

BEFORE THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)
BAYHORSE PETROLEUM, LLC FOR AN)
ORDER ESTABLISHING ONE (1) 40-ACRE)
DRILLING AND SPACING UNIT FOR THE)
NW1/4SE1/4, SECTION 21, TOWNSHIP 18)
SOUTH, RANGE 47 WEST, 6th P.M., FOR)
MULTIPLE FORMATIONS IN THE LEFT)
HAND FIELD (ABD) AREA, KIOWA COUNTY,)
COLORADO)

Cause No. 252

Docket No. _____

APPLICATION

COMES NOW Bayhorse Petroleum, LLC, (referred to herein as "Applicant"), by and through its undersigned attorneys, and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission"), for an order establishing one (1) 40-acre drilling and spacing unit to test for production of oil, gas, and associated hydrocarbons from multiple formations between the surface and a depth of 5,250' underlying the following lands:

Township 18 South, Range 47 West, 6th P.M
Section 21: NW1/4SE1/4

Kiowa County, Colorado ("Application Lands").

In support thereof, the Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado.
2. Applicant owns a substantial portion of the leasehold interests on the Application Lands.
3. The Application Lands are unspaced and are subject to Rule 318.a, which provides that a well to be drilled to a depth of two thousand five hundred (2,500) feet or greater shall be located not less than six hundred (600) feet from any lease line, and not less than one thousand two hundred (1200) feet from any other producible oil or gas well or drilling well, in said source of supply, unless authorized by order of the Commission upon hearing.
4. Applicant plans to drill the Trade Winds 4-21 well (the "Well") on the Application Lands. Applicant shall submit an APD for the Well pursuant to Commission Rules.
5. Based on engineering and geologic data obtained from the Bayhorse Petroleum Trade Winds 4-21 well located in the SW1/4SE1/4 of Section 21, Township 18 South, Range 47 West, the following formations exist between the surface and 5,250 feet and have the potential to produce oil, gas, and associated hydrocarbons:

1. Shawnee Fm. @ approx. 3550'
2. Lansing-Kansas City Fm. @ approx. 3800'
3. Marmaton Fm. @ approx. 4250'

4. Cherokee Fm. @ approx. 4380'
5. Morrow Fm @ approx. 4750'
6. Keyes Fm @ approx. 5000'
7. Mississippian System @ approx. 5020' (St. Genevieve Fm. to Warsaw Fm.)

6. Applicant requests that the Commission establish one (1) 40-acre drilling and spacing unit on the Application Lands.

7. Applicant asserts that one (1) 40-acre drilling and spacing unit will allow for economic and efficient drainage of the above-referenced formations; will prevent waste; will not adversely affect correlative rights; and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. A 40-acre drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by one (1) well.

8. The treated interval of the wellbore for the Well shall be no closer than 600' from the boundaries of the 40-acre drilling and spacing unit. The Applicant maintains that the drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in August 2012, that notice thereof be given as required by law and, that upon such hearing, this Commission shall enter its order:

A. Establishing one (1) 40-acre drilling and spacing unit for the seven (7) formations listed above:

Township 18 South, Range 47 West, 6th P.M.
Section 21: NW/4SE/4

Kiowa County, Colorado;

B. Establishing that the treated interval of the Trade Winds 4-21 well shall be no closer than six hundred (600) feet from the boundaries of the 40-acre drilling and spacing unit;

C. Finding that a 40-acre drilling and spacing unit will allow Applicant to develop evidence as to the existence of a pool and the appropriate size and shape of the drilling unit to be applied thereto and will prevent waste, and protect correlative rights; and

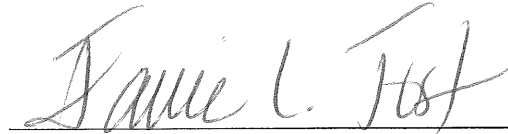
D. Granting any other relief necessary to prevent waste and protect correlative rights of the adjacent owners.

Dated this 21st day of June, 2012.

Respectfully submitted:

BAYHORSE PETROLEUM, LLC

By:



Jamie L. Jost

Matthew J. Lepore

Beatty & Wozniak, P.C.

216 Sixteenth St. -Suite 1100

Denver, Colorado 80202

Telephone No.: (303) 407-4499

Applicant's Address:

Bayhorse Petroleum, LLC
ATTN: Larry F. Manikowski
2558 E. Portsmouth Avenue
Salt Lake City, UT 84121

VERIFICATION

STATE OF UTAH

CITY AND COUNTY OF SALT LAKE

)
) ss.
)

Larry Manikowski of lawful age, being first duly sworn upon oath, deposes and says that he is a Vice President & CFO/COO for Bayhorse Petroleum, LLC and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

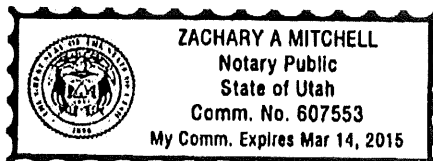
By: Larry F. Manikowski
Larry F. Manikowski

Subscribed and sworn to before me this 20 day of June, 2012.

Witness my hand and official seal.

My commission expires: 3/14/15

Zachary A. Mitchell
Notary Public



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SOUTH, RANGE 47 WEST, 6th P.M. FOR
MULTIPLE FORMATIONS IN THE LEFT HAND
FIELD (ABD) AREA, KIOWA COUNTY,
COLORADO

CAUSE NO:

DOCKET NO:

AFFIDAVIT OF MAILING

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

Matthew J. Lepore, of lawful age, and being first duly sworn upon his oath, states and declares:

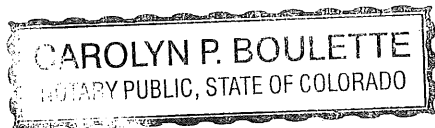
That he is an attorney for Bayhorse Petroleum, LLC, that on or before June 28, 2012, he caused a copy of the attached Application in the subject docket to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

By: _____

Matthew J. Lepore

Subscribed and sworn to before me this 21 day of June, 2012.

Witness my hand and official seal.



My Comm. Expires October 22, 2015

My commission expires: 10/22/2015.

Carolyn P. Boulette

EXHIBIT A
Interested Parties

Kim Kaal
Energy Liaison
DOW
711 Independent Avenue
Grand Junction, CO 81505

Kent Kuster
Colorado Department of Public Health and
Environment
4300 Cherry Creek Drive South
Denver, CO 80246-1530

Gayla Thompson
Baca County
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Springfield, CO 81073

Bayhorse Petroleum, LLC
Larry F. Manikowski, Manager
2558 E. Portsmouth Ave.
Salt Lake City, UT 84121-5627

Manikowski Minerals, LLC
Larry F. Manikowski, Manager
2558 E. Portsmouth Ave.
Salt Lake City, UT 84121-5627

Vaughn Minerals, LLC
Rodney L. Vaughn, Manager
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Oil Tyfoons, LLC
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Indian Plains Exploration and
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Kliesens Sons and Daughters LLC
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P. O. Box 884
Eads, CO 81036

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Allen J. Gross, President
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Jack McCartney, Manager
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Antoinette Lilley
819 S. Kentwood Ave.
Springfield, MO 65802

Bayhorse Petroleum Trade Winds 4-21 Drill Site and 40 Acre Location

