

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



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Date Received:

06/03/2013

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 LLC4. COGCC Operator Number: 102615. Address: 730 17TH ST STE 610City: DENVER State: CO Zip: 802026. Contact Name: DeAnne Spector Phone: (303)928-7128 Fax: ()Email: dspector@petro-fs.com7. Well Name: Heckman Well Number: 16-20

8. Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

9. Proposed Total Measured Depth: 7328

## WELL LOCATION INFORMATION

10. QtrQtr: NENE Sec: 29 Twp: 7N Rng: 67W Meridian: 6Latitude: 40.552116 Longitude: -104.910454

Footage at Surface: 160 feet FNL/FSL 726 feet FEL/FWL FEL

11. Field Name: Wattenberg Field Number: 9075012. Ground Elevation: 4971 13. County: WELD

## 14. GPS Data:

Date of Measurement: 04/01/2013 PDOP Reading: 2.3 Instrument Operator's Name: Alan Hnizdo15. If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 661 FSL 663 FEL 661 FSL 663 FEL 661 FSL 663 FEL 661  
 Sec: 20 Twp: 7N Rng: 67W Sec: 20 Twp: 7N Rng: 67W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 156 ft18. Distance to nearest property line: 174 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1300 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           |                         | 80                            | GWA                                  |
| NIOBRARA               | NBRR           |                         | 80                            | GWA                                  |

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: \_\_\_\_\_22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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):

Heckman lease: T7N, R67W, Sec. 20: E/2 of Sec. 20, 236 acres. Winter lease: T7N, R67W, Sec. 29: NE/4 160 acres.

25. Distance to Nearest Mineral Lease Line: 661 ft 26. Total Acres in Lease: 396

### 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             | 770           | 539       | 770     | 0       |
| 1ST         | 7+7/8        | 4+1/2          | 11.6  | 0             | 7,328         | 865       | 7,328   | 3,000   |

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

33. Comments No conductor casing will be set. Bayswater requests an exception location per rule 318Aa and rule 318Ac. Operator has a signed surface use agreement with the Winter North Family waiving the 30 day notification as well as the waiver for an exception location. (See #9 in SUA) The surface hole will not be located in a legal drilling window or twinned with an existing well. Unit configuration is E/2 SE/4, stand up (verified w/ Bayswater). This pad sits entirely on the Winters' surface in Sec. 29. The Heckman 16-20 has its SHL on the Winter's property but the productive entry point of the minerals & BHL lands in the SESE of Sec. 29 on Heckmans lease. The rig mast will be 104' tall.

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: DeAnne M. Spector

Title: Regulatory Analyst Date: 6/3/2013 Email: dspector@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: 6/27/2013

#### API NUMBER

05 123 37607 00

Permit Number: \_\_\_\_\_ Expiration Date: 6/26/2015

#### 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 a minimum of 200' above the Niobrara. Verify cement coverage with a cement bond log per Rule 317.o.

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

### **Applicable Policies and Notices to Operators**

Notice Concerning Operating Requirements for Wildlife Protection.

### **Attachment Check List**

| Att Doc Num | Name                   |
|-------------|------------------------|
| 400418250   | FORM 2 SUBMITTED       |
| 400420983   | PLAT                   |
| 400420984   | DEVIATED DRILLING PLAN |
| 400420985   | DIRECTIONAL DATA       |
| 400428381   | LEASE MAP              |
| 400428389   | EXCEPTION LOC REQUEST  |
| 400428983   | SURFACE AGRMT/SURETY   |

Total Attach: 7 Files

### **General Comments**

| <b><u>User Group</u></b> | <b><u>Comment</u></b>  | <b><u>Comment Date</u></b> |
|--------------------------|--|----------------------------|
| Permit                   | Ffinal review complete.  | 6/27/2013<br>7:53:29 AM    |
| LGD                      | <p>Please be advised that the subject property is located within the Town's Growth Management Area (GMA).The Town's Comprehensive Plan states, "The GMA is intended to define those specific areas within the planning area where it is most logical to extend urban services in the near term, that is, within the next five to ten years."</p> <p>Below please find the conditions of approval that are typically applied to conditional use grants for oil and gas operations located within Town.Therefore, the Town recommends the following conditions be placed on the subject oil and gas facilities:</p> <p>1.Prior to the commencement of drilling, the applicant shall submit comprehensive "Drilling and Site Improvement Plans" for review and approval by the Town.Such plans shall address initial drilling activities, initial installation of site improvements and details, and on-going perpetual maintenance of the subject site including, but not limited to, the following:</p> <p>a.Site access plan.The Drilling and Site Improvement Plans and supplemental information shall address site access points and haul routes for review and approval.</p> <p>b.Public street clean-up and tracking prevention.The Drilling and Site Improvement Plans and supplemental information shall include a tracking pad for review and approval.</p> <p>c.Site grading.The Drilling and Site Improvement Plans and supplemental information shall address site grading, including any earth berms for emergency containment.</p> <p>d.Site lighting.The Drilling and Site Improvement Plans and supplemental information shall include details regarding site lighting fixtures and locations.Security and other site lighting shall utilize full cutoff light fixtures to mitigate light pollution.</p> | 6/6/2013<br>10:48:33 AM    |

|  |  |  |  |
|--|--|--|--|
|  | <p>e. Temporary screening. The applicant shall install a buffer to screen the initial drilling activities and installation of site improvements from surrounding neighborhoods and streets. The temporary buffer shall include hay bales to enclose the drilling operations to provide noise mitigation.</p> <p>f. Permanent screening. Given the close proximity to residential neighbors, the Drilling and Site Improvement Plans shall depict proposed long-term screening materials including landscaping, earth berms and any other screening methods to mitigate visual impacts.</p> <p>g. Fencing. The Drilling and Site Improvement Plans shall depict fencing of the perimeter of the site. Fencing materials shall be reviewed for approval by the Town based upon the character of the surrounding neighborhood.</p> <p>h. Oil and gas equipment.</p> <p>(1) The applicant shall utilize electric motors in order to mitigate the noise impacts to the neighboring properties.</p> <p>(2) The applicant shall ensure that the wells and tanks are of the minimum size required to satisfy present and future functional requirements to mitigate visual impacts.</p> <p>(3) Low profile tanks shall be utilized and shall be installed in the least visible manner possible.</p> <p>(4) All tanks and equipment shall be painted to blend-in with the surrounding landscape.</p> <p>i. Air quality.</p> <p>(1) The applicant shall participate in any required Environmental Protection Agency (EPA) air quality monitoring and/or testing by allowing EPA to install equipment on site for said monitoring and testing.</p> <p>(2) The applicant shall install and operate an emissions control device (ECD) capable of reducing Volatile Organic Compound (VOC) emissions on the subject oil and gas equipment in accordance with Colorado Oil and Gas Conservation Commission (COGCC) and/or the Colorado Department of Public Health and Environment (CDPHE) rules and regulations.</p> <p>(3) The applicant shall submit to the Town copies of all air emissions reporting as required by the COGCC and/or the CDPHE's Air Pollution Control Division.</p> <p>j. Water quality.</p> <p>(1) The applicant shall ensure that any hydrocarbon discharges from the site comply with all state and federal water quality requirements.</p> <p>(2) The applicant shall participate in the Colorado Oil and Gas Association (COGA) Baseline Groundwater Quality Sampling Program utilizing independent third party sampling and laboratories and shall provide to the Town test results obtained before and after drilling operations.</p> <p>k. Emergency containment. The secondary containment berm surrounding all storage vessels shall be designed and constructed to contain a minimum of 110% of the volume of the largest vessel located within the containment area or to State of Colorado standards, whichever requirements are more stringent.</p> <p>l. Waste disposal. The applicant shall submit to the Town copies of all waste management reports as required by the COGCC and/or the CDPHE rules and regulations.</p> <p>m. The following certification blocks shall be included on the Drilling and Site Improvement Plans:</p> |  |  |
|--|--|--|--|

|        |  |                         |  |
|--------|--|-------------------------|--|
|        | <p>(1)A signed owner's acknowledgement certification block.</p> <p>(2)A signed drilling operator's acknowledgement certification block.</p> <p>n.The following notes shall be included on the Drilling and Site Improvement Plans:</p> <p>(1)The applicant shall comply with all rules and regulations of the Colorado Oil and Gas Conservation Commission (COGCC).</p> <p>(2)The applicant shall comply with all rules and regulations of the Colorado Department of Public Health and Environment (CDPHE).</p> <p>(3)The applicant shall maintain on-going compliance with all conditions of the Town and Windsor-Severance Fire Rescue.</p> <p>(4)The facilities shall be kept clean and otherwise properly maintained at all times.</p> <p>(5)The existing access may be utilized for oil and gas well activities.This access point is temporary and will be required to be removed at such time that permanent access is available in the future.</p> <p>2.The applicant shall address and comply with the conditions of Windsor-Severance Fire Rescue.</p> |                         |  |
| Permit | Ready to pass pending public comment 6/26/13.  | 6/5/2013<br>11:55:03 AM |  |
| Permit | Passed completeness.   | 3/5/2013 8:48:25<br>AM  |  |
| Permit | Returned to DRAFT. The blacking out of dollar amounts in the SUA was inadequate. Requested operator darken these values and resubmit.  | 3/5/2013 7:40:47<br>AM  |  |
| Permit | Back to draft for lease description, total acres in lease, exception location request for 318Aa and 318Ac  | 3/3/2013 1:47:24<br>PM  |  |

Total: 6 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 | A closed-loop drilling mud system will be used to preclude the use of an earthen reserve pits when available. Light Sources will likewise be directed downwards, and away from occupied structures where possible. Once the drilling and completions rigs leave the site, there will be no permanently installed lighting on site.   |
| Site Specific                  | Fence the well site after drilling to restrict public and wildlife access.<br>Keep well site location, the road, and the pipeline easement free of noxious weeds, litter and debris.<br>Spray for noxious weeds, and implement dust control, as needed.<br>Operator will not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's Land.<br>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.<br>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.<br>Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation.<br>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.<br>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.<br>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.<br>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)