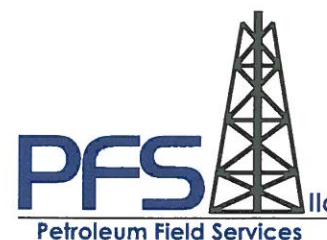


May 29, 2012

Mr. Thom Kerr, Director
Colorado Oil & Gas Commission
1120 Lincoln St. Suite 801
Denver, CO 80203



1801 W. 13th Ave
Denver, CO 80204
Ph: 303.928.7128
Rifle Ph: 970.625.4740
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RE: BALDRIDGE 8-1 Pad – SWSE, Section 36, T7N-R67W
Weld County, Colorado
Well Name: SCHNIEDER 37-36
Section 36, T7N, R67W: 244' FSL & 2109' FEL (Surface Location)
Section 36, T7N, R67W: 75' FSL & 1317' FEL (Bottom Hole Location)

Dear Mr. Kerr,

Bayswater Exploration & Production, LLC (Bayswater) is planning to drill the above captioned well in accordance with the provisions of COGCC Rule 318A.e.

Bayswater's proposed wellbore spacing unit consists of:

- SE/4SE/4 Section 36, T7N, R67W
- SW/4SE/4 Section 36, T7N, R67W
- NE/4NE/4 Section 1, T6N, R67W
- NW/4NE/4 Section 1, T6N, R67W

Creating a 160 acre wellbore spacing unit. Bayswater is the only owner within the proposed wellbore spacing unit.

Enclosed are copies of the following document to assist you in your review and approval of Bayswater's proposed APD for the above captioned well:

- Plat illustrating the number of Codell/Niobrara wells within the existing 160 acre governmental quarter section to be less than eight (8) in accordance with the COGCC Rule 318A.f. This plat also illustrates the proposed wellbore spacing unit for the above captioned well.

Thank you for your attention to the enclosed. Bayswater Exploration & Production, LLC. respectfully requests that the COGCC review the enclosed information and approve the Application for Permit to Drill for the above captioned well.

Very Respectfully,

A handwritten signature in black ink that reads "Kristi McRedmond". The signature is written in a cursive, flowing style.

Kristi McRedmond
Regulatory Technician, Petroleum Field Services
Agent for Bayswater Exploration & Production, LLC

We are what we repeatedly do. Excellence, then, is not an act, but a habit.

-Aristotle