

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:

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Date Received:

08/08/2012

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: Corina Santos Phone: (303)928- Fax: (303)962-6237

Email: csantos@petro-fs.com

7. Well Name: Booth Well Number: 40-26

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

9. Proposed Total Measured Depth: 8136

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 26 Twp: 7N Rng: 65W Meridian: 6

Latitude: 40.551591 Longitude: -104.628824

Footage at Surface: 479 feet ^{FNL/FSL} FNL 2295 feet ^{FEL/FWL} FEL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 4893 13. County: WELD

14. GPS Data:

Date of Measurement: 03/20/2012 PDOP Reading: 1.3 Instrument Operator's Name: Brian Ritz/PFS

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

Footage at Top of Prod Zone: ^{FNL/FSL} 2574 ^{FEL/FWL} FNL 101 ^{FEL} FEL Bottom Hole: ^{FNL/FSL} 2554 ^{FEL/FWL} FNL 75 ^{FEL} FEL
Sec: 26 Twp: 7N Rng: 65W Sec: 26 Twp: 7N Rng: 65W

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: 637 ft

18. Distance to nearest property line: 375 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 678 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 |
| Greenhorn | GRNHN | | 160 | GWA |
| Niobrara | NBRR | | 160 | GWA |
| Parkman | PRKM | | 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):
 N2, Section 26, Township 7 North, Range 65 West

25. Distance to Nearest Mineral Lease Line: 75 ft 26. Total Acres in Lease: 320

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 | 690 | 483 | 690 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 8,136 | 923 | 8,136 | 3,500 |

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

33. Comments No conductor casing will be set.; Unit Configuration: SENE and the NESE of Section 26 and the SWNW and the NWSW of Section 25 in T7N, R65W, 6th P.M.

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: Corina Santos

Title: Regulatory Technician Date: 8/8/2012 Email: csantos@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: Matthew Lee Director of COGCC Date: 9/13/2012

| | | |
|--------------------------------------|----------------------|-----------------------------------|
| API NUMBER 05 123 36079 00 | Permit Number: _____ | Expiration Date: <u>9/12/2014</u> |
|--------------------------------------|----------------------|-----------------------------------|

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) Provide notice of MIRU via an electronic Form 42.
 2) Comply with Rule 317.i and provide cement coverage from the end of the production casing to a minimum of 200' above the Niobrara and from 200' below Parkman to 200' above Parkman. Verify coverage with a cement bond log.

Operator must meet Water Well Testing requirements as per amended Rule 318Ae(4)

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 1699023 | EXCEPTION LOC REQUEST |
| 1699024 | EXCEPTION LOC WAIVERS |
| 1699025 | EXCEPTION LOC WAIVERS |
| 1699026 | PROPOSED SPACING UNIT |
| 2481774 | SURFACE CASING CHECK |
| 400312535 | FORM 2 SUBMITTED |
| 400312721 | TOPO MAP |
| 400312722 | WELL LOCATION PLAT |
| 400312723 | DRILLING PLAN |
| 400312724 | DEVIATED DRILLING PLAN |
| 400313493 | PROPOSED SPACING UNIT |
| 400313644 | 30 DAY NOTICE LETTER |
| 400314335 | DIRECTIONAL DATA |

Total Attach: 13 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|-------------------------|
| Permit | Operator requests approval of a Rule 318Aa and Rule 318Ac exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Request and waivers attached. Corrected distance to nearest mineral lease line as per opr. | 9/11/2012 4:12:37 PM |
| Permit | Requested exception location request and waiver, and 30 Day cert letter (to go with proposed spacing). | 8/16/2012 2:29:00 PM |
| Permit | Operator made corrections. | 3/9/2012 1:58:09 PM |
| Permit | Returned to draft. Operator needs to: Correctly label Deviated Drilling Plan Attach and upload Directional Data spreadsheet Operator wants to expedite and will send Exception Location Waiver when they get it. | 8/9/2012 10:01:54 AM |

Total: 4 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. Operator 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 operator, 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)