



7535 Hilltop Circle  
Denver, CO 80221  
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**CERTIFIED/RETURN RECEIPT REQUESTED: 7014 0150 000 5420 0698**

October 24, 2014

Great Western Operating Company, LLC  
1801 Broadway, Suite 500  
Denver, Colorado 80202

**RE: COGCC Rule 318A.n. Minimum Interwell Distance**  
**Sherley D-4-9HN Well: NWNW Section 4, Township 5 North, Range 65 West**  
**Sherley E-4-9HN Well: NWNW Section 4, Township 5 North, Range 65 West**  
**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 wells at the described location. COGCC Rule 318A.n. 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 wells are within 150 feet of the proposed horizontals:

1. Harrell 4-12 (API: 05-123-25918), 106 foot offset from Sherley D-4-9HN
2. Harrell 4-11 (API: 05-123-25919), 122 foot offset from Sherley D-4-9HN
3. Harrell 4-52 (API: 05-123-30738), 113 foot offset from Sherley E-4-9HN

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.n. Bayswater is requesting operator approval for the waiver of said rule for the existing Harrell 4-11, Harrell 4-12, and Harrell 4-52 wellbores. Should you find this acceptable, please indicate by executing this waiver and returning to my attention in the self-addressed stamped envelope provided herein.

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

*-Aristotle*

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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](mailto:regulatory@petro-fs.com). Thank you for your consideration of this matter.

Respectfully,

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

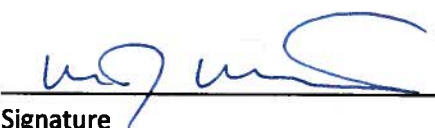
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Enclosures: Copy of letter to be signed and returned  
Self-addressed stamped envelope

**GREAT WESTERN OPERATING COMPANY, LLC**

**RE: COGCC Rule 318A.n. Minimum Interwell Distance**  
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**Weld County, Colorado**

I, Matt Mount, acting as self, officer, agent or employee of Great Western Operating Company, LLC, operator of the above described existing Harrell 4-11, Harrell 4-12 and Harrell 4-52 wellbores, with full power to execute the following do hereby grant Bayswater Exploration & Production, LLC a waiver of COGCC Rule 318A.n. granting that these wells may be drilled as planned.

  
Signature \_\_\_\_\_ Date 10/28/2014  
MATT MOUNT  
Printed Name \_\_\_\_\_

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*-Aristotle*