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May 5, 2014

Mr. Matt Lepore, Director  
Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80203

RE: COGCC Rule 318A.m. Minimum Intrawell Distance  
Kaiser E-10HN: NENE Section 10, Township 6 North, Range 65 West  
Weld County, Colorado

Dear Mr. Lepore,

Bayswater Exploration & Production, LLC (Bayswater) is making application for a drilling permit for the referenced well. As currently planned, the wellbore of the following wells listed will lie within 150 feet of the proposed horizontal lateral of the referenced well:

- |                 |              |                     |
|-----------------|--------------|---------------------|
| 1. Kaiser 17-10 | 05-123-34224 | Bayswater, operator |
| 2. Kaiser 18-10 | 05-123-34222 | Bayswater, operator |

Prior to drilling operations, Bayswater will perform an anti-collision review of the existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision review may include MWD or gyro surveys and surface locations of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed well path with its respective error of uncertainty. If current surveys do not exist for the offset wells, Bayswater may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision review results indicate that the risk of collision is sufficiently low as defined by the anti-collision plan, with separation factors greater than 1.5, or if the risk of collision has been mitigated through other means. In the event of an increased risk of collision, that risk will be mitigated to prevent harm to people, the environment or property. For the proposed well, upon conclusion of drilling operations, an as-constructed directional survey will be submitted to the COGCC with the Form 5.

COGCC Rule 318A.m. does not allow the lateral of a horizontal well to be drilled within 150 feet of other wells unless this requirement is waived by the operator of the encroached-upon wells. Bayswater is the Operator of the encroached-upon wells and respectfully requests the COGCC accept this Operator Request Letter to allow the lateral of the proposed well to be drilled.

Respectfully,

Jennifer Grosshans  
Regulatory Technician  
Agent for Bayswater Exploration & Production, LLC

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

*-Aristotle*