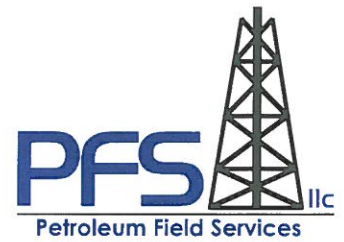


July 9, 2012

Mr. Thom Kerr
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
www.petro-fs.com

RE: MILNE 20-18 2 Well Pad
Weld County, Colorado
Well Name: MILNE 23-18

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:

- W½ SE, Section 18, T6 North, R65 West
- E½ SW, Section 18, T6 North, R65 West

Creating a 160 acre wellbore spacing unit. Bayswater is not the only owner within the proposed wellbore spacing unit and as such provided notice to the remaining owner(s) within the said proposed spacing unit as required under COGCC Rule 318A.e(6). Copies of the required notice letter(s) is/are on file at the Bayswater offices. The required twenty (30) day notice period has elapsed absent the receipt by Bayswater of an objection to said proposal by the owner(s) within the proposed spacing unit for this well.

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

- Plat illustrating the proposed wellbore spacing unit
- Well location Certificate for MILNE 23-18

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

Very Respectfully,

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

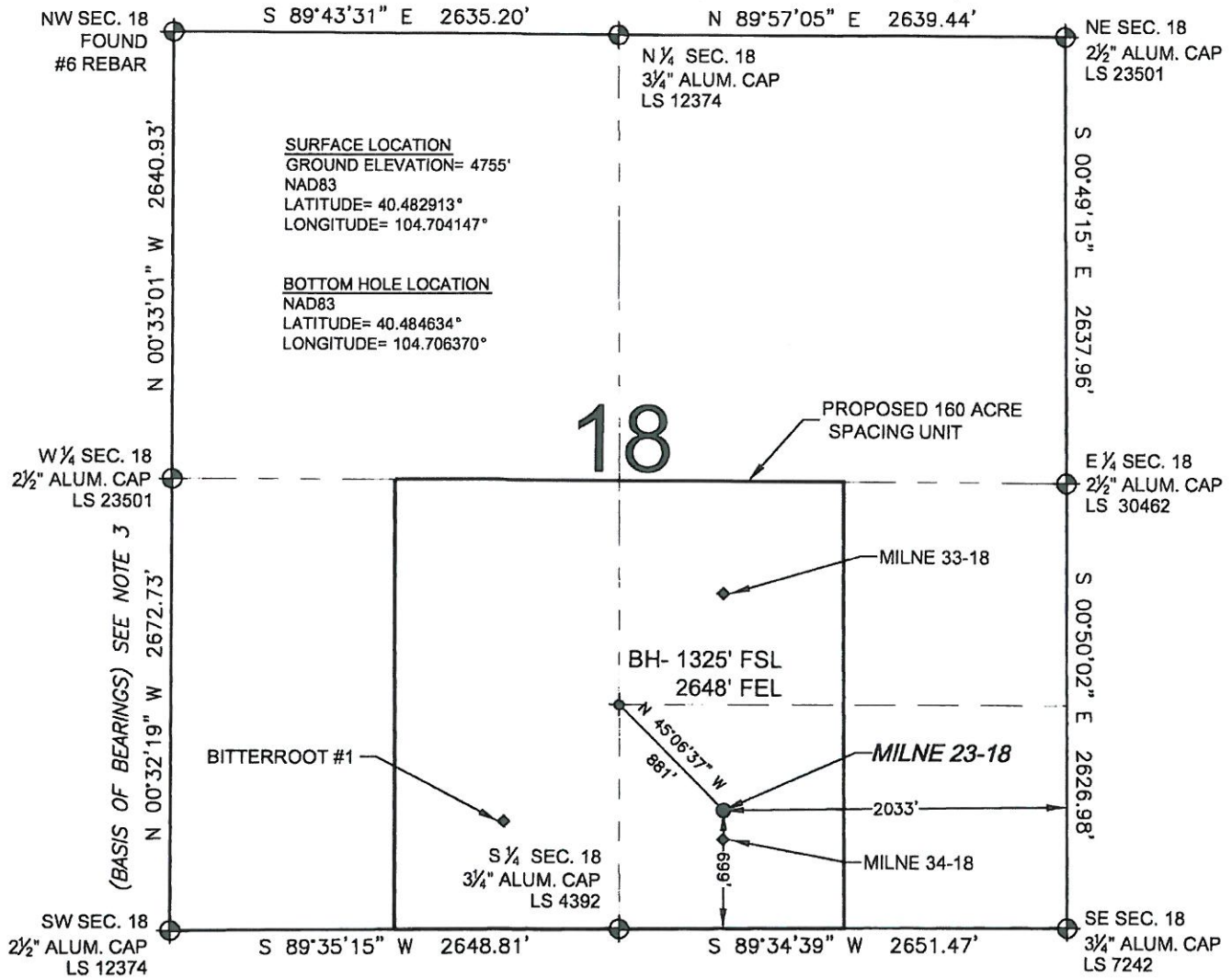
Kristi McRedmond
Regulatory Technician, Petroleum Field Services
Agent for Bayswater Exploration & Production, LLC

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

-Aristotle

PROPOSED 318 Ae SPACING UNIT

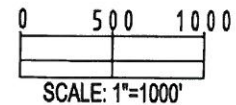
SECTION 18, TOWNSHIP 6 NORTH, RANGE 65 WEST, 6TH P.M.



WELL MILNE 23-18 TO BE LOCATED 699' FSL AND 2033' FEL

LEGEND

- ⊕ = EXISTING MONUMENT
- ⬢ = BOTTOM HOLE
- BH = BOTTOM HOLE
- = PROPOSED WELL
- ◆ = EXISTING WELL

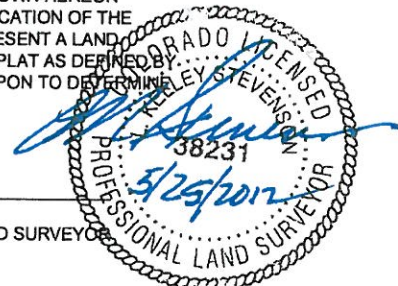


NOTES:

1. THIS FIELD SURVEY CONFORMS TO THE MINIMUM STANDARDS SET BY THE C.O.G.C.C., RULE NO. 215
2. HORIZONTAL POSITIONS AND ORTHOMETRIC ELEVATIONS SHOWN AT THE WELL HEAD, ARE BASED ON GPS-RTK POSITIONS DERIVED FROM MINIMUM 2-HOUR STATIC OBSERVATIONS CORRECTED BY THE NATIONAL GEODETIC SURVEY ONLINE POSITIONING USER SERVICE, O.P.U.S. DATUM: HORIZONTAL = NAD83/2007, VERTICAL = NAVD88
3. THE BASIS OF BEARINGS ARE STATE PLANE COORDINATE SYSTEM GRID BEARINGS SHOWN HEREON BETWEEN THE DESCRIBED THE MONUMENTS SHOWN HEREON.
4. GRID DISTANCES ARE SHOWN, AS MEASURED IN THE FIELD, WITH TIES TO WELLS MEASURED PERPENDICULAR TO SECTION LINES.

I, L. KELLEY STEVENSON, A LICENSED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO DO HEREBY CERTIFY TO **BAYSWATER EXPLORATION & PRODUCTION, LLC**, THAT THE SURVEY AND WELL LOCATION CERTIFICATE SHOWN HEREON WERE DONE BY ME OR UNDER MY DIRECT SUPERVISION AND THAT THE DRAWING SHOWN HEREON ACCURATELY DEPICTS THE PROPOSED LOCATION OF THE WELL. THIS CERTIFICATE DOES NOT REPRESENT A LAND SURVEY PLAT OR IMPROVEMENT SURVEY PLAT AS DEFINED BY C.R.S. 38-51-102 AND CANNOT BE RELIED UPON TO DETERMINE OWNERSHIP.

L. KELLEY STEVENSON, PLS 38231
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR
FOR AND ON BEHALF OF P.F.S., LLC

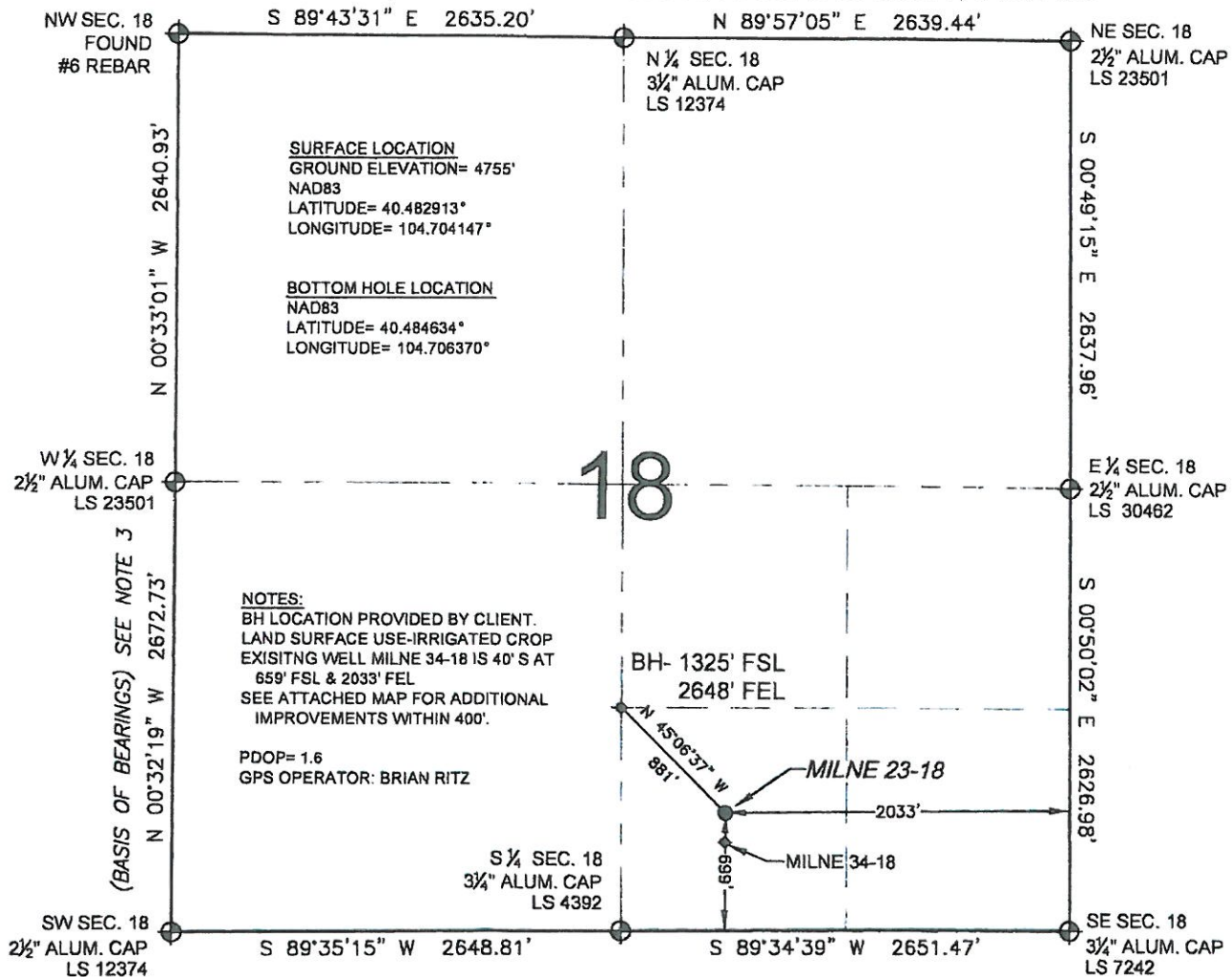


FIELD DATE: 01-10-12
DRAWING DATE: 05-25-12
BY: TJN
SURFACE LOCATION: SW 1/4 SE 1/4, SEC. 18, T6N, R65W, 6TH P.M.
WELD COUNTY, COLORADO

NOTICE: ACCORDING TO COLORADO LAW YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVER SUCH DEFECT. IN NO EVENT MAY ANY ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS FROM THIS SAID DATE OF THIS CERTIFICATION SHOWN HEREON.

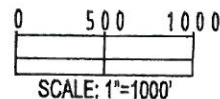
WELL LOCATION CERTIFICATE: MILNE 23-18

SECTION 18, TOWNSHIP 6 NORTH, RANGE 65 WEST, 6TH P.M.



LEGEND

- = EXISTING MONUMENT
 = BOTTOM HOLE
 BH = BOTTOM HOLE
 = PROPOSED WELL
 = EXISTING WELL



NOTES:

- THIS FIELD SURVEY CONFORMS TO THE MINIMUM STANDARDS SET BY THE C.O.G.C.C., RULE NO. 215
- HORIZONTAL POSITIONS AND ORTHOMETRIC ELEVATIONS SHOWN AT THE WELL HEAD, ARE BASED ON GPS-RTK POSITIONS DERIVED FROM MINIMUM 2-HOUR STATIC OBSERVATIONS CORRECTED BY THE NATIONAL GEODETIC SURVEY ONLINE POSITIONING USER SERVICE, O.P.U.S. DATUM: HORIZONTAL = NAD83/2007, VERTICAL = NAVD88
- THE BASIS OF BEARINGS ARE STATE PLANE COORDINATE SYSTEM GRID BEARINGS SHOWN HEREON BETWEEN THE DESCRIBED THE MONUMENTS SHOWN HEREON.
- GRID DISTANCES ARE SHOWN, AS MEASURED IN THE FIELD, WITH TIES TO WELLS MEASURED PERPENDICULAR TO SECTION LINES.

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L. KELLEY STEVENSON, PLS 38231
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR
FOR AND ON BEHALF OF P.F.S., LLC



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FIELD DATE: 01-10-12	SURFACE LOCATION: SW 1/4 SE 1/4,
DRAWING DATE 01-19-12	SEC. 18, T6N, R65W, 6TH P.M.
BY: SMF	WELD COUNTY, COLORADO