

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

IN THE MATTER OF THE PROMULGATION AND) CAUSE NO. 252
ESTABLISHMENT OF FIELD RULES TO GOVERN)
OPERATIONS IN THE LEFT HAND FIELD,) DOCKET NO. 1208-SP-82
KIOWA COUNTY, COLORADO)

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On September 25, 2009, the Commission issued Order No. 252-6 which, among other things, established ten approximate 80-acre drilling and spacing units, for the production of oil and associated hydrocarbons from the Marmaton Formation, and authorized wells to be drilled either vertically or directionally from anywhere in the drilling and spacing unit but no closer than 600 feet from the boundaries of the unit, with no more than one pad located on a given quarter quarter section, and where application lands abut or corner lands that have not at the time of drilling permit application granted the right to drill 80-acre density Marmaton Formation wells, the permitted well shall be located downhole no closer than 1,120 feet from the unit boundaries of the drilling unit so abutting or cornering such lands, without exception being granted by the Director. Sections 27, 28 and 34, Township 18 South, Range 47 West, 6th P.M. are subject to Order No. 252-6 for the Marmaton Formation.

On March 25, 2010, the Commission issued Order No. 252-9 which, among other things, modified the well location rules set forth under Order No. 252-6, in that all future Marmaton Formation wells to be drilled upon the ten established 80-acre drilling and spacing units shall be drilled either vertically or directionally from no more than one pad located on a given quarter quarter section, with the permitted well located downhole no closer than 600 feet from the unit boundaries. Sections 27, 28 and 34, Township 18 South, Range 47 West, 6th P.M. are subject to Order No. 252-9 for the Marmaton Formation.

On June 21, 2012, Bayhorse Petroleum, LLC ("Bayhorse" or "Applicant"), by its attorneys, filed with the Commission pursuant to § 34-60-116 C.R.S., a verified application ("Application") for an order to:

1) modify Order Nos. 252-6 and 252-9 to remove eight established 80-acre drilling and spacing units for the below-described lands ("Removed Lands");

<u>Township 18 South, Range 47 West, 6th P.M.</u>		
Section 27:	N $\frac{1}{2}$ SW $\frac{1}{4}$	(80-acre Removed DSU #1)
	S $\frac{1}{2}$ SW $\frac{1}{4}$	(80-acre Removed DSU #2)
Section 28:	N $\frac{1}{2}$ NW $\frac{1}{4}$	(80-acre Removed DSU #3)
	S $\frac{1}{2}$ NW $\frac{1}{4}$	(80-acre Removed DSU #4)
	N $\frac{1}{2}$ SE $\frac{1}{4}$	(80-acre Removed DSU #5)
	S $\frac{1}{2}$ SE $\frac{1}{4}$	(80-acre Removed DSU #6)
Section 34:	N $\frac{1}{2}$ NW $\frac{1}{4}$	(80-acre Removed DSU #7)
	S $\frac{1}{2}$ NW $\frac{1}{4}$	(80-acre Removed DSU #8); and

2) establish sixteen approximate 40-acre drilling and spacing units, for the below-described lands ("Application Lands"), for the production of oil, gas and associated hydrocarbons from the Marmaton Formation:

<u>Township 18 South, Range 47 West, 6th P.M.</u>		
Section 27:	NE $\frac{1}{4}$ SW $\frac{1}{4}$	(40-acre DSU #1)
	NW $\frac{1}{4}$ SW $\frac{1}{4}$	(40-acre DSU #2)
Section 28:	SE $\frac{1}{4}$ SW $\frac{1}{4}$	(40-acre DSU #3)
	SW $\frac{1}{4}$ SW $\frac{1}{4}$	(40-acre DSU #4)
	NE $\frac{1}{4}$ NW $\frac{1}{4}$	(40-acre DSU #5)
	NW $\frac{1}{4}$ NW $\frac{1}{4}$	(40-acre DSU #6)
Section 34:	SE $\frac{1}{4}$ NW $\frac{1}{4}$	(40-acre DSU #7)
	SW $\frac{1}{4}$ NW $\frac{1}{4}$	(40-acre DSU #8)
	NE $\frac{1}{4}$ SE $\frac{1}{4}$	(40-acre DSU #9)
	NW $\frac{1}{4}$ SE $\frac{1}{4}$	(40-acre DSU #10)
	SE $\frac{1}{4}$ SE $\frac{1}{4}$	(40-acre DSU #11)
	SW $\frac{1}{4}$ SE $\frac{1}{4}$	(40-acre DSU #12)
	NE $\frac{1}{4}$ NW $\frac{1}{4}$	(40-acre DSU #13)
	NW $\frac{1}{4}$ NW $\frac{1}{4}$	(40-acre DSU #14)
	SE $\frac{1}{4}$ NW $\frac{1}{4}$	(40-acre DSU #15)

The newly established 40-acre drilling and spacing units are subject to Orders 252-6 and 252-9 which, among other things, authorized wells to be drilled either vertically or directionally from anywhere in the drilling and spacing unit but no closer than 600 feet from the boundaries of the unit, with no more than one pad located on a given quarter quarter section, and where application lands abut or corner lands that have not at the time of drilling permit application granted the right to drill 80-acre density Marmaton Formation wells, the permitted well shall be located downhole no closer than 1,120 feet from the unit boundaries of the drilling unit so abutting or cornering such lands, without exception being granted by the Director.

Applicant has not drilled or completed any producing vertical wells on the existing 80-acre drilling and spacing units within the Application Lands as of the date Application was filed and, therefore, allocation of proceeds within the existing 80-acre drilling and spacing units shall not be adversely affected.

NOTICE IS HEREBY GIVEN, pursuant to: 1) the general jurisdiction granted to the Oil and Gas Conservation Commission of the State of Colorado (Commission) under § 34-60-105 C.R.S.; 2) specific powers granted pursuant to § 34-60-106 C.R.S.; 3) the Colorado Administrative Procedures Act at § 24-4-105 C.R.S.; and 4) the Commission's Series 500 Rules at 2CCR 404-1, that the Commission has scheduled the above-entitled matter for hearing on:

Date: Monday, August 20, 2012
Tuesday, August 21, 2012

Time: 9:00 a.m.

Place: Suite 801, The Chancery Building
1120 Lincoln Street
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

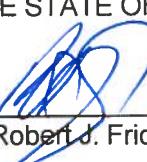
Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than August 6, 2012, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and 13 copies shall be filed with the Commission. Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of August 6, 2012. Pursuant to Rule 503.g., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by August 6, 2012, the Applicant may request that an administrative hearing be scheduled during the week of August 6, 2012. In the alternative, pursuant to Rule 511., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By


Robert J. Frick, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
July 16, 2012

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