

FORM
2

Rev
12/05

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400282236

Date Received:

05/10/2012

PluggingBond SuretyID

20080034

APPLICATION FOR PERMIT TO:

1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL

OIL ☒ GAS ☐ COALBED ☐ OTHER _____
SINGLE ZONE ☐ MULTIPLE ☒ COMMINGLE ☒

Refiling ☐

Sidetrack ☐

3. Name of Operator: BAYSWATER EXPLORATION AND PRODUCTION LLC

4. COGCC Operator Number: 10261

5. Address: 730 17TH ST STE 610

City: DENVER State: CO Zip: 80202

6. Contact Name: Kristi McRedmond Phone: (303)928-7128 Fax: (303)962-6237

Email: kristi@petro-fs.com

7. Well Name: SCHNEIDER Well Number: 37-36

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 7536

WELL LOCATION INFORMATION

10. QtrQtr: SWSE Sec: 36 Twp: 7N Rng: 67W Meridian: 6

Latitude: 40.524101 Longitude: -104.839795

Footage at Surface: 244 feet FNL/FSL 2109 feet FEL/FWL FEL

11. Field Name: Eaton Field Number: 19350

12. Ground Elevation: 4877 13. County: WELD

14. GPS Data:

Date of Measurement: 03/08/2012 PDOP Reading: 2.2 Instrument Operator's Name: Shaun Lee/PFS

15. If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 69 FSL 1318 FEL 75 FSL 1317 FEL 75
Sec: 36 Twp: 7N Rng: 67W Sec: 36 Twp: 7N Rng: 67W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No

17. Distance to the nearest building, public road, above ground utility or railroad: 235 ft

18. Distance to nearest property line: 244 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 885 ft

20. LEASE, SPACING AND POOLING INFORMATION

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| Codell | CODL | | 160 | GWA |
| Niobrara | NBRR | | 160 | GWA |

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____

22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

23. Is the Surface Owner also the Mineral Owner? ☒ Yes ☐ No Surface Surety ID#:

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☒ Yes ☐ No

23b. If 23 is No: ☐ Surface Owners Agreement Attached or ☐ \$25,000 Blanket Surface Bond ☐ \$2,000 Surface Bond ☐ \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

SE/4 Section 36, Township 7 North Range 67 West

25. Distance to Nearest Mineral Lease Line: 0 ft

26. Total Acres in Lease: 160

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? ☐ Yes ☒ No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? ☐ Yes ☒ No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? ☐ Yes ☒ No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? ☐ Yes ☒ No

31. Mud disposal: ☒ Offsite ☐ Onsite

If 28, 29, or 30 are "Yes" a pit permit may be required.

Method: ☒ Land Farming ☐ Land Spreading ☐ Disposal Facility Other: _____

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

| Casing Type | Size of Hole | Size of Casing | Wt/Ft | Csg/Liner Top | Setting Depth | Sacks Cmt | Cmt Btm | Cmt Top |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| SURF | 12+1/4 | 8+5/8 | 24 | 0 | 565 | 395 | 565 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 7,536 | 878 | 7,536 | 3,300 |

32. BOP Equipment Type: ☐ Annular Preventer ☒ Double Ram ☐ Rotating Head ☐ None

33. Comments No conductor pipe will be set. Nearest well completed in the same formation is 1015' API - 05-123-26550, with a status of AL. The next closest one after that is 2015', API 05-123-34632, with a status of XX. Proposed Spacing Unit: Sec 36, 7N-67W S/2SE/4 & Sec 1, 6N-67W N/2NE/4.

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan ? ☐ Yes ☒ No

36. Is this application part of submitted Oil and Gas Location Assessment ? ☒ Yes ☐ No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Kristi L McRedmond

Title: Regulatory Technician Date: 5/10/2012 Email: kristi@petro-fs.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved:  Director of COGCC Date: 6/6/2012

API NUMBER

05 123 35727 00

Permit Number: _____ Expiration Date: 6/5/2014

CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

- 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Operator must meet water well testing requirements per Rule 318A.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 1695054 | EXCEPTION LOC REQUEST |
| 1695055 | EXCEPTION LOC WAIVERS |
| 1695062 | PROPOSED SPACING UNIT |
| 1695065 | PROPOSED SPACING UNIT |
| 400282236 | FORM 2 SUBMITTED |
| 400282304 | 30 DAY NOTICE LETTER |
| 400282307 | DIRECTIONAL DATA |
| 400282318 | TOPO MAP |
| 400282554 | DEVIATED DRILLING PLAN |
| 400282776 | PLAT |

Total Attach: 10 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | Final Review Completed. No LGD or public comment received. | 3/5/2012 2:56:34 PM |
| Permit | Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Request and Waiver attached. | 6/4/2012 11:58:21 AM |
| Permit | Received 30 Day Notice letter. ok to pass. | 5/30/2012 8:47:54 AM |
| Permit | ON HOLD: Received and attached Exception Location Request letter and waivers. Attached Proposed Spacing Unit map. Spacing: added 160 acres and changed unit config from S/2SE/4 to GWA. Changed distance from nearest well from 1015' to 885'. Added to operator comments "Proposed Spacing Unit: Sec 36, 7N-67W S/2SE/4 & Sec 1, 6N-67W N/2NE/4." per operator. w/o 30 Day Notice letter. | 5/29/2012 9:38:00 AM |
| Permit | ON HOLD: Requesting Exception Loc Request letter and waiver & Proposed Spacing Unit map & 30 Day Notice letter. | 5/22/2012 3:38:52 PM |

Total: 5 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------------------|--|
| Planning | When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources. |
| Drilling/Completion Operations | When available and reasonable use a closed-loop drilling mud system to preclude the use of an earthen reserve pits when available. |
| Site Specific | Fence the well site after drilling to restrict public and wildlife access. Keep well site location, the road, and the pipeline easement free of noxious weeds, litter and debris. Spray for noxious weeds, and implement dust control, as needed. Bayswater Exploration & Production, LLC will not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's Land. Construct and maintain gates where any roads used by Bayswater Exploration & Production, LLC, its employees, or contractors cross through fences on the leased premises. |
| Storm Water/Erosion Control | Use water bars, and other measures to prevent erosion and non-source pollution. Implement and maintain BMPs to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. Co-locate gas and water gathering lines whenever feasible, and mitigate any erosion problems that arise due to the construction of any pipeline(s). |
| Construction | Remove only the minimum amount of vegetation necessary for the construction of roads and facilities. Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation. No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment. |
| Interim Reclamation | Utilize only such area around each producing well as is reasonably necessary. Restore the remainder of the well site location to its original condition within a reasonable time after the completion of operations. All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner. |
| Final Reclamation | All surface restoration shall be accomplished to the satisfaction of Owner. All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner. Final reclamation shall be completed to the reasonable satisfaction of the Owner as soon as practical after installation (weather permitting) and in accordance with regulatory agency standards (BLM/COGCC). |

Total: 7 comment(s)