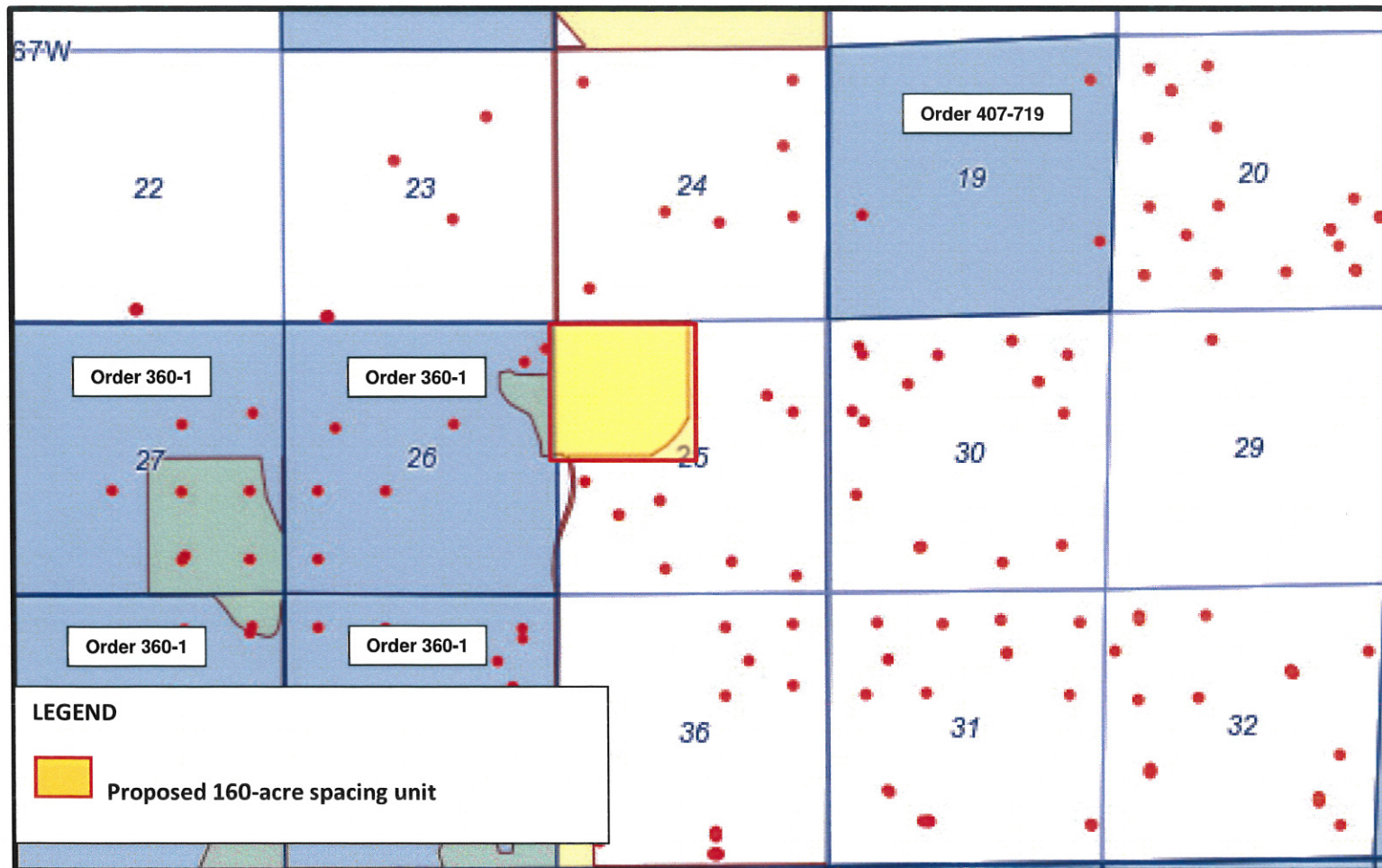
Shani McBride  
2205 San Miguel Drive  
Severance, CO 80550

Juila R. Crawmer  
37500 County Road 23  
Windsor, CO 80550

Timothy Crawmer  
37500 County Road 23  
Windsor, CO 80550



Bayswater Exploration & Production, LLC  
Section 25, Township 7 North, Range 67 West, 6th P.M.  
Proposed 160-acre Drilling and Spacing Unit



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CERTAIN LANDS IN TOWNSHIP 7 NORTH, )  
RANGE 67 WEST, WELD COUNTY, )  
COLORADO. )

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

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AFFIDAVIT OF MAILING

STATE OF COLORADO §  
§  
CITY AND COUNTY OF DENVER §

I, Chelsey J. Russell, of lawful age, and being first duly sworn upon my oath, state and declare:

That I am the attorney for Bayswater Exploration & Production, LLC and that on or before December 19<sup>th</sup>, 2012, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

Chelsey J. Russell  
Chelsey J. Russell

Subscribed and sworn to before me December 19, 2012.

Witness my hand and official seal.



Melissa A. Morman  
Notary Public  
My commission expires: 8/29/13