



BAYSWATER
EXPLORATION & PRODUCTION, LLC

January 29, 2015

Ms. Carol St. Jean

Also sent via email

Dear Ms. St. Jean,

Thank you for your letter dated January 2015-We sincerely appreciate hearing from community members. We trust many of your questions were answered at the open house which Bayswater Exploration & Production LLC held this week at the Greeley Airport, but also wanted to respond in writing to be certain that all of your points have been addressed. Thank you again for attending the open house neighborhood meeting.

To begin, we want to make sure some important possible misconceptions-ones that affect numerous points throughout your letter-were successfully clarified. While this is indeed a 10-well designed site, a single rig will be utilized to drill those 10 wells. In other words, noise and environmental considerations do not increase proportionally due to the number of wells. Bayswater is planning the drilling and completion operations such that the equipment will be moved on to the site "one time" versus returning in a few years for more drilling and development work.

Your concerns remain very important to us. After all, it is not only in your best interest, but ours too, that we are responsible about each of the topics you address. Specifically:

- 1) **Pollution /Health Concerns:** Just as hosting the neighborhood meeting was above and beyond the typical practice for permitted well sites, Bayswater always meets and exceeds Colorado regulations when and where possible. This includes wells sites, drilling, completions and production for the life of a well. We have chosen to permit and drill ten wells using batch drilling technology-the most efficient, state of the art approach. By drilling all ten wells in this manner, we minimize the lifetime impact of drilling operations on the community. The wellbores are specifically designed to prevent ground water contamination, a design approved by the Colorado Oil and gas Conservation Commission (COGCC). The site will be constructed to prevent any storm water run-off with all appropriate storm water permits and plans in place. Storm water pollution inspections are also conducted on a frequent basis. Bayswater utilizes dust control services on lease roads. In short, our site will not be a pollution producer – Colorado regulations, the strictest in the country, will not allow that.
- 2) **Flooding Concerns:** Yes- Bayswater is absolutely aware of the tragic flooding which took place in the fall of 2013. We assure you that we have designed this site with full recognition of the floodplains. Moreover, we have followed the Weld County regulations and application process for lease road approval and access. All permanent facilities have been placed outside of the floodplain and will be constructed to withstand floods as prescribed by local regulation as well as the COGCC rules. It is in everyone's best interest (ours included) that we plan, strive, and avoid having any spills associated with our operations. Physical berms and barriers are constructed to ensure any spills, should they occur, are contained. If a spill were to occur, they are reported immediately to the COGCC and cleaned up as soon

as possible according to State guidelines. Soil analysis is always conducted after the rare occasion of a spill to ensure the clean-up process has been properly completed according to the COGCC standards. But again, we conduct our work to avoid any spills in the first place.

- 3) Safety-Road and Water and Land Concerns: We agree with you that the truck traffic should be routed to the north from the site. Bayswater will specifically request service company truck traffic to be channeled north on Fern Avenue towards Route 263. Bayswater makes all attempts to communicate to our vendors and service companies to follow our guidelines and we will remind them of the proximity and sensitivity of this neighborhood. Furthermore, the use of piped water from the river will lessen the impact of truck traffic.

The water for this site in all likelihood will NOT be municipal water, but purchased water that has been classified for industrial use. After the fracking process is complete, flow-back water will be hauled to a State licensed commercial disposal well. The state has heightened its monitoring of these commercial disposal wells and as such, no increased earthquake activity is expected as a result of the Arellano horizontal well site.

- 4) Noise and Visual Pollution: Bayswater will make reasonable improvements to the site by providing visual screens during the drilling, completion, and production phases of the project. These screens will include engineered sound walls and natural tree plantings. Bayswater will keep in mind the neighborhood as a whole when we implement the visual screens. We have designed, and will install sound barrier walls to reduce the noise impact on the surrounding neighbors and stay under the noise compliance levels allowed by the State. Noise will be very limited after drilling and completion operations are finished.
- 5) Real Estate Damage: We trust that learning more about this project, you now feel more comfortable. Upon completion of the project, landscaping will provide a visual screen around the site. Operating as required under Colorado's strict regulations will not allow this site or any site to be a pollution producer. The positive economic impact of our industry on the State of Colorado has increased the demand for residential housing.

It is our sincere hope that this correspondence, combined with our recent community meeting, has addressed many of your concerns. Please don't hesitate to call and let us know how you are doing and if you have any further questions. Bayswater prides itself in being an honest, ethical and open organization. Our commitment to you and your Greeley neighbors is no exception.

Sincerely,



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Cc: COGCC Director Matt Lepore, Environmental Manager Greg Deranleau, OGLA Supervisor John Noto, NE OGLA Specialist Doug Andrews
Weld County Planning Services
Colorado Governor John Hickenlooper and the new State Oil and Gas Committee