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December 2, 2014

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

RE: COGCC Rule 318A.n. Minimum Interwell Distance
Arellano K-10-9HN Well: NESE, Section 10, Township 5 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. Varra 13-10-14 | 05-123-33854 | Bayswater | 57' Offset |
| 2. Varra 43-9-11 | 05-123-33863 | Bayswater | 89' Offset |

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 Colorado Oil & Gas Conservation Commission with the Form 5.

COGCC Rule 318A.n. 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. The encroached upon wells are the Varra 13-10-14, Varra 43-9-11, which are currently operated by Bayswater. Bayswater respectfully requests the COGCC accept this Operator Request Letter to allow the lateral of the proposed well to be drilled.

Respectfully,

Jeff Annable
Regulatory Technician
Agent for Bayswater Exploration & Production, LLC

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

-Aristotle