

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:

400433324

Date Received:

06/14/2013

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

PluggingBond SuretyID

20080034

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: Ann L. Stephens Phone: (303)928.7128 Fax: (303)962.6237

Email: astephens@petro-fs.com

7. Well Name: Badger Creek Well Number: 22-32B

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

9. Proposed Total Measured Depth: 5569

WELL LOCATION INFORMATION

10. QtrQtr: SWNE Sec: 22 Twp: 2S Rng: 57W Meridian: 6

Latitude: 39.864818 Longitude: -103.747518

Footage at Surface: 2227 feet FNL/FSL FNL 1461 feet FEL/FWL FEL

11. Field Name: Badger Creek Field Number: 5050

12. Ground Elevation: 4651 13. County: ADAMS

14. GPS Data:

Date of Measurement: 04/25/2013 PDOP Reading: 4.4 Instrument Operator's Name: David MacDonald

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

Footage at Top of Prod Zone: FNL/FSL _____ FEL/FWL _____ Bottom Hole: FNL/FSL _____ FEL/FWL _____

Sec: _____ Twp: _____ Rng: _____ Sec: _____ Twp: _____ Rng: _____

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: 602 ft

18. Distance to nearest property line: 1205 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 672 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.)
D SAND	DSND			
J SAND	JSND			

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):

Township 2 South, Range 57 West, Section 22: E/2, Section 23: All

25. Distance to Nearest Mineral Lease Line: 1179 ft 26. Total Acres in Lease: 960

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: drilling/reserve pit

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	11	8+5/8	24	0	280	150	280	0
1ST	7+7/8	5+1/2	15.5	0	5,569	210	5,569	4,800

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

33. Comments no conductor casing will be set; the nearest well permitted in the same formation (BHL) is the Badger Creek 22-42; mineral lease description is T2S-R57W, Sec 22: E/2, Sec 23: All; related documents include Badger Creek 22-32B Form 2A Doc #400433345; operator plans to dispose of all mud material onsite in the drilling/reserve pit as defined in Rule 903.c.

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: Ann L. Stephens

Title: Regulatory Manager Date: 6/14/2013 Email: astephens@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: 7/26/2013

API NUMBER

05 001 09771 00

Permit Number: _____ Expiration Date: 7/25/2015

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) Note surface casing setting depth change from 250' to 280'. Increase cement coverage accordingly.
- 2) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 3) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400433324	FORM 2 SUBMITTED
400433343	WELL LOCATION PLAT
400434436	30 DAY NOTICE LETTER

Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed. Note LGD comments.	7/24/2013 7:23:17 AM
LGD	It appears as though this well will be accessed by existing roadways. However, if the access point should change, a new access map will be required. An Oil and Gas Drilling Rig Move Permit will be required when the drilling rig is moved into this location and out of this location. If it is decided to put this well into production, a Gas and Oil Well Production Facilities permit will be required. Please contact Mr. Mark Russell at 720-523-6821 for information regarding these permits.	6/20/2013 4:21:50 PM
Permit	Corrections made, form passes completenss.	6/17/2013 11:14:10 AM
Permit	Back to draft for 30 day notice letter to have extra attachments (13) removed.	6/17/2013 10:04:01 AM

Total: 4 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Site Specific	<ul style="list-style-type: none"> - The facilities, separation and oil storage equipment plus evaporation ponds will be fenced to restrict public and wildlife access. - The well site locations, facilities and the roads will be kept free of noxious weeds, litter and debris. - Spraying for noxious weeds will be applied as needed. - Operator will manage all facilities such that secondary containment berms and evaporation ponds are within the specifications set forth in the COGCC rules. - Gates and fences will be constructed and maintained where necessary. - All lease roads used by operator, its employees, or contractors will be graded and maintained such that water can drain properly. - Mist systems are proposed for the evaporation ponds to aide in the rates of water handling and control of levels in the ponds during summer/peak evaporation months. - Daily visits from field pumpers will record pond levels and make adjustments to production if necessary.

Site Specific	<p>Pit Monitoring/Inspection</p> <ul style="list-style-type: none"> - Drilling personnel/site supervisor will monitor the earthen drilling pit fluid level to ensure the minimum required two (2) feet of freeboard is maintained at the drill site. - Once drilling operations are completed, Operator personnel & pumper will inspect the evaporation ponds on a daily basis. Adjustments can be made daily if needed to well cycles, shutting in of a well and diverting water to pits that have more freeboard available. Pumpers will also monitor the condition of the fencing, pipeline routes, wells, pumps and facilities in general for observations of abnormal activity and operations. Records will be kept documenting pit monitoring levels and inspection. - When applicable, fluids will be delivered to and/or removed from the pit from a single, designated access point. The access point shall be clearly identified and shall be constructed and utilized to prevent damage to the liner system from operators and contractors placing or removing hoses into or from the pit during fluid transfer.
Planning	<ul style="list-style-type: none"> - When feasible, develop one unified separation/treatment and oil tank storage facility for multiple wells to reduce cumulative impacts, multiple facility footprints and adverse impacts on wildlife resources. - Plan for growth upfront in the design process such that tanks or water handling facilities can be added with minimal ground disturbance later in development or drilling progress. - In terms of production, wells will be brought on-line in a phased approach to utilize existing evaporation ponds and minimize the footprint of new ponds. - Existing wells will be shut-in (SI) while new wells are brought on line to control produced water volumes and over building facilities.
Storm Water/Erosion Control	<ul style="list-style-type: none"> - Operator will make use of water bars, straw hay bales, gravel and other measures will be used to prevent erosion, storm water run-off 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	<ul style="list-style-type: none"> - Remove only the minimum amount of vegetation necessary for the construction of roads, drilling pads, facilities and evaporation ponds. - 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 and or roads are too wet to adequately support construction equipment.
Drilling/Completion Operations	<ul style="list-style-type: none"> - Light sources will be directed downwards and away from occupied structures during drilling operations. - Completion operations will be minimal as fracture stimulation is not necessary for our target formations in the Adams and Washington Co. wells. - Noise and the numbers of days with equipment on site will be minimized due to completion techniques. - Once the drilling and completions rigs leave the site, there will be no permanently installed lighting on site.
Interim Reclamation	<ul style="list-style-type: none"> - Utilize existing pad areas and for temporary storage of equipment when possible such that any new well pads will have a reduced footprint. - Restore well site locations to their original condition within a reasonable time frame 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 surface owner.

Final Reclamation	<ul style="list-style-type: none">- All surface restoration shall be accomplished to the satisfaction of surface owner.- All final seeding 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 surface owner.- Drilling pad size will be reclaimed to a simple vehicle turn-around area for daily maintenance of wells and pump jacks.- Final reclamation shall be completed to the reasonable satisfaction of the surface owner as soon as practical after installation (weather permitting) and in accordance with regulatory agency standards (BLM/COGCC).
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Total: 8 comment(s)