

April 24, 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 Intra-well Distance
Holton K-12HN: NWNE Section 12, 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 well listed will lie within 150 feet of the proposed horizontal lateral of the referenced well:

- | | | |
|-----------------|--------------|----------------------------|
| 1. Dewalt 1-12 | 05-123-12287 | PDC Energy, Inc., operator |
| 2. Holton 31-12 | 05-123-35776 | Bayswater, operator |

Prior to drilling operations, Bayswater will perform an anti-collision review of the existing offset well 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 well 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 well, 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 one (1) encroached-upon well. PDC Energy, Inc. is the operator of the second well and has signed a waiver for said rule for the existing Dewalt 1-12 wellbore. Bayswater 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

:jg

Enclosure: Executed Waiver from PDC Energy, Inc.

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

-Aristotle



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7535 Hilltop Circle
Denver, CO 80221
www.petro-fs.com

April 11, 2014

PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

**RE: COGCC Rule 318A.m. Minimum Intrawell Distance
Holton K-12HN Well: NWNE Sec 12-T6N-R65W
Weld County, Colorado**

Ladies and Gentlemen:

Bayswater Exploration & Production, LLC (Bayswater) is applying to the Colorado Oil and Gas Conservation Commission (COGCC) to drill the above referenced well at the described location. COGCC rule 318A.m. stipulates that no lateral shall encroach within 150 feet from an existing wellbore, unless the operator of the existing wellbore waives this requirement. As currently planned, the following well is within 150 feet of the proposed horizontal:

1. Dewalt 1-12 (API: 05-123-12287), 85 foot offset from Holton K-12HN

Prior to drilling operations, Bayswater will perform an anti-collision review of 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.

Per COGCC rule 318A.m. Bayswater is requesting operator approval for the waiver of said rule for the existing Dewalt 1-12 wellbore. Should you find this acceptable, please indicate by executing this waiver and returning to my attention in the self-addressed stamped envelope provided herein.

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

-Aristotle

PDC Energy, Inc.
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Denver, CO 80221
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If you should have any questions or require additional information, please do not hesitate contacting me at 303.928.7128 or via email at regulatory@petro-fs.com. Thank you for your consideration of this matter.

Respectfully,

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

:jmg

Enclosures: Copy of letter to be signed and returned
Self-addressed stamped envelope

PDC ENERGY, INC.

**RE: COGCC Rule 318A.m. Minimum Intrawell Distance
Holton K-12HN Well: NWNE Sec 12-T6N-R65W
Weld County, Colorado**

I, Joel Igli, acting as self, officer, agent or employee of PDC Energy, Inc., operator of the above described existing wellbore, with full power to execute the following do hereby grant Bayswater Exploration & Production, LLC a waiver of COGCC Rule 318A.m. granting that these wells may be drilled as planned.

Signature

4/16/14
Date

Joel Igli
Printed Name

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

-Aristotle